# SOLWERS

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Petri Gostowski
+358 40 821 5982
petri.gostowski@inderes.fi


INDERES CORPORATE CUSTOMER

# COMPANY REPORT

# Market finally showing signs of life

*We reiterate our EUR 2.65 target price for Solwers and raise our recommendation to Accumulate (was Reduce) as a result of the decreased share price. Although the Q1 result was a clear disappointment in terms of profitability, the market has finally started to pick up. This increases our confidence in the earnings improvement we forecast, and if the earnings improvement materializes, the stock looks attractive.*

## A mixed Q1 business review

Solwers' Q1 business review published on Wednesday was mixed. Revenue was slightly better than expected (20.4 vs. 20.0 MEUR) and the clear organic revenue decline seen at the end of the year was overcome. However, profitability was poor, as it has been at the end of the year, and the operating result was clearly below our forecasts (EBITA 0.9 vs. 1.7 MEUR). The company reported that Q1 profitability was still suffering from non-recurring costs related to the transition to the main list. In addition, the weak market situation makes resourcing difficult and keeps price competition tight. The company implemented cost savings during the first part of the year, and their effects should start to be visible in the coming months. In addition, the company has already launched significant savings measures in group overheads, as previously announced.

Solwers has not provided numerical guidance but reiterated its previous outlook. In its outlook, Solwers expects to benefit from the general market upturn, which is expected to strengthen towards the end of the year. In addition, the company reported that there are early signs of recovery in the market, as the number of requests for quotations has started to increase and previously postponed projects have started to be launched. This view is in line with the general economic consensus, which expects the economy to gradually recover in both Finland and Sweden during the second half of the year. Given the company's value chain position, it should benefit relatively quickly from the market recovery.

## Normal profitability level a key question mark

We have made only minor refinements to our operating forecasts following the report. We would like to point out that, although the percentage changes appear large, particularly for 2025, the euro amounts are small. We predict that organic revenue will gradually increase in 2025 due to the overall market situation. As utilization rates improve, savings are realized, and one-time costs are eliminated, the company's results should also recover significantly. Currently, the key question for Solvers is what the company's normal level of profitability will be once the market improves. In our opinion, it is obvious that it will be better than the 2024 level, which was clearly burdened by a weak cycle and non-recurring expenses, but a return to the 2019-2023 averages seems unlikely at the moment due to the changed group structure and the growth of administration. Our profitability forecasts are below average compared to the previous five years.

## Profit improvement drives the stock price

Solwers' risk profile also depends on its normal level of profitability, as the company's ability to service its debt and, at the same time, the level of risk associated with the debt depend on its earnings level. In simplified terms, if profitability remained close to the levels seen in 2024 and the first quarter of 2025, the stock would be overpriced, the acquisition strategy would be unsuccessful, and the debt burden would be problematic. Similarly, if profitability recovers to the level predicted by our forecasts, the stock valuation will be quite favorable, and the level of debt will be under control. The stock would be extremely cheap (P/E 5-6x) if profitability were to return to even close to the average levels of 2019–2023.
Overall, the risk/reward ratio of the share in our view leans cautiously towards the positive, as the share is attractively valued if earnings growth materializes (2026e: P/E 10x), and we believe that the prerequisites for earnings growth in the coming years are quite good along with the recovering economic environment.

**Recommendation**
**Reduce**
(was Reduce)

**Target price:**
**EUR 2.65**
(was EUR 2.65)

**Share price:**
2.24 EUR

**Business risk**
●●●○○

**Valuation risk**
●●●○○

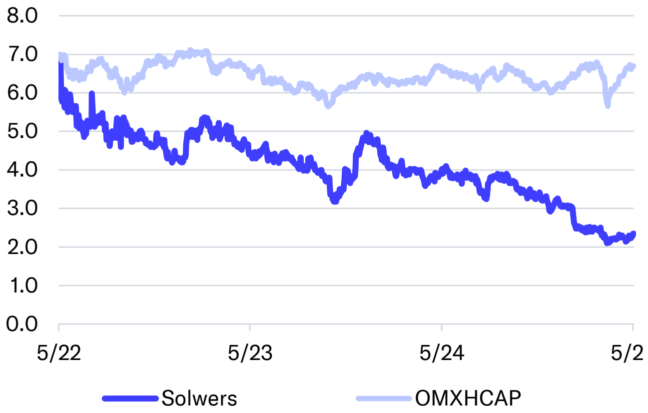
| | 2024 | 2025e | 2026e | 2027e |
|---|---|---|---|---|
| **Revenue** | 78.3 | 81.5 | 84.4 | 86.5 |
| **growth-%** | 19% | 4% | 3% | 2% |
| **EBIT adj.** | 2.7 | 2.8 | 4.1 | 4.4 |
| **EBIT-% adj.** | 3.5 % | 3.4 % | 4.8 % | 5.1 % |
| **Net income** | 1.1 | 1.3 | 2.4 | 2.6 |
| **EPS (adj.)** | 0.11 | 0.13 | 0.23 | 0.26 |
| | | | | |
| **P/E (adj.)** | 28.2 | 17.5 | 9.6 | 8.5 |
| **P/B** | 0.8 | 0.5 | 0.5 | 0.5 |
| **Dividend yield-%** | 0.7 % | 1.8 % | 2.0 % | 2.2 % |
| **EV/EBIT (adj.)** | 21.0 | 16.7 | 10.8 | 9.6 |
| **EV/EBITDA** | 8.9 | 7.3 | 5.7 | 5.2 |
| **EV/S** | 0.7 | 0.6 | 0.5 | 0.5 |

Source: Inderes

**Guidance** (Unchanged)

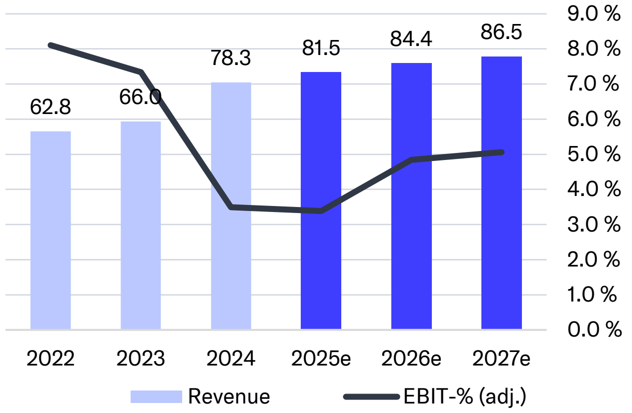
Market uncertainty is limiting future visibility. As Solwers' operations depend on investments, the company benefits from the general market recovery that is anticipated to strengthen towards the end of the year 2025.

## Share price



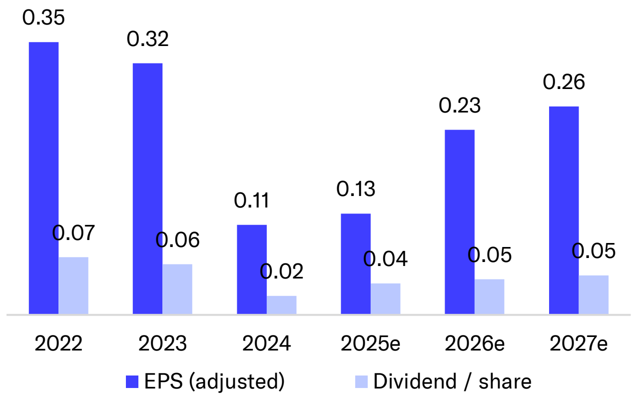

Source: Millistream Market Data AB

## Revenue and EBIT-% (adj.)




Source: Inderes

## EPS and dividend




Source: Inderes

## Value drivers

- Long-term organic growth supported by market growth
- Effective acquisition process
- Success in capital allocation determines the level of long-term value creation
- Capital-light business model

## Risk factors

- The cyclical nature of customer industries
- Uncertainty and low visibility related to the development of billable utilization and thus, profitability
- Risks related to inorganic growth
- Personal dependence
- Low liquidity of the stock
- Increased indebtedness

| Valuation | 2025e | 2026e | 2027e |
|---|---|---|---|
| **Share price** | 2.24 | 2.24 | 2.24 |
| **Number of shares, millions** | 10 | 10 | 10 |
| **Market cap** | 22 | 22 | 22 |
| **EV** | 46 | 44 | 42 |
| **P/E (adj.)** | 17.5 | 9.6 | 8.5 |
| **P/E** | 17.5 | 9.6 | 8.5 |
| **P/B** | 0.5 | 0.5 | 0.5 |
| **P/S** | 0.3 | 0.3 | 0.3 |
| **EV/Sales** | 0.6 | 0.5 | 0.5 |
| **EV/EBITDA** | 7.3 | 5.7 | 5.2 |
| **EV/EBIT (adj.)** | 16.7 | 10.8 | 9.6 |
| **Payout ratio (%)** | 31.2 % | 19.2 % | 19.0 % |
| **Dividend yield-%** | 1.8 % | 2.0 % | 2.2 % |

Source: Inderes

# A mixed start to the year

## The organic decline in revenue was stopped

Solwers' revenue slightly exceeded our forecast of 20.0 MEUR, growing by 6% to 20.4 MEUR. Revenue continued to be supported by acquisitions made in 2024, but organically revenue was stable in our calculations. The clear decline in organic revenue seen in H2'24 was stopped, which is of course positive and important. The market situation remained challenging during the review period, and the recovery is slow. In addition, weak demand has kept price competition tight. The company did note, however, that its order book and invoicing rate improved towards the end of the review period.

## Profitability remained low

Although revenue was slightly better than expected, profitability clearly fell short of our expectations. EBITA was 0.9 MEUR, while our forecast was 1.7 MEUR. The company reported that Q1 profitability was still suffering from non-recurring costs related to the transition to the main list. In addition, the weak market situation makes resourcing difficult and keeps price competition tight. However, due to the reduced Q1 reporting, the report does not provide the opportunity for a more detailed assessment of the cost structure.

Overall, however, profitability was weak, and it is of vital importance for the company to raise its profitability level closer to its historical levels. Solwers implemented cost savings during the first part of the year, and their effects should start to be visible in the coming months. In addition, the company has already launched significant savings measures in group overheads, as previously announced. The one-off costs should finally end in the next quarter.

## Nascent signs of recovery in the outlook

Solwers has not provided numerical guidance but reiterated its previous outlook. In its outlook, Solwers expects to benefit from the general market upturn, which is expected to strengthen towards the end of the year. In addition, the company reported that there are early signs of recovery in the market, as the number of requests for quotations has started to increase and previously postponed projects have started to be launched. In addition, the company's order book improved during the review period. This view is in line with the general economic consensus, which expects the economy to gradually recover in both Finland and Sweden during the second half of the year. This, of course, requires the trade policy situation between the major powers to ease. Given the company's value chain position, it should benefit relatively quickly from the market recovery.

Solwers did not make any acquisitions during the review period but said that the reviews of potential acquisition targets have continued actively in all three countries of operation. Especially for Poland, we consider it quite likely that we will hear about the first acquisition fairly soon.

| Estimates | Q1'24 | Q1'25 | Q1'25e | Q1'25e | Consensus | | Difference (%) | 2025e |
|---|---|---|---|---|---|---|---|---|
| **MEUR / EUR** | **Comparison** | **Actualized** | **Inderes** | **Consensus** | **Low** | **High** | **Act. vs. inderes** | **Inderes** |
| **Revenue** | 19.2 | 20.4 | 20.0 | | | | 2% | 81.5 |
| **EBITA** | 1.5 | 0.9 | 1.7 | | | | -49% | 6.3 |
| **EBIT** | 0.9 | 0.1 | 1.1 | | | | -95% | 2.8 |
| | | | | | | | | |
| **Revenue growth-%** | 18.6 % | 6.2 % | 4.1 % | | | | 2.1 pp | 4.2 % |
| **EBITA-%** | 8.0 % | 4.3 % | 8.6 % | | | | -4.3 pp | 7.7 % |

Source: Inderes

# No major changes in estimates

## Organic revenue should finally turn to growth

We have made only minor refinements to our operating forecasts following the report. We would like to point out that, although the percentage changes appear large, particularly for 2025, the euro amounts are small.

We forecast Solwers' revenue to grow by just over 4% this year. Organic growth is still sluggish in the first half of the year, but we expect it to pick up towards the end of the year. In 2026, we forecast organic growth to accelerate with strengthening investment activity and easing price competition.

In our view, the economic data situation has brightened during the spring, mainly due to the extensive investment packages of Germany and the EU, as well as the sharp fall in interest rates. Although the trade war has clearly increased uncertainty in the short term, the related risk has also decreased as the United States has backed down from its toughest threats and shown a clear desire to make "deals".

The budding improvement in the economic environment was also reflected in Solwers' Q1 comments. In our opinion, the company's indications of a recovering market were the most important takeaway from the Q1 report.

## Normalized profitability level is a key question mark

In terms of profitability, we expect the 2025 result to still be weak due to a poor Q1, non-recurring expenses and only a gradually improving market. Profitability will improve more clearly already in 2026, as non-recurring expenses disappear and utilization rates increase. We also note that our profitability forecasts are below the average for the previous 5 years (2019-2023), reflecting the changed group structure and growth in administration.

At the moment, the key question for Solwers is what is the company's normal level of profitability when the market finally improves. In our opinion, it is obvious that it will be clearly better than the 2024 level, but a return to the 2019-2023 averages seems unlikely at the moment.

On a general level, however, we believe that the increase in expenses in recent years is permanent, reflecting the group's increased size and general cost inflation, and thus our profitability forecasts are clearly below the 2019-2023 levels. If the market were to recover more quickly than we expect, there would likely be clear upside potential in our profitability forecasts.

| Estimate revisions<br>MEUR / EUR | 2025e<br>Old | 2025e<br>New | Change<br>% | 2026e<br>Old | 2026e<br>New | Change<br>% | 2027e<br>Old | 2027e<br>New | Change<br>% |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | 81.0 | 81.5 | 1% | 83.8 | 84.4 | 1% | 85.9 | 86.5 | 1% |
| EBITDA | 6.9 | 6.4 | -7% | 7.5 | 7.7 | 3% | 8.0 | 8.1 | 1% |
| EBIT | 3.3 | 2.8 | -15% | 3.9 | 4.1 | 5% | 4.3 | 4.4 | 3% |
| PTP | 2.1 | 1.6 | -23% | 2.8 | 3.0 | 6% | 3.2 | 3.4 | 3% |
| EPS (excl. NRIs) | 0.17 | 0.13 | -23% | 0.22 | 0.23 | 6% | 0.25 | 0.26 | 5% |
| DPS | 0.04 | 0.04 | 0% | 0.05 | 0.05 | 0% | 0.05 | 0.05 | 0% |

Source: Inderes

# Profit improvement drives the stock price

Solwers' 2024 results were significantly lower than in 2023, partly reflecting the challenging market conditions and at least partly non-recurring costs. Thus, the 2024 earnings level should not be the new normal, but there is uncertainty about the timing and magnitude of the earnings improvement, as the long-awaited pick-up in investment activity has yet to materialize in concrete terms. At the same time, however, the company has made several acquisitions between 2023 and 2024 that have not had the expected impact on earnings growth. The Q1 development was a continuation of this negative trend.

As we stated on the previous page, the key question for the investment story is the company's normal profitability level. In addition, we would like to point out that the company's risk profile is also dependent on the normal level of profitability, as the company's debt servicing capacity, and thus the level of risk associated with the debt, depends on the earnings level and cash flow.

In simplified terms, if profitability remained close to the levels seen in 2024 and the first quarter of 2025, the stock would be overpriced, the acquisition strategy would be unsuccessful, and the debt burden would be problematic. Similarly, if profitability recovers to the level predicted by our forecasts, the stock valuation will be quite favorable, and the level of debt will be under control. The stock would be extremely cheap if profitability were to return to even close to the average levels of 2019–2023.

The weak development that continued in Q1 naturally increases this uncertainty in relation to the normal earnings level, and it is of vital importance for the company to get profitability on an upward trajectory in the coming quarters.

Considering the emerging positive signals in the economy, the company's own comments on the improved demand situation, declining one-off expenses and realized savings, we believe that the conditions for earnings improvement are good.

### Absolute and relative multiples tell the same story

Solwers' revenue-based EV/S ratio is 0.6x for 2025. In our view, this is a moderate level given the profitability potential of this type of service business. However, relative to recent profitability levels, we do not consider this level to be unjustified, and we believe that a higher valuation on a revenue basis would require an increase in profitability from current levels. The above-mentioned way of thinking is also well reflected in the share's earnings-based valuation, as with our updated forecasts, the share is expensive for the current year (2025e P/E 18x, EV/EBIT 17x). Correspondingly, the 2026 multiples are already declining to a very reasonable level (P/E 10x).

Relatively, Solwers is priced with 2025 multiples in line with the peer group, but with a hefty discount on 2026 estimates. In our opinion, the discount is justified given the current level of profitability, but it reflects the potential of the share if the improvement in profitability starts to materialize as expected.

### Expected return still sufficient

Overall, the risk/reward ratio of the share in our view leans cautiously towards the positive, as the share is attractively valued if earnings growth materializes, and we believe that the prerequisites for earnings growth are quite good along with the recovering economic environment.

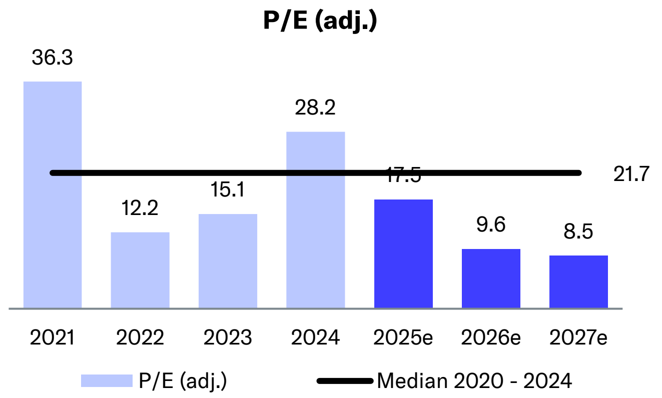
| Valuation | 2025e | 2026e | 2027e |
|---|---|---|---|
| **Share price** | 2.24 | 2.24 | 2.24 |
| **Number of shares, millions** | 10 | 10 | 10 |
| **Market cap** | 22 | 22 | 22 |
| **EV** | 46 | 44 | 42 |
| **P/E (adj.)** | 17.5 | 9.6 | 8.5 |
| **P/E** | 17.5 | 9.6 | 8.5 |
| **P/B** | 0.5 | 0.5 | 0.5 |
| **P/S** | 0.3 | 0.3 | 0.3 |
| **EV/Sales** | 0.6 | 0.5 | 0.5 |
| **EV/EBITDA** | 7.3 | 5.7 | 5.2 |
| **EV/EBIT (adj.)** | 16.7 | 10.8 | 9.6 |
| **Payout ratio (%)** | 31.2 % | 19.2 % | 19.0 % |
| **Dividend yield-%** | 1.8 % | 2.0 % | 2.2 % |

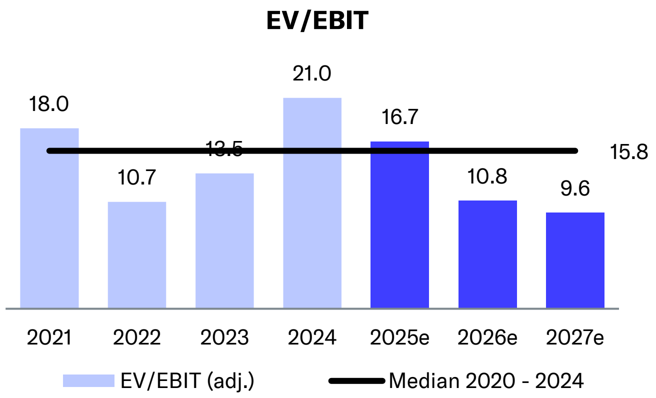
Source: Inderes

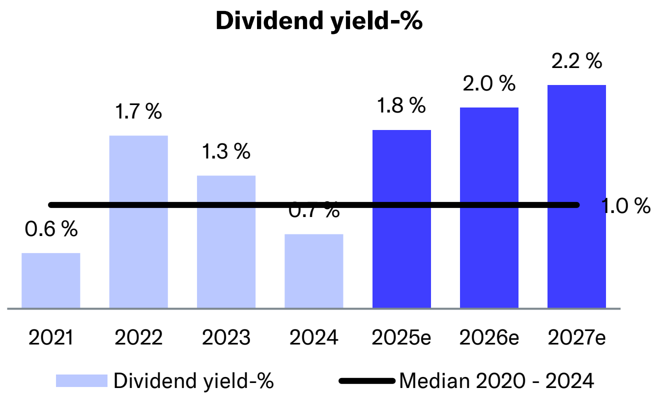
# Valuation table

| Valuation | 2020 | 2021 | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|---|---|---|
| **Share price** | | 7.20 | 4.22 | 4.82 | 3.22 | **2.24** | **2.24** | **2.24** | **2.24** |
| **Number of shares, millions** | | 7.24 | 9.83 | 9.92 | 10 | **10** | **10** | **10** | **10** |
| **Market cap** | | 52 | 41 | 48 | 32 | **22.5** | **22.5** | **22.5** | **22.5** |
| **EV** | | 61 | 54 | 66 | 58 | **46.1** | **44.1** | **42.0** | **39.6** |
| **P/E (adj.)** | | 36.3 | 12.2 | 15.1 | 28.2 | **17.5** | **9.6** | **8.5** | **7.3** |
| **P/E** | | 36.3 | 12.2 | 15.1 | 28.2 | **17.5** | **9.6** | **8.5** | **7.3** |
| **P/B** | | 1.7 | 1.1 | 1.2 | 0.8 | **0.5** | **0.5** | **0.5** | **0.5** |
| **P/S** | | 1.2 | 0.7 | 0.7 | 0.4 | **0.3** | **0.3** | **0.3** | **0.3** |
| **EV/Sales** | | 1.4 | 0.9 | 1.0 | 0.7 | **0.6** | **0.5** | **0.5** | **0.4** |
| **EV/EBITDA** | | 11.0 | 6.7 | 8.2 | 8.9 | **7.3** | **5.7** | **5.2** | **4.6** |
| **EV/EBIT (adj.)** | | 18.0 | 10.7 | 13.5 | 21.0 | **16.7** | **10.8** | **9.6** | **8.1** |
| **Payout ratio (%)** | | 20.2 % | 21.1 % | 20.1 % | 21.0 % | **31.2 %** | **19.2 %** | **19.0 %** | **20.0 %** |
| **Dividend yield-%** | | 0.6 % | 1.7 % | 1.3 % | 0.7 % | **1.8 %** | **2.0 %** | **2.2 %** | **2.7 %** |

Source: Inderes




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

# Peer group valuation

| Peer group valuation | Market cap | EV | EV/EBIT | | EV/EBITDA | | EV/S | | P/E | | Dividend yield-% | | P/B |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company** | **MEUR** | **MEUR** | **2025e** | **2026e** | **2025e** | **2026e** | **2025e** | **2026e** | **2025e** | **2026e** | **2025e** | **2026e** | **2025e** |
| Sitowise | 92 | 178 | 36.3 | 17.4 | 10.6 | 8.2 | 0.9 | 0.9 | | 25.6 | 1.0 | 2.9 | 0.8 |
| Sweco AB | 5604 | 6065 | 19.8 | 18.1 | 15.0 | 13.8 | 2.1 | 2.0 | 24.3 | 21.9 | 2.2 | 2.4 | 4.9 |
| Afry AB | 1806 | 3005 | 16.7 | 13.8 | 11.5 | 10.0 | 1.2 | 1.1 | 15.0 | 11.6 | 3.7 | 4.7 | 1.5 |
| Rejlers AB | 389 | 441 | 14.3 | 12.3 | 8.7 | 7.8 | 1.0 | 1.0 | 15.6 | 13.3 | 3.0 | 3.5 | 2.0 |
| WSP Global | 23563 | 26794 | 25.0 | 21.3 | 16.4 | 14.9 | 3.0 | 2.8 | 30.2 | 26.4 | 0.5 | 0.5 | 4.1 |
| Etteplan | 284 | 369 | 16.5 | 13.2 | 8.9 | 7.8 | 1.0 | 1.0 | 20.4 | 15.4 | 2.4 | 3.2 | 2.2 |
| Arcadis NV | 4111 | 4838 | 11.1 | 9.6 | 8.3 | 7.4 | 1.0 | 1.0 | 13.7 | 11.7 | 2.5 | 2.9 | 2.9 |
| **Solwers (Inderes)** | **22** | **46** | **16.7** | **10.8** | **7.3** | **5.7** | **0.6** | **0.5** | **17.5** | **9.6** | **1.8** | **2.0** | **0.5** |
| **Average** | | | **20.0** | **15.1** | **11.3** | **10.0** | **1.5** | **1.4** | **19.9** | **18.0** | **2.2** | **2.9** | **2.6** |
| **Median** | | | **16.7** | **13.8** | **10.6** | **8.2** | **1.0** | **1.0** | **18.0** | **15.4** | **2.4** | **2.9** | **2.2** |
| **Diff-% to median** | | | **0%** | **-22%** | **-32%** | **-31%** | **-45%** | **-46%** | **-3%** | **-38%** | **-26%** | **-31%** | **-76%** |

Source: Refinitiv / Inderes

# Income statement

| Income statement | 2023 | H1'24 | H2'24 | 2024 | H1'25e | H2'25e | 2025e | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **66.0** | **39.9** | **38.4** | **78.3** | **42.1** | **39.5** | **81.5** | **84.4** | **86.5** | **88.7** |
| Group | 66.0 | 39.9 | 38.4 | 78.3 | 42.1 | 39.5 | 81.5 | 84.4 | 86.5 | 88.7 |
| **EBITDA** | **8.0** | **3.8** | **2.7** | **6.5** | **3.3** | **3.1** | **6.4** | **7.7** | **8.1** | **8.6** |
| Depreciation | -3.1 | -1.8 | -1.9 | -3.7 | -1.8 | -1.8 | -3.6 | -3.6 | -3.7 | -3.8 |
| **EBIT** | **4.8** | **2.0** | **0.8** | **2.7** | **1.5** | **1.3** | **2.8** | **4.1** | **4.4** | **4.9** |
| **EBITA** | **7.0** | **3.3** | **2.2** | **5.5** | **3.3** | **2.2** | **5.8** | **7.3** | **7.6** | **7.5** |
| Net financial items | -1.0 | -0.8 | -0.5 | -1.3 | -0.6 | -0.6 | -1.2 | -1.1 | -1.0 | -1.0 |
| **PTP** | **3.9** | **1.1** | **0.3** | **1.4** | **0.9** | **0.7** | **1.6** | **3.0** | **3.4** | **3.9** |
| Taxes | -0.7 | -0.4 | 0.2 | -0.2 | -0.2 | -0.1 | -0.3 | -0.7 | -0.7 | -0.8 |
| Minority interest | -0.1 | 0.0 | -0.1 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net earnings** | **3.2** | **0.8** | **0.4** | **1.1** | **0.7** | **0.5** | **1.3** | **2.4** | **2.6** | **3.1** |
| **EPS (adj.)** | **0.32** | **0.07** | **0.04** | **0.11** | **0.07** | **0.05** | **0.13** | **0.23** | **0.26** | **0.31** |
| **EPS (rep.)** | **0.32** | **0.07** | **0.04** | **0.11** | **0.07** | **0.05** | **0.13** | **0.23** | **0.26** | **0.31** |

| Key figures | 2023 | H1'24 | H2'24 | 2024 | H1'25e | H2'25e | 2025e | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue growth-%** | 5.1 % | 20.2 % | 17.0 % | 18.6 % | 5.5 % | 2.8 % | 4.2 % | 3.5 % | 2.5 % | 2.5 % |
| **EBITDA-%** | 12.1 % | 9.4 % | 7.1 % | 8.3 % | 7.8 % | 7.8 % | 7.8 % | 9.1 % | 9.3 % | 9.7 % |
| **EBITA-%** | 10.6 % | 8.2 % | 5.9 % | 7.0 % | 7.7 % | 5.7 % | 7.1 % | 8.7 % | 8.8 % | 8.5 % |
| **Net earnings-%** | 4.8 % | 1.9 % | 1.0 % | 1.5 % | 1.8 % | 1.4 % | 1.6 % | 2.8 % | 3.1 % | 3.5 % |

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

# Balance sheet

| Assets | 2023 | 2024 | 2025e | 2026e | 2027e |
|---|---|---|---|---|---|
| **Non-current assets** | **55** | **63** | **62** | **62** | **61** |
| Goodwill | 42.0 | 46.9 | 46.9 | 46.9 | 46.9 |
| Intangible assets | 1.0 | 3.0 | 3.1 | 3.2 | 3.3 |
| Tangible assets | 7.3 | 7.4 | 6.9 | 6.4 | 5.9 |
| Associated companies | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 |
| Other investments | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| Other non-current assets | 1.3 | 1.2 | 1.2 | 1.2 | 1.2 |
| Deferred tax assets | 1.2 | 2.0 | 2.0 | 2.0 | 2.0 |
| **Current assets** | **32** | **31** | **33** | **34** | **35** |
| Inventories | 0.1 | 0.6 | 0.4 | 0.2 | 0.2 |
| Other current assets | 5.3 | 0.8 | 0.8 | 0.8 | 0.8 |
| Receivables | 10.9 | 18.3 | 18.8 | 19.4 | 19.9 |
| Cash and equivalents | 16.0 | 11.6 | 13.0 | 13.5 | 13.8 |
| **Balance sheet total** | **87** | **94** | **95** | **96** | **96** |

Source: Inderes

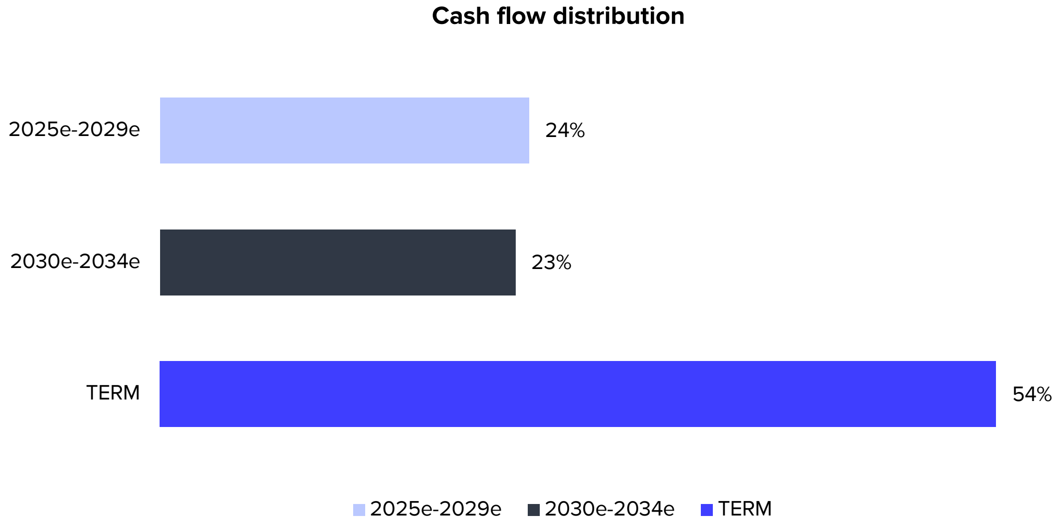
| Liabilities & equity | 2023 | 2024 | 2025e | 2026e | 2027e |
|---|---|---|---|---|---|
| **Equity** | **40** | **41** | **42** | **44** | **46** |
| Share capital | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Retained earnings | 2.4 | 1.7 | 2.8 | 4.7 | 6.9 |
| Hybrid bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Revaluation reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other equity | 36.5 | 38.0 | 38 | 38 | 38 |
| Minorities | 0.5 | 0.2 | 0.2 | 0.2 | 0.2 |
| **Non-current liabilities** | **29** | **24** | **23** | **21** | **19** |
| 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 | 28.3 | 22.8 | 21.0 | 19.0 | 17.0 |
| Convertibles | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long-term liabilities | 0.3 | 1.5 | 1.5 | 1.5 | 1.5 |
| **Current liabilities** | **18** | **29** | **31** | **31** | **31** |
| Interest bearing debt | 4.7 | 14.0 | 15.6 | 16.0 | 16.2 |
| Payables | 1.9 | 2.0 | 2.2 | 2.3 | 2.3 |
| Other current liabilities | 11.4 | 12.9 | 12.9 | 12.9 | 12.9 |
| **Balance sheet total** | **87** | **94** | **95** | **96** | **96** |

# DCF calculation

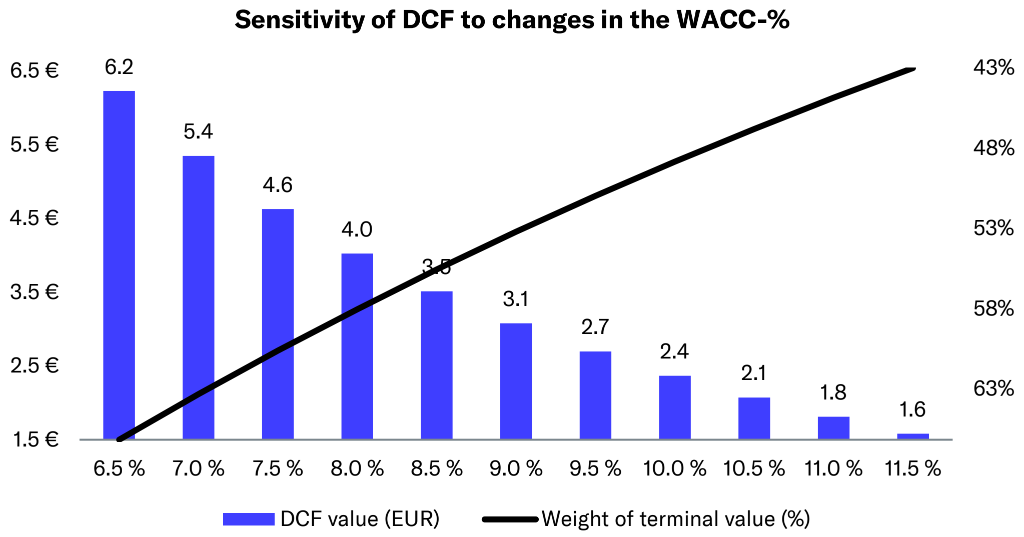
| DCF model | 2024 | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | 2034e | TERM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue growth-% | 18.6 % | 4.2 % | 3.5 % | 2.5 % | 2.5 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % |
| EBIT-% | 3.5 % | 3.4 % | 4.8 % | 5.1 % | 5.5 % | 6.0 % | 7.0 % | 7.0 % | 7.0 % | 7.0 % | 7.0 % | 7.0 % |
| **EBIT (operating profit)** | **2.7** | **2.8** | **4.1** | **4.4** | **4.9** | **5.4** | **6.5** | **6.6** | **6.7** | **6.9** | **7.0** | |
| + Depreciation | 3.7 | 3.6 | 3.6 | 3.7 | 3.8 | 3.7 | 3.7 | 3.9 | 3.9 | 3.8 | 3.7 | |
| - Paid taxes | -1.0 | -0.3 | -0.7 | -0.7 | -0.8 | -1.0 | -1.2 | -1.2 | -1.3 | -1.3 | -1.4 | |
| - Tax, financial expenses | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 | -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 | -1.8 | -0.1 | -0.3 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | -0.4 | |
| **Operating cash flow** | **3.5** | **5.7** | **6.5** | **6.7** | **7.2** | **7.7** | **8.5** | **8.7** | **8.8** | **8.8** | **8.8** | |
| + Change in other long-term liabilities | 1.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Gross CAPEX | -10.6 | -3.2 | -3.2 | -3.4 | -3.5 | -3.6 | -3.7 | -3.7 | -3.8 | -3.8 | -4.1 | |
| **Free operating cash flow** | **-5.9** | **2.5** | **3.3** | **3.4** | **3.7** | **4.1** | **4.8** | **5.0** | **5.0** | **5.0** | **4.8** | |
| +/- Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| FCFF | -5.9 | 2.5 | 3.3 | 3.4 | 3.7 | 4.1 | 4.8 | 5.0 | 5.0 | 5.0 | 4.8 | 69.2 |
| **Discounted FCFF** | | **2.4** | **2.8** | **2.7** | **2.7** | **2.7** | **2.9** | **2.8** | **2.6** | **2.4** | **2.1** | **30.2** |
| Sum of FCFF present value | | 56.4 | 54.0 | 51.2 | 48.5 | 45.8 | 43.0 | 40.1 | 37.3 | 34.7 | 32.3 | 30.2 |
| **Enterprise value DCF** | | **56.4** | | | | | | | | | | |
| - Interest bearing debt | | -37 | | | | | | | | | | |
| + Cash and cash equivalents | | 11.6 | | | | | | | | | | |
| -Minorities | | -0.1 | | | | | | | | | | |
| -Dividend/capital return | | 0.0 | | | | | | | | | | |
| **Equity value DCF** | | **31** | | | | | | | | | | |
| **Equity value DCF per share** | | **3.1** | | | | | | | | | | |

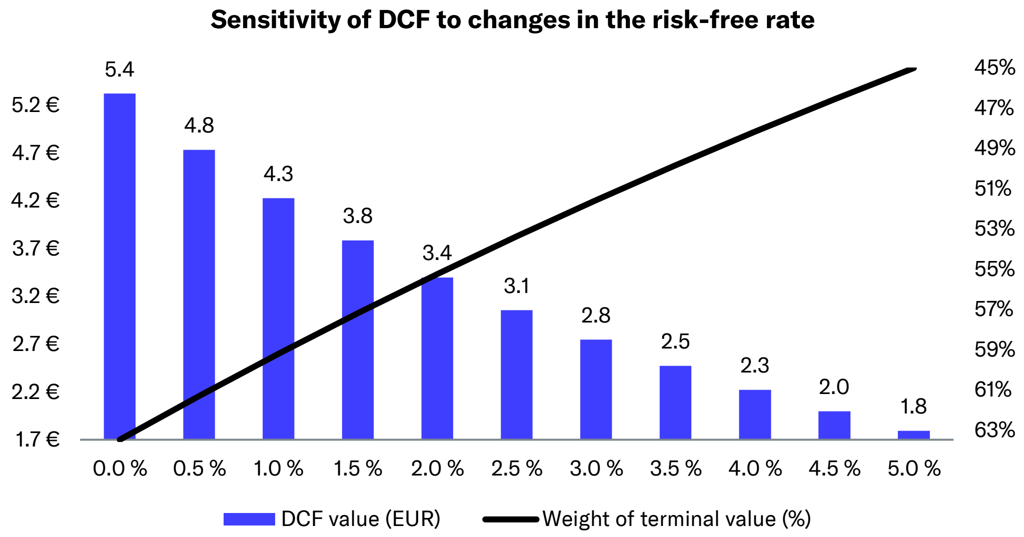
| WACC | |
|---|---|
| Tax-% (WACC) | 22.0 % |
| Target debt ratio (D/(D+E) | 20.0 % |
| Cost of debt | 4.5 % |
| Equity Beta | 1.35 |
| Market risk premium | 4.75% |
| Liquidity premium | 1.50% |
| Risk free interest rate | 2.5 % |
| **Cost of equity** | **10.4 %** |
| **Weighted average cost of capital (WACC)** | **9.0 %** |

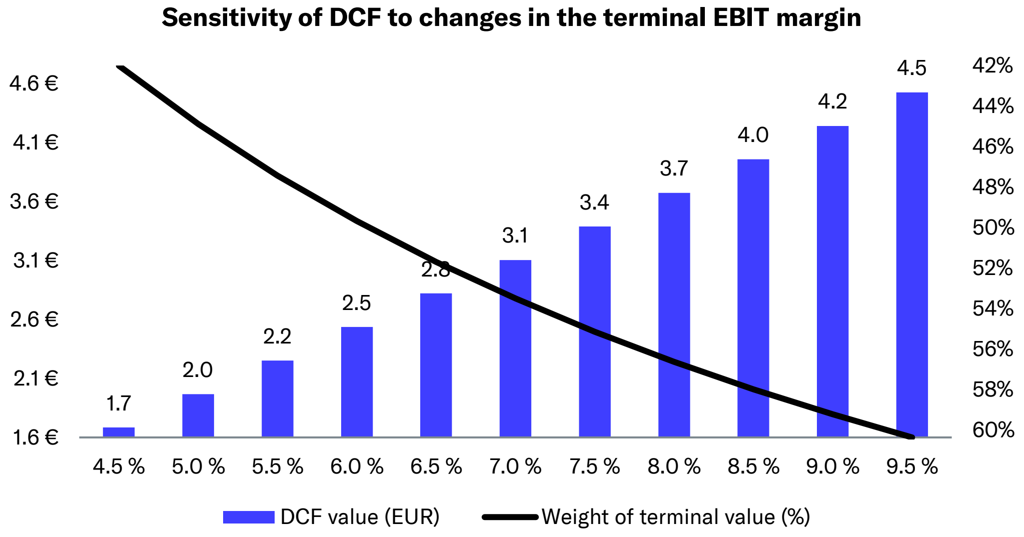
Source: Inderes

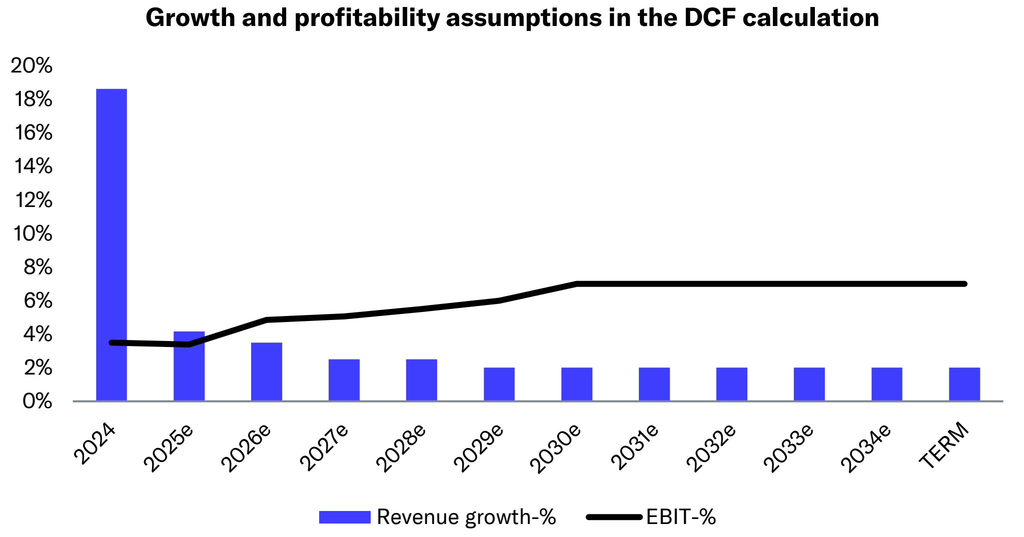


# DCF sensitivity calculations and key assumptions in graphs




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 |
|---|---|---|---|---|---|
| Revenue | 62.8 | 66.0 | 78.3 | **81.5** | **84.4** |
| EBITDA | 8.2 | 8.0 | 6.5 | **6.4** | **7.7** |
| EBIT | 5.1 | 4.8 | 2.7 | **2.8** | **4.1** |
| PTP | 4.6 | 3.9 | 1.4 | **1.6** | **3.0** |
| Net Income | 3.4 | 3.2 | 1.1 | **1.3** | **2.4** |
| Extraordinary items | 0.0 | 0.0 | 0.0 | **0.0** | **0.0** |

| Per share data | 2022 | 2023 | 2024 | 2025e | 2026e |
|---|---|---|---|---|---|
| EPS (reported) | 0.35 | 0.32 | 0.11 | **0.13** | **0.23** |
| EPS (adj.) | 0.35 | 0.32 | 0.11 | **0.13** | **0.23** |
| OCF / share | 0.39 | 0.59 | 0.35 | **0.57** | **0.64** |
| OFCF / share | -0.71 | -0.32 | -0.59 | **0.25** | **0.32** |
| Book value / share | 3.81 | 4.02 | 4.05 | **4.16** | **4.35** |
| Dividend / share |  | 0.06 | 0.02 | **0.04** | **0.05** |

| Balance sheet | 2022 | 2023 | 2024 | 2025e | 2026e |
|---|---|---|---|---|---|
| Balance sheet total | 81.7 | 87.0 | 94.1 | **95.1** | **95.5** |
| Equity capital | 38.1 | 40.4 | 40.9 | **41.9** | **43.8** |
| Goodwill | 37.8 | 42.0 | 46.9 | **46.9** | **46.9** |
| Net debt | 12.2 | 17.1 | 25.1 | **23.5** | **21.5** |

| Growth and profitability | 2022 | 2023 | 2024 | 2025e | 2026e |
|---|---|---|---|---|---|
| Revenue growth-% | 41% | 5% | 19% | **4%** | **3%** |
| EBITDA growth-% | 48% | -2% | -19% | **-2%** | **21%** |
| EBIT (adj.) growth-% | 51% | -5% | -44% | **1%** | **48%** |
| EPS (adj.) growth-% | 74% | -8% | -64% | **12%** | **83%** |
| EBITDA-% | 13.0 % | 12.1 % | 8.3 % | **7.8 %** | **9.1 %** |
| EBIT (adj.)-% | 8.1 % | 7.3 % | 3.5 % | **3.4 %** | **4.8 %** |
| EBIT-% | 8.1 % | 7.3 % | 3.5 % | **3.4 %** | **4.8 %** |
| ROE-% | 9.9 % | 8.2 % | 2.8 % | **3.1 %** | **5.5 %** |
| ROI-% | 8.4 % | 6.8 % | 3.6 % | **3.5 %** | **5.2 %** |
| Equity ratio | 46.6 % | 46.4 % | 43.4 % | **44.1 %** | **45.9 %** |
| Gearing | 32.0 % | 42.3 % | 61.5 % | **56.2 %** | **49.1 %** |

| Cash flow | 2022 | 2023 | 2024 | 2025e | 2026e |
|---|---|---|---|---|---|
| EBITDA | 8.2 | 8.0 | 6.5 | **6.4** | **7.7** |
| Change in working capital | -2.9 | -1.0 | -1.8 | **-0.1** | **-0.3** |
| Operating cash flow | 3.8 | 5.9 | 3.5 | **5.7** | **6.5** |
| CAPEX | -7.6 | -8.5 | -10.6 | **-3.2** | **-3.2** |
| Free cash flow | -7.0 | -3.1 | -5.9 | **2.5** | **3.3** |

| Valuation multiples | 2022 | 2023 | 2024 | 2025e | 2026e |
|---|---|---|---|---|---|
| EV/S | 0.9 | 1.0 | 0.7 | **0.6** | **0.5** |
| EV/EBITDA | 6.7 | 8.2 | 8.9 | **7.3** | **5.7** |
| EV/EBIT (adj.) | 10.7 | 13.5 | 21.0 | **16.7** | **10.8** |
| P/E (adj.) | 12.2 | 15.1 | 28.2 | **17.5** | **9.6** |
| P/B | 1.1 | 1.2 | 0.8 | **0.5** | **0.5** |
| Dividend-% | 1.7 % | 1.3 % | 0.7 % | **1.8 %** | **2.0 %** |

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. 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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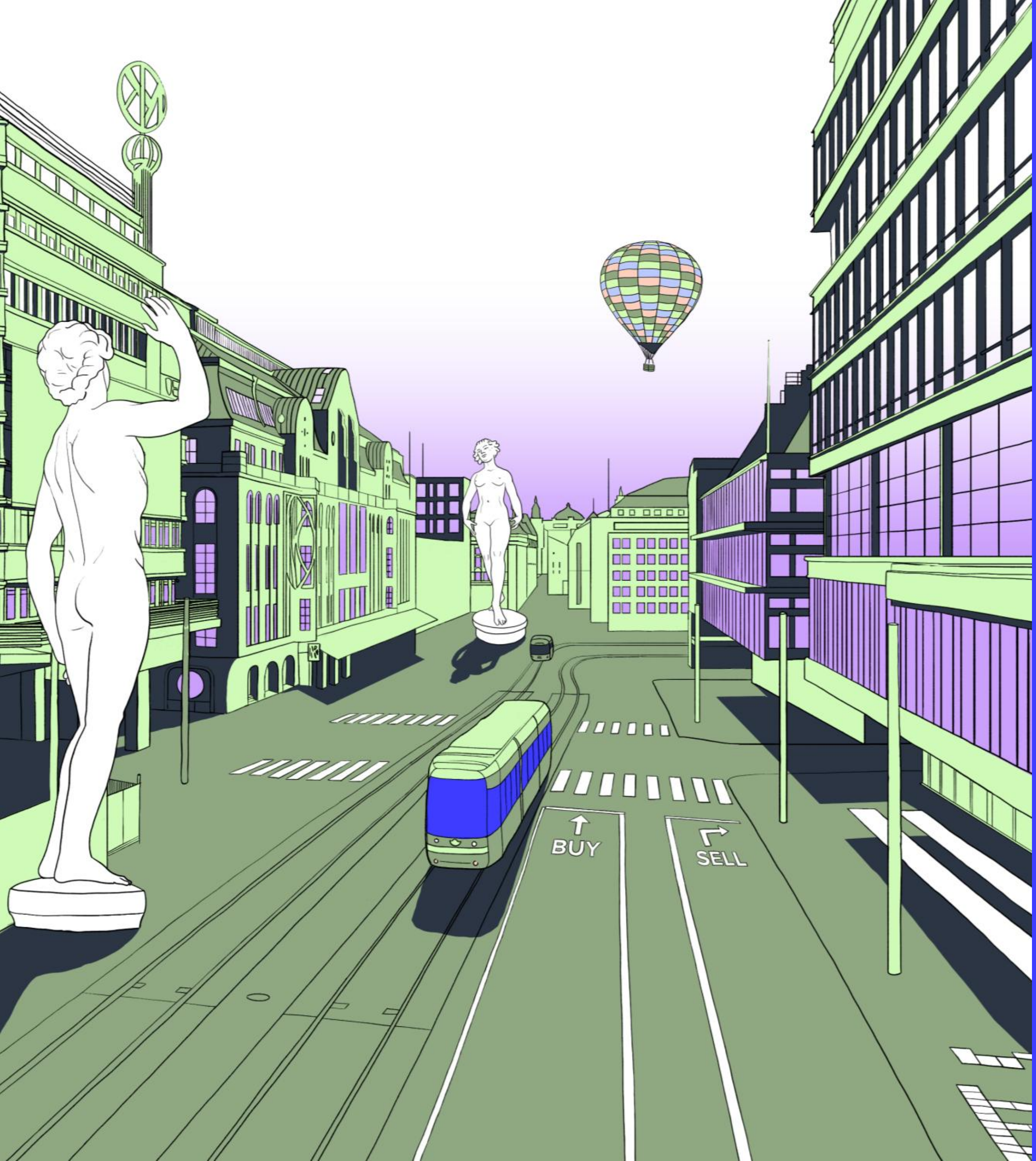
## Recommendation history (>12 mo)

| Date | Recommendation | Target | Share price |
|---|---|---|---|
| 6/21/2021 | Reduce | 8.20 € | 8.35 € |
| 9/16/2021 | Accumulate | 8.20 € | 7.40 € |
| 11/3/2021 | Accumulate | 8.60 € | 7.34 € |
| 12/1/2021 | Accumulate | 9.00 € | 7.90 € |
| 3/9/2022 | Accumulate | 8.00 € | 7.20 € |
| 3/16/2022 | Reduce | 7.00 € | 6.97 € |
| 9/16/2022 | Reduce | 5.50 € | 5.34 € |
| 1/25/2023 | Buy | 5.50 € | 4.39 € |
| 3/1/2023 | Accumulate | 6.00 € | 5.36 € |
| 9/1/2023 | Accumulate | 5.00 € | 4.32 € |
| 9/15/2023 | Buy | 5.00 € | 4.06 € |
| 1/30/2024 | Accumulate | 5.00 € | 4.60 € |
| 3/11/2024 | Accumulate | 5.00 € | 4.24 € |
| 5/14/2024 | Buy | 5.00 € | 3.70 € |
| 6/3/2024 | Buy | 5.00 € | 4.00 € |
| 8/30/2024 | Buy | 5.00 € | 3.74 € |
| 12/2/2014 | Accumulate | 4.20 € | 3.42 € |
| 2/3/2025 | Reduce | 2.80 € | 3.02 € |
| 2/28/2025 | Reduce | 2.65 € | 2.50 € |
| 5/30/2025 | Accumulate | 2.65 € | 2.24 € |

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

**inderes.se**

**Inderes Oyj**
Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

**inderes.fi**