

SOLWERS

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INDERES CORPORATE CUSTOMER COMPANY REPORT



Stopping the earnings slide was important

Solwers' Q3 was better than we expected, as earnings development stabilized, marking the first step towards the company regaining critical earnings growth. The big picture of our forecasts is unchanged, but our confidence in the turnaround has strengthened slightly. We reiterate our target price of EUR 2.5 but raise our recommendation to Accumulate (was Reduce).

Q3 review exceeded our expectations

Solwers' Q3 revenue grew by 5.5% to 17.6 MEUR (our estimate 16.8 MEUR). The tail-end of the Spectra acquisition in the comparison period provided some support to sales, but organic growth finally turned positive after the slightly negative figures earlier in the year. EBITA (1.2 MEUR) also remained close to the comparison period and exceeded our forecast of 1.0 MEUR. Based on comments, market pricing pressures continued, eroding margins, but the company had also incorporated 0.3 MEUR in cost savings into the quarter's figures. Solwers' average number of personnel decreased to 687 during the quarter (Q3'24: 717 people). The company also commented that the order book had increased year-on-year, and it appears that going forward, the workload in relation to personnel is in a better balance than in the comparison period. Of course, the total order book does not directly reflect the situation of different subsidiaries, as some may have a long order book and some businesses may have only a small one. The company also reported a significant 2 MEUR order won by Finnmap Infra after the review period.

The turnaround in the earnings trend supports our forecasts

Stabilized earnings development was the first step towards improving earnings, which is needed to leave cash flow for owners even after paying financing costs. In our view, the company's elevated net debt/EBITDA (LTM) ratio (Q2'25: ~5x) has not yet shown positive development towards normal covenant levels (below 3.5x), as this requires earnings growth.

The company's outlook was unchanged and it estimated that it would benefit from a general market recovery, which is expected to strengthen towards the end of the year.

We expect organic revenue to continue growing during Q4'25. The company's earnings should also recover as utilization rates improve and savings are realized. From 2026 onwards, we also expect market price levels to recover as investment activity picks up, which will also start to support the company's margins. At present, the key question remains what the company's normal profitability level will be when the market finally improves. In our opinion, it is clear that it is significantly better than the 2024-25 level, which is burdened by a weak cycle and one-off costs, but a return to the 2019-2023 averages (EBIT 7.9%) currently seems unlikely. Our profitability forecasts are clearly below 2019-23 levels, but we still expect a significant improvement in profitability in the coming years.

The realization of earnings growth drives the share

Solwers' risk profile is dependent on its normal profitability level, as the company's debt servicing capacity and thus the debt-related risk level depend on the earnings level. Cutting a few corners, if the profitability level were to remain close to the levels seen during 2024-2025, the share would be expensive, the M&A strategy would have failed, and the debt burden would be a challenge. Conversely, if profitability recovers to the level of our forecasts, the stock's valuation is already quite attractive, the debt level is under control, and new acquisitions can again be considered. If profitability were to return even close to the average levels of 2019-2023, the stock would be strikingly cheap (P/E 5-6x).

We believe the stock's risk-reward ratio has improved from before, as Q3 strengthened our confidence in the recovery of the earnings level, and the share price has also decreased since our last update. However, the slope of earnings growth is still unclear, which keeps financial risks elevated.

Recommendation

Accumulate
(was Reduce)

Target price:

EUR 2.50
(was EUR 2.50)

Share price:
EUR 2.19

Business risk



Valuation risk



| | 2024 | 2025e | 2026e | 2027e |
|------------------|-------|-------|-------|-------|
| Revenue | 78.3 | 82.9 | 85.4 | 87.5 |
| growth-% | 19% | 6% | 3% | 3% |
| EBIT adj. | 2.7 | 1.0 | 3.6 | 4.5 |
| EBIT-% adj. | 3.5 % | 1.2 % | 4.2 % | 5.2 % |
| Net income | 1.1 | -0.4 | 2.0 | 2.8 |
| EPS (adj.) | 0.11 | -0.04 | 0.19 | 0.27 |
| P/E (adj.) | 28.2 | neg. | 11.4 | 8.1 |
| P/B | 0.8 | 0.6 | 0.5 | 0.5 |
| Dividend yield-% | 0.7 % | 0.0 % | 2.1 % | 2.3 % |
| EV/EBIT (adj.) | 21.0 | 48.1 | 12.3 | 9.3 |
| EV/EBITDA | 8.9 | 8.8 | 5.8 | 5.0 |
| EV/S | 0.7 | 0.6 | 0.5 | 0.5 |

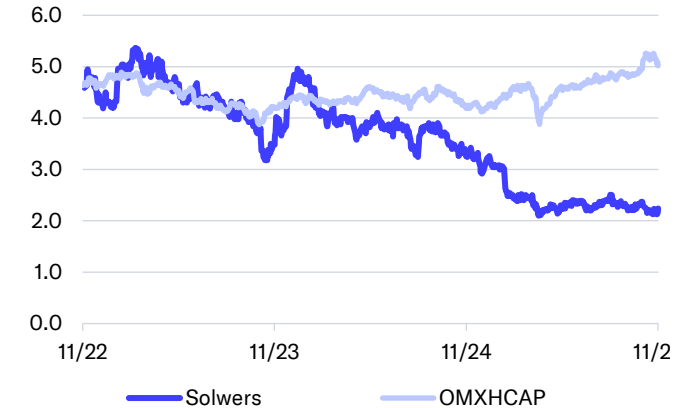
Source: Inderes

Guidance

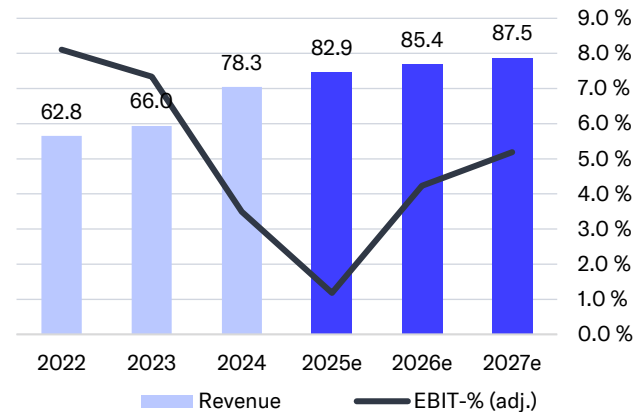
(Unchanged)

Market uncertainty is limiting future visibility. As Solwers' operations depend on investments, the company benefits from the general market recovery that is anticipated to strengthen towards the end of the year 2025.

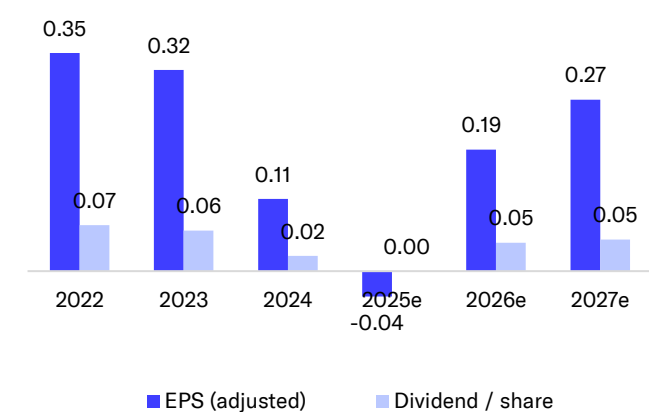
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Long-term organic growth supported by market growth
- Effective acquisition process
- Success in capital allocation determines the level of long-term value creation
- Capital-light business model

Risk factors

- The cyclical nature of customer industries
- Uncertainty and low visibility related to the development of billable utilization and thus, profitability
- Risks related to inorganic growth
- Personal dependence
- Low liquidity of the stock
- Increased indebtedness

| Valuation | 2025e | 2026e | 2027e |
|----------------------------|-------|--------|--------|
| Share price | 2.19 | 2.19 | 2.19 |
| Number of shares, millions | 10 | 10 | 10 |
| Market cap | 22 | 22 | 22 |
| EV | 47 | 45 | 42 |
| P/E (adj.) | neg. | 11.4 | 8.1 |
| P/E | neg. | 11.4 | 8.1 |
| P/B | 0.6 | 0.5 | 0.5 |
| P/S | 0.3 | 0.3 | 0.3 |
| EV/Sales | 0.6 | 0.5 | 0.5 |
| EV/EBITDA | 8.8 | 5.8 | 5.0 |
| EV/EBIT (adj.) | 48.1 | 12.3 | 9.3 |
| Payout ratio (%) | 0.0 % | 23.4 % | 18.4 % |
| Dividend yield-% | 0.0 % | 2.1 % | 2.3 % |

Source: Inderes

Q3 report exceeded our low expectations

Organic growth picked up more than expected

Solwers' Q3 revenue grew by 5.5% to 17.6 MEUR (our estimate 16.8 MEUR). The tail of the Spectra acquisition in the comparison period provided a small boost to sales, which, in our estimation, had only a 1% positive impact on sales. Thus, organic growth finally turned positive from the slightly negative figures earlier in the year.

EBITA was at the level of the comparison period

EBITA (1.2 MEUR) also remained close to the comparison period and exceeded our forecast of 1.0 MEUR. Based on comments, market pricing pressures continued, eroding margins, but the company had also incorporated 0.3 MEUR in cost savings into the quarter's figures. Savings were achieved from group costs, adjustment measures, and by reviewing all subsidiary expenses. The company stated that moves of small local offices to shared premises are also underway, which will simultaneously enhance collaboration.

Solwers' average number of personnel decreased to 687 during the quarter (Q3'25: 717 people). The company also commented that the order book had increased compared to the previous period, and it appears that going forward, the workload in relation to personnel is in a better balance than in the comparison period. Of course, the total order book does not directly reflect the situation of different subsidiaries, as some may have a long order book and some businesses may have only a small one.

Market recovery continues

The company stated that the order book and billing rate have been mostly higher than in the previous year since the beginning of the year, and the number of tender requests is clearly on the rise across the board. However, price competition remains fierce. The comments on the market were broadly in line with our expectations.

In addition, it was reported that cross-selling in the subsidiaries has developed positively. Demand is

particularly strong in infrastructure road projects, and projects related to energy efficiency are also continuing. The company is also involved in several school and community center projects. Overall, operations in the infrastructure and industrial sectors were reported to be stable, but demand in residential design remains scarce.

In Sweden, companies in special design are the most successful. One of the largest subsidiaries in Sweden (in our understanding ELE engineering) was reported to still have significant profitability challenges. Operations have been reorganized, and the new management's priorities are to increase profitability and develop cross-selling.

The new CEO will start on Monday

New CEO Johan Ehrnrooth will start next Monday and current CEO Stefan Nyström will continue to serve the company until the end of January during a transition period.

| Estimates MEUR / EUR | Q3'24 | Q3'25 | Q3'25e | Q3'25e | Consensus | | Difference (%) | 2025e |
|-------------------------|------------|------------|---------|-----------|-----------|------|------------------|---------|
| | Comparison | Actualized | Inderes | Consensus | Low | High | Act. vs. Inderes | Inderes |
| Revenue | 16.6 | 17.6 | 16.8 | | | | 5% | 82.9 |
| EBITA | 1.2 | 1.2 | 1.0 | | | | 20% | 5.8 |
| Revenue growth-% | 18.6 % | 5.7 % | 1.0 % | | | | 4.7 pp | 5.9 % |
| EBITA-% | 7.3 % | 6.8 % | 5.9 % | | | | 0.9 pp | 6.9 % |

Source: Inderes

Q3 strengthened our confidence in the realization of earnings growth

The market is showing the first signs of recovery

We still expect Solwers' H2 revenue to turn to organic growth, with full-year growth now estimated at around 6%. In 2026, we expect organic growth to accelerate further due to strengthening investment activity and easing price competition. Although the market recovery has been slower than expected for a long time, there are clear building blocks for accelerating growth. Key drivers of economic growth include Germany's and the EU's substantial investment packages, improving consumer purchasing power, and falling interest rates.

Profitability improves with leverage as the market recovers

In terms of profitability, we expect the 2025 result to remain very weak due to a poor start to the year, one-off costs (approx. 1 MEUR) and only a gradually improving market.

In 2026, profitability will improve more clearly as one-off costs are eliminated, savings measures take effect, and price levels begin to recover. We note that Solwers' earnings leverage is likely to be very strong as savings materialize, non-recurring items are eliminated, and revenue grows with recovering price levels and increasing demand.

Normalized profitability level a question mark

Our profitability forecasts for the coming years are conservative and well below the average of the previous five years (2019-2023: average EBIT 7.9%).

At the moment, the key question for Solwers is what the company's normal profitability level will be once the market finally improves. In our opinion, it is obvious that it is clearly better than the levels seen in 2024-2025, and the company itself considers a return to the 2019-2023 average levels realistic. We currently consider this unlikely,

and a return to this level would require a significantly stronger market recovery than forecast. We expect the operating margin to rise to 4.2% in 2026, 5.2% in 2027 and 7.0% by 2030, where it will also settle in the terminal period.

Earnings improvement is also needed from a debt servicing perspective

The company stated in connection with its H1'25 results that it aims to be within the original covenant terms of its bank loans (net debt/EBITDA < 3.5x) by the end of H1'26 at the latest. With current net debt of around 25 MEUR, this would imply an EBITDA of around 7 MEUR for the H2'25-H1'26 period. Our own estimates are in the same ballpark as the company's.

We cut our dividend estimate for 2025 to zero, as we believe the company wants to get within covenant levels as quickly as possible.

| Estimate revisions | 2025e | 2025e | Change | 2026e | 2026e | Change | 2027e | 2027e | Change |
|--------------------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| MEUR / EUR | Old | New | % | Old | New | % | Old | New | % |
| Revenue | 81.8 | 82.9 | 1% | 84.6 | 85.4 | 1% | 86.7 | 87.5 | 1% |
| EBITDA | 5.0 | 5.3 | 8% | 7.8 | 7.6 | -2% | 7.9 | 8.5 | 7% |
| EBIT | 0.8 | 1.0 | 30% | 3.7 | 3.6 | -2% | 4.0 | 4.5 | 15% |
| PTP | -0.6 | -0.4 | 35% | 2.6 | 2.5 | -2% | 2.9 | 3.5 | 21% |
| EPS (excl. NRIs) | -0.06 | -0.04 | 31% | 0.20 | 0.19 | -2% | 0.22 | 0.27 | 21% |
| DPS | 0.04 | 0.00 | -100% | 0.05 | 0.05 | 0% | 0.05 | 0.05 | 0% |

Source: Inderes

Share price determined by profitability level

Earnings growth drives the stock price

Solwers' earnings have declined sharply since the beginning of 2024, reflecting the challenging market situation and partly non-recurring cost items. In our opinion, it is clear that the earnings level seen during this period is far from the company's normal earnings level, and the question is mainly about the timing and gradient of the earnings improvement.

As we stated on the previous page, the key question for the investment story is the company's normal profitability level. In addition, we would like to point out that the company's risk profile is also dependent on the normal level of profitability, as the company's debt servicing capacity, and thus the level of risk associated with the debt, depends on the earnings level and cash flow. In simplified terms, if profitability remained close to the levels seen in 2024 and 2025, the stock would be overpriced, the acquisition strategy would be unsuccessful, and the debt burden would be problematic.

Similarly, if profitability recovers to the level predicted by our forecasts, the stock valuation will be quite favorable, and the level of debt will be under control. The stock would be extremely cheap if profitability were to return to even close to the average levels of 2019–2023.

Therefore, it's of paramount importance for the company to put its profitability on an upward trajectory in the coming quarters. Considering the emerging positive signals in the economy, the company's own comments on the improved demand situation, declining one-off expenses and realized savings, we believe that the conditions for earnings improvement are good.

Share will be cheap if earnings improvement materializes

The above-mentioned way of thinking is also well reflected in the share's earnings-based valuation, as with our current

forecasts, the share is expensive for this year (2025e P/E neg., EV/EBIT +48x). Similarly, in 2026-2027, the multiples will fall to a very reasonable level (P/E 8-11x), and we believe there is upside in these multiples as earnings improvements materialize. Compared to its peer group, Solwers is priced at a discount of approximately 20% based on 2026 multiples. We believe the discount is justified given the current profitability level, and we do not expect multiples to rise until profitability recovers.

DCF signals upside

Our DCF calculation presented on page 11 still gives the company a value of EUR 2.8, offering upside for the share if the company can improve its profitability towards a 7% EBIT margin. We normally consider the DCF model to be well suited to Solwers' valuation. In a good market, the company's businesses generate healthy, predictable cash flow and requires little investment. However, at the bottom of the cycle and with current performance, cash flow is already being absorbed by financial expenses, leaving nothing to distribute to owners. An essential question, from the perspective of the value provided by the DCF calculation as well, is when the market and Solwers' results will begin to recover, and at what rate. We have used a rather high cost of capital (WACC 9.7%), as forecasting risks are elevated.

The risk/reward ratio now turns sufficient

We believe the stock's risk/reward ratio has improved from before and is now turning marginally positive, as the Q3 performance strengthened our confidence in the recovery of the earnings level. On the risk side, the rate of earnings growth is still partly unclear, and financial risks remain elevated.

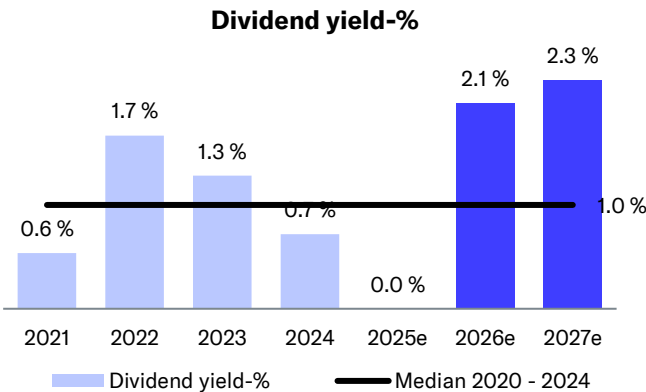
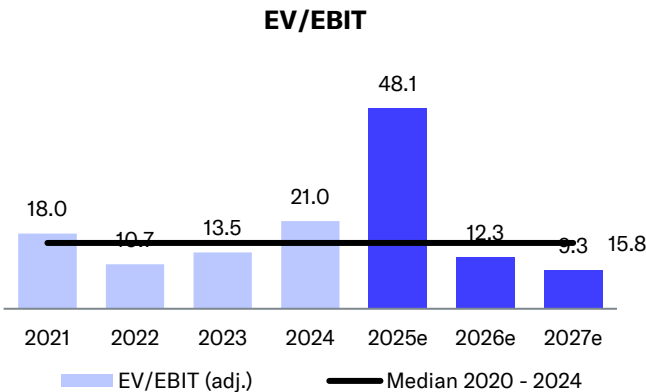
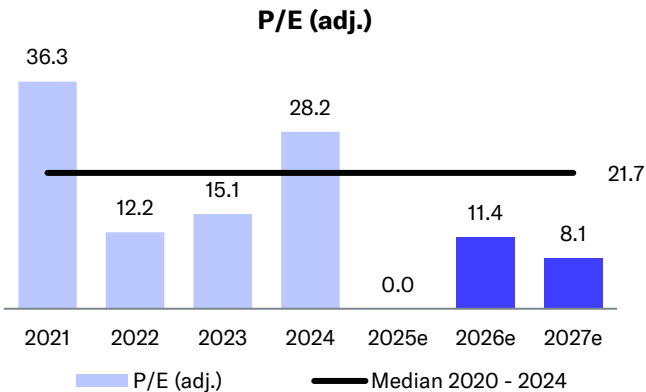
| Valuation | 2025e | 2026e | 2027e |
|----------------------------|-------|--------|--------|
| Share price | 2.19 | 2.19 | 2.19 |
| Number of shares, millions | 10 | 10 | 10 |
| Market cap | 22 | 22 | 22 |
| EV | 47 | 45 | 42 |
| P/E (adj.) | neg. | 11.4 | 8.1 |
| P/E | neg. | 11.4 | 8.1 |
| P/B | 0.6 | 0.5 | 0.5 |
| P/S | 0.3 | 0.3 | 0.3 |
| EV/Sales | 0.6 | 0.5 | 0.5 |
| EV/EBITDA | 8.8 | 5.8 | 5.0 |
| EV/EBIT (adj.) | 48.1 | 12.3 | 9.3 |
| Payout ratio (%) | 0.0 % | 23.4 % | 18.4 % |
| Dividend yield-% | 0.0 % | 2.1 % | 2.3 % |

Source: Inderes

Valuation table

| Valuation | 2020 | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e | 2028e |
|----------------------------|------|--------|--------|--------|--------|-------|--------|--------|--------|
| Share price | | 7.20 | 4.22 | 4.82 | 3.22 | 2.19 | 2.19 | 2.19 | 2.19 |
| Number of shares, millions | | 7.24 | 9.83 | 9.92 | 10 | 10 | 10 | 10 | 10 |
| Market cap | | 52 | 41 | 48 | 32 | 22.3 | 22.3 | 22.3 | 22.3 |
| EV | | 61 | 54 | 66 | 58 | 47.1 | 44.6 | 42.2 | 39.7 |
| P/E (adj.) | | 36.3 | 12.2 | 15.1 | 28.2 | neg. | 11.4 | 8.1 | 7.1 |
| P/E | | 36.3 | 12.2 | 15.1 | 28.2 | neg. | 11.4 | 8.1 | 7.1 |
| P/B | | 1.7 | 1.1 | 1.2 | 0.8 | 0.6 | 0.5 | 0.5 | 0.5 |
| P/S | | 1.2 | 0.7 | 0.7 | 0.4 | 0.3 | 0.3 | 0.3 | 0.2 |
| EV/Sales | | 1.4 | 0.9 | 1.0 | 0.7 | 0.6 | 0.5 | 0.5 | 0.4 |
| EV/EBITDA | | 11.0 | 6.7 | 8.2 | 8.9 | 8.8 | 5.8 | 5.0 | 4.5 |
| EV/EBIT (adj.) | | 18.0 | 10.7 | 13.5 | 21.0 | 48.1 | 12.3 | 9.3 | 8.0 |
| Payout ratio (%) | | 20.2 % | 21.1 % | 20.1 % | 21.0 % | 0.0 % | 23.4 % | 18.4 % | 20.0 % |
| Dividend yield-% | | 0.6 % | 1.7 % | 1.3 % | 0.7 % | 0.0 % | 2.1 % | 2.3 % | 2.8 % |

Source: Inderes



Peer group valuation

| Peer group valuation Company | Market cap MEUR | EV MEUR | EV/EBIT | | EV/EBITDA | | EV/S | | P/E | | Dividend yield-% | | P/B |
|---------------------------------|--------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|------------------|-------------|-------------|
| | | | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e | 2026e | 2025e |
| Sitowise | 85 | 171 | 85.7 | 19.1 | 42.9 | 8.6 | 0.9 | 0.9 | | 33.7 | 1.7 | 0.9 | 0.8 |
| Sweco AB | 5222 | 5815 | 19.9 | 17.9 | 15.6 | 14.1 | 2.0 | 1.9 | 24.9 | 21.8 | 2.2 | 2.4 | 4.5 |
| Afry AB | 1560 | 2133 | 14.9 | 11.7 | 9.5 | 8.2 | 0.9 | 0.9 | 16.9 | 12.2 | 3.6 | 4.6 | 1.3 |
| Rejlers AB | 386 | 456 | 16.2 | 12.9 | 9.0 | 8.2 | 1.1 | 1.0 | 15.9 | 13.0 | 2.7 | 3.0 | 2.1 |
| WSP Global | 19395 | 22052 | 20.7 | 17.8 | 14.0 | 12.5 | 2.6 | 2.4 | 25.2 | 21.9 | 0.6 | 0.6 | 3.5 |
| Etteplan | 246 | 332 | 18.0 | 14.1 | 9.0 | 7.8 | 0.9 | 0.9 | 22.8 | 16.4 | 2.2 | 3.0 | 2.0 |
| Arcadis NV | 3178 | 4215 | 10.6 | 9.1 | 7.9 | 7.1 | 0.9 | 0.9 | 11.7 | 9.8 | 3.0 | 3.5 | 2.4 |
| Solwers (Inderes) | 22 | 47 | 48.1 | 12.3 | 8.8 | 5.8 | 0.6 | 0.5 | -54.9 | 11.4 | 0.0 | 2.1 | 0.6 |
| Average | | | 26.6 | 14.7 | 15.4 | 9.5 | 1.3 | 1.3 | 19.6 | 18.4 | 2.3 | 2.6 | 2.4 |
| Median | | | 18.0 | 14.1 | 9.5 | 8.2 | 0.9 | 0.9 | 19.9 | 16.4 | 2.2 | 3.0 | 2.1 |
| Diff-% to median | | | 168% | -13% | -7% | -29% | -40% | -42% | -377% | -31% | -100% | -32% | -73% |

Source: Refinitiv / Inderes

Income statement

| Income statement | 2023 | H1'24 | H2'24 | 2024 | H1'25 | H2'25e | 2025e | 2026e | 2027e | 2028e |
|---------------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|-------------|-------------|-------------|
| Revenue | 66.0 | 39.9 | 38.4 | 78.3 | 42.3 | 40.6 | 82.9 | 85.4 | 87.5 | 89.7 |
| Group | 66.0 | 39.9 | 38.4 | 78.3 | 42.3 | 40.6 | 82.9 | 85.4 | 87.5 | 89.7 |
| EBITDA | 8.0 | 3.8 | 2.7 | 6.5 | 2.3 | 3.1 | 5.3 | 7.6 | 8.5 | 8.7 |
| Depreciation | -3.1 | -1.8 | -1.9 | -3.7 | -2.1 | -2.3 | -4.4 | -4.0 | -3.9 | -3.8 |
| EBIT | 4.8 | 2.0 | 0.8 | 2.7 | 0.2 | 0.8 | 1.0 | 3.6 | 4.5 | 4.9 |
| EBITA | 7.0 | 3.3 | 2.2 | 5.5 | 1.8 | 2.6 | 4.4 | 7.2 | 8.2 | 8.2 |
| Net financial items | -1.0 | -0.8 | -0.5 | -1.3 | -0.8 | -0.6 | -1.4 | -1.1 | -1.0 | -1.0 |
| PTP | 3.9 | 1.1 | 0.3 | 1.4 | -0.6 | 0.2 | -0.4 | 2.5 | 3.5 | 4.0 |
| Taxes | -0.7 | -0.4 | 0.2 | -0.2 | 0.1 | 0.0 | 0.0 | -0.6 | -0.7 | -0.8 |
| Minority interest | -0.1 | 0.0 | -0.1 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net earnings | 3.2 | 0.8 | 0.4 | 1.1 | -0.6 | 0.2 | -0.4 | 2.0 | 2.8 | 3.1 |
| EPS (adj.) | 0.32 | 0.07 | 0.04 | 0.11 | -0.06 | 0.02 | -0.04 | 0.19 | 0.27 | 0.31 |
| EPS (rep.) | 0.32 | 0.07 | 0.04 | 0.11 | -0.06 | 0.02 | -0.04 | 0.19 | 0.27 | 0.31 |

| Key figures | 2023 | H1'24 | H2'24 | 2024 | H1'25 | H2'25e | 2025e | 2026e | 2027e | 2028e |
|-------------------------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
| Revenue growth-% | 5.1 % | 20.2 % | 17.0 % | 18.6 % | 6.0 % | 5.8 % | 5.9 % | 3.0 % | 2.5 % | 2.5 % |
| EBITDA-% | 12.1 % | 9.4 % | 7.1 % | 8.3 % | 5.4 % | 7.5 % | 6.4 % | 8.9 % | 9.7 % | 9.7 % |
| EBITA-% | 10.6 % | 8.2 % | 5.9 % | 7.0 % | 4.3 % | 6.4 % | 5.3 % | 8.4 % | 9.4 % | 9.2 % |
| Net earnings-% | 4.8 % | 1.9 % | 1.0 % | 1.5 % | -1.3 % | 0.4 % | -0.5 % | 2.3 % | 3.2 % | 3.5 % |

Balance sheet

| Assets | 2023 | 2024 | 2025e | 2026e | 2027e |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| Non-current assets | 55 | 63 | 61 | 60 | 60 |
| Goodwill | 42.0 | 46.9 | 46.9 | 46.9 | 46.9 |
| Intangible assets | 1.0 | 3.0 | 1.5 | 1.6 | 1.7 |
| Tangible assets | 7.3 | 7.4 | 7.8 | 6.8 | 6.1 |
| Associated companies | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 |
| Other investments | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| Other non-current assets | 1.3 | 1.2 | 1.2 | 1.2 | 1.2 |
| Deferred tax assets | 1.2 | 2.0 | 2.0 | 2.0 | 2.0 |
| Current assets | 32 | 31 | 34 | 34 | 35 |
| Inventories | 0.1 | 0.6 | 0.4 | 0.2 | 0.2 |
| Other current assets | 5.3 | 0.8 | 0.8 | 0.8 | 0.8 |
| Receivables | 10.9 | 18.3 | 19.1 | 19.6 | 20.1 |
| Cash and equivalents | 16.0 | 11.6 | 13.3 | 13.7 | 14.0 |
| Balance sheet total | 87 | 94 | 95 | 95 | 95 |

Source: Inderes

| Liabilities & equity | 2023 | 2024 | 2025e | 2026e | 2027e |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|
| Equity | 40 | 41 | 40 | 42 | 44 |
| Share capital | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Retained earnings | 2.4 | 1.7 | 1.1 | 3.0 | 5.3 |
| Hybrid bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Revaluation reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other equity | 36.5 | 38.0 | 38 | 38 | 38 |
| Minorities | 0.5 | 0.2 | 0.2 | 0.2 | 0.2 |
| Non-current liabilities | 29 | 24 | 23 | 21 | 19 |
| 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 | 28.3 | 22.8 | 21.0 | 19.0 | 17.0 |
| Convertibles | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long term liabilities | 0.3 | 1.5 | 1.5 | 1.5 | 1.5 |
| Current liabilities | 18 | 29 | 32 | 32 | 32 |
| Interest bearing debt | 4.7 | 14.0 | 17.0 | 16.9 | 16.8 |
| Payables | 1.9 | 2.0 | 2.2 | 2.3 | 2.4 |
| Other current liabilities | 11.4 | 12.9 | 12.9 | 12.9 | 12.9 |
| Balance sheet total | 87 | 94 | 95 | 95 | 95 |

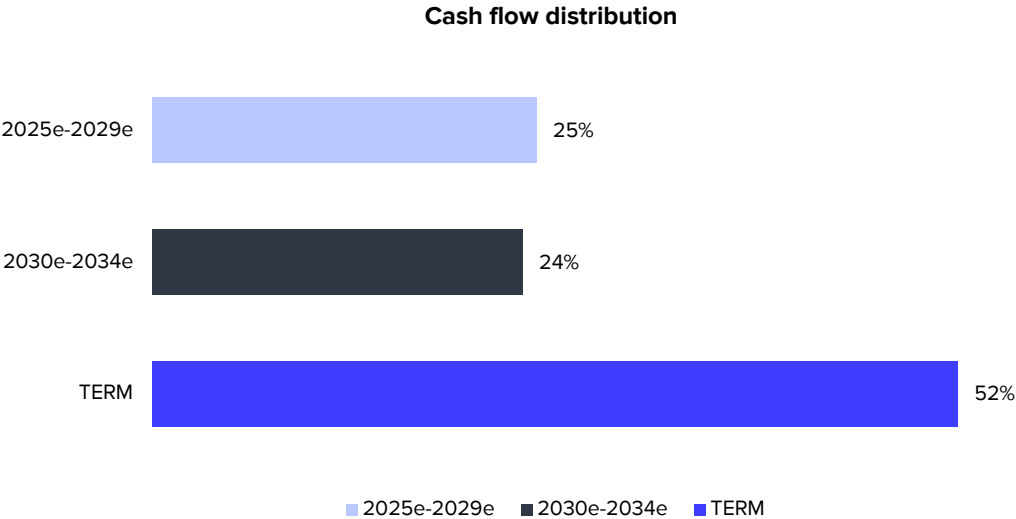
DCF calculation

| DCF model | 2024 | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | 2034e | TERM |
|---|-------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Revenue growth-% | 18.6 % | 5.9 % | 3.0 % | 2.5 % | 2.5 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % |
| EBIT-% | 3.5 % | 1.2 % | 4.2 % | 5.2 % | 5.5 % | 6.0 % | 7.0 % | 7.0 % | 7.0 % | 7.0 % | 7.0 % | 7.0 % |
| EBIT (operating profit) | 2.7 | 1.0 | 3.6 | 4.5 | 4.9 | 5.5 | 6.5 | 6.7 | 6.8 | 6.9 | 7.1 | |
| + Depreciation | 3.7 | 4.4 | 4.0 | 3.9 | 3.8 | 3.6 | 3.6 | 3.8 | 3.8 | 3.9 | 3.7 | |
| - Paid taxes | -1.0 | 0.0 | -0.6 | -0.7 | -0.8 | -1.0 | -1.2 | -1.2 | -1.3 | -1.3 | -1.4 | |
| - Tax, financial expenses | -0.2 | 0.0 | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 | -0.1 | -0.1 | -0.1 | |
| + Tax, financial income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Change in working capital | -1.8 | -0.4 | -0.3 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | |
| Operating cash flow | 3.5 | 4.9 | 6.6 | 7.1 | 7.3 | 7.6 | 8.4 | 8.7 | 8.8 | 9.0 | 8.9 | |
| + Change in other long-term liabilities | 1.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Gross CAPEX | -10.6 | -3.2 | -3.2 | -3.4 | -3.5 | -3.6 | -3.7 | -3.7 | -3.8 | -3.8 | -4.0 | |
| Free operating cash flow | -5.9 | 1.7 | 3.4 | 3.7 | 3.8 | 4.0 | 4.7 | 5.0 | 5.0 | 5.2 | 4.9 | |
| +/- Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| FCFF | -5.9 | 1.7 | 3.4 | 3.7 | 3.8 | 4.0 | 4.7 | 5.0 | 5.0 | 5.2 | 4.9 | 65.1 |
| Discounted FCFF | | 1.7 | 3.1 | 3.1 | 2.8 | 2.8 | 2.9 | 2.8 | 2.6 | 2.4 | 2.1 | 28.1 |
| Sum of FCFF present value | | 54.4 | 52.7 | 49.6 | 46.5 | 43.7 | 41.0 | 38.0 | 35.2 | 32.6 | 30.2 | 28.1 |
| Enterprise value DCF | | 54.4 | | | | | | | | | | |
| - Interest bearing debt | | -37 | | | | | | | | | | |
| + Cash and cash equivalents | | 11.6 | | | | | | | | | | |
| -Minorities | | -0.1 | | | | | | | | | | |
| -Dividend/capital return | | -0.2 | | | | | | | | | | |
| Equity value DCF | | 29 | | | | | | | | | | |
| Equity value DCF per share | | 2.8 | | | | | | | | | | |

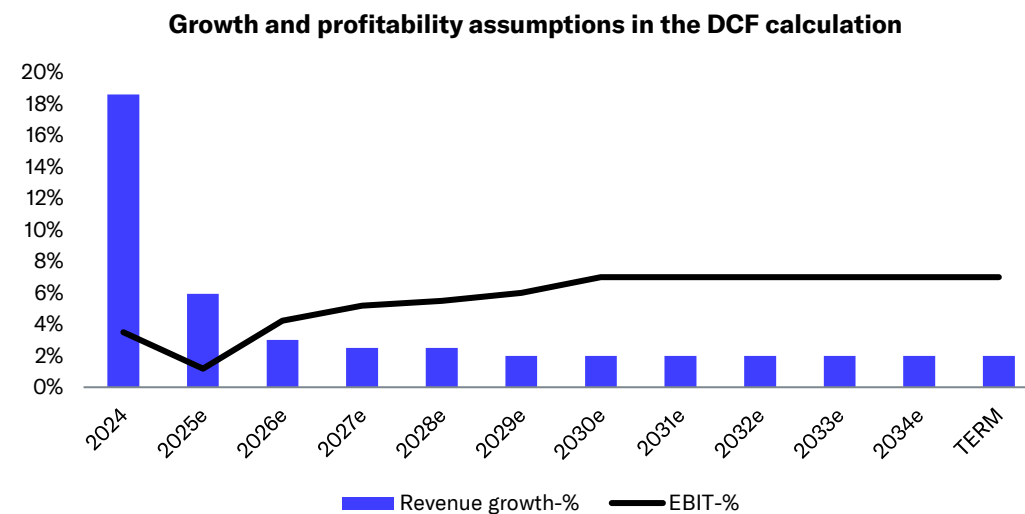
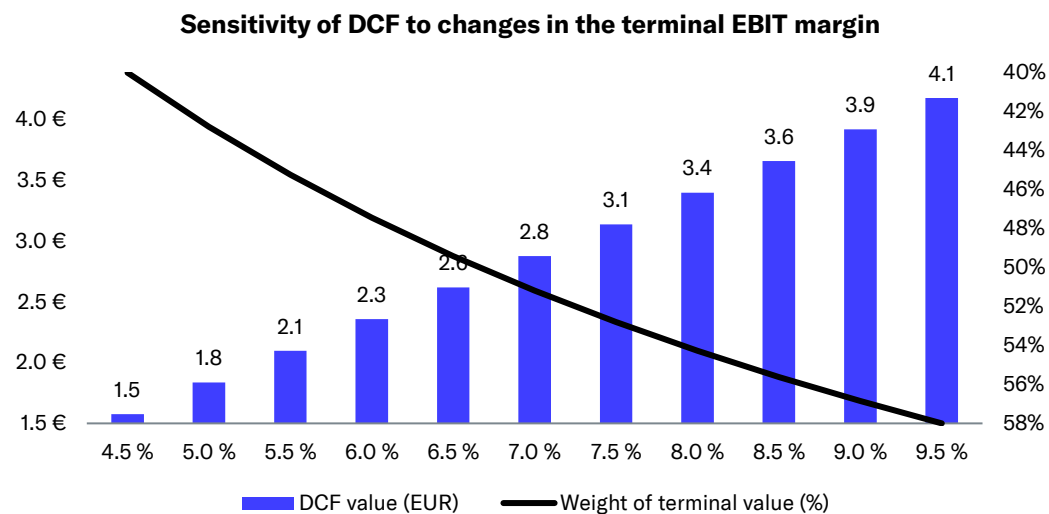
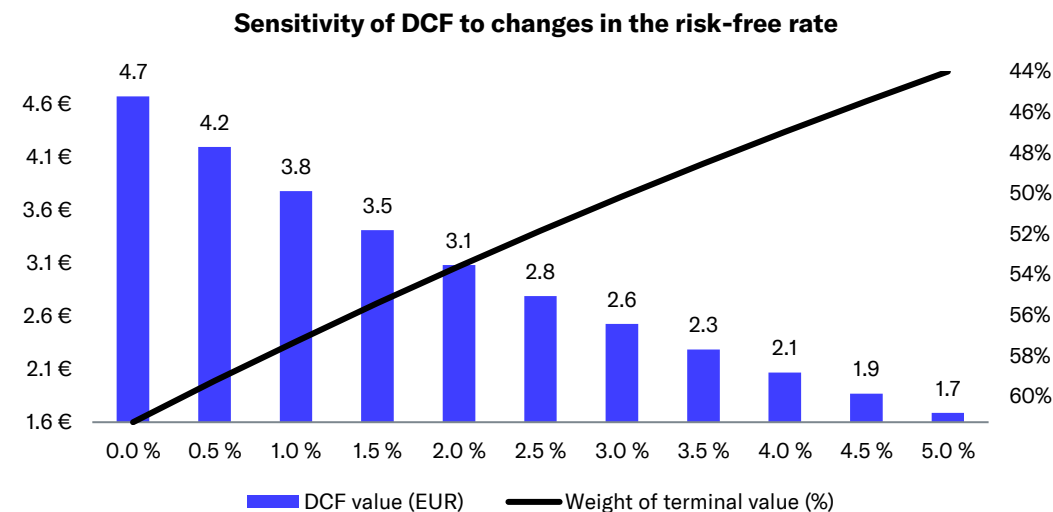
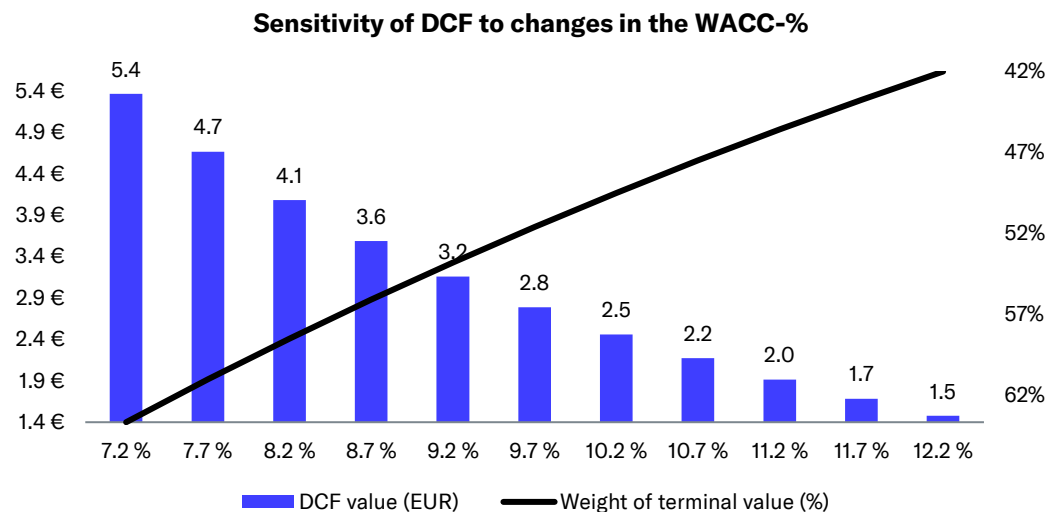
WACC

| | |
|--|---------------|
| Tax-% (WACC) | 22.0 % |
| Target debt ratio (D/(D+E)) | 20.0 % |
| Cost of debt | 4.5 % |
| Equity Beta | 1.50 |
| Market risk premium | 4.75% |
| Liquidity premium | 1.60% |
| Risk free interest rate | 2.5 % |
| Cost of equity | 11.2 % |
| Weighted average cost of capital (WACC) | 9.7 % |

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



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 | Per share data | 2022 | 2023 | 2024 | 2025e | 2026e |
|---------------------------|-------|-------|-------|-------|-------|--------------------------|--------|--------|--------|--------|--------|
| Revenue | 62.8 | 66.0 | 78.3 | 82.9 | 85.4 | EPS (reported) | 0.35 | 0.32 | 0.11 | -0.04 | 0.19 |
| EBITDA | 8.2 | 8.0 | 6.5 | 5.3 | 7.6 | EPS (adj.) | 0.35 | 0.32 | 0.11 | -0.04 | 0.19 |
| EBIT | 5.1 | 4.8 | 2.7 | 1.0 | 3.6 | OCF / share | 0.39 | 0.59 | 0.35 | 0.48 | 0.65 |
| PTP | 4.6 | 3.9 | 1.4 | -0.4 | 2.5 | OFCF / share | -0.71 | -0.32 | -0.59 | 0.17 | 0.33 |
| Net Income | 3.4 | 3.2 | 1.1 | -0.4 | 2.0 | Book value / share | 3.81 | 4.02 | 4.05 | 3.94 | 4.13 |
| Extraordinary items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Dividend / share | | 0.06 | 0.02 | 0.00 | 0.05 |
| Balance sheet | 2022 | 2023 | 2024 | 2025e | 2026e | Growth and profitability | 2022 | 2023 | 2024 | 2025e | 2026e |
| Balance sheet total | 81.7 | 87.0 | 94.1 | 94.9 | 94.8 | Revenue growth-% | 41% | 5% | 19% | 6% | 3% |
| Equity capital | 38.1 | 40.4 | 40.9 | 40.2 | 42.2 | EBITDA growth-% | 48% | -2% | -19% | -18% | 43% |
| Goodwill | 37.8 | 42.0 | 46.9 | 46.9 | 46.9 | EBIT (adj.) growth-% | 51% | -5% | -44% | -64% | 269% |
| Net debt | 12.2 | 17.1 | 25.1 | 24.8 | 22.2 | EPS (adj.) growth-% | 74% | -8% | -64% | -135% | -582% |
| Cash flow | 2022 | 2023 | 2024 | 2025e | 2026e | EBITDA-% | 13.0 % | 12.1 % | 8.3 % | 6.4 % | 8.9 % |
| EBITDA | 8.2 | 8.0 | 6.5 | 5.3 | 7.6 | EBIT (adj.)-% | 8.1 % | 7.3 % | 3.5 % | 1.2 % | 4.2 % |
| Change in working capital | -2.9 | -1.0 | -1.8 | -0.4 | -0.3 | EBIT-% | 8.1 % | 7.3 % | 3.5 % | 1.2 % | 4.2 % |
| Operating cash flow | 3.8 | 5.9 | 3.5 | 4.9 | 6.6 | ROE-% | 9.9 % | 8.2 % | 2.8 % | -1.0 % | 4.8 % |
| CAPEX | -7.6 | -8.5 | -10.6 | -3.2 | -3.2 | ROI-% | 8.4 % | 6.8 % | 3.6 % | 1.3 % | 4.6 % |
| Free cash flow | -7.0 | -3.1 | -5.9 | 1.7 | 3.4 | Equity ratio | 46.6 % | 46.4 % | 43.4 % | 42.4 % | 44.5 % |
| | | | | | | Gearing | 32.0 % | 42.3 % | 61.5 % | 61.6 % | 52.8 % |
| Valuation multiples | 2022 | 2023 | 2024 | 2025e | 2026e | | | | | | |
| EV/S | 0.9 | 1.0 | 0.7 | 0.6 | 0.5 | | | | | | |
| EV/EBITDA | 6.7 | 8.2 | 8.9 | 8.8 | 5.8 | | | | | | |
| EV/EBIT (adj.) | 10.7 | 13.5 | 21.0 | 48.1 | 12.3 | | | | | | |
| P/E (adj.) | 12.2 | 15.1 | 28.2 | neg. | 11.4 | | | | | | |
| P/B | 1.1 | 1.2 | 0.8 | 0.6 | 0.5 | | | | | | |
| Dividend-% | 1.7 % | 1.3 % | 0.7 % | 0.0 % | 2.1 % | | | | | | |

Source: Inderes

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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 |
|------------|----------------|--------|-------------|
| 6/21/2021 | Reduce | 8.20 € | 8.35 € |
| 9/16/2021 | Accumulate | 8.20 € | 7.40 € |
| 11/3/2021 | Accumulate | 8.60 € | 7.34 € |
| 12/1/2021 | Accumulate | 9.00 € | 7.90 € |
| 3/9/2022 | Accumulate | 8.00 € | 7.20 € |
| 3/16/2022 | Reduce | 7.00 € | 6.97 € |
| 9/16/2022 | Reduce | 5.50 € | 5.34 € |
| 1/25/2023 | Buy | 5.50 € | 4.39 € |
| 3/1/2023 | Accumulate | 6.00 € | 5.36 € |
| 9/1/2023 | Accumulate | 5.00 € | 4.32 € |
| 9/15/2023 | Buy | 5.00 € | 4.06 € |
| 1/30/2024 | Accumulate | 5.00 € | 4.60 € |
| 3/11/2024 | Accumulate | 5.00 € | 4.24 € |
| 5/14/2024 | Buy | 5.00 € | 3.70 € |
| 6/3/2024 | Buy | 5.00 € | 4.00 € |
| 8/30/2024 | Buy | 5.00 € | 3.74 € |
| 12/2/2024 | Accumulate | 4.20 € | 3.42 € |
| 2/3/2025 | Reduce | 2.80 € | 3.02 € |
| 2/28/2025 | Reduce | 2.65 € | 2.50 € |
| 5/30/2025 | Accumulate | 2.65 € | 2.24 € |
| 8/27/2025 | Reduce | 2.50 € | 2.32 € |
| 11/24/2025 | Accumulate | 2.50 € | 2.19 € |



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