

TECNOTREE

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INDERES CORPORATE CUSTOMER COMPANY REPORT



Variables in earnings, but cash flow more stable

Tecnotree's Q3 figures were clearly below our expectations, but the earnings disappointment was partly explained by provisions made for trade receivables. The guidance, which indicates a very strong year-end in terms of results, was left unchanged, but we consider it possible that the guidance will be slightly missed. Cash flow has remained positive, but in our view, the stock's valuation is still tight relative to its current level. We reiterate our EUR 4.5 target price and Reduce recommendation.

Q3 figures were clearly below our estimates

Tecnotree's Q3 revenue decreased by 2% to 18.6 MEUR, while we had expected growth of some 6%. The weakening of the dollar created a clear headwind for top-line growth, and at constant exchange rates, revenue grew by 5%. However, despite the FX effects, revenue development was softer than we expected. EBIT was even further below our estimates, at 3.6 MEUR in Q3, less than half of our 8.3 MEUR forecast. A significant portion of the shortfall was explained by a provision related to trade receivables (not yet a write-down), which, in our view, burdened EBIT by around 2.5 MEUR. In addition, investments in delivery capacity related to larger deliveries in developed countries increased the cost base in Q3, which further highlights that growth in Western markets doesn't come for free. Free cash flow in Q3 was 1.2 MEUR, and thus the company continued the steady pace of around 1 MEUR in cash flow seen in recent quarters. The order book remained at a high level (105.5 MEUR).

Guidance indicates a strong year-end in terms of earnings

Tecnotree reiterated its multi-stage guidance, which expects revenue to grow by a low to high single-digit percentage at constant currency rates, the EBIT margin to improve by at least 200 bps, and free cash flow to be over 4 MEUR. In our view, the guidance is highly achievable in terms of growth and cash flow but challenging in terms of profitability due to the Q3 earnings disappointment. The bar for Q4 EBIT is therefore very high,

considering that the EBIT margin needs to improve from an already very strong comparison period (Q4'24: 62%). Maintaining the guidance at this stage, in our view, signals the company's high expectations for the rest of the year, which is likely to be supported by the delivery of the order backlog scheduled for Q4. In our forecasts, the company falls slightly short of the guidance in terms of EBIT margin. We also made negative adjustments to our forecasts for the coming years. We expect Tecnotree's 2025 revenue to remain close to last year's level of 71.8 MEUR (growth in constant currencies) and EBIT to reach 24.0 MEUR, which would imply an EBIT margin of 33.5% (2024: 33.3%). For Tecnotree, however, the conversion of earnings into cash flow is more important than the earnings themselves. In this regard, the company has made clear progress over the past year or so, but cash flow is still quite far from the earnings level. Regarding cash flow, the focus will eventually be on next year's guidance.

We remain in the sidelines

Although Tecnotree's cash flow has improved, we believe that the stock's valuation, which has risen this year, is too tight relative to its current cash flow generation capacity, with the cash flow yield clearly in the single digits. The negative share price reactions on this year's earnings days (Q1, Q2 and Q3) also signal overly elevated expectations. Our DCF model, which indicates a significant improvement in cash flow in the coming years, indicates a share value of EUR 4.2. This does not, however, take into account the dilution caused by the company's convertible bonds, the amount of which will affect whether the company's main owner subscribes for the remaining convertible bonds by the end of the year. In our opinion, after this year's share price increase, the improving cash flow outlook has already been significantly priced into the share, and thus we will continue to monitor the development of the cash flow profile from the sidelines.

Recommendation

Reduce

(was Reduce)

Target price:

EUR 4.50

(was EUR 4.50)

Share price:

EUR 4.90

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	71.6	71.8	81.0	85.4
growth-%	-9%	0%	13%	5%
EBIT adj.	26.7	24.0	26.9	28.2
EBIT-% adj.	37.3 %	33.5 %	33.3 %	33.0 %
Net income	8.3	12.6	15.9	16.8
EPS (adj.)	0.97	0.76	0.61	0.64
P/E (adj.)	2.7	6.4	8.0	7.7
P/B	0.4	0.8	0.8	0.7
P/FCF	6.2	12.9	18.2	16.6
EV/EBIT (adj.)	1.9	3.7	3.4	3.2
EV/EBITDA	1.7	3.0	2.6	2.5
EV/S	0.7	1.2	1.1	1.1

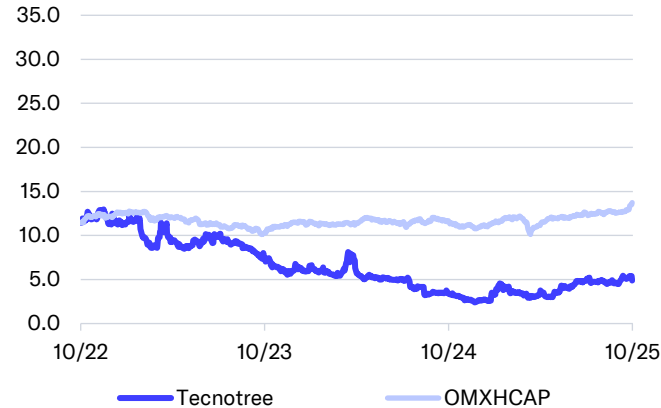
Source: Inderes

Guidance

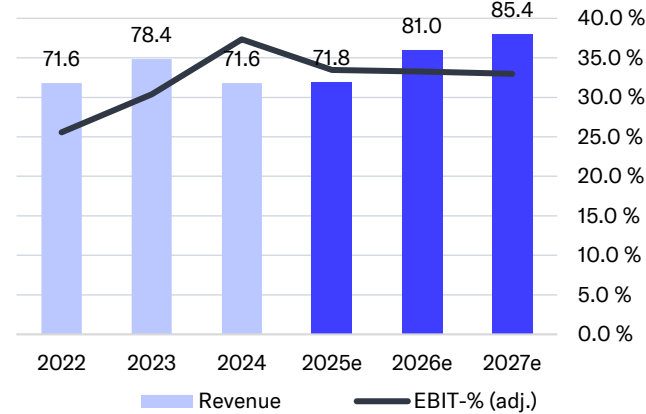
(Unchanged)

Tecnotree expects revenue to grow by low to high-single digit percentage in constant currency terms. The EBIT margin is expected to improve further by at least 2 percentage points. Tecnotree expects free cash flow to be over 4 MEUR. Tecnotree expects a capex/revenue ratio of 10-12%.

Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Clear and sustainable improvement in cash flow
- Value-creating M&A
- Industry's organic drivers are strong and longer-term growth outlook is good
- Increase in recurring revenue
- Technologically competent product portfolio

Risk factors

- Quality of trade receivables and intangible assets
- Risks related to cash collections
- Failure in M&A
- Customer portfolio structure concentrated at top level
- Failure in product development work and reading the industry
- Some cyclicity in operators' investments
- Political and legislative threats in emerging countries

Valuation	2025e	2026e	2027e
Share price	4.90	4.90	4.90
Number of shares, millions	16.5	26.1	26.4
Market cap	81	128	130
EV	90	92	91
P/E (adj.)	6.4	8.0	7.7
P/E	6.4	8.0	7.7
P/B	0.8	0.8	0.7
P/S	1.1	1.6	1.5
EV/Sales	1.2	1.1	1.1
EV/EBITDA	3.0	2.6	2.5
EV/EBIT (adj.)	3.7	3.4	3.2
Payout ratio (%)	3.9 %	6.6 %	9.4 %
Dividend yield-%	0.6 %	0.8 %	1.2 %

Source: Inderes

Q3 figures were clearly below expectations

Revenue missed expectations

Tecnotree's Q3 revenue decreased by 2% to 18.6 MEUR, falling short of our 20.1 MEUR estimate. In constant currencies, revenue grew by 5%. The reported figures were particularly impacted by the significant weakening of the dollar compared to the previous year.

Of the revenue items, licenses practically fell to zero (0.1 MEUR vs. Q3'24: 5.8 MEUR). Delivery revenue grew to 7.6 MEUR (Q3'24: 5.1 MEUR), which creates conditions for future ARR maintenance and management services. Maintenance and management services saw clear growth in Q3 (10.9 MEUR vs. Q3'24: 8.1 MEUR).

Geographically, revenue grew in Europe and the Americas (4.5 MEUR vs. Q3'24: 4.2 MEUR), reflecting the increased order backlog in these regions. In the MEA & APAC region, revenue decreased to 14.1 MEUR (Q3'24: 14.9 MEUR).

Tecnotree's order backlog at the end of the quarter was 105.5 MEUR, which is practically the same level as it was at

the end of Q2. Thus, the company's order flow during Q3 has largely been at the revenue level. The order book is still mainly focused on the MEA & APAC region (85.3 MEUR), despite the growth in the Europe & Americas region (20.2 MEUR).

Earnings fell significantly short of forecasts

Tecnotree's Q3 EBIT was 3.6 MEUR, less than half of our 8.3 MEUR forecast. The miss was thus very significant. However, a significant portion of the shortfall was due to provisions made for trade receivables, which we estimate to be roughly 2.5 MEUR. Even when adjusting for this, the result would have fallen short of our estimate. Profitability was burdened by, among other things, recruitments in developed markets in Europe and America, which are inherently significantly more expensive labor than the company's Indian workforce. According to the company, these were temporary, but as growth continues in developed markets, we estimate that similar cost pressures are likely to continue. Revenue falling short of our forecasts

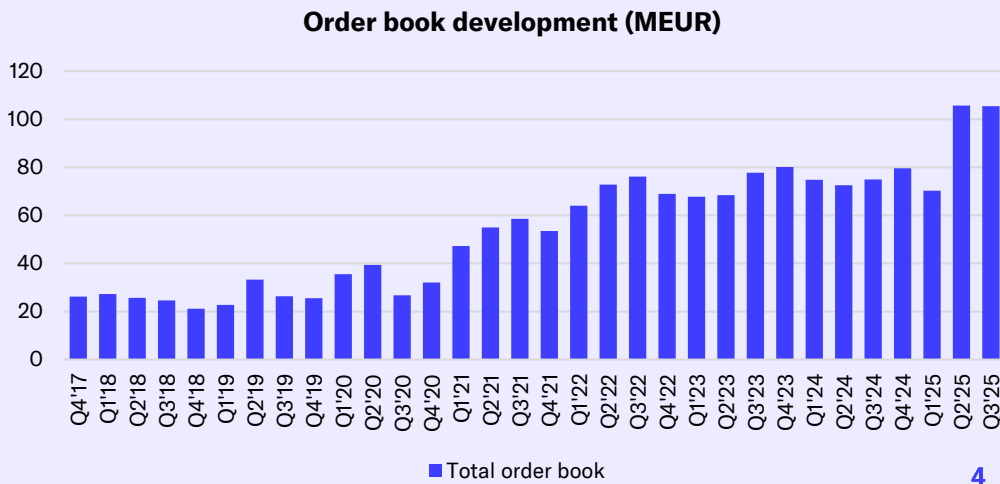
also naturally contributed to the disappointing result.

Cash flow in line with guidance

Tecnotree's free cash flow in Q3 was 1.2 MEUR. The impact of changes in exchange rates (translation effect) was only - 0.1 MEUR, so free cash flow also corresponded quite well to the change in the company's cash and cash equivalents (excluding the 0.6 MEUR loan drawdown). Working capital of 0.9 MEUR was released during the quarter, which is naturally good, but it also highlights that cash flow was dependent on this. Overall, receivables are still at a very high level of 72.5 MEUR, but the continuous growth of receivables has stopped and settled at around the end of 2023 levels (Q3'24: 75.3 MEUR, Q3'23: 71.3 MEUR). This is naturally the case, as revenue development has also been negative. For the first nine months, the company generated 3.2 MEUR in free cash flow. Thus, the company is on track with its guidance (over 4 MEUR).

Estimates MEUR / EUR	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus		Difference (%)	2025e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	19.0	18.6	20.1				-8%	71.8
EBIT (adj.)	5.0	3.6	8.3				-56%	24.0
EBIT	5.0	3.6	8.3				-56%	24.0
PTP	4.9	4.0	6.3				-36%	17.2
EPS (reported)	0.24	0.20	0.29				-31%	0.76
Revenue growth-%	-10.9 %	-2.3 %	5.8 %				-8.1 pp	3.1 %
EBIT-% (adj.)	26.1 %	19.4 %	41.1 %				-21.7 pp	33.5 %

Source: Inderes



A lot of work to do to meet the earnings guidance

Guidance unchanged

Tecnotree repeated its 2025 guidelines.

- Revenue is expected to grow by low-to-high single-digit percentage in constant currency terms.
- The EBIT margin is expected to see margin expansion of at least +200bp (2%).
- Full-year free cash flow over 4 MEUR.
- Capital expenditure as a percentage of revenue is expected to be 10-12%.
- Receivables days are expected to range between 100-140 days.
- The dividend policy targets 10% of free cash flow.
- FX exposure to developing countries will be reduced to 10-15% within three years.

In terms of revenue, the company is proceeding at the required pace, with comparable growth for the first nine months at 5.4%. In terms of cash flow, the company is also, in our view, on track, and we believe achieving the guidance is realistic.

In our view, the clearest risk to the guidance is the

profitability guidance, as the Q3 result was clearly below our estimates. The EBIT margin for the first nine months was 25.0%, slightly above the comparison period's 24.1% margin, but below the 200bp improvement rate required by the company. In Q4'24, the EBIT margin was as high as 62%, which should still be improved upon. Expectations for the full-year EBIT are therefore huge, and the reiteration of the guidance at this stage, in our view, inevitably indicates a strong year-end. However, our forecasts are slightly below the level required by the company, meaning our forecasts include a decrease in the EBIT margin guidance. In our view, much depends on how the company manages to deliver its significant order book during the rest of the year.

In terms of investments, the company is slightly behind its guidance (Q1-Q3'25: 12.8%), but the company has the opportunity to meet the guidance. The company is clearly behind on its receivables collection period (154 days), and achieving the guidance in this regard may be challenging.

Estimate revisions and estimates in brief

Following the Q3 report, we made negative adjustments to our forecasts, especially to our earnings estimates. Our revenue estimates are largely unchanged, and the lowered

earnings estimates are explained by increased cost estimates, as the Q3 report indicates that growth in developed markets will require significant investments in costs.

We now expect Tecnotree's 2025 revenue to remain at approximately last year's level of 71.8 MEUR, which we believe would indicate mid-to-high single-digit growth at constant exchange rates. We expect growth to accelerate significantly in the remainder of the year, supported by a weak comparison period and the gradual revenue recognition of contracts signed earlier in the year. However, the dollar will continue to be a clear headwind at the current exchange rate. We believe that keeping the profitability guidance unchanged also indicates that the top line must provide significant support for the full-year earnings development. We expect EBIT to be 24.5 MEUR, which would mean an EBIT margin of 33.6% and a slight miss of the guidance (2024: 33.3%).

Our estimates expect growth to accelerate to 13% next year, with revenue reaching 81.0 MEUR. The accelerating growth is supported by the company's very high order book and its progressive delivery. The growth is also reflected in our earnings estimates, and we expect EBIT to improve to 27.4 MEUR (33.8% of revenue).

Estimate revisions MEUR / EUR	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	73.8	71.8	-3%	82.0	81.0	-1%	86.4	85.4	-1%
EBITDA	33.0	30.0	-9%	38.5	34.7	-10%	40.9	37.2	-9%
EBIT (exc. NRIs)	26.2	24.0	-8%	29.2	26.9	-8%	30.8	28.2	-9%
EBIT	26.2	24.0	-8%	29.2	26.9	-8%	30.8	28.2	-9%
PTP	17.0	17.2	1%	23.2	20.9	-10%	24.8	22.2	-11%
EPS (excl. NRIs)	0.74	0.76	4%	0.68	0.61	-10%	0.71	0.64	-11%
DPS	0.03	0.03	0%	0.05	0.04	-20%	0.06	0.06	0%

Valuation

Valuation is demanding on a cash-flow basis

In our view, determining the fair value of Tecnotree is challenging. We do not believe that the cheap-looking earnings-based multiples (2025e- 2026e P/E 6x- 8x) can be relied upon in Tecnotree's case, and visibility on the company's sustainable cash flow generation capacity in the coming years is still lacking.

Based on our current year's FCFF forecast, free cash flow yield is clearly in the single digits (~7%), which in our view is not attractive considering Tecnotree's risk level (cf. required rate of return clearly in the double digits), given that our forecast does not take into account, e.g., FX losses. Under the dividend policy, dividends will not support investors' expected return either (dividend yield of less than 1%).

Our DCF model now indicates a value of EUR 4.2 per share. Our required return is at 14.0%, which we believe is warranted given the company's risk profile and cost of debt (12-15%). Our model expects a clear improvement in cash flow in the coming years. The model does not take into account the dilution caused by the company's convertible bonds and the staff incentive program in the coming years. The dilution of convertible bonds will be affected by whether the company's largest owner, Fitzroy, [subscribes](#) to convertible bonds (20 MEUR) by the end of the year. We consider it very possible that these will not be fully subscribed, in which case Tecnotree would be entitled to contractual penalties. The penalty would be 18% of the value of the notes if the notes were left entirely unsubscribed (i.e. 3.6 MEUR). However, the maximum penalty is 1 MEUR once Fitzroy has paid Tecnotree at least

10 MEUR of the subscription price of the notes. Our estimates still assume that Fitzroy will pay the remaining convertible bonds, but we will update our estimates if this does not happen.

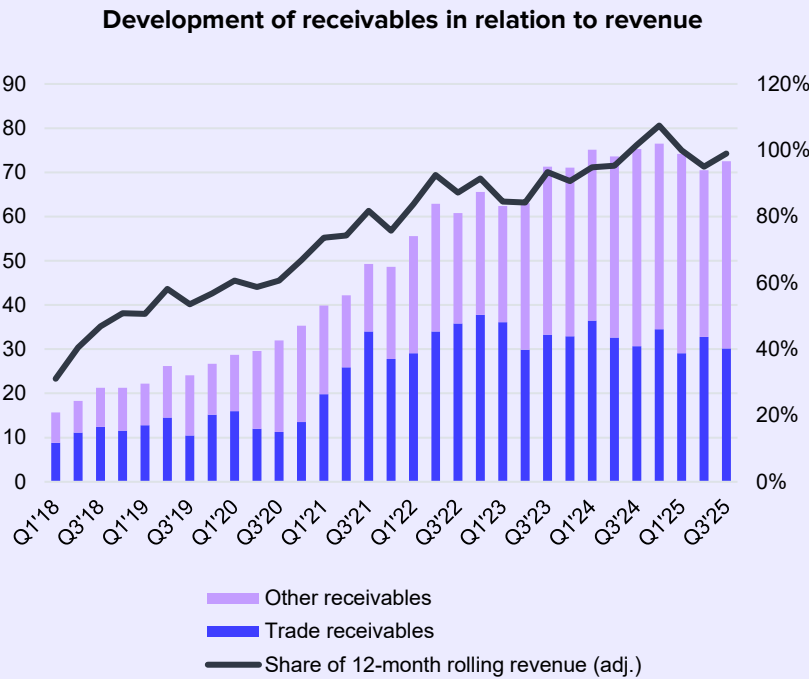
Next year's cash flow guidance

Tecnotree aims to improve its cash flow through more efficient collection of receivables, more focused investments, and a business model change towards an ARR model. Growth in Western markets may support the cash flow profile with lower exchange rate losses, but payment terms for operators in developed countries are also long. In any case, with the "cash flow turnaround" being only just over a year old, the visibility of a sustainable cash flow level or conversion is still rather weak. Thus, in our opinion, an interesting new concrete piece of information in this regard is next year's cash flow guidance.

In our view, the company's risk profile is still high, but the trend has decreased over the last year as cash flow has improved. In our view, the improving cash flow outlook is already substantially priced into the shares, and we do not believe the current valuation is attractive enough to warrant taking on the risks of a further improving cash flow profile.

Valuation	2025e	2026e	2027e
Share price	4.90	4.90	4.90
Number of shares, millions	16.5	26.1	26.4
Market cap	81	128	130
EV	90	92	91
P/E (adj.)	6.4	8.0	7.7
P/E	6.4	8.0	7.7
P/B	0.8	0.8	0.7
P/S	1.1	1.6	1.5
EV/Sales	1.2	1.1	1.1
EV/EBITDA	3.0	2.6	2.5
EV/EBIT (adj.)	3.7	3.4	3.2
Payout ratio (%)	3.9 %	6.6 %	9.4 %
Dividend yield-%	0.6 %	0.8 %	1.2 %

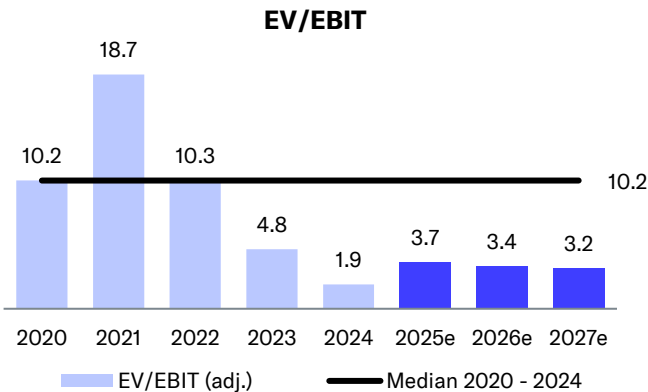
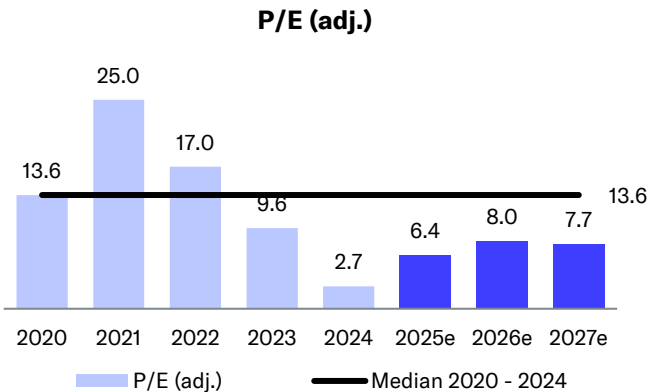
Source: Inderes



Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	14.0	29.4	12.6	6.80	2.61	4.90	4.90	4.90	4.90
Number of shares, millions	13.7	15.7	15.5	15.8	16.0	16.5	26.1	26.4	26.4
Market cap	192	460	196	108	42	81	128	130	130
EV	198	443	189	114	52	90	92	91	88
P/E (adj.)	13.6	25.0	17.0	9.6	2.7	6.4	8.0	7.7	7.4
P/E	14.2	25.0	17.0	9.6	5.0	6.4	8.0	7.7	7.4
P/B	9.7	6.8	2.4	1.2	0.4	0.8	0.8	0.7	0.7
P/S	3.6	7.2	2.7	1.4	0.6	1.1	1.6	1.5	1.5
EV/Sales	3.7	6.9	2.6	1.4	0.7	1.2	1.1	1.1	1.0
EV/EBITDA	9.7	17.5	9.5	4.1	1.7	3.0	2.6	2.5	2.2
EV/EBIT (adj.)	10.2	18.7	10.3	4.8	1.9	3.7	3.4	3.2	3.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %	1.4 %	1.9 %	3.9 %	6.6 %	9.4 %	10.6 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.1 %	0.4 %	0.6 %	0.8 %	1.2 %	1.4 %

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 Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Amdocs Ltd	7966	8227	10.0	9.7	8.4	8.0	2.1	2.0	12.1	11.0	2.1	2.0	2.6
CSG Systems International Inc	1672	2009	11.1	10.6	8.8	8.5	1.9	1.8	14.6	13.5	1.9	2.0	
Sterlite Technologies Ltd	569	710	42.5	20.4	14.5	10.6	1.4	1.6		42.2	0.6	0.2	1.9
Cerillion PLC	476	445	19.6	18.0	17.6	16.2	8.2	7.2	25.8	23.7	1.0	1.1	7.1
Tecnotree (Inderes)	81	90	3.7	3.4	3.0	2.6	1.2	1.1	6.4	8.0	0.6	0.8	0.8
Average			20.8	14.7	12.3	10.8	3.4	3.2	17.5	22.6	1.4	1.3	3.9
Median			15.3	14.3	11.6	9.5	2.0	1.9	14.6	18.6	1.4	1.6	2.6
Diff-% to median			-76%	-76%	-74%	-72%	-38%	-41%	-56%	-57%	-57%	-48%	-70%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	78.4	16.3	18.7	19.0	17.6	71.6	16.9	17.3	18.6	19.0	71.8	81.0	85.4	89.2
EBITDA	27.7	6.0	5.8	7.1	11.9	30.7	6.0	6.6	5.1	12.3	30.0	34.7	37.2	39.5
Depreciation	-3.9	-1.6	-2.2	-2.1	-1.0	-6.9	-1.5	-1.5	-1.5	-1.5	-6.0	-7.8	-9.1	-10.6
EBIT (excl. NRI)	23.8	4.4	6.5	5.0	10.9	26.7	4.5	5.1	3.6	10.8	24.0	26.9	28.2	29.0
EBIT	23.8	4.4	3.6	5.0	10.9	23.8	4.5	5.1	3.6	10.8	24.0	26.9	28.2	29.0
Net financial items	-9.9	-2.3	-0.8	-0.1	-7.8	-11.0	-2.3	-2.9	0.4	-2.0	-6.8	-6.0	-6.0	-6.0
PTP	13.9	2.1	2.8	4.9	3.0	12.8	2.3	2.1	4.0	8.8	17.2	20.9	22.2	23.0
Taxes	-2.8	-0.4	-0.8	-0.8	-2.5	-4.5	-0.8	-1.1	-0.6	-2.2	-4.6	-5.0	-5.3	-5.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	11.2	1.6	2.0	4.1	0.5	8.3	1.5	1.1	3.4	6.6	12.6	15.9	16.8	17.5
EPS (adj.)	0.71	0.10	0.31	0.25	0.31	0.97	0.09	0.06	0.21	0.40	0.76	0.61	0.64	0.66
EPS (rep.)	0.71	0.10	0.13	0.25	0.03	0.52	0.09	0.06	0.21	0.40	0.76	0.61	0.64	0.66

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	9.5 %	4.7 %	-3.4 %	-10.9 %	-20.7 %	-8.7 %	3.7 %	-7.2 %	-2.2 %	7.8 %	0.3 %	12.8 %	5.4 %	4.5 %
Adjusted EBIT growth-%	30.2 %	21.5 %	5.2 %	-19.6 %	38.1 %	12.1 %	3.2 %	-22.2 %	-27.4 %	-0.3 %	-10.1 %	12.1 %	4.5 %	3.0 %
EBITDA-%	35.4 %	37.1 %	30.9 %	37.1 %	67.4 %	42.9 %	35.8 %	37.9 %	27.4 %	65.0 %	41.8 %	42.9 %	43.6 %	44.3 %
Adjusted EBIT-%	30.4 %	27.0 %	34.9 %	26.1 %	61.7 %	37.3 %	26.9 %	29.2 %	19.3 %	57.1 %	33.5 %	33.3 %	33.0 %	32.5 %
Net earnings-%	14.3 %	10.0 %	10.9 %	21.3 %	3.1 %	11.5 %	8.9 %	6.1 %	18.3 %	34.9 %	17.5 %	19.6 %	19.7 %	19.6 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	36.3	45.5	49.4	54.0	59.1
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	33.5	43.1	46.8	51.3	56.4
Tangible assets	0.4	0.1	0.3	0.4	0.5
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	1.9	2.2	2.2	2.2	2.2
Deferred tax assets	0.5	0.0	0.0	0.0	0.0
Current assets	91.9	93.4	118	129	140
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	71.1	76.5	78.2	88.3	97.3
Cash and equivalents	20.8	16.8	40.0	41.0	42.2
Balance sheet total	128	139	168	183	199

Source: Inderes

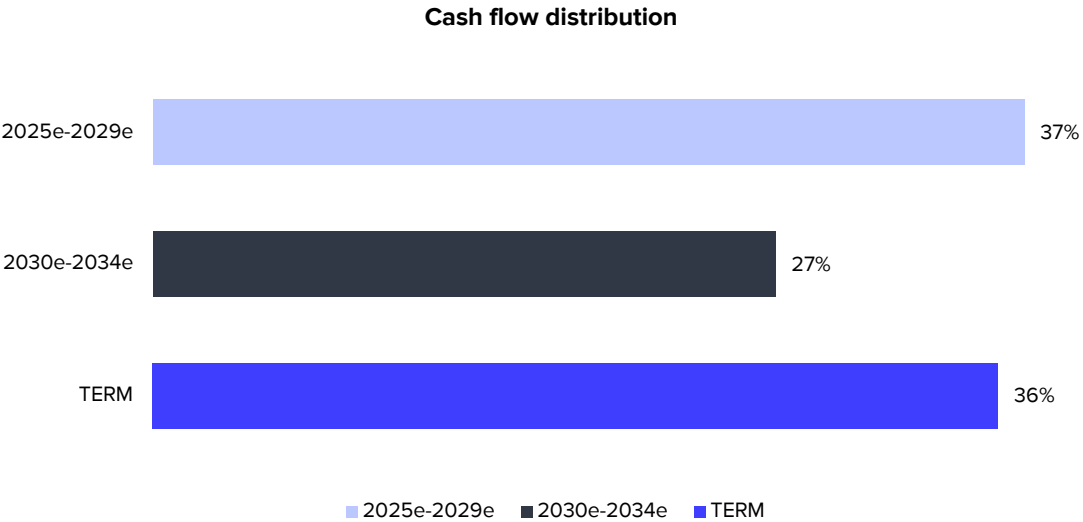
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	86.5	92.6	105	164	179
Share capital	1.3	1.3	1.3	1.3	1.3
Retained earnings	55.9	62.0	74.4	89.8	106
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	29.3	29.3	29.3	72.4	72.4
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	25.8	27.3	47.3	4.2	4.2
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	1.0	0.0	0.0	0.0	0.0
Convertibles	21.1	23.1	43.1	0.0	0.0
Other long term liabilities	3.7	4.2	4.2	4.2	4.2
Current liabilities	15.9	19.0	15.3	15.5	15.1
Interest bearing debt	4.5	3.9	6.0	5.0	4.0
Payables	11.3	15.1	9.3	10.5	11.1
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	128	139	168	183	199

DCF calculation

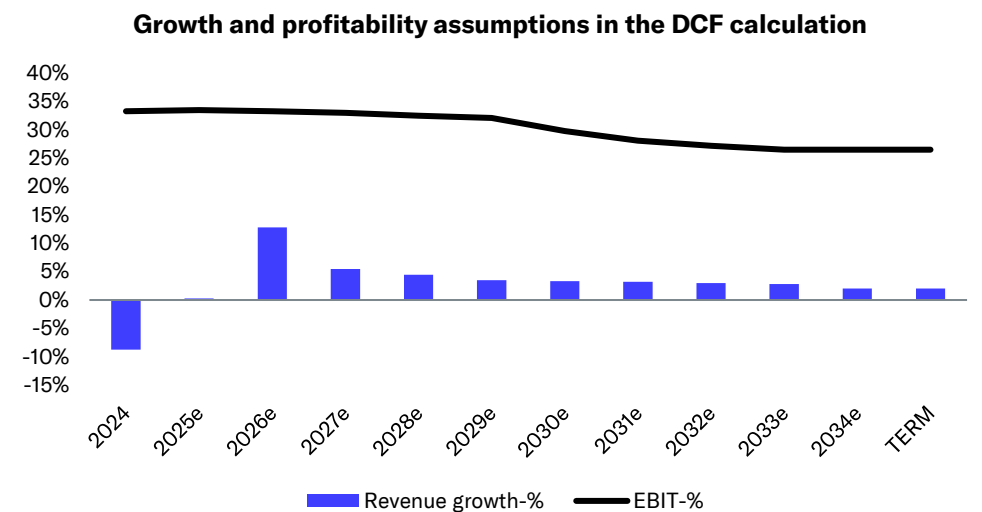
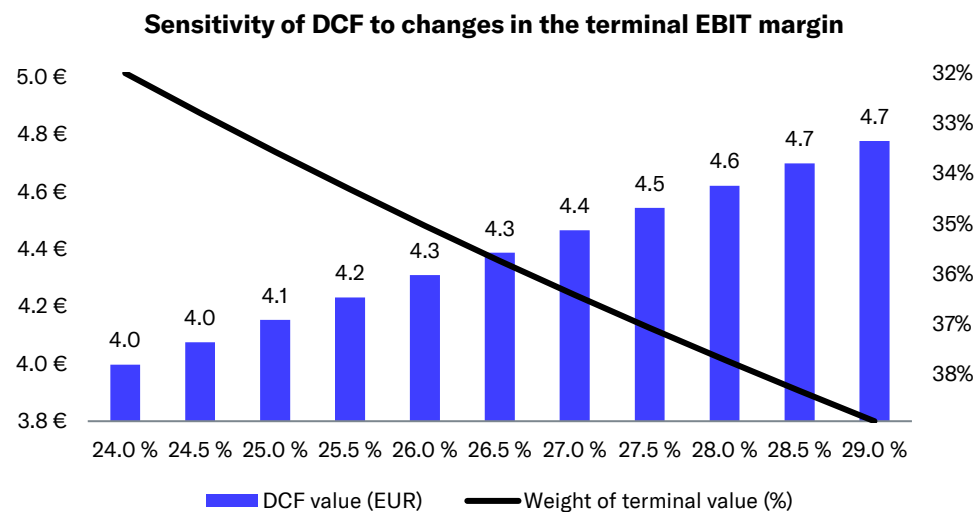
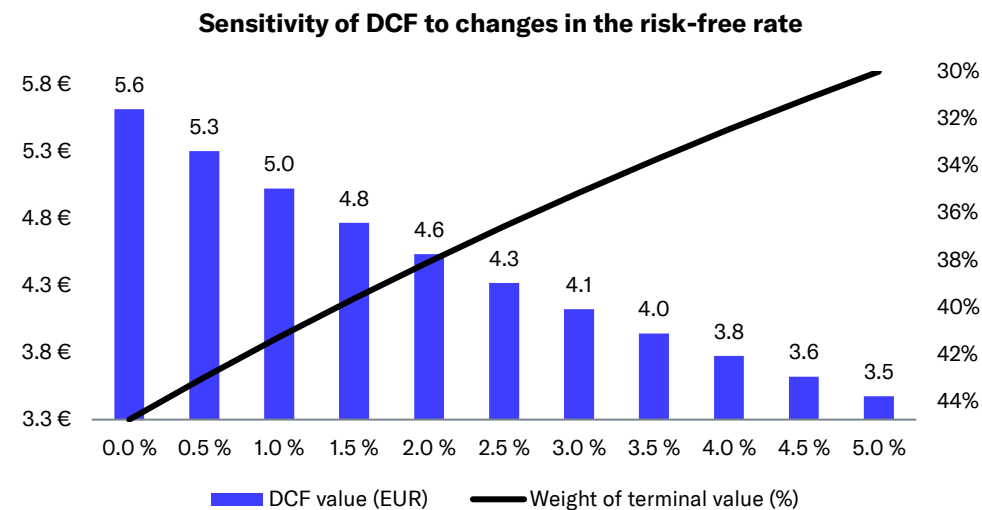
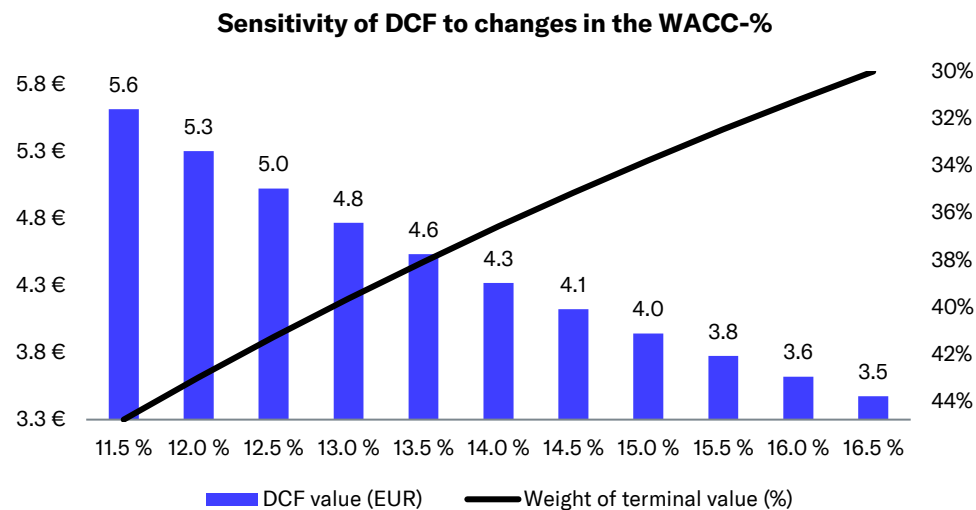
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-8.7 %	0.3 %	12.8 %	5.4 %	4.5 %	3.5 %	3.3 %	3.2 %	3.0 %	2.8 %	2.0 %	2.0 %
EBIT-%	33.3 %	33.5 %	33.3 %	33.0 %	32.5 %	32.1 %	29.8 %	28.1 %	27.2 %	26.5 %	26.5 %	26.5 %
EBIT (operating profit)	23.8	24.0	26.9	28.2	29.0	29.6	28.4	27.7	27.6	27.6	28.2	
+ Depreciation	6.9	6.0	7.8	9.1	10.6	12.2	12.8	13.3	13.7	14.0	14.2	
- Paid taxes	-4.0	-4.6	-5.0	-5.3	-5.5	-5.7	-5.4	-5.2	-5.2	-5.2	-6.3	
- Tax, financial expenses	-2.2	-1.8	-1.4	-1.4	-1.4	-1.4	-1.4	-1.4	-1.4	-1.4	-0.5	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-1.7	-7.4	-8.8	-8.5	-8.3	-8.8	-8.2	-8.5	-8.7	-8.8	-9.1	
Operating cash flow	22.8	16.1	19.4	22.0	24.3	25.9	26.2	25.8	26.0	26.2	26.5	
+ Change in other long-term liabilities	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-16.6	-9.9	-12.4	-14.2	-14.7	-15.2	-15.2	-15.2	-15.2	-15.2	-14.9	
Free operating cash flow	6.7	6.2	7.0	7.8	9.6	10.7	11.0	10.6	10.8	11.0	11.6	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	6.7	6.2	7.0	7.8	9.6	10.7	11.0	10.6	10.8	11.0	11.6	98.5
Discounted FCFF		6.1	6.0	5.9	6.3	6.2	5.6	4.7	4.2	3.7	3.5	29.5
Sum of FCFF present value		81.8	75.7	69.7	63.8	57.5	51.3	45.7	41.0	36.8	33.0	29.5
Enterprise value DCF		81.8										
- Interest bearing debt		-27.0										
+ Cash and cash equivalents		16.8										
-Minorities		0.0										
-Dividend/capital return		-0.2										
Equity value DCF		71.5										
Equity value DCF per share		4.3										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	3.0 %
Equity Beta	1.90
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
Cost of equity	14.0 %
Weighted average cost of capital (WACC)	14.0 %

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	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	71.6	78.4	71.6	71.8	81.0	EPS (reported)	0.74	0.71	0.52	0.76	0.61
EBITDA	19.8	27.7	30.7	30.0	34.7	EPS (adj.)	0.74	0.71	0.97	0.76	0.61
EBIT	18.3	23.8	23.8	24.0	26.9	OCF / share	0.28	0.80	1.43	0.98	0.74
PTP	17.2	13.9	12.8	17.2	20.9	OFCF / share	-0.32	-0.04	0.42	0.38	0.27
Net Income	11.6	11.2	8.3	12.6	15.9	Book value / share	5.15	5.46	5.80	6.38	6.27
Extraordinary items	0.0	0.0	-2.9	0.0	0.0	Dividend / share	0.00	0.01	0.01	0.03	0.04
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	103.8	128.2	138.9	167.7	183.3	Revenue growth-%	12%	9%	-9%	0%	13%
Equity capital	80.1	86.5	92.6	105.0	163.5	EBITDA growth-%	-22%	40%	11%	-2%	16%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	-23%	30%	12%	-10%	12%
Net debt	-7.5	5.9	10.2	9.1	-36.0	EPS (adj.) growth-%	-37%	-5%	38%	-22%	-20%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	27.7 %	35.4 %	42.9 %	41.8 %	42.9 %
EBITDA	19.8	27.7	30.7	30.0	34.7	EBIT (adj.)-%	25.6 %	30.4 %	37.3 %	33.5 %	33.3 %
Change in working capital	-9.6	-10.4	-1.7	-7.4	-8.8	EBIT-%	25.6 %	30.4 %	33.3 %	33.5 %	33.3 %
Operating cash flow	4.4	12.7	22.8	16.1	19.4	ROE-%	15.6 %	13.4 %	9.2 %	12.7 %	11.8 %
CAPEX	-14.8	-13.9	-16.6	-9.9	-12.4	ROI-%	24.0 %	24.1 %	20.5 %	17.6 %	16.7 %
Free cash flow	-4.9	-0.6	6.7	6.2	7.0	Equity ratio	77.1 %	67.5 %	66.7 %	62.6 %	89.2 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	-9.3 %	6.8 %	11.0 %	8.6 %	-22.0 %
EV/S	2.6	1.4	0.7	1.2	1.1						
EV/EBITDA	9.5	4.1	1.7	3.0	2.6						
EV/EBIT (adj.)	10.3	4.8	1.9	3.7	3.4						
P/E (adj.)	17.0	9.6	2.7	6.4	8.0						
P/B	2.4	1.2	0.4	0.8	0.8						
Dividend-%	0.0 %	0.1 %	0.4 %	0.6 %	0.8 %						

Source: Inderes

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

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
8/5/2022	Accumulate	0.80 €	0.69 €
9/15/2022	Accumulate	0.65 €	0.54 €
10/24/2022	Accumulate	0.65 €	0.54 €
12/15/2022	Accumulate	0.70 €	0.63 €
2/27/2023	Reduce	0.58 €	0.54 €
3/28/2023	Accumulate	0.54 €	0.44 €
4/19/2023	Reduce	0.54 €	0.52 €
8/7/2023	Lisää	0.54 €	0.48 €
10/30/2023	Reduce	0.42 €	0.38 €
2/23/2024	Reduce	0.35 €	0.32 €
Reverse split (20:1)			
4/29/2024	Reduce	7.00 €	6.30 €
5/10/2024	Reduce	6.00 €	5.41 €
8/12/2024	Reduce	5.50 €	5.14 €
9/9/2024	Sell	3.00 €	3.87 €
10/28/2024	Sell	3.00 €	3.65 €
1/28/2025	Reduce	3.00 €	3.29 €
2/27/2025	Reduce	3.50 €	3.77 €
4/30/2025	Reduce	3.50 €	3.76 €
5/28/2025	Reduce	3.80 €	3.60 €
6/10/2025	Reduce	4.30 €	4.30 €
8/6/2025	Reduce	4.50 €	4.86 €
10/29/2025	Reduce	4.50 €	4.90 €



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