KH GROUP

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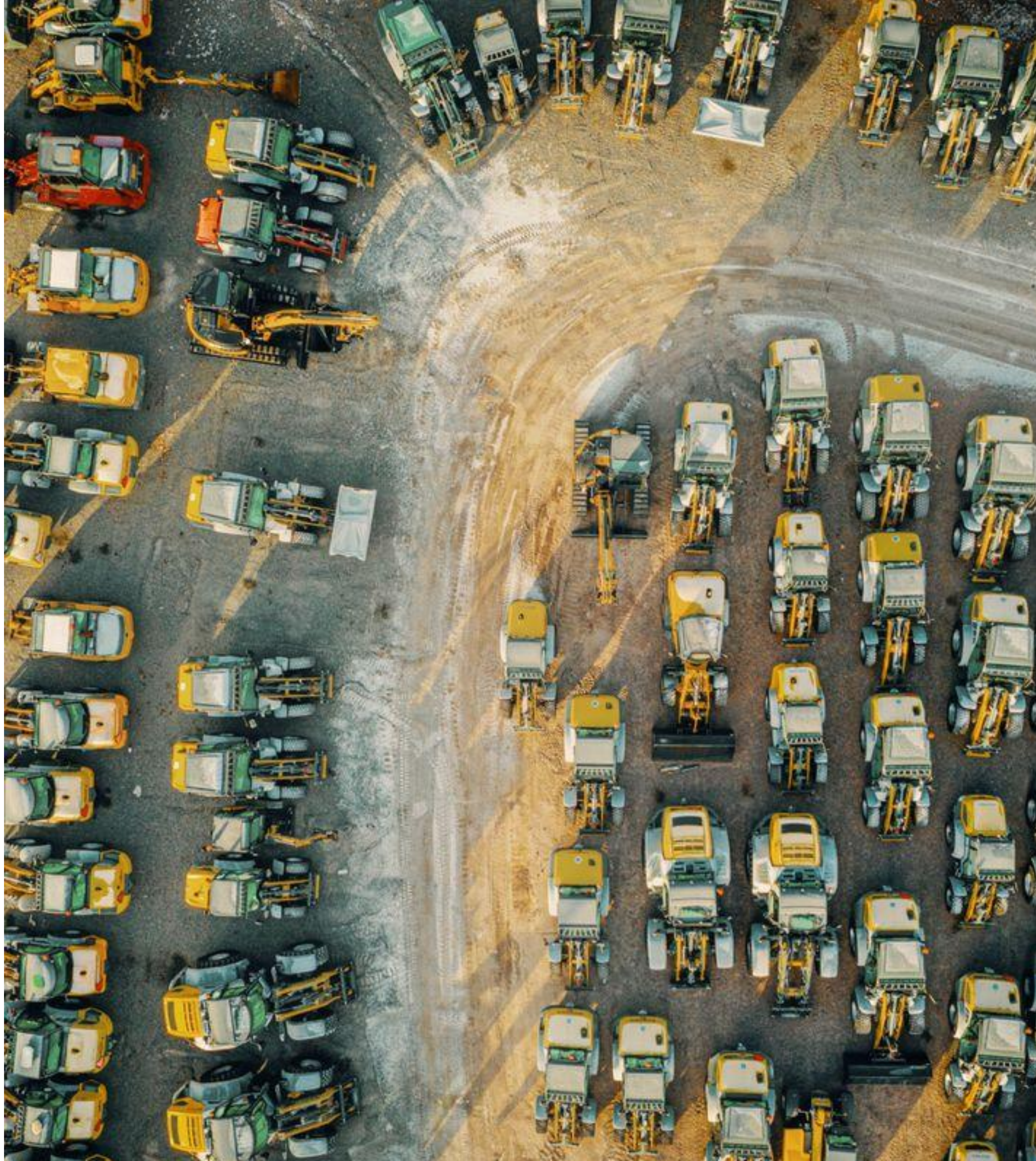
INDERES CORPORATE CUSTOMER

COMPANY REPORT



A strong quarter

KH Group's Q2 earnings exceeded our expectations in terms of both revenue and especially profitability. The positive surprises in the report were the turnaround in KH-Koneet's Swedish business and additional visibility into NRG's strong order book. In our view, a strong Q2 creates good conditions for KH Group to issue a positive earnings revision during the rest of the year. In connection with the report, we have clearly raised our estimates for the coming years, as a result of which we raise our target price to EUR 0.70 (was EUR 0.55). We update our recommendations to Accumulate (was Reduce).

The review period was strong

KH Group's revenue of 62.3 MEUR clearly exceeded both our estimate and the comparison period's level. The estimate beat was attributable to both subsidiaries: KH-Koneet's revenue grew by 12%, while NRG's revenue grew during the quarter. Both subsidiaries improved their material margin, which emphasized earnings growth. The comparable EBIT of 4.3 MEUR clearly exceeded our 2.4 MEUR estimate. However, based on management's comments, it is good to look at H1 as a whole when assessing development, to account for timing-related factors. Despite this, KH Group's development has been strong. What was particularly relieving in the interim report was that it showed signs of a profitability turnaround in KH-Koneet's Swedish business, which is critical for the company's long-term growth. KH-Koneet's Swedish EBIT settled at 0.6 MEUR in H1, a clear improvement from -0.7 MEUR in the previous year. At the same time, KH-Koneet's strong performance dispelled concerns about the continuity of operations related to the CEO change. KH Group's balance sheet remained leveraged at the end of the review period, but with improved profitability, debt levels appear more controlled than before. The Group's net debt/EBITDA ratio was 3.2x at the end of the review period.

We feel the company has the preconditions for a positive earnings revision

In connection with the earnings release, KH Group reiterated its guidance, indicating growing revenue and improving comparable EBIT. After Q1, the company was clearly behind the previous year. However, following a strong Q2, we believe the company still has the potential for a positive earnings revision, provided there is no unexpected weakening in KH-Koneet's cyclical demand environment. We believe our comparable EBIT estimate of 10 MEUR for the current year is clearly above the comparison period (2025: 6.3 MEUR). In connection with the report, we raised our EBIT estimates for the coming years by some 20%. The estimates change is partly due to the strong Q2 performance of the subsidiaries. For NRG, we made clear upward revisions to our near-term estimates, as the company's order book reached a new record high, with deliveries extending to 2029. In addition, KH Group estimates that it will achieve annual savings of around 1 MEUR starting in 2027 by standardizing IT services and financial administration functions, and by relocating the Group's head office to Klaukkala.

Valuation attractive as cyclical recovery continues

Based on our estimates for this year, KH Group's valuation is neutral or slightly elevated (P/E 14x, EV/EBIT 10x), but with our next year's estimates, the valuation becomes attractive (P/E 8x, EV/EBIT 9x). Our estimates require a clear improvement in KH-Koneet's earnings, the conditions for which appear better than before, based on the promising profitability development of the Swedish business. However, due to KH Group's low relative profitability and significant financial leverage, earnings-based valuation is sensitive to even small forecast changes. Our DCF model, which indicates longer-term potential, implies a value of EUR 0.82 per share for the group, although the model relies on a sustainable improvement in profitability.

Recommendation
Accumulate
(was Reduce)

Target price:
EUR 0.70
(was EUR 0.55)

Share price:
EUR 0.64

Business risk

●●●●○

Valuation risk

●●●○○

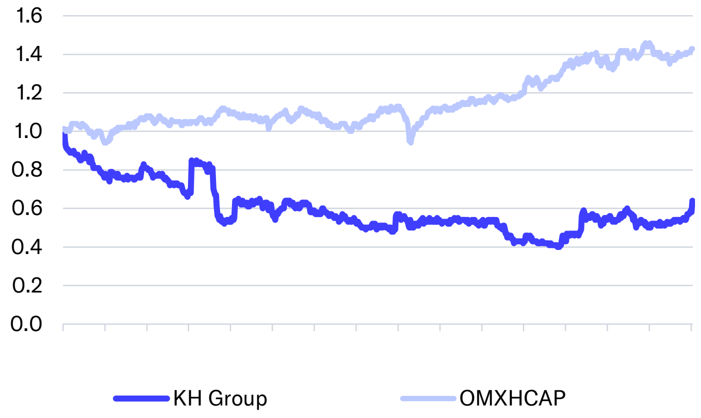
	2025	2026e	2027e	2028e
Revenue	205	224	245	268
growth-%	5%	10%	10%	9%
EBIT adj.	6.3	10.0	12.1	13.8
EBIT-% adj.	3.1 %	4.5 %	4.9 %	5.1 %
PTP	1.4	3.3	5.6	7.2
Net Income	0.5	1.5	3.8	5.0
EPS (adj.)	0.01	0.05	0.08	0.10
Dividend	0.00	0.00	0.00	0.00
P/E (adj.)	41.5	13.9	7.7	6.3
P/B	0.6	0.7	0.7	0.6
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	15.9	10.4	8.9	8.2
EV/EBITDA	5.1	4.4	4.1	3.9
EV/S	0.5	0.5	0.4	0.4

Source: Inderes

Guidance (Unchanged)

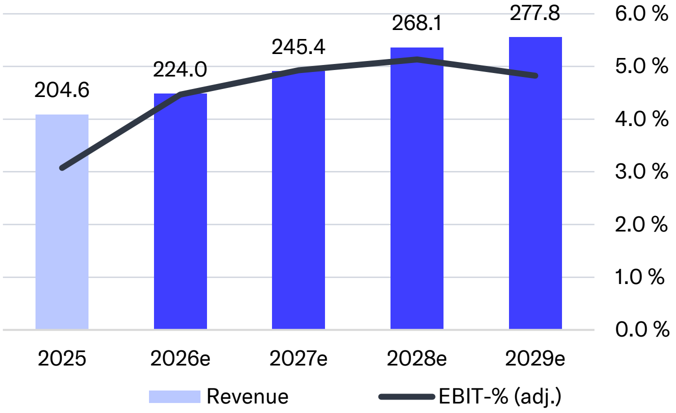
KH Group expects both revenue and comparable operating profit to increase in 2026 compared to 2025 (205 MEUR and 6.4 MEUR).

Share price



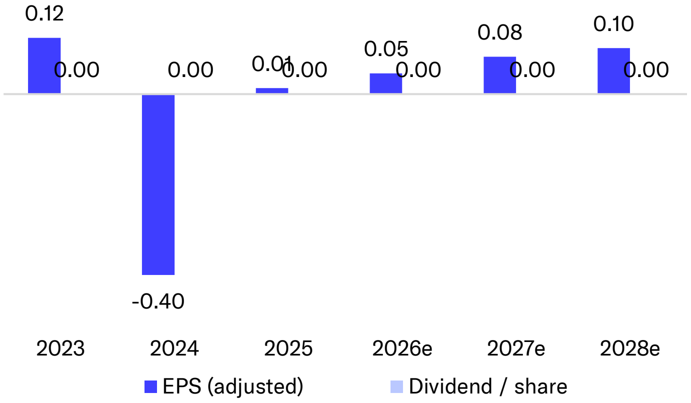
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Systematic development of holdings
- M&A transactions
- Renewal of subsidiaries' financing base and simplification of structures
- Developing the brand portfolio

Risk factors

- Deteriorating economic situation
- The risk related to KH-Koneet's development due to the change in management
- KH Maskin's profitability challenges dragging on
- Loss of investment opportunities due to tight balance sheet position

Valuation	2026e	2027e	2028e
Share price	0.64	0.64	0.64
Number of shares, millions	58.1	58.1	58.1
Market cap	37	37	37
EV	104	108	113
P/E (adj.)	13.9	7.7	6.3
P/E	24.6	9.9	7.5
P/B	0.7	0.7	0.6
P/S	0.2	0.2	0.1
EV/Sales	0.5	0.4	0.4
EV/EBITDA	4.4	4.1	3.9
EV/EBIT (adj.)	10.4	8.9	8.2
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

The quarter was clearly stronger than we expected

Both subsidiaries performed stronger than we expected

KH Group's revenue growth accelerated more than we expected in Q2, thanks to the good performance of both subsidiaries. KH-Koneet's revenue grew by just over 12% from the comparison period, particularly supported by the recovery in sales of its Swedish operations. Nordic Rescue Group's (NRG) revenue, in turn, jumped by over a quarter year on year. NRG's growth in Finland was driven by strong operational equipment sales and the realization of deliveries concentrated in the early part of the year, although aftermarket revenue remained slightly below the comparison period. Q1 was weak for KH Group, partly due to deliveries shifting to Q2. Based on management's comments, the H1 development thus provides a more realistic picture of the businesses' development. In H1, KH-Koneet's revenue grew by 10%, while NRG's revenue grew by 17%, indicating positive demand development for both subsidiaries.

The earnings turnaround in Sweden and recovered margins accelerated the profitability improvement

The material margin of both KH Group's subsidiaries improved year-on-year in Q2, which, together with strong revenue development, emphasized earnings growth. The EBIT adjusted for amortization of intangible assets of 4.3 MEUR clearly exceeded both our 2.4 MEUR estimate and the comparison period level. The earnings beat was due to stronger-than-expected profitability from both subsidiaries. KKH-Koneet's Swedish EBIT rose to 0.9 MEUR (Q2'25: -0.4 MEUR), while Finland's EBIT increased to 2.3 MEUR (Q2'25: 1.3 MEUR), supported by increased revenue and an improved margin profile. Despite the growth, KH-Koneet's fixed costs remained at the comparison period's level.

NRG's profitability was supported by both revenue growth and a change in the sales structure in Sweden, as the share of lower-margin platform sales in total sales decreased. In our view, NRG's margins were partly supported by significant growth in operational equipment installed in vehicles in Finland. In addition to strong performance by the subsidiaries, earnings were boosted by a contraction in parent company expenses.

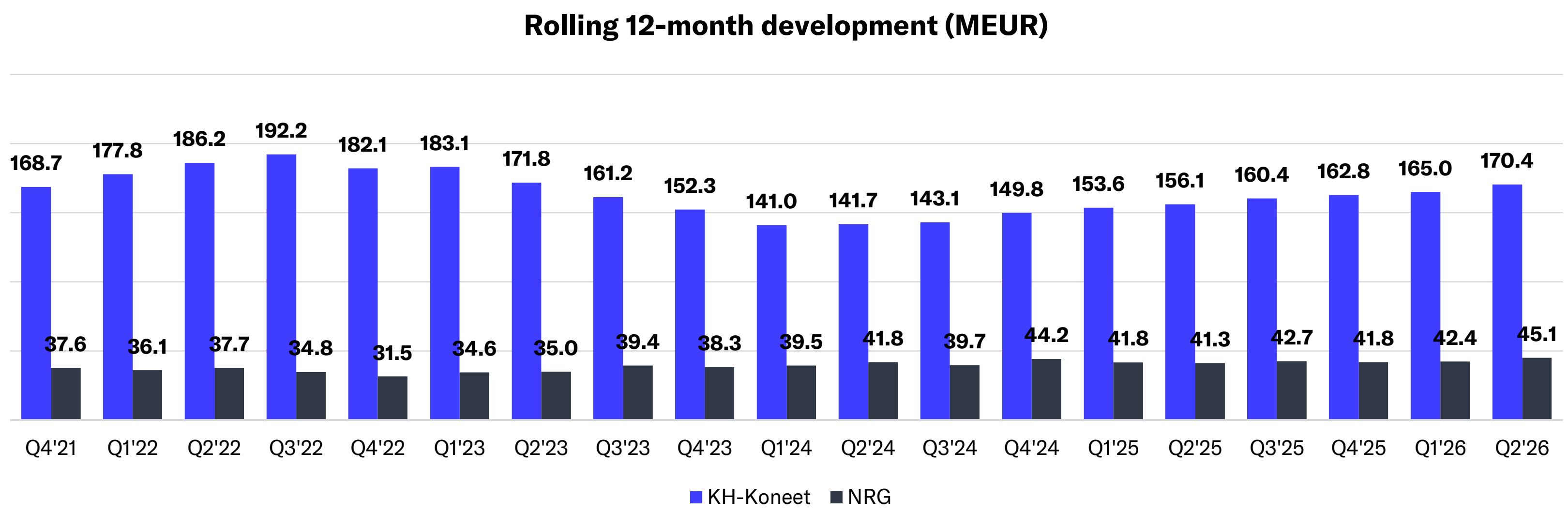
Balance sheet has strengthened with the Indoor exit, but there is still room for further improvement

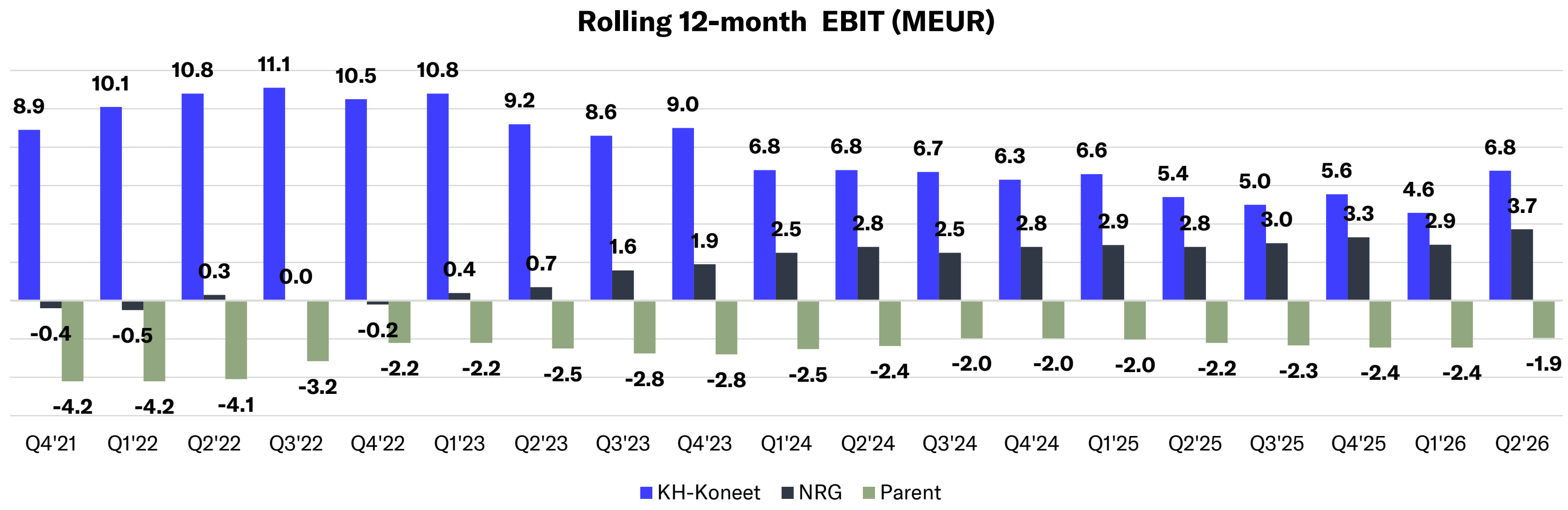
KH Group's balance sheet has strengthened by the Indoor Group divestment last year. At the end of Q2, the Group's net debt was 69 MEUR, which is 3.2x the LTM EBITDA. The balance sheet position is thus leveraged, but with the improved earnings level, debt leverage is starting to be at a controlled level. In its report, the company highlighted the goal of dividend distribution in the coming years within the limits allowed by the balance sheet structure and financing agreements. For now, however, we consider strengthening the balance sheet and potential growth investments in NRG or KH-Koneet's Finnish business a more attractive option than dividend distribution.

Estimates MEUR / EUR	Q2'25 Comparison	Q2'26 Actualized	Q2'26e Inderes	Q2'26e Consensus	Difference (%) Act. vs. inderes	2026e Inderes
Revenue	54.2	62.3	59.0		6%	224
EBIT (adj.)	0.8	4.3	2.4		77%	10.0
EBIT	0.5	4.1	2.1		92%	8.9
PTP	-0.9	2.7	0.9		203%	3.3
EPS (adj.)	-0.01	0.04	0.01		172%	0.05
EPS (reported)	-0.01	0.03	0.01		268%	0.03
Revenue growth-%	3.9 %	14.9 %	8.8 %		6.1 pp	9.5 %
EBIT-% (adj.)	1.4 %	6.9 %	4.1 %		2.8 pp	4.5 %

Source: Inderes

Segment-specific development





The risk of a positive earnings revision is in the air

Guidance was reiterated despite strong earnings

KH Group reiterated its guidance for this year, according to which the company estimates that both revenue and comparable EBIT will grow from 2025. Thanks to a strong second quarter, the pressure on the full-year performance has eased, and instead of a profit warning, the conditions for a positive earnings revision now look good. In terms of revenue, the company is now 11 MEUR ahead of the previous year, while comparable EBIT is 2.3 MEUR higher year-on-year. In our view, earnings similar to the previous year would be enough to trigger a positive earnings revision in H2 from these starting points. Due to the weaker predictability of KH-Koneet and the cyclical nature of demand, we believe the company has not yet updated its guidance, but we see good conditions for an upgrade to the guidance, provided the economic environment does not unexpectedly deteriorate. We expect KH Group's current year revenue to grow by 10% to 224 MEUR, while our comparable EBIT estimate of 10 MEUR clearly exceeds the comparison period's 6.4 MEUR. Following the strong Q2 report, the rolling 12-month comparable EBIT of both subsidiaries is growing, while the parent company's costs have started to decrease.

We raised our estimates for both subsidiaries

Based on KH Group's strong report, we have clearly raised our estimates for the coming years. Regarding KH-Koneet, the visibility provided by the report into the earnings turnaround of the Swedish business, which has struggled with profitability, is particularly positive, as we see the company's greatest potential for earnings improvement there. KH-Koneet's strong Q2 performance also dispelled concerns about friction caused by potential discontinuity from a CEO change.

The outlook is also supported by NRG's record-strong order book, which, according to the company, now extends well into 2029. According to management, the order book is now around 58 MEUR, which corresponds to almost 18 months of revenue. To meet strong demand, NRG is investing in its production capacity. Based on the visibility provided by the order book, we raised our estimates for the coming years. In addition to positive subsidiary development, KH Group's management announced on the earnings release day decisions to move the head office to Klaukkala, Nurmijärvi, and to harmonize the group's administrative functions. These efficiency measures are estimated to lighten the group's cost structure in 2027 by around 1 MEUR compared to the current year.

Estimate revisions MEUR / EUR	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	216	224	4%	235	245	4%	257	268	4%
EBITDA	20.0	23.5	17%	23.6	26.1	11%	26.0	29.1	12%
EBIT (exc. NRIs)	6.7	10.0	49%	10.1	12.1	19%	11.3	13.8	22%
EBIT	5.4	8.9	63%	9.1	11.0	21%	10.3	12.8	24%
PTP	0.1	3.3	6097%	3.7	5.6	53%	4.7	7.2	52%
EPS (excl. NRIs)	0.01	0.05	773%	0.06	0.08	38%	0.07	0.10	42%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Back on the turnaround train

Earnings-based valuation turns interesting with next year's estimates

In evaluating the valuation level of KH Group, we prefer earnings-based valuation multiples. The company's 2026-2027 EV/EBIT multiples are 10-9x. We find the valuation interesting, and with our estimates for next year that require an earnings improvement, it becomes attractive. Due to KH-Koneet's cyclically pressured profitability and the underperformance of the Swedish business, the company's earnings level can strengthen very quickly as post-cyclical machine trade recovers. The story is slightly different for NRG, as the company is enjoying a very strong demand cycle and its profitability is at a record high. With a record-high order book of nearly 60 MEUR, we believe the short-term visibility for maintaining earnings performance is good, although assessing the normalized profitability level in the longer term is more challenging.

DCF model identifies upside

Our DCF model, which reflects the potential of KH Group's continuing businesses, indicates a value of EUR 0.82 per share. The model takes into account the company's longer-term normalized potential over the cycle. We assume KH Group's EBIT margin will normalize to a higher level of 5.5% compared to recent years, as KH-Koneet's Swedish operations mature, the rapid growth rate stabilizes, and the weight of machine rental, which has a higher relative profitability profile, increases. We believe it is clear that a recovery in the demand environment would also support a strengthening of relative profitability. Looking further ahead, however, strengthening the profitability of the Swedish business plays a critical role in enabling growth-driven value creation. However, in our view, it is challenging to fully rely on the long-term potential due to the profitability challenges of recent years.

Hard to rely on a low balance sheet-based valuation

KH Group's balance sheet-based P/B ratio is at an absolute low level of 0.7x. However, it is challenging to rely on balance sheet-based valuation, as KH Group has not demonstrated its ability to generate a moderate return on equity at the group level. At the subsidiary level, however, we are confident in the profitability of KH-Koneet's Finnish business and NRG, but at the group level, we believe exceeding the cost of capital requires either the growth of value-creating businesses to a larger scale or a sustainable turnaround in KH-Koneet's Swedish business

Valuation	2026e	2027e	2028e
Share price	0.64	0.64	0.64
Number of shares, millions	58.1	58.1	58.1
Market cap	37	37	37
EV	104	108	113
P/E (adj.)	13.9	7.7	6.3
P/E	24.6	9.9	7.5
P/B	0.7	0.7	0.6
P/S	0.2	0.2	0.1
EV/Sales	0.5	0.4	0.4
EV/EBITDA	4.4	4.1	3.9
EV/EBIT (adj.)	10.4	8.9	8.2
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

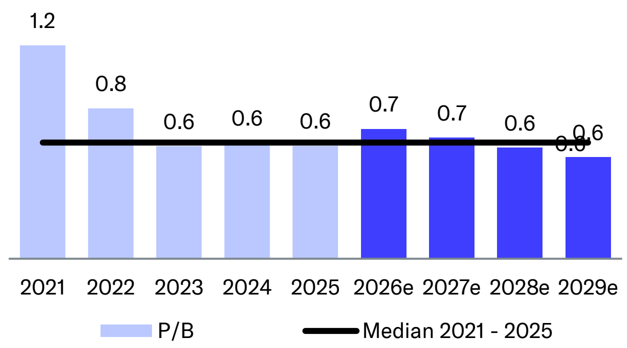
Source: Inderes

Valuation table

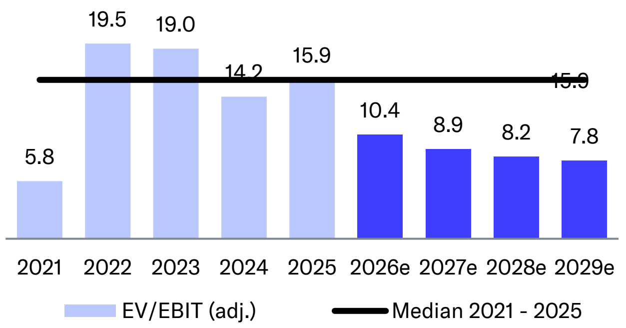
Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	1.92	1.18	0.81	0.56	0.54	**0.64**	**0.64**	**0.64**	**0.64**
Number of shares, millions	58.1	58.1	58.1	58.1	58.1	**58.1**	**58.1**	**58.1**	**58.1**
Market cap	112	69	47	32	31	**37**	**37**	**37**	**37**
EV	116	232	205	102	100	**104**	**108**	**113**	**111**
P/E (adj.)	6.1	5.0	6.5	neg.	41.5	**13.9**	**7.7**	**6.3**	**5.9**
P/E	6.1	5.0	neg.	neg.	neg.	**24.6**	**9.9**	**7.5**	**6.8**
P/B	1.2	0.8	0.6	0.6	0.6	**0.7**	**0.7**	**0.6**	**0.6**
P/S	9.7	0.2	0.1	0.2	0.2	**0.2**	**0.2**	**0.1**	**0.1**
EV/Sales	10.1	0.5	0.5	0.5	0.5	**0.5**	**0.4**	**0.4**	**0.4**
EV/EBITDA	5.8	19.5	6.4	5.0	5.1	**4.4**	**4.1**	**3.9**	**3.6**
EV/EBIT (adj.)	5.8	19.5	19.0	14.2	15.9	**10.4**	**8.9**	**8.2**	**7.8**
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**

Source: Inderes

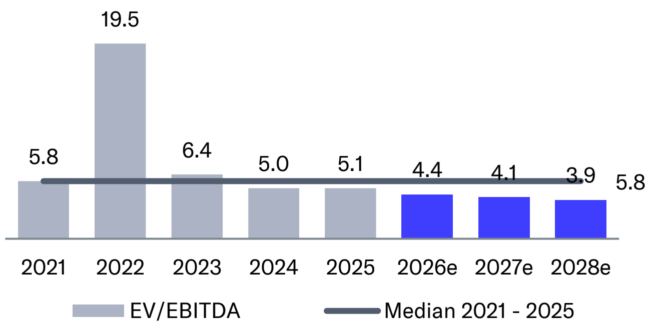
P/B



EV/EBIT



EV/EBITDA



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**
United Rentals Inc	62015	74206	18.9	16.8	10.7	9.8	4.9	4.5	23.6	20.3	0.7	0.8	7.3
Sunbelt Rentals Holdings Inc	29989	29989	14.0	13.4	7.4	7.0	3.1	2.9	22.6	21.2	1.3	1.4	4.7
McGrath RentCorp	2579	3076	13.1	12.0	9.7	9.1	3.7	3.5	19.0	17.7	1.6	1.6	2.4
Speedy Hire PLC	109	428	23.7	10.6	4.1	3.2	0.9	0.8		7.0	5.0	5.3	
VP PLC	222	470	9.9	9.8	3.9	3.8	1.2	1.1	9.6	7.8	7.6	8.4	1.5
Wetteri Oyj	29	114	69.9	15.1	7.0	5.2	0.3	0.3		14.3			1.0
Bilia AB	1289	2069	14.8	13.2	7.8	7.4	0.6	0.5	14.1	12.0	4.5	5.1	2.6
Ferronordic AB	105	273	14.0	11.5	4.9	4.4	0.6	0.5	9.7	8.0			0.8
KH Group (Inderes)	**37**	**104**	**10.4**	**8.9**	**4.4**	**4.1**	**0.5**	**0.4**	**13.9**	**7.7**	**0.0**	**0.0**	**0.7**
Average			**22.3**	**12.8**	**6.9**	**6.2**	**1.9**	**1.8**	**16.4**	**13.5**	**3.4**	**3.8**	**2.9**
Median			**14.4**	**12.6**	**7.2**	**6.1**	**1.0**	**1.0**	**16.5**	**13.2**	**3.1**	**3.4**	**2.4**
Diff-% to median			***-28%***	***-29%***	***-38%***	***-32%***	***-54%***	***-54%***	***-16%***	***-41%***	***-100%***	***-100%***	***-69%***

Source: Refinitiv / Inderes

Income statement

Income statement	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**403**	**194**	**41.8**	**54.2**	**45.3**	**63.2**	**205**	**44.6**	**62.3**	**48.8**	**68.3**	**224**	**245**	**268**	**278**
KH-Koneet	152	150	33.1	43.6	37.9	48.2	163	35.3	49.0	40.9	52.5	178	197	219	228
Nordic Rescue Group	38.3	44.2	8.7	10.6	7.5	15.1	41.8	9.3	13.3	7.9	15.8	46.3	48.2	49.1	50.1
EBITDA	**31.9**	**20.3**	**3.6**	**4.1**	**4.5**	**7.5**	**19.8**	**2.1**	**7.8**	**5.4**	**8.2**	**23.5**	**26.1**	**29.1**	**31.0**
Depreciation	-35.0	-14.5	-3.7	-3.7	-3.6	-3.6	-14.6	-3.5	-3.7	-3.7	-3.7	-14.6	-15.0	-16.3	-17.6
EBIT (excl. NRI)	**10.8**	**7.2**	**0.2**	**0.8**	**1.2**	**4.2**	**6.3**	**-1.1**	**4.3**	**2.0**	**4.8**	**10.0**	**12.1**	**13.8**	**14.3**
EBIT	**-3.1**	**5.8**	**-0.1**	**0.5**	**0.9**	**3.9**	**5.1**	**-1.4**	**4.1**	**1.7**	**4.5**	**8.9**	**11.0**	**12.8**	**13.4**
KH-Koneet	9.0	6.3	-0.1	0.8	1.5	3.4	5.6	-1.1	3.0	2.1	3.7	7.8	10.8	12.4	13.1
Nordic Rescue Group	1.9	2.8	0.8	0.8	0.2	1.5	3.3	0.4	1.6	0.2	1.6	3.8	3.1	3.2	3.0
Unallocated items and PPA depreciation	-17.7	-3.3	-0.8	-1.1	-0.8	-0.7	-3.5	-0.8	-0.5	-0.7	-0.8	-2.8	-2.9	-2.7	-2.7
Net financial items	-12.3	-4.2	-0.4	-1.3	-0.9	-1.1	-3.8	-1.6	-1.4	-1.3	-1.3	-5.6	-5.4	-5.6	-5.6
PTP	**-15.4**	**1.6**	**-0.5**	**-0.9**	**-0.1**	**2.8**	**1.4**	**-3.1**	**2.7**	**0.4**	**3.3**	**3.3**	**5.6**	**7.2**	**7.8**
Taxes	3.3	-0.2	0.1	0.2	0.0	-0.7	-0.3	0.2	-0.3	-0.1	-0.7	-0.9	-1.1	-1.4	-1.6
Minority interest	5.2	5.3	-0.1	-0.2	0.0	-0.3	-0.6	0.0	-0.4	-0.1	-0.4	-0.9	-0.7	-0.8	-0.8
Net earnings	**-6.7**	**-24.7**	**-0.5**	**-0.8**	**-0.1**	**1.0**	**-0.4**	**-2.9**	**1.9**	**0.3**	**2.2**	**1.5**	**3.8**	**5.0**	**5.5**
EPS (adj.)	**0.12**	**-0.40**	**0.00**	**-0.01**	**0.00**	**0.02**	**0.01**	**-0.04**	**0.04**	**0.01**	**0.043**	**0.05**	**0.08**	**0.10**	**0.11**
EPS (rep.)	**-0.11**	**-0.42**	**-0.01**	**-0.01**	**0.00**	**0.02**	**-0.01**	**-0.05**	**0.03**	**0.00**	**0.04**	**0.03**	**0.06**	**0.09**	**0.09**

Key figures	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-6.0 %	-51.9 %	3.5 %	3.9 %	14.1 %	2.5 %	5.5 %	6.7 %	14.9 %	7.7 %	8.0 %	9.5 %	9.6 %	9.2 %	3.6 %
Adjusted EBIT growth-%		-33.3 %	433.3 %	-66.9 %	-21.9 %	21.5 %	-12.6 %	-630.0 %	451.3 %	68.5 %	16.1 %	59.2 %	20.8 %	13.8 %	3.7 %
EBITDA-%	7.9 %	10.5 %	8.7 %	7.6 %	9.8 %	11.9 %	9.7 %	4.7 %	12.5 %	11.0 %	12.0 %	10.5 %	10.6 %	10.8 %	11.2 %
Adjusted EBIT-%	2.7 %	3.7 %	0.5 %	1.4 %	2.6 %	6.6 %	3.1 %	-2.4 %	6.9 %	4.0 %	7.1 %	4.5 %	4.9 %	5.1 %	5.1 %
Net earnings-%	-1.7 %	-12.7 %	-1.2 %	-1.5 %	-0.2 %	1.6 %	-0.2 %	-6.4 %	3.0 %	0.5 %	3.2 %	0.7 %	1.5 %	1.9 %	2.0 %
KH-Koneet adj. EBIT-%	5.9 %	4.2 %	-0.3 %	1.8 %	4.0 %	7.0 %	3.4 %	-3.1 %	6.1 %	5.2 %	7.1 %	4.4 %	5.5 %	5.6 %	5.7 %
NRG adj. EBIT-%	5.0 %	6.3 %	9.2 %	7.5 %	2.7 %	10.0 %	7.9 %	4.5 %	12.0 %	3.0 %	10.0 %	8.3 %	6.5 %	6.5 %	6.0 %

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	**184**	**72.2**	**70.8**	**73.9**	**78.6**
Goodwill	7.7	7.7	7.7	7.7	7.7
Intangible assets	10.3	9.2	8.1	7.3	6.6
Tangible assets	51.4	50.8	53.8	58.9	64.3
Associated companies	110	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.4	0.1	0.0	0.0	0.0
Deferred tax assets	4.1	4.5	1.2	0.0	0.0
Current assets	**87.7**	**84.5**	**93.0**	**102**	**111**
Inventories	60.2	60.2	65.0	71.2	77.7
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	18.5	20.7	20.2	22.1	24.1
Cash and equivalents	9.0	3.6	7.8	8.6	9.4
Balance sheet total	**272**	**157**	**164**	**176**	**190**

Source: Inderes

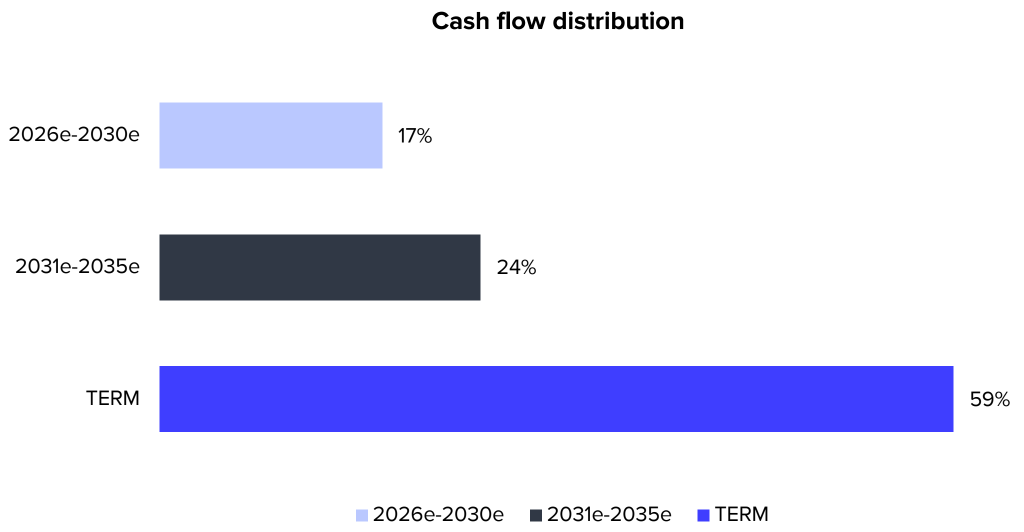
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**49.3**	**49.7**	**51.2**	**55.0**	**59.9**
Share capital	15.2	15.2	15.2	15.2	15.2
Retained earnings	21.9	34.5	36.0	39.8	44.7
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	12.9	0.0	0.0	0.0	0.0
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	-0.6	0.0	0.0	0.0	0.0
Non-current liabilities	**57.9**	**48.0**	**54.3**	**57.6**	**61.5**
Deferred tax liabilities	2.1	1.9	1.9	1.9	1.9
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	55.9	46.1	52.4	55.7	59.6
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	**165**	**59.0**	**58.3**	**63.1**	**68.4**
Interest bearing debt	23.3	25.9	22.4	23.9	25.5
Payables	31.3	33.1	35.8	39.3	42.9
Other current liabilities	110	0.0	0.0	0.0	0.0
Balance sheet total	**272**	**157**	**164**	**176**	**190**

DCF-calculation

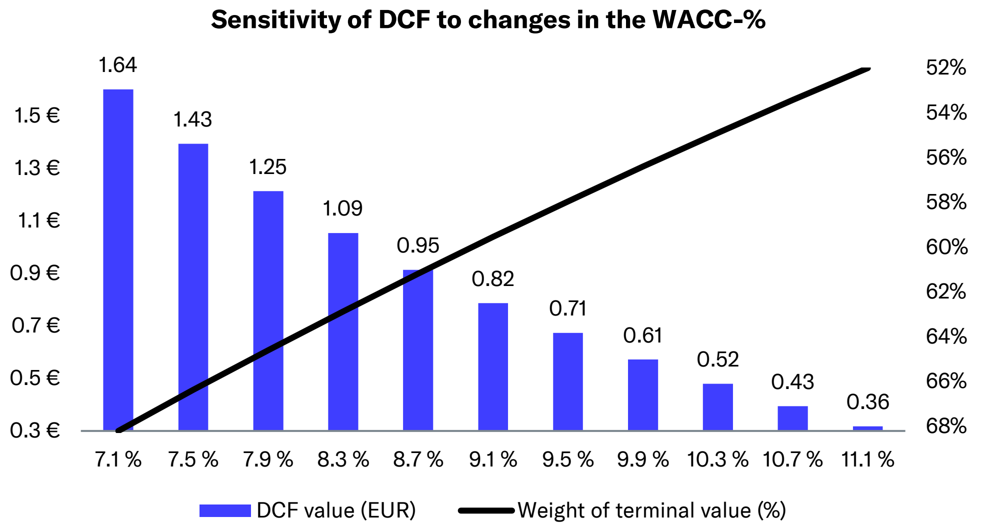
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%		9.5 %	9.6 %	9.2 %	3.6 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	1.5 %	1.5 %
EBIT-%	2.5 %	4.0 %	4.5 %	4.8 %	4.8 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %
EBIT (operating profit)	**5.1**	**8.9**	**11.0**	**12.8**	**13.4**	**15.7**	**16.0**	**16.3**	**16.6**	**17.0**	**17.2**	
+ Depreciation	14.6	14.6	15.0	16.3	17.6	18.1	18.5	18.8	19.1	19.5	19.8	
- Paid taxes	-0.8	2.4	0.1	-1.4	-1.6	-2.1	-2.2	-2.3	-2.4	-2.6	-2.7	
- Tax, financial expenses	-0.9	-1.5	-1.1	-1.1	-1.1	-1.1	-1.0	-1.0	-0.9	-0.8	-0.7	
+ 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		-1.4	-4.7	-5.0	-2.1	-1.5	-2.7	-1.3	-1.3	-1.4	-1.0	
Operating cash flow		**23.0**	**20.4**	**21.5**	**26.2**	**29.1**	**28.6**	**30.5**	**31.1**	**31.7**	**32.5**	
+ Change in other long-term liabilities		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX		-16.5	-19.3	-21.0	-19.4	-19.3	-19.5	-19.9	-20.3	-20.7	-20.8	
Free operating cash flow		**6.5**	**1.1**	**0.5**	**6.8**	**9.8**	**9.1**	**10.6**	**10.8**	**10.9**	**11.8**	
+/- Other		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF		6.5	1.1	0.5	6.8	9.8	9.1	10.6	10.8	10.9	11.8	157
Discounted FCFF		**6.3**	**0.9**	**0.4**	**5.1**	**6.7**	**5.7**	**6.1**	**5.7**	**5.3**	**5.2**	**69.0**
Sum of FCFF present value		116	110	109	109	104	96.9	91.3	85.2	79.5	74.2	69.0
Enterprise value DCF		**116**										
- Interest bearing debt		-72.0										
+ Cash and cash equivalents		3.6										
+ Associated companies		0.0										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		**47.9**										
Equity value DCF per share		**0.82**										

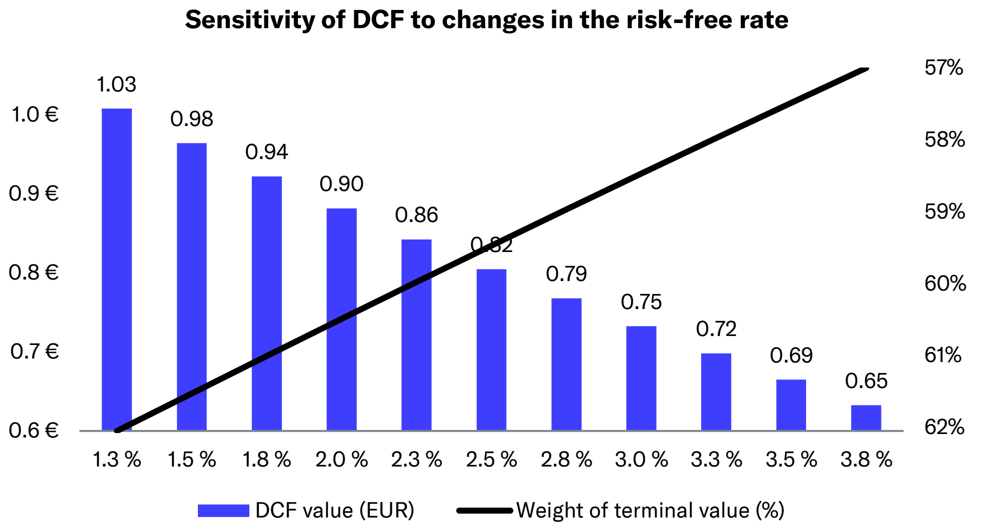
WACC	
Tax-% (WACC)	19.0 %
Target debt ratio (D/(D+E)	50.0 %
Cost of debt	7.0 %
Equity Beta	1.60
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
Cost of equity	**12.6 %**
Weighted average cost of capital (WACC)	**9.1 %**

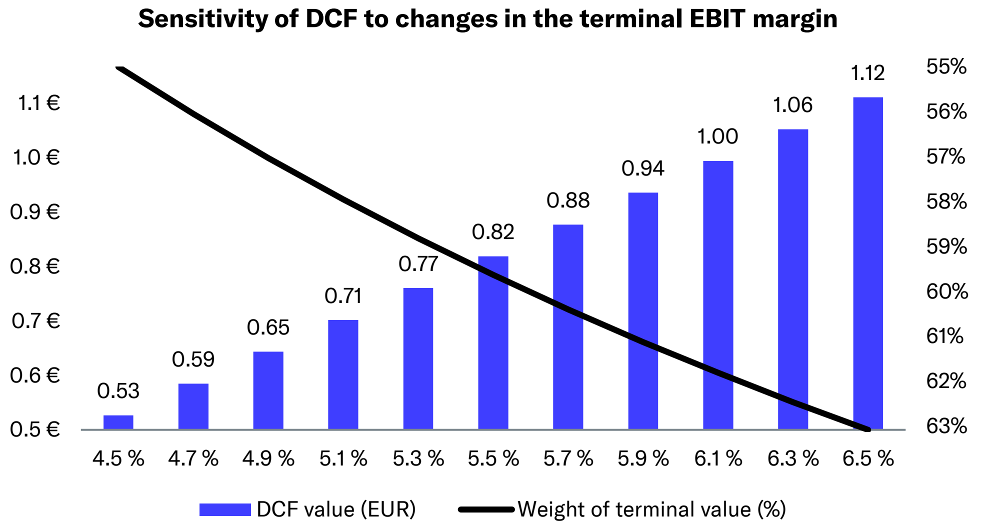
Source: Inderes

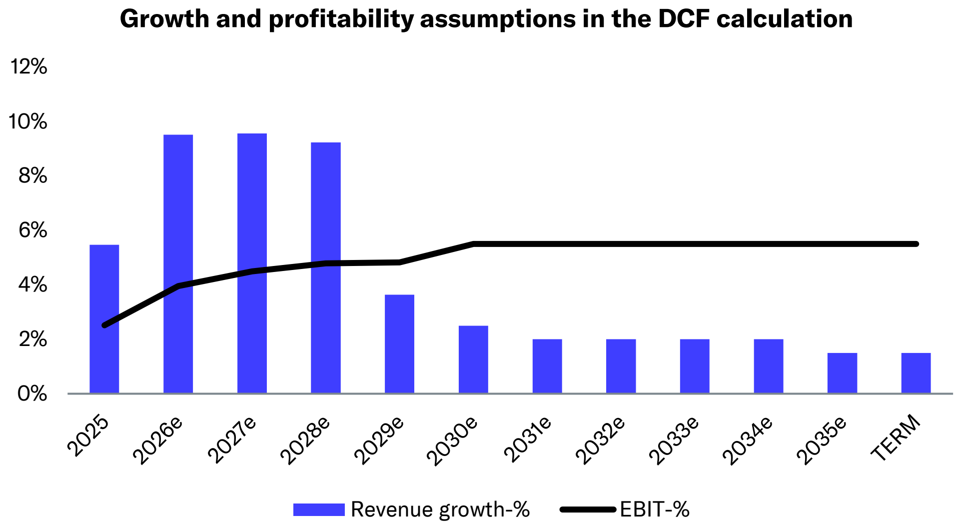


DCF sensitivity calculations and key assumptions in graphs









Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	403.2	194.0	204.6	**224.0**	**245.4**
EBITDA	31.9	20.3	19.8	**23.5**	**26.1**
EBIT	-3.1	5.8	5.1	**8.9**	**11.0**
PTP	-15.4	1.6	1.4	**3.3**	**5.6**
Net Income	-6.7	-24.7	-0.4	**1.5**	**3.8**
Extraordinary items	-13.9	-1.4	-1.2	**-1.2**	**-1.1**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	347.7	271.7	156.7	**163.8**	**175.7**
Equity capital	79.3	49.3	49.7	**51.2**	**55.0**
Goodwill	39.9	7.7	7.7	**7.7**	**7.7**
Net debt	154.9	70.2	68.4	**67.0**	**71.0**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	31.9	20.3	19.8	**23.5**	**26.1**
Change in working capital	14.0	100.1	-110.5	**-1.4**	**-4.7**
Operating cash flow	43.4	110.3	-92.4	**23.0**	**20.4**
CAPEX	-35.1	123.2	-12.5	**-16.5**	**-19.3**
Free cash flow	9.7	227.4	-107.6	**6.5**	**1.1**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	0.5	0.5	0.5	**0.5**	**0.4**
EV/EBITDA	6.4	5.0	5.1	**4.4**	**4.1**
EV/EBIT (adj.)	19.0	14.2	15.9	**10.4**	**8.9**
P/E (adj.)	6.5	neg.	41.5	**13.9**	**7.7**
P/B	0.6	0.6	0.6	**0.7**	**0.7**
Dividend-%	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	-0.11	-0.42	-0.01	**0.03**	**0.06**
EPS (adj.)	0.12	-0.40	0.01	**0.05**	**0.08**
OCF / share	0.75	1.90	-1.59	**0.40**	**0.35**
OFCF / share	0.17	3.91	-1.85	**0.11**	**0.02**
Book value / share	1.29	0.86	0.86	**0.88**	**0.95**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	-6%	-52%	5%	**10%**	**10%**
EBITDA growth-%	168%	-36%	-3%	**19%**	**11%**
EBIT (adj.) growth-%	-9%	-33%	-13%	**59%**	**21%**
EPS (adj.) growth-%	-48%	-422%	103%	**254%**	**80%**
EBITDA-%	7.9 %	10.5 %	9.7 %	**10.5 %**	**10.6 %**
EBIT (adj.)-%	2.7 %	3.7 %	3.1 %	**4.5 %**	**4.9 %**
EBIT-%	-0.8 %	3.0 %	2.5 %	**4.0 %**	**4.5 %**
ROE-%	-8.5 %	-39.6 %	-0.8 %	**3.0 %**	**7.1 %**
ROI-%	-1.2 %	3.1 %	4.1 %	**7.1 %**	**8.5 %**
Equity ratio	22.8 %	18.2 %	31.8 %	**31.3 %**	**31.3 %**
Gearing	195.2 %	142.4 %	137.7 %	**130.8 %**	**129.1 %**
Net debt/EBITDA	4.9	3.5	3.5	**2.9**	**2.7**
EBITDA/net financials	2.6	4.9	5.2	**4.2**	**4.8**

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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

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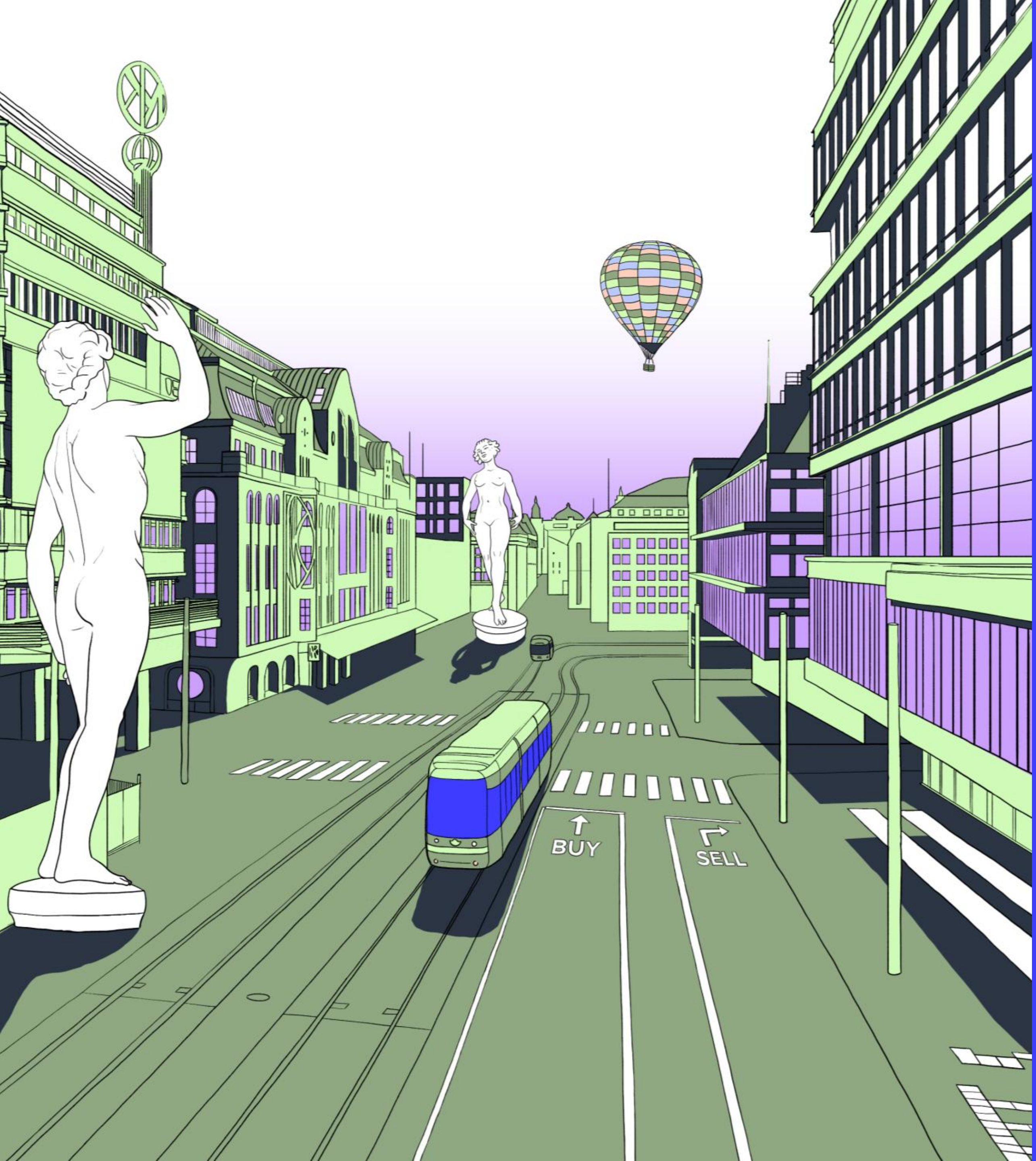
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
12/15/2021	Accumulate	2.00 €	1.94 €
3/4/2022	Buy	1.80 €	1.52 €
3/17/2022	Accumulate	1.80 €	1.64 €
5/6/2022	Buy	1.80 €	1.36 €
8/18/2022	Accumulate	1.50 €	1.29 €
11/4/2022	Buy	1.40 €	1.14 €
12/16/2022	Buy	1.40 €	1.17 €
2/21/2023	Accumulate	1.35 €	1.20 €
3/1/2023	Accumulate	1.20 €	1.08 €
5/5/2023	Buy	1.20 €	1.03 €
8/18/2023	Accumulate	1.05 €	0.95 €
Analyst changed			
10/30/2023	Accumulate	0.90 €	0.77 €
11/2/2023	Accumulate	0.90 €	0.79 €
3/11/2024	Accumulate	0.80 €	0.68 €
3/22/2024	Accumulate	0.95 €	0.85 €
5/2/2024	Accumulate	0.80 €	0.70 €
5/7/2024	Reduce	0.65 €	0.61 €
6/10/2024	Accumulate	0.72 €	0.64 €
8/12/2024	Reduce	0.60 €	0.58 €
8/19/2024	Accumulate	0.65 €	0.57 €
11/4/2024	Accumulate	0.68 €	0.60 €
3/17/2025	Accumulate	0.68 €	0.56 €
3/24/2025	Accumulate	0.65 €	0.55 €
5/7/2025	Accumulate	0.65 €	0.53 €
8/18/2025	Accumulate	0.60 €	0.51 €
9/22/2025	Reduce	0.52 €	0.49 €
11/3/2025	Reduce	0.50 €	0.46 €
11/28/2025	Reduce	0.45 €	0.42 €
2/13/2026	Reduce	0.60 €	0.55 €
3/23/2026	Reduce	0.60 €	0.55 €
5/6/2026	Reduce	0.55 €	0.54 €
8/17/2026	Accumulate	0.70 €	0.64 €



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