DIGITAL WORKFORCE

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Improved outlook and acquisition strengthened growth platform in UK

We reiterate our Accumulate recommendation for the stock and raise the target price to EUR 4.3 (was EUR 4.10), reflecting a better growth outlook. Digital Workforce's Q2 was better than expected and a good step up after a weak Q1. Sales were strong in Q2, and the sales pipeline remains good, providing a good foundation for the remainder of the year. The main focus on Friday, however, was on the acquisition, through which the company significantly strengthened its foundation for growth in the UK. We expect the company to grow organically in the coming years significantly better than the IT services market and for growth to scale into profitability. We find the stock's valuation profile (2026e EV/EBIT 11x, sum-of-parts EUR 4.6) attractive.

Slightly better Q2 report than our expectations

Digital Workforce's revenue increased by 2% to 7.1 MEUR in Q2 and was slightly below our expectations. Revenue from more valuable, continuous services fell short of our forecasts but was nevertheless at the level of the previous quarter. In terms of sales, the company won several good contracts during the quarter. In addition, the company commented that the number of sales projects is clearly higher than the previous year, which is naturally positive and supports growth. EBITDA was 0.4 MEUR, exceeding our forecast of 0.2 MEUR. The EBITDA margin was thus 5.7% and improved significantly from the previous quarter (adj. -5%), driven by efficiency measures.

Significant partner acquisition from the UK

Digital Workforce announced on Friday that it would acquire English e18 Consulting Ltd. The acquisition is a complementary and strategic acquisition that strengthens profitable international growth in the healthcare sector. The transaction will increase Digital Workforce's annual revenue by just under 20% and next year's EBITDA by just over 20%. In our view, the transaction has good potential for revenue synergies and for broader utilization of Digital Workforce's capacity. In our view, the deal structure is good, as it is more heavily weighted towards earn-out than usual and tied to performance. Digital Workforce's recurring revenue-focused business model also strengthens customer retention and reduces the risk of customer churn once the earn-outs have been paid. In addition, the fact that the companies already know each other reduces integration risk and improves synergy potential. It is somewhat challenging to comment on the deal's valuation in more detail at this stage, especially as we do not know the criteria for the earn-out payment. Overall, considering the preliminary purchase price valuation (EV/EBITDA 9x) and good customer retention, the purchase price is neutral/low in our view.

Improved growth outlook organically and through a growth platform created by an acquisition

Digital Workforce expects higher revenue and improved adjusted EBITDA year-on-year in 2025. We made minor adjustments to our organic estimates and included the acquisition in our estimates. We forecast the company's revenue to grow, driven by the acquisition, by 8% and 25% in 2025-26 (organically, Q4'25e 7%, and 2025-26 3% and 12%). Over the same period, we expect adjusted EBIT to grow to 1.5 MEUR and further to 2.8 MEUR, which represents 5% and 8% of revenue (2024: 0.8 MEUR). The company has losses of 14 MEUR from previous financial years, which means that it will probably not have to pay taxes for many years to come.

Valuation picture is attractive

In terms of investment profile, Digital Workforce is still a turnaround company whose turnaround in profitable growth progressed well last year, which has reduced the risk level of the stock. Following the acquisition, it is justified to primarily consider next year's multiples, which account for the full impact of the acquisition. Next year's profitability estimates are only partially scaled (EBITDA: 8%), making the valuation picture (2026e EV/EBIT 11x, P/E 14x) attractive. As growth continues and profitability scales, the 2027 multiples (EV/EBIT 7x, P/E 9x) are already very attractive, but in our view, it is still too early to rely on this. Based on valuation multiples, a 2024 and 2026e sum-of-the-parts valuation of EUR 4.6, and a DCF calculation (EUR 4.9), we estimate the fair value range for the share to be EUR 3.9-4.9 per share.

Recommendation
Accumulate
(was Accumulate)

Target price:
EUR 4.30
(was EUR 4.10)

Share price:
EUR 3.52

Business risk
●●●○○

Valuation risk
●●●○○

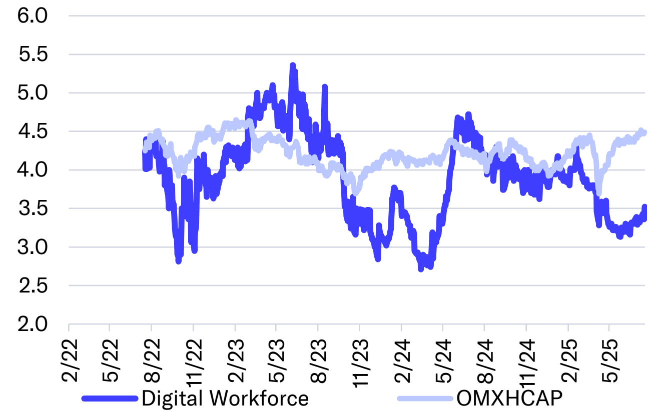
	2024	2025e	2026e	2027e
Revenue	27.3	29.3	36.6	41.2
growth-%	9%	8%	25%	12%
EBIT adj.	0.8	1.5	2.8	4.4
EBIT-% adj.	2.9 %	5.2 %	7.7 %	10.7 %
Net income	0.6	0.5	2.7	4.3
EPS (adj.)	0.09	0.13	0.25	0.38
P/E (adj.)	43.2	27.2	14.2	9.2
P/B	3.1	2.7	2.3	1.9
Dividend yield-%	2.2 %	1.7 %	2.6 %	4.2 %
EV/EBIT (adj.)	42.2	23.1	11.4	6.6
EV/EBITDA	51.9	41.2	10.7	6.2
EV/S	1.22	1.20	0.88	0.71

Source: Inderes

Guidance (Unchanged)

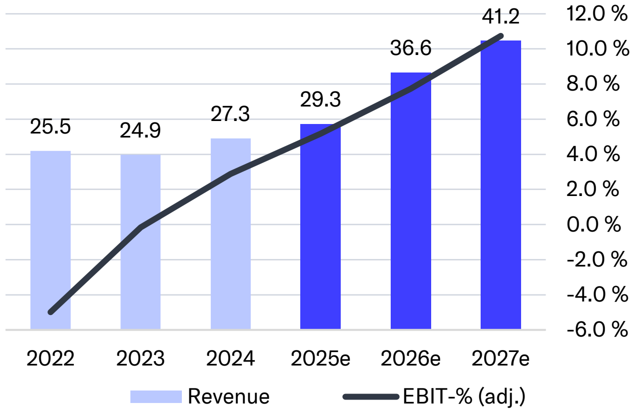
Digital Workforce expects revenue and adjusted EBITDA to grow in 2025.

Share price



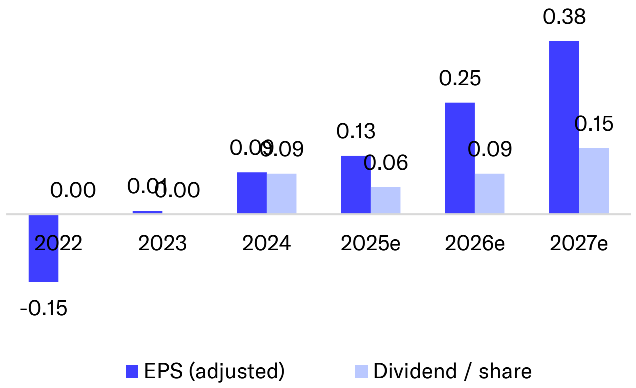
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Success in new markets (US, UK and Ireland) and accelerating growth
- The Outsmart platform should strengthen the competitive advantage, accelerate growth and improve scalability
- Increasing the revenue share of Continuous services with better margins drives earnings growth and makes the investor profile more attractive
- Improving scalability
- Acquisitions

Risk factors

- Dependence on large customers
- Developing large RPA technologies and their expansion to maintenance
- Success of the growth strategy especially internationally
- Successful commercialization of the Outsmart platform
- Productivity of investments
- RPA expertise becoming bulk work and increasing in-house teams for clients.
- Acquisitions

Valuation	2025e	2026e	2027e
Share price	3.52	3.52	3.52
Number of shares, millions	11.6	11.7	11.8
Market cap	41	41	42
EV	35	32	29
P/E (adj.)	27.2	14.2	9.2
P/E	89.7	15.3	9.6
P/FCF	neg.	12.8	9.8
P/B	2.7	2.3	1.9
P/S	1.4	1.1	1.0
EV/Sales	1.2	0.9	0.7
EV/EBITDA	41.2	10.7	6.2
EV/EBIT (adj.)	23.1	11.4	6.6
Payout ratio (%)	153.0 %	39.0 %	40.0 %
Dividend yield-%	1.7 %	2.6 %	4.2 %

Source: Inderes

Slightly better Q2 report than our expectations

Revenue increased, but slightly missed forecasts in Q2

Digital Workforce's revenue increased by 2% to 7.1 MEUR in Q2 and was slightly below our expectations. By business lines, the revenue of Continuous Services increased by 3% to 4.5 MEUR (forecast: 5.0 MEUR), while Professional Services decreased by 1% to 2.5 MEUR (forecast: 2.5 MEUR) during Q2. As such, the revenue from more valuable, continuous services fell short of our forecasts but was nevertheless at the level of the previous quarter. The number of employees increased by 8 from the previous quarter to 179. Thus, the company still seems to be slightly changing its investment areas, as the company has reduced its staff in previous quarters. The company invests in AI agents, leveraging AI, healthcare expertise, and a younger expertise profile. Focus on the United States has again been slightly reduced.

In terms of sales, the company won several good contracts during the quarter. In addition, the company commented that the number of sales projects is clearly higher than last year in healthcare, manufacturing, and the banking and insurance sectors, which is naturally positive and supports growth.

Earnings surprised positively

Digital Workforce's EBITDA was 0.4 MEUR, above our estimate of 0.2 MEUR. The EBITDA margin was 5.7%, a significant improvement from the previous quarter (actual -5%), driven by the efficiency measures implemented in Q1. The company reported that it had continued its strategic investments, particularly in its healthcare business and AI solutions, and we estimate that recruitments have focused on these areas. Gross margin was 37%, above last year's level (35%). Gross margin was supported by a decrease in direct personnel costs.   There were no surprises on other earnings and expense lines.

Estimates	Q2'24	Q2'25	Q2'25e	Q2'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	7.0	7.1	7.5				-5%	29.3
EBITDA	0.21	0.40	0.23				71%	0.9
EBIT	0.11	0.31	0.13				129%	0.5
PTP	0.15	0.24	0.18				27%	0.6
EPS (reported)	0.01	0.02	0.02				22%	0.04
Revenue growth-%	14.4 %	1.6 %	7.4 %				-5.8 pp	7.6 %
EBITDA-%	3.0 %	5.7 %	3.1 %				2.5 pp	3.0 %

Source: Inderes

Significant partner acquisition from the UK

Digital Workforce also announced on Friday that it had signed an agreement to acquire the entire share capital of the English e18 Consulting Ltd. The acquisition is a complementary and strategic acquisition that strengthens profitable international growth in the healthcare sector.

The e18 Consulting acquisition provides a significantly more credible growth platform in the UK

e18 Consulting Ltd.'s revenue was 4.9 MEUR in 2024, EBITDA 0.65 MEUR and EBIT 0.65 MEUR. This means profitability is 13% of revenu, which is clearly higher than Digital Workforce's profitability. The transaction will increase Digital Workforce's annual revenue by just under 20% and next year's EBITDA by just over 20%. In our view, the transaction has good potential for revenue synergies and for broader utilization of Digital Workforce's capacity. At the same time, the company makes a significant step towards its financial targets for 2025-2026, which include a revenue target of 50 MEUR in 2026, of which 40 MEUR is organic revenue.

e18's customers include dozens of NHS organizations across several integrated care systems (ICS) areas, ranging from acute care trusts to community and mental health service providers and primary care networks. The NHS (National Health Service) is the UK's national and taxpayer-funded healthcare system. It consists of over 200 NHS Trusts, which are organizations providing healthcare services.

Good deal structure; recurring revenue business model reduces risk during the integration phase

The enterprise value (EV) of the acquisition is 5.8 MEUR. The earn-out is tied to the development of e18's EBITDA and can be a maximum of 7.3 MEUR, depending on the EBITDA levels of the next two financial years, and it is paid annually after each financial year. In our view, the deal structure is good, as it is more heavily weighted towards earn-out than usual and tied to performance. Digital Workforce's recurring revenue-focused business model also strengthens customer retention and reduces the risk of customer churn once the earn-outs have been paid. In addition, the fact that the companies already know each other reduces integration risk and improves synergy potential. Both the purchase price and the additional purchase price are settled 20% in shares through a directed share issue to the sellers and 80% as cash consideration. The board of Digital Workforce will decide on the directed share issue under the authorization of the 2025 AGM prior to its execution.

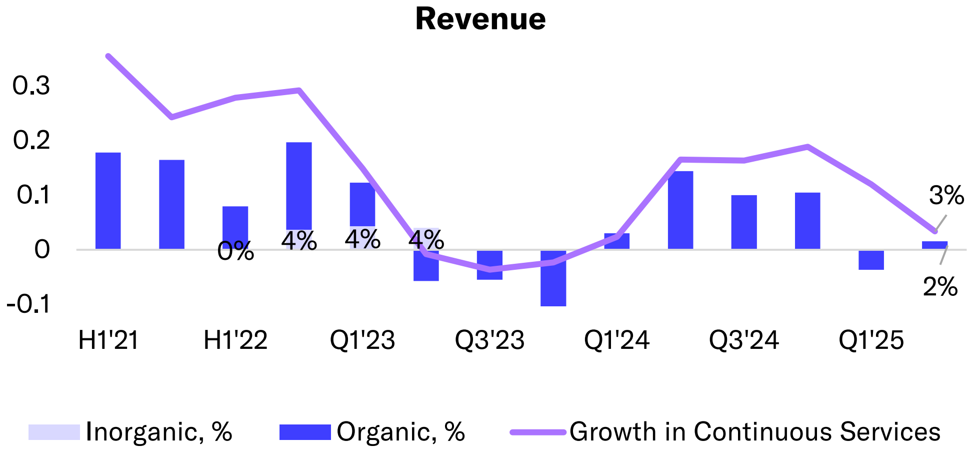
Difficult to comment on the deal valuation; preliminarily it seems sound

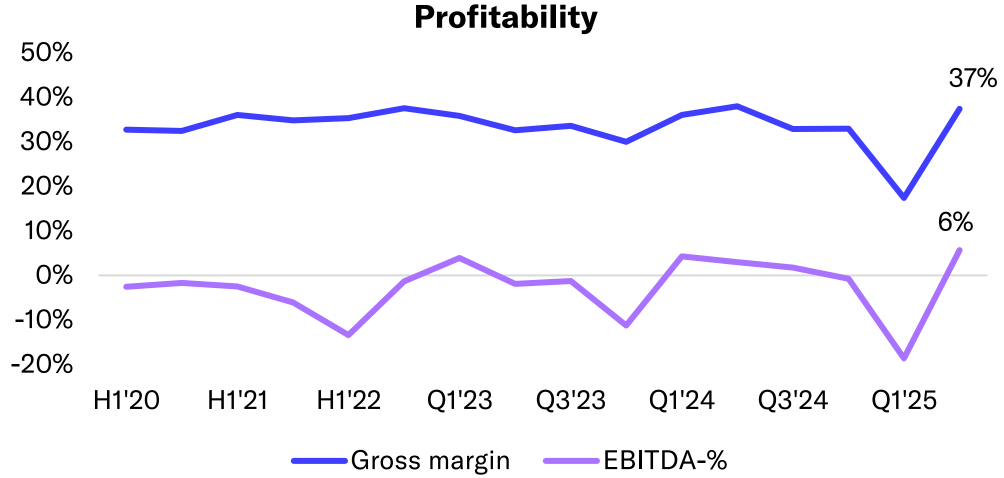
The valuation of the transaction is somewhat challenging to comment on in more detail at this stage, especially as we do not know the earn-out criteria. Overall, considering the preliminary purchase price valuation (EV/EBITDA 9x) and good customer retention, the purchase price is neutral/low in our view.

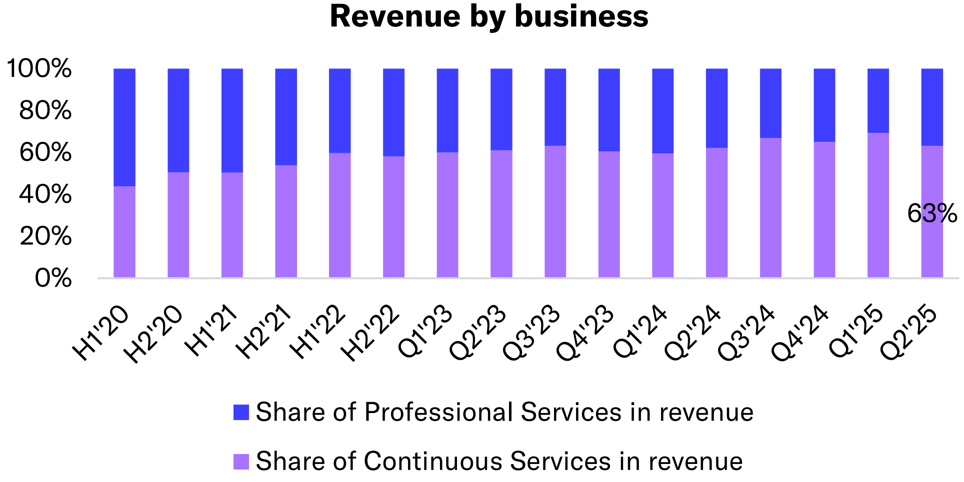
In our view, the acquisition clearly expands Digital Workforce’s international growth opportunities and market potential. According to the company's comments, the acquisition positions the company as a leading player in the automation of social and healthcare pathways in the United Kingdom and enhances cross-selling and upselling opportunities in all current target markets.

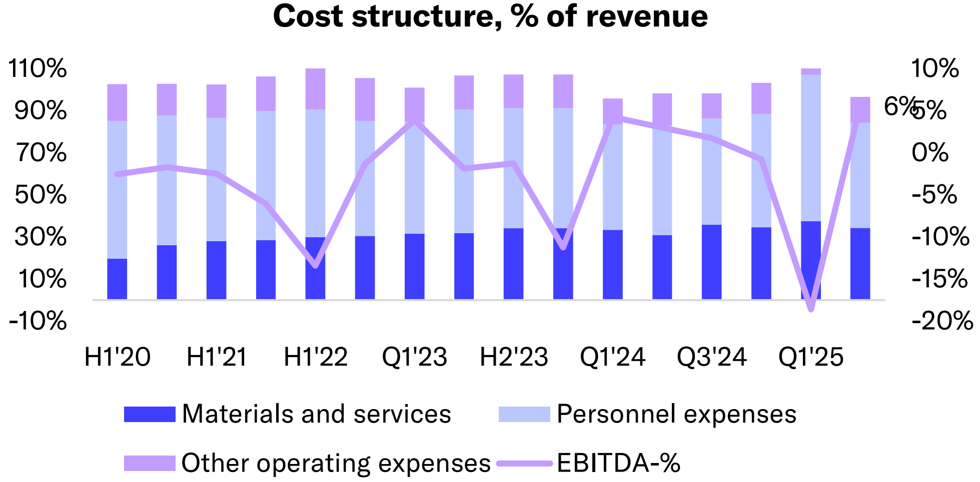
The acquisition is expected to be completed no later than October 1, 2025, and we are already consolidating this into our forecasts from Q4’25 onwards.

Digital Workforce's key figures

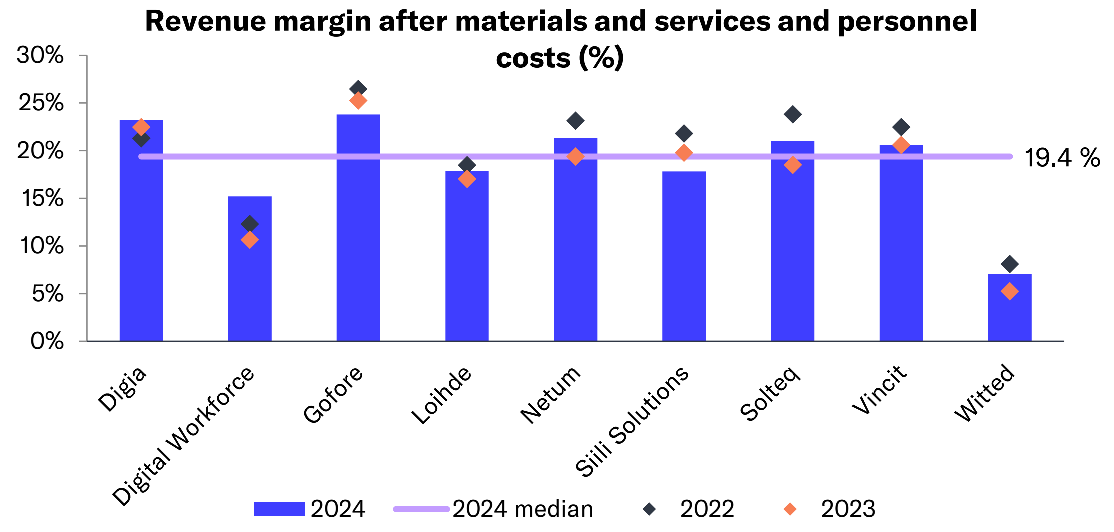


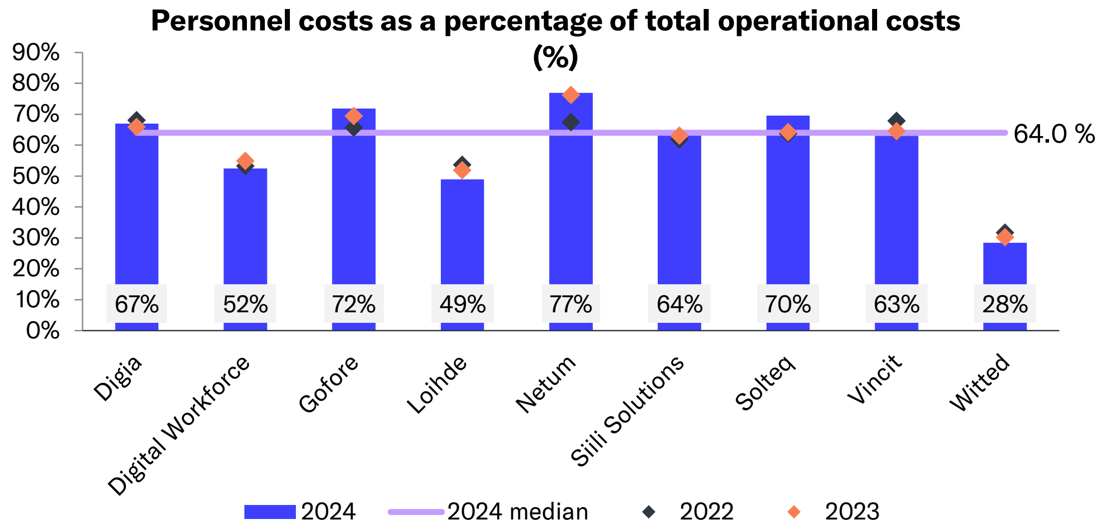


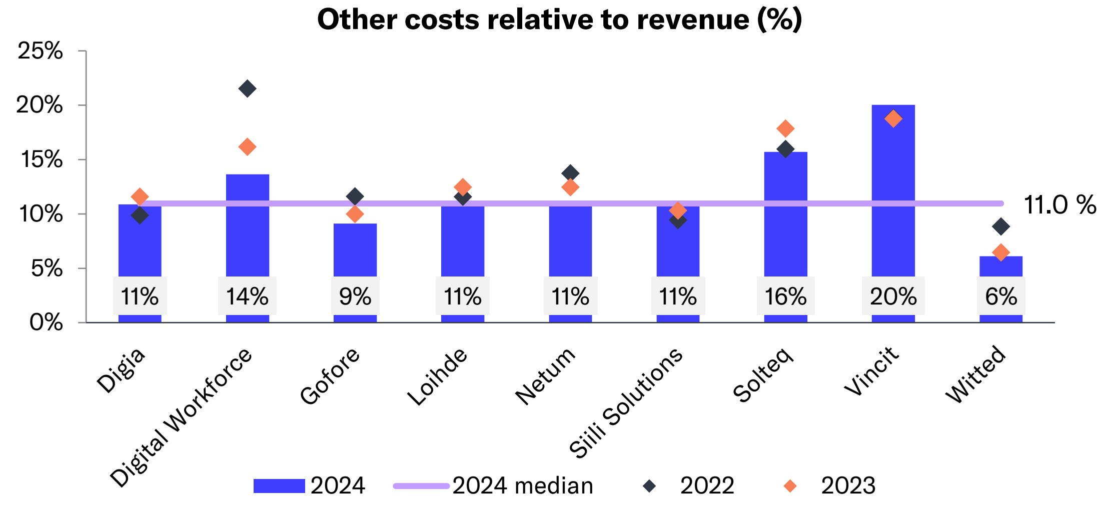


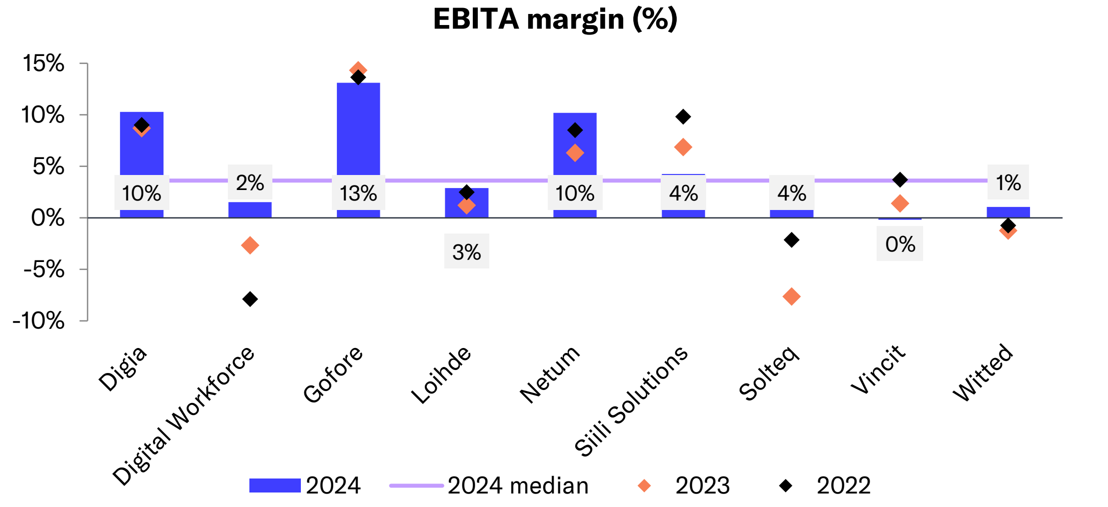


Relevant reported indicators for the sector 1/2





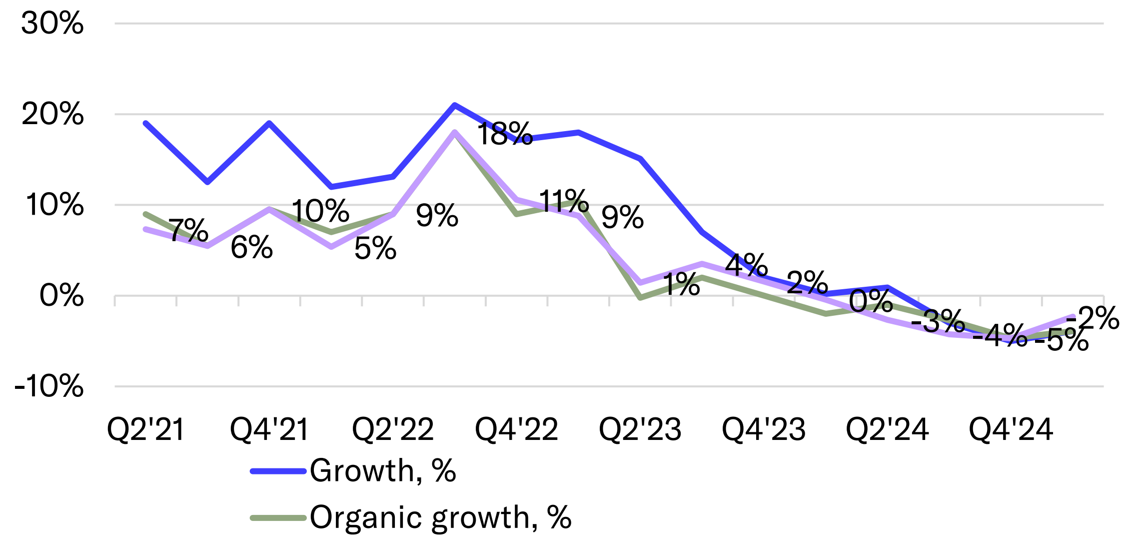




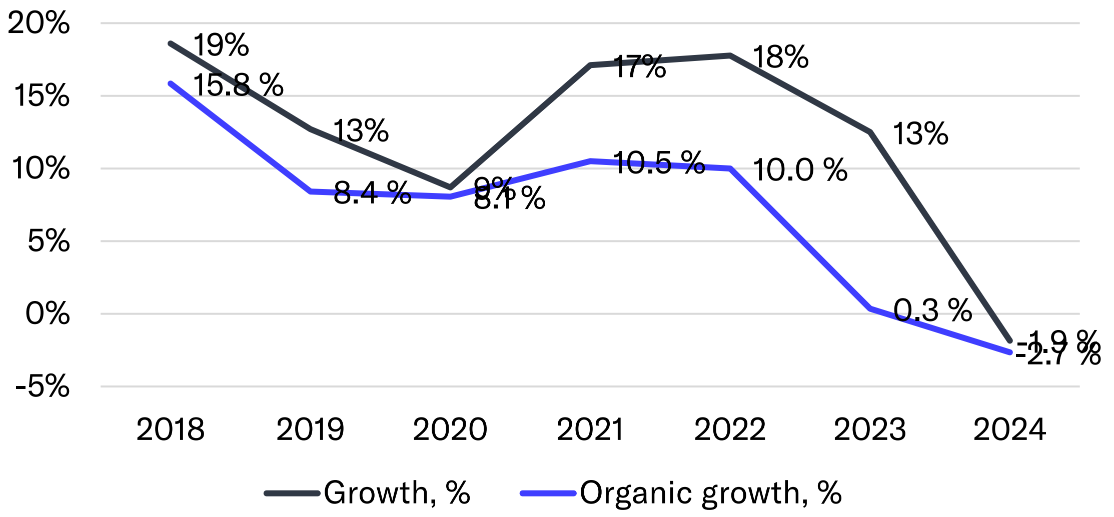
Source: Inderes and the companies

Relevant reported indicators for the sector 2/2

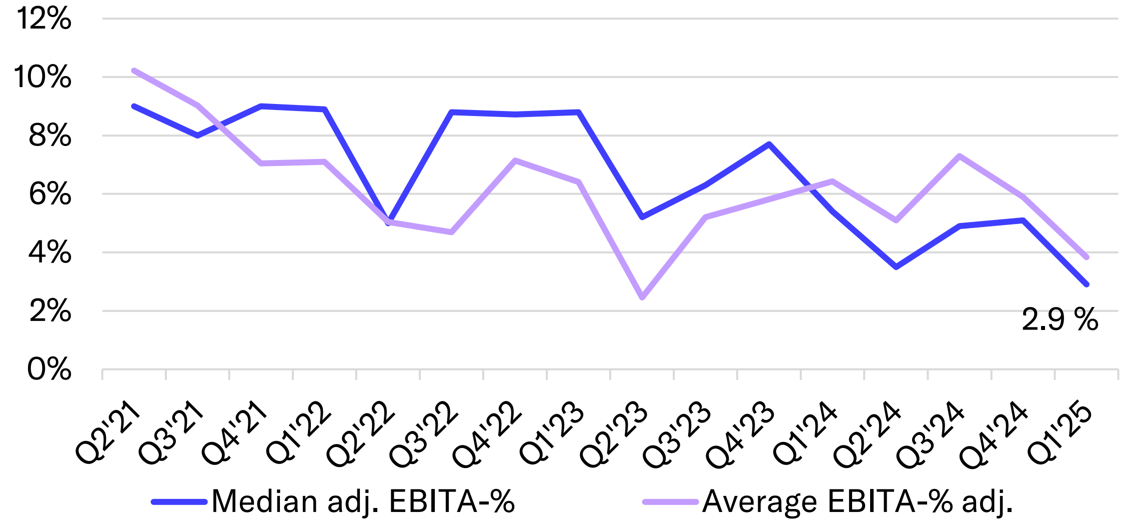
Listed IT services sector in Finland, revenue



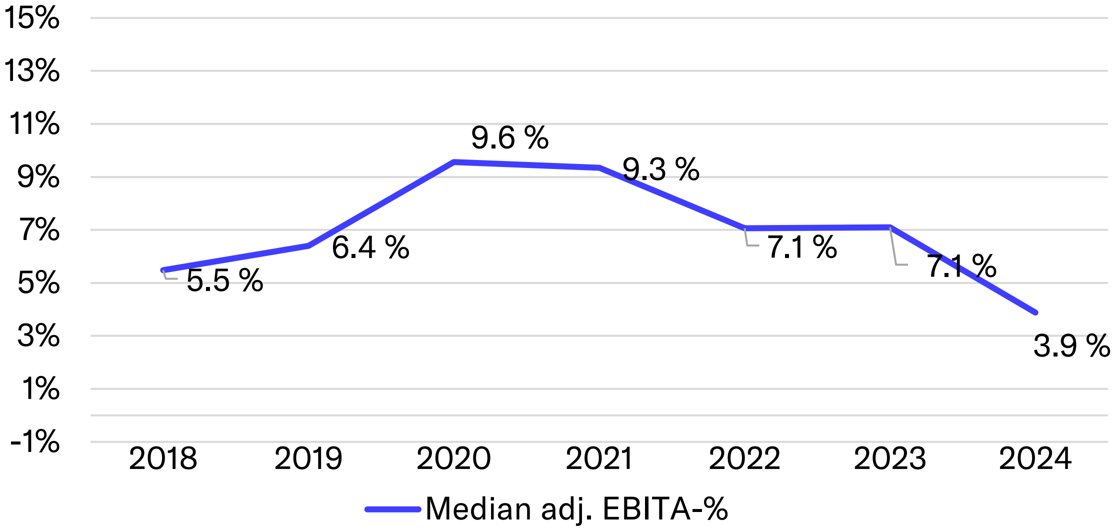
Listed IT services sector in Finland, revenue



Listed IT services sector in Finland, profitability



Listed IT services sector in Finland, profitability



Source: Inderes

Forecasts up on the back of the acquisition

Estimate revisions

- We will consolidate the e18 Consulting acquisition from Q4'25 onwards. The impact of the acquisition is roughly 5 MEUR on revenue and 0.6 MEUR on EBITDA. We have estimated in our forecasts that 4 MEUR of the additional purchase price will be paid (maximum 7.3 MEUR).
- We slightly lowered our organic growth forecasts, mainly due to the weaker-than-expected development of recurring revenue services.

Estimates 2025-2026

- We forecast the company's revenue to grow, driven by the acquisition, by 8% and 25% in 2025-26 (organically, Q4'25e 7%, and 2025-26 3% and 12%). Over the same period, we expect adjusted EBIT to grow to 1.5 MEUR and further to 2.8 MEUR, which represents 5% and 8% of revenue (2024: 0.8 MEUR). The company has losses of 14 MEUR from previous financial years, which means that it will probably not have to pay taxes for many years to come. Our understanding is that the company is currently prioritizing profitability over growth, so we do not expect the company to overinvest, even if the growth outlook remains good.
- By 2026, we estimate the company will have grown to a revenue level of 37 MEUR, of which around 5 MEUR is inorganic. Thus, the company is still clearly below the 40 MEUR organic target level. In addition, the company is targeting inorganic revenue growth of 10 MEUR by 2026. Digital Workforce's liquid assets are starting to run low after the current acquisition, but debt leverage and the use of its own shares still provide good room for maneuver for inorganic growth as well. However, we naturally do not yet include new acquisitions in our forecasts.

Operational earnings drivers

Revenue

+ Growth in Continuous Services through new customer acquisition and increased usage by existing customers (scalability)

+ Growth in Professional Services (market pressure in the short term)

+ Subcontracting increases business flexibility

Success in the growth of the OutSmart platform and AI agents is critical to realizing the long-term potential.

Profitability

+ Greater scalability (in multiple cost lines)

+ Better management of the licensing portfolio that streamlines the cost structure of materials and services

– Wage inflation

– Sales and marketing investments

– Recruitment in the expensive US and UK markets and as seniority increases

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	**Old**	**New**	**%**	**Old**	**New**	**%**	**Old**	**New**	**%**
Revenue	29.3	29.3	0%	33.1	36.6	11%	37.4	41.2	10%
EBITDA	0.4	0.9	113%	2.6	3.0	18%	4.3	4.7	7%
EBIT (exc. NRIs)	1.1	1.5	44%	2.5	2.8	14%	4.2	4.4	6%
EBIT	0.0	0.5	6700%	2.3	2.6	15%	4.0	4.2	6%
PTP	0.1	0.6	337%	2.4	2.7	12%	4.1	4.3	5%
EPS (excl. NRIs)	0.11	0.14	35%	0.23	0.25	7%	0.38	0.38	0%
DPS	0.06	0.06	0%	0.09	0.09	0%	0.00	0.00	

Source: Inderes

Valuation 1/2

In terms of investment profile, Digital Workforce is something of a turnaround company whose turnaround in profitable growth progressed well in 2024. Q1'25 was a slight blip in the development, and in Q2, profitability improved, but growth still needs to proven. The company's investment story is particularly attractive in the longer term, given its growth and profitability potential. In the short term, further evidence of continued growth and its scalability to profitability is still needed. The company already has a strong historical track record of growth in the Nordics and preliminary indications of growth in growth markets. The acquisition of e18 Consulting provides a good platform for growth in the UK, and if successful, it could become a very significant growth platform.

We examine the company's valuation through the EV/S ratio, DCF model, peer analysis and sum of the parts calculation. The relatively large losses in the past will provide a tax advantage for several more years, which will improve P/E ratios.

Valuation multiples

Digital Workforce's earnings multiples again provide support for the current year. However, with the acquisition, it is justified to primarily examine next year's multiples, which account for the full impact of the acquisition. Next year's profitability estimates are only partially scaled (EBITDA: 8%), making the valuation picture (2026e EV/EBIT 11x, P/E 14x) attractive. As growth continues and profitability scales, the 2027 multiples (EV/EBIT 7x, P/E 9x) are already very attractive, but in our view, it is still too early to rely on this.

Peer group

No clear peer group that operates with a similar business model is available for Digital Workforce as compared to expert companies, the company has significantly more recurring business with better margins. We estimate that just under half of its continuous revenue comes from lower-margin third-party licensing income. This still limits the acceptable level of valuation from an EV/Sales perspective. However, the share of third-party licensing income in the group's total revenue is declining. Due to the recognition policy of license income, even some 30% lower revenue-based multiples can be accepted for the company.

Compared to Nordic product companies and software companies, Digital Workforce's margin profile is lower than for companies in a mature stage.

In the future, we will apply the EV/S multiple mainly for the sum of parts calculation. The median EV/S multiples of the peer group for 2025-2026 are around ~1.0x. The corresponding multiples for IT service companies are 0.7x and >3.0x for software companies.

As a valuation floor, we have used the median for IT services companies, which is again relevant as the turnaround progresses. In our view, Digital Workforce deserves a top-tier multiple (above 1.5x) for IT services companies, provided the company's growth accelerates back towards its 25% target and its profitability turnaround makes good progress. However, we do not see any justification for examining the company's valuation relative to software companies. Nevertheless, we include software companies, because if the company reaches its potential, these will also provide support points for the valuation.

Valuation	2025e	2026e	2027e
Share price	3.52	3.52	3.52
Number of shares, millions	11.6	11.7	11.8
Market cap	41	41	42
EV	35	32	29
P/E (adj.)	27.2	14.2	9.2
P/E	89.7	15.3	9.6
P/FCF	neg.	12.8	9.8
P/B	2.7	2.3	1.9
P/S	1.4	1.1	1.0
EV/Sales	1.2	0.9	0.7
EV/EBITDA	41.2	10.7	6.2
EV/EBIT (adj.)	23.1	11.4	6.6
Payout ratio (%)	153.0 %	39.0 %	40.0 %
Dividend yield-%	1.7 %	2.6 %	4.2 %

Source: Inderes

Valuation 2/2

Sum of the parts

We also examine Digital Workforce's valuation through a sum-of-the-parts calculation due to the different business profiles. The usefulness of the calculation is, however, limited by the fact that the businesses cannot and will not be separated. The calculation is still a good valuation method among others.

We apply the lower end of the EV/S range 0.5x of IT service companies for professional services. The low ratio reflects the weaker growth and profitability profile of professional services. For Continuous Services, on the other hand, we apply the top end of IT service companies' valuation multiple of 1.7x (was 1,9x). In the bigger picture, valuation levels in the IT services sector have come down sharply over the past two years. If the profitability potential of the business begins to materialize, a higher valuation level can be accepted for recurring revenue.

Applying Digital Workforce's 2026 revenue and the aforementioned multiples, we arrive at an enterprise value of 48 MEUR. With a strong net cash position, the market capitalization is 57 MEUR or EUR 5.0 per share. The sum of the parts shows a clear upside also compared to our target price. Based on the actualized forecasts for 2024 and the corresponding multiples, the market value is 47 MEUR or EUR 4.2 per share. Using the average of the actualized figures and the forecast for 2026, the value per share comes to EUR 4.6.

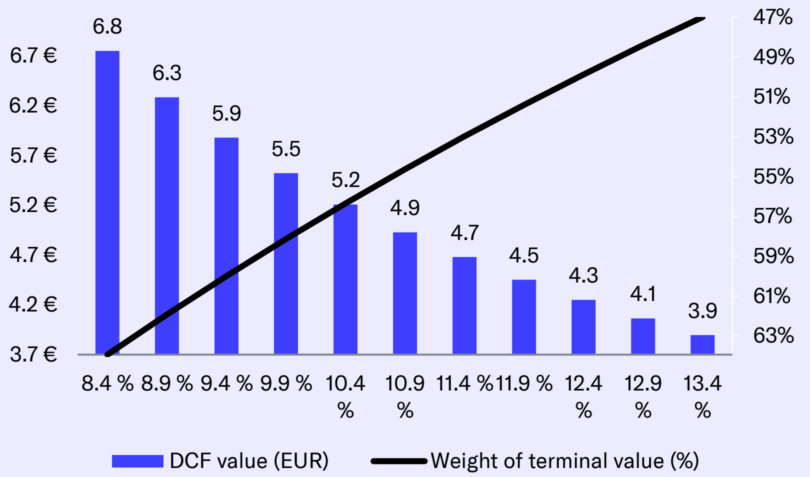
Cash flow model (DCF)

We have set the growth expectation for the terminal period (2034-) to 2.0% and the EBIT margin (2034-) to 11%, which reflects the better profitability than for the IT service sector. However, we point out that our long-term growth and profitability estimates still involve uncertainty, which in part limits the usefulness of the model. The weight of terminal cash flows (54%) is more modest with the profitability turn.

The per share value of our cash flow calculation for Digital Workforce is EUR 4.9, which indicates a very clear upside for the share. As overall market uncertainty increased, we raised the WACC to 10.9% previously The required return is raised by the company's small size and uncertainty related to growth and profitability. If Digital Workforce shows that its profitable growth strategy is moving in the right direction in the coming years, there is a downside in the required return as the company's risk profile decreases. As the growth strategy is still in its early stages and the profitability as well as scalability potential remain to be proven, we are not prepared to rely solely on the DCF as of yet. However, the DCF reflects the attractive potential of the share.

Sum of the parts	**2024**	**2025e**	**2026e**
Professional Services revenue	10.0	10.0	12.1
Continuous Services revenue	17.3	19.3	24.5
Valuation, EV/S	**2024**	**2025e**	**2025e**
Professional Services, 0.5x	5.0	5.0	6.1
Continuous services, 1.9x	29.4	32.8	41.7
EV	**34.4**	**37.8**	**47.8**
Net cash	12.2	5.8	8.8
Market cap	46.6	43.6	56.6
per share	**4.2**	**3.9**	**5.0**

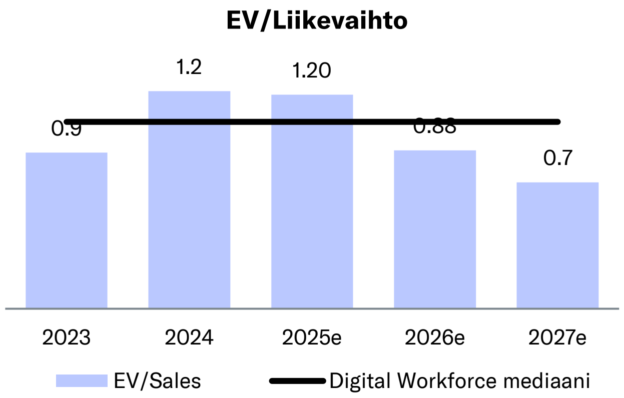
Sensitivity of DCF to changes in the WACC-%

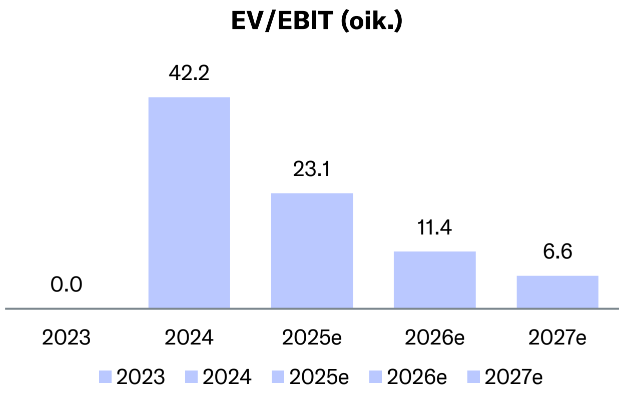


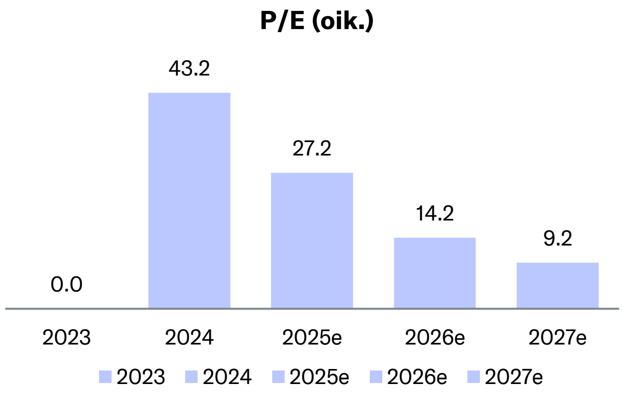
Valuation table

Valuation	2023	2024	2025e	2026e	2027e	2028e	2029e
Share price	3.02	4.02	3.52	3.52	3.52	3.52	3.52
Number of shares, millions	11.3	11.3	11.6	11.7	11.8	11.8	11.8
Market cap	34	45	41	41	42	42	42
EV	22	33	35	32	29	25	22
P/E (adj.)	>100	43.2	27.2	14.2	9.2	6.8	7.5
P/E	neg.	76.9	89.7	15.3	9.6	7.1	7.5
P/FCF	neg.	>100	neg.	12.8	9.8	7.2	7.7
P/B	2.3	3.1	2.7	2.3	1.9	1.6	1.4
P/S	1.4	1.7	1.4	1.1	1.0	0.9	0.8
EV/Sales	0.9	1.2	1.20	0.88	0.7	0.5	0.4
EV/EBITDA	neg.	51.9	41.2	10.7	6.2	4.0	3.0
EV/EBIT (adj.)	neg.	42.2	23.1	11.4	6.6	4.2	3.2
Payout ratio (%)	0.0 %	172.1 %	153.0 %	39.0 %	40.0 %	40.0 %	50.0 %
Dividend yield-%	0.0 %	2.2 %	1.7 %	2.6 %	4.2 %	5.7 %	6.7 %

Source: Inderes







The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Admicom*	254	244	20.8	18.0	20.5	17.2	6.4	5.8	26.7	23.4	1.3	1.5	6.7
Leaddesk*	42	51	17.9	13.6	7.7	6.3	1.3	1.2	25.2	18.0			2.8
Qt Group*	1575	1456	20.4	15.5	19.4	15.0	6.6	5.5	27.8	21.9			5.4
Lime Technologies AB	454	468	35.2	28.6	23.0	19.8	7.1	6.3	45.6	36.8	1.2	1.5	13.7
Upsales Technology AB	50	46	17.3	14.8	12.4	11.0	3.1	2.6	22.4	19.8	4.5	4.5	22.4
Carasent	186	167	134.7	37.2	25.7	17.1	5.5	4.8	145.5	45.7			2.4
FormPipe Software AB	132	129	19.1	13.4	9.8	8.1	2.6	2.4	23.9	16.5	2.2	2.9	2.9
Digia*	201	210	9.3	7.8	8.1	6.8	1.0	0.8	11.7	10.3	2.5	2.8	1.9
Gofore*	292	251	13.1	10.6	11.4	8.9	1.4	1.3	18.4	15.7	2.6	2.7	2.5
Loihde*	64	71	16.2	10.8	6.4	5.1	0.5	0.5	19.0	13.0	5.2	6.4	0.8
Innofactor*	61	66	11.7	9.4	7.6	6.4	0.8	0.7	14.5	11.9	5.3	5.9	2.1
Netum Group*	24	28	8.0	7.2	7.6	7.0	0.7	0.7	13.6	11.4	6.4	7.4	2.7
Siili Solutions*	54	51	8.2	6.5	5.6	4.2	0.4	0.4	11.8	9.6	3.0	3.5	1.2
Solteq*	13	33	14.4	9.5	8.5	6.8	0.7	0.7		25.2			0.8
Tietoevry*	1959	2764	12.4	11.0	11.7	9.5	1.5	1.5	13.2	11.3	7.9	8.0	1.8
Vincit*	27	31	72.7	8.6	8.7	3.9	0.4	0.4		10.6	6.3	6.9	0.8
Witted Megacorp*	25	16	14.7	8.1	14.1	7.9	0.3	0.3	24.2	14.8	1.2	1.2	1.7
Bouvet	677	691	16.4	14.6	13.5	12.2	2.0	1.8	20.9	18.6	4.7	5.0	18.0
CombinedX	66	63	8.0	6.8	4.9	4.4	0.7	0.7	10.7	9.0			
Avensia AB	35	38	8.3	7.2	6.3	5.8	0.9	0.9	9.7	8.2	4.7		6.3
Knowit	309	364	22.3	14.2	7.9	6.8	0.7	0.7	24.8	15.4	2.2	3.6	0.8
Netcompany Group	1684	1989	16.1	13.5	11.9	10.4	2.1	2.0	19.0	15.1		0.1	3.2
Digital Workforce (Inderes)	**41**	**35**	**23.1**	**11.4**	**41.2**	**10.7**	**1.2**	**0.9**	**27.2**	**14.2**	**1.7**	**2.6**	**2.7**
Average			23.5	13.0	11.5	9.1	2.1	1.9	26.4	17.4	3.8	4.0	4.8
Median (all)			16.1	10.9	9.2	7.4	1.1	1.0	20.0	15.2	3.7	3.5	2.5
Diff-% to median			*n.a.*	*5%*	*n.a.*	*43%*	*8%*	*-13%*	*n.a.*	*-7%*	*n.a.*	*n.a.*	*6%*
Median (software companies)			19.7	15.2	15.9	13.0	4.3	3.7	25.9	20.8	2.2	2.8	4.1
Diff-% to median			*n.a.*	*-25%*	*n.a.*	*-18%*	*-72%*	*-76%*	*n.a.*	*-32%*	*n.a.*	*n.a.*	*-35%*
Median (IT service companies)			13.8	9.4	8.2	6.8	0.7	0.7	16.5	12.5	4.7	5.0	1.8
Diff-% to median			*n.a.*	*21%*	*n.a.*	*58%*	*68%*	*32%*	*n.a.*	*14%*	*n.a.*	*n.a.*	*45%*

Source: Refinitiv and *adjusted Inderes estimate / Inderes. Note: The market value used by Inderes does not take into account the company's treasury shares.

Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**25.5**	**24.9**	**6.7**	**7.0**	**6.6**	**7.0**	**27.3**	**6.5**	**7.1**	**6.9**	**8.9**	**29.3**	**36.6**	**41.2**	**46.3**
Professional Services	10.5	9.7	2.7	2.6	2.2	2.5	10.0	2.0	2.6	2.3	3.1	10.0	12.1	12.5	13.0
Continuous Services	15.0	15.2	4.0	4.3	4.4	4.6	17.3	4.5	4.5	4.6	5.8	19.3	24.5	28.7	33.3
EBITDA	**-1.7**	**-0.6**	**0.3**	**0.2**	**0.1**	**0.0**	**0.6**	**-1.2**	**0.4**	**0.5**	**1.1**	**0.9**	**3.0**	**4.7**	**6.2**
Depreciation	-0.9	-0.2	-0.1	-0.1	-0.1	-0.1	-0.4	-0.1	-0.1	-0.1	-0.1	-0.4	-0.4	-0.4	-0.5
EBIT (excl. NRI)	**-1.3**	**0.0**	**0.2**	**0.2**	**0.1**	**0.3**	**0.8**	**-0.4**	**0.4**	**0.5**	**1.1**	**1.5**	**2.8**	**4.4**	**5.9**
EBIT	**-2.6**	**-0.8**	**0.2**	**0.1**	**0.0**	**-0.1**	**0.3**	**-1.3**	**0.3**	**0.4**	**1.0**	**0.5**	**2.6**	**4.2**	**5.7**
Net financial items	-0.4	0.1	0.0	0.0	0.1	0.2	0.3	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
PTP	**-3.0**	**-0.7**	**0.2**	**0.1**	**0.1**	**0.1**	**0.6**	**-1.3**	**0.4**	**0.5**	**1.1**	**0.6**	**2.7**	**4.3**	**5.9**
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**-3.0**	**-0.7**	**0.2**	**0.1**	**0.1**	**0.2**	**0.6**	**-1.3**	**0.4**	**0.5**	**1.1**	**0.6**	**2.7**	**4.3**	**5.9**
EPS (adj.)	**-0.15**	**0.01**	**0.02**	**0.01**	**0.02**	**0.04**	**0.09**	**-0.04**	**0.04**	**0.05**	**0.10**	**0.14**	**0.25**	**0.38**	**0.52**
EPS (rep.)	**-0.27**	**-0.06**	**0.02**	**0.01**	**0.01**	**0.01**	**0.05**	**-0.11**	**0.03**	**0.04**	**0.09**	**0.04**	**0.23**	**0.37**	**0.50**

Key figures	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	13.9 %	-2.2 %	3.0 %	14.4 %	10.0 %	10.5 %	9.4 %	-3.7 %	1.6 %	5.3 %	26.3 %	7.6 %	25.0 %	12.4 %	12.4 %
EBITDA-%	-6.7 %	-2.6 %	4.2 %	3.0 %	2.1 %	0.1 %	2.3 %	-18.5 %	5.8 %	7.7 %	12.6 %	3.0 %	8.3 %	11.3 %	13.5 %
Adjusted EBIT-%	-5.0 %	-0.2 %	3.5 %	2.2 %	2.0 %	3.8 %	2.9 %	-6.1 %	5.1 %	7.0 %	12.0 %	5.2 %	7.7 %	10.7 %	12.8 %
Net earnings-%	-11.8 %	-2.8 %	2.7 %	2.0 %	1.5 %	2.4 %	2.2 %	-20.3 %	5.1 %	7.0 %	12.0 %	2.0 %	7.4 %	10.5 %	12.7 %

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**2.1**	**2.3**	**12.1**	**12.1**	**12.1**
Goodwill	0.0	0.0	9.2	9.2	9.2
Intangible assets	2.1	2.3	2.9	2.9	2.9
Tangible assets	0.0	0.0	0.0	0.0	0.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**21.3**	**22.0**	**17.4**	**20.9**	**26.1**
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	8.1	9.1	10.6	12.1	13.6
Cash and equivalents	13.2	13.0	6.8	8.8	12.5
Balance sheet total	**23.4**	**24.3**	**29.5**	**33.0**	**38.2**

Source: Inderes

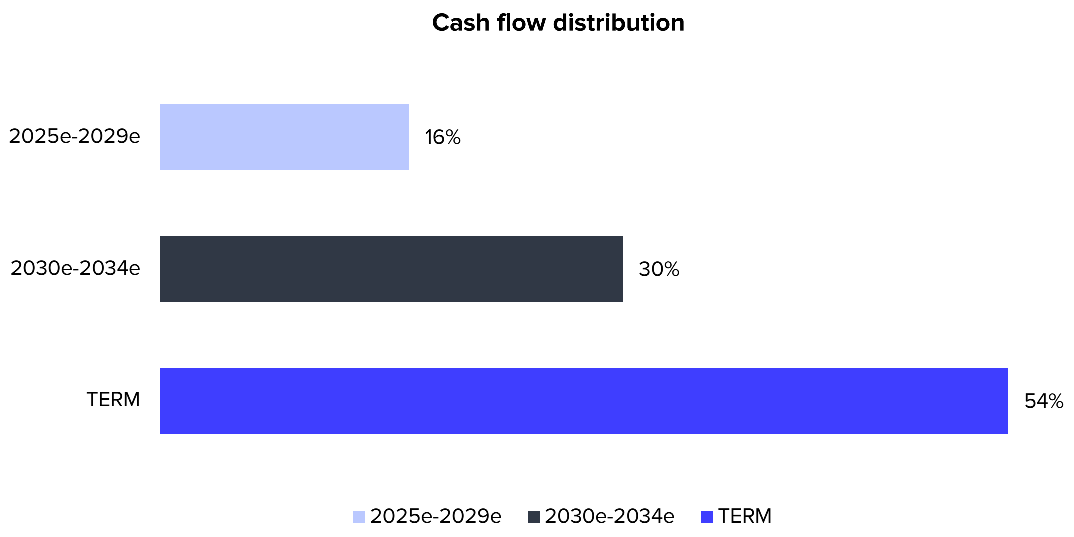
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**14.7**	**14.9**	**15.3**	**17.7**	**21.4**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-13.3	-12.8	-13.4	-11.4	-8.1
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	28.0	27.6	28.6	29.0	29.4
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**0.8**	**0.6**	**2.6**	**1.6**	**1.6**
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	0.8	0.6	1.0	0.0	0.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	1.6	1.6	1.6
Current liabilities	**7.9**	**8.9**	**11.6**	**13.7**	**15.2**
Interest bearing debt	0.2	0.2	0.0	0.0	0.0
Payables	5.1	8.7	10.0	12.1	13.6
Other current liabilities	2.6	0.0	1.6	1.6	1.6
Balance sheet total	**23.4**	**24.3**	**29.5**	**33.0**	**38.2**

DCF calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	9.4 %	7.6 %	25.0 %	12.4 %	12.4 %	12.0 %	8.0 %	7.0 %	7.0 %	7.0 %	1.8 %	1.8 %
EBIT-%	1.0 %	1.6 %	7.2 %	10.3 %	12.4 %	13.0 %	13.0 %	12.0 %	11.0 %	11.0 %	11.0 %	11.0 %
EBIT (operating profit)	**0.3**	**0.5**	**2.6**	**4.2**	**5.7**	**6.7**	**7.3**	**7.2**	**7.0**	**7.5**	**7.7**	
+ Depreciation	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.6	
- Paid taxes	0.0	-0.1	0.0	0.0	0.0	-1.4	-1.5	-1.5	-1.5	-1.6	-1.6	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	
- Change in working capital	0.0	1.3	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	**0.7**	**2.1**	**3.6**	**4.7**	**6.2**	**5.9**	**6.4**	**6.3**	**6.2**	**6.6**	**6.7**	
+ Change in other long-term liabilities	0.0	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-0.6	-10.2	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.5	-0.6	-0.7	
Free operating cash flow	**0.1**	**-6.4**	**3.2**	**4.2**	**5.8**	**5.4**	**5.9**	**5.8**	**5.7**	**6.1**	**6.0**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	0.1	-6.4	3.2	4.2	5.8	5.4	5.9	5.8	5.7	6.1	6.0	67.0
Discounted FCFF		**-6.1**	**2.8**	**3.3**	**4.0**	**3.4**	**3.3**	**3.0**	**2.6**	**2.5**	**2.3**	**25.1**
Sum of FCFF present value		46.2	52.4	49.6	46.3	42.3	38.8	35.5	32.5	29.9	27.4	25.1
Enterprise value DCF		**46.2**										
- Interest bearing debt		-0.8										
+ Cash and cash equivalents		13.0										
-Minorities		0.0										
-Dividend/capital return		-1.0										
Equity value DCF		**57.4**										
Equity value DCF per share		**4.9**										

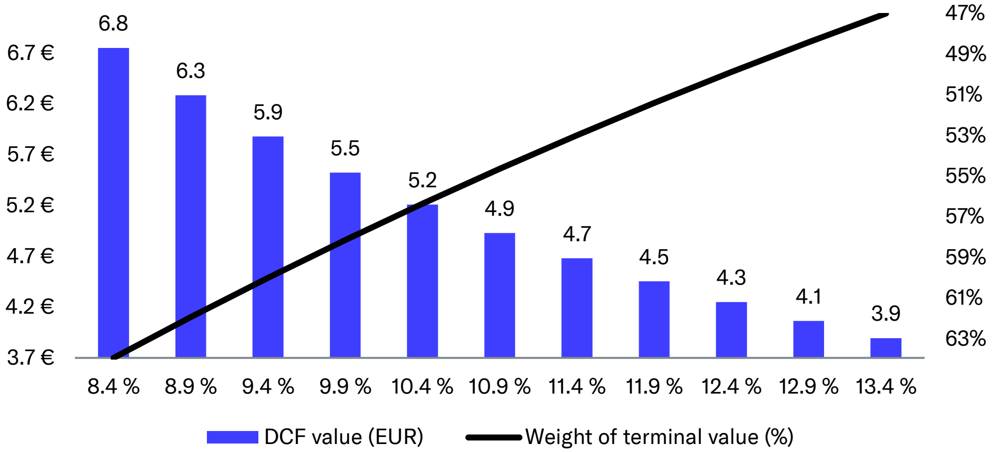
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	6.0 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
Cost of equity	**11.6 %**
Weighted average cost of capital (WACC)	**10.9 %**

Source: Inderes

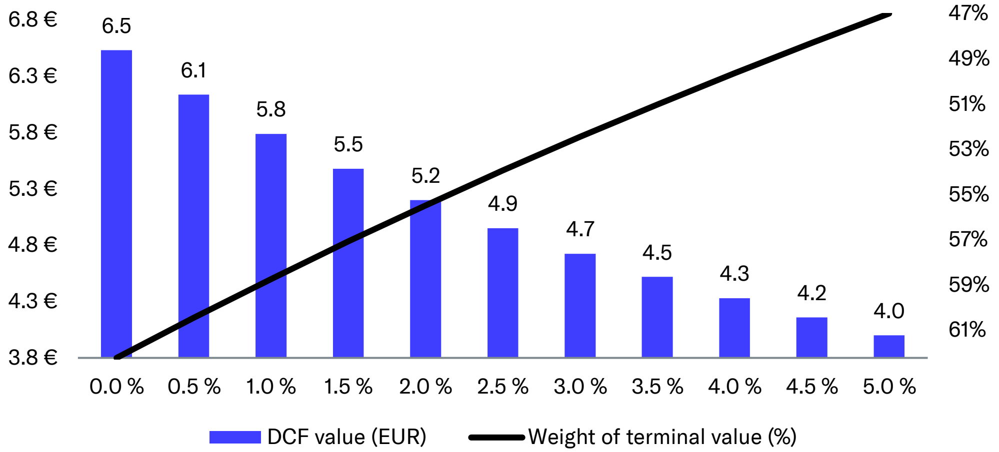


DCF sensitivity calculations and key assumptions in graphs

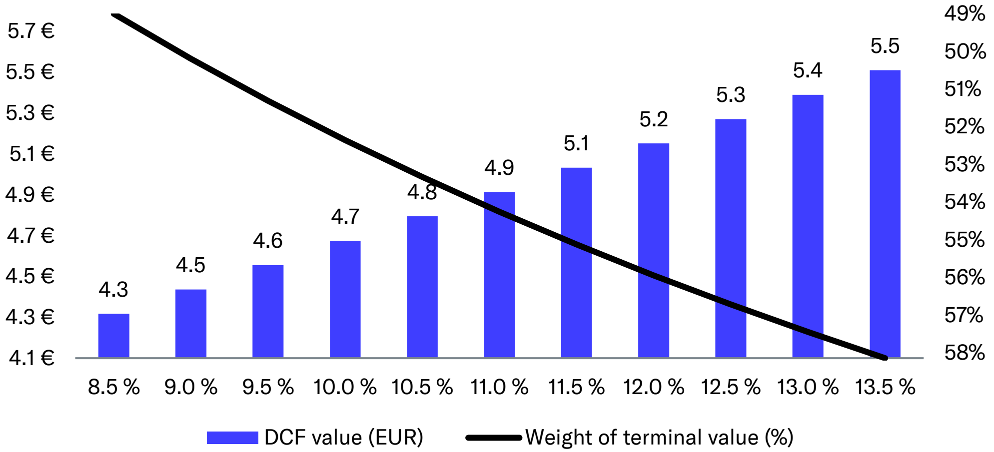
Sensitivity of DCF to changes in the WACC-%



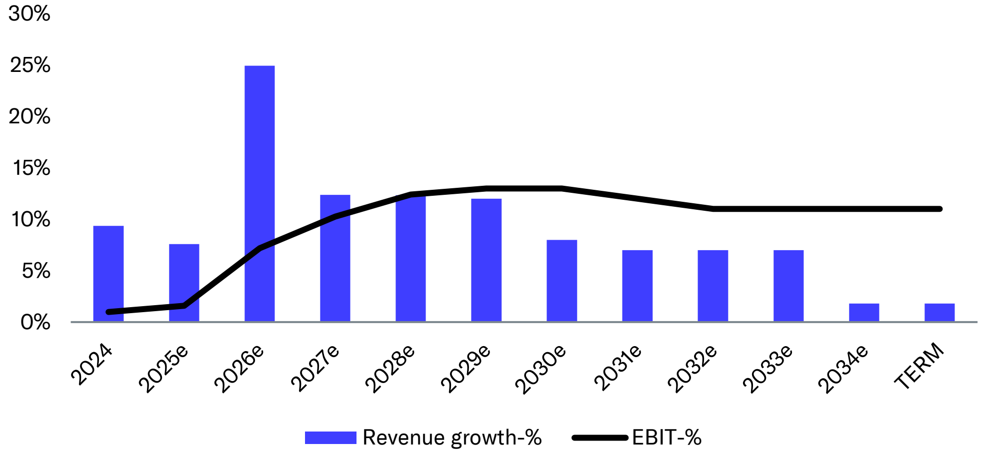
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e
Revenue	25.5	24.9	27.3	**29.3**	**36.6**
EBITDA	-1.7	-0.6	0.6	**0.9**	**3.0**
EBIT	-2.6	-0.8	0.3	**0.5**	**2.6**
PTP	-3.0	-0.7	0.6	**0.5**	**2.7**
Net Income	-3.0	-0.7	0.6	**0.5**	**2.7**
Extraordinary items	-1.3	-0.8	-0.5	**-1.1**	**-0.2**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	27.9	23.4	24.3	**29.5**	**33.0**
Equity capital	15.4	14.7	14.9	**15.3**	**17.7**
Goodwill	0.0	0.0	0.0	**9.2**	**9.2**
Net debt	-15.6	-12.2	-12.2	**-5.8**	**-8.8**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	-1.7	-0.6	0.6	**0.9**	**3.0**
Change in working capital	1.0	-2.1	0.0	**1.3**	**0.6**
Operating cash flow	-0.7	-2.7	0.7	**2.1**	**3.6**
CAPEX	-1.7	-0.8	-0.6	**-10.2**	**-0.4**
Free cash flow	-2.4	-3.5	0.1	**-6.4**	**3.2**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	1.1	0.9	1.2	**1.2**	**0.9**
EV/EBITDA	neg.	neg.	51.9	**41.2**	**10.7**
EV/EBIT (adj.)	neg.	neg.	42.2	**23.1**	**11.4**
P/E (adj.)	neg.	>100	43.2	**27.2**	**14.2**
P/B	2.9	2.3	3.1	**2.7**	**2.3**
Dividend-%	0.0 %	0.0 %	2.2 %	**1.7 %**	**2.6 %**

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	-0.27	-0.06	0.05	**0.04**	**0.23**
EPS (adj.)	-0.15	0.01	0.09	**0.13**	**0.25**
OCF / share	-0.07	-0.24	0.06	**0.18**	**0.31**
OFCF / share	-0.22	-0.31	0.01	**-0.55**	**0.28**
Book value / share	1.38	1.31	1.32	**1.32**	**1.51**
Dividend / share	0.00	0.00	0.09	**0.06**	**0.09**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	14%	-2%	9%	**8%**	**25%**
EBITDA growth-%	79%	-62%	-198%	**33%**	**257%**
EBIT (adj.) growth-%	50%	-97%	-2063%	**93%**	**87%**
EPS (adj.) growth-%	-41%	-105%	1057%	**39%**	**91%**
EBITDA-%	-6.7 %	-2.6 %	2.3 %	**2.9 %**	**8.3 %**
EBIT (adj.)-%	-5.0 %	-0.2 %	2.9 %	**5.2 %**	**7.7 %**
EBIT-%	-10.2 %	-3.4 %	1.0 %	**1.6 %**	**7.2 %**
ROE-%	-17.8 %	-4.6 %	4.0 %	**3.0 %**	**16.4 %**
ROI-%	-13.8 %	-5.0 %	3.3 %	**4.2 %**	**15.9 %**
Equity ratio	55.4 %	70.8 %	61.0 %	**51.9 %**	**53.6 %**
Gearing	-101.2 %	-83.1 %	-82.2 %	**-38.0 %**	**-49.8 %**

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

Disclaimer and recommendation history

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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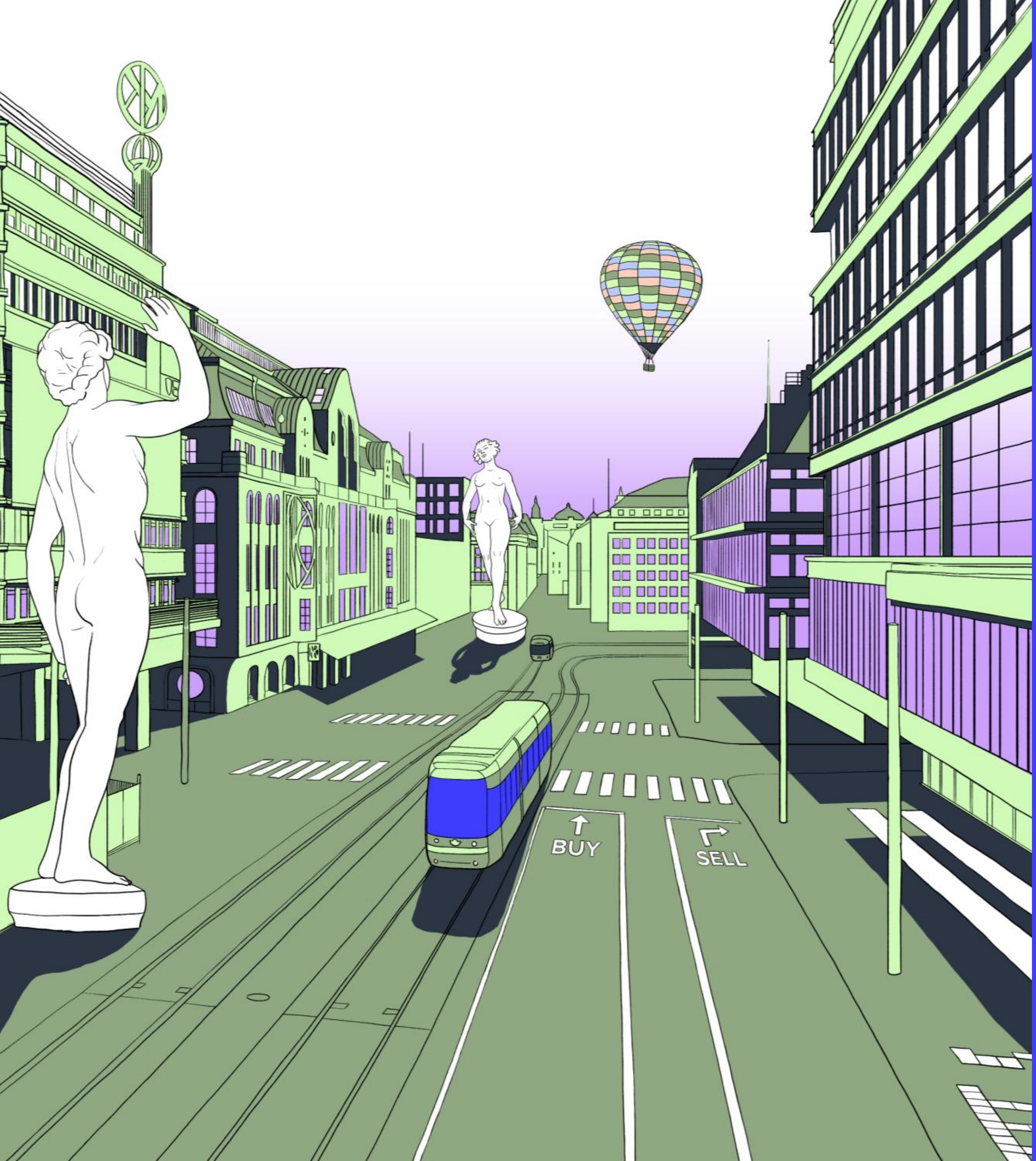
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
5/14/2022	Accumulate	4.50 €	3.85 €
8/19/2022	Accumulate	4.50 €	4.03 €
11/4/2022	Buy	4.50 €	2.95 €
3/1/2023	Buy	5.50 €	4.26 €
8/18/2023	Accumulate	5.50 €	4.75 €
8/24/2023	Accumulate	5.00 €	4.35 €
11/27/2023	Accumulate	3.80 €	3.20 €
2/29/2024	Reduce	3.40 €	3.16 €
4/11/2024	Accumulate	3.40 €	2.85 €
5/6/2024	Accumulate	4.00 €	3.45 €
8/26/2024	Accumulate	4.70 €	4.16 €
11/4/2024	Accumulate	4.70 €	3.98 €
2/6/2025	Accumulate	4.70 €	4.02 €
2/20/2025	Accumulate	4.70 €	4.14 €
4/28/2025	Accumulate	4.10 €	3.44 €
7/20/2025	Accumulate	4.30 €	3.52 €



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