DIGIA

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

High-quality cash flow at a low price

We reiterate our EUR 7.5 target price and Buy recommendation for Digia's share. Digia's Q1 was slightly softer than we expected, but there was nothing dramatic behind the results. The big picture remains unchanged, and the company appears to be one of the sector's winners and a long-term earnings growth engine. The stock's valuation (2026e P/E 9x and EV/EBIT 7x) is very attractive, especially considering the confidence in its earnings capacity, low risk profile, and a large share of recurring business.

Quarter slightly weaker than expected this time

Digia's Q1 revenue increased by 5% to 56.4 MEUR, which was below our expectations. Organic growth appears to have been 1%, higher than our forecast. Thus, revenue from Savangard, acquired in Poland, was significantly below our forecast relative to its size, contributing only 2 MEUR. Digia's adjusted EBITA decreased by 17% to 4.0 MEUR, falling short of our estimate of 5.1 MEUR. The adjusted EBITA-% was 7.1%, down from the comparison period and our estimate of 9%. The Q1 result included 0.7 MEUR in non-recurring costs from change negotiations conducted earlier in the year. Additionally, revenue and EBITA were impacted by 0.7 MEUR in expense provisions related to customer projects, and we did not adjust the result for this (adjusted for this, profitability would have exceeded 8%). The company also made investments in line with its strategy. However, the scale of these investments was apparently larger than we expected.

Capital Markets Day in May

During the 2026-2028 strategy period, the company aims to expand into a European trusted partner for intelligent business, both organically and through acquisitions. In the big picture, there are no major revisions to the strategy; it is an update to the previous one. AI has, of course, been brought more strongly into the strategy. The financial targets are otherwise the same (growth over 10% and EBITA% >12%), but the share of international business was raised as anticipated (to 30% of revenue). The new targets are attainable, but we believe the growth and internationalization targets require new acquisitions and support from a better market situation. The profitability target, in turn, still necessitates solid operational execution and success in productization and scalable solutions. On May 21, the company will hold a Capital Markets Day, during which it will present its updated strategy and provide a more detailed look at its business operations, the opportunities and impacts of artificial intelligence, and the market outlook.

Our estimates are at the lower limit of the guidance range

Digia's guidance for 2026 calls for revenue growth and an EBITA at or above the level of the comparison period. The changes to this year's forecast are mainly due to a weaker-than-expected Q1. A potential "technical" challenge once again arises from the company's reporting practices, which do not adjust for costs such as those associated with change negotiations. On the other hand, the company had these costs last year, too (in Q2). We expect revenue to grow by 2% to 222 MEUR and reported EBITA to be 21.2 MEUR (2025: 21.3 MEUR). Digia has historically been active in M&As, and we expect it to continue pursuing inorganic growth when a suitable acquisition target is found.

Good cash flow at an attractive price

Digia has strengthened its profile as an earnings growth company and has risen to become one of the sector's top performers, which supports the share valuation. Based on the valuation methods we use, the stock is priced at least attractively (2026e P/E 9x, EV/EBIT 7x and expected return >15%) or even very attractively from all perspectives. Considering our DCF calculation (EUR 8.6) and the relative valuation level (~30% below peers), the share is very attractively priced. In addition, the company's risk profile is among the lowest in the sector. In summary, we see the fair value of the share in the range of EUR 7.2-8.6 per share.

Recommendation
Buy
(was Buy)

Target price:
EUR 7.50
(was EUR 7.50)

Share price:
EUR 5.50

Business risk ●●○○○

Valuation risk ●●○○○

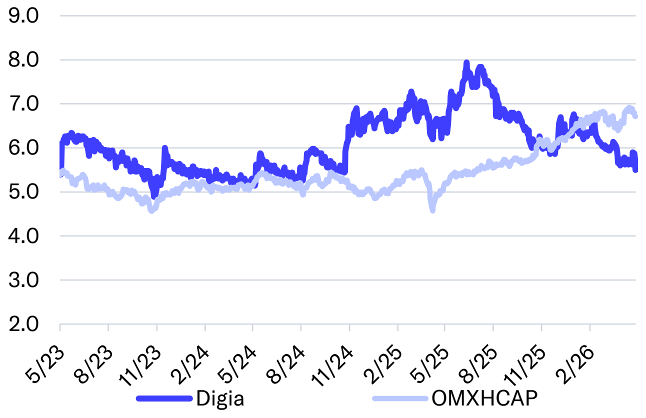
	2025	2026e	2027e	2028e
Revenue	217	222	229	238
growth-%	6%	2%	3%	4%
EBITA	21.3	21.2	24.1	25.5
EBITA-%	9.8 %	9.5 %	10.6 %	10.7 %
Net Income	12.8	13.6	16.5	18.0
EPS (adj.)	0.63	0.62	0.68	0.73
P/E (adj.)	10.5	8.9	8.0	7.5
P/B	1.9	1.4	1.3	1.2
Dividend yield-%	2.9 %	3.8 %	4.2 %	4.5 %
EV/EBIT (adj.)	8.8	7.4	6.2	5.3
EV/EBITDA	7.9	6.5	5.3	4.6
EV/S	0.9	0.7	0.7	0.6

Source: Inderes

Guidance (Unchanged)

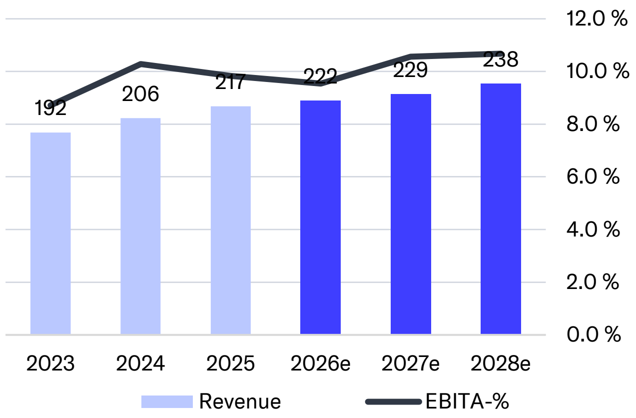
Digia's guidance is that revenue will grow and EBITA will be at the comparison period's level or grow in 2026.

Share price



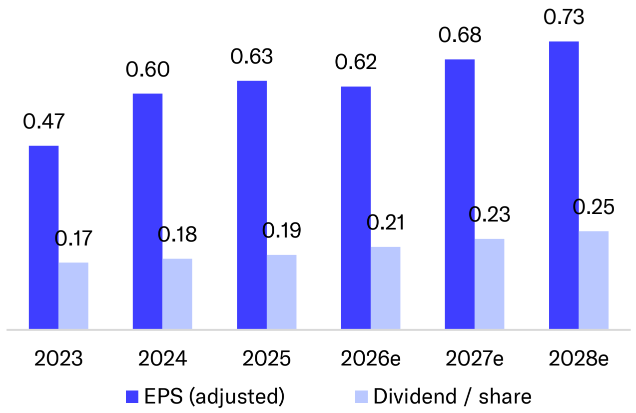
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Market trends are favorable for Digia's offering
- Still potential for improvement in profitability
- Increasing recurring services and scalable business
- Internationalization
- Acquisitions

Risk factors

- Threat of AI disruption
- Competitiveness in the talent competition, wage inflation and employee turnover
- M&A integrations
- Return on investments
- Project risks of large projects and customers' bargaining power
- Positioning as a mid-sized player between large and small operators
- Failure in internationalization

Valuation	2026e	2027e	2028e
Share price	5.50	5.50	5.50
Number of shares, millions	26.8	26.8	26.8
Market cap	148	148	148
EV	162	149	135
P/E (adj.)	8.9	8.0	7.5
P/E	10.8	8.9	8.2
P/B	1.4	1.3	1.2
P/S	0.7	0.6	0.6
EV/Sales	0.7	0.7	0.6
EV/EBITDA	6.5	5.3	4.6
EV/EBIT (adj.)	7.4	6.2	5.3
Payout ratio (%)	41.4 %	37.3 %	37.3 %
Dividend yield-%	3.8 %	4.2 %	4.5 %

Source: Inderes

Quarter slightly weaker than expected this time

Revenue grew organically, but Savangard's contribution was smaller than expected

Digia's Q1 revenue increased by 5% to 56.4 MEUR, which was below our expectations. Organic growth appears to have been 1%, higher than our forecast. The number of working days was the same as in the comparison period. Thus, revenue from Savangard, acquired in Poland, was significantly below our forecast relative to its size, contributing only 2 MEUR. However, the share of international business rose to 20.8% in Q1 (Q1'25: 11.7%). The continuing service and maintenance business accounted for 50% of revenue, remaining at the same level as in the comparison period. The number of personnel decreased by 11 from the previous quarter, and the 31 employees to be reduced as a result of the Q1 change negotiations will be reflected in the Q2 figures.

Profitability was slightly below our expectations, likely due to investments

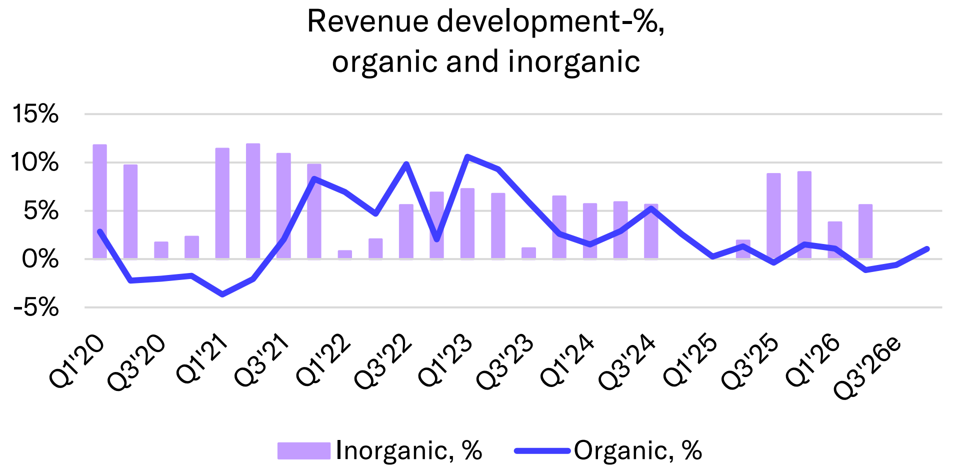
Digia's adjusted EBITA decreased by 17% to 4.0 MEUR (Q1'25: 4.8 MEUR) and was below our 5.1 MEUR estimate. Adjusted EBITA margin was 7.1%, down from 9.0% in the comparison period and below our estimate of 8.8%. The Q1 result included 0.7 MEUR in non-recurring costs from change negotiations conducted earlier in the year. Additionally, EBITA was impacted by 0.7 MEUR in expense provisions related to customer projects, and we did not adjust the result for this (adjusted for this, profitability would have been 8.3%). In line with the strategy, the company made investments in productization, harnessing artificial intelligence, international growth, and enhancing its expertise. However, the scale of these investments was apparently larger than we expected. The company does not report cost lines in more detail in its business reviews, so we cannot delve deeper into these costs and "investments." EPS was EUR 0.07 in Q1, and EUR 0.12 when adjusted for PPA amortization and one-off items from change negotiations.

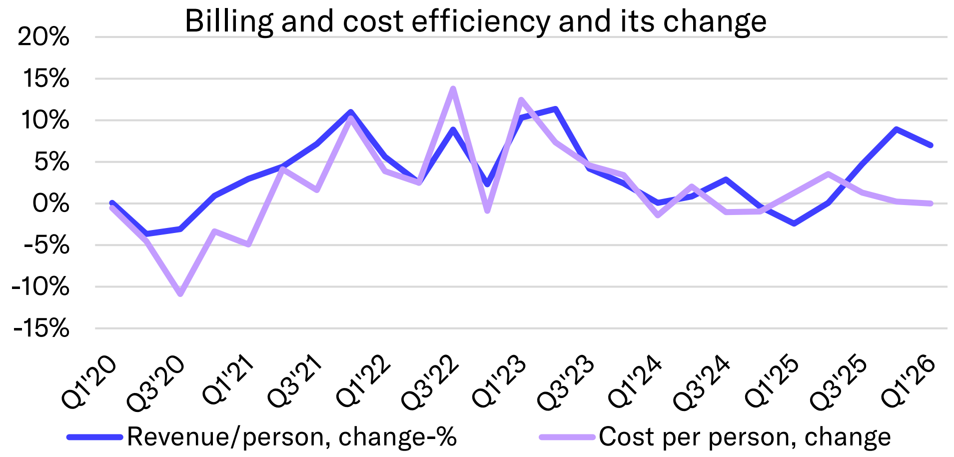
The company concluded its change negotiations at the end of March, which will support profitability starting in Q2. As a result of the negotiations, Digia will reduce its workforce by 31 employees, which the company estimates will generate annual savings of around 2.4 MEUR.

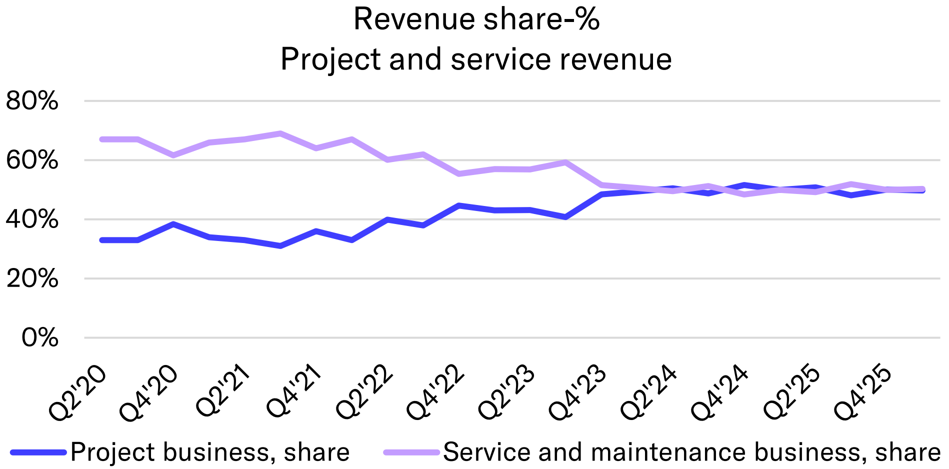
Estimates	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus		Difference (%)	2026e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	53.8	56.4	57.8				-3%	222
Organic growth-%	0.2 %	1.1 %	0.1 %				1 pp	0.7 %
EBITA (adj.)	4.8	4.0	5.1				-21%	21.9
EBIT	3.9	2.5	3.5				-29%	18.3
EPS (adj.)	0.13	0.12	0.14				-17%	0.62
EPS (reported)	0.10	0.07	0.09				-22%	0.62
Revenue growth-%	0.2 %	4.9 %	7.6 %				-2.7 pp	2.5 %
EBITA-% (adj.)	9.0 %	7.1 %	8.8 %				-1.7 pp	9.9 %

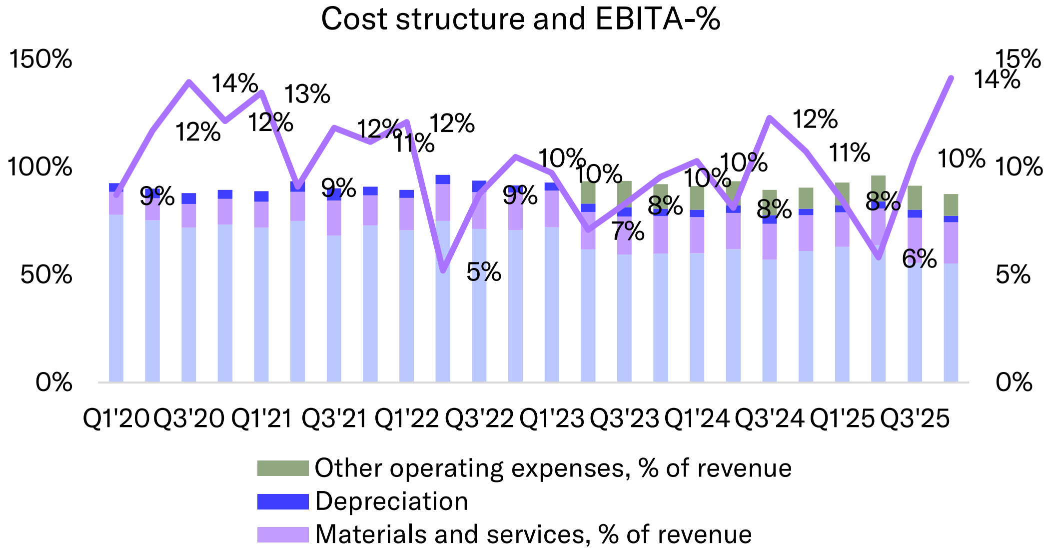
Source: Inderes

Digia's key figures

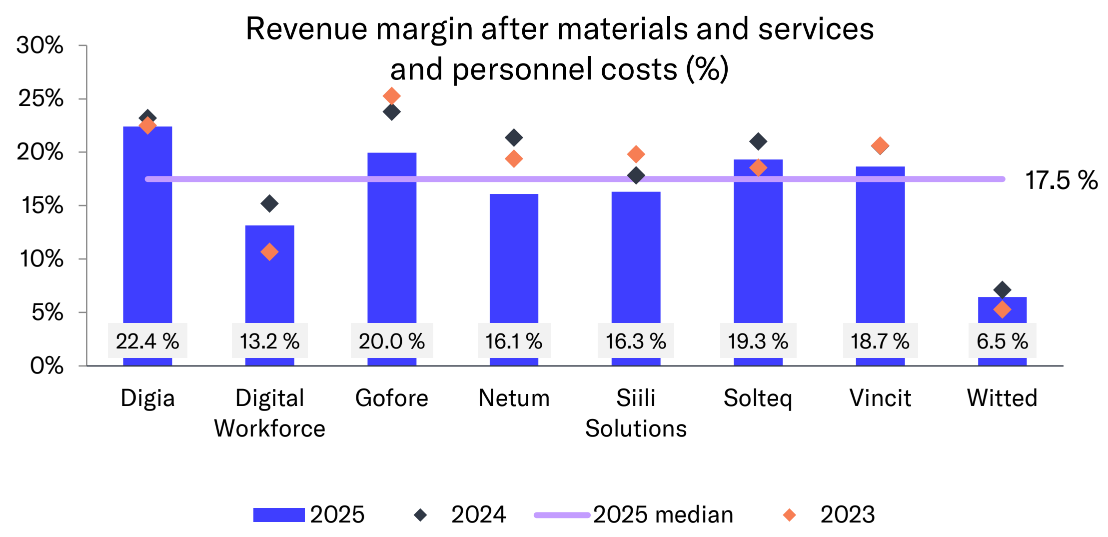


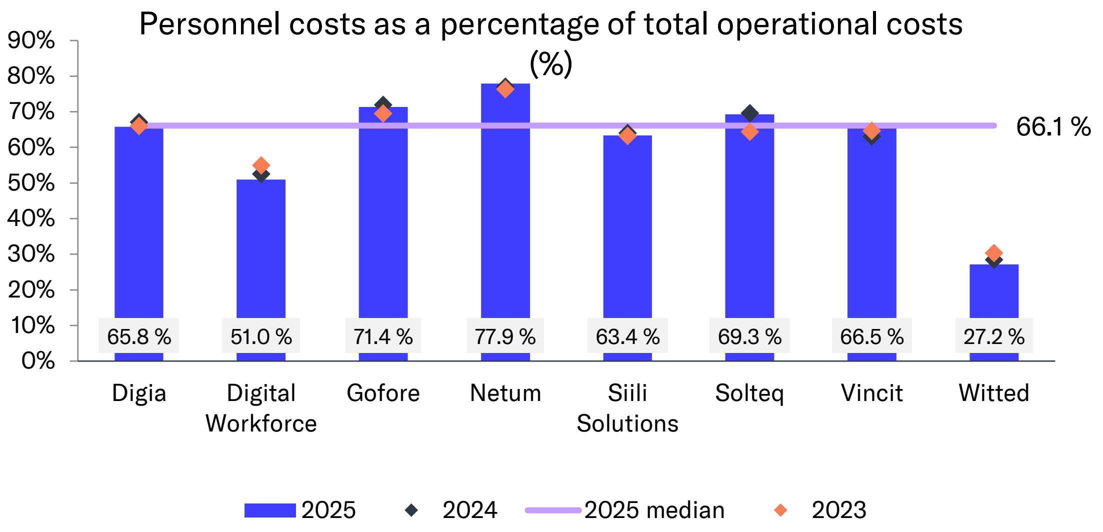


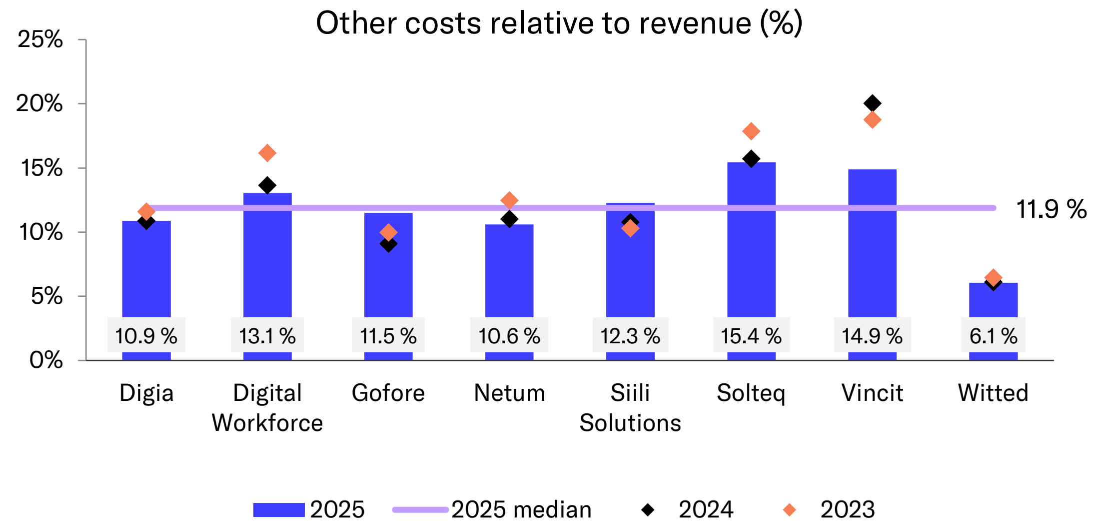


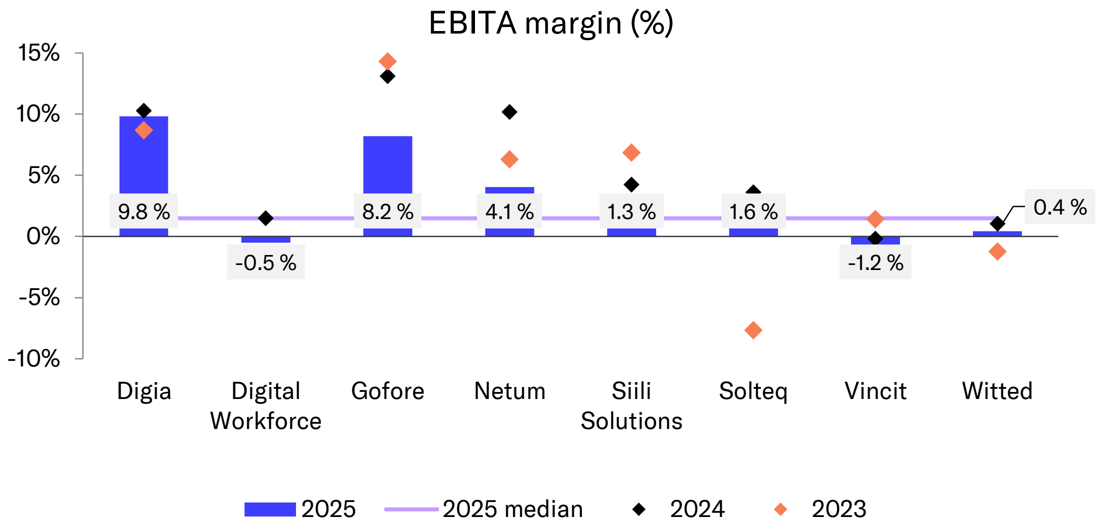


Relevant reported indicators for the sector 1/2



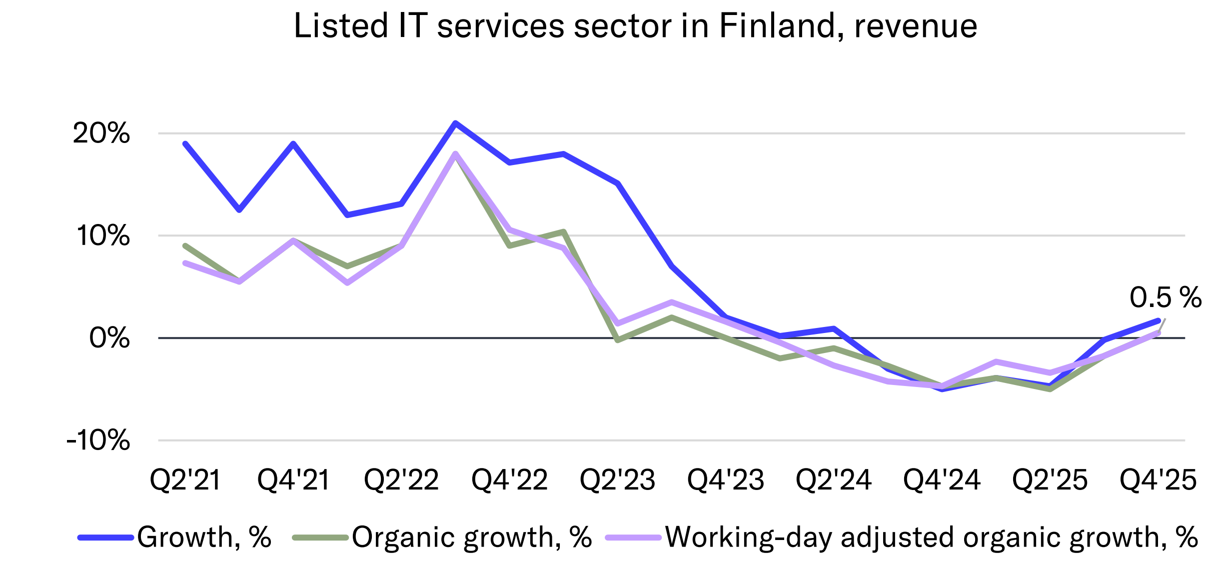


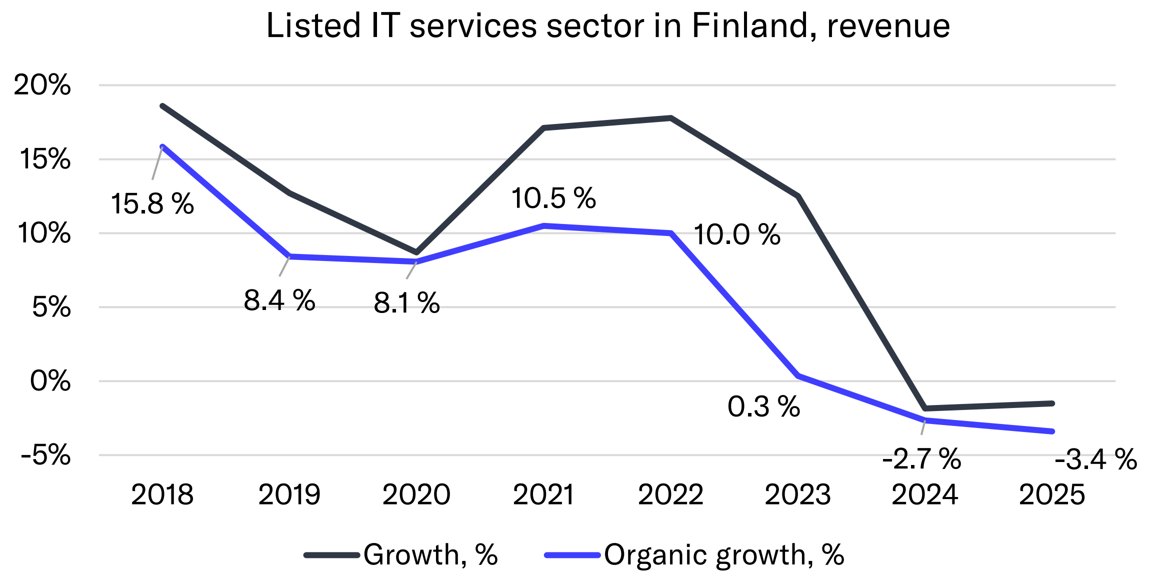


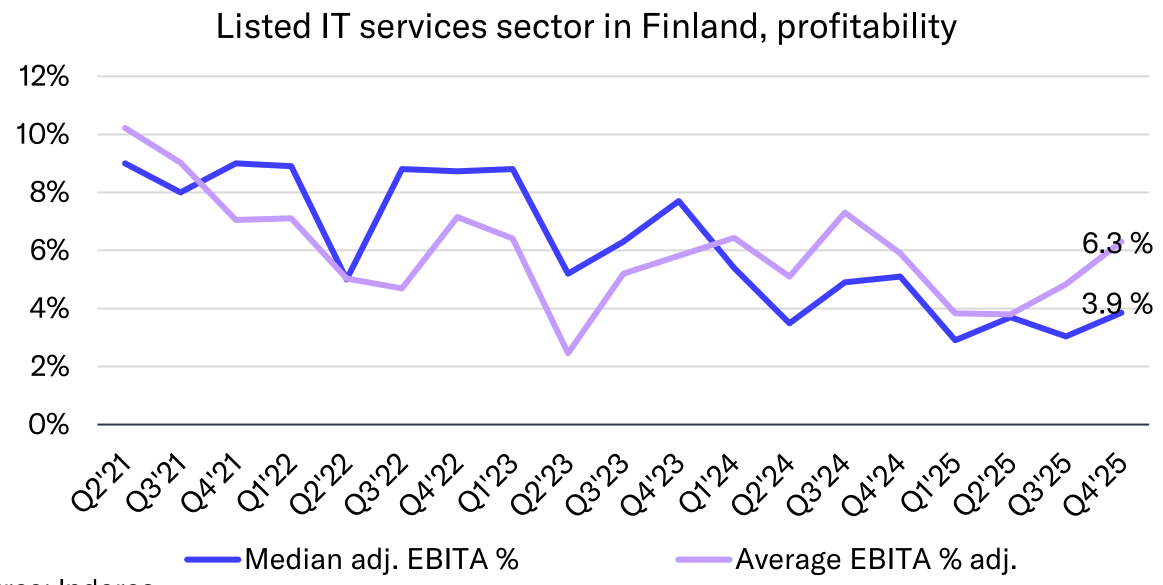


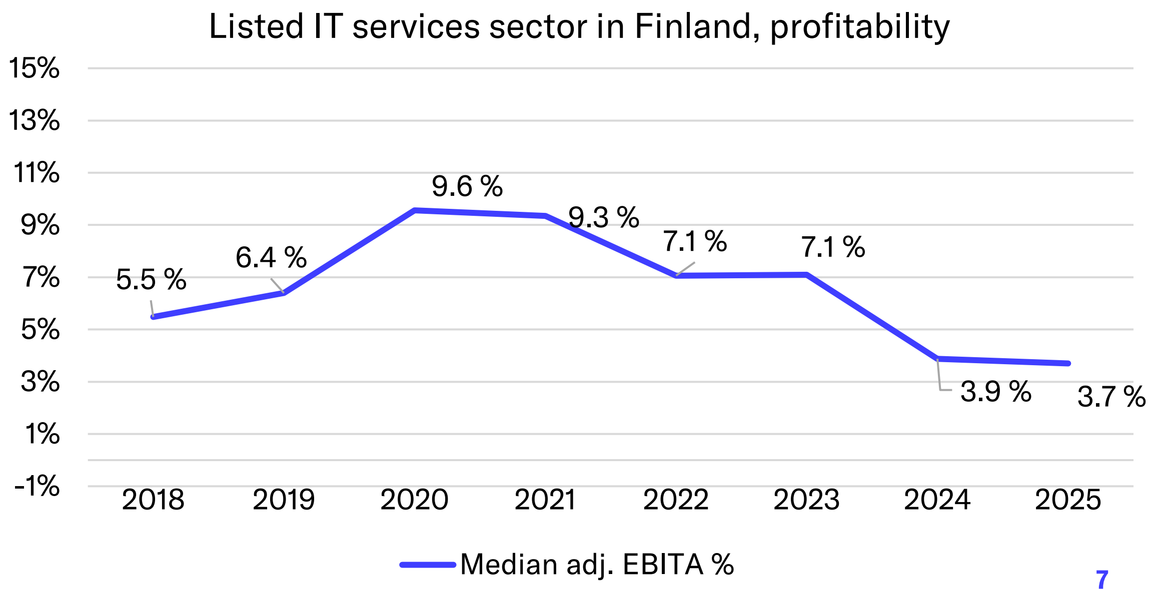
Source: Inderes and the companies

Relevant reported indicators for the sector 2/2









Source: Inderes

Themes and financial targets for the 2026-28 strategy period 1/2

Strategy period 2026-2028

During the 2026-2028 strategy period, the company aims to expand into a European trusted partner for intelligent business, both organically and through acquisitions. In the big picture, there are no major revisions to the strategy; it is an update to the previous one. Naturally, AI has been more strongly integrated **into** the strategy.

The company's four specialized service areas remain unchanged: 1) Digital Solutions, 2) Business Platforms, 3) Financial Platforms, and 4) Managed Solutions.

The core of strategy implementation is:

- **Competence:** Renew in accordance with market demand and the requirements of intelligent business. Historically, Digia has also pursued this aggressively with acquisitions.
- **Scalable services and solutions**: Productize smart, scalable solutions and services. This, and particularly the productization of services, is in line with the strategy updates of other leading companies (e.g. Netcompany).
- **AI solutions and autonomous services**: Implement smart solutions and services for customers, utilizing automation and AI. This is at the heart of the strategy, an important market trend to succeed in, and a clear growth driver for the company.
- **International expansion**: Growing into a European pioneer in intelligent business by leveraging the resources of the entire group. Regarding the breadth of the service offering, there are naturally good opportunities on paper, but it still requires proof. However, the Savangard acquisition, which is quite large for Digia, has initially shown good proof of synergies through stronger competitiveness.

The company's competitiveness continues to be based on 1) strong expertise, 2) deep customer relationships and a continuous business model, and 3) a broad service offering, which we subscribe to. In addition, a stable financial position and good cash flow continuously provide good opportunities to invest and implement the growth strategy. The company has proven to be a strategic partner for its customers through business continuity, strong performance in a difficult market, and good NPS scores (most recently 62). Achieving the role of a strategic partner clearly facilitates business, as it brings continuity and reduces the need for more challenging new sales. However, the company must now prove its strength in the IT service market, which is still being shaped by AI. In our view, the company has good opportunities and initial evidence to do so.

The main phases of strategy implementation are: **2026 – Renew, 2027 – Grow, 2028 – Scale**. At the beginning of the strategy period, the focus is on service and productization investments, as well as the renewal of the company's own operations, which is also indicated by the cautious guidance for 2026. The following years will then be a period of growth and scalable business. The company is very likely to accelerate strategy execution and growth through acquisitions, as it has done over the past 10 years.

Financial targets

- **Revenue growth: over 10% annually**, including organic and inorganic growth (2023-25 average growth of 8% with an organic share of around half)
- **EBITA: over 12% of revenue** at the end of the strategy period (2023-25, EBITA% was 9-10% annually)

Expansion of international business

- Over 30% of revenue at the end of the strategy period (Q1'26 21%).

On May 21, Digia will hold a Capital Markets Day, during which it will present its updated strategy and provide a more detailed look at its business operations, the opportunities and impacts of artificial intelligence, and the market outlook.

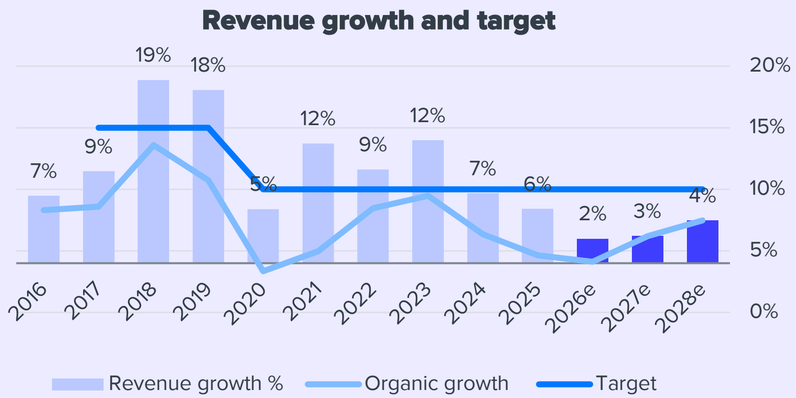
Themes and financial targets for the 2026-28 strategy period 2/2

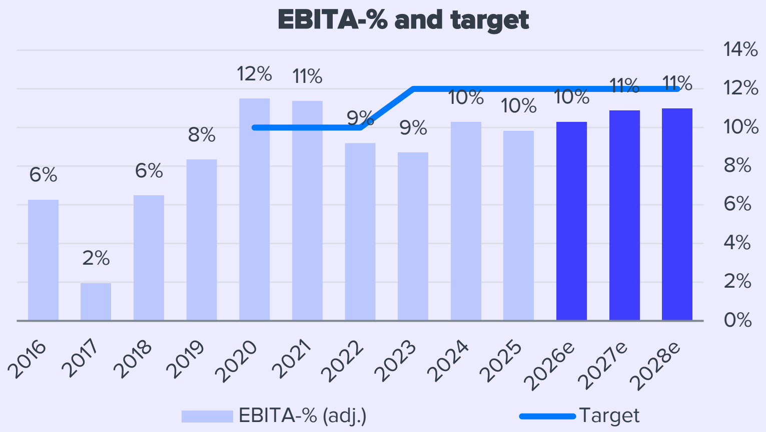
Financial targets are largely the same as in the previous period

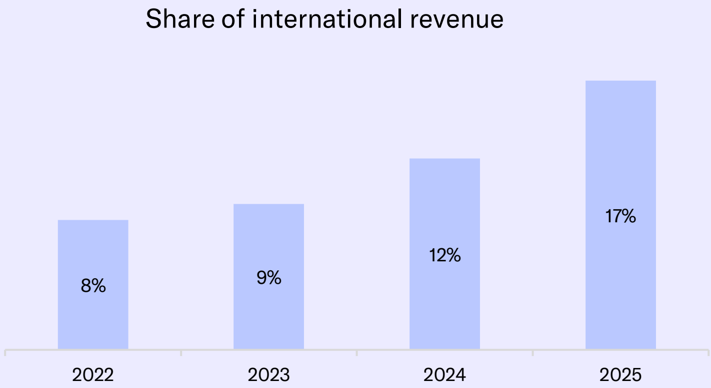
During the strategy period, Digia aims for annual revenue growth of over 10%, including organic and inorganic growth. The target is realistic but requires new acquisitions, as we estimate organic growth to be 1-4% during the strategy period, limited by a challenging market. During the previous strategy period, Digia grew by an average of 8% annually (organically, according to our calculations, just under 4%).

In terms of profitability, the company aims for an EBITA margin of over 12% of revenue at the end of the strategy period. The target is a level above the sector average (EBITA% of ~6-8%). The company already reached an EBITA margin of approximately 11.5% in 2020-21, partly supported by COVID-related savings. In the last strategy period, annual profitability was 9-10%. On the other hand, the company is also continuously investing in the business and scalable solutions through the income statement. In addition, the company had to streamline its operations, which resulted in relatively significant non-recurring costs. The company is also investing in 2026, which limits profitability. Overall, we consider the profitability target achievable by the end of the strategy period, but the current market weakness and the disruptive threat of AI create headwinds. Historically, although the company did not quite reach its profitability target, it was still clearly better than for the sector.

In terms of international business, the company is aiming for a share of more than 30% of revenue at the end of the strategy period. In 2022, the share of international revenue was around 8%. After the Top of Minds acquisition, the share of international business rose to around 12% of revenue in 2024 (9% in 2023). With the latest Savangard acquisition, the company took a leap in its strategy period targets, and after the transaction, the share of international revenue will be around 20% at the end of the 2025 strategy period The company's raised target of 30% indicates annual growth of around 20% for its international business. In our view, this requires a clear focus on international acquisitions.







We lowered earnings estimates slightly

Estimate revisions

- We lowered estimates slightly, mainly driven by weaker Q1.

Estimates 2026e-2028e

- We estimate 2% revenue growth in 2026, driven by the Savangard acquisition. Organically, we estimate revenue to grow by 0%, supported by a competitive, comprehensive offering. We project a slight decrease in EBITA margin to 9.5% in 2026 (2025: 9.8%) and to 9.9% when adjusted for non-recurring items (2025: 10.5%). Our calculation differs from the company's, as Digia does not adjust for one-off costs from change negotiations or fair value changes. In our view, however, adjusted EBIT provides a better picture of operational performance. In our estimates, reported EBITA will remain flat year-on-year at 21 MEUR. In the latter part of the year, profitability will be supported by the cost-saving measures implemented in Q1 but will also be constrained by higher investments than last year (all made through the income statement).
- In 202-2028, we estimate organic revenue growth of 3-4%. The estimates rely on a gradual improvement in the market. If the company succeeds in its international strategy, there is upside in our estimates. We estimate that profitability will rise to around 11% in 2027-28 as investments decrease and scalability improves. On the other hand, there is still wage inflation and tight customer pricing, for which the sector is currently seeking a solution in new pricing models. Thus, we expect profitability in the coming years to be slightly below the 12% financial target, but still clearly better than in the sector.

Operational earnings drivers

Growth drivers:

- Scalable services and solutions
- Internationalization
- Expanding into new service areas within customer accounts (cross-selling)
- M&A

Profitability drivers:

- Product growth
- Productivity of scalable solutions and AI investments
- Headwinds from wage inflation and increased subcontracting
- Finding new pricing models

Balance sheet

- Equity ratio 46%, net gearing 21%, net debt 19 MEUR at the end of Q1'26. The company has used debt for acquisitions and generally repays debt efficiently.
- Good cash flow continuously strengthens the balance sheet and thus provides leeway for new acquisitions in the future.

Estimates	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus		Difference (%)	2026e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	53.8	56.4	57.8				-3%	222
Organic growth-%	0.2 %	1.1 %	0.1 %				1 pp	0.7 %
EBITA (adj.)	4.8	4.0	5.1				-21%	21.9
EBIT	3.9	2.5	3.5				-29%	18.3
EPS (adj.)	0.13	0.12	0.14				-17%	0.62
EPS (reported)	0.10	0.07	0.09				-22%	0.62
Revenue growth-%	0.2 %	4.9 %	7.6 %				-2.7 pp	2.5 %
EBITA-% (adj.)	9.0 %	7.1 %	8.8 %				-1.7 pp	9.9 %

Source: Inderes

Valuation 1/2

Investment perspective – multiple value drivers

Digia has strengthened its profile as an earnings growth company and has risen to become one of the sector's top performers, which supports the share valuation. In the short term, however, market weakness is limiting the IT services sector. Despite market weakness, Digia only accelerated its growth in 2023 (organic growth 9%) and continued to outperform the sector in 2024-25 (organic 3% and +1%).

Digia's risk profile is low compared to the sector due to the company's broad offering and customer base, the large share of recurring revenue and, consequently, the stable business. The company's profile, compared to IT service companies that have grown in the digital age, is distinguished by a more comprehensive offering, a large share of recurring revenue and a relatively large share of proprietary products. In our view, Digia is currently one of the top performers in the sector in terms of growth and profitability profile (Rule of 20), which supports a higher valuation than the IT services sector.

Value creation is driven by revenue growth and moderately improved profitability. There is still more potential in profitability than in our forecasts, but this requires evidence of the productivity of investments and support from a better market situation. In the long term, we believe that Digia's value creation will stem from success in organic growth, synergies in service areas, improved efficiency, growth in scalable business and overall competitiveness, which together determine the key driver of earnings growth. The company has generally also succeeded in acquisitions, thereby accelerating growth. In the long term, we also consider Digia a potential takeover target as the active consolidation of the IT market continues.

The key risks relate to customer demand and price pressure, the disruptive threat of AI, investment productivity, projects, acquisitions, and internationalization.

Multiple-based valuation

Digia's valuation can currently be monitored well through all earnings-based valuation multiples. The valuation multiples we primarily use in the sector and for Digia are adjusted P/E and EV/EBIT multiples. Historically, Digia has made very few cash flow-related adjustments. Adjustments are particularly justified when comparing the company to its peers.

Based on our estimates, Digia's 2026 EV/EBIT and adjusted P/E ratios are 7x and 9x, which we believe is at least an attractive level. Relative to the good and stable earnings growth outlook and the large share of recurring services and maintenance (~50%), the valuation can even be described as very attractive. Our target price corresponds to P/E and EV/EBITA multiples of 9x and 11x for 2026e.

In general, the valuation level of the IT services sector has been under pressure for the past couple of years due to geopolitical risks, rising interest rates and the general weak economic situation. The weak market situation has been reflected in the sector's earnings levels, which has also weighed on the sector's valuation levels. We believe the sector will be more clearly divided into winners and losers, which will be reflected in operational development and differences in valuation. The AI revolution is largely driving this development. We see Digia as one of the winners, as evidenced by its strong performance in recent years.

Valuation	2026e	2027e	2028e
Share price	5.50	5.50	5.50
Number of shares, millions	26.8	26.8	26.8
Market cap	148	148	148
EV	162	149	135
P/E (adj.)	8.9	8.0	7.5
P/E	10.8	8.9	8.2
P/B	1.4	1.3	1.2
P/S	0.7	0.6	0.6
EV/Sales	0.7	0.7	0.6
EV/EBITDA	6.5	5.3	4.6
EV/EBIT (adj.)	7.4	6.2	5.3
Payout ratio (%)	41.4 %	37.3 %	37.3 %
Dividend yield-%	3.8 %	4.2 %	4.5 %

Source: Inderes

Valuation 2/2

Peer group

In our view, Digia should be positioned among the Nordic IT service companies as an established player with a broad offering, its own products, and around half is recurring business. We believe that a good Nordic peer group can be found for Digia, against which the valuation can be mirrored and supported. In the peer group, we have used Inderes' estimates for the companies we cover, which takes into account goodwill amortization and improves comparability between Finnish companies. A similar peer for Digia emerged when Vincit and Bilot merged, even though Vincit is currently undergoing a very strong transformation and facing operational challenges. In addition, Netum shares several characteristics with Digia, but on the other hand, like Vincit, it is a clear turnaround company and significantly smaller.

In our view, Digia's share can be assigned a higher valuation level than the Finnish sector in a normal business environment, due to its stable business operations and performance, good prospects, and the increasing scalability of the business.

Digia is valued at over 30% less than its Finnish peers with 2026 EV/EBIT and P/E ratios. Thus, the company is relatively very attractively valued. The company's earnings level can be considered relatively stable in the sector context, as a large part of the company's revenue is recurring (the share of service and maintenance business was 50% in Q1'26).

Components of the expected return for the share

We look at the expected return on the Digia share in terms of earnings growth, dividend yield and accepted valuation multiples. We estimate that the company has the potential for ~8% annual adjusted earnings growth (CAGR 2027-2028) in the coming years, driven by revenue growth and improved profitability. With our dividend forecasts at the lower end of the guidance (at least 30% of profits) at ~39% of profits, the dividend yield is at the ~4% level. The strong cash flow provides a good basis for a relatively high dividend payout, but we estimate that the company will repay debt and continue to pursue inorganic growth, which is why our dividend forecasts are low.

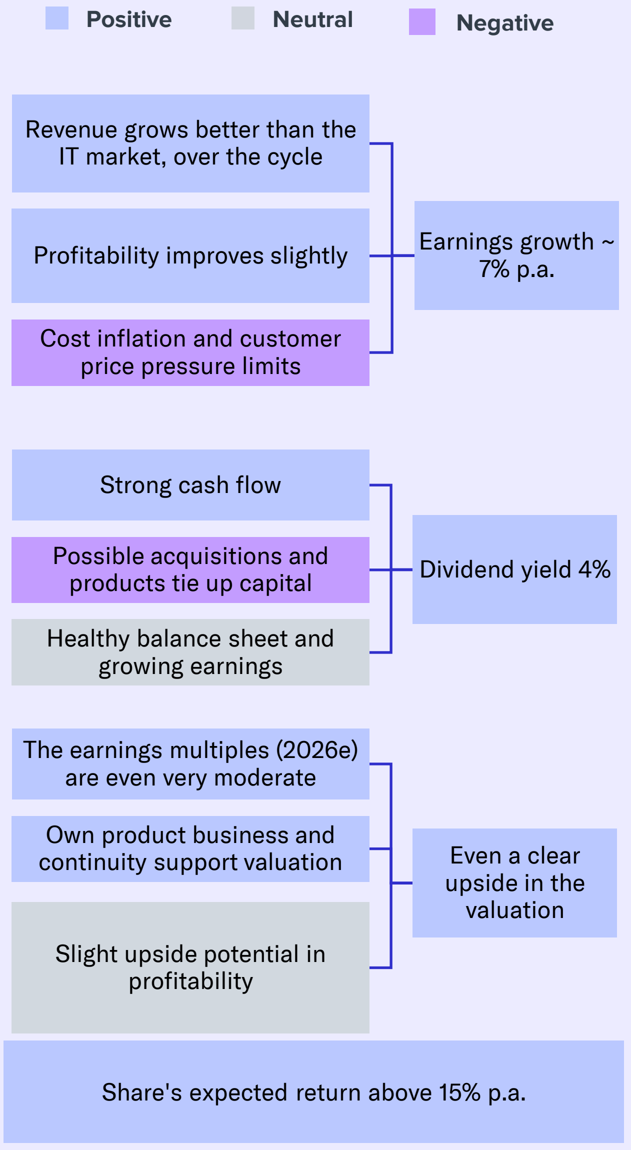
We see the 2026 multiples as very moderate. Consequently, the return expectation, which currently consists of the share's dividend yield, earnings growth and moderate upside potential in valuation multiples, rises to over 15% per annum. The expected return clearly exceeds the cost of equity.

DCF analysis

In our valuation, we still give more weight to valuation multiples than to the cash flow model, even though the company's business development is stable and improves the reliability of the cash flow model. Our DCF model indicates a value of EUR 8.4 per Digia share. In our estimate model, which is even relatively conservative, Digia will grow at an average rate of 4% in 2026-2033 and 1.5% in the long term. In addition, the EBITA margin is 10-11% until 2029, after which it will decrease to 8.5% in the terminal, which reflects only slightly better profitability than the sector average and a weaker level than in recent years for the company. In the model, the weight of the terminal assumption is relatively small (49%), which improves the reliability of the model. The weighted average cost of capital (WACC) we use in the cash flow model is 8.7%.

The cash flow calculation thus clearly indicates a higher level than the current one, which supports a strong positive view on the stock.

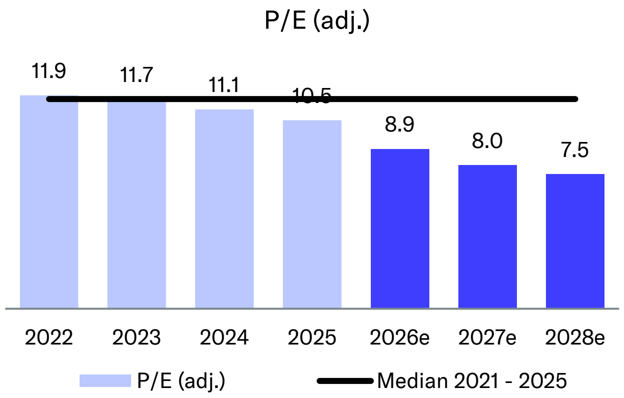
Total shareholder return drivers 2026-2028

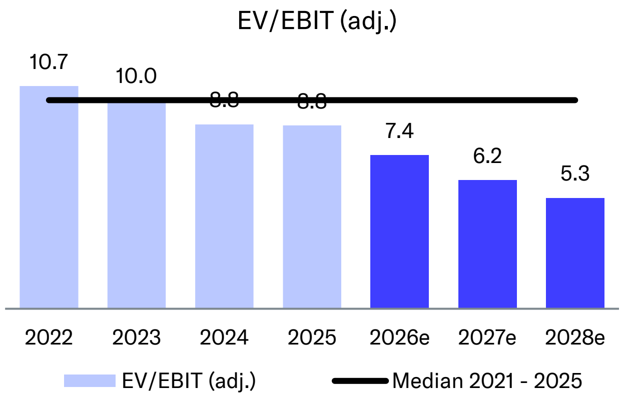


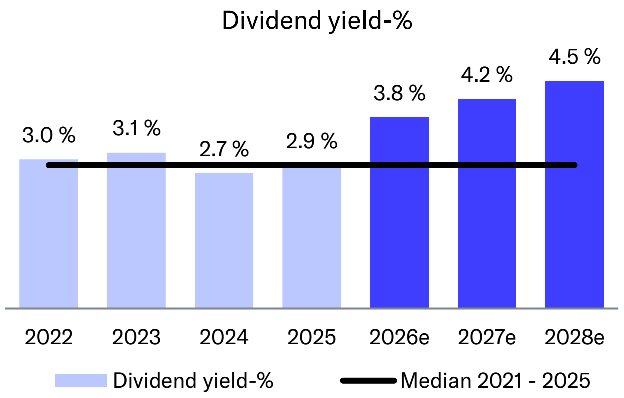
Valuation table

Valuation	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	5.71	5.46	6.66	6.64	5.50	5.50	5.50	5.50
Number of shares, millions	26.7	26.8	26.8	26.7	26.8	26.8	26.8	26.8
Market cap	152	146	179	177	148	148	148	148
EV	170	171	190	201	162	149	135	121
P/E (adj.)	11.9	11.7	11.1	10.5	8.9	8.0	7.5	7.0
P/E	15.9	14.8	13.4	13.8	10.8	8.9	8.2	7.5
P/B	2.1	1.9	2.1	1.9	1.4	1.3	1.2	1.1
P/S	0.9	0.8	0.9	0.8	0.7	0.6	0.6	0.6
EV/Sales	1.0	0.9	0.9	0.9	0.7	0.7	0.6	0.5
EV/EBITDA	8.6	8.1	7.5	7.9	6.5	5.3	4.6	3.9
EV/EBIT (adj.)	10.7	10.0	8.8	8.8	7.4	6.2	5.3	4.5
Payout ratio (%)	47.4 %	46.2 %	36.3 %	39.5 %	41.4 %	37.3 %	37.3 %	36.8 %
Dividend yield-%	3.0 %	3.1 %	2.7 %	2.9 %	3.8 %	4.2 %	4.5 %	4.9 %

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-%	
Company	MEUR	MEUR	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e
Digital Workforce*	31	32	12.7	9.4	11.2	7.9	1.0	0.9	13.0	10.5	3.4	4.2
Gofore*	179	185	7.6	6.7	6.2	5.5	0.8	0.7	9.6	9.1	4.6	4.8
Loihde*	78	80	11.8	10.7	5.7	5.3	0.6	0.5	14.7	13.6	5.8	6.4
Netum Group*	15	23	12.3	11.6	10.0	8.2	0.7	0.7	13.7	12.4	1.7	3.4
Siili Solutions*	23	26	8.5	7.0	4.7	4.0	0.3	0.2	12.4	9.2	2.8	3.2
Solteq*	6	31	12.4	10.1	10.5	7.5	0.7	0.6		85.1		
Tieto	2156	2700	11.5	10.7	8.8	8.4	1.5	1.5	11.2	10.5	5.6	6.2
Vincit*	17	16	10.6	6.7	3.3	2.6	0.3	0.3	16.7	10.0	6.8	8.7
Witted Megacorp*	23	17	7.5	6.1	7.6	5.9	0.3	0.3	12.4	11.2	1.3	3.2
Avensia AB	26	27	8.3	7.1	6.0	5.1	0.7	0.7	10.2	8.6		
Bouvet	499	469	10.1	9.2	8.4	7.8	1.2	1.2	14.0	12.8	6.9	7.4
CombinedX	64	68	15.7	12.7	6.6	6.4	0.9	0.9	15.4	13.1		
Exsitec	141	165	12.8	11.7	8.4	7.8	1.9	1.8	15.7	14.4	1.7	2.0
Knowit	241	280	12.5	9.7	5.7	5.1	0.5	0.5	11.2	9.1	3.2	4.0
Netcompany Group	2284	2732	16.1	13.6	12.4	10.7	2.2	2.0	19.3	15.2		
NNIT	146	187	10.6	8.4	7.9	6.6	0.8	0.7	15.2	9.9	4.6	1.4
Webstep	46	42	6.1	5.2	4.9	4.3	0.5	0.5	8.1	6.9	9.1	10.5
Digia (Inderes)	148	162	7.4	6.2	6.5	5.3	0.7	0.7	8.9	8.0	3.8	4.2
Average			10.9	9.2	7.5	6.4	0.9	0.8	13.2	15.1	4.5	5.1
Median all			11.1	9.3	7.1	6.2	0.7	0.7	13.0	10.5	4.6	4.5
Diff-% to Median all			-33%	-34%	-8%	-14%	2%	-4%	-31%	-24%	-17%	-7%

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	206	53.8	53.7	49.3	60.2	217	56.4	56.1	49.0	60.9	222	229	238	249
EBITDA	25.4	5.6	4.0	6.2	9.5	25.3	4.2	5.9	6.0	8.8	24.8	27.9	29.4	30.9
Depreciation	-7.2	-1.7	-1.8	-1.9	-1.8	-7.2	-1.7	-1.7	-1.6	-1.6	-6.5	-6.1	-5.9	-5.6
EBITA (adj.)	21.5	4.8	4.4	5.6	8.1	22.9	4.0	5.0	5.1	7.9	21.9	24.1	25.5	26.9
EBIT	18.2	3.9	2.2	4.3	7.7	18.1	2.5	4.2	4.4	7.3	18.3	21.8	23.5	25.3
Net financial items	-1.3	-0.5	-0.3	-0.4	-0.6	-1.7	-0.3	-0.4	-0.4	-0.3	-1.3	-1.2	-1.0	-0.7
PTP	16.9	3.4	2.0	3.9	7.1	16.4	2.2	3.9	4.0	7.0	17.0	20.7	22.5	24.6
Taxes	-3.6	-0.7	-0.5	-0.7	-1.7	-3.5	-0.4	-0.8	-0.8	-1.4	-3.4	-4.1	-4.5	-4.9
Net earnings	13.3	2.7	1.5	3.2	5.4	12.8	1.8	3.1	3.2	5.6	13.6	16.5	18.0	19.7
EPS (adj.)	0.60	0.13	0.13	0.16	0.21	0.63	0.11	0.14	0.14	0.23	0.62	0.68	0.73	0.78
EPS (rep.)	0.50	0.10	0.06	0.12	0.20	0.48	0.07	0.11	0.12	0.21	0.51	0.62	0.67	0.73

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-%	7.1 %	0.2 %	3.2 %	8.5 %	10.5 %	5.5 %	4.9 %	4.5 %	-0.6 %	1.1 %	2.5 %	2.7 %	4.3 %	4.6 %
EBITA (adj.) growth	25.8 %	-12%	-4%	-2%	39%	6%	-18%	15%	-9%	-3%	-4.2 %	10.1 %	5.4 %	5.7 %
EBITA-% (adj.)	10.5 %	9.0 %	8.1 %	11.3 %	13.5 %	10.5 %	7.0 %	8.9 %	10.3 %	13.0 %	9.9 %	10.6 %	10.7 %	10.8 %
EBIT-%	8.9 %	7.2 %	4.1 %	8.8 %	12.7 %	8.4 %	4.4 %	7.5 %	8.9 %	11.9 %	8.2 %	9.6 %	9.8 %	10.2 %
Net earnings-%	6.5 %	5.1 %	2.8 %	6.6 %	8.9 %	5.9 %	3.1 %	5.5 %	6.5 %	9.1 %	6.1 %	7.2 %	7.5 %	7.9 %

Source: Inderes

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

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	97.6	114	114	115	115
Goodwill	92.8	106	106	106	106
Intangible assets	0.0	0.0	0.2	0.4	0.6
Tangible assets	3.6	6.6	6.9	7.1	7.3
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.5	0.7	0.7	0.7	0.7
Other non-current assets	0.5	0.7	0.7	0.7	0.7
Deferred tax assets	0.3	0.2	0.2	0.2	0.2
Current assets	56.2	73.3	74.5	81.3	92.1
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	38.0	49.1	51.2	52.6	54.8
Cash and equivalents	18.2	24.2	23.4	28.8	37.3
Balance sheet total	163	197	196	201	210

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	83.7	93.5	102	113	125
Share capital	2.1	2.1	2.1	2.1	2.1
Retained earnings	39.6	49.3	57.8	68.7	80.6
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	42.1	42.1	42.1	42.1	42.1
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	17.0	42.2	32.9	28.8	24.9
Deferred tax liabilities	2.0	2.4	2.0	2.0	2.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	15.0	35.5	26.6	22.5	18.6
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	4.3	4.3	4.3	4.3
Current liabilities	62.7	61.3	60.9	59.0	60.2
Interest bearing debt	14.8	12.4	10.8	7.5	6.5
Payables	47.9	48.9	50.1	51.5	53.7
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	163	197	196	201	210

DCF-calculation

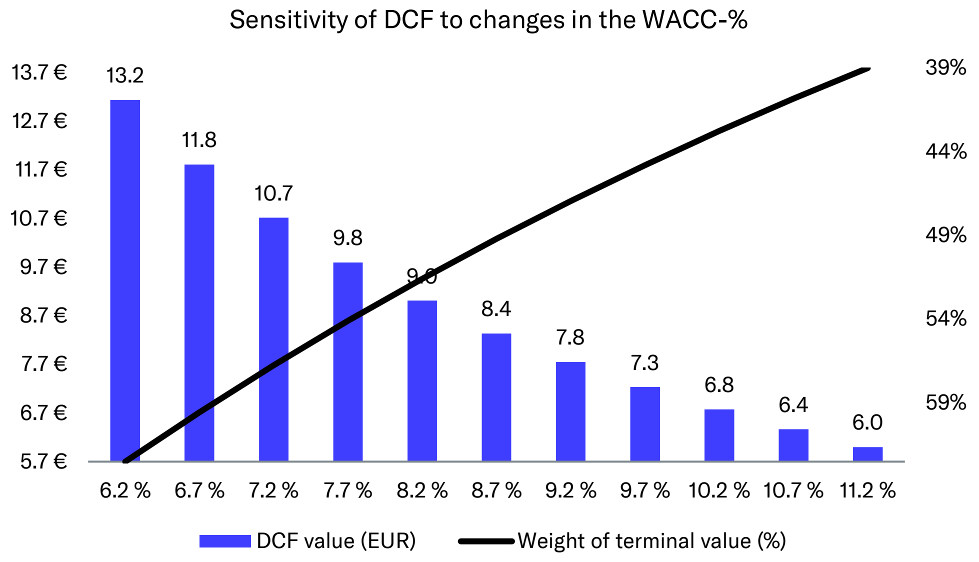
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	5.5 %	2.5 %	2.7 %	4.3 %	4.6 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %	1.5 %	1.5 %
EBIT-%	8.4 %	8.2 %	9.6 %	9.8 %	10.2 %	10.0 %	9.5 %	9.0 %	8.5 %	8.5 %	8.5 %	8.5 %
EBIT (operating profit)	18.1	18.3	21.8	23.5	25.3	25.7	25.1	24.5	23.8	24.6	24.9	
+ Depreciation	7.2	6.5	6.1	5.9	5.6	4.8	4.2	4.1	4.1	4.1	4.2	
- Paid taxes	-3.1	-3.8	-4.1	-4.5	-4.9	-5.0	-4.9	-4.8	-4.7	-4.8	-4.9	
- Tax, financial expenses	-0.4	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-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	-10.0	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	11.8	19.9	23.5	24.6	25.8	25.3	24.2	23.7	23.2	23.7	24.1	
+ Change in other long-term liabilities	4.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-23.7	-4.1	-4.2	-4.3	-4.3	-4.4	-4.5	-4.5	-4.5	-4.6	-4.4	
Free operating cash flow	-7.6	15.8	19.4	20.4	21.5	20.9	19.8	19.2	18.6	19.1	19.7	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-7.6	15.8	19.4	20.4	21.5	20.9	19.8	19.2	18.6	19.1	19.7	278
Discounted FCFF		15.0	16.8	16.3	15.8	14.1	12.3	11.0	9.8	9.3	8.8	124
Sum of FCFF present value		253	238	222	205	189	175	163	152	142	133	124

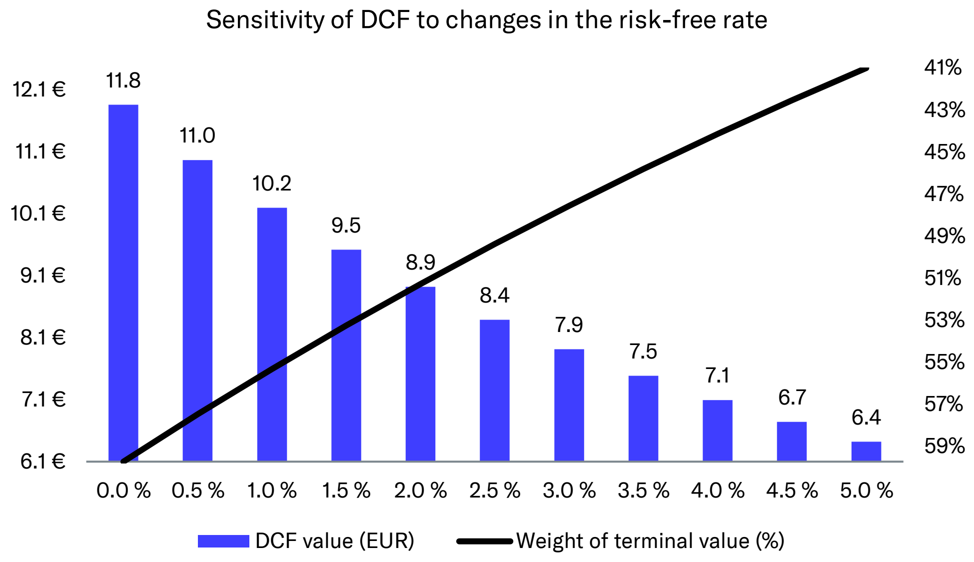
Enterprise value DCF	253
- Interest bearing debt	-47.9
+ Cash and cash equivalents	24.2
+ Associated companies	0.0
-Minorities	0.0
-Dividend/capital return	-5.1
Equity value DCF	225
Equity value DCF per share	8.4

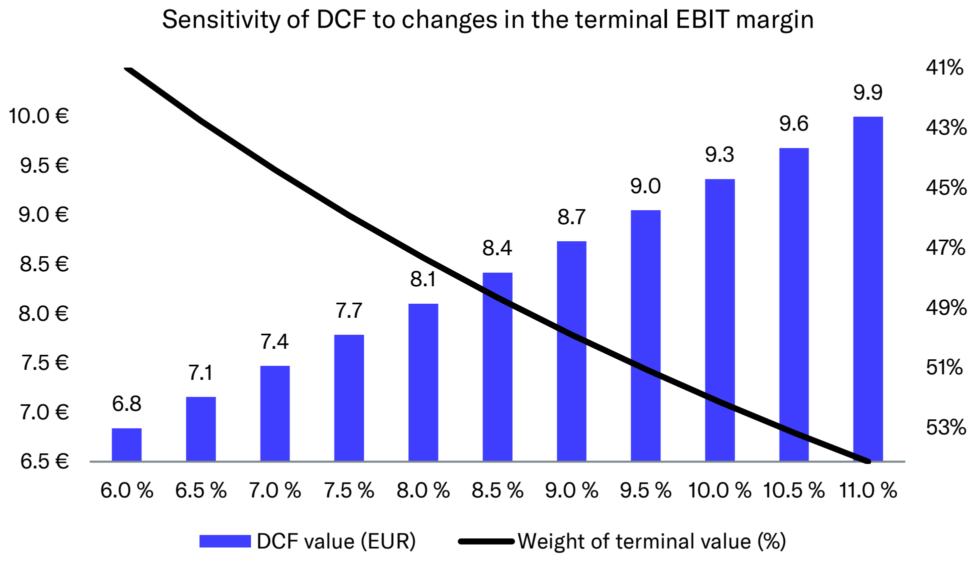
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	6.0 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	9.7 %
Weighted average cost of capital (WACC)	8.7 %

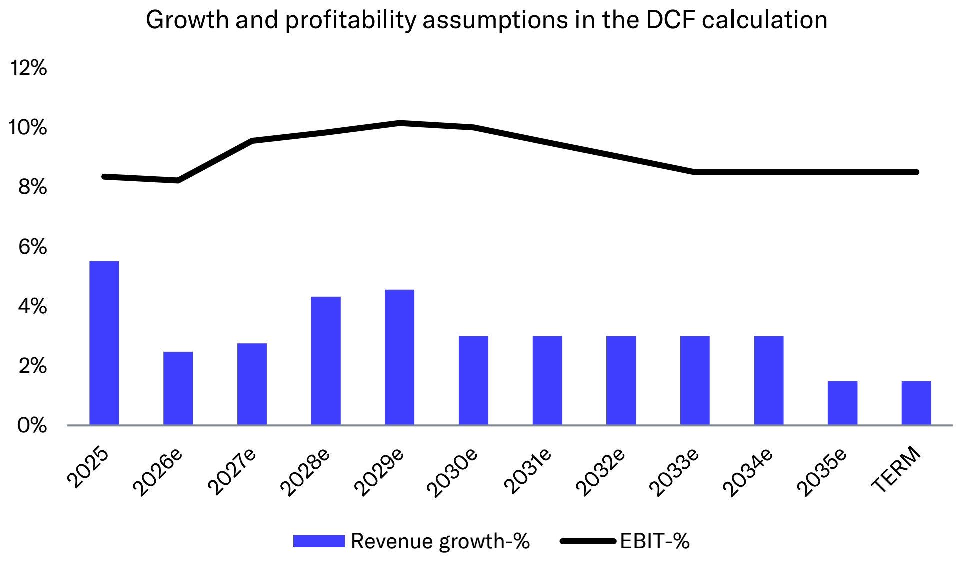
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	192.0	205.7	217.0	222.4	228.5
EBITDA	21.1	25.4	25.3	24.8	27.9
EBIT	13.8	18.2	18.1	18.3	21.8
PTP	12.4	16.9	16.4	17.0	20.7
Net Income	9.9	13.3	12.8	13.6	16.5
Extraordinary items	-3.3	-3.3	-4.8	-3.6	-2.3

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	168.2	163.5	197.0	195.8	200.7
Equity capital	75.4	83.7	93.5	102.0	112.9
Goodwill	93.3	92.8	105.5	105.5	105.5
Net debt	24.8	11.6	23.7	14.0	1.2

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	21.1	25.4	25.3	24.8	27.9
Change in working capital	-4.5	3.0	-10.0	-0.9	0.0
Operating cash flow	13.8	23.9	11.8	19.9	23.5
CAPEX	-12.5	-1.3	-23.7	-4.1	-4.2
Free cash flow	-0.5	19.1	-7.6	15.8	19.4

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	0.9	0.9	0.9	0.7	0.7
EV/EBITDA	8.1	7.5	7.9	6.5	5.3
EV/EBIT (adj.)	10.0	8.8	8.8	7.4	6.2
P/E (adj.)	11.7	11.1	10.5	8.9	8.0
P/B	1.9	2.1	1.9	1.4	1.3
Dividend-%	3.1 %	2.7 %	2.9 %	3.8 %	4.2 %

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	0.37	0.50	0.48	0.51	0.62
EPS (adj.)	0.47	0.60	0.63	0.62	0.68
OCF / share	0.52	0.89	0.44	0.74	0.88
OFCF / share	-0.02	0.71	-0.29	0.59	0.72
Book value / share	2.81	3.12	3.50	3.80	4.21
Dividend / share	0.17	0.18	0.19	0.21	0.23

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	12%	7%	6%	2%	3%
EBITDA growth-%	7%	20%	0%	-2%	13%
EBIT (adj.) growth-%	7%	26%	1%	-1%	14%
EPS (adj.) growth-%	-3%	28%	5%	-2%	11%
EBITDA-%	11.0 %	12.4 %	11.7 %	11.2 %	12.2 %
EBIT (adj.)-%	8.7 %	10.3 %	9.8 %	9.5 %	10.6 %
EBIT-%	7.2 %	8.9 %	8.4 %	8.2 %	9.6 %
ROE-%	13.5 %	16.7 %	14.5 %	13.9 %	15.4 %
ROI-%	12.8 %	16.1 %	14.2 %	13.0 %	15.5 %
Equity ratio	44.9 %	51.2 %	47.4 %	52.1 %	56.3 %
Gearing	32.8 %	13.9 %	25.4 %	13.7 %	1.1 %
Net debt/EBITDA	1.2	0.5	0.9	0.6	0.0
EBITDA/net financials	15.0	20.0	14.6	19.1	23.7

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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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.

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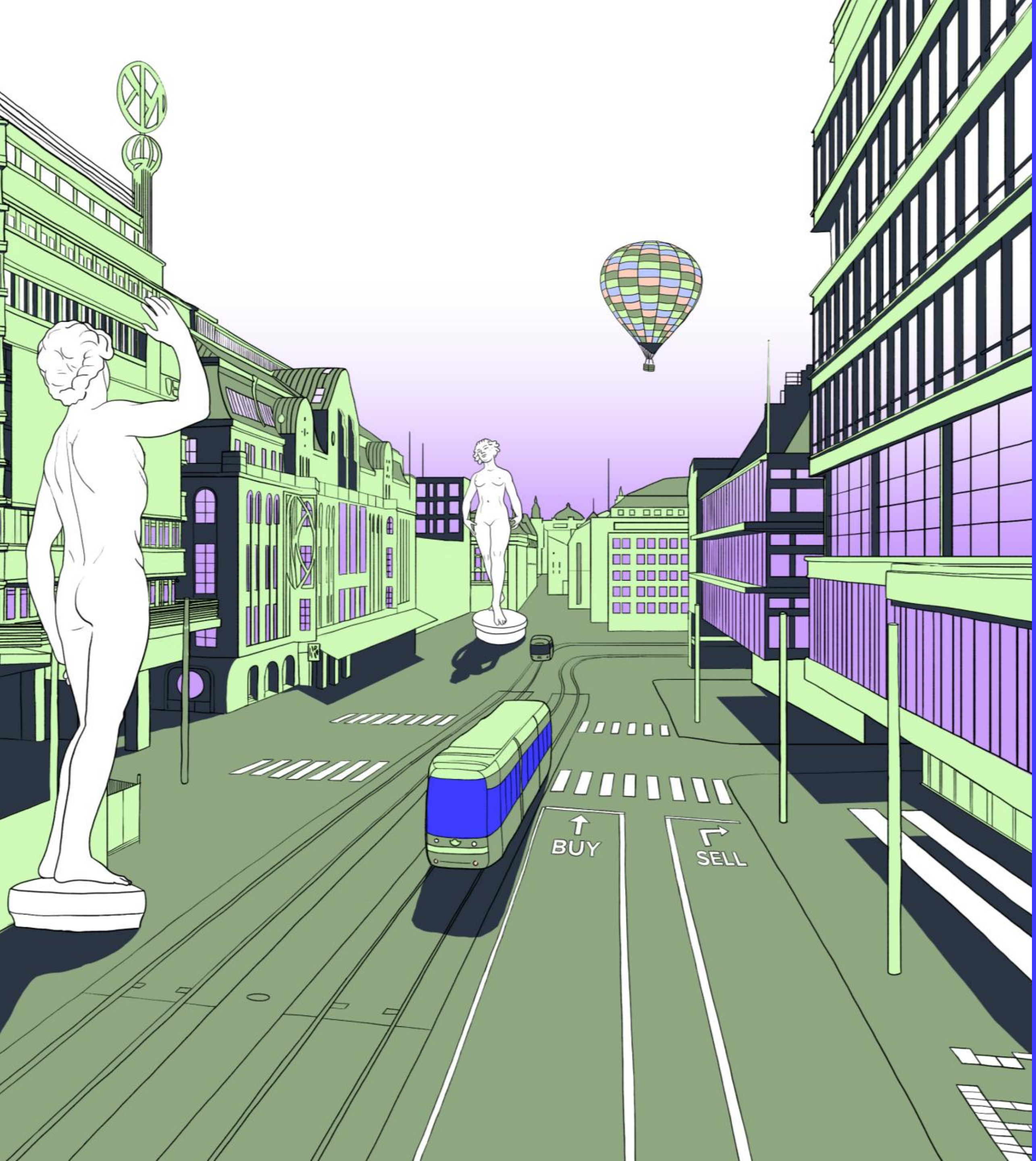
Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
8/12/2019	Buy	4.00 €	3.48 €
9/9/2019	Reduce	4.00 €	4.02 €
10/29/2019	Accumulate	4.00 €	3.72 €
11/1/2019	Accumulate	4.00 €	3.82 €
2/10/2020	Accumulate	5.20 €	4.90 €
5/8/2020	Accumulate	5.70 €	5.24 €
6/15/2020	Accumulate	5.70 €	4.99 €
8/12/2020	Accumulate	6.40 €	6.00 €
11/2/2020	Reduce	6.90 €	6.84 €
12/16/2020	Accumulate	7.20 €	6.34 €
2/10/2021	Reduce	8.40 €	8.56 €
3/16/2021	Accumulate	8.40 €	7.28 €
5/5/2021	Reduce	8.60 €	8.40 €
7/8/2021	Accumulate	8.60 €	7.61 €
8/9/2021	Accumulate	8.40 €	7.68 €
9/2/2021	Accumulate	8.40 €	7.53 €
10/19/2021	Accumulate	8.10 €	7.02 €
11/1/2021	Accumulate	8.10 €	6.90 €
2/9/2022	Accumulate	8.10 €	7.45 €
5/5/2022	Accumulate	8.40 €	7.25 €
8/10/2022	Accumulate	8.00 €	7.10 €
10/31/2022	Reduce	6.50 €	6.24 €
2/13/2023	Reduce	6.50 €	6.48 €
5/5/2023	Buy	6.80 €	5.56 €
8/4/2023	Accumulate	6.80 €	5.76 €
8/11/2023	Accumulate	6.60 €	5.88 €
9/27/2023	Accumulate	6.60 €	5.58 €
10/30/2023	Accumulate	5.80 €	4.89 €
11/16/2023	Accumulate	6.20 €	5.52 €
2/12/2024	Accumulate	6.20 €	5.24 €
5/10/2024	Accumulate	6.40 €	5.62 €
8/12/2024	Accumulate	6.40 €	5.58 €
10/28/2024	Buy	7.30 €	5.92 €
2/26/2025	Accumulate	7.80 €	6.96 €
4/28/2025	Buy	7.80 €	6.22 €
5/9/2025	Buy	8.30 €	6.54 €
6/5/2025	Accumulate	8.30 €	7.34 €
8/8/2025	Accumulate	8.00 €	6.72 €
10/24/2025	Accumulate	7.20 €	5.98 €
2/4/2026	Accumulate	7.20 €	6.36 €
2/6/2026	Buy	7.50 €	6.34 €
4/30/2026	Buy	7.50 €	5.50 €



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