

Cash flow focus on higher LTV

CLIQ Digital has reported another strong quarter, (sales +20%, EBITDA +23%) and continuing strong development is expected for the rest of the year. The group's focus on a family-orientated proposition is proving to be a winner with streaming customers and it continues to win market share in most regions. A focus on acquiring new members with a higher projected average lifetime value (up 21% to EUR 87.53 in Q2) should support both margins and future cash flows. FY'23 sales and EBITDA guidance is confirmed and look comfortable: we believe that our existing forecasts are underpinned by these results. We confirm our EUR 74 TP and reiterate our BUY rating.

Another strong top line development reported in first six months

CLIQ has seen further strong development in H1'23, with revenue growth of 37% to EUR 160m. The key driver remains North America (EUR 90m, +36%) and the new region of Latin America contributed EUR 6.0m. Although Europe recorded EUR 59m (+33%) PAsE had assumed a stronger contribution given the start of the cliq.de platform in Germany. Revenues from the Rest of the World dropped to EUR 4.4m (-25%). Revenue development was led by the continued roll-out of the group's multi-content portal which now account for 93% of the group total.

Acquiring new members with a projected higher average lifetime value

Beating consensus, EBITDA similarly rose 37% in H1'23 to EUR 25.2m with the margin stable at 15.8%. The beat can be attributable to better monetization of customer acquisition costs, now strategically focused on acquiring new members with a projected higher average lifetime value. Nonetheless, marketing costs rose 58% in H1. Otherwise, economies of scale could restrict the increase in personnel expense to 24%, third-party cost to 26% and 27% in other costs of sales.

Forecasts essentially unchanged and EUR 74 TP confirmed 3]

FY guidance is confirmed but looks comfortable, calling for revenue >EUR 345m and EBITDA >EUR 50m after an investment in marketing spend >EUR 120m. We believe that our existing forecasts are underpinned by these results and confirm our EUR 74 TP and Buy rating: we believe that CLIQ Digital's focus on a family-orientated proposition will prove to be a winner with streaming customers.

EURm	2021	2022	2023e	2024e	2025e
Revenues	150	276	345	417	501
EBITDA	27	44	52	63	76
EBIT	26	42	49	59	71
EPS	2.74	4.47	5.15	6.33	7.70
EPS adj	2.74	4.47	5.15	6.33	7.70
DPS	1.10	1.79	2.09	2.64	3.34
EV/EBITDA	6.0	3.7	2.5	1.9	1.3
EV/EBIT	6.2	3.8	2.7	2.0	1.4
P/E adj	9.0	5.6	4.1	3.3	2.7
P/B	2.70	2.02	1.39	1.03	0.79
ROE (%)	32.3	41.2	37.4	35.8	32.8
Div yield (%)	4.5	7.1	10.0	12.6	16.0
Net debt	1	(5)	(7)	(18)	(34)

Source: Pareto Securities

Target price (EUR)	74	▲	BUY
Share price (EUR)	21	—	HOLD
		▼	SELL

Forecast changes

%	2023e	2024e	2025e
Revenues	(0)	(1)	(1)
EBITDA	3	2	1
EBIT adj	0	(1)	(2)
EPS reported	(2)	(2)	(3)
EPS adj	(2)	(2)	(3)

Source: Pareto Securities

Ticker	CLIQ.DE, Cliq
Sector	Media
Shares fully diluted (m)	6.5
Market cap (EURm)	136
Net debt (EURm)	-7
Minority interests (EURm)	0
Enterprise value 23e (EURm)	129
Free float (%)	89

Performance



Source: FactSet

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Cash flow focus on securing customers with a projected higher average lifetime value (LTV)

CLIQ Digital has reported another strong quarter, (revenue +20%, EBITDA +23%) and further good development is expected for the rest of the year with the group's focus on a family-orientated proposition proving to be a winner with streaming customers. The group continues to win market share in most regions.

A focus on acquiring new members with higher projected average lifetime value (up 21% to EUR 87.53 in Q2) has underpinned margins should also support future cash flows. A more competitive pricing environment, where bidding prices to acquire new members are elevated, needs to be monitored, although a sum of >EUR 120m for marketing spend is confirmed.

FY'23 sales and EBITDA guidance is also confirmed and look comfortable after this H1 result and we believe that our existing forecasts are underpinned by these results. We confirm our EUR 74 TP and reiterate our BUY rating.

Q2 sales: despite tough comparisons, another strong quarter for revenues

EUR m	Q2 '22	Q2 '23	% yoy	PAS Q2E	delta	H1 '22	H1 '23	% yoy	2022	2023E	% yoy
Revenues	64.2	76.8	20%	78.6	-1.8	117	160	36.7%	276	345	25%
of which: Europe	23.4	26.0	11%	30.2	-4.2	45	59	33%	102	123	22%
of which: North America	38.0	45.6	20%	43.6	2.0	66	90	36%	158	199	26%
of which: Latin America	0.1	3.0	n.m	2.4	0.6	0	6	n.m	3	13	267%
of which: ROW	2.8	2.2	-21%	2.4	-0.2	6	4	-24%	13	11	-20%
of which: Multi-content	56.2	72.0	28%	73.6	-1.5	99	149	50%	242	323	33%
of which: Single-content	5.7	4.8	-16%	5.0	-0.2	13	11	-16%	26	23	-12%
of which: Ad-funded digital mktg	2.3	0.0	-100%	0.0	0.0	5	0	-100%	8	0	-100%

Source: Pareto Securities Research

The pace of sales development (+20%) slowed a little more quickly than anticipated by PASE (+23%) but still represents another strong quarter. This was particularly so in North America which continued to be the key top line driver, increasing by 20% to EUR 45.6m (59% of the group total). There was a minor negative FX hit and the organic growth remains impressive on top of an increase in the comparative quarter of over 100%.

The Q2 development in Europe (+11%) was clearly below PASE (+29%) where we had hoped for a strong initial start with the cliq.de platform. We suspect that the latter also remains a little behind internal budget due to lower than planned conversion. With sales of EUR 26.0m, the region accounted for 34% of the group total.

By contrast, the development in Latin America (EUR 3.0m vs. only EUR 0.1m in Q2'22) was noticeably above PASE (EUR 2.4m). The fact that this new region already accounts for 4% of group sales is a positive sign with respect to CLIQ's plans to develop into fresh new territories. Revenues from the Rest of the World fell 21% in Q2 to EUR 2.2m, we believe reflecting the region's reliance on single-content portals which is no longer a focus.

H1'23 sales totalled EUR 160m, representing growth of 37% compared to H1'22 and it is worth remembering that the period last year had recorded growth of 85%. Bundled-content (or multi-content) streaming services accounted for 93% (EUR 149m) of the H1 total with single-content portals reducing below 7% in importance (EUR 11m).

Better than forecast improvement in EBITDA

Gross marketing spend on customer acquisition (CAC) in Q2'23 amounted to EUR 31.8m an increase of "just" 8%. This was far lower than modelled (PASE EUR 35.8m) coming after 15 straight quarters with a double-digit percentage increase. With management lamenting "an elevated pricing environment" it likely reflects a decrease in the volume of marketing.

In response to the competitive pricing environment and, we suspect, a below budget response in securing new customers, CLIQ strategically focussed on successfully acquiring new members with a projected higher average lifetime value. In addition, brand marketing spend remained immaterial due to a recalibration of the promotional activities following data analyses of the TV campaigns aired in April, in order to further improve the number of Cliq/ (cliq.de) membership conversions going forward.

Marketing costs: competitive pricing environment for CAC encouraged a recalibration of the approach to marketing during Q2

EUR m	Q2 '22	Q2 '23	% yoy	PAS Q2E	delta	H1 '22	H1 '23	% yoy	2022	2023E	% yoy
Revenues	64.2	76.8	20%	78.6	-1.8	117	160	37%	276	345	25%
Marketing spend	-29.6	-31.8	8%	-35.8	4.0	-52.1	-64.7	24%	-112.3	-131.9	17%
Ratio-to-sales (%)	46.1%	41.4%		34.8%		-44.6%	-40.5%		40.7%	38.2%	
Capitalised marketing spend	27.7	30.7	11%	33.6	-2.9	48.4	63.1	30%	107.5	126.6	18%
Ratio-to-sales (%)	-43.2%	-39.9%		16.6%		41.5%	39.5%		-39.0%	-36.7%	
Amortised contract costs	-18.0	-27.7	54%	-25.0	-2.7	-33.2	-56.6	71%	-85.0	-123.1	45%
Ratio-to-sales (%)	28.1%	36.1%		25.1%		-28.4%	-35.5%		30.8%	35.6%	
Total marketing costs	-19.9	-28.9	45%	-27.3	-1.6	-36.9	-58.3	58%	-89.7	-128.4	43%
Ratio-to-sales (%)	-30.9%	-37.6%		23.6%		-31.6%	-36.5%		-32.5%	-37.2%	

Source: Pareto Securities Research

From the gross marketing spend, some EUR 30.7m (+11%) was capitalised (per IFRS 15) in order to eliminate the timing difference between immediate cost impact and the deferred revenue recognition. These contract costs are released to the income statement over the member's revenue lifecycle with EUR 27.7m (+54%) amortised in Q2. The sum of these three elements, totalled EUR 28.9m (+45%) as the total marketing costs in the quarter.

Review of Q2 / H1 2023 results; a clear beat to estimates with regards to profitability

EUR m	Q2 '22	Q2 '23	% yoy	PAS Q2E	delta	H1 '22	H1 '23	% yoy	2022	2023E	% yoy
Revenues	64.2	76.8	20%	78.6	-1.8	117	160	36.7%	276	345	25%
Total marketing costs	-19.9	-28.9	45%	-27.3	-1.5	-36.9	-58.3	58.1%	-89.7	-128.4	43%
Marketing ratio (%)	30.9%	37.6%		34.8%		-31.6%	-36.5%		32.5%	37.2%	
Cost of third parties	-11.2	-12.2	9%	-13.0	0.9	-20.6	-26.0	26.2%	-47.8	-55.5	16%
TP expense ratio (%)	17.4%	15.8%		16.6%		-17.6%	-16.3%		17.3%	16.1%	
Other cost of sales	-14.8	-15.2	3%	-19.7	4.5	-26.1	-33.3	27.3%	-63.7	-74.4	17%
COS expense ratio (%)	23.0%	19.8%		25.1%		-22.4%	-20.8%		23.1%	21.5%	
Gross profit	18.4	20.5	12%	18.5	2.0	33.2	42.1	26.7%	74.8	87.1	17%
Gross profit margin (%)	28.7%	26.7%		23.6%		28.4%	26.4%		27.1%	25.2%	
Personnel expenses	-5.4	-6.0	13%	-6.2	0.2	-10.2	-12.6	23.6%	-20.7	-24.2	17%
Personnel ratio (%)	8.4%	7.9%		7.9%		-8.8%	-7.9%		7.5%	7.0%	
Other operating costs	-2.2	-2.1	-1%	-2.7	0.6	-3.7	-4.3	16.3%	-9.6	-10.6	11%
Expense ratio (%)	3.4%	2.8%		3.4%		-3.1%	-2.7%		3.5%	3.1%	
EBITDA	10.1	12.4	23%	9.5	2.9	18.4	25.2	37.3%	43.5	52.1	20%
EBITDA margin (%)	15.7%	16.2%		12.1%		15.7%	15.8%		15.8%	15.1%	
Depreciation & amortisation	-0.3	-0.9	160%	-0.6	-0.2	-0.6	-1.7	172%	-1.4	-3.5	143%
EBIT	9.7	11.6	19%	8.9	2.7	17.7	23.5	32.5%	42.1	48.6	16%
EBIT margin (%)	15.2%	15.1%		11.3%		15.2%	14.7%		15.2%	14.1%	
Net financing	0.1	-0.5		0.0	-0.4	-0.1	-0.9	544%	-1.2	-1.9	53%
Pretax profit	9.8	11.1	13%	8.8	2.3	17.6	22.6	28%	40.9	46.8	14%
Tax	-2.9	-3.1	8%	-2.4	-0.7	-4.8	-6.4	33%	-11.9	-13.3	12%
Net income attributable	7.0	8.0	15%	6.4	1.6	12.8	16.2	27%	29.0	33.4	15%
Minority interests	0.0	0.0	-600%	0.0	0.0	0.0	0.0	-33%	0.1	0.1	14%
Net income attributable	7.0	8.0	15%	6.4	1.6	12.8	16.2	27%	29.0	33.5	15%
EPS (EUR) basic	1.07	1.23	15%	0.98	0.25	1.97	2.49	26.5%	4.47	5.15	15%

Source: Pareto Securities Research

The number of unique paying members for bundled and single-content streaming services eased to 1.1m (previous year 1.2m), reflecting the decelerated rate of marketing and the focus on acquiring new members projected to have a higher average lifetime value (+15% at EUR 82.7 per June 2023). However, this approach is seen as crucial to maintaining healthy profit margins and the immediate effects were seen in the Q2 results.

Thus, the expected average lifetime value of a customer (LTV) for bundled and single-content services actually increased by 21% in the second quarter to EUR 87.53, whilst the group's customer base value (LTVCB) as per 30 June was EUR 150m (+24%).

Other cost of sales increased 3% in the quarter to EUR 15.2m. although during the conference call, the following content upgrades were highlighted which we view as underpinning CLIQ Digital's bundle package offer: -

- Movies & Series
 - Italy: >50 movies from Minerva Pictures
 - Latin America: >70 feature films from CDC United
 - Spain: >80 movies from Inopia
 - LEONINE content deal extension
- Music
 - 3 additional music channels: Deluxe Rap, Rock and Flashback
 - Highview content deal extension
- Sport
 - DAZN Rise & Fast
 - Motorvision content deal extension
- Audiobooks
 - Zebralution audiobooks and audio plays

Encouragingly, EBITDA rose 23% in Q2'23 to EUR 12.4m with the margin rising to 16.2% (Q2'22: 15.7%). This was clearly above PAsE EUR 9.5m which had assumed much higher marketing costs than the EUR 28.9m reported.

In addition, economies of scale could restrict the increase in personnel expense to 13% (at EUR 6.0m) and third-party cost to 9% (EUR 12.2m) together with the above-mentioned modest increase in other costs of sales (to EUR 15.2m).

At EUR 0.9m (+160% yoy) depreciation & amortisation was higher than modelled reflecting an increase in amortisation of other intangible assets given the step-up in the volume of platform development costs (particularly cliq.de) in recent years to support the group's bundled package offers.

EBIT therefore improved by 19% to EUR 11.6m for a stable 15.1% margin (15.2%). Net financing costs were also higher in Q2 at EUR -0.5m (vs. EUR 0.1m positive in Q2'22) reducing the development in pretax to 13% at EUR 11.1m. After EUR -3.1m taxation, net income attributable was EUR 8.0m (+15%), some EUR 1.6m stronger than PAsE, which is viewed as a very good performance overall, with EPS at EUR 1.23.

Significant improvement in operating cash flow

In the second quarter 2023, the group significantly increased its operating free cash flow to EUR 9.2m (Q2'22: EUR 1.1m outflow). In addition to the higher profit base, a EUR 10.4m yoy swing in working capital boosted cash inflow from operating activities amounted to EUR*12.9m (vs. EUR 1.9m Q2'22). Cash outflow from investing activities amounted to EUR -3.7m (vs. Q2'22 EUR -2.9m) and was largely due to investments relating to www.cliq.de as well as to payments for new licensed content.

Significant improvement in operating cash flow

EUR m	Q2 '22	Q2 '23	change	H1 '22	H1 '23	change
Cash flow operating activities	1.9	12.9	11.0	3.5	17.0	13.5
Total capex	-2.9	-3.7	-0.8	-4.4	-6.5	-2.1
Free cash flow	-1.1	9.2	10.2	-0.9	10.5	11.4
Cash flow financing activities	-7.3	-12.0	-4.7	-7.2	-12.4	-5.2
Change cash equivalents	-8.4	-2.9	5.5	-8.1	-1.9	6.3
Cash at period begin	2.5	10.9		2.3	9.9	
Change cash equivalents	-8.4	-2.9		-8.1	-1.9	
Cash at period end	-5.8	8.0		-5.8	8.0	

Source: Pareto Securities

The cash flow from financing activities during Q2'23 was an outflow of EUR -12.0m (vs. Q2'22 EUR -7.3m). Most of the increase is attributable to the higher dividend distribution EUR 11.6m compared to EUR 7.2m in the comparative quarter.

The six months totals amounted to EUR 17.0m cash flow from operating activities and EUR*6.5m outflow from investing activities. FCF was thus EUR 10.5m, an EUR 11.4m

improvement over H1'22. After EUR -12.4m cash flow from financing activities and a minor negative FX hit, the cash flow for the period was EUR -1.9m (vs. EUR -8.1m)

Period end cash was EUR 8.0m, slightly below EUR 9.9m per the last year end.

Only minor changes to forecasts

In 2023, CLIQ Digital expects strong organic growth in revenue, EBITDA and marketing spend due to increased demand for streaming services. With these results, management confirm full-year guidance calling for

- Revenue to exceed EUR 345m (>25% growth)
- EBITDA to exceed EUR 50m (>15% growth), implying a margin above 14.5% (15.8%)
- Gross marketing spend of at least EUR 120m (>7% growth)

Only minor changes to forecasts: 2023-2025E

(EUR m)	2023E			2024E			2025E		
	Old	New	Chg.	Old	New	Chg.	Old	New	Chg.
Revenues	346.2	345.4	0%	419.6	416.7	-1%	505.6	500.9	-1%
EBITDA	50.6	52.1	3%	61.9	63.2	2%	74.8	75.8	1%
EBIT	48.7	48.6	0%	59.5	59.0	-1%	72.2	71.1	-2%
Pretax	46.9	46.8	0%	57.4	57.5	0%	71.0	69.9	-2%
Net result	34.2	33.5	-2%	41.9	41.2	-2%	51.3	50.1	-2%
EPS	5.24	5.15	-2%	6.45	6.33	-2%	7.83	7.70	-2%
Dil. EPS (EUR)	5.18	5.09	-2%	6.37	6.27	-2%	7.70	7.57	-2%

Source: Pareto Securities

Despite the slight miss in Q2, positive expected LTV, plus reassurance with respect to guidance encourages to retain our 2023E sales forecast of EUR 345m (+25%). However, we fractionally lower future years by 1% with our 2025E forecast remaining a touch above the EUR 500m mid-term target.

The beat with respect to Q2 EBITDA together with evidence of continuing good costs control has encouraged us to move above guidance in raising 2023E forecast to EUR 52m, with EUR 76m in 2025E representing 15.1% margin.

Valuation: EUR 74 target price

We continue to base our valuation on a peer group comparison as well as a DCF model. Both derived valuations represent significant upside potential for the shares. Giving equal weight to both derived valuations, we maintain our target price of EUR 74.

The DCF model (EUR 80) is in our view best suited to account for the long-term growth potential of CLIQ Digital as well as its high level of cash generation. The peer group model (EUR 68) on the other hand bodes well to assess the fair value of CLIQ Digital relative to other companies with a similar business model, without having to make long-term assumptions, which are difficult to make for the highly dynamic business environment in which these groups operate.

DCF valuation

For Phase I of our DCF, we have made detailed forecasts of the future free cash flows, with EBIT margin peaking around current levels 14.2% (2025). In Phase II we continuously reduce our main parameters to transition smoothly towards the perpetual growth rate (Phase III).

Given the dynamic nature of CLIQ Digital's business model, targeting aggressive revenue development through-out Phase I (16% CAGR), we apply a relatively high Beta of 1.35x. Together with a high target equity ratio of 90% and assuming 28% corporate tax rate, this results in a WACC of 9.6%.

Also reflecting the dynamic market conditions that we foresee for the coming years (ever improving download speeds and increasing mobile population) and CLIQ Digital's stronger position therein, we assume a perpetual growth rate of 1%. Despite the higher prevailing EBIT margin level, we continue to model a terminal margin of 14%.

We derive a fair value of EUR 79.6 from our DCF model, pointing to significant potential upside. Based on our estimates for the next years, it is in our view hard to justify the low current share price. The expected FCFs until 2030 are in our view already sufficient to justify the current share price level – even if we would assume no more cashflows thereafter.

CLIQ Digital – DCF points to EUR 80 per share valuation

EUR m	Phase I					Phase II					Phase III				
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e					
Revenues	345	417	501	576	637	694	745	787	820	841					
growth rate	25%	21%	20%	15%	11%	9%	7%	6%	4%	3%					
EBIT	49	59	71	82	90	98	105	111	115	118					
EBIT margin	14.1%	14.2%	14.2%	14.2%	14.2%	14.1%	14.1%	14.1%	14.0%	14.0%					
Tax	-13	-16	-20	-22	-25	-27	-29	-30	-32	-32					
Tax rate	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%					
Depr. & Amort.	3	4	5	5	6	9	9	11	13	14					
% of sales	1.0%	1.0%	1.0%	0.9%	0.9%	1.3%	1.2%	1.4%	1.5%	1.7%					
Capex	-12	-12	-14	-16	-17	-18	-19	-20	-21	-21					
% of sales	3.5%	3.0%	2.9%	2.8%	2.7%	2.6%	2.6%	2.5%	2.5%	2.5%					
Change in WC & P	-10	-12	-13	-15	-17	-18	-20	-21	-22	-22					
% of sales	2.9%	2.9%	2.5%	2.5%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%					
Free Cash Flow	17	23	29	34	37	44	46	51	54	56	657				
growth rate	nm	36.2%	29.3%	16.6%	9.0%	17.6%	6.0%	10.0%	6.0%	4.3%	1.0%				
Present Value FCF	16	20	23	25	25	27	26	26	25	24	278				
PV Phase I	109		Risk free rate			3.5%		Targ. equity ratio		90%					
PV Phase II	127		Premium Equity			5.0%		Beta		1.4					
PV Phase III	278		Premium Debt			2.0%		WACC		9.6%					
Enterprise value	513		Sensitivity			Growth in phase III									
- Net Debt LY	-5					0.0%		0.5%		1.0%		1.5%	2.0%		
- Pension Provisions	0					8.7%		84.4		87.4		90.8	94.8	99.3	
- Minorities & Peripherals	0					9.1%		79.3		82.0		84.9	88.2	92.0	
						WACC		9.6%		74.8		77.1	79.6	82.5	85.7
								10.1%		70.8		72.8	75.0	77.4	80.2
								10.6%		67.1		68.8	70.8	72.9	75.3
Equity value	518														
Number of shares	6.5														
Value per share (€)	80														

Peer companies' valuation

We view few of the listed peer companies as directly comparable with CLIQ Digital, although in a previous Investor Deck the group itself reviews Netflix, Spotify, Storytel and Viaplay Group. Netflix or Spotify are market leaders in their segments and have different content cost characteristics as most of their content costs are fixed in nature – allowing for higher margins once sufficient scale is reached and growth slows down.

Only minor changes to forecasts: 2023-2025E

Company	PE 2023e	PE 2024e	EV/EBITDA 2023e	EV/EBITDA 2024e	EV/Sales 2023e	EV/Sales 2024e
Amazon.com, Inc.	n.a	46.3	15.5	13.0	2.6	2.2
Electronic Arts Inc.	18.1	16.1	13.0	11.4	4.3	3.9
fuboTV Inc.	-2.3	-3.1	-4.2	-8.3	0.8	0.7
Netflix, Inc.	37.2	28.8	27.6	21.4	6.0	5.2
Spotify Technology SA	-46.0	254.7	-82.6	86.0	1.7	1.4
Storytel AB Class B	-21.0	-106.4	16.8	10.6	0.9	0.8
Warner Music Group Corp. Class A	38.9	26.8	15.8	14.0	3.2	2.9
DISH Network Corporation Class A	7.9	28.9	12.2	13.4	1.6	1.7
Viaplay Group AB Class B	-6.7	-235.1	-23.6	13.9	0.4	0.5
Sirius XM Holdings, Inc.	15.9	14.9	10.0	9.9	3.0	3.0
Stingray Group, Inc.	5.6	5.2	6.0	5.4	2.1	1.9
Tencent Music Entertainment ADR	13.9	12.8	4.1	2.8	0.8	0.6
Ubisoft Entertainment SA	17.1	15.2	4.8	4.5	2.2	2.0
Median	10.9	13.9	5.4	7.7	2.1	1.9
Clq Digital AG	4.1	3.3	2.5	1.9	0.4	0.3
relative	37%	24%	46%	24%	18%	15%
Pareto estimates	5.15	6.33	52	63	345	417
Forecast net debt (incl. pensions)			-5	-7	-5	-7
Forecasts minority interests *1.5			0	0	0	0
No. Shares at year end	6.5	6.5	6.5	6.5	6.5	6.5
Fair value per share at peer median	56	88	42	57	107	92
Fair value / share (2023e average)	68.3					
DCF target value	79.6			Target 74.0		

Source: FactSet consensus / Pareto Securities

Note however, that several peers remain loss-making. Nonetheless, we have compiled a list of peers which share the same market dynamics and in combination also resemble the growth and margin characteristics of CLIQ Digital, including all of the above names.

With this extended group we estimate a median 2023 EV/sales multiple of 2.1x, based on consensus FactSet data. In fact, while most companies in this group are larger, on average, their expected revenue growth development tend to be a little lower than forecast for CLIQ Digital. Applying EUR 345m Pareto Securities' 2023 revenue estimate, benchmarking would indicate EUR 107 as reasonable target – more than four-times the current level.

We then reduce that larger group, stripping-out the extremes, both loss-making companies as well as those entrenched leaders generating very high profits which are afforded high valuation multiples. To this group we benchmark in terms of 2023 PE (implying fair value for CLIQ Digital at EUR 56) and 2023 EV/EBITDA (indicating EUR 42 as a realistic target).

The average of these three valuations points to EUR 68.3 based on peer valuations.

PROFIT & LOSS (fiscal year) (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Revenues	58	63	107	150	276	345	417	501
EBITDA	4	6	16	27	44	52	63	76
Depreciation & amortisation	(1)	(1)	(1)	(1)	(1)	(3)	(4)	(5)
EBIT	3	5	15	26	42	49	59	71
Net interest	0	(1)	(1)	(1)	(1)	(2)	(2)	(1)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	3	4	14	25	41	47	57	70
Taxes	(0)	0	(4)	(7)	(12)	(13)	(16)	(20)
Minority interest	(1)	(2)	(3)	(0)	0	0	0	0
Net profit	2	2	7	18	29	34	41	50
EPS reported	0.35	0.36	1.16	2.74	4.47	5.15	6.33	7.70
EPS adjusted	0.35	0.36	1.16	2.74	4.47	5.15	6.33	7.70
DPS	-	0.28	0.46	1.10	1.79	2.09	2.64	3.34
BALANCE SHEET (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Tangible non current assets	1	1	2	4	5	4	2	(1)
Other non-current assets	52	52	53	56	60	68	76	86
Other current assets	12	14	17	30	53	68	85	102
Cash & equivalents	1	1	5	7	17	19	31	47
Total assets	66	68	77	96	135	158	193	234
Total equity	48	47	56	60	81	98	132	173
Interest-bearing non-current debt	1	10	6	3	11	4	4	4
Interest-bearing current debt	8	0	0	5	1	9	9	9
Other Debt	8	11	16	28	42	48	48	48
Total liabilities & equity	65	68	77	96	135	158	193	234
CASH FLOW (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Cash earnings	1	4	13	21	39	42	48	59
Change in working capital	3	(2)	2	(1)	(18)	(10)	(12)	(13)
Cash flow from investments	(1)	(0)	(1)	(5)	(8)	(12)	(12)	(14)
Cash flow from financing	(4)	(5)	(4)	(15)	(8)	(13)	(15)	(18)
Net cash flow	(1)	(3)	10	1	8	9	12	16
VALUATION (EURm)	2018	2019	2020	2021	2022	2023e	2024e	2025e
Share price (EUR end)	1.71	2.90	16.6	24.7	25.2	20.9	20.9	20.9
Number of shares end period	6	6	6	7	7	7	7	7
Net interest bearing debt	8	10	1	1	(5)	(7)	(18)	(34)
Enterprise value	19	30	108	162	159	129	118	102
EV/Sales	0.3	0.5	1.0	1.1	0.6	0.4	0.3	0.2
EV/EBITDA	5.0	5.2	6.8	6.0	3.7	2.5	1.9	1.3
EV/EBIT	6.4	6.2	7.1	6.2	3.8	2.7	2.0	1.4
P/E reported	4.9	8.1	14.3	9.0	5.6	4.1	3.3	2.7
P/E adjusted	4.9	8.1	14.3	9.0	5.6	4.1	3.3	2.7
P/B	0.2	0.4	2.0	2.7	2.0	1.4	1.0	0.8
FINANCIAL ANALYSIS	2018	2019	2020	2021	2022	2023e	2024e	2025e
ROE adjusted (%)	4.6	4.7	14.0	30.9	41.2	37.4	35.8	32.8
Dividend yield (%)	-	9.7	2.8	4.5	7.1	10.0	12.6	16.0
EBITDA margin (%)	6.6	9.1	14.9	18.1	15.8	15.1	15.2	15.1
EBIT margin (%)	5.1	7.6	14.2	17.5	15.2	14.1	14.2	14.2
NIBD/EBITDA	2.04	1.71	0.05	0.05	(0.12)	(0.13)	(0.29)	(0.45)
EBITDA/Net interest	-	6.34	19.34	28.85	35.63	27.84	40.22	64.77

PROFIT & LOSS (fiscal year) (EURm)	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23e	4Q'23e
Revenues	53	64	77	83	83	77	89	97
EBITDA	8	10	12	13	13	12	12	15
Depreciation & amortisation	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(1)
EBIT	8	10	12	12	12	12	11	14
Net interest	(0)	0	0	(1)	(0)	(0)	0	(1)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	8	10	12	11	11	11	11	13
Taxes	(2)	(3)	(4)	(4)	(3)	(3)	(3)	(4)
Minority interest	0	(0)	(0)	0	-	0	-	-
Net profit	6	7	9	8	8	8	8	10
EPS reported	0.90	1.07	1.33	1.17	1.26	1.23	1.18	1.47
EPS adjusted	0.90	1.07	1.33	1.17	1.26	1.23	1.18	1.47
DPS	-	1.10	-	-	-	1.79	-	-
BALANCE SHEET (EURm)	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23e	4Q'23e
Tangible non current assets	4	5	5	5	5	4	4	4
Other non-current assets	56	59	59	60	61	64	66	68
Other current assets	38	49	54	53	63	64	66	68
Cash & equivalents	14	6	10	17	11	16	13	19
Total assets	112	119	127	135	139	148	149	158
Total equity	65	65	74	81	90	86	92	98
Interest-bearing non-current debt	3	4	11	11	4	3	4	4
Interest-bearing current debt	12	13	1	1	1	9	9	9
Other Debt	31	37	41	42	44	49	45	48
Total liabilities & equity	112	119	127	135	139	148	149	158
CASH FLOW (EURm)	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23e	4Q'23e
Cash earnings	7	9	11	12	12	10	9	11
Change in working capital	(6)	(8)	(2)	(2)	(9)	2	(2)	(2)
Cash flow from investments	(1)	(3)	(1)	(3)	(3)	(4)	(3)	(3)
Cash flow from financing	0	(7)	(0)	(0)	(0)	(12)	(0)	(0)
Net cash flow	0	(8)	8	8	1	(3)	5	6
VALUATION (EURm)	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23e	4Q'23e
Share price (EUR end)	26.3	27.1	18.4	25.2	29.3	24.9	20.9	20.9
Number of shares end period	7	7	7	7	7	7	7	7
Net interest bearing debt	2	10	2	(5)	(6)	(4)	(1)	(7)
P/E reported	8.4	7.6	4.4	5.6	6.1	5.0	4.3	4.1
P/E adjusted	8.4	7.6	4.4	5.6	6.1	5.0	4.3	4.1
P/B	2.6	2.7	1.6	2.0	2.1	1.9	1.5	1.4
FINANCIAL ANALYSIS	1Q'22	2Q'22	3Q'22	4Q'22	1Q'23	2Q'23	3Q'23e	4Q'23e
Dividend yield (%)	1.8	4.1	6.0	4.4	3.8	7.2	8.6	8.6
EBITDA margin (%)	15.8	15.7	16.2	15.4	15.4	16.2	12.9	15.9
EBIT margin (%)	15.2	15.2	15.7	14.9	14.4	15.1	12.0	15.0
NIBD/EBITDA	0.02	0.07	0.10	0.05	0.01	(0.06)	(0.08)	(0.08)
EBITDA/Net interest	39.07	-	-	35.63	33.49	25.33	24.07	27.84

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Companies	No. of shares	Holdings in %
Austevoll Seafood	1,052,265	0.52%
Bonheur	243,584	0.57%
Huddly	1,170,943	0.56%
Pareto Bank	14,732,232	21.09%
Pexip Holding	879,095	0.84%
Sparebank 1 Nord-Norge	5,013,471	4.99%
Sparebank 1 SMN	2,944,812	2.27%
Sparebank 1 SR-Bank	2,440,402	0.95%
SpareBank 1 Østfold Akerhus	1,237,140	9.99%
SpareBank 1 Østlandet	6,628,097	6.24%
Sparebanken Møre	566,833	1.15%
Sparebanken Sør	333,149	0.80%
Sparebanken Vest	8,470,868	7.72%
NEXT Biometrics	700,000	0.76%
SpareBank 1 Sør-øst-Norge	2,757,852	4.37%

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Company	Analyst holdings*	Total holdings
Adevinta	0	17,950
Aker ASA	500	2,238
Aker BP	0	18,910
Aker Horizons	0	302,397
Aker Solutions	0	1,388
AMSC ASA	0	3,800
Aprilia Bank ASA	0	22,675
Atlantic Sapphire	0	7,500
AURELIUSEquity Opportunities	0	500
Austevoll Seafood	0	3,548
Awilco LNG	0	30,000
Belships	0	40,000
Biolinvent	0	15,000
BlueNord	0	1,000
Bonheur	0	30,714
Borrregaard ASA	0	523
Bouvet	0	980
BW Energy	0	108,416
BW Offshore	0	4,900
Cool Company	0	5,000
Crayon	0	9,082
DNB	0	33,447
DNO	0	71,391
Edda Wind	0	5,000
Elkem	0	42,520
Elmeria Group ASA	0	37,305
Embracer Group	0	11,509
Equinor	0	4,034
Europris	0	17,745
Flex LNG	0	895

Company	Analyst holdings*	Total holdings
Frontline	0	8,000
Gaming Innovation Group	0	10,000
Gjensidige Forsikring	519	1,960
Grieg Seafood	0	13,491
Hafnia Ltd.	0	119,770
Huddly	0	1,170,943
HydrogenPro	0	34,922
International Petroleum Corp	0	5,511
Kahoot	0	26,641
Kambi Group plc	0	430
Kitron	0	2,314
Komplett Bank	0	130,300
Kongsberg Gruppen	0	500
Lea bank	0	16,355
Lerøy Seafood Group	0	38,401
Mowi	0	6,004
Multitude	0	2,443
NEXT Biometrics	0	700,000
NorAm Drilling	0	6,883
NORBIT ASA	0	1,706
Nordic Semiconductor	0	11,398
Norsk Hydro	0	75,711
Norske Skog	0	95,406
Norwegian Air Shuttle	0	4,009
Odjell Drilling	0	2,081
Okeanis Eco Tankers	0	6,206
Orkla	0	7,426
Panoro Energy	0	34,733
Pareto Bank	0	761,886
PetroTal	0	74,000
Pexip Holding	0	879,095
Protector Forsikring	0	7,300
Pyrum Innovations	0	100
Quantafuel	0	23,665
REC Silicon	0	32,539
SalMar	0	1,224
Sandnes Sparebank	0	2,500
Scatec	0	20,129
Seadrill Ltd	0	10,489
Solstad Offshore	0	122,500
Sparebank 1 Nord-Norge	725	7,794
Sparebank 1 SMN	0	6,450
Sparebank 1 SR-Bank	0	7,572
SpareBank 1 Østlandet	1,100	11,100
Sparebanken Møre	0	1,080
Sparebanken Sør	0	15,840
Sparebanken Vest	0	2,009
Sparebanken Øst	0	1,100
Stolt-Nielsen	0	3,800
Storbrand	100	3,110
Storlytel	0	11,390
Subsea 7	0	21,470
Teekay Tankers	0	208
Telenor	0	3,005
TGS	0	10,830
Transocean	0	10,000
Vafaris	0	3,100
Vestas Wind Systems	0	1,235
Vår Energi	0	160,229
Webstep	0	2,000
Wilh. Wilhelmsen Holding	0	229
Yara	0	17,149
Zaptec	0	16,200

This overview is updated monthly (last updated 15.06.2023).

*Analyst holdings refer to positions held by the Pareto Securities AS analyst covering the company.

Appendix B

Disclosure requirements in accordance with Article 6(1)(c)(iii) of Commission Delegated Regulation (EU) 2016/958

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

Add Energy
Akerhus Energi Varmer AS
American Shipping Company
Archer
B2Holding AS
Bekke og Strøm AS, SV Vattenkraft AB
Benchmark Holdings
Biolvent
Bluewater Holding
Borr Drilling
Cadeler
CCSFinansiering AS
CERAFILTEC
Cloudberry Clean Energy
COOL Company
DNO
Dolphin Drilling
Edda Wind
EdR Certified Origin Physical Gold Plc
Eidesvik Offshore
Endur ASA
Fertiberia Corporate S.L.U.
First Camp Group
Fishbase Group AS
Floatel
Golar LNG
Hafnia Ltd.
Hertha BSC
Hospitality Invest
House of Control
HydrogenPro
Idavang AS
Instabank ASA
Island Green Power Ltd
Kestrel AS
KMC Properties
Komplett Bank
Kraft Bank
Kron AS
Kruise Smith
Kvitbjørn Energi AS
Magnora ASA
Maha Energy
Memmo Family
Mime Petroleum
Morrow Bank
Mutares SE & Co. KGaA
NorAm Drilling
Nordic Unmanned
Norco
Norlandia Health & Care Group
Norse Atlantic
Norste Skog
Northern Ocean
PGS
PHM Group Holding Holding
Polight ASA
Prosafe
Proximar Seafood
PulPac AB
Quality Living Residential AS
ReFuels
ReFuels N.V.
RelyOn Nutec AS
Salmon Evolution
Scala Etendom
Schletter International B.V.
Seacrest Petroleum
Skandia GreenPower
Standard Supply AS
Tasik Toba Subsea AS
Tise AS
Treasure ASA
Vantage Drilling International
Viking Venture 27 AS
Viking Venture 28 AS
Waldorf Production Ltd.
Wattrif EV

This overview is updated monthly (this overview is for the period 01.06.2022 – 31.05.2023).

Appendix C

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11 (4)

Distribution of recommendations	
Recommendation	% distribution
Buy	73%
Hold	25%
Sell	2%

Distribution of recommendations (transactions*)	
Recommendation	% distribution
Buy	100%
Hold	0%
Sell	0%

* Companies under coverage with which Pareto Securities Group has on-going or completed public services in the previous 12 months

This overview is updated monthly (last updated 12.06.2023).

Appendix D

This section applies to research reports prepared by Pareto Securities AB.

Disclosure of positions in financial instruments

The beneficial holding of the Pareto Group is 1 % or more of the total share capital of the following companies included in Pareto Securities AB's research coverage universe: None

The Pareto Group has material holdings of other financial instruments than shares issued by the following companies included in Pareto Securities AB's research coverage universe: None

Disclosure of assignments and mandates

Overview over issuers of financial instruments where Pareto Securities AB has prepared or distributed investment recommendation, where Pareto Securities AB has been lead manager or co-lead manager or has rendered publicly known not immaterial investment banking services over the previous twelve months:

ADDVise Group AB	Cinis Fertilizer AB	Renewcell AB
Adtraction Group AB	Hanza AB	Xbrane Biopharma AB
Artificial Solutions International AB	Hexicon AB	Xspray Pharma AB
Azelio AB	Linkfire AS	Vicore Pharma Holding AB
BouleDiagnostics AB	Media & Games Invest plc	VNV Global AB
Cibus Nordic Real Estate AB	NGEX Minerals Ltd	

Members of the Pareto Group provide market making or other liquidity providing services to the following companies included in Pareto Securities AB's research coverage universe:

Adtraction AB	Media & Games Invest plc.	Sedana Medical AB
Implantica AG	Mentice AB	Signup Software AB
Linkfire	Modelon AB	VEF

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

Member of the Pareto Group is providing Business Management services to the following companies:

Aarhus Residential	Halliseil Property Invest AB	Mälarsen AB
Backaheden Fastighets AB	Korsängen Fastighets AB (publ)	One Publicis Fastighets AB
Bonäsudden Holding AB (publ)	Krona Public Real Estate AB	Origa Car AB (publ)
Borglunda Fastighets AB	Logistri Fastighets AB	Preservium Property AB
Fleming Properties AB		

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

This overview is updated monthly (last updated 14.07.2023).

Appendix E

Disclosure requirements in accordance with Article 6(1)(i) of Commission Delegated Regulation (EU) 2016/958

Designated Sponsor

Pareto Securities acts as a designated sponsor for the following companies, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Pareto Securities receives a commission from the company for the provision of the designated sponsor services.

2G Energy AG	IVU Traffic AG	Pryme B.V.
adpepper media international N.V.	Kontron AG	PSI AG
Biotech AG	Leifheit AG	Pyrum Innovations AG
Biotech AG Pf.d.	Logwin AG	Salmones Camanchaca S.A.
Corstate Capital Holding S.A.	manz AG	Seven Principles AG
Daldrup & Söhne AG	MAX Automation SE	SHOP APOTHEKE EUROPE N.V.
DEMIRE AG	Merkur Privatbank AG	SMT Scharf AG
DF Deutsche Forfait AG	Meta Wolf AG	Surteco AG
epigenomics AG	MLP SE	Szygyg AG
Foris AG	MPC Container Ships ASA	TTL Beteiligungs- und Grundbesitz AG
Gesco AG	Muehlhahn AG	Uzin Utz SE
GFT Technologies SE	Mutares SE & Co. KGaA	VERIANOSSE
Gigaset AG	OVH Holding AG	Viscom AG
Heidelberg Pharma AG	ProCredit Holding AG	WPU - Waste Plastic Upcycling AS
INTERSHOP Communications AG	Progress-Werk Oberkirch AG	

Appendix F

Disclosure requirements in accordance with Article 6(1)(iv) of Commission Delegated Regulation (EU) 2016/958

Sponsored Research

Pareto Securities has entered into an agreement with these companies about the preparation of research reports and – in return – receives compensation.

2G Energy AG	Gesco AG	Mutares SE & Co. KGaA
BayWa AG	GFT Technologies SE	Mynaric AG
BB Biotech AG	Gigaset AG	OHB SE
Biotech AG	Heidelberg Pharma AG	ProCredit Holding AG
Biotech AG Pf.d.	Hypoport SE	Progress-Werk Oberkirch AG
CLIQ Digital AG	INTERSHOP Communications AG	PSI AG
Daldrup & Söhne AG	Kontron AG	Segfried Holding AG
Delight	Leifheit AG	SMT Scharf AG
Dermapharma Holding SE	Logwin AG	Surteco AG
Enapter AG	MAX Automation SE	Szygyg AG
epigenomics AG	Merkur Privatbank AG	Viscom AG
Express2on Biotech Holding AB	MLP SE	

This overview is updated monthly (last updated 17.07.2023).