SOLWERS

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Awaiting concrete signs of earnings turnaround

We revise our target price for Solwers to EUR 2.5 (was EUR 2.65) reflecting negative forecast changes. The H1 report was underwhelming, and profitability remained weak. A market recovery is still some time away, and, although the building blocks for recovery are clearly in place, uncertainty about improving earnings has increased. Breaches of covenants also raise the short-term risk profile, and overall, the risk/reward ratio leans negative in our view. We are lowering our recommendation to Reduce (previously Accumulate) and will wait for concrete signs of a recovery in earnings levels.

Underwhelming H1 report

Although revenue grew by 6%, driven by acquisitions, organic growth was slightly negative due to subdued demand and intense price competition. Profitability continued to develop poorly, and EBIT was close to zero, as in Q1. In addition to weak demand and intense price competition, margins were weighed down by non-recurring items totaling approximately 1 MEUR (project challenges and transition to the main list). Previous savings were buried under margin pressures. The company stated that it had continued its moderate adjustment measures and aims at savings of 1 MEUR during 2025. Due to weak earnings development, the company did not meet its covenant terms at the end of H1, but its principal lender, Nordea, has granted a waiver in this regard. While we are not overly concerned about the covenant breach, it highlights the company's weak earnings level and the need for improvement.

The company expects to benefit from the general market upturn, which is projected to strengthen towards the end of the year. Additionally, the company already reported signs of a tentative market upturn, though the recovery has been delayed again compared to previous expectations. Solwers also reported that its order book was at a good level and that billing rates had risen moderately. Given the company's value chain position, it should benefit relatively quickly from the market recovery.

Normal profitability level a key question mark

We have revised our estimates downward following the lackluster H1 report. We still predict that organic revenue will gradually increase in H2'25, driven by the market situation. As utilization rates improve, savings are realized, and one-time costs are eliminated, the company's results should also recover significantly. Currently, the key question is what the company's normal level of profitability will be once the market improves. In our opinion, it will evidently be better than the 2024 level, which was clearly burdened by a weak cycle and non-recurring expenses, but a return to the 2019-2023 averages seems unlikely at the moment. Although our profitability forecasts are clearly below the 2019-23 levels, we anticipate a substantial improvement in profitability in the coming years.

Profit improvement drives the stock price

Solwers' risk profile also depends on its normal level of profitability, as the company's ability to service its debt and, at the same time, the level of risk associated with the debt depend on its earnings level. In simplified terms, if profitability remained close to the levels seen during the previous 18 months, 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 (P/E 5-6x) if profitability were to return to even close to the average levels of 2019–2023.

In light of our lowered forecasts and increased financial risks, the risk-reward of the share has weakened and leans toward negative. Although the stock undoubtedly has considerable potential as results recover, there is growing uncertainty about the timing of earnings improvement and normal earnings levels. In addition, increased financial risks raise the risk profile and limit opportunities for corporate acquisitions.

Recommendation
Reduce
(was Accumulate)

Target price:
EUR 2.50
(was EUR 2.65)

Share price:
EUR 2.32

Business risk

Valuation risk

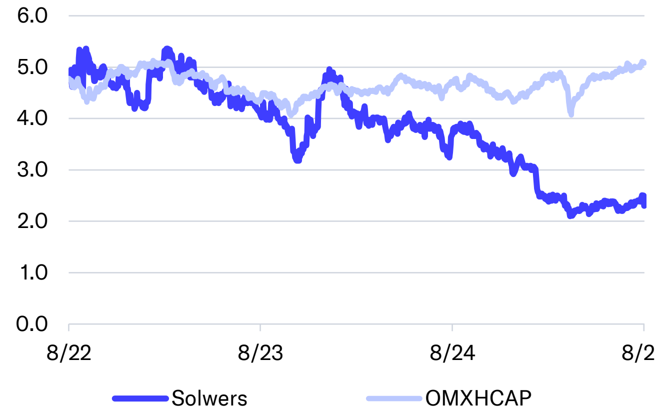
	2024	2025e	2026e	2027e
Revenue	78.3	81.8	84.6	86.7
growth-%	19%	4%	3%	2%
EBIT adj.	2.7	0.8	3.7	4.0
EBIT-% adj.	3.5 %	0.9 %	4.3 %	4.6 %
Net Income	1.1	-0.6	2.0	2.3
EPS (adj.)	0.11	-0.06	0.20	0.23
P/E (adj.)	28.2	neg.	11.7	10.2
P/B	0.8	0.6	0.6	0.5
Dividend yield-%	0.7 %	1.7 %	1.9 %	2.2 %
EV/EBIT (adj.)	21.0	64.2	12.6	11.1
EV/EBITDA	8.9	9.7	5.9	5.5
EV/S	0.7	0.6	0.5	0.5

Source: Inderes

Guidance (Unchanged)

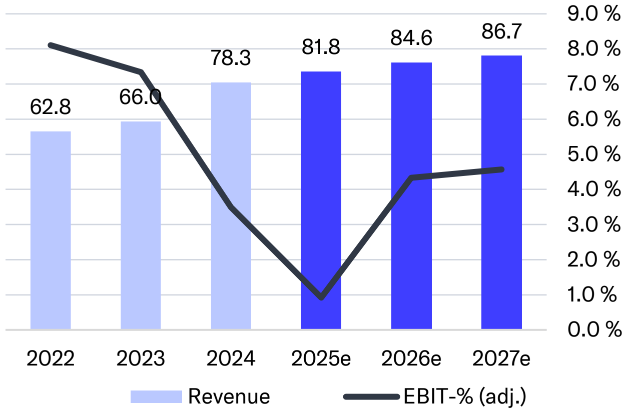
Market uncertainty is limiting future visibility. As Solwers' operations depend on investments, the company benefits from the general market recovery that is anticipated to strengthen towards the end of the year 2025.

Share price



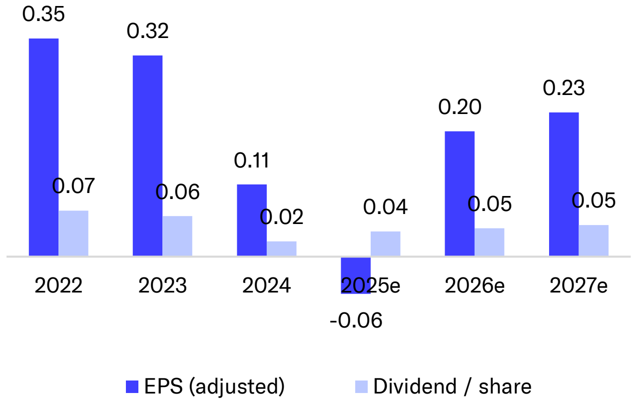
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

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	2.32	2.32	2.32
Number of shares, millions	10	10	10
Market cap	23	23	23
EV	48	46	44
P/E (adj.)	neg.	11.7	10.2
P/E	neg.	11.7	10.2
P/B	0.6	0.6	0.5
P/S	0.3	0.3	0.3
EV/Sales	0.6	0.5	0.5
EV/EBITDA	9.7	5.9	5.5
EV/EBIT (adj.)	64.2	12.6	11.1
Payout ratio (%)	neg.	22.7 %	21.9 %
Dividend yield-%	1.7 %	1.9 %	2.2 %

Source: Inderes

Profitability remained low

Revenue in line with expectations, market situation remains challenging

Solwers' revenue increased by 6% to 42.3 MEUR in H1 and was fully in line with our 42.1 MEUR estimate. Revenue grew, driven by acquisitions, and organic growth was slightly negative.

The market situation has remained sluggish, and the initial positive signs seen at the beginning of the year have yet to materialize into growth. The situation in the Swedish market in particular appears to be more challenging than before. The revenue trend did not change in Q2, with growth coming entirely from acquisitions.

Price competition weighed on profitability

Profitability was clearly disappointing, with EBITA coming in at 1.8 MEUR, whereas we had expected an EBITA result of 3.3 MEUR. The margin was a modest 4.3%, weighed down by fierce price competition, issues with a project, and one-time costs related to the transfer to the main list. In Q2, profitability remained at the same level as in the first quarter, and the impact of cost-cutting measures was offset by margin pressures. Ultimately, EBIT remained close to zero, and due to the low operating result, earnings per share fell into negative territory. The company stated that the H1 result included a total of approximately 1 MEUR in non-recurring items related to the transfer to the main list and one project in Sweden. Solwers also stated that it had continued its moderate adjustment measures, aiming for savings of 1 MEUR in group operations during 2025.

Market pick-up still some way off

As regards market outlook, the early signs of recovery seen at the beginning of the year have not yet translated into growth. In Finland, the company sees a cautious light at the end of the tunnel, but the market environment in Sweden has become slightly more challenging than before. The company reported that its order book was at a good level and that billing rates had risen moderately. On the whole, the company still expects the market to recover towards the end of the year, though this is, of course, subject to general macroeconomic developments.

Covenants not met at the end of H1

The company also stated in its report that it did not meet its net debt/EBITDA covenant at the end H1. The company's principal lender, Nordea, has granted a waiver in this regard, under which the net debt/EBITDA covenant did not apply as of the June 30, 2025 review date. While we are not overly concerned about the covenant breach, it highlights the company's weak earnings level and the need for improvement.

Estimates	H1'24	H1'25	H1'25e	H1'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	39.9	42.3	42.1				1%	81.8
EBITA	3.3	1.8	3.3				-44%	5.8
EBIT	2.0	0.2	1.5				-88%	0.8
EPS (reported)	0.07	-0.06	0.07				-180%	-0.06
Revenue growth-%	18.6 %	6.0 %	5.5 %				0.6 pp	4.5 %
EBITA-%	8.2 %	4.3 %	7.7 %				-3.4 pp	7.0 %

Source: Inderes

Solwers Q2'25: Profitability challenges (English subtitles)

Estimates down after disappointing results

Revenue growth the key to success

We have revised our estimates downward due to the weak H1 report. We would like to point out that, although the percentage changes in the forecast appear large, the amounts in euros are quite moderate. We continue to predict that Solwers' revenue will also turn to organic growth in H2, with full-year growth of around 4%.

In 2026, we forecast organic growth to accelerate with strengthening investment activity and easing price competition. Although the market recovery has been slower than expected, the building blocks for accelerated growth are clearly in place. Key drivers of economic growth include substantial investment packages in Germany and the EU, improving consumer purchasing power, and a sharp decline in interest rates. We note that our growth forecast is conservative, and if the economy were to start growing strongly, Solwers' growth would likely exceed our forecasts. However, we believe that caution is warranted given the repeated delays in the start of growth.

Profitability will improve as the market recovers

In terms of profitability, we expect the 2025 result to be notably weak due to the poor first half of the year, non-recurring expenses and only a gradually improving market. Profitability will improve more markedly in 2026 as one-time costs disappear, cost-cutting measures take effect, and price levels begin to recover. We note that Solwers' earnings leverage is likely to be very strong once savings are realized, one-time items are eliminated, and revenue begins to grow as price levels recover and demand increases.

Normalized profitability level a key question mark

Our profitability forecasts for the coming years are conservative and well below the previous five-year average (2019-2023). At the moment, the key question for Solwers is what is the company's normal level of profitability when the market finally improves. We believe it's obvious that it will be much higher than the levels seen in 2024-2025, and the company itself believes it's realistic to expect a return to the average levels seen in 2019-2023. We currently consider this unlikely, as a return would require a significantly stronger market recovery than is projected.

During its earnings call, the company stated its intention to adhere to the original covenant terms (net debt/EBITDA <3.5x) by the end of H1'26 at the latest. With current net debt of approximately 25 MEUR, this would require an EBITDA of around 7 MEUR for the period H2'25-H1'26. Our own forecasts are slightly below this but still in the same ballpark as the company's. As Q3 is likely to remain challenging in terms of results, pressure will mount on Q4 and the beginning of next year to deliver improved earnings. The focus here is naturally on market recovery.

Estimate revisions MEUR / EUR	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	81.5	81.8	0%	84.4	84.6	0%	86.5	86.7	0%
EBITDA	6.4	5.0	-22%	7.7	7.8	1%	8.1	7.9	-2%
EBIT	2.8	0.8	-73%	4.1	3.7	-10%	4.4	4.0	-9%
PTP	1.6	-0.6	-140%	3.0	2.6	-15%	3.4	2.9	-13%
EPS (excl. NRIs)	0.13	-0.06	-146%	0.23	0.20	-15%	0.26	0.23	-13%
DPS	0.04	0.04	0%	0.05	0.05	0%	0.05	0.05	0%

Source: Inderes

Solwers, Webcast, Q2'25

Risk/reward has shifted to insufficient

Share price determined by profitability level

Solwers' result has fallen sharply over the last 18 months, reflecting the challenging market situation as well as, in part, non-recurring expenses. We believe it is clear that the results we have seen over the last 18 months are very different from the company's normal level, and the main questions are when the results will improve and at what rate.

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 the first half of 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. The weak earnings level throughout H1 increases uncertainty regarding the normalized earnings level, while the breached covenants raise the risk level of the share. It is therefore 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 remain good.

Share will be cheap once earnings improvement materializes

Solwers' revenue-based EV/S ratio is 0.6x for 2025. In our view, this is a moderate level given the profitability potential of this type of service business. However, relative to recent profitability levels, we do not consider this level to be unjustified, and we believe that a higher valuation on a revenue basis would require an increase in profitability from current levels.

The above-mentioned way of thinking is also well reflected in the share's earnings-based valuation, as with our updated forecasts, the share is expensive for the current year (2025e P/E neg., EV/EBIT +60x). Similarly, in 2026-2027, the multiples will fall to a very reasonable level (P/E 10-12x), 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 15% based on 2026 multiples. However, we believe that the discount is justified, given the current level of profitability.

Expected return shifting to insufficient

In light of our lowered forecasts and increased financial risks, the risk-reward of the share has weakened and leans toward negative. Although the stock undoubtedly has considerable potential as results recover, there is growing uncertainty about the timing of earnings improvement and normal earnings levels. In addition, increased financial risks raise the risk profile and limit the company's opportunities for corporate acquisitions. While it is true that breaching covenants does not directly prevent acquisitions, it naturally narrows the company's room for maneuver and, we believe, its willingness to take risks. Due to the increased risk level, we have also revised the company's cost of equity upwards, which has reduced the value of the DCF model.

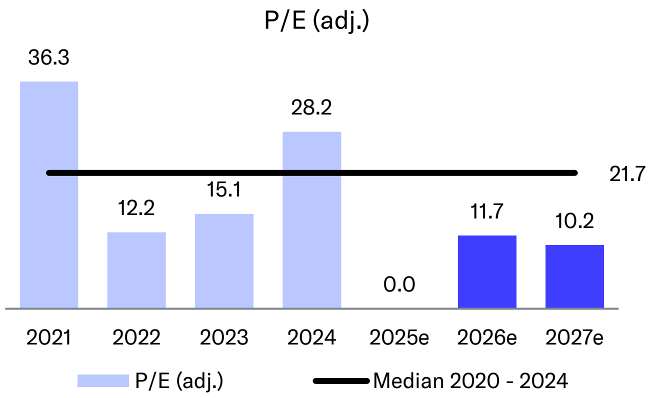
Valuation	2025e	2026e	2027e
Share price	2.32	2.32	2.32
Number of shares, millions	10	10	10
Market cap	23	23	23
EV	48	46	44
P/E (adj.)	neg.	11.7	10.2
P/E	neg.	11.7	10.2
P/B	0.6	0.6	0.5
P/S	0.3	0.3	0.3
EV/Sales	0.6	0.5	0.5
EV/EBITDA	9.7	5.9	5.5
EV/EBIT (adj.)	64.2	12.6	11.1
Payout ratio (%)	neg.	22.7 %	21.9 %
Dividend yield-%	1.7 %	1.9 %	2.2 %

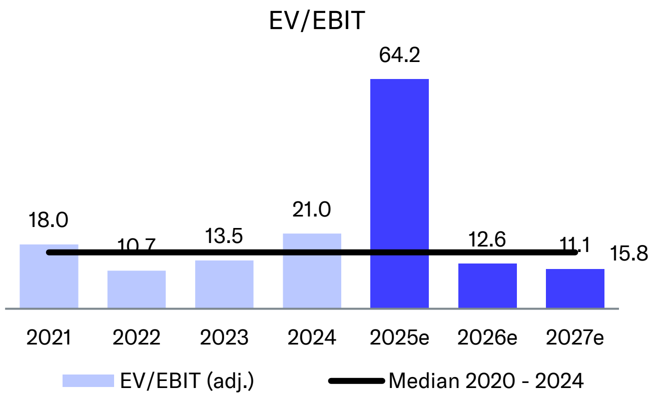
Source: Inderes

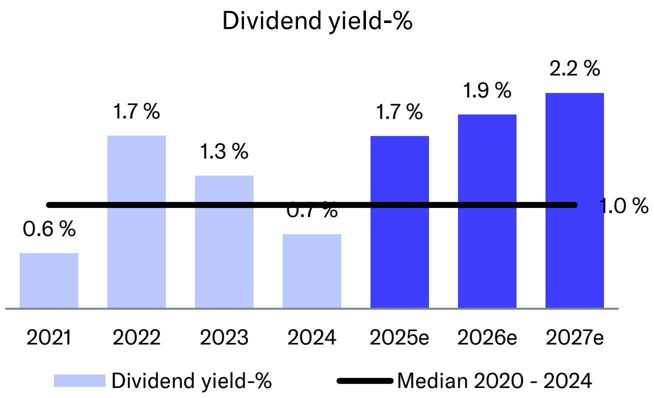
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price		7.20	4.22	4.82	3.22	2.32	2.32	2.32	2.32
Number of shares, millions		7.24	9.83	9.92	10	10	10	10	10
Market cap		52	41	48	32	23.3	23.3	23.3	23.3
EV		61	54	66	58	48.3	46.1	44.1	41.6
P/E (adj.)		36.3	12.2	15.1	28.2	neg.	11.7	10.2	7.6
P/E		36.3	12.2	15.1	28.2	neg.	11.7	10.2	7.6
P/B		1.7	1.1	1.2	0.8	0.6	0.6	0.5	0.5
P/S		1.2	0.7	0.7	0.4	0.3	0.3	0.3	0.3
EV/Sales		1.4	0.9	1.0	0.7	0.6	0.5	0.5	0.5
EV/EBITDA		11.0	6.7	8.2	8.9	9.7	5.9	5.5	4.8
EV/EBIT (adj.)		18.0	10.7	13.5	21.0	64.2	12.6	11.1	8.5
Payout ratio (%)		20.2 %	21.1 %	20.1 %	21.0 %	neg.	22.7 %	21.9 %	20.0 %
Dividend yield-%		0.6 %	1.7 %	1.3 %	0.7 %	1.7 %	1.9 %	2.2 %	2.6 %

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
Sitowise	92	173	72.3	22.4	11.8	9.1	0.9	0.9		64.0		0.4	0.8
Sweco AB	5353	5893	20.6	18.6	15.9	14.4	2.1	1.9	25.1	22.5	2.2	2.4	4.6
Afry AB	1568	2796	18.8	14.6	12.3	10.4	1.2	1.1	16.9	11.8	3.7	4.9	1.3
Rejlers AB	397	451	15.7	13.0	9.2	8.3	1.1	1.0	17.3	14.3	2.9	3.3	2.1
WSP Global	22651	25462	24.0	20.2	16.2	14.5	3.0	2.7	29.7	25.9	0.5	0.5	4.1
Etteplan	266	351	17.3	13.6	8.9	7.8	1.0	0.9	21.7	14.1	2.3	3.1	2.1
Arcadis NV	3723	4760	11.3	9.9	8.5	7.6	0.9	0.9	13.0	11.1	2.7	3.1	2.7
Solwers (Inderes)	23	48	64.2	12.6	9.7	5.9	0.6	0.5	-39.6	11.7	1.7	1.9	0.6
Average			25.7	16.1	11.8	10.3	1.4	1.4	20.6	23.4	2.4	2.5	2.5
Median			18.8	14.6	11.8	9.1	1.1	1.0	19.5	14.3	2.5	3.1	2.1
Diff-% to median			242%	-14%	-17%	-35%	-45%	-46%	-303%	-18%	-31%	-38%	-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	39.5	81.8	84.6	86.7	88.9
Group	66.0	39.9	38.4	78.3	42.3	39.5	81.8	84.6	86.7	88.9
EBITDA	8.0	3.8	2.7	6.5	2.3	2.7	5.0	7.8	7.9	8.7
Depreciation	-3.1	-1.8	-1.9	-3.7	-2.1	-2.1	-4.2	-4.1	-4.0	-3.8
EBIT	4.8	2.0	0.8	2.7	0.2	0.6	0.8	3.7	4.0	4.9
EBITA	7.0	3.3	2.2	5.5	1.8	2.4	4.2	7.3	7.7	7.3
Net financial items	-1.0	-0.8	-0.5	-1.3	-0.8	-0.6	-1.4	-1.1	-1.1	-1.0
PTP	3.9	1.1	0.3	1.4	-0.6	0.0	-0.6	2.6	2.9	3.9
Taxes	-0.7	-0.4	0.2	-0.2	0.1	0.0	0.1	-0.6	-0.6	-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	0.0	-0.6	2.0	2.3	3.1
EPS (adj.)	0.32	0.07	0.04	0.11	-0.06	0.00	-0.06	0.20	0.23	0.31
EPS (rep.)	0.32	0.07	0.04	0.11	-0.06	0.00	-0.06	0.20	0.23	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 %	2.8 %	4.5 %	3.5 %	2.5 %	2.5 %
EBITDA-%	12.1 %	9.4 %	7.1 %	8.3 %	5.4 %	6.8 %	6.1 %	9.2 %	9.2 %	9.8 %
EBITA-%	10.6 %	8.2 %	5.9 %	7.0 %	4.3 %	6.0 %	5.2 %	8.6 %	8.8 %	8.2 %
Net earnings-%	4.8 %	1.9 %	1.0 %	1.5 %	-1.3 %	0.0 %	-0.7 %	2.4 %	2.6 %	3.5 %

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	55	63	61	61	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	7.9	6.9	6.2
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	33	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	18.8	19.5	20.0
Cash and equivalents	16.0	11.6	13.1	13.5	13.9
Balance sheet total	87	94	95	95	95

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	40	41	40	42	43
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	2.4	1.7	0.9	2.5	4.3
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	33
Interest bearing debt	4.7	14.0	16.9	17.3	17.6
Payables	1.9	2.0	2.2	2.3	2.3
Other current liabilities	11.4	12.9	12.9	12.9	12.9
Balance sheet total	87	94	95	95	95

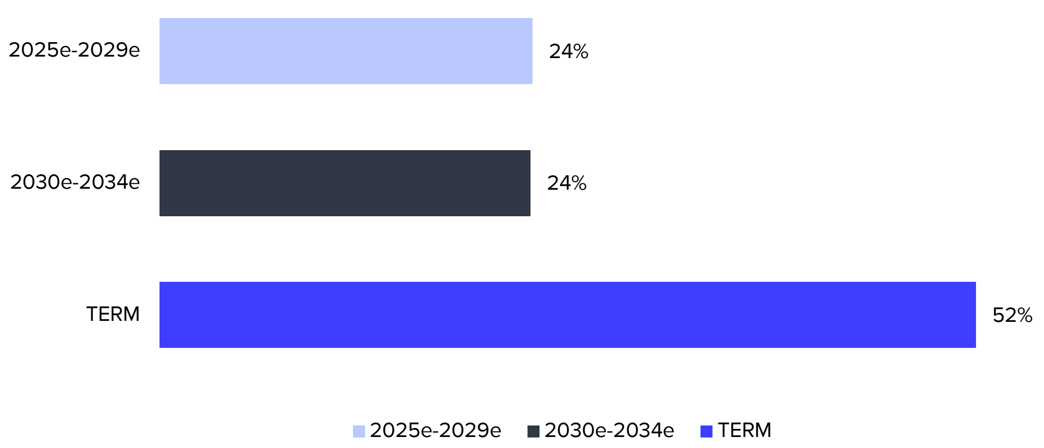
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	18.6 %	4.5 %	3.5 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	3.5 %	0.9 %	4.3 %	4.6 %	5.5 %	6.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %
EBIT (operating profit)	2.7	0.8	3.7	4.0	4.9	5.4	6.5	6.6	6.7	6.9	7.0	
+ Depreciation	3.7	4.2	4.1	4.0	3.8	3.7	3.6	3.8	3.8	3.9	3.7	
- Paid taxes	-1.0	0.1	-0.6	-0.6	-0.8	-0.9	-1.2	-1.2	-1.3	-1.3	-1.4	
- Tax, financial expenses	-0.2	-0.1	-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	-0.2	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	
Operating cash flow	3.5	4.7	6.6	6.7	7.2	7.6	8.4	8.6	8.7	8.9	8.8	
+ 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	-3.9	
Free operating cash flow	-5.9	1.5	3.4	3.3	3.7	4.0	4.7	4.9	4.9	5.1	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	1.5	3.4	3.3	3.7	4.0	4.7	4.9	4.9	5.1	4.9	65.4
Discounted FCFF		1.5	3.0	2.7	2.7	2.7	2.8	2.7	2.5	2.4	2.1	27.6
Sum of FCFF present value		52.7	51.2	48.2	45.5	42.8	40.1	37.2	34.5	32.0	29.6	27.6
Enterprise value DCF		52.7										
- Interest bearing debt		-37										
+ Cash and cash equivalents		11.6										
-Minorities		-0.1										
-Dividend/capital return		-0.2										
Equity value DCF		27										
Equity value DCF per share		2.7										

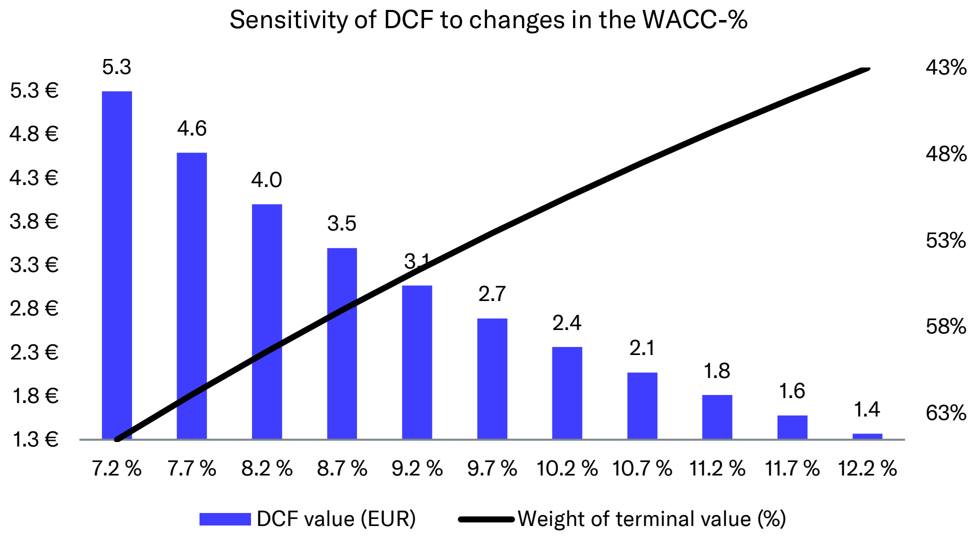
WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	4.5 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	1.60%
Risk free interest rate	2.5 %
Cost of equity	11.2 %
Weighted average cost of capital (WACC)	9.7 %

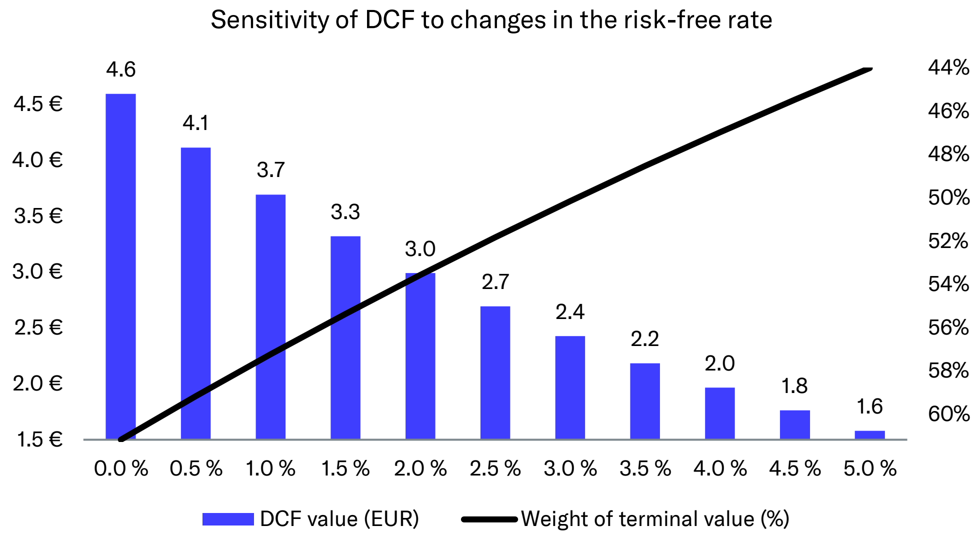
Source: Inderes

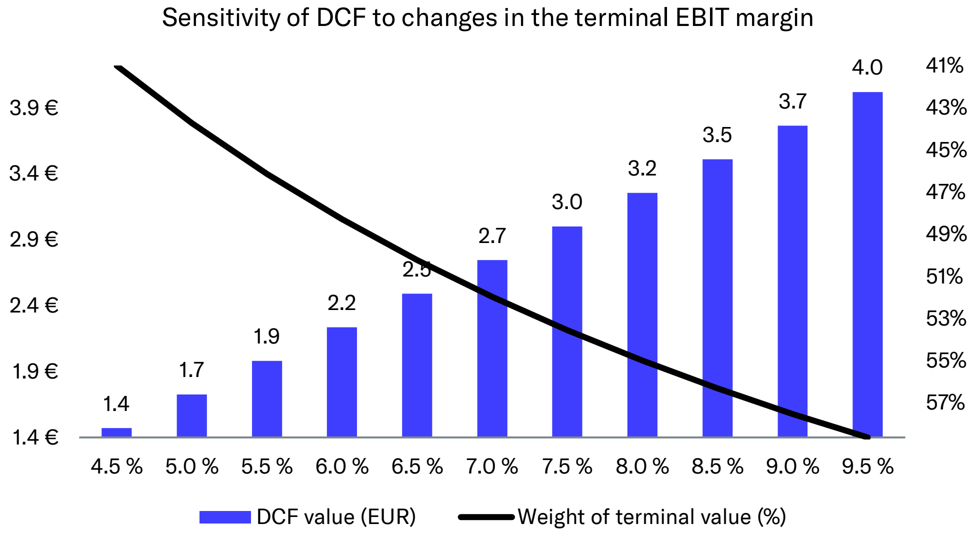
Cash flow distribution

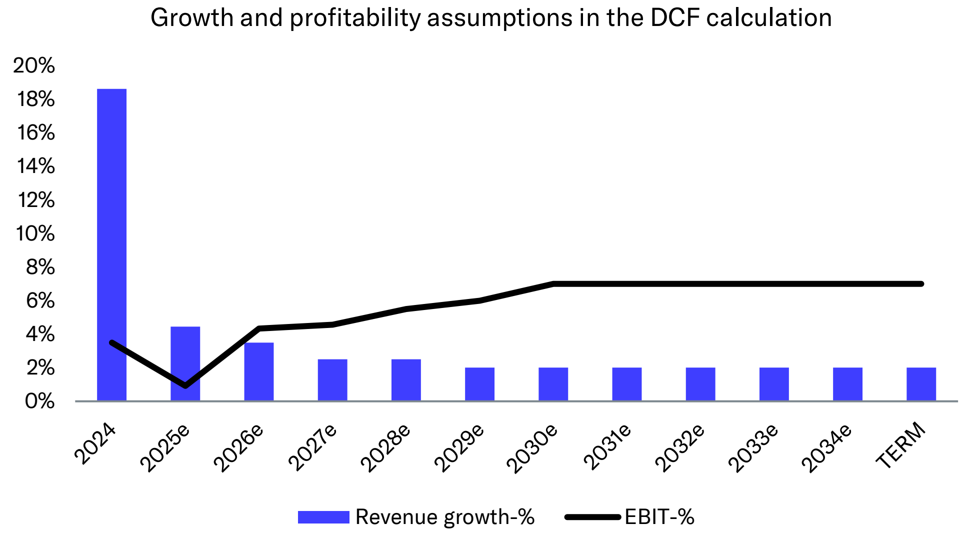


DCF sensitivity calculations and key assumptions in graphs









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
Revenue	62.8	66.0	78.3	81.8	84.6
EBITDA	8.2	8.0	6.5	5.0	7.8
EBIT	5.1	4.8	2.7	0.8	3.7
PTP	4.6	3.9	1.4	-0.6	2.6
Net Income	3.4	3.2	1.1	-0.6	2.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	81.7	87.0	94.1	94.6	94.6
Equity capital	38.1	40.4	40.9	40.0	41.6
Goodwill	37.8	42.0	46.9	46.9	46.9
Net debt	12.2	17.1	25.1	24.9	22.7

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	8.2	8.0	6.5	5.0	7.8
Change in working capital	-2.9	-1.0	-1.8	-0.2	-0.3
Operating cash flow	3.8	5.9	3.5	4.7	6.6
CAPEX	-7.6	-8.5	-10.6	-3.2	-3.2
Free cash flow	-7.0	-3.1	-5.9	1.5	3.4

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	9.7	5.9
EV/EBIT (adj.)	10.7	13.5	21.0	64.2	12.6
P/E (adj.)	12.2	15.1	28.2	neg.	11.7
P/B	1.1	1.2	0.8	0.6	0.6
Dividend-%	1.7 %	1.3 %	0.7 %	1.7 %	1.9 %

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	0.35	0.32	0.11	-0.06	0.20
EPS (adj.)	0.35	0.32	0.11	-0.06	0.20
OCF / share	0.39	0.59	0.35	0.47	0.66
OFCF / share	-0.71	-0.32	-0.59	0.15	0.34
Book value / share	3.81	4.02	4.05	3.97	4.13
Dividend / share		0.06	0.02	0.04	0.05

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	41%	5%	19%	4%	3%
EBITDA growth-%	48%	-2%	-19%	-24%	57%
EBIT (adj.) growth-%	51%	-5%	-44%	-73%	388%
EPS (adj.) growth-%	74%	-8%	-64%	-151%	-438%
EBITDA-%	13.0 %	12.1 %	8.3 %	6.1 %	9.2 %
EBIT (adj.)-%	8.1 %	7.3 %	3.5 %	0.9 %	4.3 %
EBIT-%	8.1 %	7.3 %	3.5 %	0.9 %	4.3 %
ROE-%	9.9 %	8.2 %	2.8 %	-1.5 %	4.9 %
ROI-%	8.4 %	6.8 %	3.6 %	1.0 %	4.7 %
Equity ratio	46.6 %	46.4 %	43.4 %	42.3 %	44.0 %
Gearing	32.0 %	42.3 %	61.5 %	62.1 %	54.6 %

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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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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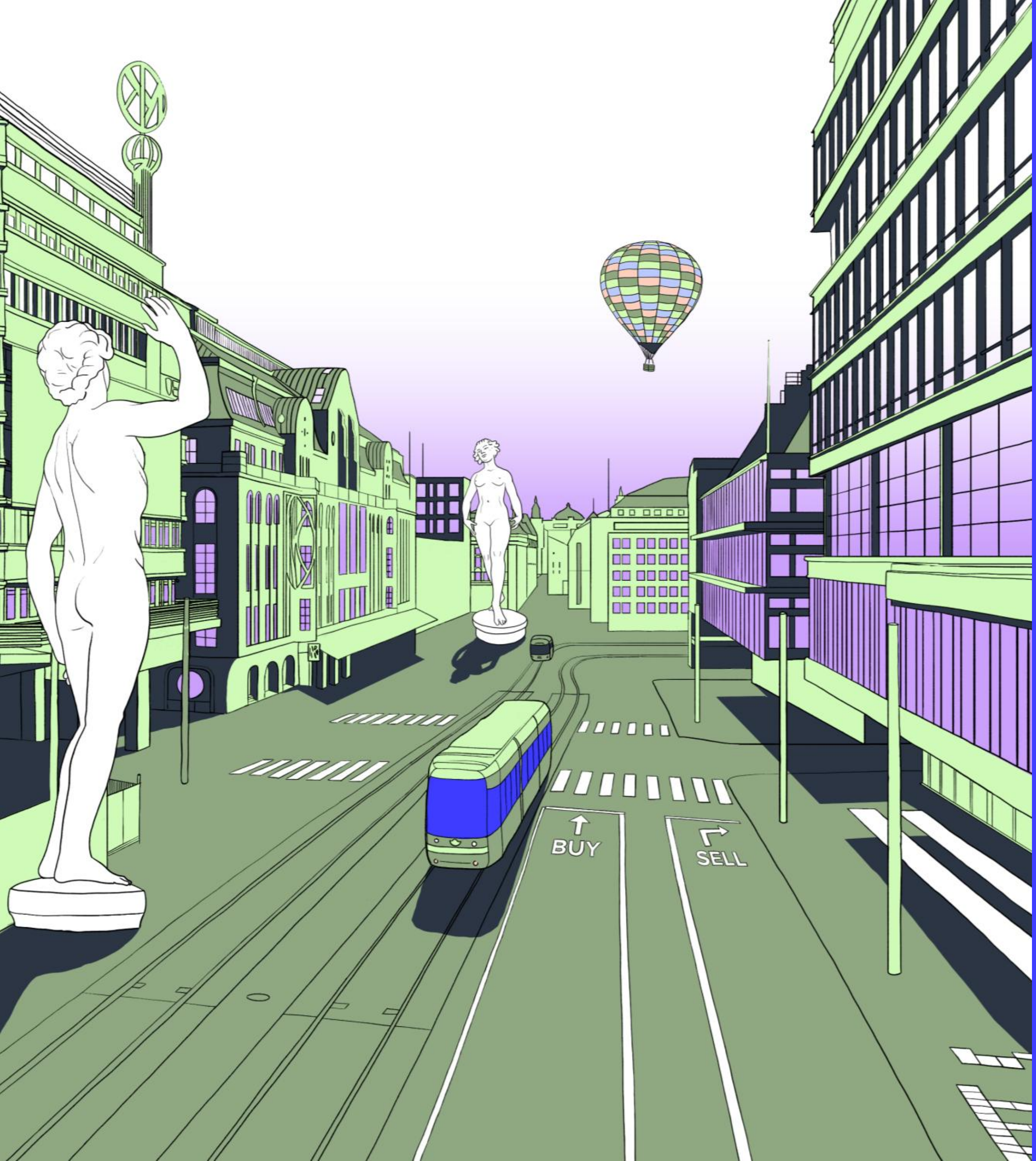
Recommendation history (>12 mo)

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 €
12/2/2014	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 €



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