KH GROUP

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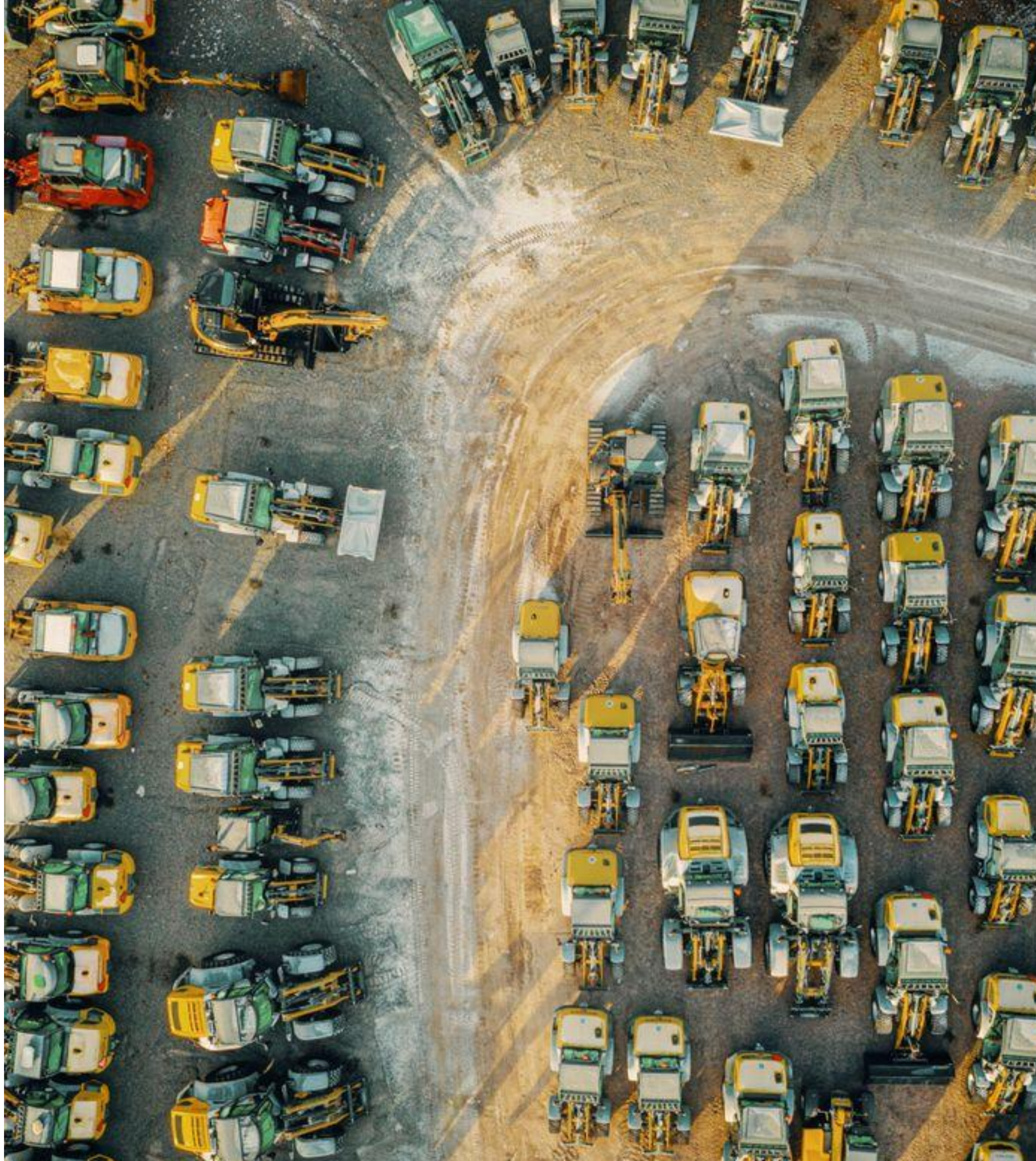
INDERES CORPORATE CUSTOMER

COMPANY REPORT



Weak quarter leaves ground to make up

KH Group's Q1 profitability was at a low level due in part to timing-related factors. However, management commentary regarding the outlook and Q2 was positive. Despite a weak start to the year, the company reiterated its guidance for an improving result. Achieving this requires a strong performance in the coming quarters, although inflationary pressures and elevated interest rates due to the war in Iran increase uncertainty in the business environment. We reiterate our Reduce recommendation and revise our target price to EUR 0.55 (was EUR 0.60).

Profitability was under pressure in Q1

The revenue of both KH Group's subsidiaries grew by 7% year-on-year, which was slightly below our expectations. KH-Koneet's growth was driven by the Swedish machinery trade, while the Finnish business's revenue decreased by 7% due to a winter with little snow and delayed deliveries from machine manufacturers. NRG's performance, which is sensitive to delivery timing, was impacted by a delivery that shifted to Q2. KH Group's comparable EBIT of -1.1 MEUR was below both our forecast of 0.9 MEUR and the comparison period's level of 0.2 MEUR. Profitability declined for both subsidiaries. KH-Koneet's gross margins were under pressure in Q1 in both operating countries, and the comparable EBIT of -1.1 MEUR clearly deteriorated from the comparison period's -0.1 MEUR. NRG's profitability was burdened by the revenue mix being weighted towards low-margin brokerage and front-loaded costs related to future deliveries. At the end of the review period, KH Group's net debt/EBITDA ratio was 4.1x, which still leaves clear room for balance sheet strengthening.

Comments on the outlook were positive, but the earnings guidance leaves no room for weakness in the remainder of the year

In connection with its Q1 report, KH Group reiterated its guidance, which anticipates revenue growth and an improvement in comparable EBIT. Management's comments regarding the outlook indicate confidence in Q2. Given the weak start to the year and the very strong comparable figures ahead in Q4, achieving the earnings guidance requires a strong performance in the remainder of the year. Thus, the weakness in KH-Koneet's Finnish operations cannot continue, nor can the pressured sales margins. Our comparable EBIT estimate of 6.7 MEUR is slightly above the comparison period. We expect significant earnings growth from KH-Koneet in the coming years, from last year's cyclical bottom. Due to the weak demand environment, the company has not been able to fully capitalize on its growth investments in recent years, which, in our view, strengthens the earnings growth outlook for the coming years. Despite KH-Koneet's growth in recent years, earnings have declined so far, which, in our view, raises concerns about the profitability of the Swedish growth. As in the previous year, we expect NRG to have a very good current year, after which profitability will normalize to around 2.4 MEUR in our forecasts. This level is historically good, and the business creates significant value with it. However, this requires a moderation in profitability compared to 2025–2026.

Discouraging valuation despite positive growth outlook

With our current year estimates, KH Group's EV/EBIT multiple is at a high 15x level, while with our estimates incorporating a significant earnings improvement next year, the multiple is at a neutral 10x level. However, due to KH Group's low relative profitability and significant financial leverage, earnings-based valuation is sensitive to even small forecast changes. Our DCF model, which indicates longer-term potential, implies a value of EUR 0.67 per share for the group, although the model relies on a sustainable improvement in profitability. In our view, it is challenging to rely on KH Group's long-term potential until we see sustainable signs of an earnings turnaround and KH-Koneet's ability to create value through international growth.

Recommendation
Reduce
(was Reduce)

Target price:
EUR 0.55
(was EUR 0.60)

Share price:
EUR 0.54

Business risk

Valuation risk

	2025	2026e	2027e	2028e
Revenue	205	216	235	257
growth-%	5%	5%	9%	9%
EBIT adj.	6.3	6.7	10.1	11.3
EBIT-% adj.	3.1 %	3.1 %	4.3 %	4.4 %
PTP	1.4	0.1	3.7	4.7
Net Income	0.5	-1.0	2.5	3.2
EPS (adj.)	0.01	0.01	0.06	0.07
Dividend	0.00	0.00	0.00	0.00

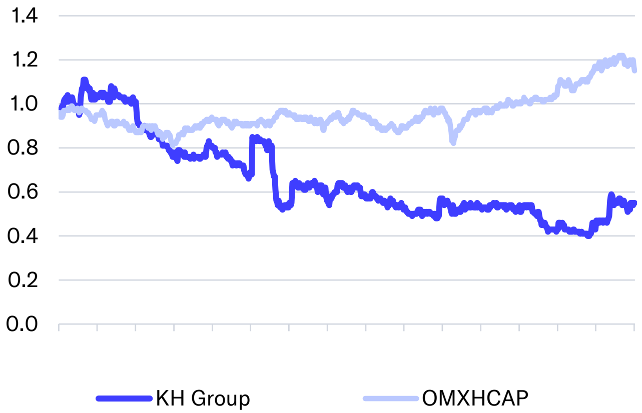
P/E (adj.)	41.5	>100	9.0	7.6
P/B	0.6	0.6	0.6	0.6
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	15.9	15.0	10.1	9.6
EV/EBITDA	5.1	5.0	4.3	4.2
EV/S	0.5	0.5	0.4	0.4

Source: Inderes

Guidance (Unchanged)

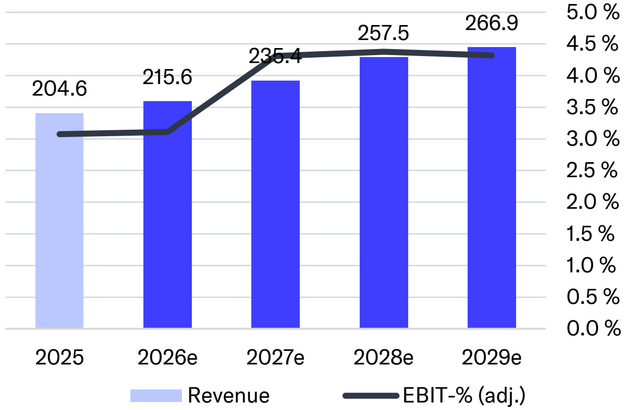
KH Group expects both revenue and comparable operating profit to increase in 2026 compared to 2025 (205 MEUR and 6.4 MEUR).

Share price



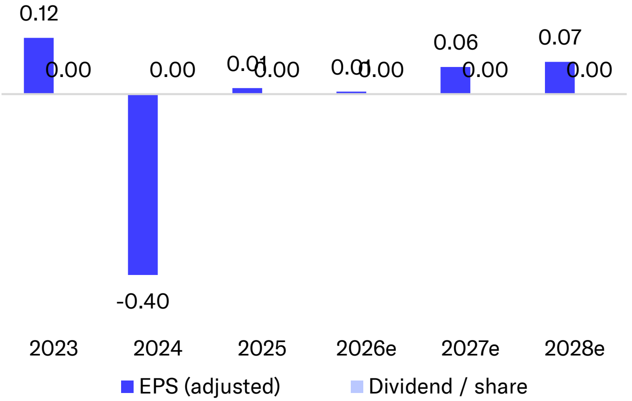
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Systematic development of holdings
- M&A transactions
- Renewal of subsidiaries' financing base and simplification of structures
- Developing the brand portfolio

Risk factors

- Deteriorating economic situation
- The risk related to KH-Koneet's development due to the change in management
- KH Maskin's profitability challenges dragging on
- Loss of investment opportunities due to tight balance sheet position

Valuation	2026e	2027e	2028e
Share price	0.54	0.54	0.54
Number of shares, millions	58.1	58.1	58.1
Market cap	32	32	32
EV	100	102	109
P/E (adj.)	>100	9.0	7.6
P/E	neg.	12.9	9.7
P/B	0.6	0.6	0.6
P/S	0.1	0.1	0.1
EV/Sales	0.5	0.4	0.4
EV/EBITDA	5.0	4.3	4.2
EV/EBIT (adj.)	15.0	10.1	9.6
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Profitability was the pain point of the report

Shift in NRG's deliveries and postponement of KH-Koneet's principals' deliveries

KH Group's Q1 revenue increased by 7% to 44.6 MEUR, but was slightly below our 45.7 MEUR estimate. Both subsidiaries grew by 7%. KH-Koneet's growth was driven by machine sales in Sweden, while the revenue of Finnish operations decreased by 7% year-on-year. The company attributed the weak performance of its Finnish operations to a winter with little snow and the postponement of certain manufacturers' deliveries to Q2. Against this backdrop, we want confirmation in Q2 that there are no longer-term factors behind the weakness in KH-Koneet's Finnish operations. According to KH Group, the positive development in new orders continued at NRG, but one larger delivery was delayed from the end of March to April. NRG is particularly sensitive to timing-related factors, so too much weight cannot be placed on a single quarter for the company.

Earnings down year-on-year

KH Group's comparable EBIT deteriorated from 0.2 MEUR in the comparison period to -1.1 MEUR, which was clearly below our 0.9 MEUR forecast. KH-Koneet's comparable EBIT declined from -0.1 MEUR to -1.1 MEUR. KH-Koneet's profitability was affected by a weak quarter for its Finnish business. The weakening of the Swedish krona also weighed on profitability. In addition, according to management's comments, gross margins declined in both countries as the company cleared its inventories. KH-Koneet's profitability was also weighed down by credit loss provisions. In an interview with management, it was revealed that these were related to only one customer, and no broader trend of deteriorating creditworthiness has been observed among customers. NRG's comparable EBIT halved to 0.4 MEUR in Q1. For the company, a delayed delivery has a fairly direct impact on its profitability. In addition, the sales mix was more heavily weighted towards low-margin distribution trade than usual, which weighed on relative profitability. In addition, the company's profitability was burdened by front-loaded costs related to future deliveries. On the lower lines, the Group's earnings per share settled at EUR -0.05. The difference from our forecast is accentuated by higher-than-expected financing costs.

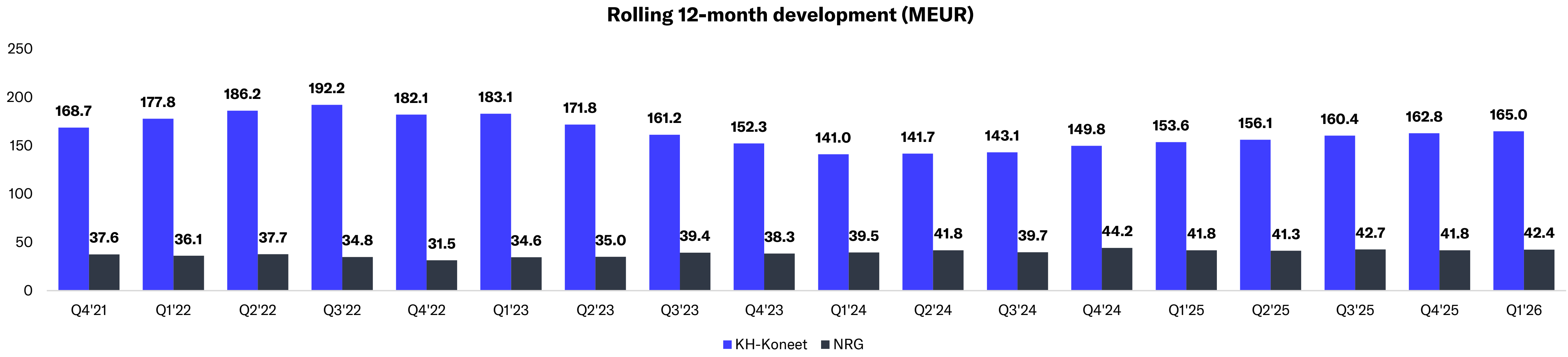
Balance sheet has strengthened with the Indoor exit, but there is still room for further improvement

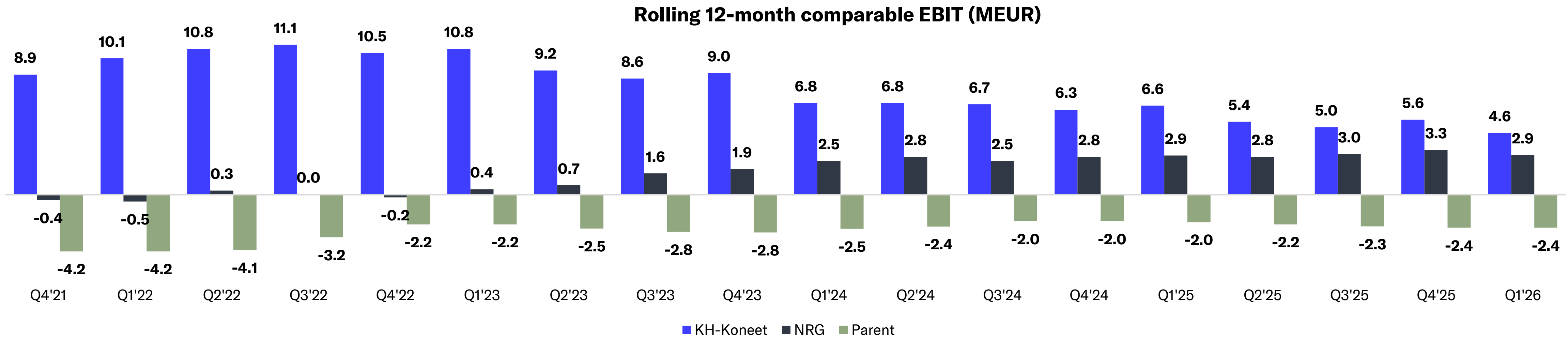
KH Group's balance sheet has strengthened due to the Indoor Group divestment last year. At the end of Q1, the Group's net debt stood at 75.7 MEUR (Q1'25: 142.5 MEUR), which is 4.1x LTM EBITDA. The balance sheet is thus leveraged, but NRG is steadily reducing its debt, and KH-Koneet can quickly deleverage by adjusting its inventory levels. In our view, the balance sheet does not leave significant room for corporate reorganizations. This is a limitation, considering the challenges in the machinery trade and the attractive arrangement opportunities they may present.

Estimates MEUR / EUR	Q1'25 Comparison	Q1'26 Actualized	Q1'26e Inderes	Q1'26e Consensus	Difference (%) Act. vs. inderes	2026e Inderes
Revenue	41.8	44.6	45.7		-2%	216
EBIT (adj.)	0.2	-1.1	0.9		-215%	6.7
EBIT	-0.1	-1.4	0.9		-254%	5.4
PTP	-0.5	-3.1	-0.3		-839%	0.1
EPS (adj.)	0.00	-0.04	-0.01		-399%	0.01
EPS (reported)	-0.01	-0.05	-0.01		-471%	-0.02
Revenue growth-%	3.5 %	6.7 %	9.2 %		-2.6 pp	5.4 %
EBIT-% (adj.)	0.5 %	-2.4 %	2.0 %		-4.4 pp	3.1 %

Source: Inderes

Segment-specific development





Earnings guidance requires a level correction with Q2

A weak report led to forecast changes

In connection with its Q1 report, KH Group reiterated its guidance, which anticipates increasing revenue and improving comparable EBIT. After a weak Q1 and with the previous year's very strong Q4 profitability, the guidance relies on a strong year-end. The shift in deliveries should support Q2, but in our view, there is more uncertainty regarding Q3 development. The comparison periods, especially from KH-Koneet's perspective, are not particularly strong, but prolonged pressure on sales margins and the weak Q1 performance of the Finnish business would undermine the outlook for the current year. In our assessment, KH-Koneet's outlook has become more uncertain than before due to inflationary pressures and rising interest rates.

Based on management's comments, the reporting period was largely burdened by timing/transitory factors, which limited the pressure for forecast changes caused by the weak report. However, our updated comparable EBIT forecast for the current year is only 0.3 MEUR above last year, so we believe that achieving the guidance leaves no significant room for negative surprises. Due to KH Group's significant financial leverage, net income forecasts are particularly sensitive to changes in forecast parameters.

Weak profitability development raises doubts about the meaningfulness of growth

KH Group's subsidiaries follow quite different demand cycles. NRG has made a truly impressive earnings turnaround and is currently in very strong earnings condition. Based on management's comments, NRG's robust order book extends until 2027, which supports the short-term outlook and predictability.

KH-Koneet, which is exposed to the construction sector, continues to suffer from cyclical weakness. The company's 12-month rolling revenue bottomed out at the beginning of 2024, and in terms of volume, the company's target market turned to growth in both Finland and Sweden in the previous year. Despite this, the company's rolling 12-month comparable EBIT reached a new low at the end of Q1. In our view, the discrepancy between revenue and profitability development is explained by front-loaded growth investments and the growth of the less profitable Swedish business. This trend has continued since the beginning of 2024, raising concerns about the value creation potential of KH-Koneet's international growth investments. We expect significant earnings growth from KH-Koneet in the coming years as the construction sector recovers and the company scales its front-loaded growth investments, which will drive the Group's earnings development in our forecasts. However, the delayed turnaround weakens the weight of the company's historical performance and our confidence in the earnings recovery.

Estimate revisions MEUR / EUR	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	216	216	0%	237	235	-1%	260	257	-1%
EBITDA	22.5	20.0	-11%	24.5	23.6	-4%	26.8	26.0	-3%
EBIT (exc. NRIs)	7.8	6.7	-15%	10.4	10.1	-2%	11.5	11.3	-2%
EBIT	7.8	5.4	-31%	10.4	9.1	-12%	11.5	10.3	-10%
PTP	2.8	0.1	-98%	5.6	3.7	-34%	6.3	4.7	-25%
EPS (excl. NRIs)	0.03	0.01	-79%	0.07	0.06	-12%	0.08	0.07	-7%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

We maintain a cautious stance

There are many variables in the investment case

In KH Group's case, it's easy to imagine a scenario in which KH-Koneet's performance recovers toward historical levels, enabling significant earnings growth and a repricing of the share. Although KH-Koneet has a strong historical track record, relying on it is becoming more difficult, in our view, due to recent developments, the poorly performing Swedish machine dealership, and the upcoming change in CEO. As KH-Koneet's growth increasingly focuses on Sweden in the coming years, we see a risk that, despite earnings growth, this growth will not create value, as the return on capital for the Swedish business has historically fallen below the required rate of return. Thus, for KH Group's investment story, it is critical that the company can convince the market of KH-Koneet's ability to create value by growing outside its domestic market.

Earnings-based valuation requires confidence in turnaround

In evaluating the valuation level of KH Group, we prefer earnings-based valuation multiples. The company's 2026-2027 EV/EBIT multiples are 15x-10x. We believe the valuation is high, but it turns neutral with forecasts assuming a significant earnings improvement next year. Due to KH-Koneet's cyclically pressured profitability, the company's earnings level can strengthen very quickly as the machine dealership recovers. For this reason, we believe it is helpful to look at the group's valuation level also through KH-Koneet's peak earnings. If the EBIT level of KH-Koneet in our 2026-2027 forecasts is replaced by the company's cyclical peak year 2022 EBIT of 10.5 MEUR, KH Group's corresponding EV/EBIT multiples are 8-9x. These multiples turn interesting in our view but require the cyclical earnings performance of KH-Koneet to recover back to the peak level of the previous strong construction cycle. When evaluating KH Group's multiples, it should also be noted that the stock's expected return relies entirely on earnings growth and changes in valuation multiples, as we do not expect the company to distribute dividends in the coming years. The absence of a dividend generally weighs on forward EV-based multiples.

DCF model identifies upside

Our DCF model, which reflects the potential of KH Group's continuing businesses, indicates a value of EUR 0.66 per share. The model takes into account the company's longer-term normalized potential over the cycle. We assume KH Group's EBIT margin will normalize to a higher level of 5.5% compared to recent years, as KH-Koneet's Swedish operations mature, the rapid growth rate stabilizes, and the weight of machine rental, which has a higher relative profitability profile, increases. We believe it is clear that a recovery in the demand environment would also support a strengthening of relative profitability. Looking further ahead, however, strengthening the profitability of the Swedish business plays a critical role in enabling growth-driven value creation. However, in our view, it is challenging to fully rely on the long-term potential due to the profitability challenges of recent years.

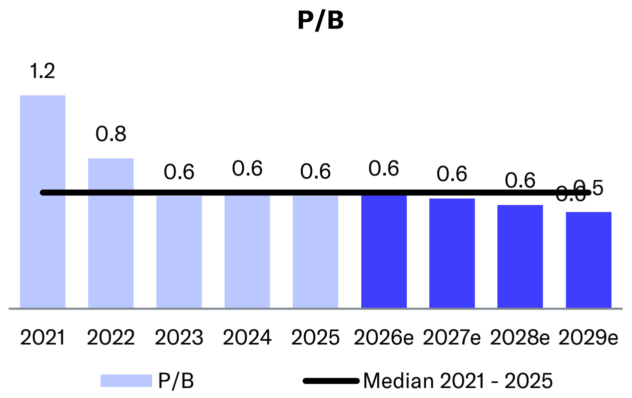
Valuation	2026e	2027e	2028e
Share price	0.54	0.54	0.54
Number of shares, millions	58.1	58.1	58.1
Market cap	32	32	32
EV	100	102	109
P/E (adj.)	>100	9.0	7.6
P/E	neg.	12.9	9.7
P/B	0.6	0.6	0.6
P/S	0.1	0.1	0.1
EV/Sales	0.5	0.4	0.4
EV/EBITDA	5.0	4.3	4.2
EV/EBIT (adj.)	15.0	10.1	9.6
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

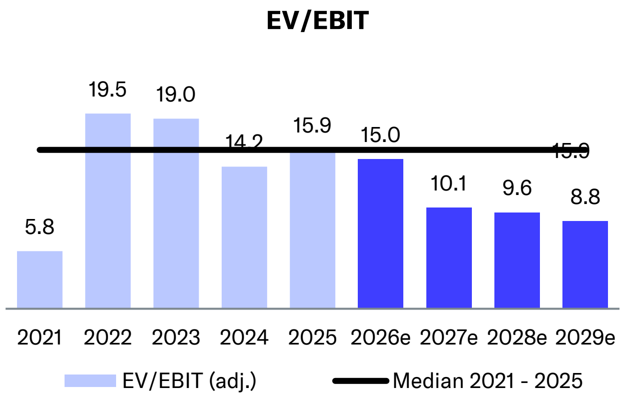
Source: Inderes

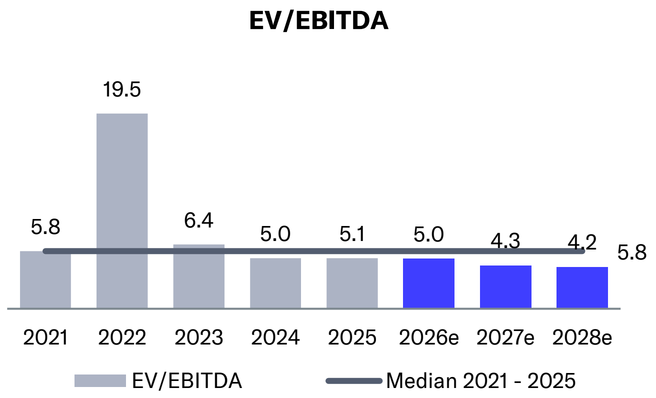
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	1.92	1.18	0.81	0.56	0.54	**0.54**	**0.54**	**0.54**	**0.54**
Number of shares, millions	58.1	58.1	58.1	58.1	58.1	**58.1**	**58.1**	**58.1**	**58.1**
Market cap	112	69	47	32	31	**32**	**32**	**32**	**32**
EV	116	232	205	102	100	**100**	**102**	**109**	**108**
P/E (adj.)	6.1	5.0	6.5	neg.	41.5	**>100**	**9.0**	**7.6**	**6.4**
P/E	6.1	5.0	neg.	neg.	neg.	**neg.**	**12.9**	**9.7**	**7.7**
P/B	1.2	0.8	0.6	0.6	0.6	**0.6**	**0.6**	**0.6**	**0.5**
P/S	9.7	0.2	0.1	0.2	0.2	**0.1**	**0.1**	**0.1**	**0.1**
EV/Sales	10.1	0.5	0.5	0.5	0.5	**0.5**	**0.4**	**0.4**	**0.4**
EV/EBITDA	5.8	19.5	6.4	5.0	5.1	**5.0**	**4.3**	**4.2**	**3.8**
EV/EBIT (adj.)	5.8	19.5	19.0	14.2	15.9	**15.0**	**10.1**	**9.6**	**8.8**
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**

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**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**
United Rentals Inc	49507	61234	16.3	14.7	9.2	8.5	4.2	3.9	19.7	17.2	0.8	0.9	6.0
Sunbelt Rentals Holdings Inc	26289	32785	15.4	14.2	8.1	7.6	3.5	3.3	20.0	17.6	1.5	1.6	4.2
McGrath RentCorp	2339	2803	13.4	11.1	9.0	8.4	3.4	3.2	17.4	15.9	1.8	1.8	2.2
Speedy Hire PLC	104	367	20.5	7.8	3.5	2.6	0.8	0.7		5.5	5.1	5.5	
VP PLC	217	473	10.1	8.9	4.0	3.7	1.2	1.1	9.5	7.4	7.7	7.9	1.4
Wetteri Oyj	29	112	21.8	13.8	5.6	5.0	0.3	0.2		11.3			0.9
Bilia AB	1114	2053	14.8	13.3	7.7	7.4	0.5	0.5	12.8	11.0	5.3	6.0	2.2
Ferronordic AB	54	204	11.9	9.4	3.7	3.3	0.5	0.4	7.1	4.6			0.4
KH Group (Inderes)	**32**	**100**	**15.0**	**10.1**	**5.0**	**4.3**	**0.5**	**0.4**	**103.2**	**9.0**	**0.0**	**0.0**	**0.6**
Average			**15.5**	**11.7**	**6.4**	**5.8**	**1.8**	**1.7**	**14.4**	**11.3**	**3.7**	**4.0**	**2.5**
Median			**15.1**	**12.2**	**6.7**	**6.2**	**1.0**	**0.9**	**15.1**	**11.1**	**3.5**	**3.6**	**2.2**
Diff-% to median			**-1%**	**-17%**	**-25%**	**-30%**	**-52%**	**-51%**	**585%**	**-19%**	**-100%**	**-100%**	**-70%**

Source: Refinitiv / Inderes

Income statement

Income statement	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**403**	**194**	**41.8**	**54.2**	**45.3**	**63.2**	**205**	**44.6**	**59.0**	**47.2**	**64.9**	**216**	**235**	**257**	**267**
KH-Koneet	152	150	33.1	43.6	37.9	48.2	163	35.3	47.5	39.4	50.1	172	193	214	223
Nordic Rescue Group	38.3	44.2	8.7	10.6	7.5	15.1	41.8	9.3	11.4	7.8	14.7	43.3	42.4	43.2	44.1
EBITDA	**31.9**	**20.3**	**3.6**	**4.1**	**4.5**	**7.5**	**19.8**	**2.1**	**5.8**	**4.8**	**7.3**	**20.0**	**23.6**	**26.0**	**28.4**
Depreciation	-35.0	-14.5	-3.7	-3.7	-3.6	-3.6	-14.6	-3.5	-3.7	-3.7	-3.7	-14.6	-14.5	-15.6	-16.9
EBIT (excl. NRI)	**10.8**	**7.2**	**0.2**	**0.8**	**1.2**	**4.2**	**6.3**	**-1.1**	**2.4**	**1.4**	**3.9**	**6.7**	**10.1**	**11.3**	**12.4**
EBIT	**-3.1**	**5.8**	**-0.1**	**0.5**	**0.9**	**3.9**	**5.1**	**-1.4**	**2.1**	**1.1**	**3.6**	**5.4**	**9.1**	**10.3**	**11.5**
KH-Koneet	9.0	6.3	-0.1	0.8	1.5	3.4	5.6	-1.1	2.0	1.6	3.2	5.8	9.7	10.7	11.8
Nordic Rescue Group	1.9	2.8	0.8	0.8	0.2	1.5	3.3	0.4	0.9	0.2	1.2	2.7	2.2	2.3	2.4
Non-allocated and PPA depreciation	-17.7	-3.3	-0.8	-1.1	-0.8	-0.7	-3.5	-0.8	-0.8	-0.7	-0.8	-3.1	-2.8	-2.7	-2.6
Net financial items	-12.3	-4.2	-0.4	-1.3	-0.9	-1.1	-3.8	-1.6	-1.3	-1.3	-1.3	-5.4	-5.4	-5.6	-5.7
PTP	**-15.4**	**1.6**	**-0.5**	**-0.9**	**-0.1**	**2.8**	**1.4**	**-3.1**	**0.9**	**-0.1**	**2.3**	**0.1**	**3.7**	**4.7**	**5.9**
Taxes	3.3	-0.2	0.1	0.2	0.0	-0.7	-0.3	0.2	-0.2	0.0	-0.5	-0.4	-0.7	-0.9	-1.2
Minority interest	5.2	5.3	-0.1	-0.2	0.0	-0.3	-0.6	0.0	-0.2	0.0	-0.3	-0.6	-0.5	-0.5	-0.6
Net earnings	**-6.7**	**-24.7**	**-0.5**	**-0.8**	**-0.1**	**1.0**	**-0.4**	**-2.9**	**0.5**	**-0.1**	**1.6**	**-1.0**	**2.5**	**3.2**	**4.1**
EPS (adj.)	**0.12**	**-0.40**	**0.00**	**-0.01**	**0.00**	**0.02**	**0.01**	**-0.04**	**0.01**	**0.00**	**0.032**	**0.01**	**0.06**	**0.07**	**0.08**
EPS (rep.)	**-0.11**	**-0.42**	**-0.01**	**-0.01**	**0.00**	**0.02**	**-0.01**	**-0.05**	**0.01**	**0.00**	**0.03**	**-0.02**	**0.04**	**0.06**	**0.07**

Key figures	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-6.0 %	-51.9 %	3.5 %	3.9 %	14.1 %	2.5 %	5.5 %	6.7 %	8.8 %	4.0 %	2.6 %	5.4 %	9.2 %	9.4 %	3.7 %
Adjusted EBIT growth-%		-33.3 %	433.3 %	-66.9 %	-21.9 %	21.5 %	-12.6 %	-630.0 %	212.0 %	23.7 %	-6.2 %	6.6 %	51.3 %	11.1 %	9.7 %
EBITDA-%	7.9 %	10.5 %	8.7 %	7.6 %	9.8 %	11.9 %	9.7 %	4.7 %	9.9 %	10.3 %	11.2 %	9.3 %	10.0 %	10.1 %	10.7 %
Adjusted EBIT-%	2.7 %	3.7 %	0.5 %	1.4 %	2.6 %	6.6 %	3.1 %	-2.4 %	4.1 %	3.0 %	6.0 %	3.1 %	4.3 %	4.4 %	4.6 %
Net earnings-%	-1.7 %	-12.7 %	-1.2 %	-1.5 %	-0.2 %	1.6 %	-0.2 %	-6.4 %	0.8 %	-0.3 %	2.4 %	-0.4 %	1.0 %	1.3 %	1.5 %

Source: Inderes

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

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	**184**	**72.2**	**71.9**	**72.0**	**76.7**
Goodwill	7.7	7.7	7.7	7.7	7.7
Intangible assets	10.3	9.2	8.0	7.1	6.4
Tangible assets	51.4	50.8	51.7	56.5	61.8
Associated companies	110	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.4	0.1	0.0	0.0	0.0
Deferred tax assets	4.1	4.5	4.4	0.8	0.8
Current assets	**87.7**	**84.5**	**89.5**	**97.7**	**107**
Inventories	60.2	60.2	62.5	68.3	74.7
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	18.5	20.7	19.4	21.2	23.2
Cash and equivalents	9.0	3.6	7.5	8.2	9.0
Balance sheet total	**272**	**157**	**161**	**170**	**184**

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**49.3**	**49.7**	**48.7**	**51.2**	**54.4**
Share capital	15.2	15.2	15.2	15.2	15.2
Retained earnings	21.9	34.5	33.5	36.0	39.2
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	12.9	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	-0.6	0.0	0.0	0.0	0.0
Non-current liabilities	**57.9**	**48.0**	**55.2**	**57.2**	**62.1**
Deferred tax liabilities	2.1	1.9	1.9	1.9	1.9
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	55.9	46.1	53.3	55.3	60.2
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	**165**	**59.0**	**57.4**	**61.4**	**67.0**
Interest bearing debt	23.3	25.9	22.9	23.7	25.8
Payables	31.3	33.1	34.5	37.7	41.2
Other current liabilities	110	0.0	0.0	0.0	0.0
Balance sheet total	**272**	**157**	**161**	**170**	**184**

DCF calculation

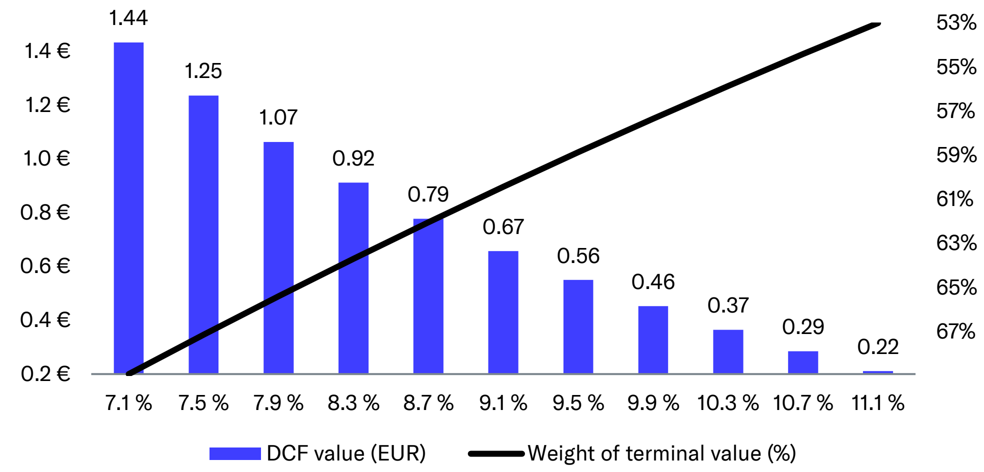
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%		5.4 %	9.2 %	9.4 %	3.7 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	1.5 %	1.5 %
EBIT-%	2.5 %	2.5 %	3.9 %	4.0 %	4.3 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %
EBIT (operating profit)	**5.1**	**5.4**	**9.1**	**10.3**	**11.5**	**15.0**	**15.3**	**15.7**	**16.0**	**16.3**	**16.5**	
+ Depreciation	14.6	14.6	14.5	15.6	16.9	17.4	17.8	18.1	18.4	18.7	19.0	
- Paid taxes	-0.8	-0.4	2.9	-0.9	-1.2	-1.9	-2.0	-2.1	-2.3	-2.4	-2.6	
- Tax, financial expenses	-0.9	-1.0	-1.1	-1.1	-1.1	-1.1	-1.1	-1.0	-0.9	-0.8	-0.7	
+ 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		0.4	-4.4	-4.9	-2.1	-1.5	-2.6	-1.3	-1.3	-1.3	-1.0	
Operating cash flow		**19.1**	**21.1**	**19.0**	**24.0**	**28.0**	**27.4**	**29.3**	**29.9**	**30.4**	**31.3**	
+ Change in other long-term liabilities		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX		-14.3	-18.3	-20.2	-18.6	-18.5	-18.7	-19.1	-19.5	-19.9	-19.9	
Free operating cash flow		**4.8**	**2.7**	**-1.2**	**5.5**	**9.4**	**8.8**	**10.2**	**10.4**	**10.5**	**11.3**	
+/- Other		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF		4.8	2.7	-1.2	5.5	9.4	8.8	10.2	10.4	10.5	11.3	151
Discounted FCFF		**4.5**	**2.4**	**-0.9**	**4.0**	**6.3**	**5.3**	**5.7**	**5.3**	**4.9**	**4.9**	**64.8**
Sum of FCFF present value		107	103	100	101	97.3	91.0	85.7	79.9	74.6	69.7	64.8
Enterprise value DCF		**107**										
- Interest bearing debt		-72.0										
+ Cash and cash equivalents		3.6										
+ Associated companies		0.0										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		**38.8**										
Equity value DCF per share		**0.67**										

WACC	
Tax-% (WACC)	19.0 %
Target debt ratio (D/(D+E)	50.0 %
Cost of debt	7.0 %
Equity Beta	1.60
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
Cost of equity	**12.6 %**
Weighted average cost of capital (WACC)	**9.1 %**

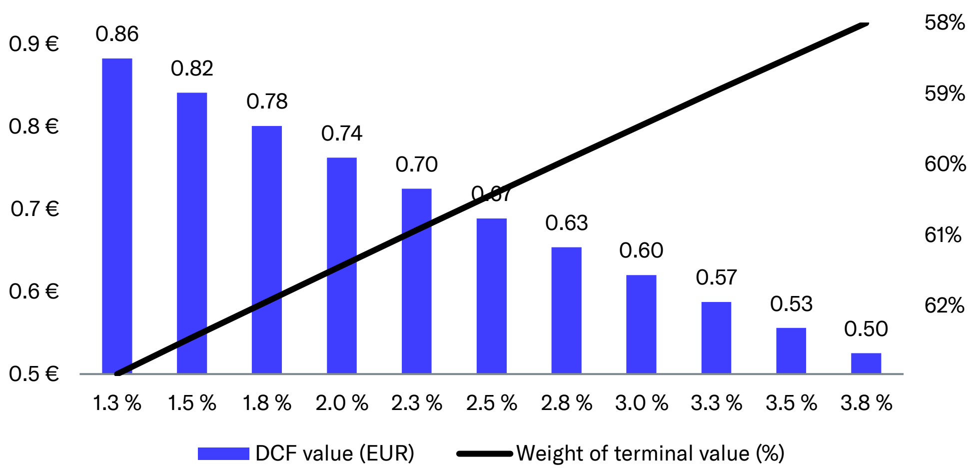
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

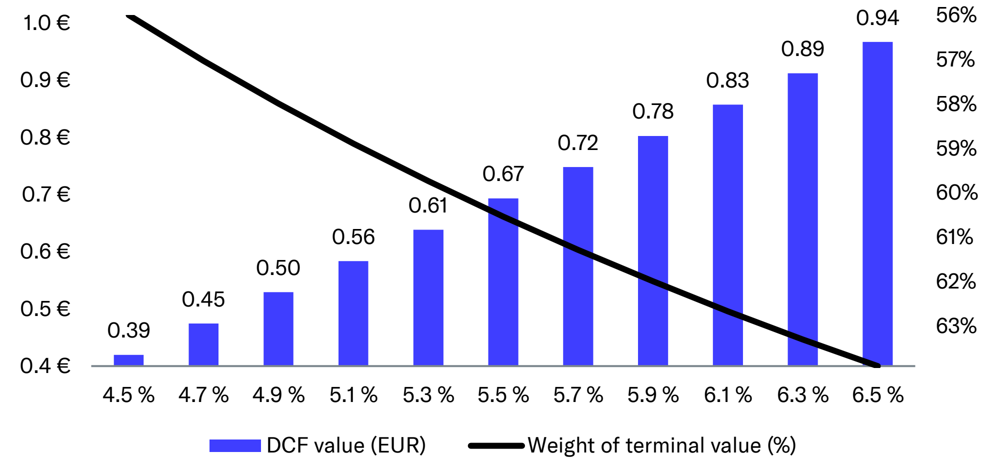
Sensitivity of DCF to changes in the WACC-%



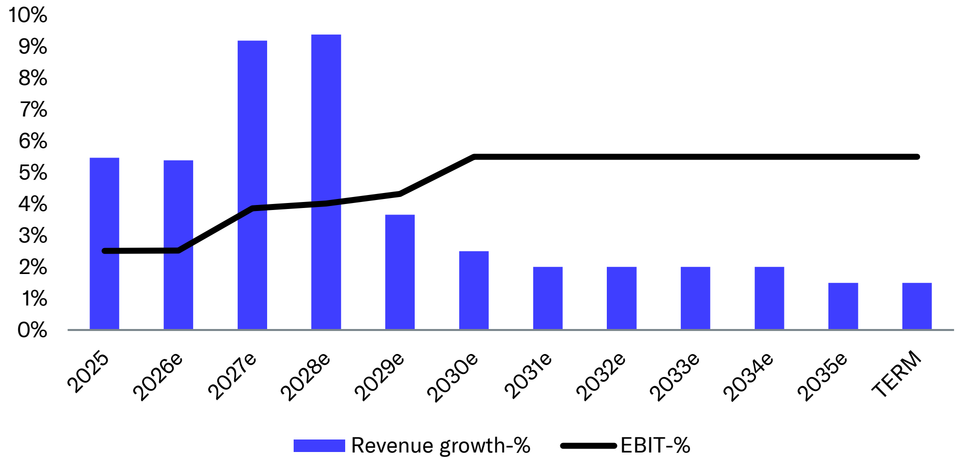
Sensitivity of DCF to changes in the risk-free rate



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	2023	2024	2025	2026e	2027e
Revenue	403.2	194.0	204.6	**215.6**	**235.4**
EBITDA	31.9	20.3	19.8	**20.0**	**23.6**
EBIT	-3.1	5.8	5.1	**5.4**	**9.1**
PTP	-15.4	1.6	1.4	**0.1**	**3.7**
Net Income	-6.7	-24.7	-0.4	**-1.0**	**2.5**
Extraordinary items	-13.9	-1.4	-1.2	**-1.3**	**-1.0**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	347.7	271.7	156.7	**161.3**	**169.7**
Equity capital	79.3	49.3	49.7	**48.7**	**51.2**
Goodwill	39.9	7.7	7.7	**7.7**	**7.7**
Net debt	154.9	70.2	68.4	**68.7**	**70.7**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	31.9	20.3	19.8	**20.0**	**23.6**
Change in working capital	14.0	100.1	-110.5	**0.4**	**-4.4**
Operating cash flow	43.4	110.3	-92.4	**19.1**	**21.1**
CAPEX	-35.1	123.2	-12.5	**-14.3**	**-18.3**
Free cash flow	9.7	227.4	-107.6	**4.8**	**2.7**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	0.5	0.5	0.5	**0.5**	**0.4**
EV/EBITDA	6.4	5.0	5.1	**5.0**	**4.3**
EV/EBIT (adj.)	19.0	14.2	15.9	**15.0**	**10.1**
P/E (adj.)	6.5	neg.	41.5	**>100**	**9.0**
P/B	0.6	0.6	0.6	**0.6**	**0.6**
Dividend-%	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	-0.11	-0.42	-0.01	**-0.02**	**0.04**
EPS (adj.)	0.12	-0.40	0.01	**0.01**	**0.06**
OCF / share	0.75	1.90	-1.59	**0.33**	**0.36**
OFCF / share	0.17	3.91	-1.85	**0.08**	**0.05**
Book value / share	1.29	0.86	0.86	**0.84**	**0.88**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	-6%	-52%	5%	**5%**	**9%**
EBITDA growth-%	168%	-36%	-3%	**1%**	**18%**
EBIT (adj.) growth-%	-9%	-33%	-13%	**7%**	**51%**
EPS (adj.) growth-%	-48%	-422%	103%	**-60%**	**1041%**
EBITDA-%	7.9 %	10.5 %	9.7 %	**9.3 %**	**10.0 %**
EBIT (adj.)-%	2.7 %	3.7 %	3.1 %	**3.1 %**	**4.3 %**
EBIT-%	-0.8 %	3.0 %	2.5 %	**2.5 %**	**3.9 %**
ROE-%	-8.5 %	-39.6 %	-0.8 %	**-1.9 %**	**4.9 %**
ROI-%	-1.2 %	3.1 %	4.1 %	**4.4 %**	**7.1 %**
Equity ratio	22.8 %	18.2 %	31.8 %	**30.2 %**	**30.2 %**
Gearing	195.2 %	142.4 %	137.7 %	**140.8 %**	**138.2 %**
Net debt/EBITDA	4.9	3.5	3.5	**3.4**	**3.0**
EBITDA/net financials	2.6	4.9	5.2	**3.7**	**4.3**

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.

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

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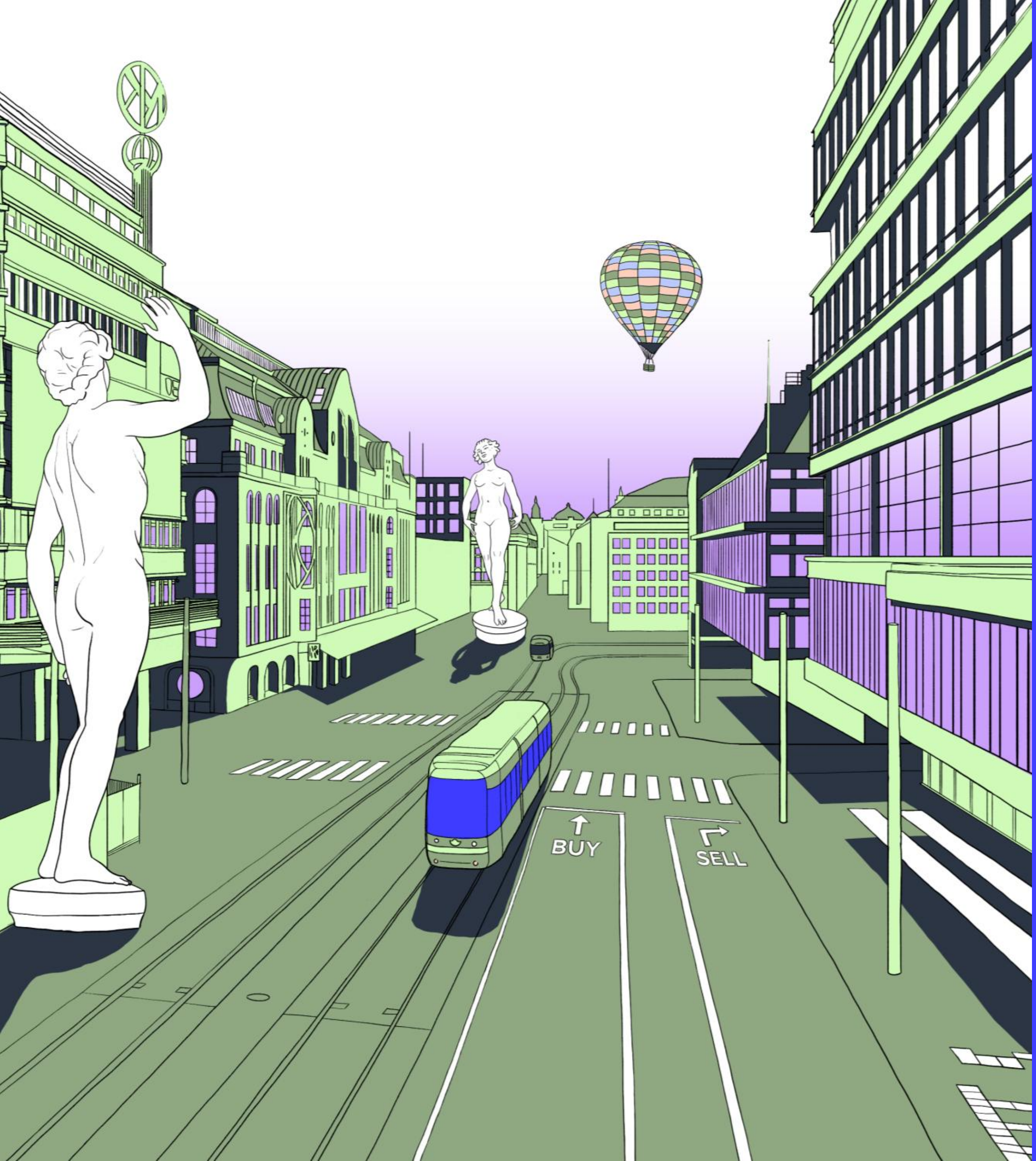
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
12/15/2021	Accumulate	2.00 €	1.94 €
3/4/2022	Buy	1.80 €	1.52 €
3/17/2022	Accumulate	1.80 €	1.64 €
5/6/2022	Buy	1.80 €	1.36 €
8/18/2022	Accumulate	1.50 €	1.29 €
11/4/2022	Buy	1.40 €	1.14 €
12/16/2022	Buy	1.40 €	1.17 €
2/21/2023	Accumulate	1.35 €	1.20 €
3/1/2023	Accumulate	1.20 €	1.08 €
5/5/2023	Buy	1.20 €	1.03 €
8/18/2023	Accumulate	1.05 €	0.95 €
	Analyst changed		
10/30/2023	Accumulate	0.90 €	0.77 €
11/2/2023	Accumulate	0.90 €	0.79 €
3/11/2024	Accumulate	0.80 €	0.68 €
3/22/2024	Accumulate	0.95 €	0.85 €
5/2/2024	Accumulate	0.80 €	0.70 €
5/7/2024	Reduce	0.65 €	0.61 €
6/10/2024	Accumulate	0.72 €	0.64 €
8/12/2024	Reduce	0.60 €	0.58 €
8/19/2024	Accumulate	0.65 €	0.57 €
11/4/2024	Accumulate	0.68 €	0.60 €
3/17/2025	Accumulate	0.68 €	0.56 €
3/24/2025	Accumulate	0.65 €	0.55 €
5/7/2025	Accumulate	0.65 €	0.53 €
8/18/2025	Accumulate	0.60 €	0.51 €
9/22/2025	Reduce	0.52 €	0.49 €
11/3/2025	Reduce	0.50 €	0.46 €
11/28/2025	Reduce	0.45 €	0.42 €
2/13/2026	Reduce	0.60 €	0.55 €
3/23/2026	Reduce	0.60 €	0.55 €
5/6/2026	Reduce	0.55 €	0.54 €



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