NORRHYDRO

04/23/2026 07:23 EEST

This is a translated version of the ”Vuosi lähti käyntiin duurisoinnussa” report, published on 04/23/2026

Antti Viljakainen, Head of Research
+358 44 591 2216
antti.viljakainen@inderes.fi

INDERES CORPORATE CUSTOMER

COMPANY REPORT

The year started on a high note

Norrhydro's Q1 earnings were clearly better than we expected, and strong cash flow supported the company's financial position. We made no material changes to our near-term annual estimates after the report, as the macroeconomic repercussions of the war in Iran offset the strong Q1. We reiterate our Accumulate recommendation and EUR 1.70 target price for moderately valued Norrhydro.

Performance improved significantly in Q1

Norrhydro's Q1 revenue grew by 21% to 7.2 MEUR, roughly in line with our estimate. We estimate that growth came mainly from the mining, marine, and defense segments, while the forest industry and construction either weakened or remained weak. EBITDA nearly quadrupled to 0.9 MEUR in Q1. Revenue growth supported EBITDA generation, but the beat was mainly due to increased production efficiency. The good result was also reflected in cash flow, as the company avoided working capital commitment in Q1. The free cash flow reduced Norrhydro's net debt by approximately 0.6MEUR. An upward trajectory in earnings and cash flow development is also the best remedy for the company's financial position, which, despite positive developments over the past year or so, still has room for improvement.

Guidance remained unchanged as expected, although the geopolitical situation may cause problems in the near future

In its Q1 report, Norrhydro reiterated its 2026 revenue guidance of 30-32 MEUR and EBITDA guidance of 3-4 MEUR. The reiterated guidance was in line with our expectations. However, the outlook comments were cautious, as Norrhydro stated that the tightening geopolitical situation has been reflected in demand in recent weeks and has caused inflationary pressures in the supply chain. The company expects this to be reflected in Q2 orders and deliveries. Margins may also face slight pressure in the coming quarters, as passing on inflation to customer prices occurs with a delay, even in the best-case scenario. However, Norrhydro believes that the overall market will continue to recover this year, but due to the geopolitical situation, the pace may be slower than previously estimated. Based on comments, new products and customers are expected to provide additional support for growth during late 2026 and 2027.

We slightly cut the company's Q2 and Q3 revenue and margin estimates due to macroeconomic factors, but the Q1 beat supported our current year estimates. Our current year estimates are in the lower half of the revenue guidance range and in the upper half of the earnings guidance range. We estimate that 2026 revenue will primarily be generated from conventional cylinders, with more significant revenue from EMA and MCC cylinders (NorrDigi) expected next year at the earliest. We made no significant estimate changes for the coming years, but we expect the upward trajectory to continue with a more moderate slope in a slightly improving economic environment.

A more attractive valuation picture offsets a slight increase in outlook risks

The ongoing earnings turnaround's progress has lowered valuation multiples and helped the company reduce the balance sheet risk caused by its relatively high indebtedness. We believe Norrhydro's 2026 earnings-based valuation of EV/EBIT 10x is reasonably attractive, considering the turnaround potential in the key forest and construction segments, as well as NorrDigi's development phase. We estimate that the current share price could already be justified by the earnings of the conventional business, even if one does not believe in NorrDigi's breakthrough. Although the valuation appears attractive and we consider the outlook to be on an upward trajectory despite increasing risks, the cyclicality of the industry, dependence on certain customers, indebtedness, and the difficult predictability of NorrDigi's breakthrough keep the share's risk profile (i.e., estimate risks) quite high in our view.

Recommendation
Accumulate
(was Accumulate)

Target price:
EUR 1.70
(was EUR 1.70)

Share price:
EUR 1.44

Business risk ●●●●○

Valuation risk ●●●●○

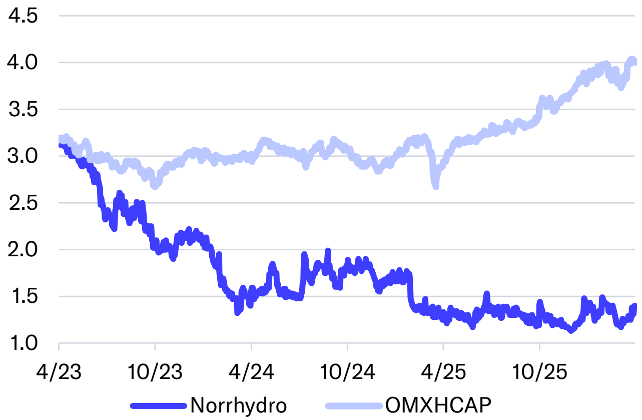
	2025	2026e	2027e	2028e
Revenue	28.7	30.6	34.0	37.9
growth-%	18%	7%	11%	12%
EBIT adj.	1.4	2.5	2.6	3.4
EBIT-% adj.	5.0 %	8.1 %	7.7 %	8.8 %
Net Income	0.2	1.4	1.4	2.0
EPS (adj.)	0.03	0.13	0.13	0.19
Dividend	0.00	0.00	0.04	0.07
P/E (adj.)	41.7	11.0	10.8	7.7
P/B	1.6	1.7	1.5	1.3
Dividend yield-%	0.0 %	0.0 %	2.8 %	4.9 %
EV/EBIT (adj.)	15.6	9.5	8.4	6.2
EV/EBITDA	8.4	6.4	5.3	4.2
EV/S	0.8	0.8	0.6	0.5

Source: Inderes

Guidance (Unchanged)

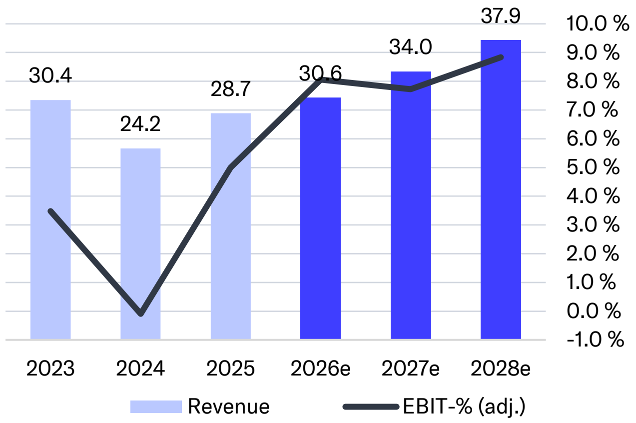
Revenue for 2026 is estimated to be 30-32 MEUR and EBITDA 3-4 MEUR.

Share price



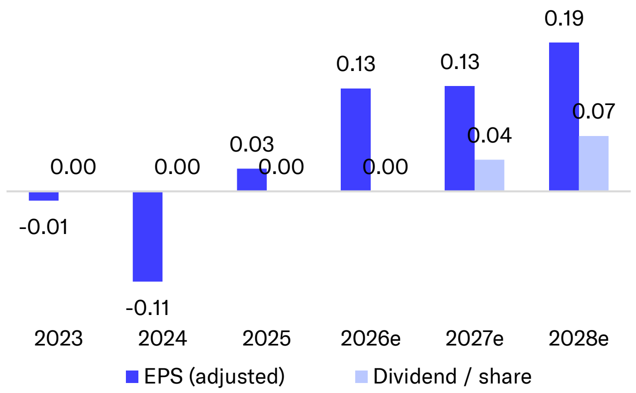
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Growth potential in basic cylinders through market recovery and market share gains
- The modern factory's scalability supports profitability
- NorrDigi's growth opportunity in higher technology products
- Impressive customer list and close, long-term customer relationships

Risk factors

- Cyclicality of key customer industries
- Concentration of customer base
- Failure to commercialize NorrDigi
- The balance sheet is indebted and contains significant capitalized development costs

Valuation	2026e	2027e	2028e
Share price	1.44	1.44	1.44
Number of shares, millions	11.0	11.0	11.0
Market cap	16	16	16
EV	23	22	21
P/E (adj.)	11.0	10.8	7.7
P/E	11.7	11.5	8.0
P/B	1.7	1.5	1.3
P/S	0.5	0.5	0.4
EV/Sales	0.8	0.6	0.5
EV/EBITDA	6.4	5.3	4.2
EV/EBIT (adj.)	9.5	8.4	6.2
Payout ratio (%)	0.0 %	31.8 %	38.8 %
Dividend yield-%	0.0 %	2.8 %	4.9 %

Source: Inderes

The start to the year was stronger than expected

Strong growth continued in Q1

Norrhydro only recently started quarterly reporting, so Q1 comparison figures were not available before the report. This made forecasting difficult, and relative changes in particular should therefore be assessed with caution.

Norrhydro's Q1 revenue increased by 21% to 7.2 MEUR, roughly in line with our estimate. Discord in customer segments continued much as expected, as demand in the forest industry weakened and construction remained subdued. We estimate that growth came especially from the mining, marine industry, and defense segments, even though the company stated that the strong growth in these segments had already slowed down last year.

Profitability rose significantly higher than the comparison period and our expectations

Norrhydro managed to almost quadruple its EBITDA in Q1from the weak comparison period to 0.9 MEUR, significantly exceeding our estimate. Revenue growth typically supported Norrhydro's EBITDA accumulation, in line with the logic of the engineering business. However, the outperformance against our estimates was mainly due to improved production efficiency in terms of material and service costs. In contrast, there were no surprises in the fixed cost structure (including personnel expenses and other operating expenses) or depreciation compared to our estimates. Financial expenses were also slightly below our estimates, and Norrhydro recorded zero taxes for Q1. Consequently, Norrhydro's clearly positive EPS, which rose to EUR 0.035, improved significantly from the comparison period and vastly exceeded our zero-level estimate.

Net debt decreased clearly in Q1

The strong result was also reflected in cash flow, as the company avoided tying up working capital early in the year despite strong revenue growth. Cash flow from operating activities was EUR 0.7 million (Q1'25: -0.6 MEUR) and investments in tangible and intangible assets in Q1 were also only marginal. Q1's free cash flow reduced Norrhydro's net debt by some 0.6 MEUR. However, we note that the company's cash flow can fluctuate quite significantly every quarter.

The upward trajectory in earnings and cash flow development is also the best remedy for the company's financial position, and based on the last 12 months' earnings, the company's net debt to EBITDA ratio fell to a tolerable level of around 2.6x at the end of Q1 (3.4x at the end of 2025). Consequently, we feel the risk level associated with the company's financial position decreased slightly with the report. We estimate that net debt reduction will remain high on the company's priority list as the primary capital allocation target.

The company had only 0.1 MEUR in cash assets at the end of Q1, but approximately 0.7 MEUR of the 1.5 MEUR credit facility was still available. We believe this is sufficient for the company to operate normally.

Estimates MEUR / EUR	Q1'25 Comparison	Q1'26 Actualized	Q1'26e Inderes	Q1'26e Consensus	Consensus Low High	Difference (%) Act. vs. inderes	2026e Inderes
Revenue	5.97	7.2	7.4			-3%	30.6
EBITDA	0.24	0.91	0.56			60%	3.7
EBIT	-0.10	0.59	0.24			143%	2.4
PTP	-0.04	0.39	-0.02			2626%	1.4
EPS (adj.)	-0.03	0.04	0.00			5428%	0.13
Revenue growth-%		20.5 %	5.0 %			15.5 pp	7%
EBIT-%	-1.6 %	8.3 %	3.3 %			5 pp	7.8 %

Source: Inderes

We left our future estimates largely unchanged

No significant surprises in the company's outlook for now

- The company still expects profitable growth to continue in 2026 and guides for revenue of 30-32 MEUR and EBITDA of 3-4 MEUR. The reiteration of the guidance was exactly in line with expectations.
- However, the outlook comments were cautious, as Norrhydro stated that the tightening geopolitical situation has been reflected in demand in recent weeks and has caused inflationary pressures in the supply chain. The company expects this to be reflected in Q2 orders and deliveries. Norrhydro believes that the overall market will continue to recover this year, but due to the geopolitical situation, the pace may be slower than previously estimated.
- There were no significant changes in NorrDigi's outlook. The commercialization of EMA electromechanical cylinders continues, and revenue may already grow slightly from a low level this year. Testing of the MCC excavator solution is still ongoing and will continue at least until the fall. Thus, sales of the solution are, at best, only starting towards the end of the year. Overall, the outlook for NorrDigi solutions was in line with our expectations, and in our view, the Q1 report did not offer any significant new perspectives regarding NorrDigi.
- We slightly cut our Q2 and Q3 revenue and margin estimates due to macro factors, but the Q1 beat supported our current year estimates. We made no significant estimate revisions for the coming years. Our 2026 estimates (revenue of 31 MEUR and EBITDA of 3.4 MEUR) are close to the mid-points of the guidance ranges. We slightly lowered our estimates for the company's financial expenses on the back of the Q1 development.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	31.0	30.6	-1%	34.1	34.0	0%	38.0	37.9	0%
EBITDA	3.4	3.7	9%	4.1	4.2	0%	5.0	5.0	0%
EBIT (exc. NRIs)	2.2	2.5	14%	2.6	2.6	0%	3.4	3.4	0%
EBIT	2.1	2.4	15%	2.5	2.5	0%	3.3	3.3	0%
EPS (excl. NRIs)	0.10	0.13	31%	0.13	0.13	2%	0.19	0.19	0%
DPS	0.00	0.00		0.04	0.04	0%	0.07	0.07	0%

Source: Inderes

The earnings potential is intact

Investment profile: Two different elements

Norrhydro's equity story consists of two very different elements. Forecasting the long-term earnings level of the conventional cylinder business is relatively straightforward and reliable due to the long history and mature nature of the industry. On the other hand, there is not yet a strong understanding of the earnings potential of the new NorrDigi technologies. NorrDigi's operations are currently unprofitable due to a lack of significant revenue, but if successful, it offers potential to strengthen the margin and value creation profile in the long term.

Norrhydro’s earnings have been weak in recent history due to costs associated with the ramp-up of the new factory, the development of NorrDigi technologies, and weak demand in key customer segments. However, the earnings turnaround seen over the last year or so has reversed the balance sheet's high indebtedness, thereby decreasing the risk level associated with the financial position. Indebtedness is still somewhat elevated, and in our view, the balance sheet cannot withstand major disappointments in earnings development or, e.g., write-downs of intangible assets if NorrDigi's growth fails (vs. the auditor mentioned risks related to the balance sheet values of these assets in connection with the 2025 financial statements).

Earnings-based valuation is already moderate, and we see further earnings growth potential

The turnaround in earnings has significantly lowered the stock's earnings-based valuation. In our view, a fair valuation level of EV/EBIT 9-12x could be applied to a company operating as a subcontractor in the engineering sector that generates a reasonable return on capital.

Based on our 2026 forecasts, the EV/EBIT would be only 10x, which we believe is a cautiously attractive level for Norrhydro Group, considering the company's relatively strong long-term growth profile (5% realized annual growth over a 10-year period), the early development stage of NorrDigi, and the current, partly unfavorable business cycle in customer industries. If the cyclical recovery and NorrDigi's commercial breakthrough materialize, the share could have strong upside potential. The balance sheet's debt leverage also amplifies the impact of the earnings outlook on the share price.

The DCF value, which is slightly above our target price, also supports a positive view on the stock. Due to the nature of the business portfolio (i.e., two different businesses), the DCF margin of error is exceptionally high, even though our required return in the model (unchanged) is quite high.

Valuing NorrDigi is challenging

There is considerable uncertainty regarding the realization of NorrDigi's growth, and our medium-term forecasts are relatively demanding. However, we do not believe that the share price reflects significant successes for NorrDigi. We consider it likely that as the commercialization of the solutions progresses, investors would begin to front-load value to NorrDigi's growth. However, this would require concrete successes and the solutions to reach commercial use in significant volumes. We have estimated that in NorrDigi's breakthrough scenario (based on 2030 forecasts), the discounted standalone value of the business could be around EUR 1.4 per share (see the extensive report), which is almost at the current share price level. On the other hand, as long as there is no evidence of the business's commercial success, the unprofitability of the operations will weigh down the company's valuation.

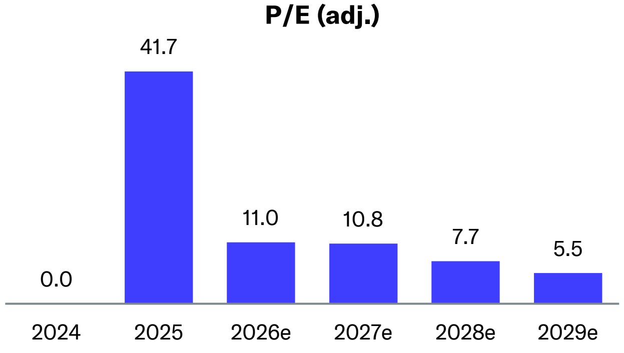
Valuation	2026e	2027e	2028e
Share price	1.44	1.44	1.44
Number of shares, millions	11.0	11.0	11.0
Market cap	16	16	16
EV	23	22	21
P/E (adj.)	11.0	10.8	7.7
P/E	11.7	11.5	8.0
P/B	1.7	1.5	1.3
P/S	0.5	0.5	0.4
EV/Sales	0.8	0.6	0.5
EV/EBITDA	6.4	5.3	4.2
EV/EBIT (adj.)	9.5	8.4	6.2
Payout ratio (%)	0.0 %	31.8 %	38.8 %
Dividend yield-%	0.0 %	2.8 %	4.9 %

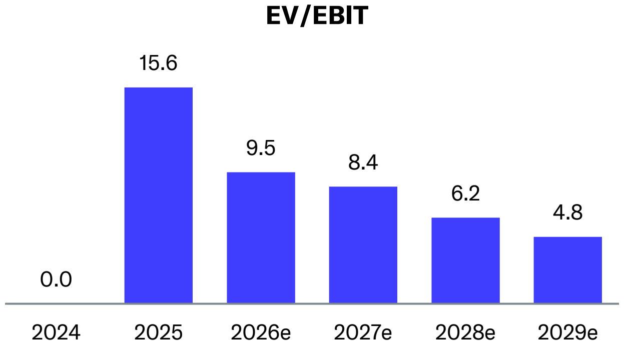
Source: Inderes

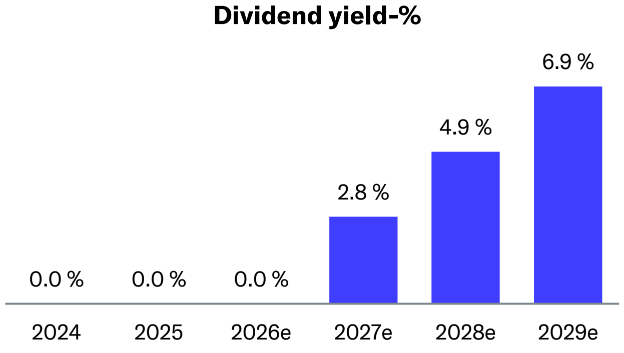
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	4.32	3.13	2.07	1.62	1.20	**1.44**	**1.44**	**1.44**	**1.44**
Number of shares, millions	8.46	10.9	10.9	11.0	11.0	**11.0**	**11.0**	**11.0**	**11.0**
Market cap	47	34	23	18	13	**16**	**16**	**16**	**16**
EV	47	42	32	27	22	**23**	**22**	**21**	**19**
P/E (adj.)	23.2	21.5	neg.	neg.	41.7	**11.0**	**10.8**	**7.7**	**5.5**
P/E	>100	>100	neg.	neg.	56.5	**11.7**	**11.5**	**8.0**	**5.5**
P/B	4.2	3.2	2.5	2.3	1.6	**1.7**	**1.5**	**1.3**	**1.1**
P/S	1.9	1.1	0.7	0.7	0.5	**0.5**	**0.5**	**0.4**	**0.4**
EV/Sales	1.9	1.4	1.1	1.1	0.8	**0.8**	**0.6**	**0.5**	**0.5**
EV/EBITDA	15.9	19.7	29.4	21.8	8.4	**6.4**	**5.3**	**4.2**	**3.4**
EV/EBIT (adj.)	21.8	17.8	30.5	neg.	15.6	**9.5**	**8.4**	**6.2**	**4.8**
Payout ratio (%)	185.1 %	1521.2 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**31.8 %**	**38.8 %**	**38.2 %**
Dividend yield-%	1.4 %	1.9 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**2.8 %**	**4.9 %**	**6.9 %**

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**
Kesla Oyj	21	32	15.8		10.5		0.8	0.9	18.2		1.9		1.7
Robit Plc	25	40	20.0	20.0	6.7	6.7	0.5	0.5			4.3		0.5
Ponsse Oyj	661	681	19.3	16.4	9.8	8.9	0.9	1.0	71.5	20.9	2.0	2.9	2.0
Kalmar	3037	3044	15.5	13.7	11.3	10.9	1.8	1.8	20.3	18.5	2.3	2.4	4.2
Hiab	2934	2721	9.8	12.6	8.0	10.6	1.1	1.8	13.7	18.3	3.7	2.9	2.5
Metso Corp	13040	14122	18.7	18.5	15.6	15.1	2.9	2.7	25.4	25.4	2.2	2.4	5.0
Sandvik AB	45763	48766	25.3	24.6	18.7	18.4	4.3	4.4	34.7	31.8	1.4	1.5	5.3
Kongsberg Gruppen ASA	29615	28145	47.7	37.1	38.0	30.4	6.4	5.3	63.1	45.1	0.8	1.7	17.3
Enerpac Tool Group Corp	1550	1625	15.0	14.3	12.7	12.4	3.3	3.1	20.2	19.6			3.8
Interpump Group SpA	4018	4320	12.0	12.6	9.1	9.2	2.1	2.1	16.9	17.2	0.9	0.9	2.1
Parker-Hannifin Corp	104469	112512	31.5	28.5	27.0	25.5	6.7	6.7	39.2	36.3	0.6	0.7	10.3
Donaldson Company Inc	8712	9126	19.7	18.3	16.4	15.6	3.0	2.9	26.2	24.1	1.1	1.3	6.7
SMC Corp	24425	20863	16.0	13.7	16.2	16.9	5.0	4.9	26.2	29.4	1.3	1.4	2.6
Norrhydro (Inderes)	**16**	**23**	**9.5**	**8.4**	**6.4**	**5.3**	**0.8**	**0.6**	**11.0**	**10.8**	**0.0**	**2.8**	**1.7**
Average			**20.2**	**18.8**	**15.4**	**15.2**	**3.1**	**3.1**	**30.9**	**26.3**	**1.8**	**1.8**	**4.8**
Median			**17.4**	**16.4**	**14.2**	**15.1**	**2.9**	**2.8**	**26.2**	**24.7**	**1.4**	**1.5**	**3.2**
Diff-% to median			***-45%***	***-49%***	***-55%***	***-65%***	***-74%***	***-77%***	***-58%***	***-56%***	***-100%***	***84%***	***-47%***

Source: Refinitiv / Inderes

Income statement

Income statement	2023	2024	H1'25	H2'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**30.4**	**24.2**	**14.9**	**13.8**	**28.7**	**7.2**	**8.4**	**6.5**	**8.6**	**30.6**	**34.0**	**37.9**	**42.3**
EBITDA	**1.1**	**1.3**	**1.23**	**1.42**	**2.65**	**0.93**	**1.15**	**0.46**	**1.14**	**3.68**	**4.16**	**4.97**	**5.69**
Depreciation	-1.4	-1.3	-0.65	-0.65	-1.30	-0.33	-0.31	-0.31	-0.33	-1.29	-1.62	-1.70	-1.72
EBIT (excl. NRI)	**1.1**	**0.0**	**0.61**	**0.82**	**1.44**	**0.62**	**0.86**	**0.17**	**0.83**	**2.47**	**2.62**	**3.35**	**3.97**
EBIT	**-0.3**	**-0.1**	**0.57**	**0.78**	**1.35**	**0.59**	**0.83**	**0.15**	**0.81**	**2.39**	**2.54**	**3.27**	**3.97**
Net financial items	-1.2	-1.2	-0.57	-0.55	-1.12	-0.21	-0.26	-0.26	-0.26	-0.98	-0.91	-0.81	-0.41
PTP	**-1.4**	**-1.3**	**0.01**	**0.23**	**0.23**	**0.39**	**0.57**	**-0.11**	**0.55**	**1.41**	**1.63**	**2.46**	**3.56**
Taxes	0.0	0.0	0.00	0.00	0.00	0.00	-0.01	0.01	-0.05	-0.05	-0.24	-0.47	-0.68
Net earnings	**-1.4**	**-1.3**	**0.01**	**0.23**	**0.23**	**0.39**	**0.56**	**-0.10**	**0.51**	**1.35**	**1.39**	**1.99**	**2.89**
EPS (adj.)	**-0.01**	**-0.11**	**0.00**	**0.02**	**0.03**	**0.04**	**0.05**	**-0.01**	**0.05**	**0.13**	**0.13**	**0.19**	**0.26**
EPS (rep.)	**-0.13**	**-0.12**	**0.00**	**0.02**	**0.02**	**0.04**	**0.05**	**-0.01**	**0.05**	**0.12**	**0.13**	**0.18**	**0.26**

Key figures	2023	2024	H1'25	H2'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	2.2 %	-20.2 %	13.5 %	24.3 %	18.5 %	0.0 %	-43.8 %	0.0 %	-37.7 %	6.8 %	10.9 %	11.6 %	11.4 %
Adjusted EBIT growth-%										72.1 %	6.3 %	27.7 %	18.5 %
EBITDA-%	3.6 %	5.2 %	8.2 %	10.3 %	9.2 %	12.9 %	13.7 %	7.1 %	13.3 %	12.0 %	12.2 %	13.1 %	13.5 %
Adjusted EBIT-%	3.5 %	-0.1 %	4.1 %	5.9 %	5.0 %	8.6 %	10.2 %	2.6 %	9.6 %	8.1 %	7.7 %	8.8 %	9.4 %
Net earnings-%	-4.8 %	-5.5 %	0.1 %	1.6 %	0.8 %	5.4 %	6.7 %	-1.6 %	5.9 %	4.4 %	4.1 %	5.3 %	6.8 %

Source: Inderes

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

Balance sheet

Assets	2025	2026e	2027e	2028e	2029e
Non-current assets	**14.0**	**13.5**	**13.3**	**13.2**	**13.4**
Goodwill	0.3	0.3	0.3	0.3	0.3
Intangible assets	8.5	8.5	8.4	8.4	8.5
Tangible assets	5.3	4.7	4.6	4.5	4.5
Other investments	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**9.6**	**10.3**	**11.4**	**12.6**	**13.8**
Inventories	8.2	8.8	9.7	10.7	11.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	1.1	1.2	1.3	1.5	1.6
Cash and equivalents	0.3	0.3	0.3	0.4	0.4
Balance sheet total	**23.6**	**23.8**	**24.7**	**25.8**	**27.2**

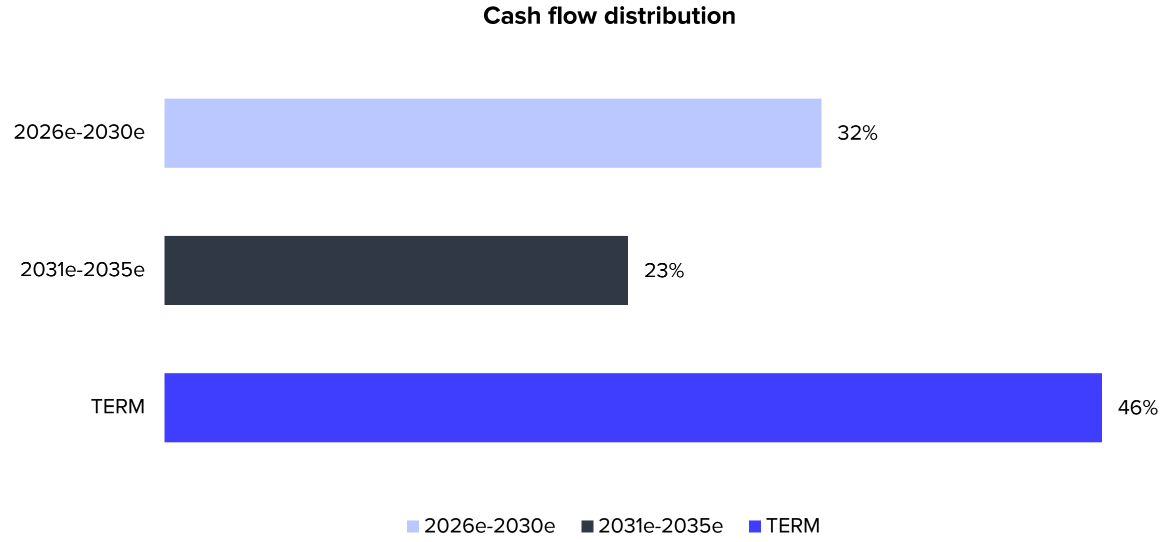
Source: Inderes

Liabilities & equity	2025	2026e	2027e	2028e	2029e
Equity	**8.2**	**9.5**	**10.9**	**12.5**	**14.6**
Share capital	4.3	4.3	4.3	4.3	4.3
Retained earnings	-6.5	-5.1	-3.7	-2.2	-0.1
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Other equity	10.4	10.4	10.4	10.4	10.4
Non-current liabilities	**5.9**	**5.3**	**4.5**	**3.6**	**2.6**
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	5.9	5.3	4.5	3.6	2.6
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	**9.5**	**9.0**	**9.3**	**9.7**	**10.0**
Interest bearing debt	3.4	2.5	2.1	1.6	1.0
Payables	6.1	6.5	7.2	8.1	9.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**23.6**	**23.8**	**24.7**	**25.8**	**27.2**

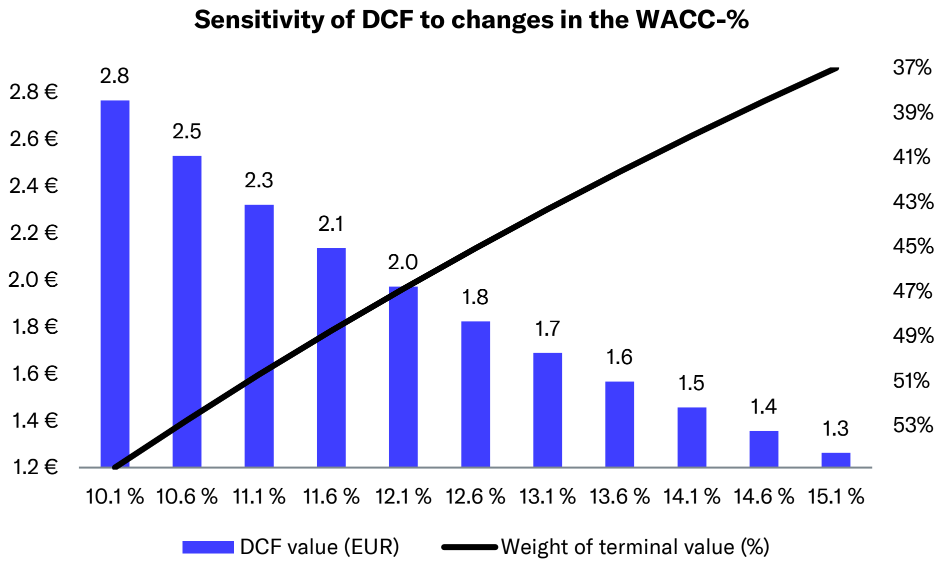
DCF-calculation

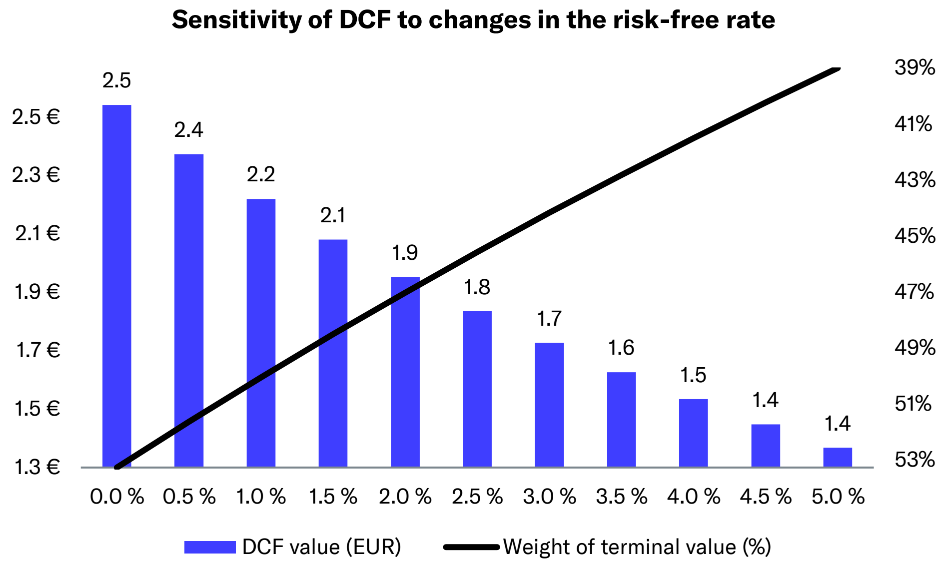
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	18.5 %	6.8 %	10.9 %	11.6 %	11.4 %	12.2 %	10.8 %	8.1 %	10.0 %	10.0 %	2.5 %	2.5 %
EBIT-%	4.7 %	7.8 %	7.5 %	8.6 %	9.4 %	9.8 %	9.8 %	9.8 %	8.0 %	8.0 %	8.0 %	8.0 %
EBIT (operating profit)	**1.4**	**2.4**	**2.5**	**3.3**	**4.0**	**4.6**	**5.1**	**5.5**	**5.0**	**5.5**	**5.6**	
+ Depreciation	1.3	1.3	1.6	1.7	1.7	1.7	1.8	1.9	2.1	2.1	2.2	
- Paid taxes	0.0	-0.1	-0.2	-0.5	-0.7	-0.8	-0.9	-1.0	-0.9	-1.0	-1.1	
- Tax, financial expenses	0.0	0.0	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
- Change in working capital	-0.5	-0.2	-0.3	-0.3	-0.3	-0.4	-0.5	-0.4	-0.6	-0.6	-0.2	
Operating cash flow	**2.1**	**3.3**	**3.5**	**4.0**	**4.6**	**5.1**	**5.4**	**6.0**	**5.5**	**5.9**	**6.5**	
- Gross CAPEX	-0.5	-0.8	-1.4	-1.6	-1.9	-2.1	-2.4	-2.8	-2.6	-2.6	-2.4	
Free operating cash flow	**1.6**	**2.5**	**2.1**	**2.4**	**2.8**	**3.0**	**3.0**	**3.2**	**2.9**	**3.3**	**4.2**	
FCFF	1.6	2.5	2.1	2.4	2.8	3.0	3.0	3.2	2.9	3.3	4.2	42.1
Discounted FCFF		**2.3**	**1.7**	**1.8**	**1.8**	**1.7**	**1.5**	**1.4**	**1.1**	**1.2**	**1.3**	**13.3**
Sum of FCFF present value		29.1	26.8	25.1	23.3	21.5	19.8	18.3	16.9	15.7	14.6	13.3
Enterprise value DCF		**29.1**										
- Interest bearing debt		-9.4										
+ Cash and cash equivalents		0.3										
+ Associated companies		0.0										
-Dividend/capital return		0.0										
Equity value DCF		**20.0**										
Equity value DCF per share		**1.82**										

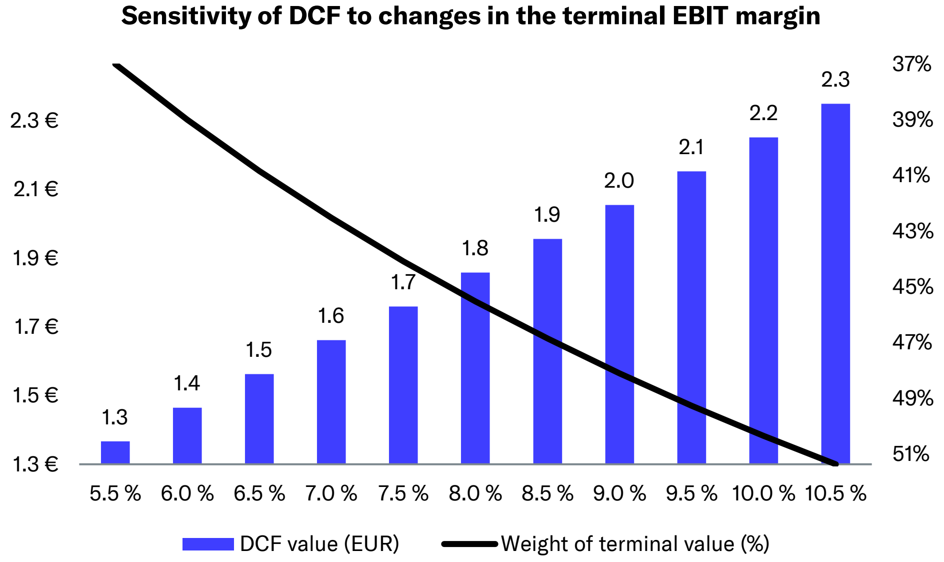
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	4.4 %
Equity Beta	2.30
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
Cost of equity	**14.9 %**
Weighted average cost of capital (WACC)	**12.6 %**

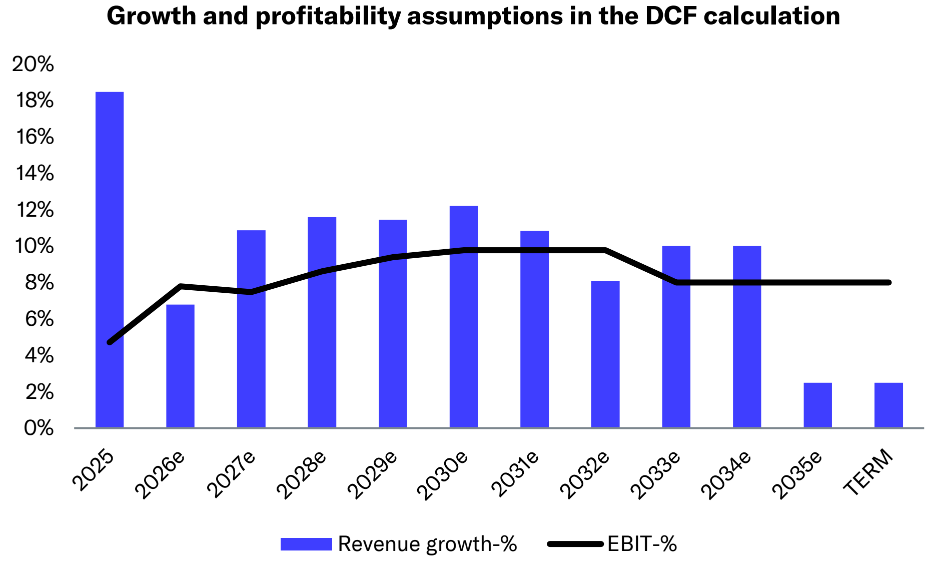


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. NB! The terminal value weight (%) is presented on a reverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	30.4	24.2	28.7	30.6	34.0
EBITDA	1.1	1.3	2.7	3.7	4.2
EBIT	-0.3	-0.1	1.4	2.4	2.5
PTP	-1.4	-1.3	0.2	1.4	1.6
Net Income	-1.4	-1.3	0.2	1.4	1.4
Extraordinary items	-1.3	-0.1	-0.1	-0.1	-0.1

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	25.4	24.0	23.6	23.8	24.7
Equity capital	8.9	7.9	8.2	9.5	10.9
Goodwill	0.3	0.3	0.3	0.3	0.3
Net debt	9.6	9.6	9.1	7.5	6.2

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	1.1	1.3	2.7	3.7	4.2
Change in working capital	0.3	0.9	-0.5	-0.2	-0.3
Operating cash flow	1.4	2.2	2.1	3.3	3.5
CAPEX	-1.5	-1.3	-0.5	-0.8	-1.4
Free cash flow	-0.1	0.9	1.6	2.5	2.1

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S		1.1	0.8	0.8	0.6
EV/EBITDA		21.8	8.4	6.4	5.3
EV/EBIT (adj.)		neg.	15.6	9.5	8.4
P/E (adj.)		neg.	41.7	11.0	10.8
P/B	2.5	2.3	1.6	1.7	1.5
Dividend-%		0.0 %	0.0 %	0.0 %	2.8 %

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	-0.13	-0.12	0.02	0.12	0.13
EPS (adj.)	-0.01	-0.11	0.03	0.13	0.13
OCF / share	0.13	0.20	0.19	0.30	0.31
FCF / share	-0.01	0.08	0.15	0.23	0.19
Book value / share	0.81	0.72	0.74	0.86	0.99
Dividend / share	0.00	0.00	0.00	0.00	0.04

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	2%	-20%	18%	7%	11%
EBITDA growth-%	-35%	15%	111%	39%	13%
EBIT (adj.) growth-%	-55%	-102%	6391%	72%	6%
EPS (adj.) growth-%	-108%	-874%	125%	353%	2%
EBITDA-%	3.6 %	5.2 %	9.2 %	12.0 %	12.2 %
EBIT (adj.)-%	3.5 %	-0.1 %	5.0 %	8.1 %	7.7 %
EBIT-%	-0.8 %	-0.3 %	4.7 %	7.8 %	7.5 %
ROE-%	-14.8 %	-15.7 %	2.9 %	15.3 %	13.6 %
ROI-%	-1.2 %	-0.3 %	7.7 %	13.7 %	14.7 %
Equity ratio	35.0 %	33.1 %	34.5 %	39.9 %	44.2 %
Gearing	108.6 %	120.9 %	111.3 %	78.7 %	56.9 %
0	8.8	7.6	3.4	2.0	1.5
0	0.9	1.0	2.4	3.8	4.6

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.

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

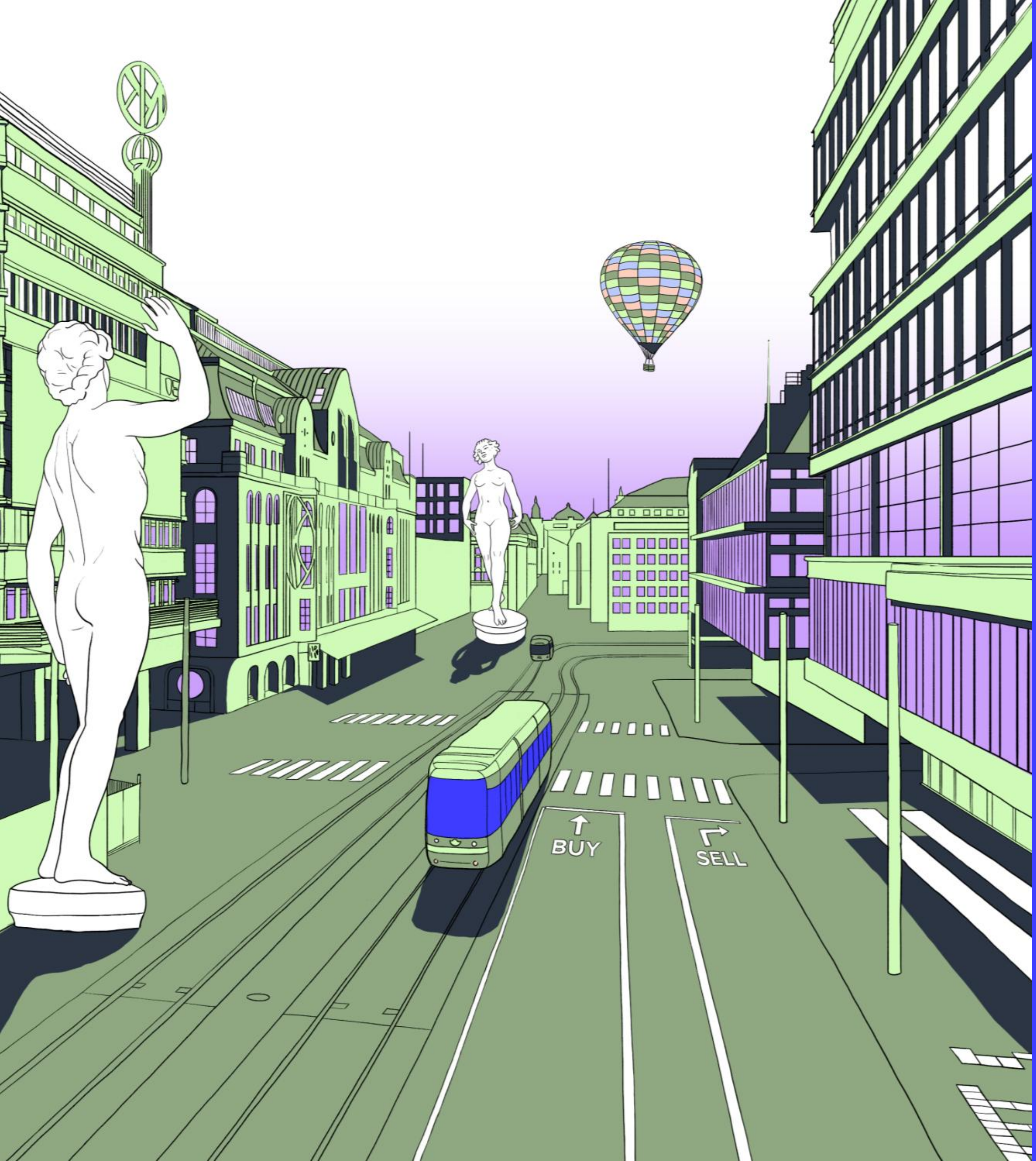
Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
12/2/2021	Sell	3.60 €	4.14 €
12/16/2021	Reduce	3.60 €	3.58 €
12/23/2021	Reduce	3.85 €	4.20 €
2/14/2022	Reduce	4.00 €	3.76 €
4/21/2022	Reduce	4.10 €	3.77 €
8/19/2022	Reduce	4.10 €	3.85 €
11/14/2022	Accumulate	3.70 €	3.19 €
2/20/2022	Accumulate	3.90 €	3.49 €
5/31/2023	Reduce	3.20 €	3.02 €
8/8/2023	Accumulate	2.60 €	2.22 €
8/14/2023	Accumulate	2.80 €	2.53 €
1/10/2024	Accumulate	2.50 €	2.20 €
2/25/2024	Reduce	1.80 €	1.75 €
7/30/2024	Reduce	1.60 €	1.55 €
8/2/2024	Accumulate	2.10 €	1.80 €
10/18/2024	Accumulate	2.10 €	1.74 €
2/20/2025	Reduce	1.50 €	1.48 €
6/18/2025	Accumulate	1.40 €	1.17 €
7/15/2025	Reduce	1.40 €	1.53 €
10/24/2025	Accumulate	1.60 €	1.41 €
12/2/2025	Accumulate	1.60 €	1.22 €
2/20/2026	Accumulate	1.70 €	1.49 €
4/23/2026	Accumulate	1.70 €	1.44 €



CONNECTING INVESTORS AND COMPANIES.

Inderes connects investors and listed companies.

We serve over 400 Nordic listed companies that want to better serve investors. The Inderes community is home to over 70,000 active investors.

We provide listed companies with solutions that enable seamless and effective investor relations. The Inderes service is built on four cornerstones for high-quality investor relations: Equity Research, Events, IR Software, and Annual General Meetings (AGM).

Inderes operates in Finland, Sweden, Norway, and Denmark and is listed on the Nasdaq First North Growth Market.

Inderes was created by investors, for investors.

Inderes Ab
Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

inderes.se

Inderes Oyj
Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi