

Aspire Global

Sector: Betting/Entertainment

Reaching New Heights

Redeye raises Aspire Global's fair value on the back of an impressive report for the second quarter. Both revenues and earnings came in well above our estimates, boosted by a much stronger Corona impact than expected. The company is also continuing to expand its business with new B2B agreements in new markets, and Pariplay is going from strength to strength. The valuation multiples for the online gambling industry have also increased, and we continue to see a significant upside in the share.

New Heights

2020 started well for Aspire Global already in Q1 but has now taken off to new heights in Q2. The development in Q2 is much driven by the Corona Crisis, which has boosted the whole online casino industry, and Aspire Global has an extensive exposure towards that sector. However, Aspire Global's sequential growth of 30% indicates that it is more than only the Corona Crisis that is driving the growth. The geographical expansion is starting to make its mark on the revenues with rapidly growing revenues for the region "Rest of the World". Furthermore, Pariplay continues to impress with new deals and a sequential growth of 38%.

Beyond Corona

We expect that the revenues will return to more normal levels after the Corona Crisis, just as the world will return to a normal state, and the recession might have a negative impact. However, we believe it is likely that we will see some positive long-term effects with an increased online shift. Not all players that have left the land-based casinos for online will return to land-based. Furthermore, land-based casinos will, to a larger extent, move their business online with the help of platform providers such as Aspire Global.

Shallow expectations

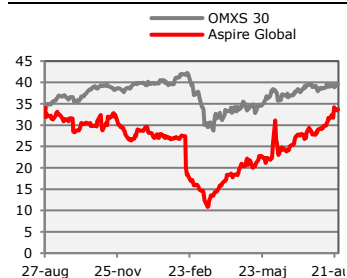
Based on our 2021 estimates, Aspire Global is valued around an EV/EBITDA of **5.5x**, compared to the median for its peers of 8x. Accordingly, the expectations are low on Aspire Global, and the chance of exceeding the expectations are high. The company's financial position is also strong, with EUR 37m in cash, which makes it ready to take on value-adding M&A opportunities. We see a potential upside of over 30% to our base case valuation of **SEK 45 (39)** per share. Our new bear and bull case amounts to SEK 18 (14) and SEK 68 (60).

KEY FINANCIALS (EURm)	2018	2019	2020E	2021E	2022E	2023E
Net sales	105	131	156	174	197	221
EBITDA	21	22	24	26	31	35
EBIT	19	18	19	20	24	28
EPS (adj.)	0.4	0.0	0.3	0.3	0.5	0.5
EV/Sales	1.7	1.0	0.9	0.7	0.5	0.4
EV/EBITDA	8.1	6.2	5.8	4.6	3.5	2.8
EV/EBIT	8.9	7.6	7.5	6.0	4.4	3.5
P/E	12.4	336.0	11.6	9.3	7.0	6.4

FAIR VALUE RANGE

BEAR	BASE	BULL
18.0	45.0	68.0

ASPIRE.ST VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	ASPIRE.ST
Market	First North
Share Price (SEK)	33.90
Market Cap (MSEK)	1570
Net Cash 20E (MSEK)	110
Free Float	40 %
Avg. daily volume ('000)	90

ANALYSTS

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Q2: All Time High

Aspire Global: Expected vs. Actual

(EURm)	Q2'19	Q2'20	Q2'20E	Diff
Revenues	32.8	43.7	37.1	18%
EBITDA	6.1	7.1	5.9	19%
EBIT	5.1	5.7	4.6	23%
EPS (EUR)	0.09	0.09	0.07	28%
<i>Sales growth Y/Y</i>	32%	33%	13%	
<i>Sales growth Q/Q</i>	-1%	30%	10%	
<i>EBITDA margin</i>	19%	16%	16%	
<i>EBIT margin</i>	16%	13%	12%	

Source: Aspire Global, Redeye Research

The second quarter came in well above our expectations on all levels. Revenues and EBITDA came in 18%, respectively 19% above our estimates. The revenues grow with a staggering 30% Q/Q and 33% Y/Y – reaching new heights with All Time High numbers. The development was much driven by the Corona Crisis, as it has boosted the whole online casino industry. However, 30% sequential growth is substantially higher than for the competitors and indicating that there is more than just the Corona Crisis driving the growth. We believe that the underlying growth momentum is driven by geographical expansion, increased focus on B2B, and impressive development of Pariplay.

On the cost side, distribution expenses came in above our expectations, mainly due to higher revenues and higher marketing spend. The admin expenses came in 7% above estimates, while gaming duties/VAT came in 8% above estimates. The EBIT margin came in at 12.9% compare to estimated 12.4%.

Aspire Global: Expected vs. Actual - B2B & B2C

(EURm)	Q2'19	Q2'20	Q2'20E	Diff
B2B revenues (incl. Inter-seg. revenues)	21.5	32.6	26.8	22%
<i>B2B inter-segment revenues</i>	2.0	2.3	1.8	
B2B EBITDA	4.1	5.4	4.3	26%
B2B EBITDA margin	19%	17%	16%	
B2C revenues	13.2	13.4	12.1	11%
B2C EBITDA	2.0	1.6	1.6	-1%
B2C EBITDA margin	15%	12%	14%	

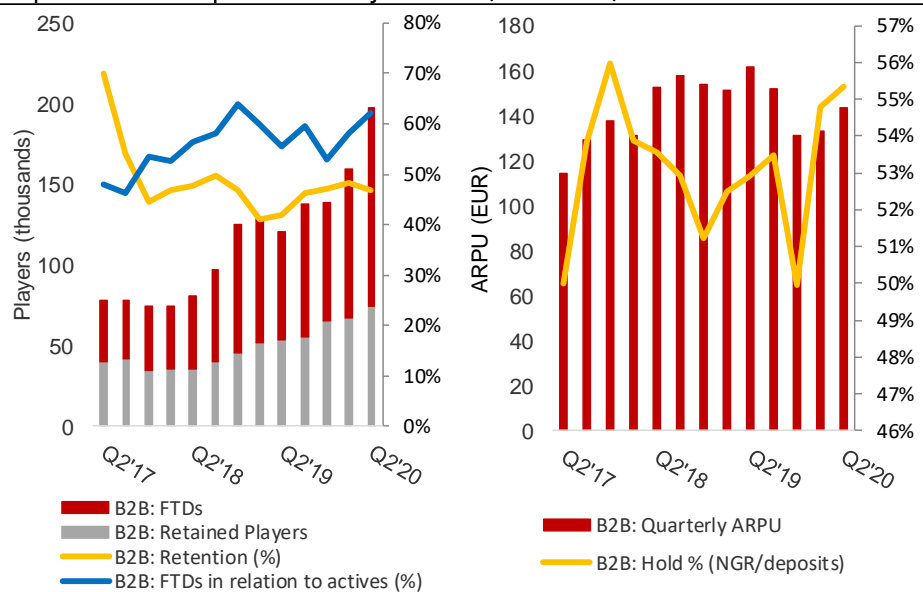
Source: Aspire Global, Redeye Research

The B2B segment continued to grow and outperformed our estimates by far and reached a new ATH. The sub-segment Aspire Core grew by 32% Y/Y and increased its number of B2B-brands to 88 and partners to 47. Pariplay did not make anyone disappointed ether, with 38% sequential growth and 74 partners.

The B2C segment also reported strong numbers, and the revenue came in 11% above our estimates. The EBITDA was negatively affected by increased marketing expenses.

Operational KPIs

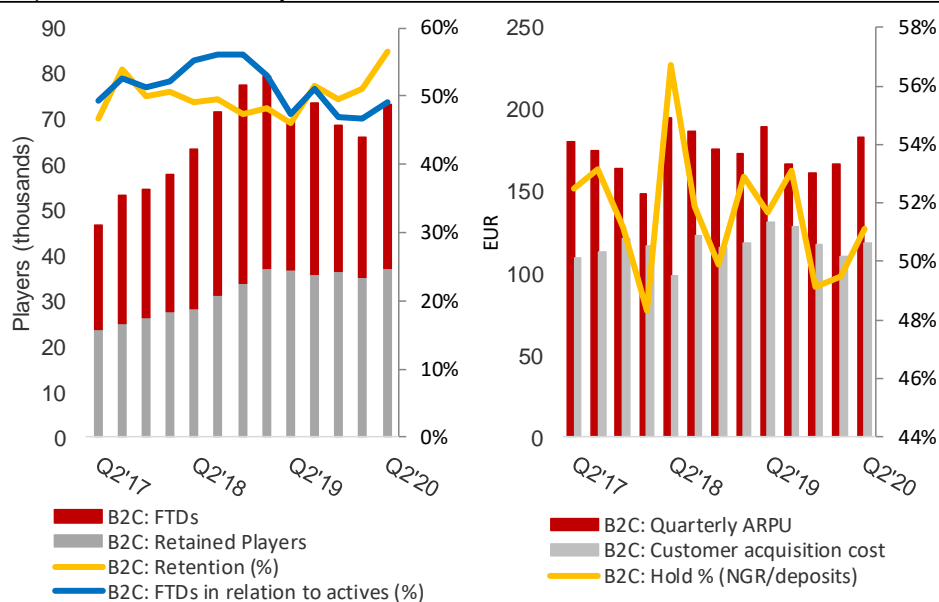
Aspire Global: Aspire Core Player Data Q2 2017 - Q2 2020



Source: Aspire Global, Redeye Research

The number of active players for the Core sub-segment reached a new ATH thanks to good retention and a massive customer intake. The number of active players has grown a staggering 143% over the last two years, which is proof of the demand for Aspire Global’s product, both from B2B customers as well as end-users.

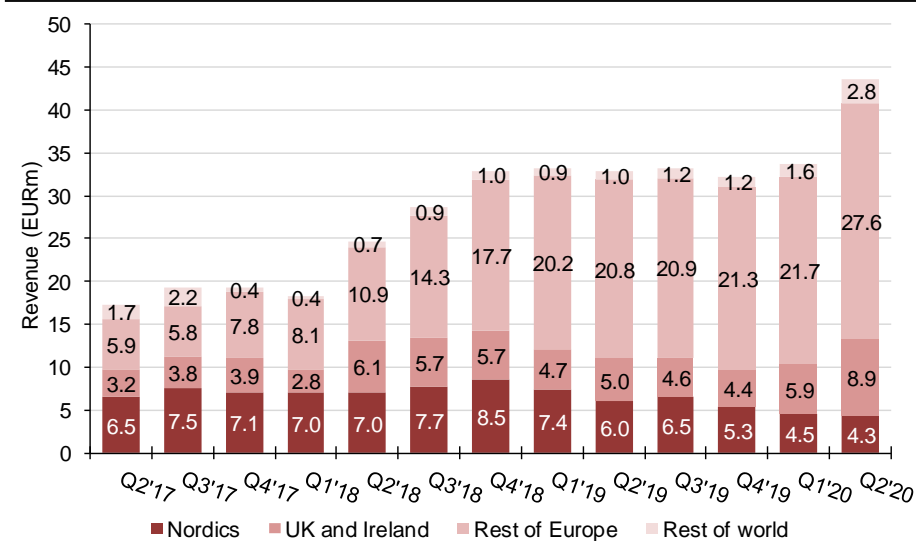
Aspire Global: B2C Player Data Q2 2017 - Q2 2020



Source: Aspire Global, Redeye Research

For the B2C segment, the numbers have been boosted by the Corona Crisis, while the underlying growth has stagnated. On the positive side, the retention has improved, which is having a positive effect on profitability.

Aspire Global: Revenue by region



Source: Aspire Global, Redeye Research

All regions, except the Nordics, are growing rapidly on the back of the Corona Crisis. The company continues to battle regulatory challenges in the Nordics. Meanwhile, there is strong underlying growth in the other regions. The UK market performed very well due to improved compliance focus, and the other regions performed well thanks to increased geographical expansion.

Q2 in conclusion

The second quarter came in better than expected due to a stronger boost by the Corona Crisis than estimated and strong underlying growth for the B2B segment. We find the development of Pariplay and the successful geographical expansion extra promising.

Forecast

Aspire Global's future growth depends much on the underlying growth of the online gambling segment in Europe, as well as the company's ability to sign new agreements. However, Aspire Global has also shown that its business can develop and grow much faster than the general market. How much faster the business can grow, organically, then the underlying market depends much on how Aspire Global can improve its platform and enter new markets. New markets and platform improvements will also attract new B2B partners.

For 2020, we expect the revenues to return to more normal levels as the world return to normal state after the Corona Crisis. The start of the third quarter is indicating a Y/Y growth of 19%. Furthermore, we expect that the subsequent recession will have a slightly negative impact. However, in the long-term, we believe the online shift has benefited from the Crisis, both in increased B2B deal interest as well as an increased number of end-users.

In the long-term, the broader trends will continue to play out. On the positive side, only 10% of the global market is online, which ensures strong underlying market growth for many years to come. On the negative side, we continue to expect a challenging regulatory landscape, with increased gaming duties and regulatory restrictions that will lower margins.

Aspire Global: Financial forecasts summary								
(EURm)	2019	Q1'20	Q2'20	Q3'20E	Q4'20E	2020E	2021E	2022E
Revenues	131.4	33.7	43.7	38.4	40.3	156.2	174.1	197.2
Net Revenues (after EU VAT)	127.5	32.6	42.2	37.1	38.8	150.7	167.4	189.4
Distribution expenses	-87.1	-22.6	-29.8	-25.9	-27.1	-105.3	-115.5	-130.3
Gaming duties	-4.2	-0.9	-1.0	-1.0	-1.0	-3.9	-6.4	-7.2
Admin expenses	-14.6	-3.9	-4.4	-4.4	-4.5	-17.2	-18.8	-20.3
EBITDA	21.7	5.2	7.1	5.8	6.2	24.2	26.7	31.6
D&A	-4.0	-1.3	-1.4	-1.4	-1.5	-5.6	-6.5	-7.2
EBIT	17.7	3.9	5.7	4.3	4.7	18.6	20.2	24.4
Net earnings*	0.4	2.4	4.2	3.1	3.4	13.0	16.0	20.0
EPS, EUR	0.01	0.05	0.09	0.07	0.07	0.28	0.34	0.43
Growth Y/Y (%)	26%	1%	33%	16%	25%	19%	11%	13%
Growth Q/Q (%)		5%	30%	-12%	5%			
EBITDA (%)	17%	15%	16%	15%	15%	16%	15%	16%
EBIT (%)	13%	12%	13%	11%	12%	12%	12%	12%

Source: Aspire Global, Redeye Research, *from continuing operations

On the segment level, we expect, as already concluded, that the B2B segment will be the main driver as Aspire Global will continue to focus on B2B expansion. In 2022, we estimate that the B2B segment, excluding acquisitions, will generate about 70% of the revenues.

Aspire Global: Financial forecasts - B2B vs. B2C								
(EURm)	2019	Q1'20	Q2'20	Q3'20E	Q4'20E	2020E	2021E	2022E
B2B revenues (incl. inter-seg. rev.)	88.7	24.4	32.6	28.8	30.4	116.3	132.8	152.6
B2B inter-segment revenues	7.6	1.7	2.3	2.0	2.1	8.1	8.5	9.2
B2B EBITDA	15.9	3.8	5.4	4.4	4.9	18.6	21.5	26.0
B2B EBITDA margin	18%	16%	17%	15%	16%	16%	16%	17%
B2C revenues	50.3	11.0	13.4	11.6	12.0	48.0	49.8	53.7
B2C EBITDA	5.8	1.4	1.6	1.4	1.3	5.7	5.2	5.6
B2C EBITDA margin	11%	13%	12%	12%	11%	12%	10%	10%

Source: Aspire Global, Redeye Research

Growth drivers

- **Underlying market:** The European market is Aspire Global's main market and is expected to grow around 5% annually during the period 2019-23.
- **New partnerships:** Aspire Global continues to sign interesting B2B partnerships and launch new B2B brands.
- **New in-house games:** New games is, besides new aggregator customers, an important growth driver for Pariplay.
- **Larger operators:** Currently, Aspire Global is offering mainly white label solutions to smaller operators. However, the group will also start to offer its platform solution to larger operators. Capitalizing on the scalability of the group's robust platform.
- **New regulated markets:** Aspire Global's strategy is to gain and maintain strong positions in regulated markets. We, therefore, expect Aspire Global to continue to enter regulated markets if the conditions are the right. The company has also communicated that it launched several brands in markets within and outside of Europe.
- **Products improvements:** Continuing improving its platform with new features and game verticals will be important to increase the player value and customer intake.
- **Acquisitions:** We believe that the Pariplay acquisition will be followed by additional acquisitions. This is supported by Aspire Global strong financial position.

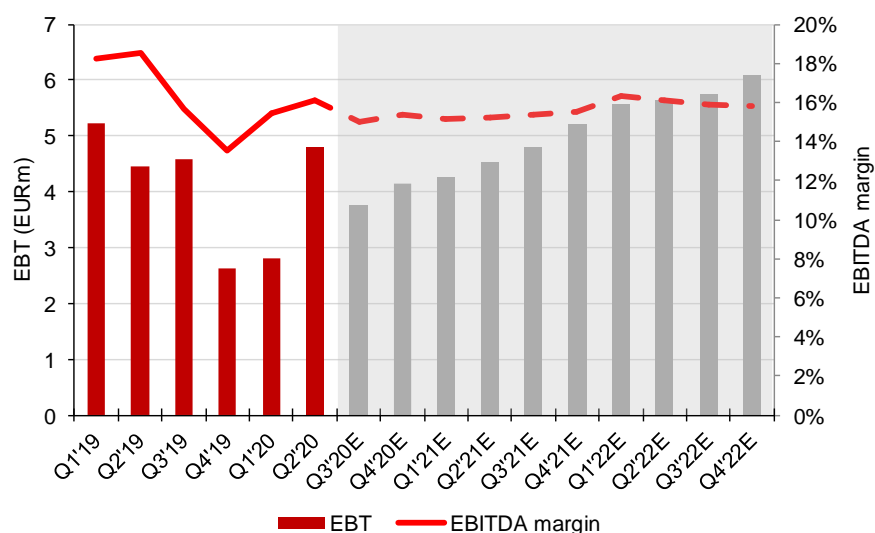
Cost allocation

- **Distribution expenses:** We expect that it will increase as the business grows, but it will decrease in relation to the revenue. The distribution expenses include expenses such as game providers fees, payment providers fees, affiliate commissions, marketing expenses, etc. However, when the B2B partners increase in size, they generally get a high royalty rate, counteracting some of the positive scalability effects. Moreover, the acquired Pariplay has a large portion of distribution expenses within its aggregator operations.
- **Gaming duties:** We expect that it will increase in relation to the revenue as more markets are re-regulated. The Gaming duties and VAT relation to revenue were 6% in Q1. We expect that these will increase to 10% within three years.
- **Administrative expenses:** This item includes expenses for Staff, Rent, Legal, Accounting, Professional Services, and Other. We expect that these expenses will increase over time as the business grows. However, we expect that these expenses will decrease in relation to Aspire Global's revenue, in the long run, due to the scalability of the company's business and more automatic processes.
- **Amortization and depreciation:** We expect that this expense item will increase slightly compared to the revenue in the short-term. This because the capitalization of tangibles and intangibles have increased faster during the last year than the revenue. The acquisitions like Pariplay will also increase the intangible assets. Nevertheless, we expect that the scalability of the platform, together with increased revenues, will lower the A&D expenses in relation to the revenue in the long run.

Profit margins

We believe that Aspire Global's underlying business is highly scalable. However, increased regulations with regulatory requirements, gaming duties, and further need for compliance investments will mitigate any positive scalability effects. As a result, we expect that the earnings will be primarily driven by top-line growth.

Aspire Global: EBT and EBITDA margin



Source: Aspire Global, Redeye Research

Forecast changes

The new forecast includes several changes in the numbers and the assumptions compared to the last estimate. Based on the development during the first quarter, we expect that regulations will have a larger impact on both revenues and earnings the previously expected, mainly in the short-term. The long-term growth estimates and profit margins, beyond 2022, are maintained.

Aspire Global									
Estimate revisions (EURm)	2020E			2021E			2022E		
	New	Old	% chg	New	Old	% chg	New	Old	% chg
Revenue	156	136	15%	174	157	11%	197	181	9%
EBITDA	24.2	18.6	30%	26.7	21.2	26%	31.6	23.8	33%
EBITDA margin	16%	14%		15%	13%		16%	13%	
EPS (EUR)	0.28	0.20	43%	0.34	0.27	26%	0.43	0.35	23%

Source: Redeye Research

Investment Thesis

- Strong lock-ins
- Broad growth potential
- Own platform and strong financial position
- Synergies

Strong lock-ins

Aspire Global has demonstrated, over the years, both significant B2B customer loyalty and the ability to attract brands from external platforms. This indicates that it offers an attractive platform that adds value to its customers and creates significant exit barriers through lock-ins. Key elements of this are its wide range of licenses, strong product, exclusive games, and beneficial and transparent business model with a revenue share business model. In our view, existing customers would struggle to find superior alternatives that match these criteria.

Broad growth potential

Aspire Global's model gives it a broad range of options for growth. These include improving the product, adding new gaming verticals, adding new partnership brands, migrating brands from external platforms, marketing campaigns on the B2C brands, adding on new national gambling licenses, expansion in the US, acquisitions, and new in-house games.

Own platform and strong financial position

Aspire Global's proprietary platform, and strong financial position is the perfect combination for future growth. The scalable platform gives it a very strong incentive to grow, and its strong financial position gives it the means of doing so. The platform allows growth to be realized both organically and through acquisitions. Without it, acquisitions would not be a valid option. Owning the platform also gives Aspire Global the freedom to enter any potential market offering the right conditions. Furthermore, Aspire Global's platform is also ready to attract larger operators without their own platform.

Synergies

We believe the Pariplay acquisition will lead to strong synergies. The synergies include monetizing Aspire Global's existing game portfolio of 200 games, lower cost of existing game aggregators, and sharing admin expenses. The Pariplay acquisition also increases the synergy possibilities in future acquisitions, especially as Pariplay has a strong distribution channel.

Counter-Thesis – Bear Points

Regulatory uncertainty

Aspire Global focuses on regulated markets as these offer better scope for attractive B2B partners and are less risky. Even so, regulated markets are not risk-free, as the UK's increased gaming tax illustrates. Moreover, we also expect that increased gaming taxes and stricter regulatory restrictions will pressure profit margins in the coming years.

New markets/M&A risk

We expect Aspire Global to continue entering new markets and making use of its strong financial position over the next few years. However, both entering new markets and making acquisitions carry significant risks and require careful selection.

In new markets, in-depth knowledge of customer behavior will lack, as well as insight into the most effective marketing channels and partners. Moreover, what works in one market may not work in another due to cultural or/and regulatory differences. Market entries could also require significantly more resources than initially estimated.

Achieving full synergies requires an acquired online gambling brand to be migrated to the existing platform. But migrations are very risky as they quite often lead to loss of customers for the migrated brand. It should, though, be taking into account that Aspire Global has done several successful migrations already.

Valuation

Aspire Global has reverted the negative momentum that the company was in during 2019. The increased focus on the B2B operations and geographical expansion are starting to pay off. The Corona Crisis boosted revenues in the second quarter. However, it is clear that the underlying business is growing rapidly. Furthermore, the Pariplay acquisitions continue to impress with strong growth and high profitability, which proves that Aspire Global can make value-adding acquisitions.

The long-term trend is mixed, with tremendous growth potential as only 10% of the global gambling is online but substantial regulatory challenges with increased taxation pressure. We believe that Aspire Global can continue to show double-digit organic growth for many years to come and mitigate some of the regulatory margin pressure with increased automation. In addition to organic growth, the company can also continue to make value-adding acquisitions. However, we have not included acquisitions in our estimates.

Our Base case yields a fair value of **SEK 45** (39) per share.

Aspire Global					
Assumptions:	2019-28	2019-22	2022-28	DCF-value	
CAGR Sales	9.8%	14.5%	7.5%	WACC	11.6%
EBIT-margin (avg.)	11.9%	12.0%	11.9%	PV of FCF	146
ROE (avg.)	27%	33%	23%	PV of Terminal Value	55
Terminal				EV	201
Growth of FCF	2%			Net cash (Start of year)	0
EBIT margin	10.0%			Dividend correction	0
EV/S Exit multiple	0.5x			Associated companies	2
EV/EBIT Exit multi	5x			Minorities	0
				DCF-value (EUR)	203
				Fair value per share (SEK)	45
				Today's price	34
				Potential/Risk	32%

Source: Redeye Research

Bear Case 18 SEK

Sales CAGR of about 7% between 2019-28.

An average EBIT margin of approximately 7% during the same period.

Terminal growth of 2% and terminal EBIT margin of 5%.

Our Bear case assumes few new markets and few new B2B partnerships in existing markets. The B2C operation will not grow faster than the market at the same time as increased gaming tax will lower the margins.

Base Case 45 SEK

Sales CAGR of about 10% between 2019-28.

An average EBIT margin of approximately 12% during the same period.

Terminal growth of 2% and terminal EBIT margin of 10%.

Our base case assumes that Aspire Global will continue to enter regulated markets and enter new B2B partnerships in these markets. It the long-run Aspire Global will be able to grow faster than the online gambling market due to the B2B solution and new regulated markets.

Bull Case 68 SEK

Sales CAGR of about 13% between 2019-28.

An average EBIT margin of approximately 15% during the same period.

Terminal growth of 2% and terminal EBIT margin of 13%.

Our Bull case assumes improved retention rates, successful geographical expansions, and value-creating acquisitions.

Relative Valuation

Looking at 2020 and 2021, we argue Aspire Global is valued at a considerable discount compared to its peers. We believe that the market is still somewhat unsure about Aspire Global's long-term growth of the earnings per share. Moreover, we recognize that there most likely will be a margin pressure due to more regulated and taxed markets in the coming years. However, we expect Aspire Global to continue to grow fast and maintain a double-digit EBIT margin.

Peer valuation												
Company	EV (MSEK)	EV/Sales			EV/EBITDA			SALES CAGR	EBIT CAGR	EBIT margin		
		2019	2020E	2021E	2019	2020E	2021E	19-21E	19-21E	2019	2020E	2021E
Operators												
Flutter Entertainment	225 869	8.7x	5.0x	4.2x	45.7x	20.0x	15.7x	44%	144%	7%	17%	20%
GVC	78 202	1.8x	2.0x	1.8x	15.1x	9.9x	8.0x	0%	n.m.	-5%	13%	15%
William Hill	23 850	1.2x	1.6x	1.4x	12.6x	14.4x	8.1x	-4%	191%	1%	2%	9%
Kindred	15 798	1.4x	1.4x	1.2x	10.5x	7.4x	7.7x	8%	29%	8%	12%	11%
Betsson	10 678	2.1x	1.7x	1.5x	8.6x	7.5x	7.3x	15%	11%	17%	17%	16%
Rank	9 737	1.2x	1.2x	1.2x	9.8x	5.5x	5.7x	0%	38%	6%	12%	11%
888	7 991	1.5x	1.4x	1.4x	10.0x	8.9x	8.6x	5%	16%	9%	11%	11%
Leovegas	4 747	1.5x	1.2x	1.1x	19.6x	8.1x	7.2x	18%	83%	4%	9%	10%
Enlabs	1 714	4.1x	4.2x	3.0x	14.0x	18.8x	10.1x	17%	18%	24%	15%	24%
Global Gaming	293	0.7x	1.1x	0.9x	-2.7x	12.3x	13.0x	-11%	n.m.	-28%	4%	6%
Median	10 207	1.5x	1.5x	1.4x	11.6x	9.4x	8.0x	7%	33%	6%	12%	11%
B2B												
Scientific Games	96 331	3.0x	4.1x	3.5x	8.3x	14.2x	9.1x	-7%	1%	16%	7%	19%
IGT	89 831	2.0x	3.0x	2.4x	6.6x	10.4x	7.2x	-10%	5%	13%	9%	18%
NetEnt	22 374	12.7x	10.1x	9.1x	26.4x	18.8x	15.6x	18%	38%	30%	34%	40%
PlayTech	16 172	1.0x	1.2x	1.1x	6.1x	5.6x	4.8x	-4%	146%	2%	10%	12%
GAN	5 265	18.6x	15.8x	12.2x	77.1x	55.4x	42.1x	23%	75%	8%	-9%	17%
Gaming Innovation	929	0.7x	1.3x	1.3x	-2.9x	6.6x	4.3x	-27%	n.m.	-45%	-8%	7%
Median	19 273	2.5x	3.6x	3.0x	7.5x	12.3x	8.1x	-6%	38%	11%	8%	17%
Aspire Global	1 481	1.1x	0.9x	0.8x	6.6x	5.9x	5.4x	15%	7%	13%	12%	12%
At Base case	1 997	1.5x	1.2x	1.1x	8.9x	8.0x	7.3x					

Source: Bloomberg & Redeye Research

SOTP valuation

To add additional support to our DCF valuation, we have done a sum-of-the-parts valuation. It will also help bring clarity on how to value Aspire Global's different business areas.

For the more significant B2B segment, we believe that an EBITDA multiple of 8.0x is fair as it is in line with peers for 2021E. The value for the B2B segment in our SOTP valuation is estimated to around EUR 171m, which is far above the existing EV for the whole group.

For the smaller B2C segment, we use a Sales multiple as the profit margin for the segments seem to be quite volatile. We believe a sales multiple of 0.8x is fair for a segment that is clearly not the group's focus. This is also slightly above the multiple that Betsson paid for GiG's B2C operations.

All in all, the SOTP valuation is indicating an even higher valuation than the DCF valuation.

SOTP valuation						
Segment	(EURm)	Sales 2021	EBITDA 2021	Sales Multiple	EBITDA Multiple	Value
B2B: Platform, gaming development			21.5		8.0x	171
B2C: Online gambling		49.8		0.8x		37
Sum (EURm)						208
EV	208					
Net cash	9					
Value minorities	0					
Value assoc. comp.	0					
SOTP value	217					
Per share (SEK)	48					

Source: Redeye Research

Catalysts

We see several potential catalysts in the near future, i.e. within 12 months, that may close the valuation gap between the existing valuation and the base case.

- Successful acquisition of a content supplier that could improve the group's B2B offering further. We expect that Aspire Global can make several additional acquisitions with its strong financial position.
- Successful expansion in the US market for Pariplay
- Entering into a partnership with a major media house in any of the larger markets.
- Aspire Global could be an interesting acquisition target for companies that like to acquire a strong B2B product on the European market.

Valuation summary

Aspire Global is currently valued at a considerable discount compared to peers, which we find unjustified. Given the company's strong position within the B2B segment and long-term growth potential, we would expect the company to be valued at least on par with peers. Moreover, the company still has a strong financial position that will enable further value-adding acquisitions.

All in all, we have raised our fair value for Aspire Global on the back of an impressive report for the second quarter. We still see a substantial upside at the current valuation, and we still have a positive view of Aspire Global's long-term potential. DCF valuation indicates a value range of SEK 18-68 with a Base case of **SEK 45** per share.

Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

Rating changes in the report

People: 4

We have confidence in the management team and CEO Tsachi Maimon, who has been CEO of the company since 2013. We claim that his extensive experience and his long history in the company contribute to stability. Also, Tsachi has a good understanding of the market and has the ability to find and evaluate new business opportunities. Aspire Global benefits from a stable ownership structure where the founder and member of the board, Barak Matalon, is the largest shareholder. Also, there is institutional ownership among the biggest shareholders, which we see as a strength. A majority of the management team owns stock options and stocks.

Business: 3

Aspire Global has a historically proven business model and is operating in an industry that is expected to show healthy growth and profitability in the coming years. Further, we see growth opportunities with the prevailing regulation trend and the online gambling industry is rather recession-resilient. On the negative side, there are general and political risks associated with the industry itself. Forward-looking, we expect revenues from regulated markets to increase which will affect margins negatively.

Financials: 3

Aspire Global has a strong cash position with EUR 37m in cash at the end of Q2 20. In 2018, the company issued an EUR 27.5m secured bond under an EUR 80m framework to be prepared for M&A opportunities. We expect that the company will continue to have strong margins and cash flows as well as maintain a high return on invested capital.

INCOME STATEMENT	2018	2019	2020E	2021E	2022E
Net sales	105	131	156	174	197
Total operating costs	-83	-110	-132	-148	-166
EBITDA	21	22	24	26	31
Depreciation	-2	-4	-6	0	0
Amortization	0	0	0	-6	-6
Impairment charges	0	0	0	0	0
EBIT	19	18	19	20	24
Share in profits	0	0	0	0	0
Net financial items	-2	-3	-5	-3	-1
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	17	14	13	18	24
Tax	-1	-15	-1	-2	-2
Net earnings	16	0	13	16	22

BALANCE SHEET	2018	2019	2020E	2021E	2022E
Assets					
<i>Current assets</i>					
Cash in banks	54	29	34	38	52
Receivables	22	25	30	34	39
Inventories	0	0	0	0	0
Other current assets	1	0	0	0	0
Current assets	76	54	64	73	92
<i>Fixed assets</i>					
Tangible assets	1	2	2	2	3
Associated comp.	2	4	4	5	6
Investments	0	0	0	0	0
Goodwill	0	7	8	8	8
Cap. exp. for dev.	0	0	0	0	0
0 intangible rights	7	19	28	26	28
0 non-current assets	11	13	13	13	13
Total fixed assets	21	47	59	58	62
Deferred tax assets	0	0	0	0	0
Total (assets)	97	101	124	131	154
Liabilities					
<i>Current liabilities</i>					
Short-term debt	0	0	0	0	0
Accounts payable	31	22	39	43	47
0 current liabilities	0	15	18	20	23
Current liabilities	31	38	57	63	70
Long-term debt	27	27	21	6	5
0 long-term liabilities	1	1	1	1	1
Convertibles	0	0	0	0	0
Total Liabilities	59	65	78	69	75
Deferred tax liab	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	39	34	42	58	74
Minority interest (BS)	0	0	0	0	0
Minority & equity	38	34	42	58	74
Total liab & SE	97	101	124	131	154

FREE CASH FLOW	2018	2019	2020E	2021E	2022E
Net sales	105	131	156	174	197
Total operating costs	-83	-110	-132	-148	-166
Depreciations total	-2	-4	-6	-6	-6
EBIT	19	18	19	20	24
Taxes on EBIT	-1	-1	-1	-1	-2
NOPLAT	18	17	17	19	23
Depreciation	2	4	6	6	6
Gross cash flow	20	21	23	25	29
Change in WC	4	3	15	1	2
Gross CAPEX	-6	-25	-16	-4	-8
Free cash flow	18	-1	22	22	23

CAPITAL STRUCTURE	2018	2019	2020E	2021E	2022E
Equity ratio	39%	34%	34%	44%	48%
Debt/equity ratio	69%	85%	59%	17%	13%
Net debt	-27	0	-10	-28	-43
Capital employed	10	29	24	20	21
Capital turnover rate	1.1	1.3	1.3	1.3	1.3

GROWTH	2018	2019	2020E	2021E	2022E
Sales growth	45%	26%	19%	11%	13%
EPS growth (adj)	58%	-98%	3,067%	25%	33%

DCF VALUATION	
WACC (%)	11.6 %

PROFITABILITY	2018	2019	2020E	2021E	2022E
ROE	50%	1%	34%	33%	33%
ROCE	39%	25%	27%	28%	32%
ROIC	198%	167%	60%	79%	112%
EBITDA margin	20%	17%	16%	15%	16%
EBIT margin	18%	14%	12%	12%	12%
Net margin	15%	0%	8%	9%	11%

DATA PER SHARE	2018	2019	2020E	2021E	2022E
EPS	0.36	0.01	0.28	0.35	0.46
EPS adj	0.36	0.01	0.28	0.35	0.46
Dividend	0.10	0.12	0.00	0.14	0.19
Net debt	-0.60	0.01	-0.21	-0.60	-0.89
Total shares	44.48	46.00	46.80	47.30	47.66

VALUATION	2018	2019	2020E	2021E	2022E
EV	172.8	134.6	140.5	121.7	107.5
P/E	12.4	336.0	11.6	9.3	7.0
P/E diluted	12.4	336.0	11.6	9.3	7.0
P/Sales	1.9	1.0	1.0	0.9	0.8
EV/Sales	1.7	1.0	0.9	0.7	0.5
EV/EBITDA	8.1	6.2	5.8	4.6	3.5
EV/EBIT	8.9	7.6	7.5	6.0	4.4
P/BV	5.2	4.0	3.6	2.6	2.1

SHARE PERFORMANCE	GROWTH/YEAR	18/20E
1 month	19.9 %	Net sales
3 month	58.5 %	Operating profit adj
12 month	-1.6 %	EPS, just
Since start of the year	13.0 %	Equity

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Barak Matalon	26.0 %	26.0 %
Pini Zahavi	16.4 %	16.4 %
Eli Azur	16.2 %	16.2 %
Aharon Aran	6.5 %	6.5 %
BNY MELLON NA	3.2 %	3.2 %
Avanza Pension	3.0 %	3.0 %
Pakarinen, Janne Heikki Petteri	2.3 %	2.3 %
Maimon Isaac	1.7 %	1.7 %
Nordnet Pension	1.4 %	1.4 %
Fondita Nordic small Cap Investment	1.4 %	1.4 %

SHARE INFORMATION	
Reuters code	ASPIRE.ST
List	First North Premier
Share price	33.90
Total shares, million	46.4
Market Cap, MSEK	1 570

MANAGEMENT & BOARD	
CEO	Tsachi (Isaac) Maimon
CFO	Motti Gil
IR	
Chairman	Carl Klingberg

FINANCIAL INFORMATION	

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Redeye Rating and Background Definitions

Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive long-term earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

People

At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories:

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

Business

If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

Financials

Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

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Redeye Rating (2020-08-27)

Rating	People	Business	Financials
5p	17	13	3
3p - 4p	106	83	36
0p - 2p	6	33	90
Company N	129	129	129

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Jonas Amnesten owns shares in the company : No

Tomas Otterbeck owns shares in the company : No

Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.