The Platform Group

E-commerce enabler

The Platform Group (TPG) owns and operates e-commerce websites and platforms in a growing number of verticals and offers proprietary solutions that enable e-commerce for its partners. It has a very simple strategy: to significantly increase the number of partners and product categories that use its platforms, which in turn should lead to more end customers, and higher revenue and profitability as it leverages its cost base. For its partners, typically small and medium-sized enterprises (SMEs) without the know-how or capabilities to trade online, TPG provides a quick and cost-efficient (operating and capital) route to a greater number of customers.

Growing industry and geographic exposure

TPG has expanded rapidly, mainly via M&A and especially since FY20, by leveraging its internally developed platform and solutions to 23 diverse industries including luxury goods, bicycles, heavy machinery, dental equipment and hairdressing suppliers. Management targets operating in 30 industries by the end of FY25. While currently focused on Continental Europe, management aspires to expand further afield, to countries including the US and India.

Organic growth and M&A

Management expects a broadly equal split of organic growth (supported by increasing penetration of e-commerce in its verticals) and M&A (three to eight acquisitions a year) as it enters and/or consolidates its position in what it believes are attractive verticals that will drive TPG's growth. Current FY25 guidance (revenue of €570m and an adjusted EBITDA margin of 7–10%) implies two-year CAGRs from FY23 pro forma results for revenue of 14% and EBITDA of 33–59%. Achieving the midpoint of its FY24 guidance (revenue of €500–520m) would mean that TPG was more than halfway to achieving its FY25 revenue guidance. With respect to adjusted EBITDA, management is guiding to a more significant uplift in profitability (ie margin) in FY25 (7–10%) than FY24 (5.8–6.2%), which appears logical as the expected greater volumes would leverage its cost base.

Valuation: Significant discount to peers

Using the midpoint of management's guidance for FY24 and FY25, TPG's EV/EBITDA multiples of 7.5x and 4.7x, respectively, compare with the medians for an imperfect group of non-food online peers of 10.3x and 8.3x, despite forecasts of higher revenue growth and profitability. While TPG's free float and liquidity might justify a discount, the size of the discount appears excessive.

Company financials

Year end	Revenue (€m)	Adjusted EBITDA	PBT (€m)	EPS (€)	DPS (€)	EV/EBITDA (x)	P/E (x)
12/22*	387.4	16.8	24.5	N/A	0.0	13.6	N/A
12/23*	440.8	22.6	33.0	1.50	0.0	10.1	5.3
12/24e**	510.0	30.5	N/A	N/A	N/A	7.5	N/A
12/25e**	570.0	48.5	N/A	N/A	N/A	4.7	N/A

Source: Company accounts and guidance. Note: *Pro forma. **Forecasts are midpoint of management's guidance.

Online services

28 October 2024

Price	**€8.2**
Market cap	**€166m**

Share price graph

Share details

Code	TPG
Listing	Xetra
Shares in issue	20.2m
Net debt at 30 June 2024 (including IFRS 16 liabilities of €9.1m)	€62m

Business description

The Platform Group is a leading European online e-commerce platform company. Its software solutions connect partners in many sectors to new e-commerce customers across numerous online channels. Its services include marketing, customer support, payment and delivery.

Bull

- Connects commercial partners that lack scale to access a high number of online stores.
- Large (c 12,250) and growing (+16% in H124) number of commercial partners across many industries.
- Investment requirements beyond M&A are low, in particular software for platform solutions.

Bear

- E-commerce markets are competitive.
- M&A aspirations (three to eight acquisitions per year) present execution risk.
- Expansion into new business verticals and geographies may bring different operational challenges and financial rewards.

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Edison profile page

Company description: E-commerce enabler for SMEs

The Platform Group (TPG) is based in Düsseldorf, Germany, and provides platform solutions that bring together suppliers and customers, both B2B and B2C, in the e-commerce world across 23 sectors in Europe. It owns and operates e-commerce platforms in what it considers to be the most attractive industries for growth. It has developed some of these platforms internally, but has acquired the majority. For its partners, TPG offers full e-commerce capabilities, making it easier, quicker and more cost efficient, from an operating and capital cost perspective, for those partners to access a greater pool of potential end customers. Its partners are typically SMEs and can range from bricks and mortar retailers to manufacturers of goods.

Exhibit 1: Connecting partners and customers in e-commerce

Source: The Platform Group capital markets day presentation, June 2024

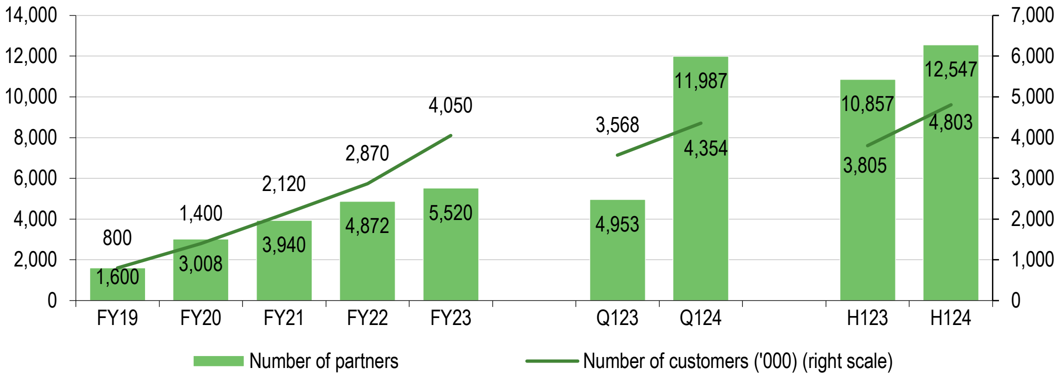
TPG aims to become the leading e-commerce platform group in Europe. Management has set a goal of being active in 30 sectors and to deliver gross merchandise volume (GMV, ie total customer spend including sales taxes and after cancellations and returns) of at least €1.2bn (FY23 pro forma: €705m), revenue of €570m (FY23 pro forma: €441m) and an adjusted EBITDA margin of 7–10% (FY23 pro forma adjusted: 5.1%) in FY25. If delivered, these would represent two-year CAGRs for GMV, revenue and adjusted EBITDA of 30%, 14% and 33–59%, respectively.

In addition to organic growth that is driven by increasing its presence in underpenetrated e-commerce markets, management envisages undertaking three to eight acquisitions a year. TPG has been highly acquisitive in recent years to enter and develop the new sectors. Management targets a roughly equal split between organic growth and M&A.

TPG has a simple strategy: to significantly increase the number of partners and product categories available via its platforms, which in turn should lead to more customers, and higher GMV and profit. The profit can then be invested in developing more solutions and acquiring platforms in other sectors that enable further growth and diversification. As TPG builds its presence in multiple industries, management targets cross-selling opportunities between customers.

To date, TPG has demonstrated strong growth in the number of partners and customers through a combination of organic and inorganic growth, which, according to management, has in turn delivered strong revenue growth.

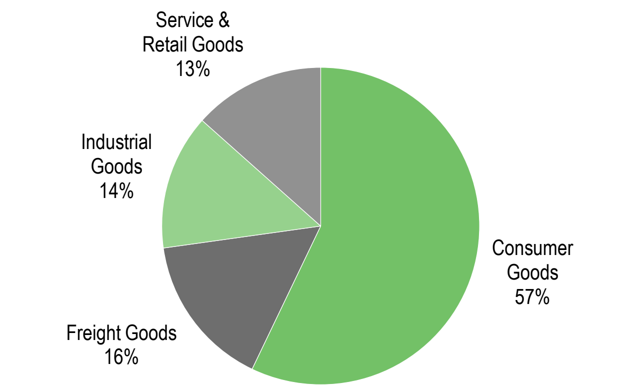
Exhibit 2: Progression in number of partners and active customers



Source: The Platform Group

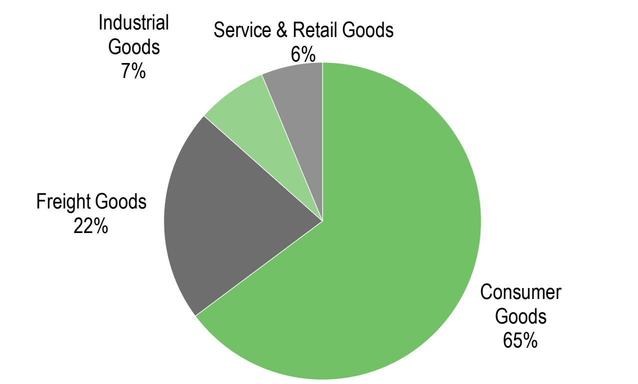
We discuss the company's financial results in more detail later. To date, management has provided both reported and pro forma figures for the newly formed group for FY22 and FY23, as well as quarterly figures through H124. In addition to group figures, TPG reports financial results (GMV, net revenue, adjusted EBITDA and reported EBITDA) and number of employees for four operating segments: Consumer Goods (CG), Freight Goods (FG), Industrial Goods (IG) and Service & Retail Goods (SRG). Its broad industry spread means it is not reliant on the performance of any individual segment. TPG's most important segment in FY23 was CG, reflecting the significant contribution by fashionette (see Ownership structure and corporate history section below), which reported net revenue of c €165m in FY22, the year before it was taken over by TPG, equivalent to 65% of TPG's FY22 pro forma CG revenue and 37% of pro forma total group revenue.

Exhibit 3: FY23 pro forma revenue by division



Source: The Platform Group, Edison Investment Research

Exhibit 4: FY23 pro forma EBITDA by division



Source: The Platform Group, Edison Investment Research

TPG does not provide a geographic breakdown of its revenue and profit beyond stating that more than 85% of FY23 sales were generated in Germany, Austria, Switzerland and the Netherlands. The company has evolved from having a pure domestic focus to having a strong presence in the wider DACH region, which accounted for 91% of its partners in FY23. Management is targeting a greater geographic spread, with greater emphasis on France and Italy in the short term and India and the US in the long term. TPG has made a good start in increasing its non-DACH exposure: in FY23 its B2C products were marketed in more than 15 countries and its B2B products were sold in 28 countries, suggesting relatively low levels of sales in the individual non-DACH countries at present.

Ownership structure and corporate history

The publicly listed TPG was formed in November 2023 when privately owned The Platform Group GmbH & Co. KG undertook a reverse takeover of listed company fashionette, an online platform for premium and luxury fashion accessories in Europe. On completion of the transaction, the listed company assumed its current name, The Platform Group.

The private company's origins go back to 1882 when Dr Dominik Benner's ancestor opened a shoe store in Hofheim am Taunus, Germany. Dr Benner became CEO of the family business in 2012 and began the transformation of the company from a bricks and mortar retailer to an e-commerce platform company. The first step in the transition was the creation of an online platform, Schuhe24.de, to help shoe retailers reach new customers online. This was followed by the development of new platforms and the acquisition of existing platforms in numerous other sectors, and internal investment in its technology to make it easy for business partners to gain access to new online customers. Typically, the company likes to buy an established platform or website in a sector before leveraging it to new partners and customers. In addition to its online activities, TPG retains 10 retail stores.

The company's current listed structure followed a number of transactions. The Platform Group GmbH & Co. KG acquired an initial total stake of 43.8% in fashionette via a 5.3% stake acquired by Benner Holding and Dr Benner, and a 38.5% stake acquired by the company when fashionette's largest shareholder, Genui, sold its shares. This was followed by a capital increase by fashionette in return for the assets of The Platform Group GmbH & Co. KG.

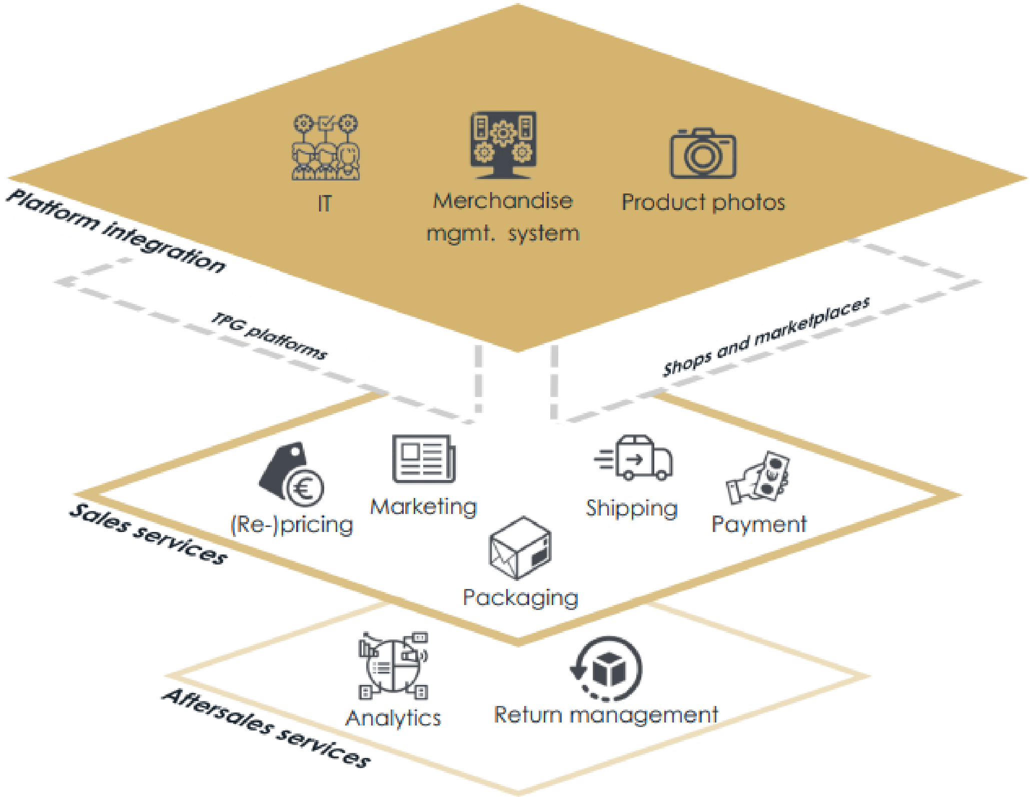
When TPG was formed at the end of 2023, the free float was c 20% and the majority shareholder was Benner Holding, the family office of Dr Benner, chair of the management board and TPG's CEO. Following the FY23 year-end when there were c 17.274m shares in issue, the company issued c 2.601m shares as part consideration for acquisitions, so when the FY23 annual report was published (in May 2024), the number of shares in issue was c 19.875m and Benner Holding's interest had reduced to 69.5%.

TPG's FY23 annual report states that the company has grown significantly every year and has always been profitable, avoiding reporting losses or negative operating cash flows. We know from our previous coverage that fashionette provided strong revenue growth following its IPO (net revenue increased from c €95m in FY20 to c €165m in FY22) through a combination of organic and inorganic growth, but profitability faltered. fashionette's adjusted EBITDA decreased from €8.9m in FY20 to €0.4m in FY22, for a number of reasons including the move into a number of product verticals that did not perform as well as expected, and following M&A. TPG's management has exited these unprofitable product categories and rationalised the infrastructure, which is likely to have provided a meaningful boost to the company's profitability.

Consolidating e-commerce

TPG specialises in enabling e-commerce activities for SMEs. For its partners, TPG provides all the services that are required to engage in e-commerce, without those partners having to bear the operating and capital costs that would otherwise be required. For many of its partners, these capabilities are beyond their know-how and scale.

Exhibit 5: TPG's value chain



Source: The Platform Group capital markets day presentation, June 2024

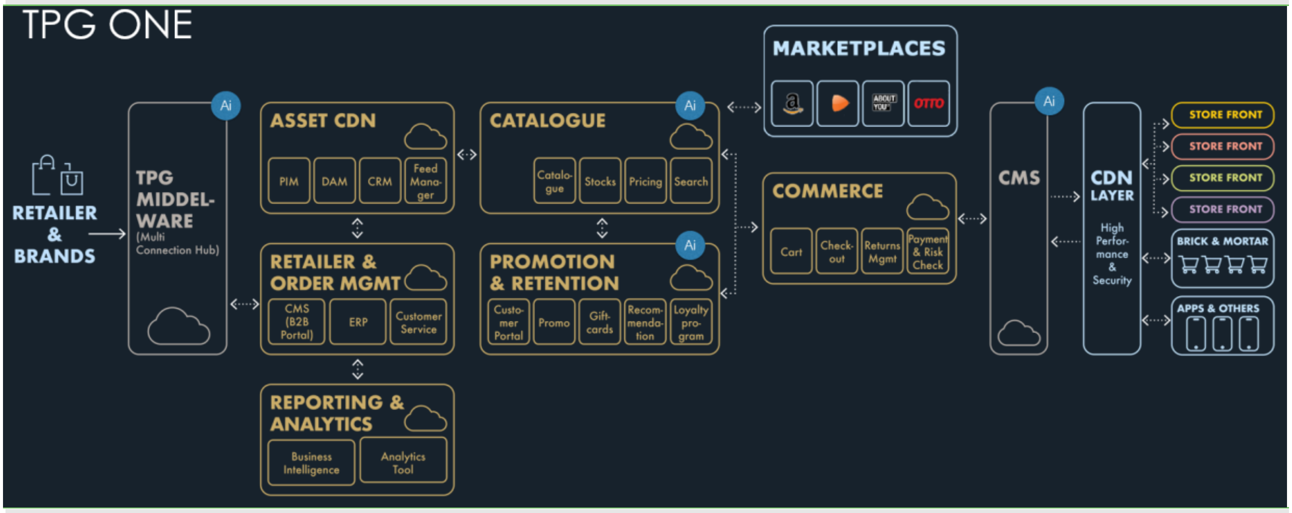
The services that TPG provides to its partners span the value chain from product photography (more important for unique or niche products such as machinery than, say, fashion items), software development, interface programming, online marketing and listings, payments, tax services, logistics, price management, returns management, marketing and post-sales marketing. The company manages logistics for its partners, but distribution and returns to its own warehouse are mainly outsourced to third-party providers, although smaller items may be distributed by the partners.

Management believes having full control of the value chain ensures long-term relationships with its partners, given that the level of integration makes it more difficult to switch to another provider, and therefore maximises TPG's profitability and returns.

The core of TPG's services is its proprietary and standardised software interface, which connects the enterprise resource planning (ERP) systems of its partners with TPG's own and third-party websites. The interface provides full visibility of inventory and management of the sales and returns process across the numerous parties involved in the sales process. The company has invested heavily since its transformation began in 2013 and continues to invest in its solutions to ensure that integration with new partners and ERP systems is as speedy and easy as possible. A new partner is typically integrated within two to six weeks of engagement.

In Exhibit 6 we show the constituents of TPG's core system, TPG One, and how it interacts with the main participants in the e-commerce value chain from the retailer or brand. The graphic emphasises the complexities of trading in the e-commerce world, and consequently what makes TPG attractive for its partners, which are unlikely to have the know-how or resources to access online markets themselves.

Exhibit 6: TPG's core system



Source: The Platform Group capital markets day presentation, June 2024

For its partners, TPG provides the opportunity not only to generate incremental revenue, but also to generate operating and fixed capital efficiencies, which more than offset the incremental costs of its services, according to management. The savings include: better management and faster turnover of inventory reduces markdown risk and the costs of storing inventory so are positive for gross margin; outsourcing some operations to TPG provides natural internal cost savings such as staff costs; and using TPG's ERP systems typically derive savings from other technology providers that service only a part of the value chain.

As described above, TPG provides a one-stop shop to partners that want to begin transacting online with a much larger pool of customers. Compared with alternatives like marketplaces, TPG's solution is more comprehensive as the alternatives still require the partner to manage various parts of the value chain like listings, logistics and returns.

Customers place orders on TPG's platform, which in turn purchases the product from the partner. The TPG platform handles the data transmission and begins the fulfilment process. The partner sells the item to TPG, which resells it to the customer at the same moment. The product is picked and shipped direct from the partners to the ultimate end customers. Therefore, TPG's fixed capital requirements are limited, typically. With respect to physical infrastructure, TPG owns its own warehouse, which is used for managing returns.

We discuss how revenue and costs are recognised and the cash flow dynamics more fully in the Financials section. For transactions where TPG acts as the 'agent' for a platform, it receives a pre-agreed commission on the GMV but does not record associated cost of goods sold. For transactions where it acts as the principal, it recognises the full revenue and associated cost of goods sold.

Industry coverage: Broad and growing

TPG currently operates across 23 industries and management targets covering 30 industries by the end of FY25. By definition, the target of making three to eight acquisitions a year means that the company may operate a number of different platforms in the same industry, as it does already, for example in fashion and pharmaceuticals. Management has not specified which new industries it is targeting, but it has been very clear about the characteristics of the industries it finds attractive (see below). In addition, it has been specific about the characteristics it looks for when identifying platforms or websites that could be potential M&A targets. (see below).

As shown in Exhibit 7, growth in the number of industries that TPG serves has mainly occurred in more recent years and its first acquisition, MyStationary, was completed as recently as August 2020.

Exhibit 7: TPG's industries

Year	Industry
2013	Shoes
2018	Fashion, bags
2019	Sports
2020	Online learning, machinery, bicycles, jewellery and watches
2021	Pharmacy, dental equipment, automotive parts, furniture, hairdressing supplies, equipment, real estate
2022	E-mobility, forestry/gardens
2023	Luxury goods, car subscriptions, sustainability
2024	Plants, B2B commerce

Source: The Platform Group

The individual platforms have different models with respect to the end customers they serve (ie B2B or B2C). There is no formal disclosure by the company with respect to the relative sizes of the individual websites and between B2B and B2C, with the exception that there were nine B2B platforms and 13 B2C platforms at the end of FY23, and a total of 26 total platforms at the time of the June 2024 capital markets day (CMD).

What are the key requirements for entering a new industry?

A potentially attractive industry to TPG is one where there are more than 150 potential platform partners, the product is attractive in terms of margin, average order value and from a logistics perspective and the industry partners have local ERP systems.

After an industry has been identified as attractive, TPG needs to decide whether to build its own platform and brand, or to buy an existing platform or website that can become a platform following the acquisition.

What are the key characteristics of an M&A candidate?

Management considers TPG to be an operating company with a portfolio of leading e-commerce platforms, rather than a financial holding company. The aim is to own all companies forever, with no intention of realising value by disposal.

In many aspects, TPG is quite risk averse with respect to M&A. It invests in websites/platforms that are established (ie not early-stage investments) and has a relatively broad-based management team that wishes to stay on post-acquisition to develop the business. Management aims to retain the entrepreneurship of the original owners where possible, for a minimum of three years, enabling the original owners to create further value as part of the TPG group and share in the expected rewards. A typical acquisition involves TPG initially taking a majority 50%+ stake in the acquiree before ultimately buying out the minority, with protection for TPG and the acquiree provided by put/call options.

TPG works with more than 10 external M&A partners that have a mandate to actively search for potential investments. From a financial perspective, management seeks established companies with revenue of €3–100m from a diversified (ie more than 1,000) customer base with the expectation that revenue will grow by at least 10–15% pa and the adjusted EBITDA margin will be more than 3% in the first year after integration.

Acquisition multiples

The consideration for acquisitions is typically a combination of equity, debt (maximum of 50%), software or marketing investment and TPG shares. With respect to acquisition multiples, management claims that historical valuations have typically been at low- to mid-single-digit EV/EBIT multiples. This has enabled significant value creation, as evidenced by purchase price allocation being a positive contributor to reported EBITDA.(see Financials section).

What happens post-acquisition?

Post acquisition, TPG centralises all supporting functions such as HR, finance and legal, which naturally provides cost synergies. While retaining operational freedom, the acquiree also gains access to TPG's teams, which provide expertise in marketing, business intelligence, design and technology, etc.

The company has historically provided no information with respect to the costs of the individual acquisitions made or their financials. However, the June 2024 CMD presentation included financial data for a number of its acquisitions to demonstrate the company's success in developing the business post-acquisition. We highlight the following two:

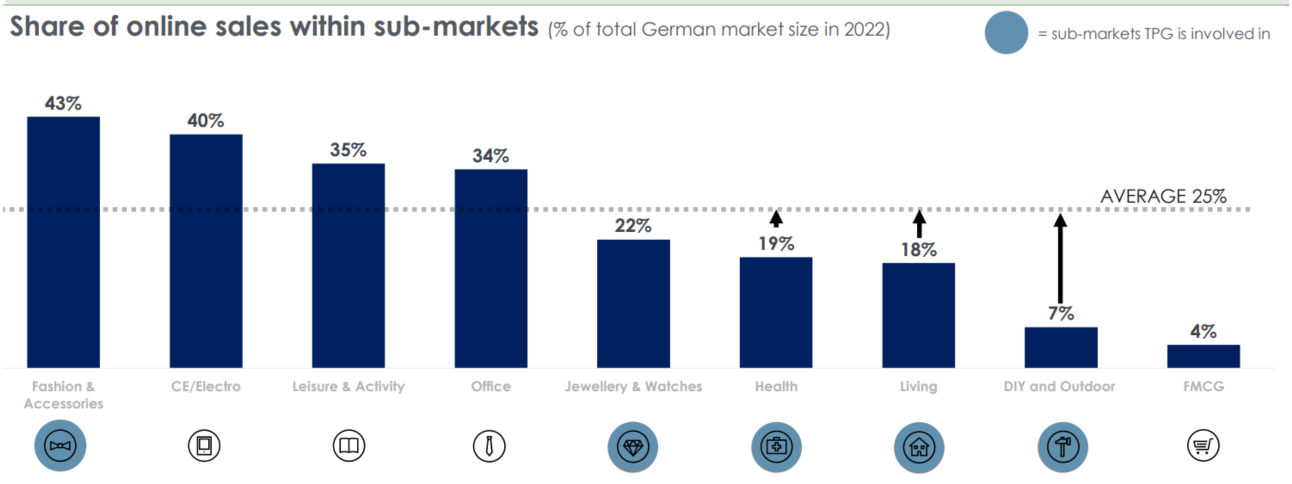
- Gindumac trades heavy machinery. It has grown its number of partners from 100 pre-acquisition to 200 in FY23 and an estimated 500 by end FY24, which has led to GMV increasing from €10m pre-acquisition to €26m in FY23 and an estimated €40m by end FY24, revenue from €6m pre-acquisition to €22m in FY23 and an estimated €30m by end FY24 and the EBITDA margin from 1.7% pre-acquisition to 3.0% in FY23 and an estimated 4.6% by end FY24.
- MöbelFirst, an online seller of luxury second-hand furniture, has grown its number of partners from 195 pre-acquisition to 410 by FY23 and an estimated 520 by end FY24, GMV from €2.7m pre-acquisition to €5.2m in FY23 and an estimated €6.6m by end FY24, revenue from €2.1m pre-acquisition to €4m in FY23 and an estimated €5m by end FY24 and the EBITDA margin from 4.2% pre-acquisition to 8.9% in FY24 and an estimated 10.2% by end FY24.

Market overview

As is clear from the above, TPG has a presence in a number of industries and has targeted a presence in more industries. The industries to which it has exposure are diverse, ranging from trading, heavy machinery, hairdressing and dental products to business customers to e-scooters and luxury goods to consumers. By definition, these range from low-frequency/high-value transactions in heavy machinery to high-frequency/low-value transactions in the fashion category, with very different operational requirements.

The fundamental driver of TPG's future growth prospects is its ability to increase the number of partners that wish to trade online with a greater pool of potential customers. Management believes that e-commerce has plenty of room for growth in all the industries it serves, and there are significant differences in the level of e-commerce penetration between those industries.

Exhibit 8: German online sales 2022



Source: The Platform Group capital markets day presentation, October 2023

E-commerce markets are not immune to macroeconomic factors. According to TPG's FY23 annual report, the German e-commerce market declined by c 12% in 2023.

Management, organisation and corporate governance

Supervisory board

TPG has a supervisory board consisting of five members: Stefan Schütze (chairman), Rolf Sigmund (deputy chairman), Jens Wasel, Dominik Barton and Florian Müller.

Management board

The management board of directors consists of two members: Dr Dominik Benner (responsible for strategy, purchasing, finance, IT/ERP, brand management, investor relations and sustainability) and Laura Vogelsang (responsible for HR, office management and compliance).

Chairman of the board of directors and CEO, Dr Dominik Benner: After studying business administration at the University of St Gallen and achieving a doctoral degree, Dr Benner took on various management positions and power of attorney at Bilfinger Berger. In 2011, he was appointed managing director of the JUWI group, where he had held several management and project positions. In 2012, he joined the family business, The Platform Group, and transformed it in the direction of e-commerce. He has been CEO since March 2023.

Member of the board of directors, Laura Vogelsang: After studying business administration at Ruhr University Bochum (BSc) and the University of Technology Chemnitz (MSc), Laura began her professional career at Vodafone. After successfully leading the risk and fraud management online team, she built up the first risk and payment team at fashionette in 2018. In 2022, she was promoted to head of HR and in 2023 to director of people and office management. She was appointed member of the board of directors in May 2023.

CFO, Reinhard A Hetkamp: Reinhard started his professional career at international auditing and tax consulting firms after studying business administration and law at the Westfälische Wilhelms University of Münster. After more than 10 years, during which he passed the tax consultant exam and worked on a wide range of tasks in consulting, he switched to various positions in the industry: head of tax, commercial director, member of the extended board of directors. His responsibilities included (among others) the preparation of national and international financial statements, internal and external reporting, tax consulting and responsibility for controlling, cash management and support for the shareholders of internationally active, often US-based and listed companies. Since August 2023, Mr Hetkamp has been responsible for the finance department as CFO of fashionette and subsequently after it was renamed The Platform Group.

Financials

Following the formation of the company at the end of FY23, it has published reported and pro forma income statements and balance sheets for FY22 and FY23. The only cash flow figures provided to date are for FY23 on a pro forma basis and FY22 on a reported basis, so comparison of changes in the cash flow dynamics is not possible. These were followed by summary/headline figures for its Q124 results, where the emphasis was on pro forma figures, and full financial statements for H124. Unless otherwise stated, we focus below on the company's results in H124 versus the pro forma figures.

Income statement

Before discussing TPG's financial results, we should highlight how it recognises revenue and any associated product costs for its two methods of trading, which we refer to here as website and platform. A number of TPG's subsidiaries operate as a hybrid of the two. Given the different revenue and cost recognitions for each, mix changes between the two can affect reported financials (ie conversion of GMV to revenue and gross margin percentage).

Website refers to transactions for which TPG acts as the principal, that is it buys and sells inventory as a typical retailer does. Group companies that trade as the principal include fashionette and Brandfield. For these, TPG recognises full GMV, that is the value of goods sold including sales tax and after cancellations and returns of a transaction, revenue and the cost of goods. From a working capital perspective, TPG has the cash flows of a typical retailer (ie booking inventory and associated trade creditors).

Platform refers to sales for which TPG earns only a commission on a partner's sale that occurs on its own platforms. In the financial statements, TPG recognises full GMV, its commission (a percentage of GMV) as revenue and no associated cost of goods sold. Commission rates are pre-agreed with partners, are variable by partner depending on trading size, etc, and typically operate under contracts of one to three years' duration with break clauses dependent on performance. From a cash flow perspective, TPG receives all of the GMV on the sale and remits the balance to the partner at the start of the month following the one in which the original sale occurred. This is very favourable for TPG from a working capital perspective.

In Exhibit 9 we show a summary income statement for TPG. It has enjoyed strong revenue growth as it has expanded its base of partners and products. Profitability has improved following a cost efficiency programme, as well as leveraging the cost base. Note that our cost and margin ratios are calculated with reference to revenue, whereas in different presentations TPG has disclosed them relative to both revenue and revenue plus other operating income.

Exhibit 9: Summary income statement

€m	FY22	FY23	FY22 pro forma	FY23 pro forma	Q123 pro forma	Q223 pro forma	H123 pro forma	Q124	Q224	H124
Gross merchandise volume (GMV)	**266.3**	**693.4**	**591.0**	**705.1**	**161.0**	**206.3**	**367.3**	**190.6**	**251.9**	**442.5**
Growth y-o-y	N/A	160%	N/A	19%	N/A	N/A	N/A	18%	22%	20%
Revenue	**168.4**	**432.2**	**387.4**	**440.8**	**84.2**	**103.3**	**187.5**	**107.9**	**123.6**	**231.5**
Growth y-o-y	N/A	157%	N/A	14%	N/A	N/A	N/A	28%	20%	23%
As % of GMV	63.2%	62.3%	65.6%	62.5%	52.3%	50.1%	51.0%	56.6%	49.1%	52.3%
Other operating income	3.5	32.0	29.0	32.8	7.5	5.3	12.8	9.8	6.6	16.4
As % of revenue	2%	7%	7%	7%	9%	5%	7%	9%	5%	7%
Total income	**171.9**	**464.2**	**416.4**	**473.6**	**91.7**	**108.7**	**200.3**	**117.7**	**130.2**	**247.9**
Growth y-o-y	N/A	170%	N/A	14%	N/A	N/A	N/A	28%	20%	24%
Gross profit	48.1	145.8	144.4	148.0	31.9	35.3	67.2	40.7	41.8	82.5
Gross margin	28.5%	33.7%	37.3%	33.6%	37.9%	34.2%	35.8%	37.7%	33.8%	35.6%
Personnel	(11.3)	(21.6)	(27.1)	(22.4)	(4.0)	(6.5)	(10.5)	(5.1)	(7.4)	(12.5)
Growth y-o-y	N/A	92%	N/A	(18%)	N/A	N/A	N/A	28%	14%	19%
As % of revenue	6.7%	5.0%	7.0%	5.1%	4.7%	6.3%	5.6%	4.7%	6.0%	5.4%
Marketing	(5.2)	(27.9)	(30.6)	(28.1)	(5.5)	(6.6)	(12.1)	(6.8)	(7.7)	(14.5)
Growth y-o-y	N/A	434%	N/A	(8%)	N/A	N/A	N/A	24%	17%	20%
As % of revenue	3.1%	6.5%	7.9%	6.4%	6.5%	6.4%	6.4%	6.3%	6.3%	6.3%
Distribution	(11.0)	(35.2)	(26.3)	(35.4)	(6.1)	(8.0)	(14.1)	(8.5)	(9.3)	(17.8)
Growth y-o-y	N/A	221%	N/A	35%	N/A	N/A	N/A	39%	17%	27%
As % of revenue	6.5%	8.1%	6.8%	8.0%	7.3%	7.7%	7.5%	7.9%	7.5%	7.7%
Other operating expenses	(6.5)	(14.3)	(23.4)	(14.7)	(3.0)	(3.5)	(6.5)	(3.5)	(4.0)	(7.5)
Growth y-o-y	N/A	120%	N/A	(37%)	N/A	N/A	N/A	19%	13%	15%
As % of revenue	3.9%	3.3%	6.0%	3.3%	3.5%	3.4%	3.5%	3.3%	3.5%	3.3%
Adjusted EBITDA	**15.1**	**21.9**	**16.8**	**22.6**	**6.8**	**6.4**	**13.2**	**8.5**	**9.1**	**17.6**
Adjusted EBITDA margin	9.0%	5.1%	4.3%	5.1%	8.1%	6.2%	7.1%	7.9%	7.4%	7.6%
Growth y-o-y	N/A	45%	N/A	34%	N/A	N/A	N/A	25%	41%	33%
Reported EBITDA	**14.1**	**46.8**	**37.0**	**47.4**	**13.3**	**10.6**	**23.9**	**16.7**	**13.3**	**30.0**
Reported EBITDA margin	8.4%	10.8%	9.5%	10.8%	15.8%	10.3%	12.8%	15.5%	10.8%	13.0%
Profit before tax	**8.8**	**32.5**	**24.5**	**33.0**	**N/A**	**N/A**	**17.2**	**N/D**	**N/D**	**21.8**
Tax	(0.8)	0.4	0.3	0.3	N/A	N/A	(0.9)	N/D	N/D	(0.2)
Tax rate	(9%)	1%	1%	1%	N/A	N/A	(5%)	N/D	N/D	(1%)
Net profit continuing operations	**8.0**	**32.9**	**24.8**	**33.3**	**9.7**	**6.7**	**16.4**	**12.9**	**8.7**	**21.7**
Minorities	(1.3)	(0.9)	(2.1)	(1.1)	(0.5)	(1.3)	(1.8)	(0.4)	(0.4)	(0.8)

Source: The Platform Group, Edison Investment Research

TPG's growth in partners and customers (Exhibit 2) has driven strong growth in GMV of 19% in FY23 on a pro forma basis and 20% in H124.

The increase in GMV fed through to revenue growth of 14% and 23%, respectively, for FY23 pro forma and H124. Of particular note here is the variability in the conversion rates of GMV to revenue: at 62.5% in FY23 pro forma, 51% in H123 proforma, and between the quarters as seen in Q124 and Q224. TPG does not consistently disclose how much of its growth is derived organically versus from M&A, but management targets a broadly equal split.

FY23's results benefited from ceasing fashionette's trading in the beauty and smartwatch segments. A cost efficiency programme included the relocation of headquarters and the restructuring of logistics in the Netherlands from four locations to one location.

In addition to revenue, TPG discloses other operating income, which includes items such as income from compensation and insurance, currency translation, income from written-off receivables, own work capitalised, as well as income from purchase price determinations. The latter is the recognition of negative goodwill as income, reflecting TPG's success in buying companies at below fair value. It has been an important source of other operating income, and at €25.3m, it represented c 79% of other operating income. In the more recent years and financial periods, other operating income has equated to between 5% and 9% of revenue so the ability to buy companies well has been an important contributor to total income and reported EBITDA.

TPG reports GMV, revenue, adjusted EBITDA and reported EBITDA for its four operating segments in its interim and full year results, with less disclosure in the quarterly results to date.

Exhibit 10: TPG's divisions – GMV, revenue and adjusted EBITDA

€m	FY22	FY23	FY22 pro forma	FY23 pro forma	H123 pro forma	H124
Consumer Goods						
GMV	149.4	440.5	400.8	440.5	217.1	268.0
Growth y-o-y		195%		10%		23%
Revenue	88.8	251.7	234.1	251.7	102.1	126.1
Growth y-o-y		184%		8%		23%
As % of GMV	59.4%	57.1%	58.4%	57.1%	47.0%	47.0%
Adjusted EBITDA	8.1	14.6	9.8	14.6	7.8	9.8
Margin	9.2%	5.8%	4.2%	5.8%	7.6%	7.8%
Freight Goods						
GMV	23.5	94.5	76.0	106.1	60.8	68.1
Growth y-o-y		302%		40%		12%
Revenue	18.6	60.5	66.6	69.1	36.7	46.3
Growth y-o-y		226%		4%		26%
As % of GMV	79.1%	64.1%	87.7%	65.1%	60.4%	68.1%
Adjusted EBITDA	0.0	4.2	4.3	4.9	2.5	4.3
Margin	0.0%	7.0%	6.4%	7.1%	6.8%	9.2%
Industrial Goods						
GMV	71.0	84.0	73.7	84.0	53.8	64.0
Growth y-o-y		18%		14%		19%
Revenue	49.1	60.9	54.6	60.9	26.0	32.1
Growth y-o-y		24%		11%		23%
As % of GMV	69.1%	72.5%	74.1%	72.5%	48.2%	50.1%
Adjusted EBITDA	3.1	1.6	1.4	1.6	1.2	1.4
Margin	6.2%	2.7%	2.6%	2.7%	4.7%	4.5%
Service & Retail Goods						
GMV	22.3	74.5	40.4	74.5	35.6	42.4
Growth y-o-y		233%		84%		19%
Revenue	12.0	59.1	32.1	59.1	22.7	27.0
Growth y-o-y		391%		84%		19%
As % of GMV	53.9%	79.4%	79.4%	79.4%	63.8%	63.8%
Adjusted EBITDA	3.9	1.4	1.3	1.4	1.8	2.0
Margin	32.4%	2.4%	4.1%	2.4%	7.7%	7.5%

Source: The Platform Group, Edison Investment Research

There are a number of important points to draw out from these figures. Firstly, the four segments reported quite variable proportions of revenue to GMV in FY23, ranging from c 57% for CG to c 79% for SRG. Secondly, the adjusted EBITDA margins between the segments varied in FY23 pro forma, ranging between 2.4% for SRG and 2.7% for IG through to 5.8% for CG and 7.1% for FG.

Adjusted EBITDA is defined as EBITDA adjusted for non-recurring effects unrelated to business activities, non-recurring consulting expenses, non-recurring restructuring expenses, non-recurring expenses not attributable to business activities, share-based payments, amortisation of unrealised reserves in inventories and non-recurring income from purchase price allocation. In FY23, the main reconciling items between adjusted EBITDA of €22.6m and EBITDA of €43m were 'adjustments' of (€2.8m) and the purchase price allocation effect highlighted above of €25.5m. Therefore, TPG, somewhat unusually reports lower adjusted EBITDA than reported EBITDA. In H124 the positive purchase price allocation accounted for €11.9m of the positive gap between adjusted EBITDA of €17.6m and reported EBITDA of €30m.

TPG reported net tax refunds in FY22 and FY23 pro forma and small tax charges in H123 pro forma and H124 due to the unused tax losses of individual subsidiaries, primarily fashionette per management. There is no disclosure with respect to the size of the unused tax losses carried forward.

The minority charge reflects TPG's partial ownership of a number of its acquisitions. Typically, with most acquisitions TPG acquires an initial controlling stake before taking full control as success builds, with protection from put and call options.

Performance indicators

In addition to its core financial indicators (GMV, net revenue, gross margin, adjusted EBITDA, reported EBITDA and reported EBITDA margin), TPG reports other non-financial performance indicators. In quarterly reports, the key performance indicators (KPIs) include: number of orders; average order value; active customers in last 12 months; number of employees; and number of partners at period end.

Exhibit 11: TPG's non-financial KPIs

	FY22	FY23	FY22 pro forma	FY23 pro forma	Q123 pro forma	Q223 pro forma	H123 pro forma	Q124	Q224	H124
Number of orders (m)	3.1	6.1	5.4	6.2	0.8	2.5	3.3	0.9	2.8	3.7
Growth y-o-y	N/A	98%	N/A	14%	N/A	N/A	N/A	25%	12%	15%
Average order value (€)	88	113	109	114	112	N/A	113	115	N/A	118
Growth y-o-y	N/A	28%	N/A	5%	N/A	N/A	N/A	3%	N/A	4%
Active customers – last 12 months (m)	2.870	3.97	3.482	4.049	3.568	N/A	3.805	4.354	N/A	4.803
Growth y-o-y	N/A	38%	N/A	16%	N/A	N/A	N/A	22%	N/A	26%
Number of employees	421	688	751	688	768	N/A	761	758	N/A	794
Number of partners			4,872	5,520	4,953	N/A	10,857	11,987	N/A	12,547
Growth y-o-y			N/A	13%	N/A	N/A	N/A	142%	N/A	16%

Source: The Platform Group, Edison Investment Research

From a revenue perspective we can see the company has enjoyed growth in the numbers of partners, customers and orders and average order value.

In addition, the FY23 Annual Report included other KPIs that had a greater focus on costs than revenues: orders from new customers; customer acquisition cost; marketing costs ratio; marketing cost per order; distribution cost ratio; logistics cost per order; and distribution costs per order. Although these KPIs are not disclosed in the quarterly results, some can be calculated from the data supplied. For some, we have noted a discrepancy between the quoted figures and our own calculated numbers, which management attributes to adjustments in order to give a fairer presentation of the changes.

Delivery versus and changes to financial guidance

In Exhibit 12 we show how management's guidance for FY24 and FY25 has evolved since the end of 2023. As management targets three to eight acquisitions per year, guidance is likely to increase as the companies are acquired. With no consistent disclosure about the financials of acquisitions and with respect to the contribution from organic and inorganic effects in reported results, it is difficult to identify the sources of the increases in guidance.

Exhibit 12: Changes to TPG's FY24 and FY25 financial guidance

€m	FY23 pro forma	FY24 guidance at January 2024		FY24 guidance at Q124 results		FY24 guidance at 27 September 2024		FY25 guidance at January 2024		FY25 guidance at June 2024 CMD		FY25 guidance at 27 September 2024	
		Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
Gross merchandise volume (GMV)	705.1	760	800	840	870	880	900	1,000	1,000	1,100	1,100	1,200	1,200
Growth y-o-y		8%	13%	19%	23%	25%	28%					36%	33%
Revenue	440.8	460	470	480	500	500	520			550	550	570	570
Growth y-o-y		4%	7%	9%	13%	13%	18%					14%	10%
As % of GMV	62.5%	60.5%	58.8%	57.1%	57.5%	56.8%	57.8%			50.0%	50.0%	47.5%	47.5%
Adjusted EBITDA	22.6	24	28	26	30	29	32			38.5	55.0	39.9	57.0
Margin %	5.1%	5.2%	6.0%	5.4%	6.0%	5.8%	6.2%	7%	10%	7%	10%	7%	10%
Growth y-o-y		6%	24%	15%	33%	28%	42%					38%	78%

Source: The Platform Group, Edison Investment Research

First, we should highlight that FY23's results, released in April 2024, were in line with or above management's prior guidance (GMV of €700m, revenue €440m and adjusted EBITDA of €20m).

The guidance for both FY24 and FY25 has been increased on two occasions in FY24. Using the midpoints, the guidance for FY24 GMV, revenue and adjusted EBITDA years has been increased by 14%, 10% and 17%, respectively, since the start of the year. The GMV guidance for FY25 has increased by 20% since the start of the year. FY25's guidance would represent two-year CAGRs from the FY23 pro forma base of 30%, 14% and 33–59%, respectively.

A number of things stand out from the changes in guidance. Firstly, management anticipates a lower conversion of GMV to revenue in FY24 (56.8–57.8%) than in FY23 (62.5%) and less so again in FY25 (47.5%). As discussed above, the conversion of GMV to revenue is a function of whether TPG receives a commission or acts as the principal of a transaction. We believe management assumes a greater proportion of future transactions will be commission-based, instead of TPG trading as the principal. Secondly, through FY24, management has gradually increased the expected level of profitability for the year as it has increased guidance for GMV and revenue. Over the long term, management hopes to leverage its cost base as revenue grows.

As the company has reported H124 financial results, we can determine the implied growth rates for H224 versus H223 and the expected shape of profitability etc, which will include the contributions from acquisitions completed since the start of H223.

Exhibit 13: Implied financials for H224

€m	H123 pro forma	H223 pro forma	FY23 pro forma	H124 pro forma	H224 low guidance	H224 high guidance	FY24 low guidance	FY24 high guidance
Gross merchandise volume (GMV)	**367.3**	**337.7**	**705.1**	**442.5**	**437.5**	**457.5**	**880**	**900**
Growth y-o-y	N/A	N/A	19%	20%	30%	35%	25%	28%
Revenue	**187.5**	**253.3**	**440.8**	**231.5**	**268.5**	**288.5**	**500**	**520**
Growth y-o-y	N/A	N/A	14%	23%	6%	14%	13%	18%
As % of GMV	51.0%	75.0%	62.5%	52.3%	61.4%	63.1%	56.8%	57.8%
Adjusted EBITDA	**13.2**	**9.3**	**22.6**	**17.6**	**11.4**	**14.4**	**29**	**32**
Margin %	7.1%	3.7%	5.1%	7.6%	4.3%	5.0%	5.8%	6.2%
Growth y-o-y	N/A	N/A	34.3%	32.6%	23%	55%	28%	42%

Source: The Platform Group, Edison Investment Research

Again, there are a number of important points we can draw from this. Management's guidance for FY24 implies an increase in the year-on-year growth rate for GMV to 30–35% in H224 versus H124's 20%, which is likely due to the phasing of acquisitions made. With respect to revenue, the FY24 guidance implies a significant increase in the conversion of GMV to revenue in H224 of c 61–63% versus H124's 52.3%, but lower than H223's 75%. The full-year guidance for adjusted EBITDA of €29–32m implies a much lower margin of 4.3–5.0% versus H124's 7.6%. A lower H224 margin is consistent with the lower margins in H223 versus H123. The lower profitability in the second half of the year reflects that returns (from customers), selling discounts (to customers), marketing costs and distribution costs are all higher on a relative basis versus the first half as it includes Black Friday and Christmas etc.

Cash flow and balance sheet

To date, TPG has published a cash flow statement for FY23 pro forma, H124 and FY22, which makes analysis of trends in cash flow difficult. In Exhibit 14 we show a summary of TPG's cash flow for FY23 pro forma and H124 in absolute terms and relative to revenue.

Exhibit 14: Summary cash flow

€m	FY23 pro forma	Relative to net revenue	H124	Relative to net revenue
Operating activities	**77.7**	**17.6%**	**24.7**	**10.7%**
Net profit	26.9	6.1%	18.8	8.1%
Discontinued activities	6.4	1.4%	2.8	1.2%
Profit from acquisitions	(25.3)	(5.7%)	(11.9)	(5.2%)
Depreciation	8.0	1.8%	4.9	2.1%
Working capital	53.9	12.2%	8.0	3.5%
Tax payments	(0.3)	(0.1%)	0.0	0.0%
Investing activities	**(77.4)**	**(17.6%)**	**(15.1)**	**(6.5%)**
Net capex	(18.4)	(4.2%)	(4.3)	(1.9%)
Free cash flow before interest	59.2	13.4%	20.4	8.8%
Acquisitions	(58.9)	(13.4%)	(10.8)	(4.7%)
Cash at start	12.1		7.6	
Cash at end	7.6		15.1	
Net debt at end excluding leases	60.0		53.1	
Leverage	2.65		1.87	

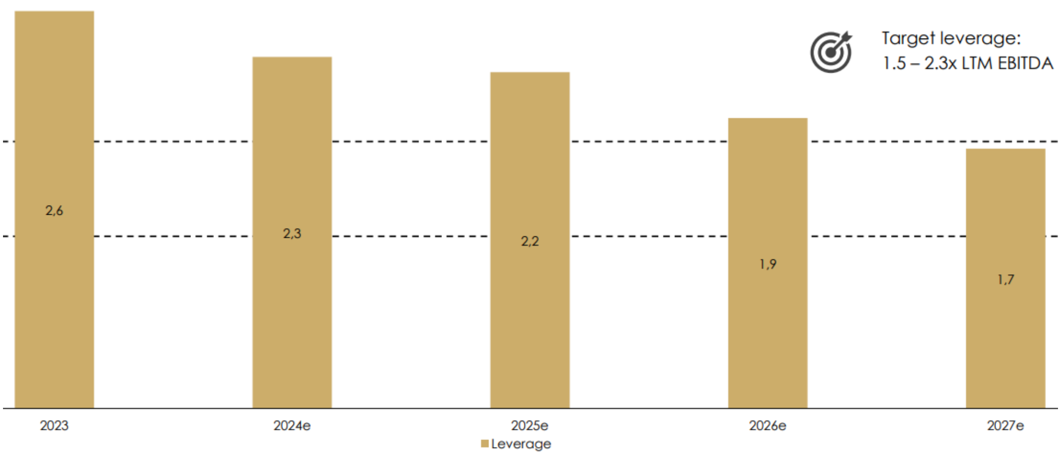
Source: The Platform Group, Edison Investment Research

Broadly, in FY23, the company generated c €59m of free cash flow that was used to fund acquisitions.

We remind readers that the sources of revenue (ie whether they are website or platform, as identified above) has implications for working capital investment.

Over the long term, management targets a leverage ratio, adjusted EBITDA to net financial debt excluding leases, of 1.5–2.3x. At the CMD in June 2024 management indicated how it expected its financial leverage would develop through FY27, before any future M&A. At the time, the CEO described the environment for M&A as 'as attractive as it has been'. Following the end of H124, the company placed a four-year bond worth €30m with an interest rate of 8.875%, which management forecasts would take its net debt position at the end of FY24 to €79.7m. Using the high end of its FY24 EBITDA guidance at the time of €30m meant this would translate to a leverage ratio of 2.65x.

Exhibit 15: Target financial leverage



Source: The Platform Group capital markets day, June 2024

From a balance sheet perspective the main assets at the end of FY23 were intangibles (€64m), goodwill (€44m), inventories (€92m) and trade receivables (€55m) from a total asset base of €284m. The period end inventory balance included €34m of cars that came with the acquisitions of ViVeLaCar and Cluno in 2023 and were gradually sold down.

The company owns a 7.6% stake in Mister Spex (MRX:DE), a Germany-based omnichannel optician offering glasses, sunglasses and contact lenses. TPG acquired an initial 7.6% stake in March 2024, as part of an asset swap with a shareholder in exchange for shares in TPG. In June 2024, TPG announced it had extended its voting rights to 15% as a number of other shareholders 'loaned' their rights to TPG. TPG acquired the stake in Mister Spex in order to collaborate with the company in the vertical but this is unlikely to happen following a change in management at Mister Spex. It should not be a surprise if we see TPG enter this industry at some stage. As a result, the shareholding is considered as an investment per TPG's management. The stake is currently worth €5.8m or 3.5% of TPG's market value. In the calculation of TPG's enterprise value, we do not reduce its net debt position for the valuation of its stake in Mister Spex given the uncertainty about whether/when the stake may be sold.

Valuation

TPG has no directly comparable listed peers with the same geographic and industry exposure. In the valuation table below we show consensus expected growth rates, profitability and valuation measures for a wide range of companies that are involved in commerce. All figures are annualised to TPG's December year-end. The list of peers below includes online clothing retailers that design their own products (eg Boohoo Group), online platforms for clothing and luxury goods among other categories (eg ASOS, MYT Netherlands, Bike 24 and SRP Groupe), tech companies that enable companies to undertake e-commerce (eg Shopify and THG, albeit the latter is focusing down to its own brands in the health and beauty segments) and food delivery aggregators (eg Delivery Hero and Just Eat Takeaway).

When comparing the peers' EBITDA multiples, we have used the midpoint of management guidance for FY24 and FY25, given there appear to be some compilation errors in consensus profit expectations data from LSEG Data & Analytics.

Exhibit 16: Consensus estimates and guidance

€m	FY23	FY24e	FY25e	FY26e
Revenue:				
Reported/guidance	441	500–520	570	
Mean estimate		547	637	692
High estimate		561	673	750
Low estimate		519	597	645
Adjusted EBITDA:				
Reported/guidance	23	29–32	38.5–55	
Mean estimate		38	38	44
High estimate		54	50	63
Low estimate		1	1	1
EBITDA:				
Reported	47			
Mean estimate		43	50	57
High estimate		54	59	67
Low estimate		32	47	51

Source: The Platform Group accounts and guidance, LSEG Data & Analytics. Note: As at 22 October 2024.

Consensus expectations for revenue in FY24 and FY25 are typically above management's guidance. With respect to adjusted EBITDA forecasts, there looks to be an obvious error at the low end for all forecast years, which skews the mean. This aside, estimates appear to be well above management's guidance, while FY25 appears to be within the guided range.

The peer companies have fared very differently from a share price performance perspective since the start of the year; and TPG's performance has been good on a relative basis.

Exhibit 17: Peer valuations

Company	Share price (local)	Share price change year-to-date (%)	Ccy	Market cap (local, m)	Sales growth Dec' 24 (%)	Sales growth Dec' 25 (%)	EBITDA margin Dec '24 (%)	EBIT margin Dec '24 (%)	EV/ Sales Dec '24 (x)	EV/ Sales Dec '25 (x)	EV/ EBITDA Dec '24 (x)	EV/ EBITDA Dec '25 (x)
ABOUT YOU Holding	2.85	(34)	EUR	531	4	8	1.0	(2.9)	0.3	0.2	27.3	8.9
ASOS	379	(11)	GBp	452	(9)	3	3.5	(2.6)	0.4	0.3	10.3	6.7
Bike24 Holding	1.235	(16)	EUR	55	3	8	1.7	(4.4)	0.4	0.4	23.4	8.5
Boohoo Group	30.22	(26)	GBp	384	(8)	3	3.8	(2.3)	0.4	0.4	11.5	9.5
MYT Netherlands Parent	7.51	135	USD	640	10	11	3.5	N/A	0.7	0.6	20.1	14.7
Revolve Group	24.87	50	USD	1,756	3	7	4.9	3.8	1.4	1.3	28.0	21.7
Shopify	79.05	1	USD	101,959	23	21	16.0	15.2	11.3	9.4	70.8	53.1
SRP Groupe	1.08	1	EUR	129	(3)	3	6.4	(3.5)	0.2	0.2	9.9	8.3
THG	46.46	(45)	GBp	709	(2)	5	6.4	(3.1)	0.6	0.6	9.9	8.3
Vente-Unique.Com	15	20	EUR	147	14	10	7.2	7.5	0.8	0.7	9.0	7.9
Westwing Group	7.18	(19)	EUR	150	2	8	4.6	(1.1)	0.3	0.3	6.0	4.9
Zalando	29.13	36	EUR	7,687	3	6	7.2	3.6	0.6	0.6	9.0	7.9
Non-food median excl. Shopify					**3**	**7**	**4.6**	**(2.4)**	**0.4**	**0.4**	**10.3**	**8.3**
Non-food average excl. Shopify					**2**	**6**	**4.6**	**(0.5)**	**0.6**	**0.5**	**15.0**	**9.7**
Delivery Hero	41	64	EUR	11,810	19	12	6.2	(2.1)	1.3	1.2	21.4	13.2
Hellofresh	10.7	(25)	EUR	1,853	2	3	4.4	0.4	0.3	0.3	6.2	5.1
Just Eat Takeaway.com	11.245	(18)	EUR	2,357	2	4	8.1	(6.2)	0.6	0.6	7.2	5.4
Ocado Group	358	(53)	GBp	2,978	8	10	4.8	(8.1)	1.3	1.2	28.0	16.3
Food median					**5**	**7**	**5.5**	**(4.1)**	**1.0**	**0.9**	**14.3**	**9.3**
The Platform Group	8.2	33	EUR	166	16	12	6.0	6.3	0.4	0.4	7.5	4.7
Premium/(discount) to non-food median excl. Shopify									4%	(5%)	(27%)	(43%)
Premium/(discount) to non-food average excl. Shopify									(19%)	(22%)	(50%)	(52%)
Premium/(discount) to food median									(53%)	(54%)	(48%)	(49%)

Source: LSEG Data & Analytics, The Platform Group. Note: Prices at 25 October 2024

Management's guidance for TPG's revenue growth in FY24 and FY25 compares favourably with the median and average growth rates for the non-food peers. However, TPG is much more profitable. We consider it appropriate to remove Shopify from the calculation of the average and median multiples given it is significantly more highly valued and would therefore skew the calculations.

With respect to TPG's valuation, we believe its relative expected revenue growth rates and levels of profitability should be supportive of its valuation relative to the non-food peers, but its relative size and liquidity due to the small free float warrants some offsetting discount to the larger and more liquid peers.

Sensitivities

We see the main sensitivities for TPG as follows:

New industry coverage: management has targeted a presence in 30 industries by the end of FY25, from the current 23, without specifying which industries are most of interest. However, management has specified the characteristics of the industries that would be attractive. As can be seen from the Financials section, the operating segments currently have different financial profiles. Therefore, the overall profitability of the group will be determined by their relative contributions to the group and their respective margins. Management has been clear that some operating segments (ie Industrial Goods) will not achieve the targeted group average of 7–10%, therefore other segments will have to exceed the average in order for the group to meet the target.

New geographic coverage: from an existing high dependence on the DACH countries and the Netherlands, the company is seeking greater geographic diversification including countries where it currently does not have a presence, specifically India and the Unites States. These would present incremental risks from lack of M&A or operational experience in these countries, as well as exposure to different macroeconomic risks and foreign currency.

Highly acquisitive: the company has been highly acquisitive and intends to continue to be highly acquisitive, targeting three to eight acquisitions per year, which presents the risk of diluting returns from differing investment requirements. We note management has clearly defined the characteristics of industries that would be attractive to the group, and for acquisitions required to meet this target.

Economic sensitivity: while management states the key for its growth outlook is to increase the number of partners in underpenetrated industries, given its stage of development, demand in a number of its sectors is exposed to the economic sensitivity of its customer base, for example as has been widely evident in the demand for luxury goods.

Customer tastes and preferences: the company is exposed to potential changes in consumer tastes and preferences, which could affect future growth prospects of the respective platforms. However, the inventory risk remains with its partners.

Competitive position: competition in the commerce world is high, with many well-capitalised competitors albeit with different activities and areas of focus, and the company's relative market shares in each industry are unknown.

Cost inflation and margin targets: management has targeted an adjusted EBITDA margin of 7–10% in FY25. Below gross profit, its FY23 pro forma costs were personnel (c 5% of revenue), marketing (c 8%), distribution (c 8%), and other operating expenses (3%). Management has little control over distribution costs given its reliance on third parties, and marketing for e-commerce is competitive.

Technology, data protection and cyber risk: TPG's business is focused on the operation of e-commerce platforms and their integration with its partners, which involves the sharing of data. The business is therefore exposed to risks with respect to data protection and cybersecurity.

Limited financial track record and disclosure: TPG listed in December 2023 and some of its financial disclosure, for example cash flow, has been relatively limited so far. Disclosure with respect to items such as M&A, subsequent growth rates that are attributable to organic and inorganic growth, and unused corporate tax losses is low or non-existent.

Major shareholder: the controlling shareholder of the group is Benner Holding, the family office of the CEO, Dr Dominik Benner. Although there are clearly many associated advantages of having a well-invested shareholder, there is a risk that its interests may not be aligned with other shareholders. Another by-product is the relative lack of liquidity of the shares.

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