

TELESTE

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INDERES CORPORATE CUSTOMER

COMPANY REPORT



Earnings growth at a moderate price

We reiterate our Accumulate recommendation and EUR 4.2 target price for Teleste. The company's Q1 earnings exceeded our estimates, and we have revised our estimates marginally upwards. Although the merger of the Networks segment's largest customer will create continued uncertainty regarding order trends in the coming quarters, the recovery of the European market along with an expanded customer base in both business units and implemented efficiency measures provide a solid foundation for continued earnings growth. This is also what Teleste's outlook suggests. Compared to the earnings growth outlook for the coming years, Teleste's share valuation (2026e adj. P/E 10x) appears moderate.

Q1 result clearly above our estimates

Teleste's Q1 revenue remained at the comparison period level of 32.2 MEUR, which was slightly below our forecast. Networks segment revenue grew by 4%, in line with our expectations. However, revenue growth was driven by European DOCSIS 4.0 deliveries, while the merger between Teleste's largest customer, Cox, and Charter in North America is causing a short-term shift in orders. Public Safety and Mobility's development (-6.5%) fell short of our forecast, but this was due more to project timing factors, and the outlook for the full year remains stable. Adjusted EBIT was 1.9 MEUR in Q1 (Q1'25: 1.5 MEUR), exceeding our forecast of 1.4 MEUR clearly. Teleste managed to defend its gross margin better than we expected against a strong comparison period, partly thanks to a favorable revenue mix. At the same time, the company's previous efficiency measures and continued cost discipline are evident in the improved adjusted EBIT margin (5.8% vs. 4.5%), despite stable revenue.

Outlook unchanged as expected

As expected, Teleste reiterated its outlook and guides for revenue of 140-160 MEUR and an adjusted EBIT of 7-10 MEUR for this year.

Earnings are still expected to be weighted toward H2, which, after a strong Q1, bodes well for the full year's performance. Following the Q1 report, we slightly increased our forecasts for the coming years, now expecting revenue of 145 MEUR and an adjusted EBIT of 9.2 MEUR this year. The merger of Cox and Charter is now expected to be completed in the second half of the year (previously by mid-year), creating uncertainty regarding the key customer's short-term investment level. However, this is a shift in order timing, as Cox has not discontinued its DOCSIS 4.0 investment projects. According to Teleste, the European market outlook in the Networks segment has improved, which is positive after previously being more cautious. Teleste's outlook for growth in North America also remains very good beyond a few quarters, as the company already has over 20 customers on the continent. In addition, the expanded customer base of Public Safety and Mobility and the implemented efficiency measures create a solid foundation for continued profitable growth. While challenges related to component availability and prices introduce some uncertainty to the outlook, the company has proactively acquired components for its inventory.

Moderate valuation and continued earnings growth make risk/reward attractive

After several challenging years, Teleste's investor story turned a new page last year, as earnings growth offered by the North American market began to materialize properly. With improved earnings performance, the stock's valuation already receives support from the 2025 realized earnings (EV/EBIT 11x). With our 2026 estimates, Teleste's adjusted P/E ratio is 10x and a corresponding EV/EBIT ratio is 9x. We consider these levels to be moderate, as Teleste's medium-term earnings potential is still higher than this year. The value of our DCF model (EUR 4.6) also indicates an upside, and our estimates are still below the company's targeted level.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 4.20

(was EUR 4.20)

Share price:

EUR 3.68

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	139	145	157	163
growth-%	4.6 %	4.3 %	8.3 %	3.9 %
EBIT adj.	7.1	9.2	10.4	11.4
EBIT-% adj.	5.1 %	6.4 %	6.6 %	7.0 %
Net Income	2.8	6.5	7.5	8.4
EPS (adj.)	0.17	0.36	0.41	0.46
P/E (adj.)	22.3	10.2	9.0	8.1
P/B	1.2	1.1	1.0	0.9
Dividend yield-%	2.1 %	2.7 %	3.3 %	3.8 %
EV/EBIT (adj.)	12.4	8.8	7.4	6.3
EV/EBITDA	7.5	5.8	5.0	4.3
EV/S	0.6	0.6	0.5	0.4

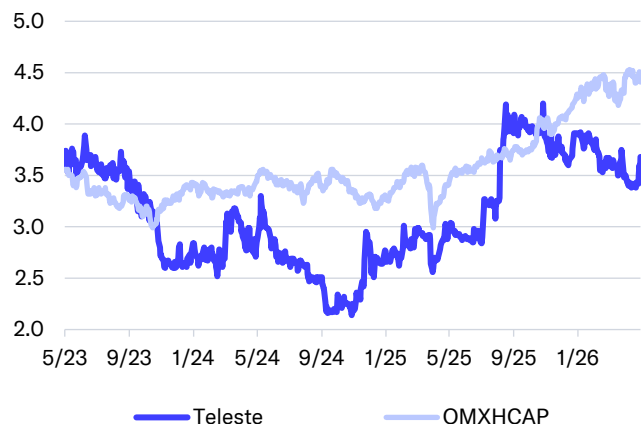
Source: Inderes

Guidance

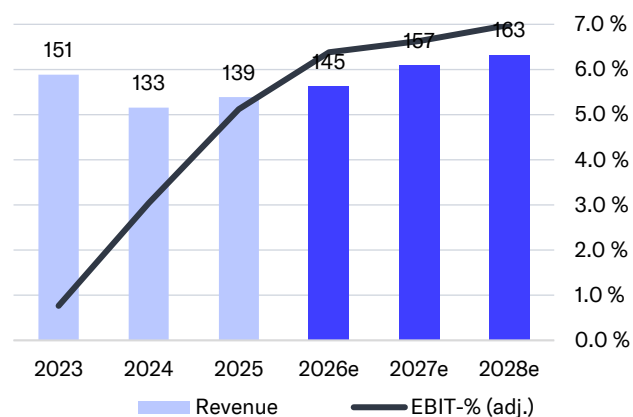
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Teleste estimates that revenue in 2026 will amount to 140-160 MEUR and that the adjusted operating result in 2026 will be 7-10 MEUR.

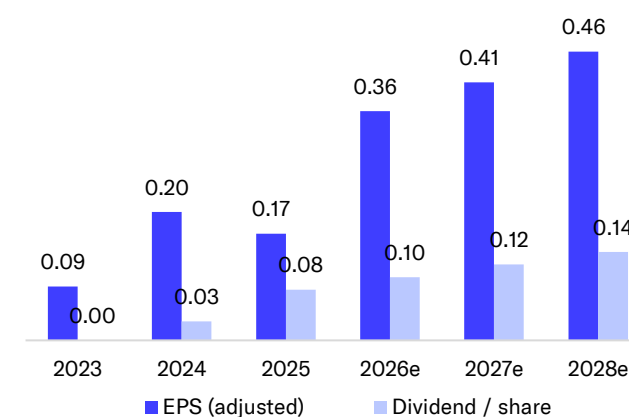
Share price



Revenue and EBIT % (adj.)



EPS and dividend



Value drivers

- Start of volume deliveries of distributed architecture and DOCSIS 4.0 products in particular
- Expansion to North American market
- Growth driven by a streamlined cost structure will support profitability in the coming years
- Strong market position in Europe in network equipment
- Profitable growth in Public Safety and Mobility

Risk factors

- Cyclical in operator investments
- Potential import tariffs in the US
- Long-term structural decline in the European market for the Networks segment
- Risks related to component availability and supply chains
- Competitive market pressure and limited pricing power in the face of large operators

Valuation	2026e	2027e	2028e
Share price	3.68	3.68	3.68
Number of shares, millions	18.3	18.3	18.3
Market cap	67	67	67
EV	81	77	72
P/E (adj.)	10.2	9.0	8.1
P/E	10.3	9.0	8.1
P/B	1.1	1.0	0.9
P/S	0.5	0.4	0.4
EV/Sales	0.6	0.5	0.4
EV/EBITDA	5.8	5.0	4.3
EV/EBIT (adj.)	8.8	7.4	6.3
Payout ratio (%)	28.1 %	29.4 %	30.6 %
Dividend yield-%	2.7 %	3.3 %	3.8 %

Source: Inderes

Good start to the year

Stable revenue marked the first months of the year

Teleste's Q1 revenue remained at the comparison period level of 32.2 MEUR, which was slightly below our forecast of 34.1 MEUR. The Networks segment's (formerly Broadband Networks) revenue increased by 4% to 20.2 MEUR, which was in line with our estimate of 5% growth. At the beginning of the year, revenue growth was driven by European DOCSIS 4.0 deliveries, while the merger between Teleste's largest customer, Cox, and Charter in North America is causing a short-term shift in orders. This was also reflected in the Networks segment's order intake (18.2 MEUR), which decreased by 25% from a very strong comparison period and slightly decreased from the previous quarter as well.

Public Safety and Mobility's revenue decreased by 6.5% to 11.9 MEUR, while our estimate expected growth of 8%. According to Teleste, however, this development was in line with expectations, and the quarterly volatility in revenue and orders is explained by factors related to the timing of project deliveries. The segment's order intake grew by 1% year-on-year, and the order book of 90.8 MEUR is at a good level. This provides a solid foundation for profitable growth for the

remainder of the year. The company stated that the war in Iran had certain effects on the development of orders received from rolling stock manufacturers, as some of the company's Middle Eastern projects were understandably postponed in the current situation.

Result clearly above our estimates

Teleste's adjusted EBIT was 1.9 MEUR in Q1 (Q1'25: 1.5 MEUR), exceeding our forecast of 1.4 MEUR clearly. Teleste managed to defend its gross margin better than we expected against a strong comparison period, partly thanks to a favorable revenue mix. At the same time, the company's previous efficiency measures and continued cost discipline are evident in the improved adjusted EBIT margin (5.8% vs. 4.5%) from the comparison period, despite stable revenue.

The Networks segment's adjusted EBIT (11.9% vs. Q1'25: 7.0%) improved significantly from the comparison period. This reflects a good product and market mix, as well as disciplined cost management.

Profitability in Public Safety and Mobility (5,5 % vs. Q1'25: 9.3%), on the other hand, was lower than in the strong

comparison period, which included larger software deliveries in video security. Further down the income statement, financial expenses and taxes were even lower than our estimates, resulting in an even larger earnings beat at the EPS level.

Teleste's operating cash flow (-1.5 MEUR) was negative at the beginning of the year, impacted by working capital commitments. According to the company, component availability has tightened, and the company took steps early this year to prepare for larger deliveries at the end of the year on a front-loaded basis. Additionally, a single major customer's working capital optimization before the financial statements is reflected in Teleste's receivables growth early in the year.

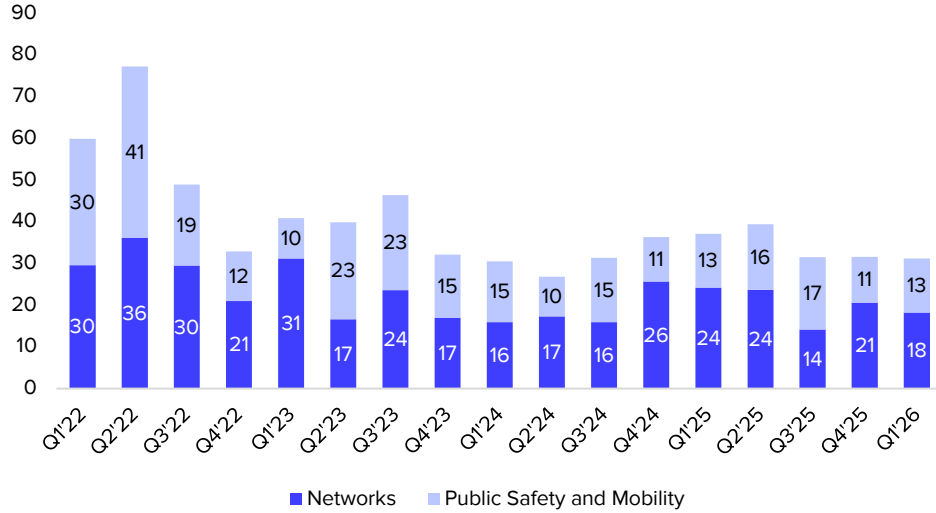
Net debt to EBITDA was 1.9x at the end of Q1 (Q4'24 2.8x). Gearing is therefore at a reasonable level, thanks to improved performance and reduced debt in recent years.

Estimates	Q1'25	Q1'26	Q1'26e	Q1'26e	Difference (%)	2026e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Act. vs. inderes	Inderes
Revenue	32.2	32.2	34.1		-6%	145
EBIT (adj.)	1.5	1.9	1.4		37%	9.2
EBIT	1.5	1.8	1.4		28%	9.1
EPS (adj.)	0.04	0.08	0.04		87%	0.36
EPS (rep.)	0.04	0.07	0.04		71%	0.36
Revenue growth-%	-12.1 %	0.0 %	6.0 %		-6 pp	4.3 %
EBIT-% (adj.)	4.5 %	5.8 %	4.0 %		1.8 pp	6.4 %

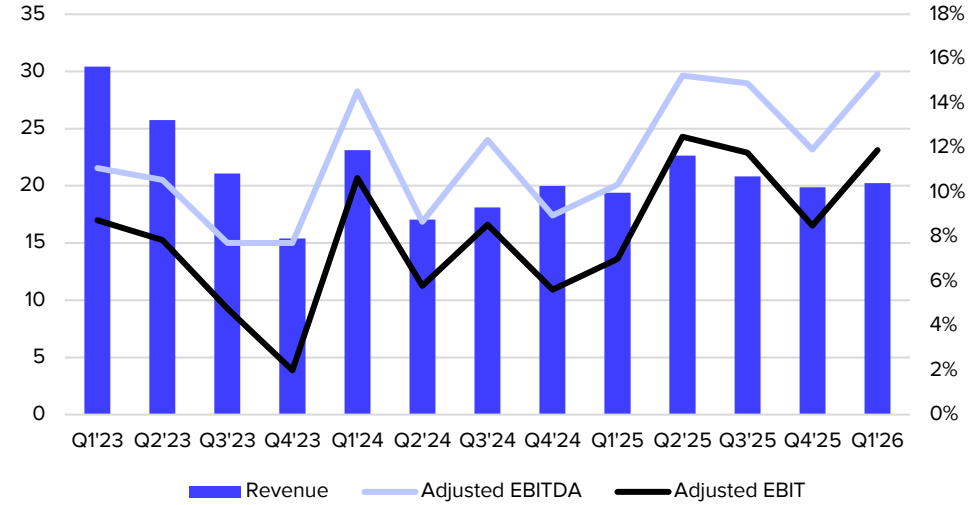
Source: Inderes

Development of key figures

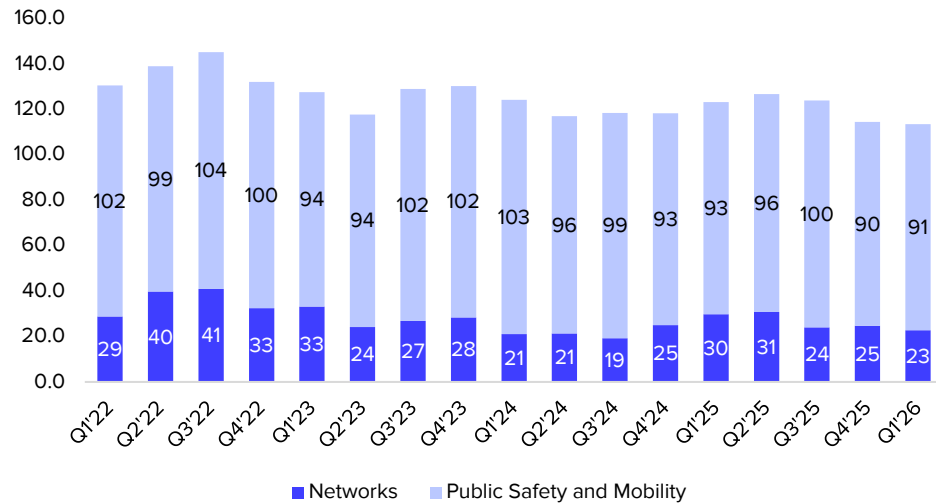
Quarterly development of orders received



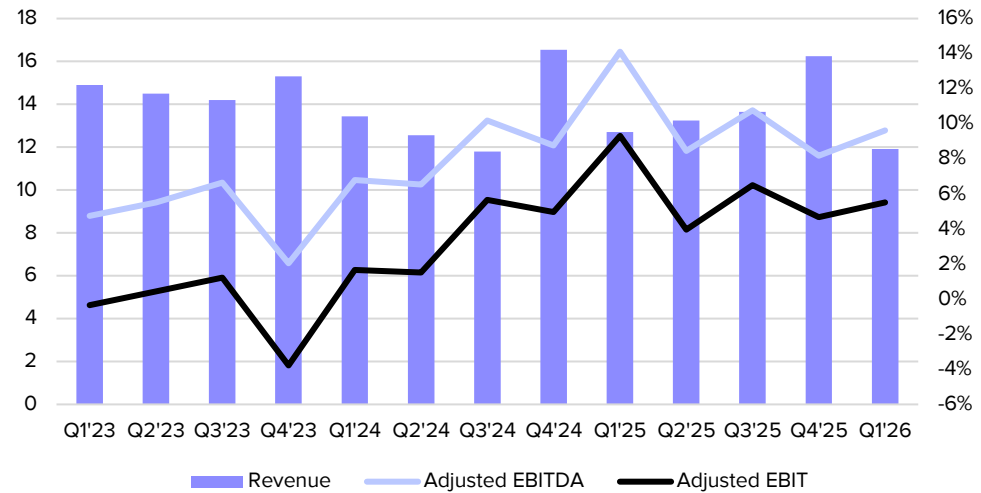
Broadband Networks revenue and profitability per quarter



Order book development on a quarterly basis



Public Safety and Mobility revenue and profitability per quarter



Small upward revisions to forecasts

Outlook unchanged as expected

As expected, Teleste reiterated its outlook and guides for revenue of 140-160 MEUR and an adjusted EBIT of 7-10 MEUR for this year. Earnings are still expected to be weighted toward H2, which, after a strong Q1, bodes well for the full year's performance. Following the Q1 report, we slightly increased our forecasts for the coming years, now expecting revenue of 145 MEUR and an adjusted EBIT of 9.2 MEUR this year.

The merger of Cox and Charter is now expected to be completed in the second half of the year (previously by mid-year), creating uncertainty regarding the key customer's short-term investment level. However, this is a shift in order timing, as Cox has not discontinued its DOCSIS 4.0 investment projects. Increased deliveries in Europe seemed to offset developments in North America well, at least in the early part of the year. According to Teleste, the European market outlook has

also improved, which is positive after previously being more cautious. Teleste's outlook for growth in North America also remains very good beyond a few quarters, as the company already has over 20 customers on the continent. For Rogers, Canada's largest operator, order development has been cautious thus far, as the company is working through its existing inventory. Nevertheless, Rogers appears poised to become a significant new customer for Teleste in the coming years. Following the Cox merger, Teleste may have opportunities to win a share of Charter.

The expanded customer base of Public Safety and Mobility and the implemented efficiency measures create a solid foundation for continued profitable growth. Earlier this year, Teleste won framework agreements with both the French and Belgian national railways, under which station displays and systems will be supplied on a large scale.

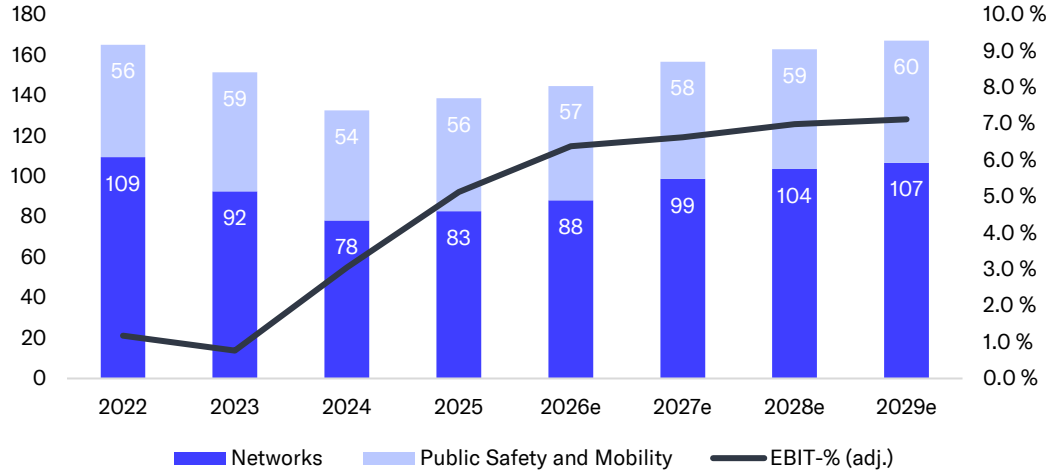
Challenges related to component availability and prices bring a certain degree of uncertainty to Teleste's outlook. Due to AI investments, certain semiconductors and memory chips have become scarce, and high demand is also driving up their prices. Despite this, Teleste successfully protected its margins in the early part of the year, and the company has proactively acquired components for its inventory. The company now also has the option to raise prices in Public Safety and Mobility under the terms of its contracts, as fixed-price contracts posed a challenge amid the post-COVID component shortage. From the perspective of working capital optimization, deliveries through a contract manufacturer in Mexico will bring new opportunities this year.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	150	145	-4%	160	157	-2%	165	163	-1%
EBITDA	13.8	14.0	2%	15.1	15.5	2%	16.6	16.7	1%
EBIT (exc. NRIs)	8.8	9.2	5%	10.1	10.4	3%	11.3	11.4	1%
EBIT	8.8	9.1	3%	10.1	10.4	3%	11.3	11.4	1%
PTP	7.7	8.1	4%	9.2	9.6	4%	10.6	10.7	1%
EPS (excl. NRIs)	0.33	0.36	10%	0.39	0.41	4%	0.45	0.46	1%
DPS	0.10	0.10	0%	0.12	0.12	0%	0.14	0.14	0%

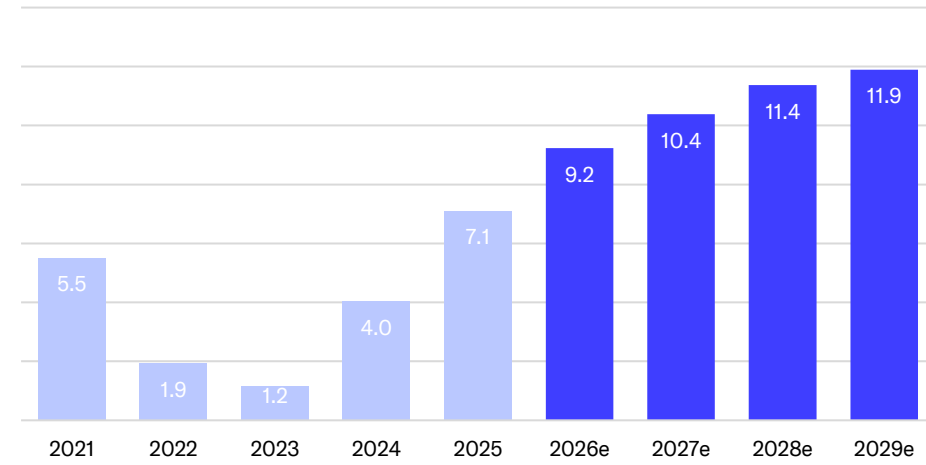
Lähde: Inderes

Development of key figures

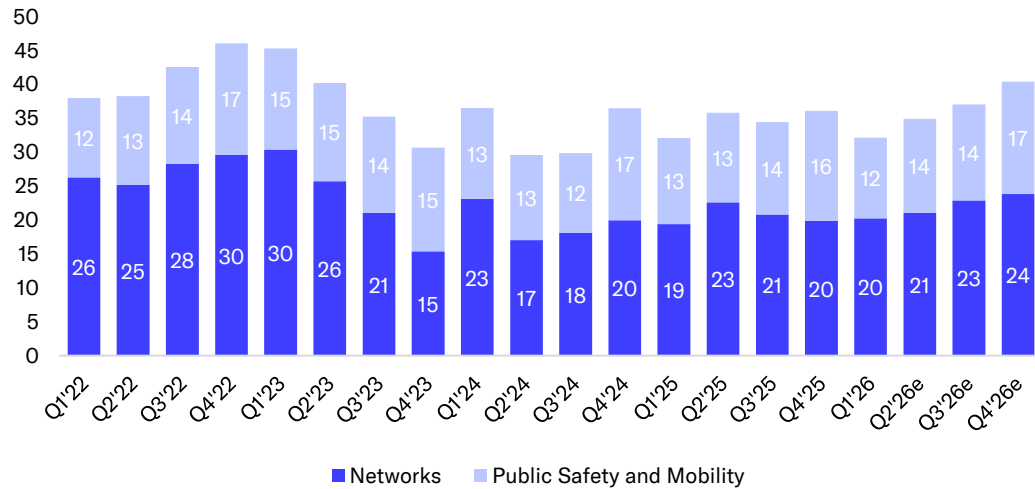
Revenue and profitability



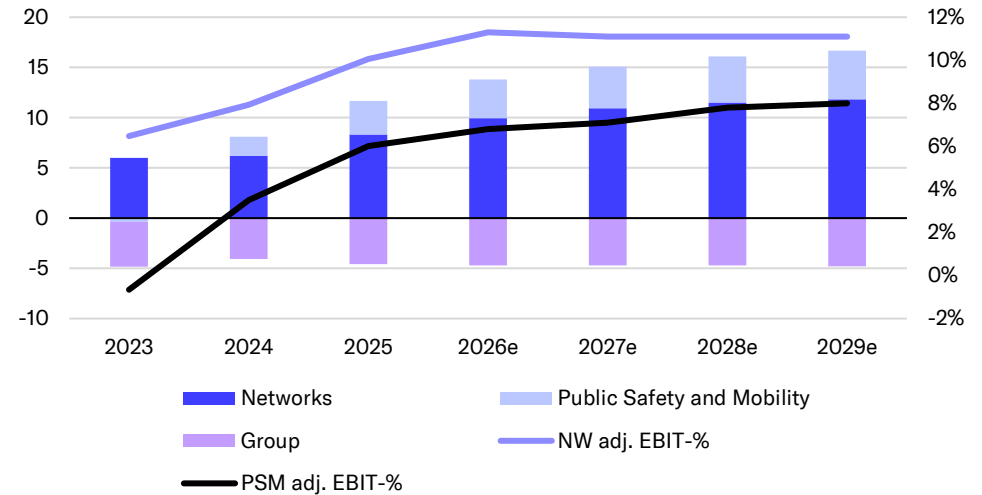
Adjusted EBIT development (MEUR)



Revenue development on a quarterly basis



Segment-specific earnings and profitability assumptions



Valuation

Moderate valuation and continued earnings growth make risk/reward attractive

After several challenging years, Teleste's investor story turned a new page last year, as earnings growth offered by the North American market began to materialize properly. With improved earnings performance, the stock's valuation already receives support from the 2025 realized earnings (EV/EBIT 11x). The company's track record in conquering North America is constantly strengthening, and with a significantly expanded customer base last year, future growth also rests on broader shoulders than before. A recovery in the European market will also support future development. With a strengthening earnings trend and moderate valuation, we find the stock's risk-reward ratio attractive.

With our 2026 estimates, Teleste's adjusted P/E ratio is 10x and a corresponding EV/EBIT ratio is 9x. We consider these levels to be moderate, as Teleste's medium-term earnings potential is still higher than this year. If the earnings growth we forecast continues, the share's valuation multiples (P/E 9x and EV/EBIT 7.4x) will become very moderate in 2027.

In a positive scenario, Teleste would have the potential to perform well above our current forecasts, provided the company makes excellent progress with its expansion in North America. The company's financial targets (CAGR growth 25-30: 10% and adj. EBIT 7-12%) also clearly aim for stronger growth and better profitability development by 2030 than our current estimates. The earnings growth would also allow the company to significantly increase its dividend, which would support the expected return. The current dividend yield of about 3% over the next few years does not yet materially support the valuation.

Overall, we see that Teleste could be priced at around 10x-13x P/E and 9x-11x EV/EBIT in the longer term, depending on the earnings growth outlook and financial structure. The cyclical nature of the business, the pressure on profitability from large customers, the ongoing need for investments, and we believe the business model that ties up working capital justify a somewhat lower valuation than the Helsinki Stock Exchange average. However, at the current pace, the company is continuously improving its business profile as profitability improves in both businesses.

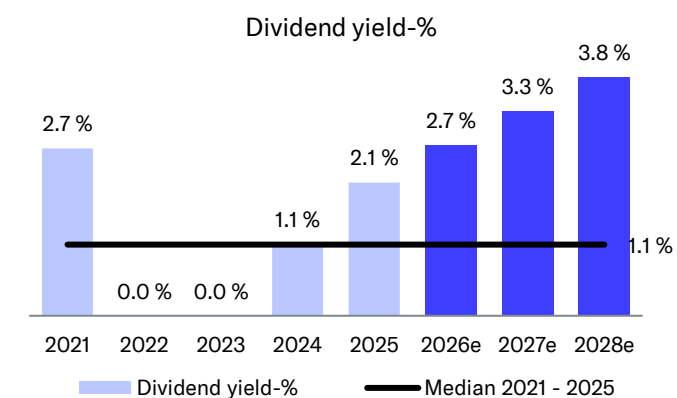
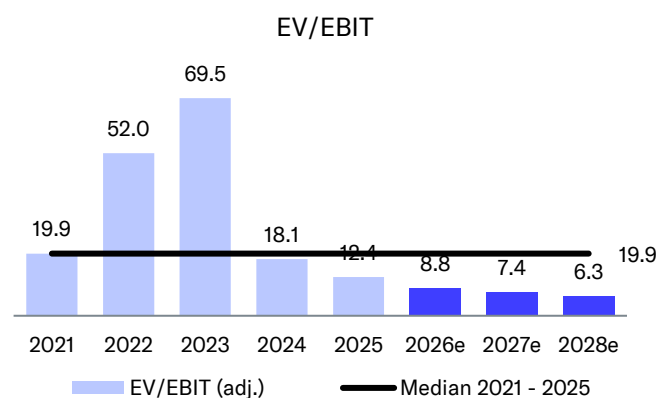
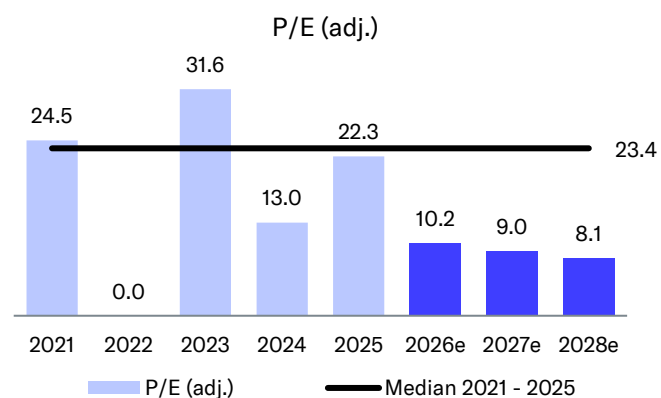
Valuation	2026e	2027e	2028e
Share price	3.68	3.68	3.68
Number of shares, millions	18.3	18.3	18.3
Market cap	67	67	67
EV	81	77	72
P/E (adj.)	10.2	9.0	8.1
P/E	10.3	9.0	8.1
P/B	1.1	1.0	0.9
P/S	0.5	0.4	0.4
EV/Sales	0.6	0.5	0.4
EV/EBITDA	5.8	5.0	4.3
EV/EBIT (adj.)	8.8	7.4	6.3
Payout ratio (%)	28.1 %	29.4 %	30.6 %
Dividend yield-%	2.7 %	3.3 %	3.8 %

Source: Inderes

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	5.24	3.54	2.70	2.64	3.76	3.68	3.68	3.68	3.68
Number of shares, millions	18.2	18.2	18.2	18.2	18.2	18.3	18.3	18.3	18.3
Market cap	95	65	49	48	69	67	67	67	67
EV	109	101	80	73	88	81	77	72	66
P/E (adj.)	24.5	neg.	31.6	13.0	22.3	10.2	9.0	8.1	7.5
P/E	13.4	neg.	neg.	neg.	24.7	10.3	9.0	8.1	7.5
P/B	1.4	1.1	0.8	0.9	1.2	1.1	1.0	0.9	0.8
P/S	0.7	0.4	0.3	0.4	0.5	0.5	0.4	0.4	0.4
EV/Sales	0.8	0.6	0.5	0.6	0.6	0.6	0.5	0.4	0.4
EV/EBITDA	6.7	13.0	14.4	11.9	7.5	5.8	5.0	4.3	3.7
EV/EBIT (adj.)	19.9	52.0	69.5	18.1	12.4	8.8	7.4	6.3	5.5
Payout ratio (%)	35.9 %	0.0 %	0.0 %	neg.	52.5 %	28.1 %	29.4 %	30.6 %	32.8 %
Dividend yield-%	2.7 %	0.0 %	0.0 %	1.1 %	2.1 %	2.7 %	3.3 %	3.8 %	4.3 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
	MEUR	MEUR	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Nokia	61390	58687	24.9	21.3	23.4	19.0	2.8	2.6	33.2	29.7	1.5	1.6	2.8
Ericsson	34053	31928	11.8	10.9	9.4	8.9	1.5	1.5	16.6	15.0	2.8	3.0	3.3
Cisco	323937	336088	18.7	17.6	17.0	16.0	6.4	6.1	23.2	21.4	1.7	1.8	7.7
ZTE	21699	26533	30.9	28.8	18.2	16.4	1.4	1.2	24.7	20.7	1.6	1.9	2.3
Harmonic	1180	1170	15.0	11.9	13.7	12.4	2.7	2.3	22.7	17.6			
Motorola	54131	60937	18.6	17.3	16.7	15.6	5.7	5.3	22.9	21.1	1.2	1.3	18.1
Viavi Solutions	10173	10669	41.9	30.3	37.2	27.7	8.4	7.1	54.7	40.2			12.9
Ciena	65818	66023	66.9	49.1	59.3	44.2	12.6	10.4	88.1	64.1			24.8
Fiberhome	9666	11544	55.8	50.5	43.7	41.8	3.2	3.0	72.2	66.3	0.4	0.5	4.5
Adtran	1028	1427	19.2	14.4	9.1	7.6	1.4	1.3	27.1	19.9			32.8
Calix	2342	2136	17.1	12.1	15.2	11.0	2.1	1.8	24.8	17.3			3.4
Vecima Networks	200	241	21.0	8.5	8.2	5.3	1.3	1.1	42.7	11.4			
Teleste (Inderes)	67	81	8.8	7.4	5.8	5.0	0.6	0.5	10.2	9.0	2.7	3.3	1.1
Average	48801	50615	28.5	22.7	22.6	18.8	4.1	3.6	37.7	28.7	1.5	1.7	11.3
Median	15936	19039	20.1	17.5	16.8	15.8	2.8	2.5	25.9	20.9	1.5	1.7	6.1
Diff-% to median			-56%	-58%	-66%	-68%	-80%	-80%	-61%	-57%	76%	92%	-82%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	133	32.2	35.9	34.5	36.1	139	32.2	34.9	37.1	40.4	145	157	163	167
Broadband Networks	78.2	19.4	22.6	20.9	19.9	82.8	20.2	21.0	22.9	23.9	88.1	98.6	104	107
Public Safety and Mobility	54.3	12.7	13.3	13.6	16.2	55.8	11.9	13.9	14.2	16.6	56.6	58.0	59.2	60.3
EBITDA	6.1	2.7	3.2	3.4	2.4	11.8	2.9	3.2	3.9	4.0	14.0	15.5	16.7	18.0
Depreciation	-11.7	-1.3	-1.2	-1.2	-1.3	-5.0	-1.2	-1.2	-1.2	-1.2	-4.9	-5.1	-5.3	-6.2
EBIT (adj.)	4.0	1.5	2.2	2.3	1.2	7.1	1.9	1.9	2.7	2.7	9.2	10.4	11.4	11.9
EBIT	-5.5	1.5	2.0	2.2	1.2	6.8	1.8	1.9	2.7	2.7	9.1	10.4	11.4	11.9
Net financial items	-1.5	-0.9	-1.9	-0.6	-0.4	-3.8	-0.3	-0.3	-0.3	-0.2	-1.0	-0.8	-0.6	-0.4
PTP	-7.1	0.6	0.1	1.6	0.8	3.0	1.5	1.6	2.5	2.5	8.1	9.6	10.7	11.5
Taxes	1.0	0.0	0.2	-0.3	-0.3	-0.4	-0.1	-0.4	-0.5	-0.6	-1.5	-2.1	-2.4	-2.5
Minority interest	0.2	0.1	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	-5.9	0.6	0.4	1.3	0.4	2.8	1.4	1.3	1.9	2.0	6.5	7.5	8.4	8.9
EPS (adj.)	0.20	0.04	0.03	0.08	0.03	0.17	0.08	0.07	0.10	0.11	0.36	0.41	0.46	0.49
EPS (rep.)	-0.32	0.04	0.02	0.07	0.02	0.15	0.07	0.07	0.10	0.11	0.36	0.41	0.46	0.49

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-12.4 %	-12%	21%	15%	-1%	4.6 %	0%	-3%	8%	12%	4.3 %	8.3 %	3.9 %	2.6 %
Adjusted EBIT growth-%	248%	-6%	1034%	55%	47%	76%	29%	-11%	18%	126%	30%	12%	10%	5%
EBITDA-%	4.6 %	8.4 %	9.0 %	9.8 %	6.7 %	8.5 %	9.1 %	9.0 %	10.6 %	9.8 %	9.7 %	9.9 %	10.3 %	10.8 %
Adjusted EBIT-%	3.0 %	4.5 %	6.0 %	6.6 %	3.3 %	5.1 %	5.8 %	5.5 %	7.3 %	6.7 %	6.4 %	6.6 %	7.0 %	7.1 %
Net earnings-%	-4.4 %	2.0 %	1.1 %	3.7 %	1.2 %	2.0 %	4.3 %	3.6 %	5.2 %	4.9 %	4.5 %	4.8 %	5.1 %	5.4 %

Lähde: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	53.7	54.7	55.5	56.3	57.0
Goodwill	30.1	30.1	30.1	30.1	30.1
Intangible assets	8.8	11.3	13.1	14.7	16.0
Tangible assets	11.5	10.1	9.2	8.3	7.7
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.1	0.0	0.0	0.0	0.0
Deferred tax assets	3.2	3.1	3.1	3.1	3.1
Current assets	67.4	68.0	67.3	71.7	74.1
Inventories	24.9	26.9	26.5	28.2	29.3
Other current assets	1.0	1.2	1.2	1.2	1.2
Receivables	32.7	30.9	31.0	32.9	33.8
Cash and equivalents	8.8	9.1	8.7	9.4	9.8
Balance sheet total	121	123	123	128	131

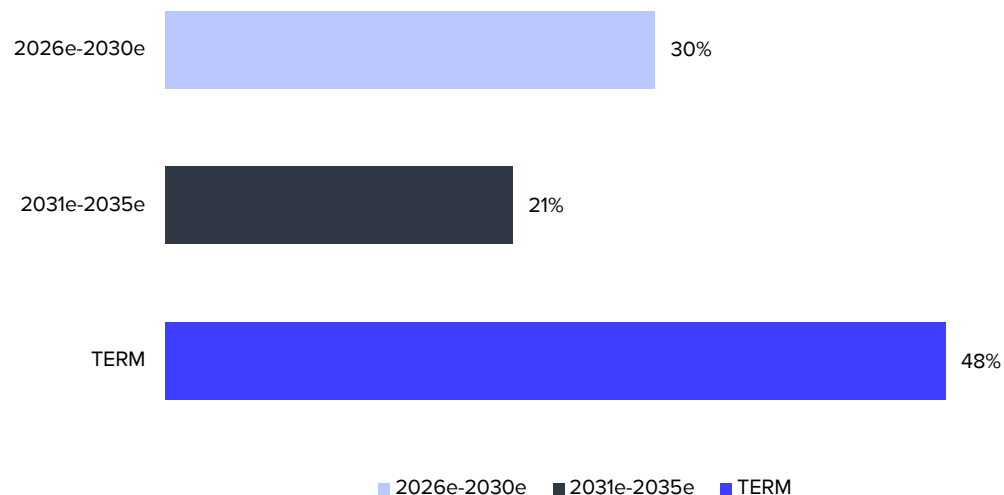
Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	54.8	57.9	63.0	68.6	74.8
Share capital	7.0	7.0	7.0	7.0	7.0
Retained earnings	44.4	48.4	53.5	59.1	65.3
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	4.1	2.5	2.5	2.5	2.5
Minorities	-0.7	0.0	0.0	0.0	0.0
Non-current liabilities	26.7	23.3	20.2	17.5	13.8
Deferred tax liabilities	0.1	0.0	0.0	0.0	0.0
Provisions	2.0	2.3	2.3	2.3	2.3
Interest bearing debt	24.7	20.9	17.8	15.1	11.4
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	39.6	41.5	39.6	41.9	42.4
Interest bearing debt	9.6	7.8	4.4	3.8	2.9
Payables	29.9	33.6	35.1	38.0	39.5
Other current liabilities	0.1	0.1	0.1	0.1	0.1
Balance sheet total	121	123	123	128	131

DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	4.6 %	4.3 %	8.3 %	3.9 %	2.6 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	1.5 %	1.5 %
EBIT-%	4.9 %	6.3 %	6.6 %	7.0 %	7.1 %	6.6 %	6.5 %	6.4 %	6.3 %	6.2 %	6.0 %	6.0 %
EBIT (operating profit)	6.8	9.1	10.4	11.4	11.9	11.2	11.3	11.3	11.4	11.4	11.2	
+ Depreciation	5.0	4.9	5.1	5.3	6.2	6.1	6.0	6.0	6.0	6.0	6.0	
- Paid taxes	-0.4	-1.5	-2.1	-2.4	-2.5	-2.4	-2.5	-2.5	-2.5	-2.5	-2.5	
- Tax, financial expenses	-0.5	-0.2	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	3.3	1.8	-0.8	-0.6	-0.5	-0.1	0.0	-0.1	-0.1	-0.5	-0.4	
Operating cash flow	14.1	14.0	12.4	13.6	15.0	14.7	14.9	14.7	14.8	14.4	14.4	
+ Change in other long-term liabilities	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-5.9	-5.7	-5.9	-6.0	-6.0	-6.0	-6.0	-6.0	-6.0	-6.0	-6.0	
Free operating cash flow	8.5	8.3	6.5	7.6	9.0	8.7	8.9	8.7	8.8	8.4	8.4	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	8.5	8.3	6.5	7.6	9.0	8.7	8.9	8.7	8.8	8.4	8.4	116
Discounted FCFF		7.9	5.7	6.1	6.6	5.9	5.5	5.0	4.6	4.0	3.7	51.2
Sum of FCFF present value		106	98.3	92.6	86.5	79.9	74.0	68.5	63.6	59.0	54.9	51.2
Enterprise value DCF		106										
- Interest bearing debt		-28.7										
+ Cash and cash equivalents		9.1										
+ Associated companies		0.0										
-Minorities		0.0										
-Dividend/capital return		-1.5										
Equity value DCF		85.1										
Equity value DCF per share		4.6										

Cash flow distribution



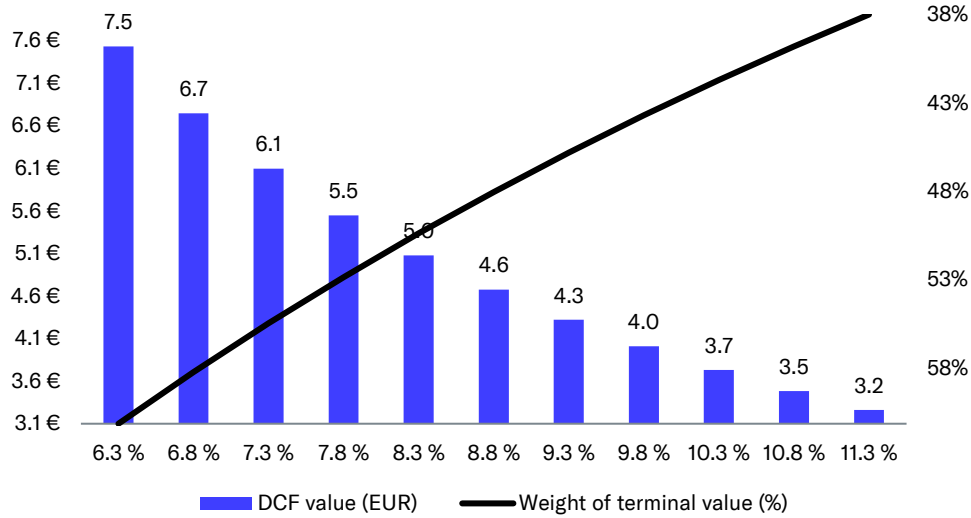
WACC

Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	5.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	2.10%
Risk free interest rate	2.5 %
Cost of equity	10.1 %
Weighted average cost of capital (WACC)	8.8 %

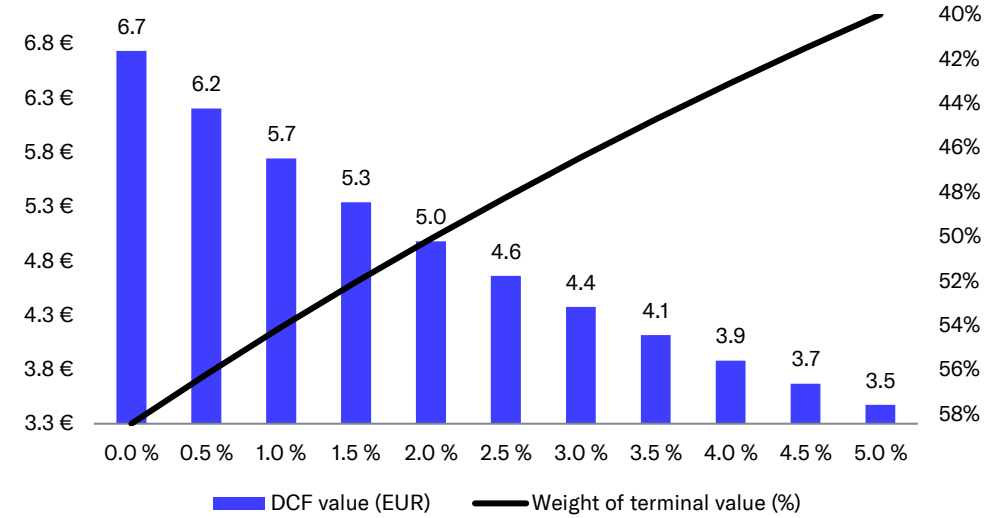
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

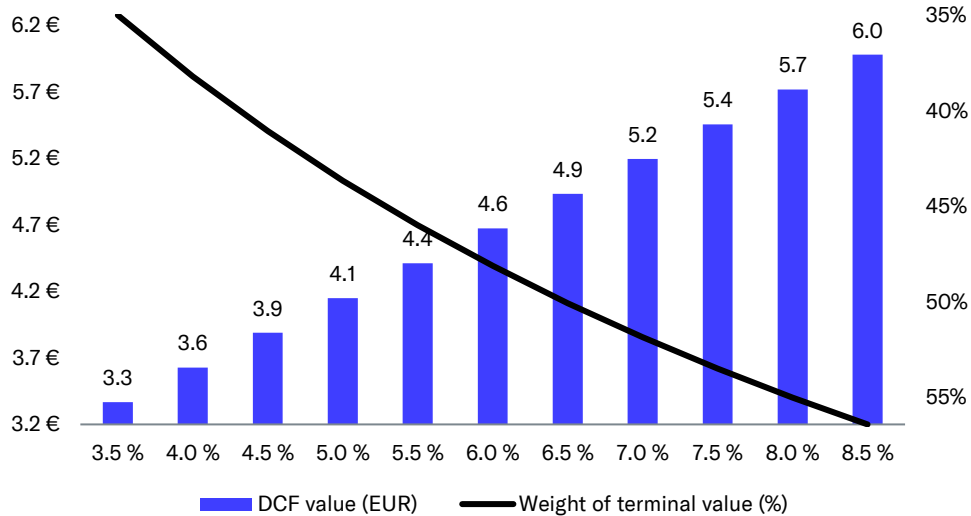
Sensitivity of DCF to changes in the WACC-%



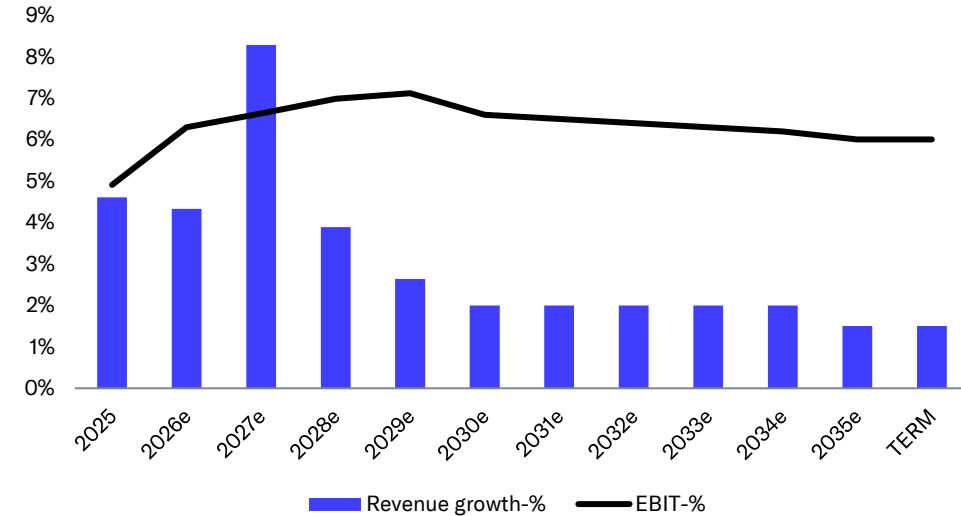
Sensitivity of DCF to changes in the risk-free rate



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	Per share data	2023	2024	2025	2026e	2027e
Revenue	151.3	132.5	138.6	144.6	156.6	EPS (reported)	0.00	-0.32	0.15	0.36	0.41
EBITDA	5.6	6.1	11.8	14.0	15.5	EPS (adj.)	0.09	0.20	0.17	0.36	0.41
EBIT	-0.5	-5.5	6.8	9.1	10.4	OCF / share	0.86	0.68	0.77	0.77	0.68
PTP	-2.4	-7.1	3.0	8.1	9.6	OFCF / share	0.32	0.41	0.47	0.46	0.36
Net Income	-0.1	-5.9	2.8	6.5	7.5	Book value / share	3.36	3.04	3.17	3.43	3.74
Extraordinary items	-1.6	-9.6	-0.3	-0.1	0.0	Dividend / share	0.00	0.03	0.08	0.10	0.12
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	132.2	121.2	122.7	122.8	128.0	Revenue growth-%	-8%	-12%	5%	4%	8%
Equity capital	60.9	54.8	57.9	63.0	68.6	EBITDA growth-%	-28%	10%	91%	19%	11%
Goodwill	30.1	30.1	30.1	30.1	30.1	EBIT (adj.) growth-%	-41%	248%	76%	30%	12%
Net debt	31.6	25.4	19.6	13.6	9.5	EPS (adj.) growth-%	1724%	138%	-17%	115%	13%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	3.7 %	4.6 %	8.5 %	9.7 %	9.9 %
EBITDA	5.6	6.1	11.8	14.0	15.5	EBIT (adj.)-%	0.8 %	3.0 %	5.1 %	6.4 %	6.6 %
Change in working capital	9.0	6.8	3.3	1.8	-0.8	EBIT-%	-0.3 %	-4.2 %	4.9 %	6.3 %	6.6 %
Operating cash flow	15.8	12.4	14.1	14.0	12.4	ROE-%	-0.1 %	-10.0 %	4.9 %	10.8 %	11.4 %
CAPEX	-7.4	-5.7	-5.9	-5.7	-5.9	ROI-%	-0.5 %	-5.9 %	7.7 %	10.6 %	12.0 %
Free cash flow	5.9	7.5	8.5	8.3	6.5	Equity ratio	46.3 %	45.5 %	47.5 %	51.6 %	53.9 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	51.9 %	46.3 %	33.9 %	21.5 %	13.8 %
EV/S	0.5	0.6	0.6	0.6	0.5	Net debt/EBITDA	5.7	4.1	1.7	1.0	0.6
EV/EBITDA	14.4	11.9	7.5	5.8	5.0	EBITDA/net financials	2.9	4.0	3.1	13.5	19.8
EV/EBIT (adj.)	69.5	18.1	12.4	8.8	7.4						
P/E (adj.)	31.6	13.0	22.3	10.2	9.0						
P/B	0.8	0.9	1.2	1.1	1.0						
Dividend-%	0.0 %	1.1 %	2.1 %	2.7 %	3.3 %						

Source: Inderes

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

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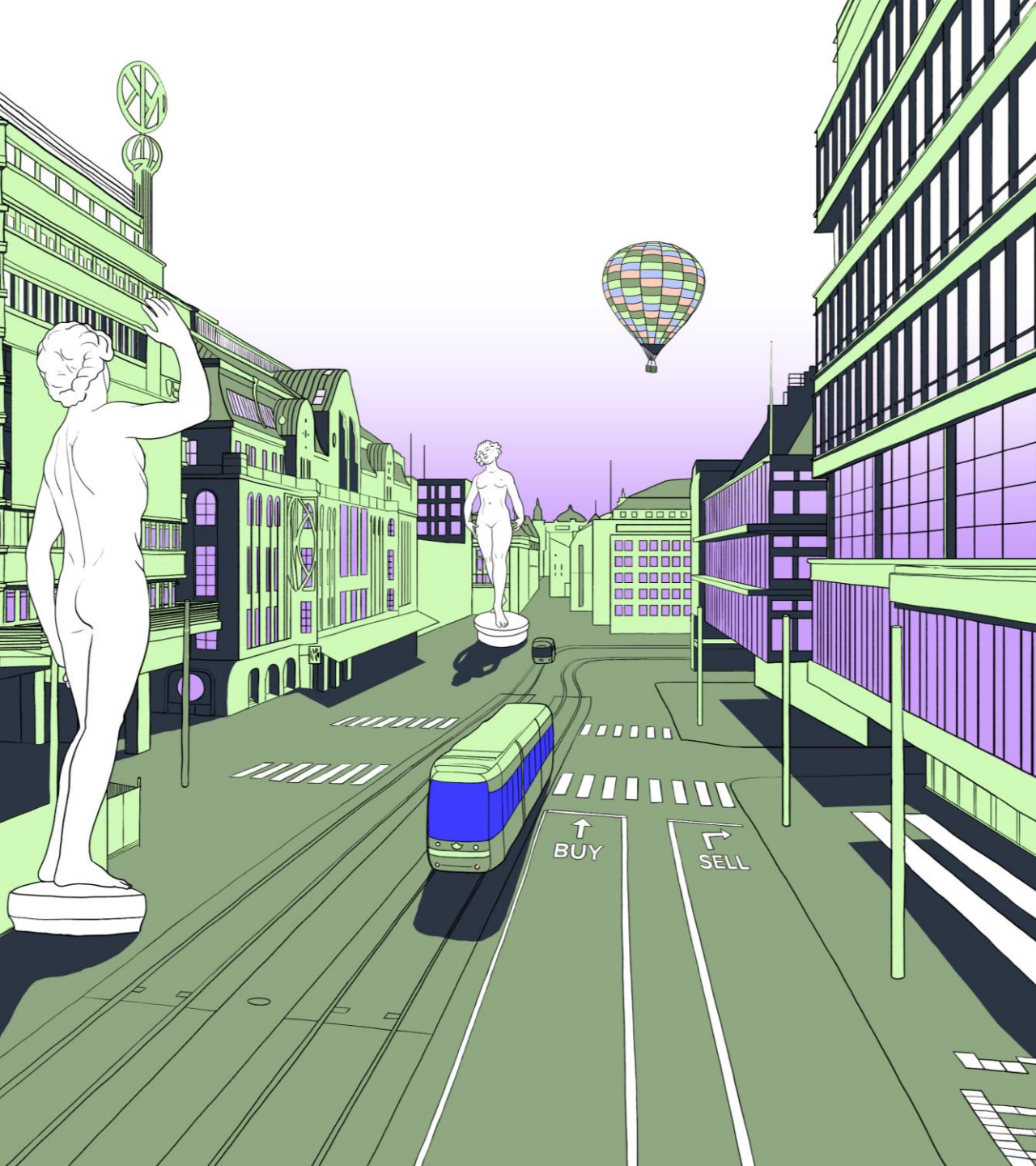
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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/12/2021	Accumulate	5.50 €	4.99 €
5/7/2021	Accumulate	6.10 €	5.76 €
8/13/2021	Reduce	6.10 €	6.16 €
9/21/2021	Accumulate	6.00 €	5.00 €
11/5/2021	Reduce	5.50 €	5.20 €
2/10/2022	Reduce	5.00 €	5.16 €
5/6/2022	Reduce	4.30 €	4.20 €
6/21/2022	Reduce	3.90 €	4.10 €
8/11/2022	Reduce	3.90 €	3.95 €
11/4/2022	Reduce	3.70 €	3.39 €
12/9/2022	Reduce	3.70 €	3.85 €
2/10/2023	Reduce	3.70 €	3.96 €
5/5/2023	Accumulate	4.10 €	3.68 €
8/11/2023	Accumulate	3.90 €	3.47 €
11/3/2023	Reduce	3.00 €	2.95 €
12/17/2023	Reduce	2.60 €	2.64 €
1/17/2024	Reduce	2.60 €	2.70 €
2/12/2024	Reduce	2.60 €	2.77 €
5/6/2024	Reduce	2.60 €	2.88 €
8/15/2024	Reduce	2.60 €	2.50 €
9/17/2024	Reduce	2.30 €	2.26 €
11/7/2024	Reduce	2.40 €	2.27 €
2/12/2025	Accumulate	3.20 €	2.89 €
3/4/2025	Accumulate	3.20 €	2.80 €
5/8/2025	Accumulate	3.30 €	2.96 €
8/15/2025	Accumulate	4.00 €	3.75 €
11/6/2025	Reduce	4.10 €	4.04 €
11/24/2025	Accumulate	4.10 €	3.67 €
2/6/2026	Accumulate	4.10 €	3.82 €
2/16/2026	Accumulate	4.20 €	3.78 €
5/11/2026	Accumulate	4.20 €	3.68 €



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