SOLWERS

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INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT

Potential well above current

Solwers is a Group of expert services companies that aims to create value through both the operational business of the companies and by consolidating the industry through acquisitions. In 2026, the company needs to find critical earnings growth again, as the Group's return on capital has fallen to a low level with the current earnings. We see good opportunities for this, as the ratio of order backlog to personnel has already started to improve, and one-off costs should also decrease. We reiterate our EUR 2.5 target price and Accumulate recommendation.

A Group formed by expert companies

Solwers, established in 2017, is a Group formed by expert companies in the field of technical consulting and design that owns 29 operational subsidiaries in Finland, Sweden, and since December, also in Poland. Revenue is divided relatively evenly between Finland and Sweden. Solwers companies' expert services cover a wide range of project life cycle stages, and they are also widely distributed across different design areas of the built environment. Acquired companies are not integrated into the Group, but they continue with their own brands after the change of ownership. Thanks to its business model, Solwers has diligently implemented its inorganic growth strategy aimed at rapid growth during its short history, and the company has grown by around 25% annually.

Profitability concerns since 2024

From 2024 onwards, Solwers' margin has decreased significantly (2025e: EBITA 5.4%) as there has not been enough work for all consultants and price levels have also decreased in the tighter market. At the same time, the company's other costs have increased, partly due to non-recurring expenses. In the earnings slump, the prerequisites for inorganic growth have also weakened. In the coming years, the company needs to restore the Group's margin closer to historical levels (2019-2023 average EBITA 10.9%) to prove that previous acquisitions have been successful, which will also improve the conditions for new acquisitions.

Market should start picking up from cycle bottom

The long-term organic growth of Solwers' target markets is at the level of general economic growth or slightly above it, supported by structural drivers. Although the market recovery from its current slump has been slower than expected for a long time, clear building blocks for accelerating growth are in place. Key drivers of economic growth include the spillover effects of Germany's and the EU's extensive investment packages, improving consumer purchasing power, and decreasing interest rates. Against this backdrop, we expect the technical design and consulting market to start getting a boost from general economic developments, especially in the second half of 2026.

The company's earnings should also gradually recover as utilization rates improve, savings are realized, and market price levels can also be expected to start recovering. By 2027, we expect the EBITA margin to recover to 9.8%. Our estimates do not consider future acquisitions, but there is still plenty of room for consolidation in the current main markets.

The realization of earnings growth drives the share

Solwers' risk profile is dependent on its normal profitability level, as the company's debt servicing capacity and thus the debt-related risk level depend on the earnings level. Cutting a few corners, if the profitability level were to remain close to the levels seen during 2024-2025, the share would be expensive, the M&A strategy would have failed, and the debt burden would be a challenge. Similarly, if profitability recovers to the level of our estimates, the share's valuation is already quite affordable (2027e P/E 8x and EV/EBIT 9x), the debt level is under control, and new acquisitions can be considered again. In our view, the stock's risk/reward is sufficiently attractive at the current low price. However, the slope of earnings growth is still unclear, which keeps financial risks elevated.

Recommendation
Accumulate
(was Accumulate)

Target price:
EUR 2.50
(was EUR 2.50)

Share price:
2.23 EUR

Business risk

●●●○○

Valuation risk

●●●○○

	2024	2025e	2026e	2027e
Revenue	78.3	83.3	89.4	91.6
growth-%	19%	6%	7%	3%
EBIT adj.	2.7	1.0	4.2	5.2
EBIT-% adj.	3.5 %	1.2 %	4.7 %	5.6 %
Net income	1.1	-0.5	2.1	3.0
EPS (adj.)	0.11	-0.05	0.20	0.29
P/E (adj.)	28.2	neg.	11.0	7.6
P/B	0.8	0.6	0.5	0.5
Dividend yield-%	0.7 %	0.0 %	2.0 %	2.2 %
EV/EBIT (adj.)	21.0	51.9	11.8	9.0
EV/EBITDA	8.9	9.8	5.7	4.8
EV/S	0.7	0.6	0.6	0.5

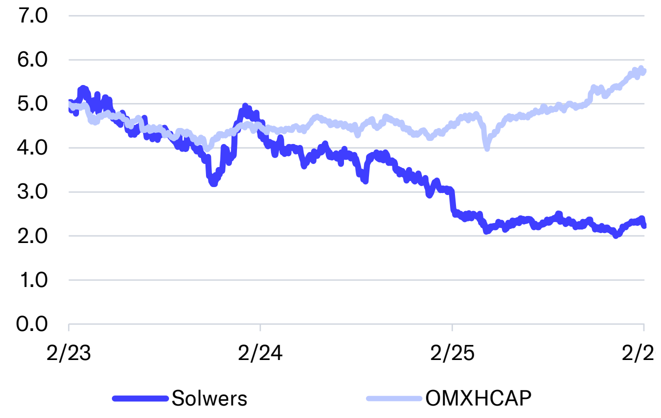
Source: Inderes

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.

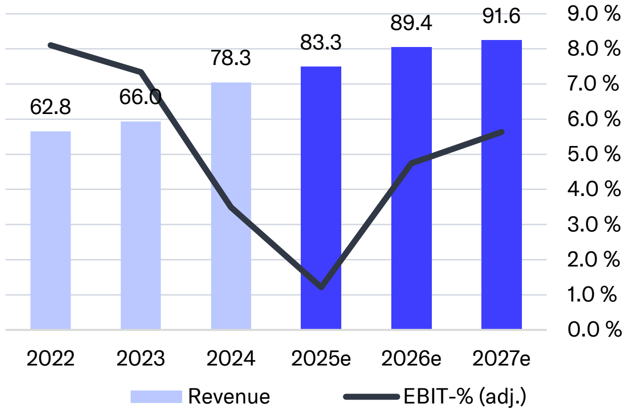
Contents

Share price



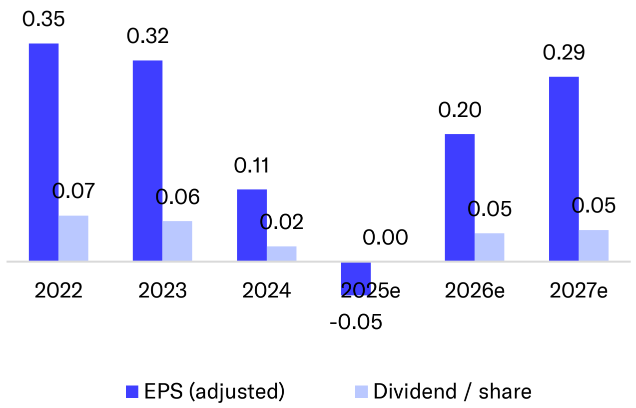
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- As market investment activity picks up and price levels recover, the earnings leverage should be strong from the current weak level
- Strong growth ambition and an M&A process that utilizes light integration
- Success in capital allocation determines the level of long-term value creation
- Asset-light business model

Risk factors

- The cyclical nature of customer industries
- Uncertainty and low visibility regarding market price levels and thus margin development
- Risks related to inorganic growth
- Personal dependence
- Low liquidity of the stock
- Increased indebtedness

Valuation	2025e	2026e	2027e
Share price	2.23	2.23	2.23
Number of shares, millions	10	10	10
Market cap	23	23	23
EV	52	50	47
P/E (adj.)	neg.	11.0	7.6
P/E	neg.	11.0	7.6
P/B	0.6	0.5	0.5
P/S	0.3	0.3	0.2
EV/Sales	0.6	0.6	0.5
EV/EBITDA	9.8	5.7	4.8
EV/EBIT (adj.)	51.9	11.8	9.0
Payout ratio (%)	0.0 %	22.3 %	17.1 %
Dividend yield-%	0.0 %	2.0 %	2.2 %

Source: Inderes

Solwers in brief

Solwers companies are specialized in architecture, technical consulting, electrical, automation and power transmission design, environmental impact assessment, project management and monitoring, circular economy, financial management, digital solutions, and logistics solutions.

2017

Year of establishment

81.6 MEUR

Revenue (TTM)

4.1 MEUR

EBITA (TTM)

29

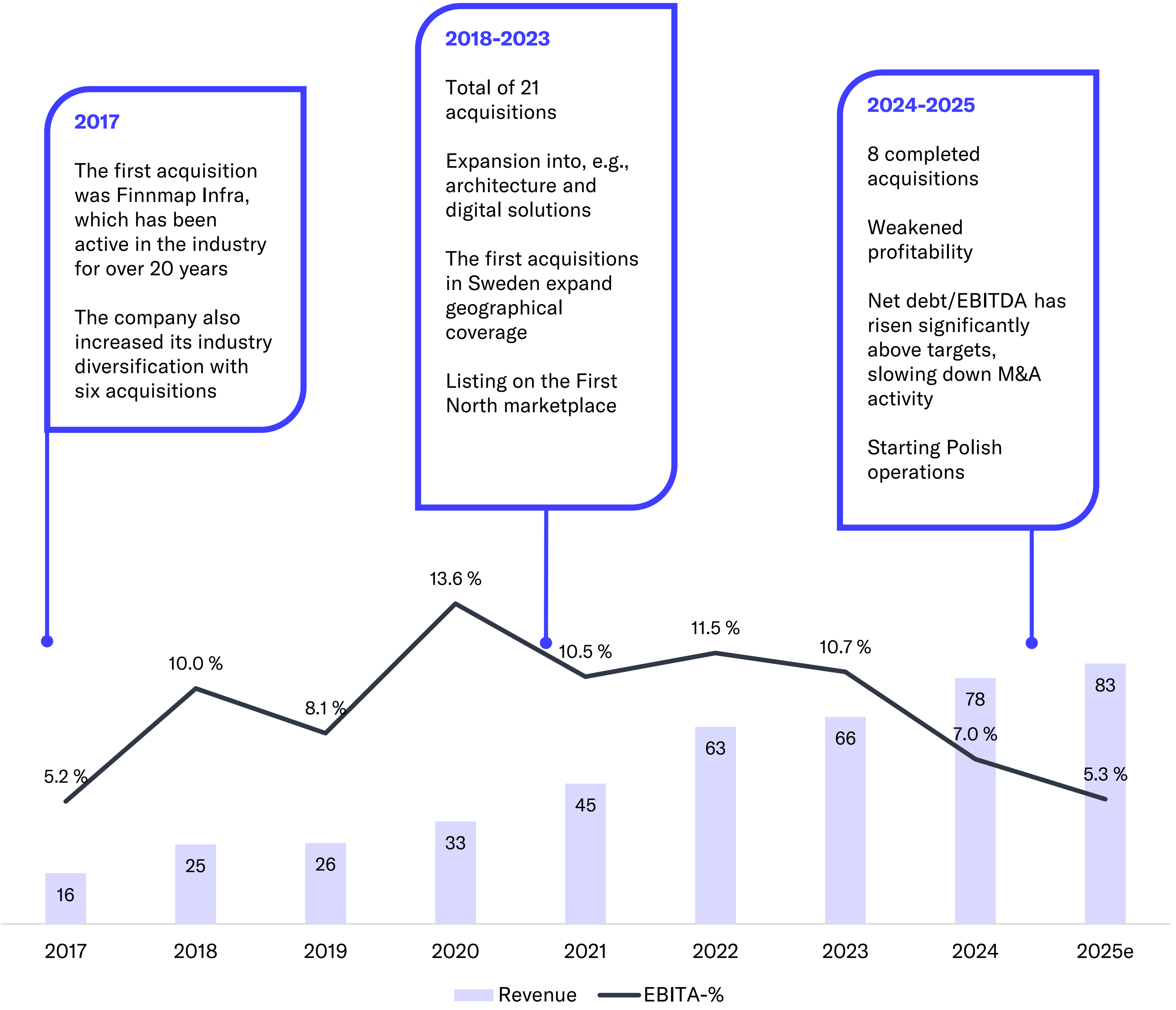
Subsidiaries operating under their own names

692

Headcount at the end of Q3'25

3

Operating countries



Source: Inderes, Solwers

Company description and business model 1/5

A Group formed by expert companies

Solwers, established in 2017, is a Group of expert companies that designs unique and sustainable living environments. The Group's services include, among others, project management and supervision, architecture, infrastructure and structural design, plant design, electrical and automation solutions design, HVAC and acoustic design, environmental services and analyses, management consulting in logistics and rail traffic operations, and financial management services.

The Group acts as a platform for the companies it owns, supports their growth and stands out from conventional consulting companies by the owned companies operating in their areas of expertise under their own names and brands and the acquired companies are not integrated under the Solwers brand. However, some subsidiaries in the same field have been merged, such as Davidsson Tarkela and Siren Arkkitehdit recently. Some acquisitions have also been clear add-on acquisitions, such as the recent acquisition of Odigo Consulting AB, which will integrated under Wisegate AB.

The Group consists of 29 subsidiaries operating under their own name, of which 14 operate in Finland and 14 in Sweden. The company recently acquired a financial administration services provider in Poland. Solwers' Q3'25 (TTM) revenue was 81.6 MEUR and EBITA, adjusted for depreciation of intangible assets and IFRS 16 depreciation, was 4.1 MEUR (EBITA % 5.0%). Investors should note that the company applies IFRS16 in a way that differs from conventional industry practices as it includes lease liability repayments (depreciation) in intangible items. We estimate that this raises its EBITA margin by around 3 percentage points relative to the more conventional application.

The shares of Finland and Sweden are currently quite even

Finland's weight in the business has historically been greater, but the difference between the countries has narrowed as M&A activity has been more vigorous in Sweden in recent years. Finland's share of 2024 revenue was only 52%, compared to 79% in 2020.

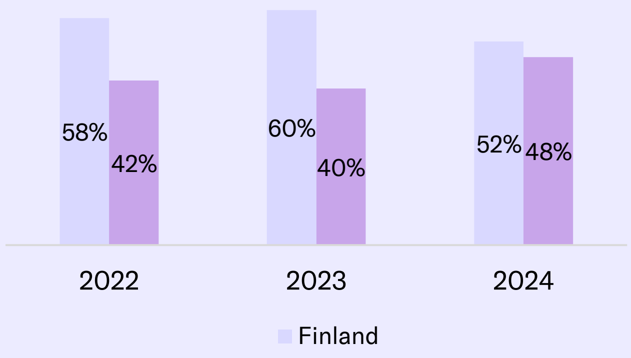
The company only reports revenue at Group level, so it is challenging to assess the more detailed structure of revenue. However, according to the company, roughly half of the Group's revenue comes from the public sector, and about half of that consists of infrastructure projects. By analyzing the financial statements of the subsidiaries, we have also created a rough breakdown of the share of different industries.

Infrastructure projects are the most significant

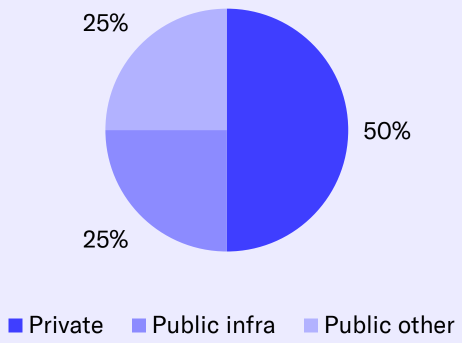
Based on our classification of the subsidiaries, eight companies in the Group specialize in infrastructure design and project management consulting services. Of these, the largest players are Finnmap Infra, operating in Finland, and Licab, specializing in project management, and ELE Engineering, focusing on electrical and automation solutions design, both operating in Sweden. According to our calculations, companies focused on infrastructure accounted for 41% of the Group's 2024 revenue.

Typical projects for companies focused on infrastructure design and project management include rail design, structural engineering design, geotechnical design and soil surveys, bridge and tunnel design, and project management services. The attractiveness of public sector infrastructure projects is increased by the stable nature of demand and lower dependence on general economic development.

Revenue breakdown by country



Revenue breakdown by customer segment



Source: Inderes, Solwers

Company description and business model 2/5

Industrial consulting acquired especially in Sweden

Companies specializing in various industrial and energy and process industry consulting are found especially in Sweden. The largest of these is Wisegate. Establish Scheening is also a major player, focusing on management consulting in logistics. Other companies we have included in this segment are Spectra Consulting, Demab, North 68, and Relitor Engineering. According to our calculations, these companies accounted for 21% of the Group's consolidated revenue in 2024.

Architecture, structural engineering and HVAC design

There are three pure architectural firms among the Group companies, two of which operate in Finland (Lukkaroinen, Davidsson Tarkela Siren) and one in Sweden (Dreem). The projects of these companies are typically main design of new projects, renovations, restoration design and interior design. In addition, this service entity includes one company (Polyplan) whose services cover not only architectural design but also underground and aboveground design. Contria is a company specializing in structural engineering in Finland, and the Swedish company Falk CM specializes in project management, design, and structural engineering services. HVAC design is carried out by two companies in Finland (W.Zenner, Plan Air), and Swedish Enerwex also offers, for example, HVAC design and passive house design.

According to our calculations, the relative share of these companies of consolidated revenue was about 27% in 2024. Projects in this service entity are typically carried out in the private sector, which increases their dependence on general economic development. However, the projects also target schools and municipal buildings, in which case the end user is the public sector.

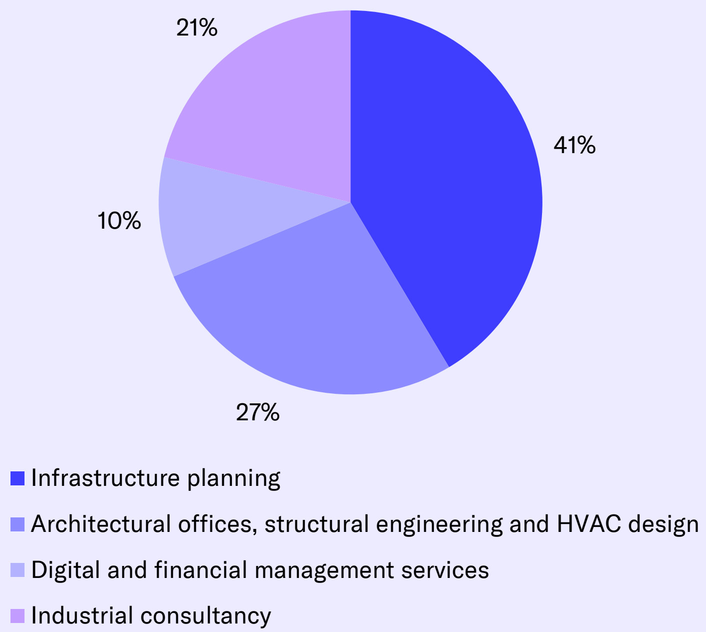
Digital and financial management services

In our classification, digital services consist of vibration and risk analysis services (Kalliotekniikka Consulting Engineers) and digital services offered for remote monitoring and environmental measurements (Taitotekniikka). The company offers financial management services in all its operating countries (Accado, KAM Redovisning, and Szwak & Spółka). The main reason for owning financial management services is that these companies are responsible for the financial management of the Group's companies (e.g., accounts and accounting), in addition to having external customer relationships. According to our calculations, these services accounted for roughly 10% of the consolidated revenue with 2024 figures.

Strong inorganic growth

Solwers has grown strongly throughout its history, with its revenue increasing by approximately 25% annually (CAGR) since the 2017 financial year. We assess that the growth driver has mainly been realized acquisitions, while organic growth has, like market growth, been roughly in line with economic growth. The business model is unique as the acquired companies are not integrated under the Solwers' brand although the Group participates in their management and control. By maintaining its own brands, the company aims to cherish the cultural elements of the companies. Thanks to its somewhat exceptional business model, the Group has been able to maintain a rapid acquisition pace, as it does not implement integration projects that consume time and resources.

Revenue breakdown of subsidiaries



Source: Inderes, Solwers

Company description and business model 3/5

The Group also claims that maintaining the independence of the subsidiaries makes it a more attractive buyer for smaller, typically entrepreneurial/owner-driven acquisition targets compared to larger players.

Revenue consists largely of small streams

Solwers companies had over 5,500 ongoing projects in the fall of 2025. The majority of the projects (about 70%) are less under 10 TEUR. Similarly, individual large projects of over 1 MEUR are, to our understanding, few. One example is the 2 MEUR road design project recently signed by Finnmap infra. Considering Solwers' Group structure and the size class of the companies it owns, we believe the Group's customer base is rather fragmented.

Due to the small size class, the company's ability to produce large projects is limited compared to the large players in the industry, but on the other hand, due to the small size class and local presence, the Group's companies typically have established positions in regional markets. This, together with knowledge of the local market and the agility brought on by the a small size class, gives Solwers companies an advantage in tendering local projects. In the project business, focusing on smaller projects is also usually a more moderate risk strategy. In the service business, profitability challenges are typical for players that aggressively increase the absolute size of projects.

Project and hourly pricing

Solwers' revenue consists of both project pricing and hourly billing. Hourly billing accounted for over 60% of revenue in fall 2025, making it clearly the most used model in Solwers' companies. The project pricing model is a higher-risk model, as with this pricing model the company bears risks related to project schedule delays or unsuccessful cost estimation. As the pricing model is the industry standard for certain types of projects, we suspect that the company cannot optimize the invoicing model.

Typically, tendering for, e.g., infrastructure projects in Finland is done through project pricing. Similarly, in Sweden, the hourly invoicing model is, in our opinion, a more normal operating model and the largest Swedish company, Licab that offers project management services, usually offers (> 90%) hourly invoiced services.

Moderate cyclical risks

Solwers Group's companies are active in the construction market in both new-build and renovation construction and infrastructure construction. New residential construction is more susceptible to cyclical fluctuations and projects are often shorter than in infrastructure construction. Infrastructure construction, in turn, stabilizes the effects of cyclical fluctuations. In general terms, we believe that the demand for infrastructure construction can be expected to endure in a weaker economic climate. This is typically driven by the fact that in a weak economic environment, the public sector stimulates with infrastructure investments. This has been observed during the current construction downturn (p. 12 market review) and was also seen during the COVID crisis, when, for example, investments were made in transport route maintenance.

In addition, business continuity is provided by over 250 framework agreements, which put the company in a good position to carry out projects tendered by the public sector and larger companies. We estimate that Solwers' demand is not

Source: Inderes, Solwers

Company description and business model 4/5

as sensitive to cyclical changes as construction as such, although some of the companies are vulnerable to cyclical changes in the operating environment.

Personnel costs are clearly the largest item

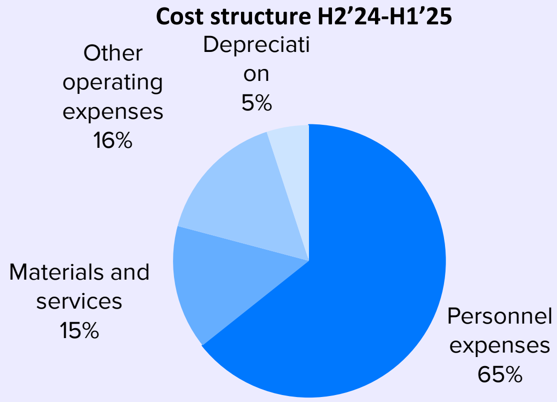
Solwers has a cost structure typical of a personnel-related service company, whose largest cost item is personnel costs. During 2019-H1'2025, annualized personnel costs represented 59-65% of revenue. Solwers' operations are highly personnel-dependent expert services, which makes a high competence level among personnel a critical factor and makes personnel retention a critical factor. The number of services and projects to be sold is linked to the time management and efficiency of the personnel, so the scalability of personnel costs is limited. Increasing the revenue load after a certain point requires recruitment, i.e. additional resource investments. Typically, these are front-loaded investments and may temporarily reduce profitability, because the employee is not engaged in billable work from day one. In the current downturn, the company has utilized temporary layoffs in Finland to provide flexibility in personnel costs, but in Sweden, these are not legally possible in the same way.

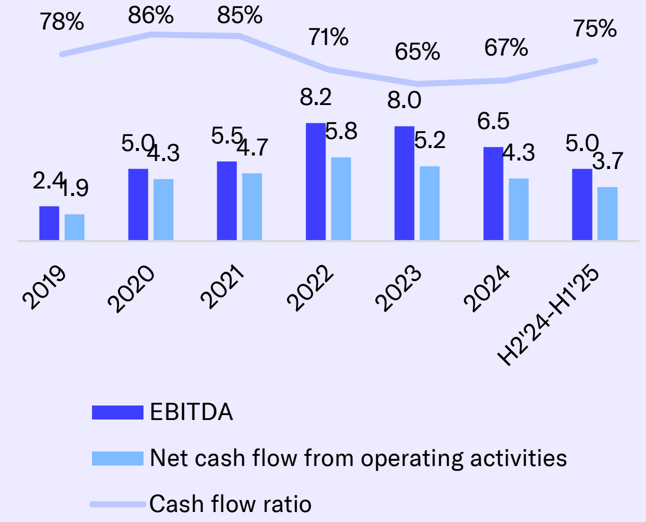
A clearly smaller item than personnel costs is materials and services, which have been 13-17% of revenue during our review period. A significant share of this cost item consists of subcontracting services. It is largely a variable item, as the company purchases subcontracting services when its own resources are insufficient or the Group companies do not have the necessary expertise required for the project.

Other operating expenses consist of ICT costs, typical administrative expenses, and real estate costs. They have been 11-16% of revenue during our review period. For service companies, other operating expenses typically involve small scalability. For Solwers we estimate that this scalability is decreased by the Group structure, since companies acquired under the inorganic growth strategy are not integrated. Compared to the largest players in the industry, Solwers' share of other expenses has risen to a very high level (16% of revenue) in H2'24-H1'25. This has partly been due to non-recurring costs (preparation for moving to the main list, write-down of receivables, repayment of business support in Sweden). In addition, some increases in additional purchase prices have been recorded in other expenses, as some of the acquired targets have performed better than expected. The company should bring the share of other expenses closer to historical levels again to demonstrate that the business model remains efficient as it grows in size.

The business model does not tie up significant capital

Solwers' business model does not tie up substantial working capital as the average working capital/revenue was around 2% in 2019-2024. The service operations of the company do not tie up capital in inventories and working capital consists of accounts receivable and current non-interest-bearing liabilities that have been pretty well balanced in the review period. The business model is also, as is typical for service companies. characterized by low annual investment needs, mainly limited to system investments. We estimate that the company's annual investment need without acquisitions is now about 0.5 MEUR, and in addition, lease payments related to lease liabilities (IFRS 16) are about 3 MEUR. These items must still be deducted from the net operating cash flow to see how much excess capital the company has left to implement its inorganic growth strategy.





Source: Inderes, Solwers

Company description and business model 5/5

As the company's profitability has weakened since 2024, there has been little cash flow left for debt reduction or acquisitions. It is important for the Group to improve its earnings again, and there is no room for further deterioration.

Management of billable utilization is a critical function

A good measure of business efficiency is billable utilization, which describes how much working time employees spend on invoiced project and service work. Billable utilization is directly linked to the company's operational profitability on one hand and the efficiency of capital use on the other. The management of billable utilization emphasizes how the company succeeds in winning new projects for its employees as previous ones end, and how the company can adapt to potential project delays, completions, and/or cancellations. Failure here often results in inefficient resource use, which is also directly linked to the company's billable utilization and thus profitability. However, this impact is softened by Solwers' operating model that relies on several small businesses and independent operations, which means the relative importance of failed management of billable utilization in one company or project is small for the Group.

In general, 75-80% can be considered good billable utilization. With this indicator, Solwers has performed quite well in 2020-H1'2025, when its average billable utilization was 82%. On the other hand, it should be noted that according to the company, billable utilization is not a good operational indicator for all the companies it owns, so these have been excluded when examining billable utilization.

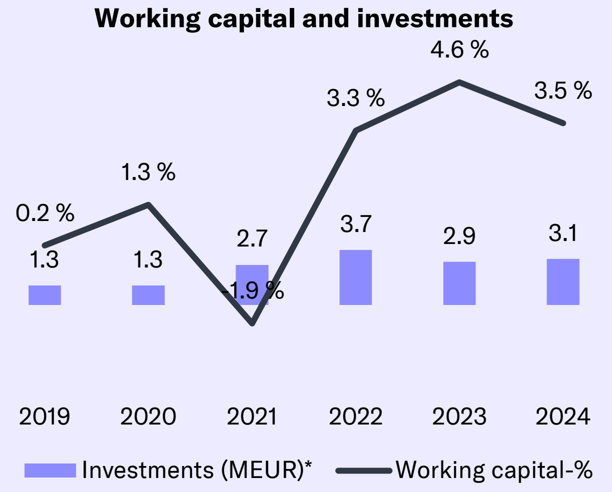
Even in the current challenging economic environment, the company's billable utilization rates (H1'25: 82.6%) have held up well, partly due to temporary and permanent layoffs. In the Q3'25 review, the company's number of employees had decreased to 692, compared to 724 at the end of 2024.

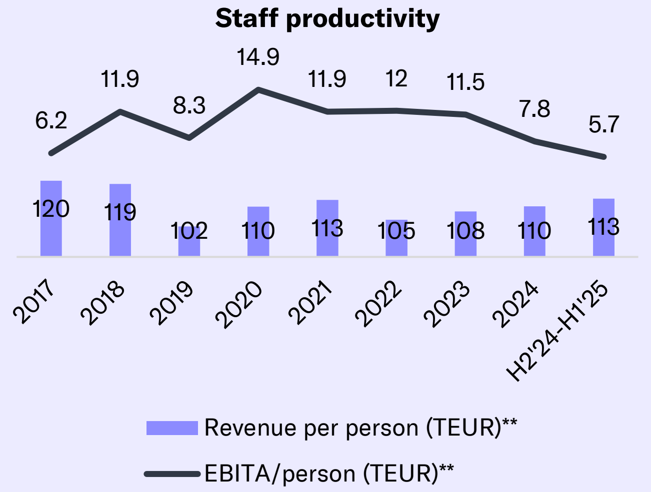
However, a tightened pricing environment in project and framework agreement tenders has become a challenge for earnings, as supply has clearly exceeded demand in the market.

Staff productivity as a measure of efficiency

The development of the efficiency of Solwers' operational business can also be measured by examining revenue per employee, as the company itself does in its financial reports. In 2017-H1'2025 (TTM), revenue per employee has varied between 102-120 TEUR per person and has averaged 111 TEUR. We see operational profitability per employee as an even better metric, as it accounts for wage and cost inflation more effectively. The operating result for 2017-H1'2025 (TTM), i.e., EBITA/employee, has varied between EUR 5.7-14.9 TEUR with the average being around 10 TEUR. This metric has clearly deteriorated in line with earnings performance and was at its lowest during the H2'24-H1'25 review period.

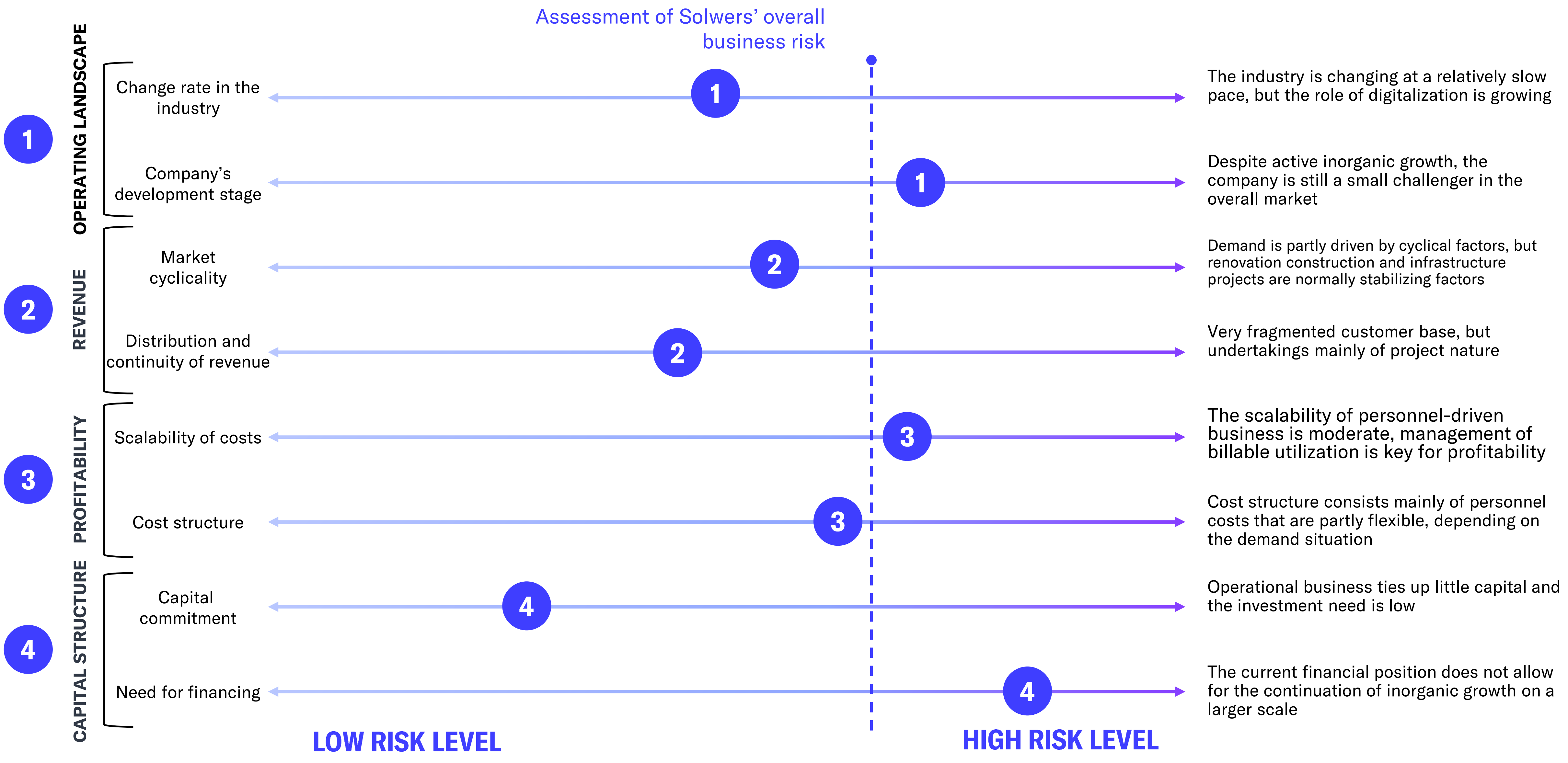
In the long term, both of the above indicators based on the number of personnel reflect operational efficiency. Thus, from an investor's point of view, an upward trend would reflect an improvement in the quality and/or efficiency of the group companies, while a decline would point to an opposite trend. In our assessment, the recent weakening in Solwers' EBITA per employee is primarily due to a difficult economic cycle and market pricing pressure, but the company has also faced internal challenges and one-off costs in its results.





Source: Inderes, Solwers *Investments=investments in tangible and intangible assets + IFRS 16 repayments
**Average headcount

Risk profile of the business model



Markets and competitive landscape 1/3

Target markets in Finland and Sweden

Solwers' target markets currently consist of the technical consulting and design markets in Finland and Sweden. The Finnish Association of Consulting Firms (SKOL) divides the Finnish market into three sub-sectors: Residential construction, Industry, and Infrastructure/Community In its 2024 statistics, SKOL estimates the revenue of industry players to be around 7.5 BEUR in Finland. Industry player Sweco estimates the Swedish target market to be worth around 10 BEUR and the Finnish market to be worth 6 BEUR (2023). The size of the total market is affected by the included sub-sectors, in particular whether large industrial design is included in the overall market assessment. For example, according to an assessment (2021) ordered from an international consultancy firm by Sitowise, which operates in the same industry as Solwers, the total market for technical consulting and design in Finland was around 1.5-1.7 BEUR, consisting of around 1-1.1 BEUR for residential construction and around 0.5-0.6 BEUR for infrastructure construction. Similarly, the size of the Swedish technical consulting and design market is estimated to be around 3.1 BEUR.

Another moderate yardstick for the total market in Finland is the revenue statistics of SKOL's members for 2024. According to it, the total revenue of 51 operators in residential construction was 906 MEUR. Similarly, according to the same statistics, the revenue from infrastructure construction was 702 MEUR and from industry was 657 MEUR. Not all industry operators are members of the trade association. Therefore, we feel SKOL’s statistics should be viewed as an indicative estimate. A notable market dynamic, however, is how growth in infrastructure construction has offset the decline in building construction in the design sector in recent years (see sidebar). In Finland, the growth of the infrastructure market has been supported by clean transition projects and rail projects, among others. In our understanding, for large infrastructure projects, the design component typically accounts for around 7-10% of the project's total value.

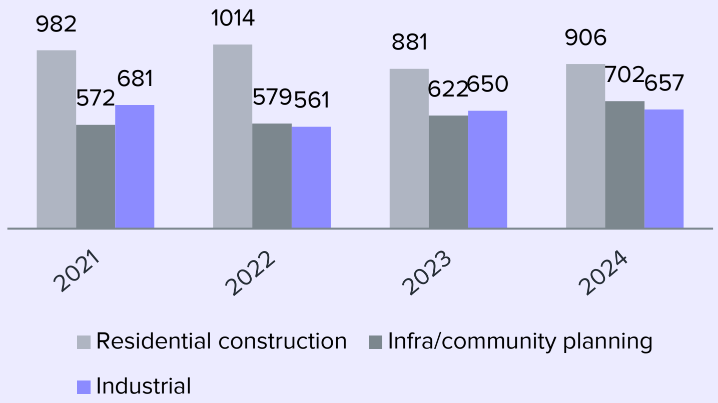
The order book survey for the design and consulting sector also provides an indication of the Finnish market's development. The order book peaked in 2022, but by 2024 it had decreased by around 15% from its peak (see sidebar). Based on SKOL's latest July-September business review, the domestic order book for the building construction sector increased by 11.6% year-over-year, infrastructure by 13.4%, and remained unchanged in the industrial sector. However, the recovery has not been straightforward, as compared to the previous quarter, the infrastructure order book decreased by 3% and the industrial order book decreased by 5%, while building construction remained at the same level. Based on Solwers' comments, its target markets bottomed out in Q1'25, which is in line with the industry's order book bottoming out slightly earlier.

Statistics on the development of the Swedish market are not as precise or up-to-date, but there too, building construction has slowed down while infrastructure has remained relatively stable. However, Solwers operates more in the energy sector, where demand has been good, and in other industrial sectors, which are performing well due to large projects in Northern Sweden. Otherwise, industrial demand has generally been sluggish (source: Sweco Q3'25 interim report).

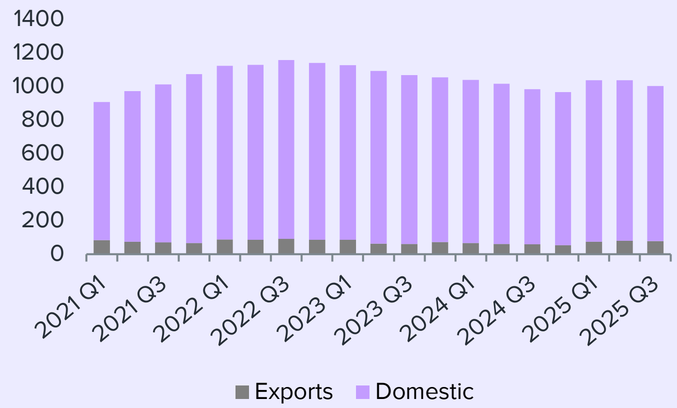
Familiar trends drive growth

The growth of the design and consulting market was strong in 2014-2020, with the Finnish market growing by 5.5% annually and the Swedish market by as much as 8.4% annually (source: Solwers' IPO prospectus).

Revenue of Finnish Association of Consulting Firms SKOL members (MEUR)



Design and consulting order book in Finland (MEUR)



Source: Inderes, Technology Industries of Finland survey for SKOL (Finnish Association of Consulting Firms) member companies

Markets and competitive landscape 2/3

In addition to economic growth, market growth has been influenced by construction industry trends and structural factors, which has led to an increase in the penetration rate of consulting. The megatrends and/or structural factors affecting the growth rate of the target market include, for example:

Urbanization increases the density, high, underground and other demanding construction, where design plays an important role.

The aging building stock increases the need for both renovation and infrastructure maintenance planning, which support a stable demand flow.

Climate change, in turn, requires greater consideration of environmental issues in construction, which in turn increases the need for design and resource optimization. This also supports demand for the company's circular economy solutions. Efforts to mitigate climate change also underline the role of **energy efficiency** and **circular economy solutions**. Thus, it's visible that growing energy efficiency requirements and developing circular economy production models strengthen the demand outlook for planning and consulting services.

In our estimation, the target markets' longer-term revenue growth prospects are still slightly better than overall economic growth. Therefore, we estimate that the growth of Solwers' target market will slightly exceed GDP growth and that the market's growth potential is roughly 0-3% over time.

The industry is fragmented

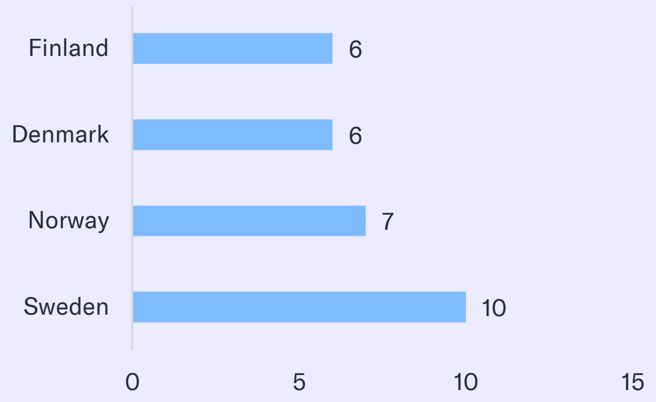
Solwers' industry is fragmented, as according to Statistics Finland, over 2,000 companies offering architectural services and nearly 10,000 companies providing engineering services and related technical consulting operate in Finland alone. We believe that the number of players on the Swedish market is clearly bigger, reflecting the size of its economy. We feel industry fragmentation is typical for personnel-dependent services business with a low entry barrier.

Considering this low barrier, the market shares of the major players in the industry are rather moderate as a whole, even though they have consolidated the market in history through acquisitions. We estimate that there is a significant number of small companies with a few people in the industry. In light of this, not all industry players are viable acquisition targets for Solwers, and we believe that not all industry players meet the criteria the company has set for acquisition targets. However, we do estimate that the number of companies in the fragmented industries is large enough to enable the company to continue implementing the growth strategy based on inorganic growth.

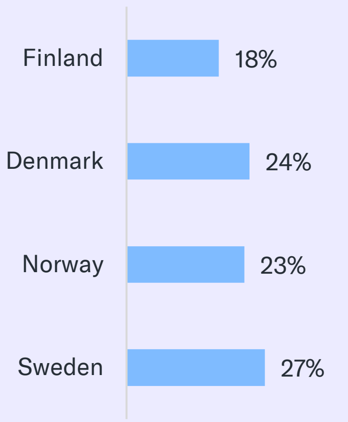
Competitive landscape for technical consulting and design

The largest design and consulting companies in Finland include Etteplan, AFRY Finland, Sweco Finland, Ramboll Finland, Sitowise Group, Granlund, A-Insinöörit, Rejlers Finland and WSP Finland. In Sweden, the competitive environment consists of the same large players as in Finland, in addition to which there are large local players, e.g. Tyréns. The fragmentation of the market is illustrated by the fact that, according to Sweco, the market share of the five largest players in Finland is just under one-fifth. In the other Nordic countries, the market share of the five largest is roughly about a quarter of the total market. Consolidation continues, as Sweco recently bought

Market sizes in the Nordic countries (BEUR)



Market share of the five largest players



Source: Inderes, Sweco CMD 2023

Markets and competitive landscape 3/3

Swedish Projektengagemang (revenue 70 MEUR) and Finnish Fimpec Group (revenue 50 MEUR).

When looking at the competitive landscape it should be noted that Solwers acts in certain sectors of the market in which the above presented large players do not operate. Moreover, the companies it owns are considerably smaller players, so they do not almost always compete for the same projects with large players that implement major projects.

We estimate that the company's competitive landscape consists of both larger international players and smaller local players. Competitors vary depending on which Solwers company is being examined. Sometimes Solwers' companies also make joint bids with larger players to get full quality points in tenders. Solwers has special expertise in, for example, rock construction. It is difficult to pinpoint specific competitive advantages within the Solwers group of companies, but skilled personnel and successful past projects create customer retention. Generally, Solwers' customer relationship strengths include local presence, established customer relationships, and strong market knowledge.

Solwers' growth has been strong relative to the industry

There are differences in the growth rates of listed companies operating in this sector in recent years, which we believe reflects their inorganic growth, through which market share has been gained. Solwers stands out in its growth figures due to its rapid acquisition pace (see figure) and the agility with which its small size has allowed for quick growth without burdensome integration processes.

The industry focus of the companies in the sector has played a decisive role in the development of their organic growth in recent years. Segments that have performed well include, for example: Infrastructure, Energy, Sustainability, Security and Defense sectors. The countries of operation have also played a role within Europe, as the pace of economic growth has varied across different markets. In Finland and Sweden in particular, a lot of variable-rate loans have been used, and the elevated interest rate level has hit construction in these markets.

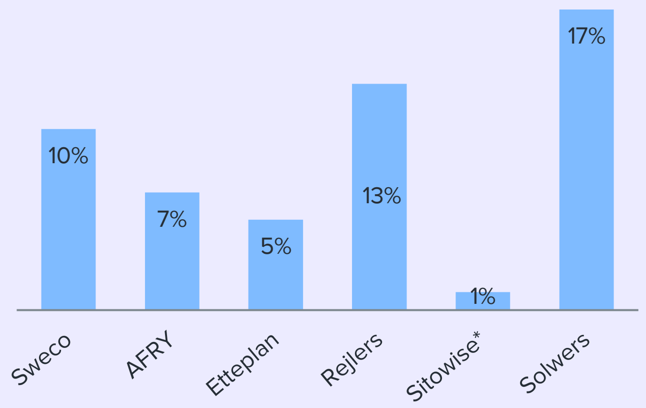
The organic growth of companies, in turn, is naturally linked to their profitability, as within growing markets it is possible to achieve good profitability when employees are performing billable work, and price competition does not intensify when there is sufficient work.

Solwers' profitability lags behind the industry

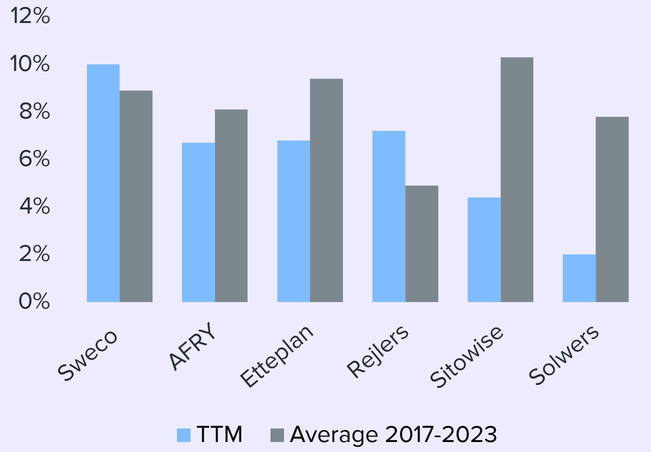
Competitors' profitability (EBITA %) averaged around 5-10% between 2017 and 2023. Solwers' average profitability was also just under 8% during the same period. We note that in this comparison, we have deducted depreciation under IFRS 16 from Solwers' EBITA to improve comparability with other companies.

However, looking at the last 12 months, the profitability trend has varied significantly across companies. Solwers does not stand out favorably in this comparison; on the contrary, its profitability has plummeted from historical averages. In a subdued market, Sweco and Rejlers have succeeded in improving their profitability. In our view, this is due to the companies operating in more favorable sectors, and at the same time, they have been significantly more successful than Solwers in improving operational efficiency and resource allocation.

Revenue growth CAGR (2021-2025e)



EBITA% development of peers



Source: Companies, Inderes

Strategy and financial targets 1/3

Acquisitions at the core of the strategy

The heart of Solwers' strategy is growth, both by expanding the service offering and increasing geographical coverage. Synergies are sought from cross-selling between companies and joint projects, enabled by a broader service portfolio.

The growth strategy is based on both acquisitions and organic growth. In addition, the company emphasizes the Group's attractiveness as a good employer for professionals in different sectors and continuous skill development in its strategy.

We believe that from the investors' viewpoint the clearest indicator to be monitored in strategy implementation is the progress and value creation of the inorganic growth strategy. In a personnel-driven business, people-centered cultural factors are key in the company's development, but measuring this development outside the company is challenging. The company measures the eNPS figure, but it has not been disclosed externally so far.

Financial targets

Solwers' financial objectives are

> 20% revenue growth

> 12% EBITA margin

> 40% equity ratio

Growth target requires continued M&A transactions

The growth target clearly exceeds the organic growth rate of the market and thus achieving the growth target requires continued inorganic growth in line with the strategy. Solwers has met its growth targets throughout its history, as its revenue has grown by approximately 25% annually (CAGR) since the 2017 financial year. Acquisitions completed during the period are shown on page 18.

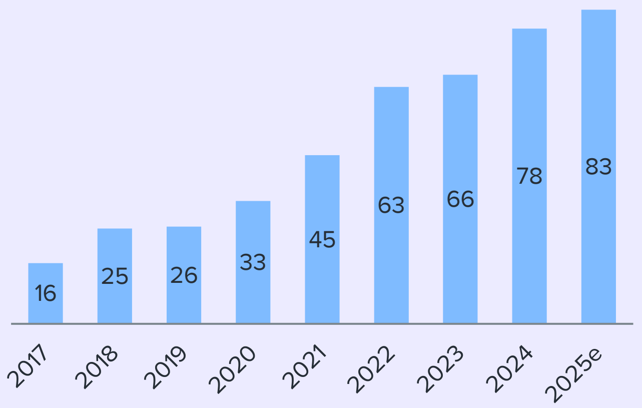
In a fragmented industry, we estimate that the company has the potential to continue inorganic growth, but as the size class grows, maintaining the relative growth rate requires more and/or larger acquisitions. Currently, the sluggish earnings level relative to the amount of debt also limits inorganic growth, in our view, as the net debt to last 12 months' EBITDA ratio was very high, about 5x, in the H1'25 report.

The profitability target is challenging in the current market

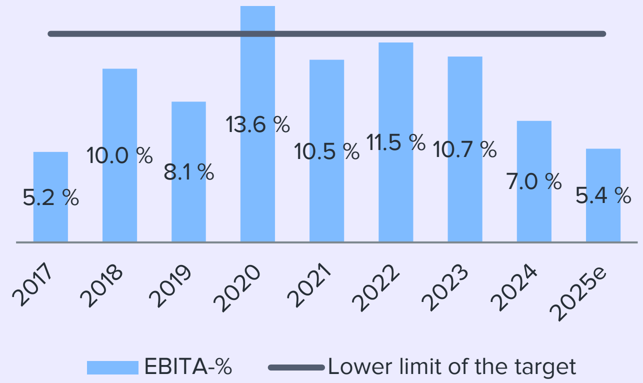
In our view, the company's 12% EBITA margin target is very demanding, especially in the current market. Relative to the industry, only the best players in the current market achieve EBITA margins of around 10%, which corresponds to approximately a 13% margin using Solwers' reporting method.

In 2020, Solwers' EBITA margin reached a peak of 13.6%. However, in that year, market conditions were clearly better than they are now, and sick leaves were abnormally low due to COVID restrictions, meaning other illnesses were not prevalent either. It is encouraging, however, that in 2022 the company also came close to its target with an EBITA margin of 11.5%, at which point the low number of sick leaves no longer boosted the figures. At that time, the overall demand situation was still clearly better than it is now. In the long term, it should be noted that achieving the target also depends on what type of acquisitions the company makes. Solwers' starting point is that acquisition targets are profitable and their EBIT margin is generally over 10%, which means that acquisitions should also support the group's profitability target.

Revenue development



Profitability development



Source: Solwers, Inderes
NB! 2017 financial year was 16 months

Strategy and financial targets 2/3

Balance sheet structure and profit distribution

At the end of H1'2025, Solwers' equity ratio was 42% and thus in line with the financial target. In general, we consider the > 40% level to be a good long-term goal.

The company's dividend distribution policy is to distribute 20-40% of the profit for the financial year. This is a relatively low profit distribution target and reflects the fact that capital allocation will focus on acquisitions in the coming years. However, we note to investors that the company's earnings performance relative to its debt level is currently low. Thus, we do not expect a dividend for the 2025 financial year, even though the company has historically paid dividends in line with its dividend policy.

Acquisition strategy

In addition to earnings growth, the company aims for a wider service diversification through acquisitions, which results in a more even distribution of revenue between different design areas of the built environment and industry. By expanding and leveling the supply from early project development to later project monitoring, or even to maintenance, the company stabilizes its business vulnerability to cyclical fluctuations.

In addition to increasing the service offering, the company aims to increase the geographical coverage with its acquisition strategy. The company's operations currently extend to Finland, Sweden, and most recently, Poland, and in these countries alone, the company's strategic playing field still offers significant expansion opportunities.

According to the company, the acquisition targets include mainly smaller companies with over 10 years of operating experience, i.e. established companies. In addition, the company typically requires a track record of good profitability from the acquisition target.

SWOT analysis of the acquisition strategy

Solwers does not, as a rule, integrate acquired companies, which makes its acquisition process efficient, avoids integration costs, and does not emphasize the cultural risks inherent in the human resources business. Due to its efficient acquisition strategy, the company has historically been able to maintain a rapid series of acquisitions.

We believe that engaging the original entrepreneurs of the acquisition targets is critical in the long run, because as the acquisition targets are small, key individuals, and especially the entrepreneurs themselves, are typically of great importance to the entire business because of the people-centered business and long-term customer relationships. Thus, finding new businesses and keeping their purchase prices moderate also requires that the company's value promise must be understandable and attractive to entrepreneurs of the acquisition targets. We suspect that this could also, to some extent, reduce the risks of the acquisition strategy, as it would probably support the permanence of key personnel in the company.

Under Solwers, entrepreneurs can give up some administrative tasks related to business operations, as the Group's support functions (HR, financial management, marketing, financing) help the company going forward. This allows entrepreneurs and key employees to focus on operating activities, which can create value in the long run, as entrepreneurs often know the customer field and its customers' business best and have long-term relationship with customers.

SWOT analysis of the acquisition strategy

Strengths

- An efficient and fast process
- The absence of integration reduces initial costs as well as customer and employee churn
- Retention of cultural factors and entrepreneurs of the acquisition target in the operations

Weaknesses

- Managing the overall entity and implementing cross-selling can be more challenging
- The scalability of other expenses may be lower
- The pricing power of individual brands may not be as strong with customers compared to operating under a strong main brand
- The lower recognition of individual brands can hinder the attraction of new experts

Opportunities

- Moderate valuation levels of unlisted companies enable value creation
- Balances service distribution and the risk profile of demand
- Enables faster growth than market growth

Threats

- Losing key personnel
- Managing growth
- Acquisition prices becoming too high
- Failure to verify the quality of acquisition targets

Source: Inderes

Strategy and financial targets 3/3

The acquisition strategy subjects the company to the risk that the key persons of independently managed companies, which typically consist of the owners, change. As the number of companies increases, there is also a risk that managing the whole becomes more difficult. In addition, growth management is emphasized in a rapid growth strategy that can prove challenging when the pace is fast. Of typical inorganic growth risks, the model also underlines the criticality of ensuring the quality of the acquisition targets.

The company's business model differs from the industry standard, where acquisition targets are integrated under the main brand. We believe this somewhat reduces the scalability of other costs, in particular, as the subsidiaries' back-end systems and functions are separate. The less well-known brands of the individual subsidiaries may also affect the companies' ability to implement price increases or attract skilled employees compared to companies operating with a single strong B2B brand. However, some orders are won through competitive tendering, where the provider's name is not a decisive criterion.

According to the company, acquisitions are typically carried out at moderate EBIT multiples of around 5-6.5x. The purchase price typically includes an earn-out model, which is based on growth and/or earnings targets for the period after the acquisition. This reduces the risks of overpaying. In our view, an efficient acquisition strategy based on moderate valuation levels provides good preconditions for value creation in the long run.

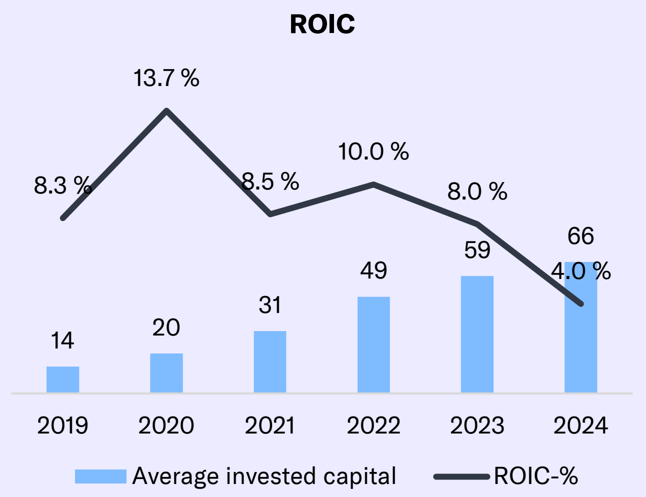
Assessment of the acquisition strategy's success

We believe that the Group's acquisition strategy should be examined especially through ROCE. In our view, with acquisitions in mind, the Group's financial targets should also include a return on capital target, so that the company does not end up overpaying for highly profitable acquisition targets in pursuit of its 12% EBITA target.

We calculate that the targeted valuation multiples (5-6.5x EV/EBIT) have not always been achieved in the acquisitions in recent years, although we believe that the valuation multiples of the acquired businesses have not been high in general relative to the companies' financial performance at the time. We estimate that the profitability target (EBIT margin of over 10% for the acquired company) for acquisitions made in recent years has largely been achieved. However, the company has acquired some targets with a profitability level clearly below the target. Thus, the margin target does not appear to be entirely set in stone.

Between 2019 and 2023, the company's return on invested capital (ROIC) has averaged 9.7%, which is moderate. However, the trend has been sharply downward, and over the last 12 months, the return on invested capital has been only about 1%, which is clearly below our required return. The declining trend in capital employed has primarily been driven by the Group's collapsed profitability. Cutting a couple of corners, if profitability levels were to remain close to those seen in 2024 and 2025, the M&A strategy would have severely failed.

However, we believe the current subdued earnings level is primarily due to the weak market cycle, although some companies have also faced internal challenges (e.g., ELE-Engineering). Thus, the company is well positioned to increase its return on capital again in the coming years. If profitability does not clearly recover, however, past and future acquisitions must be evaluated more critically from the perspective of shareholder value creation.



Source: Inderes, Solwers

Inorganic growth strategy

Realized

- Increasing the number of operational companies to 28 from 19 at the time of listing
- The acquired businesses cover a wide range of project life cycle stages in the industry
- Companies operating under their own brand: Finland 14, Sweden 14, and Poland 1
- Acquisition targets are small in size
- Geographical diversification has improved with the increased share of Sweden
- Acquisitions have also expanded industry diversification
- The Group's earnings level and return on capital at the bottom of the cycle are weak relative to their potential

Medium and long term

- Extending geographical coverage in the Nordic countries and in Eastern Europe
- Strengthening the service offering in service areas with a smaller relative share like infrastructure design in Sweden and smaller niches in Finland
- Strengthening cross-selling and increasing joint projects
- Restoring profitability to historical levels and the resulting cash flow from earnings, if realized, will enable the continuation of a rapid acquisition pace

Source: Solwers and Inderes

Financial position

Balance sheet assets

At the end of H1 2025, Solwers' balance sheet assets totaled 96 MEUR, of which 50 MEUR consisted of intangible assets. The majority of this consists of goodwill generated from acquisitions (48 MEUR) and the remainder of other intangible assets. Non-current assets also included tangible assets worth over 8 MEUR, of which a portion consists of IFRS 16 right-of-use assets (~5 MEUR) and some 3.5 MEUR in various non-current receivables. The company had current assets of 34 MEUR, where the largest items were receivables of 21 MEUR and cash assets of 11.2 MEUR.

Due to Solwers' inorganic growth strategy, the company's balance sheet has been and will tie up intangible assets in the form of goodwill arising from acquisitions The operations themselves tie up little capital, which indicates the low amount of intangible (excluding goodwill) and tangible assets in the balance sheet. The company's capital requirements are, as is typical for the expert services business, related to working capital in the form of accounts receivable and trade payables.

Capital structure

Solwers' equity at the end of H1 2025 amounted to 40.7 MEUR, including a small non-controlling interest of 0.2 MEUR. The company's equity ratio was 42%, which exceeded the company's own target of 40% and the minimum of 35% specified in the financing agreement with the company's main financing bank. The amount of debt in the balance sheet amounted to 55.5 MEUR. Of this, long-term interest-bearing debt amounted to 3 MEUR and short-term interest-bearing debt to 33 MEUR. Interest-bearing liabilities also include lease liabilities of 5.2 MEUR on the balance sheet. Contingent consideration liabilities on the balance sheet were, to our understanding, only 0.4 MEUR, with a large portion of them (8.7 MEUR) becoming due in H1'25.

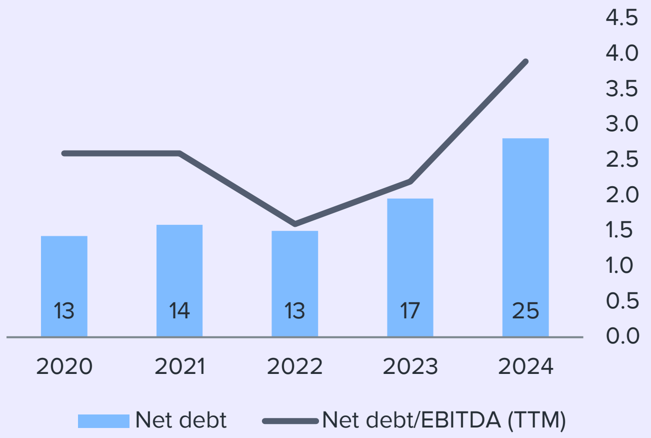
It should be noted that contingent consideration liabilities are included in interest-bearing debt on the company's balance sheet, even though there is no certainty regarding the fulfillment of their terms. We consider it justified to include them in net debt, because if the payment terms are met, they will be reflected in net debt through a decrease in cash assets. At the same time, however, it should be noted that our revenue and earnings forecasts do not contain actual assumptions about the fulfillment or non-fulfillment of the terms of contingent considerations, as it is practically impossible to estimate and model them at the level of numerous subsidiaries. Non-interest-bearing liabilities on the balance sheet amounted to roughly 19 MEUR and consist of typical trade payables, accrued expenses, and other liabilities.

The amount of debt relative to earnings is clearly elevated

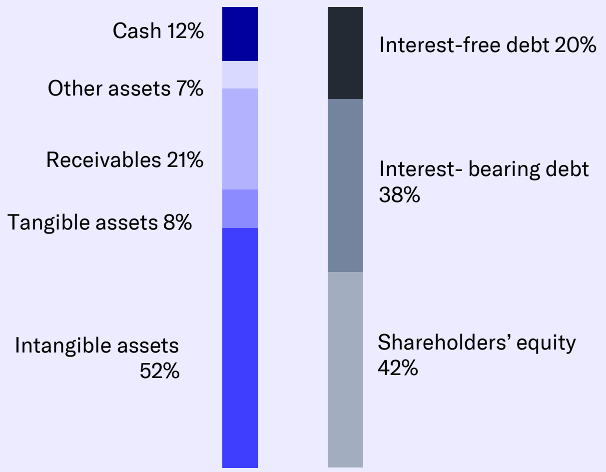
The net debt to last 12 months' EBITDA ratio in the H1'25 balance sheet had risen to a high of approximately 5x, which is above the company's targets and loan covenant levels. For this reason, the company's long-term bank loans (28 MEUR) are classified as current on the balance sheet, even though their maturity profile has not changed and a large portion of the loans do not mature until 2029.

The company has received a waiver until June 30, 2026, to deviate from the loan covenant level, and the covenants will gradually tighten towards the 3.5x target. With net debt of approximately 25 MEUR in H1'25, this would imply an EBITDA of around 7 MEUR for the H2'25-H1'26 period. Due to the acquisitions completed in December, the amount of debt has increased slightly from this level, but the acquired companies were also very profitable, supporting the company's EBITDA.

Net debt and gearing



Balance sheet H1'2025 (96 MEUR)



Source: Solwers, Inderes

Investment profile

1. Strong growth ambition and an M&A process utilizing light integration

2. The low capital requirement of the business provides prerequisites for value creation organically and inorganically

3. Risks related to the success of acquisitions and employee commitment

4. Managing billable utilization and pricing bids are key

5. The current earnings level is low relative to the company's potential, and at this level, the debt burden is also a challenge

Potential

- Established customer relationships, a large number of small assignments, and industry diversification create defensiveness
- As market investment activity picks up and price levels recover, the earnings leverage should be strong from the current weak level
- The recovery in profitability also enables the continuation of the M&A strategy
- Low investment needs and strong cash flow enable value creation and capital allocation to acquisitions

Risks

- Risks related to inorganic growth and personnel dependency
- The recovery in market demand has so far been slower than expected
- We estimate that changes in the utilization rate and successful pricing of tenders are reflected relatively strongly in profitability
- Low liquidity of the share

Estimates 1/2

Estimate model

We estimate Solwers' short- and medium-term revenue development through expected market growth, realized acquisitions and estimated order book development. The company does not disclose the numerical size of its order book but describes its development verbally, which slightly reduces visibility compared to many listed peers. We forecast the cost structure in proportion to revenue, based on our estimates of future headcount development and utilization rates. The price level achieved in projects also plays a key role, and we expect price levels to recover once market demand begins to strengthen.

Economic growth outlook in target markets

Based on forecasts, the Finnish economy is expected to grow only slightly in 2025, and the Bank of Finland anticipates economic growth of 0.8% for 2026 and 1.7% for 2027. The Swedish economy, in turn, is expected to grow faster than Finland's. Although the market recovery has been slower than expected for a long time, there are clear building blocks for accelerating growth. Key drivers of economic growth include significant investment packages from Germany and the EU, improving consumer purchasing power, and interest rate cuts, the effects of which typically materialize in the economy with a delay. Against this backdrop, we expect the technical design and consulting market to start getting a boost from the general economic development in the second half of 2026.

Estimates for 2025

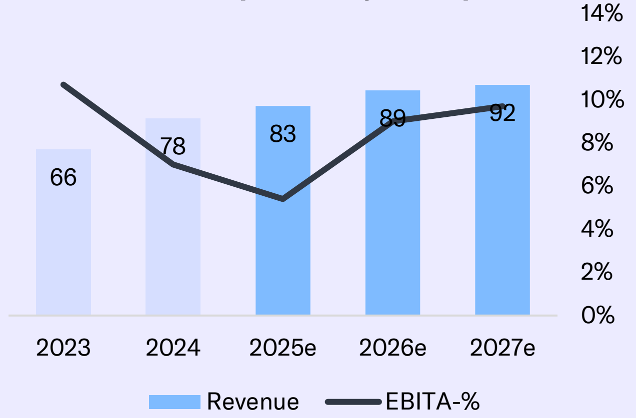
As usual, Solwers has not provided numerical guidance for 2025 However, in its outlook, the company estimates that market uncertainty limits future visibility. As Solwers' operations are dependent on investments, the company expects to benefit from a general market recovery. The recovery has been expected to strengthen towards the end of the year.

In our forecasts, we expect Solwers' current year revenue to grow by some 6% to 83 MEUR, of which about half growth through acquisitions. The strengthening of the Swedish krona partly supports the euro-denominated revenue figures, but from an operating profit perspective, the impact is largely neutral as Swedish costs are also in krona. Adjusted for currencies, we estimate the company's full-year organic revenue to be marginally positive.

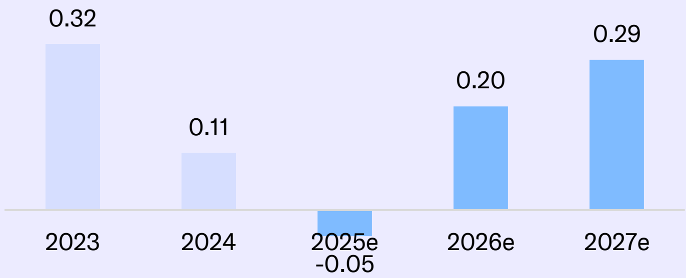
We expect the company to achieve an EBITA of 4.5 MEUR, which corresponds to a margin of only 5.4% (2024: EBITA 7.0%). This development reflects the 1.8 MEUR EBITA result seen in H1'25, which was a clear weakening compared to the comparison period (H1'24: EBITA 3.2 MEUR). However, this also included 1.0 MEUR in non-recurring costs related to main list preparations and changes in subsidiary management due to project overruns in Sweden.

In Q3, the EBITA result was back to the comparison period's level of 1.2 MEUR, as fixed costs were reduced by 0.3 MEUR during the quarter, partly by consolidating office premises. In Q3, the company's average number of employees decreased to 687 (Q3'24: 717 employees), and at the same time, the company commented that the order book had increased, and it seems that going forward, the workload in relation to personnel is in a better balance than before. Thus, for Q4, we expect an approximately 50% improvement in EBITA to 1.5 MEUR compared to a very weak comparison period. We forecast financing costs to clearly rise to 1.6 MEUR in 2025 after the loan covenants have been exceeded, and we expect

Revenue and profitability development



EPS (reported)



Estimates 2/2

2025 EPS to be clearly negative at EUR -0.05 (2024: EUR 0.11/share).

Forecasts for 2026 and 2027

In 2026, we estimate organic growth to accelerate due to a gradual strengthening of market investment activity and easing price competition towards the end of the year. We expect the full-year reported revenue to grow by around 7% to just over 89 MEUR, reflecting organic growth of around 3% and inorganic growth of 4%. Inorganic growth is driven by the acquisitions completed in December (Szwak & Spółka and Odigo). As inflation calms down, we do not expect the development of the cost structure to deviate substantially from normal wage inflation. With our estimated revenue load and a lighter cost structure than in the comparison period, we expect an EBITA of 8.0 MEUR for 2026 (EBITA 9.0%). The earnings improvement is partly aided by the fact that we do not expect one-off costs similar to the previous year (of around 1 MEUR) and the acquisitions mentioned above contribute some 0.7 MEUR to earnings.

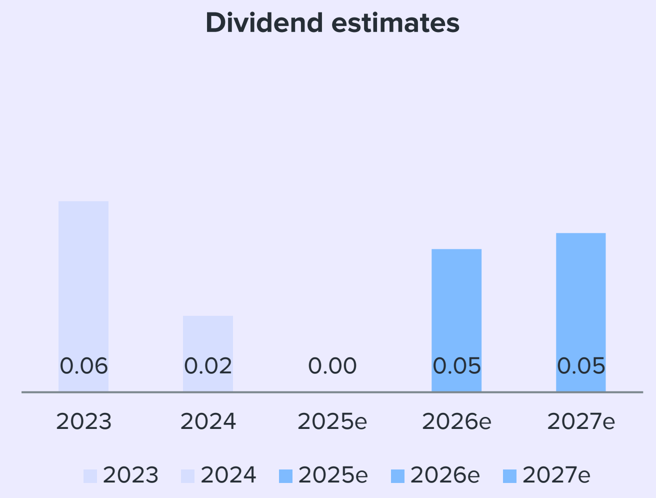
We estimate the company's financing costs to be close to the previous year's level of around 1.6 MEUR. In our estimate, the company's net debt/EBITDA ratio will fall below the 3.5x level required by financiers in H2'26, after which financing costs have the potential to decrease. Overall, we expect 2026 earnings per share land at EUR 0.20. We believe the company will again pay a small dividend this year.

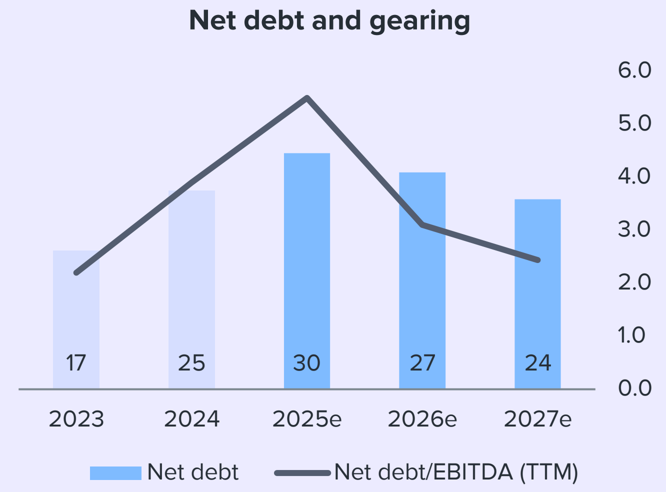
In our 2027 estimates, we expect strengthening economic growth to find organic growth at 2.5% and revenue to rise to 92 MEUR. This reflects, in particular, the improvement in private sector investment activity. Profitability will continue to be supported by improved personnel utilization rates and, in particular, by the recovery of market price levels. We expect the company to improve its EBITA to 8.9 MEUR (EBITA 9.7%). At this stage, we also expect the net debt to have melted away, and with the strengthening of earnings, the company has fallen below its normal covenant levels, which decreases financing costs. Reflecting this, we expect 2027 EPS to rise to EUR 0.29, which is still below the company's 2023 level (EUR 0.32/share).

Longer-term forecasts and forecast risks

Our medium- and long-term estimates expect revenue to grow slightly more rapidly than the economy, as our revenue growth estimates for 2029-2034 are 2.0-2.0%. Correspondingly, our long-term EBITA margin estimate for Solwers is over 10%, meaning an EBIT margin of around 7%. The best companies in the industry achieve a margin of around 300 basis points better than this level, and Solwers has also approached this in its best years. The company's own target (EBITA 12%) is also higher than our estimate.

However, before taking a bolder stance in our estimates, we first want to see clearer signs of Solwers' earnings recovery. In our view, the main risks related to our estimates are associated with assessing the development of market demand and price levels. Their development critically impacts the growth trajectory of Solwers' revenue and EBIT. We note to investors that our estimates do not include inorganic growth, as it is practically impossible to estimate it with reasonable accuracy. We have not made any changes to our forecasts in connection with the report.





Source: Inderes' estimate

Income statement

Income statement	2023	H1'24	H2'24	2024	H1'25	H2'25e	2025e	2026e	2027e	2028e
Revenue	**66.0**	**39.9**	**38.4**	**78.3**	**42.3**	**40.9**	**83.3**	**89.4**	**91.6**	**93.9**
Group	66.0	39.9	38.4	78.3	42.3	40.9	83.3	89.4	91.6	93.9
EBITDA	**8.0**	**3.8**	**2.7**	**6.5**	**2.3**	**3.1**	**5.4**	**8.8**	**9.8**	**10.2**
Depreciation	-3.1	-1.8	-1.9	-3.7	-2.1	-2.3	-4.4	-4.6	-4.6	-4.9
EBIT	**4.8**	**2.0**	**0.8**	**2.7**	**0.2**	**0.8**	**1.0**	**4.2**	**5.2**	**5.3**
EBITA	**7.0**	**3.3**	**2.2**	**5.5**	**1.8**	**2.6**	**4.5**	**8.0**	**8.9**	**9.1**
Net financial items	-1.0	-0.8	-0.5	-1.3	-0.8	-0.8	-1.6	-1.6	-1.4	-1.1
PTP	**3.9**	**1.1**	**0.3**	**1.4**	**-0.6**	**0.0**	**-0.6**	**2.6**	**3.8**	**4.2**
Taxes	-0.7	-0.4	0.2	-0.2	0.1	0.0	0.0	-0.6	-0.8	-0.9
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**	**-0.6**	**0.0**	**-0.5**	**2.1**	**3.0**	**3.3**
EPS (adj.)	**0.32**	**0.07**	**0.04**	**0.11**	**-0.06**	**0.00**	**-0.05**	**0.20**	**0.29**	**0.32**
EPS (rep.)	**0.32**	**0.07**	**0.04**	**0.11**	**-0.06**	**0.00**	**-0.05**	**0.20**	**0.29**	**0.32**

Key figures	2023	H1'24	H2'24	2024	H1'25	H2'25e	2025e	2026e	2027e	2028e
Revenue growth-%	5.1 %	20.2 %	17.0 %	18.6 %	6.0 %	6.7 %	6.4 %	7.4 %	2.5 %	2.5 %
EBITDA-%	12.1 %	9.4 %	7.1 %	8.3 %	5.4 %	7.5 %	6.4 %	9.8 %	10.7 %	10.9 %
EBITA-%	10.6 %	8.2 %	5.9 %	7.0 %	4.3 %	6.4 %	5.4 %	9.0 %	9.7 %	9.7 %
Net earnings-%	4.8 %	1.9 %	1.0 %	1.5 %	-1.3 %	0.1 %	-0.7 %	2.3 %	3.2 %	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**	**66**	**65**	**63**
Goodwill	42.0	46.9	46.9	46.9	46.9
Intangible assets	1.0	3.0	4.7	4.1	3.8
Tangible assets	7.3	7.4	9.3	8.5	7.6
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**	**34**	**36**	**37**
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	19.1	20.6	21.1
Cash and equivalents	16.0	11.6	13.3	14.3	14.7
Balance sheet total	**87**	**94**	**100**	**101**	**100**

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**40**	**41**	**40**	**42**	**45**
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	2.4	1.7	0.9	3.0	5.5
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**	**37**	**38**	**37**
Interest bearing debt	4.7	14.0	22.0	22.6	21.6
Payables	1.9	2.0	2.2	2.4	2.5
Other current liabilities	11.4	12.9	12.9	12.9	12.9
Balance sheet total	**87**	**94**	**100**	**101**	**100**

Valuation 1/2

Basis of the valuation

We are pricing Solwers through earnings-based valuation multiples, which we also compare with the peer group valuation. We favor EV/EBIT and P/E multiples in the valuation. The use of EV-based multiples is warranted by their consideration of the balance sheet structure, and they indicate how capital as a whole generates returns relative to the valuation. The use of P/E-based valuation multiples is warranted by the fact that they also take into account elevated financial expenses and the share of small minorities, thus better reflecting the cash flow attributable to owners. In addition to the earnings-based valuation, we also use the DCF model. In the total expected return, the role of dividends is small considering the company's capital allocation strategy.

The share will only be attractive if the earnings improvement materializes

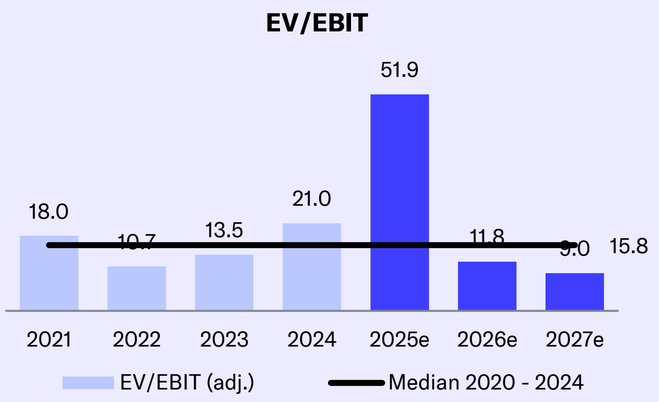
Due to Solwers' unprofitable net income in 2025e, the P/E ratio cannot be calculated. However, in 2026e, the adjusted P/E ratio quickly decreases to a neutral level of 11x, provided our earnings growth estimates materialize. Corresponding adjusted 2025e and 2026e EV/EBIT ratios that consider the balance sheet structure are 52x and 12x. The 2025e multiple is very high in absolute terms, but the 2026e multiple is fairly neutral. The multiples we accept for the company have decreased in recent years relative to history. This is mainly due to two factors. Firstly, with the rise in interest rates, the required return on the share has also increased. The company's sluggish performance has also contributed to a decrease in acceptable multiples. Thus, we consider the current acceptable valuation level to be lower compared to the zero-interest rate period (vs. sidebar).

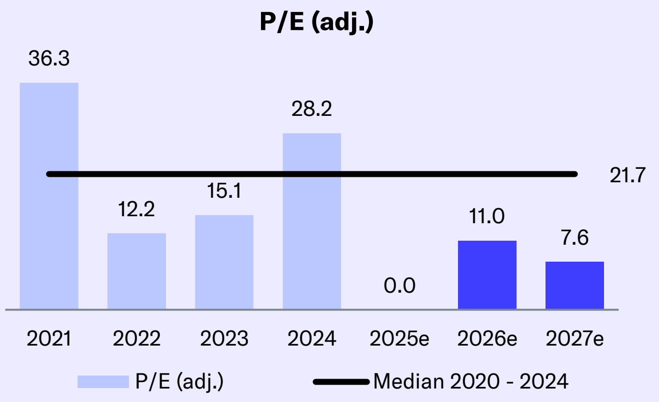
We consider the relative valuation picture neutral

Compared to its peer group, Solwers is priced at a discount of approximately 20% based on 2026 multiples. We believe that the discount is justified, given the current level of profitability. Solwers' clearly smaller size and shorter history than its peers warrant markdowns relative to its peers. In our view, the valuation multiples of the peer group are at a reasonable level in absolute terms.

The group of peer companies we established consists of companies with similar business models, whose organic growth and profitability potential are quite well in line with Solwers. Of the peer group companies especially Sitowise, Sweco and AFRY, compete with Solwers on the same markets. Similarly, the target market for Etteplan, for example, differs more clearly from that of Solwers, as it weighs on the industrial sector, but the convergence of the expert service company's business model warrants including them in the peer group.

The peer group companies are also characterized by pursuing inorganic growth, but Solwers' value creation model also compares with so-called serial consolidators. On the other hand, the track record of serial consolidators of value-creating M&A transactions are clearly longer and their historical ROCE is also significantly higher than in Solwers' own history. Thus, we do not believe that it is justified at this stage to value Solwers at the same level as the peer group consisting of serial consolidators. If the company succeeds in systematically creating value through inorganic growth, increase its return on capital and strengthen the scalability of its value creation model in the medium-term, we believe that the valuation could rely more strongly on the valuation levels of serial consolidators.





Valuation 2/2

DCF model

In our view, the DCF model is well suited for the valuation of Solwers' business operations although it should be noted that it does not consider potential value creation through inorganic growth. Our DCF calculation presented on page 29 indicates a value of EUR 2.9, offering upside for the share if the company can improve its profitability gradually towards a 7% EBIT margin.

In a good market, the company's businesses generate healthy, predictable cash flow and the business requires little investment. However, at the bottom of the cycle and with current performance, cash flow is already being absorbed by financial expenses, leaving nothing to distribute to owners. An essential question, from the perspective of the value provided by the DCF calculation as well, is when the market and Solwers' results will begin to recover, and at what rate.

We have used a rather high cost of capital (WACC 9.7%), as forecast risks are elevated. 53% of the value of the model consists of the terminal, which we consider an acceptable level. However, the calculation is very sensitive to the margin the company is estimated to be able to achieve in the terminal period (sensitivity analysis p. 30). Cutting a few corners, if the margin were to remain close to the 2025 level (EBIT 1%), the share would be very expensive, and the balance sheet would need to be strengthened, for example, with a share issue or an expensive hybrid loan. However, we believe it is clear that the earnings level seen in 2025 is far from the company's normal earnings level, and the question is mainly about the timing and slope of the earnings improvement.

If the margin quickly returned to the average levels of 2019-2023 (EBIT 7%), the share would be cheap. However, we do not currently estimate the company to return to this level until 2030, and before taking a bolder stance in our estimates, we first want stronger evidence from the company of improving earnings performance.

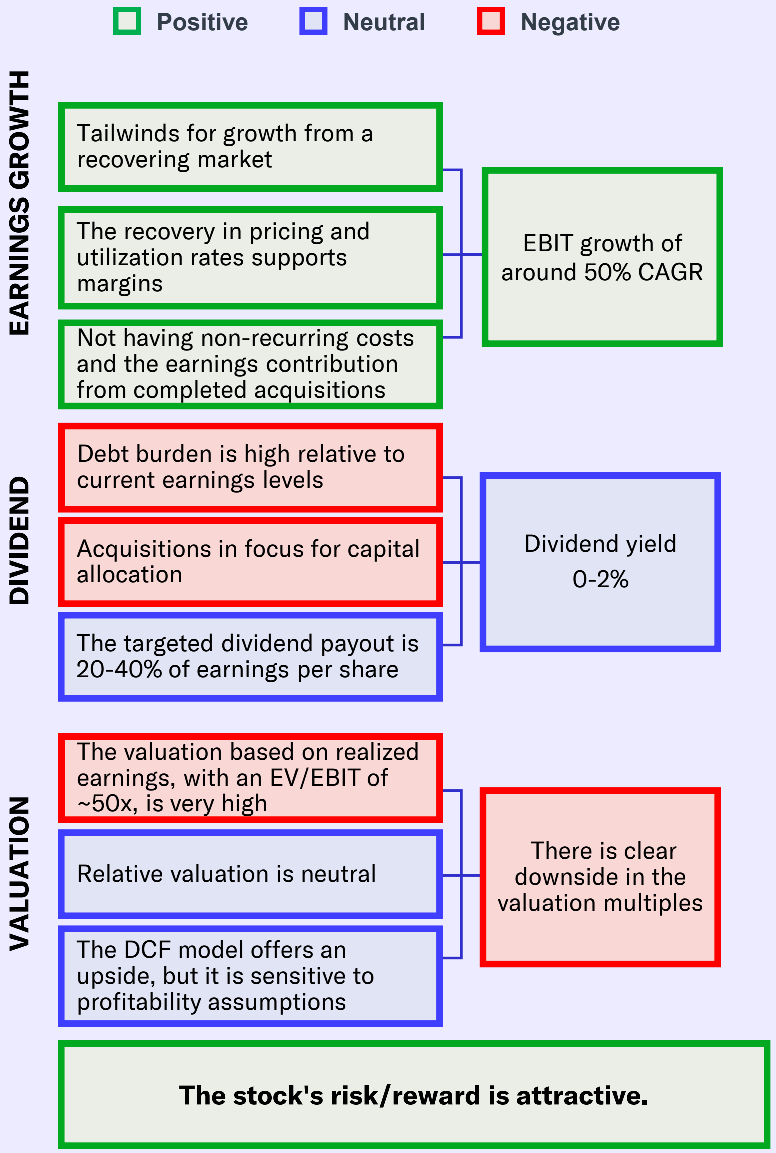
The expected return for the coming years is driven by achieved earnings growth

We have gauged the expected return for the coming years in the sidebar graph. Our estimate for earnings growth at the EBIT level for 2025-2029 is a very strong CAGR of around 50%, and we believe this component will drive the share once realized. However, with the current weak earnings level, the valuation is so high that some of the strong earnings growth will be absorbed by multiple digestion in the early part of the forecast period. The expected return receives only marginal support from the 0-2% dividend yield in our estimates for the next few years.

Summary

Based on various valuation methods, we consider Solwers' current valuation to have a sufficiently attractive risk/reward for a positive recommendation, even though both potential returns and risks are currently elevated. As stated above, the key question for the investment case and expected return is the company's normal margin 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. On the back of different valuation methods, we have arrived at a fair value range of EUR 2.2-2.9 per share and set a target price of EUR 2.5 per share.

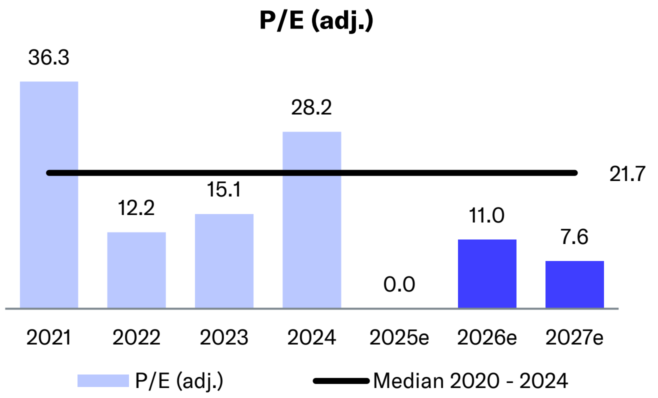
Total shareholder return drivers 2025e-2029e

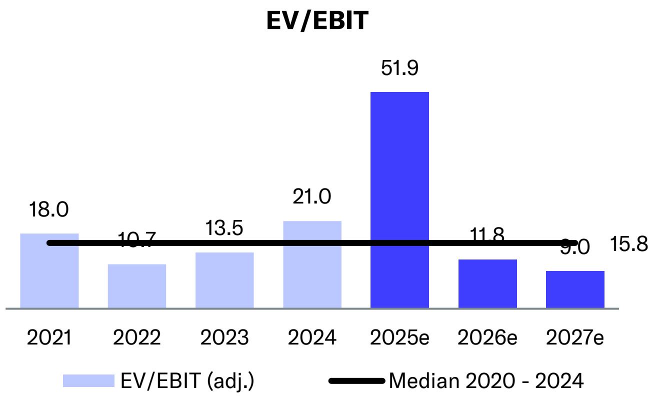


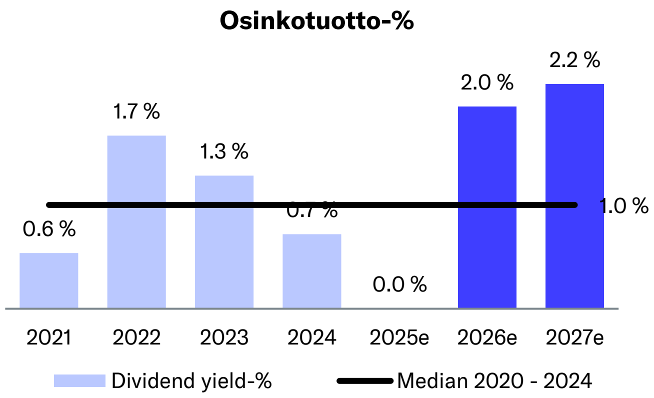
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price		7.20	4.22	4.82	3.22	**2.23**	**2.23**	**2.23**	**2.23**
Number of shares, millions		7.24	9.83	9.92	10	**10**	**10**	**10**	**10**
Market cap		52	41	48	32	**22.7**	**22.7**	**22.7**	**22.7**
EV		61	54	66	58	**52.5**	**50.1**	**46.7**	**42.9**
P/E (adj.)		36.3	12.2	15.1	28.2	**neg.**	**11.0**	**7.6**	**6.9**
P/E		36.3	12.2	15.1	28.2	**neg.**	**11.0**	**7.6**	**6.9**
P/B		1.7	1.1	1.2	0.8	**0.6**	**0.5**	**0.5**	**0.5**
P/S		1.2	0.7	0.7	0.4	**0.3**	**0.3**	**0.2**	**0.2**
EV/Sales		1.4	0.9	1.0	0.7	**0.6**	**0.6**	**0.5**	**0.5**
EV/EBITDA		11.0	6.7	8.2	8.9	**9.8**	**5.7**	**4.8**	**4.2**
EV/EBIT (adj.)		18.0	10.7	13.5	21.0	**51.9**	**11.8**	**9.0**	**8.1**
Payout ratio (%)		20.2 %	21.1 %	20.1 %	21.0 %	**0.0 %**	**22.3 %**	**17.1 %**	**20.0 %**
Dividend yield-%		0.6 %	1.7 %	1.3 %	0.7 %	**0.0 %**	**2.0 %**	**2.2 %**	**2.9 %**

Source: Inderes







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

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT 2025e	 2026e	EV/EBITDA 2025e	 2026e	EV/S 2025e	 2026e	P/E 2025e	 2026e	Dividend yield-% 2025e	 2026e	P/B 2025e
Sitowise	86	173		25.8	12.1	9.6	0.9	0.9		120.0		0.4	1.2
Sweco AB	5088	5707	18.8	16.8	14.4	13.0	1.9	1.8	22.1	20.1	2.4	2.6	4.2
Afry AB	1520	2116	14.6	11.2	9.4	7.9	0.9	0.8	17.2	12.1	3.9	4.9	1.2
Rejlers AB	391	463	16.2	13.3	8.9	8.1	1.0	1.0	17.5	14.0	2.7	3.2	2.0
WSP Global	22027	24700	23.1	18.7	15.6	13.2	2.9	2.5	27.5	23.5	0.6	0.6	3.6
Etteplan	243	330	17.7	15.0	8.8	7.7	0.9	0.9	18.4	14.6	2.2	3.1	2.0
Arcadis NV	3421	4461	11.2	9.9	8.4	7.5	1.0	1.0	12.6	10.9	2.8	3.2	2.6
Multiconsult ASA	412	535	15.4	12.0	9.3	7.8	1.1	1.0	16.5	13.0	4.8	5.9	3.7
Solwers (Inderes)	**23**	**52**	**51.9**	**11.8**	**9.8**	**5.7**	**0.6**	**0.6**	**-41.9**	**11.0**	**0.0**	**2.0**	**0.6**
Average			**16.7**	**15.3**	**10.8**	**9.3**	**1.3**	**1.2**	**18.8**	**28.5**	**2.8**	**3.0**	**2.6**
Median			**16.2**	**14.1**	**9.3**	**8.0**	**1.0**	**1.0**	**17.5**	**14.3**	**2.7**	**3.1**	**2.3**
Diff-% to median			**221%**	**-16%**	**5%**	**-29%**	**-38%**	**-42%**	**-339%**	**-23%**	**-100%**	**-35%**	**-75%**

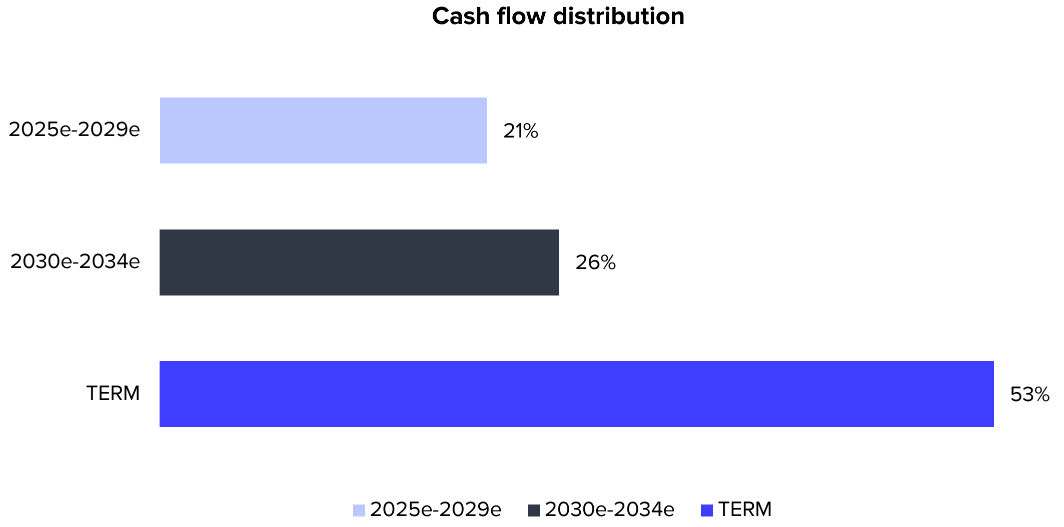
Source: Refinitiv / Inderes

DCF calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	18.6 %	6.4 %	7.4 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	3.5 %	1.2 %	4.7 %	5.6 %	5.6 %	6.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %
EBIT (operating profit)	**2.7**	**1.0**	**4.2**	**5.2**	**5.3**	**5.7**	**6.8**	**7.0**	**7.1**	**7.3**	**7.4**	
+ Depreciation	3.7	4.4	4.6	4.6	4.9	4.2	3.9	4.0	4.0	4.0	3.8	
- Paid taxes	-1.0	0.0	-0.6	-0.8	-0.9	-1.0	-1.2	-1.3	-1.3	-1.4	-1.4	
- Tax, financial expenses	-0.2	-0.1	-0.4	-0.3	-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	-0.5	-1.0	-0.5	-0.5	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	
Operating cash flow	**3.5**	**4.8**	**6.8**	**8.3**	**8.7**	**8.4**	**8.9**	**9.1**	**9.2**	**9.3**	**9.2**	
+ 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	-7.9	-3.2	-3.4	-3.5	-3.6	-3.7	-3.7	-3.8	-3.8	-4.1	
Free operating cash flow	**-5.9**	**-3.1**	**3.6**	**4.9**	**5.2**	**4.8**	**5.2**	**5.4**	**5.4**	**5.5**	**5.1**	
+/- 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	-3.1	3.6	4.9	5.2	4.8	5.2	5.4	5.4	5.5	5.1	67.4
Discounted FCFF		**-3.1**	**3.4**	**4.1**	**3.9**	**3.3**	**3.3**	**3.1**	**2.8**	**2.7**	**2.2**	**29.6**
Sum of FCFF present value		55.3	58.5	55.1	51.0	47.1	43.7	40.4	37.3	34.5	31.8	29.6
Enterprise value DCF		**55.3**										
- Interest bearing debt		-37										
+ Cash and cash equivalents		11.6										
-Minorities		-0.1										
-Dividend/capital return		-0.2										
Equity value DCF		**30**										
Equity value DCF per share		**2.9**										

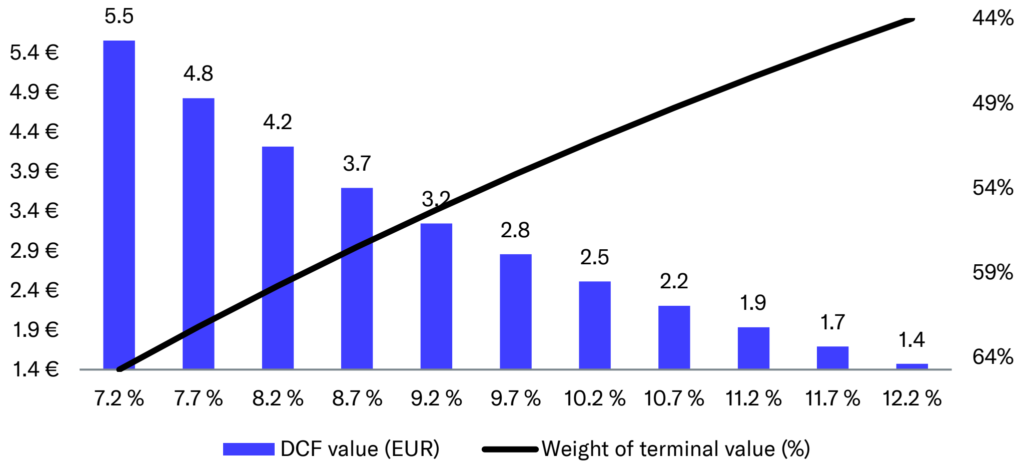
WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	4.5 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	1.60%
Risk free interest rate	2.5 %
Cost of equity	**11.2 %**
Weighted average cost of capital (WACC)	**9.7 %**

Source: Inderes

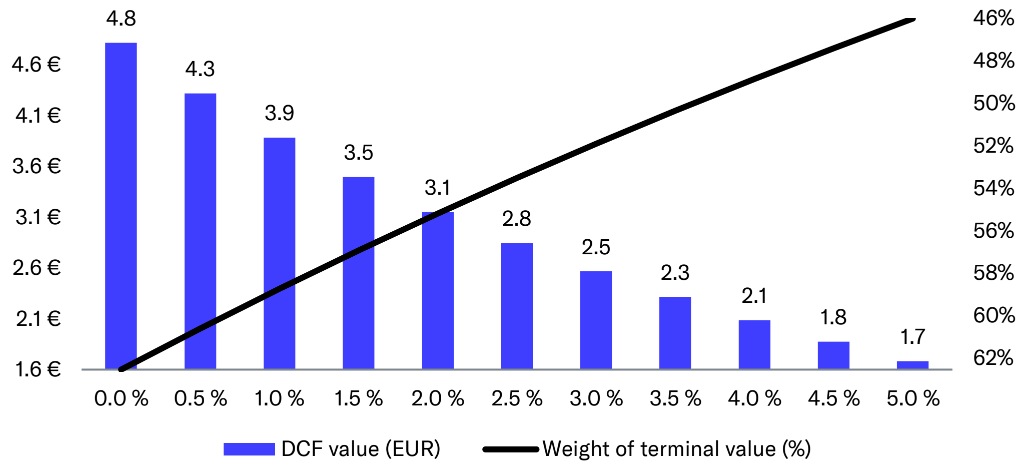


DCF sensitivity calculations and key assumptions in graphs

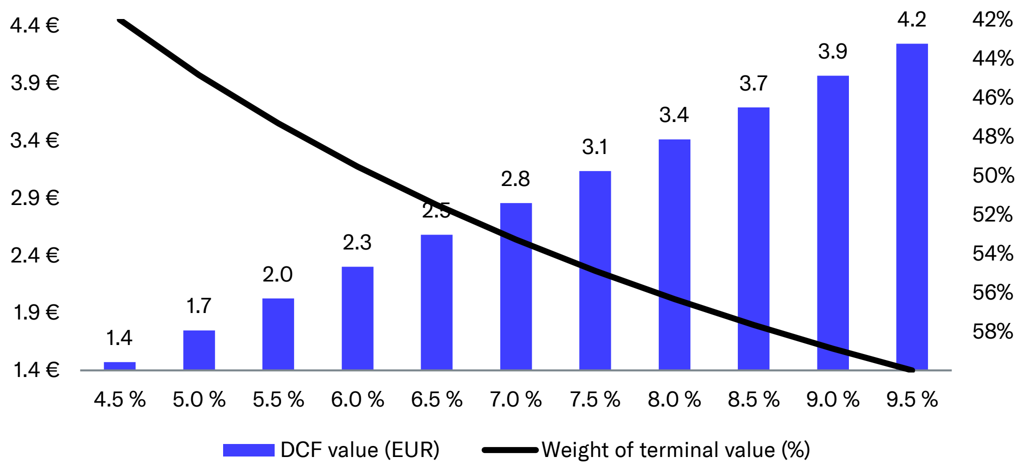
Sensitivity of DCF to changes in the WACC-%



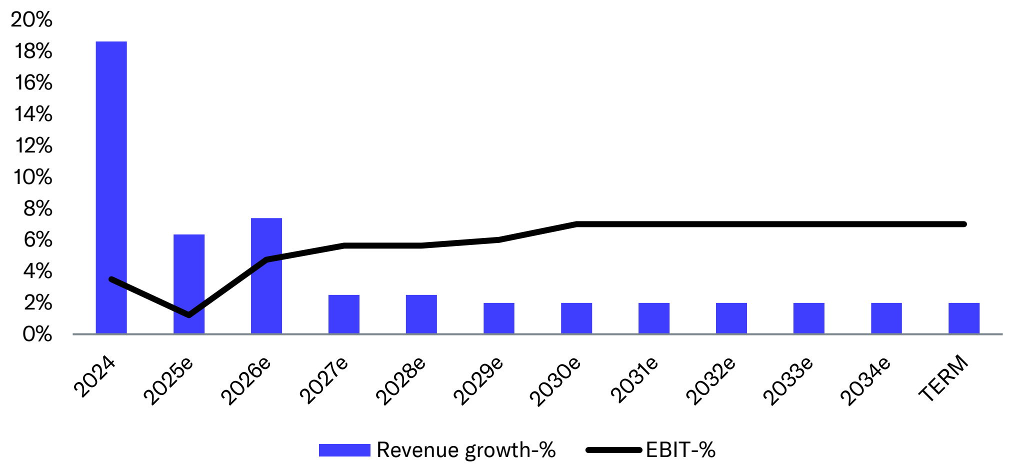
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

Summary

Income statement	2022	2023	2024	2025e	2026e
Revenue	62.8	66.0	78.3	83.3	89.4
EBITDA	8.2	8.0	6.5	5.4	8.8
EBIT	5.1	4.8	2.7	1.0	4.2
PTP	4.6	3.9	1.4	-0.6	2.6
Net Income	3.4	3.2	1.1	-0.5	2.1
Extraordinary items	0.0	0.0	0.0	0.0	0.0

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	81.7	87.0	94.1	99.7	100.5
Equity capital	38.1	40.4	40.9	40.1	42.1
Goodwill	37.8	42.0	46.9	46.9	46.9
Net debt	12.2	17.1	25.1	29.7	27.3

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	8.2	8.0	6.5	5.4	8.8
Change in working capital	-2.9	-1.0	-1.8	-0.5	-1.0
Operating cash flow	3.8	5.9	3.5	4.8	6.8
CAPEX	-7.6	-8.5	-10.6	-7.9	-3.2
Free cash flow	-7.0	-3.1	-5.9	-3.1	3.6

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	0.9	1.0	0.7	0.6	0.6
EV/EBITDA	6.7	8.2	8.9	9.8	5.7
EV/EBIT (adj.)	10.7	13.5	21.0	51.9	11.8
P/E (adj.)	12.2	15.1	28.2	neg.	11.0
P/B	1.1	1.2	0.8	0.6	0.5
Dividend-%	1.7 %	1.3 %	0.7 %	0.0 %	2.0 %

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	0.35	0.32	0.11	-0.05	0.20
EPS (adj.)	0.35	0.32	0.11	-0.05	0.20
OCF / share	0.39	0.59	0.35	0.47	0.67
OFCF / share	-0.71	-0.32	-0.59	-0.30	0.36
Book value / share	3.81	4.02	4.05	3.92	4.12
Dividend / share		0.06	0.02	0.00	0.05

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	41%	5%	19%	6%	7%
EBITDA growth-%	48%	-2%	-19%	-17%	64%
EBIT (adj.) growth-%	51%	-5%	-44%	-63%	320%
EPS (adj.) growth-%	74%	-8%	-64%	-147%	-479%
EBITDA-%	13.0 %	12.1 %	8.3 %	6.4 %	9.8 %
EBIT (adj.)-%	8.1 %	7.3 %	3.5 %	1.2 %	4.7 %
EBIT-%	8.1 %	7.3 %	3.5 %	1.2 %	4.7 %
ROE-%	9.9 %	8.2 %	2.8 %	-1.3 %	5.0 %
ROI-%	8.4 %	6.8 %	3.6 %	1.3 %	5.1 %
Equity ratio	46.6 %	46.4 %	43.4 %	40.2 %	41.9 %
Gearing	32.0 %	42.3 %	61.5 %	74.0 %	64.8 %

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.

Disclaimer and recommendation history

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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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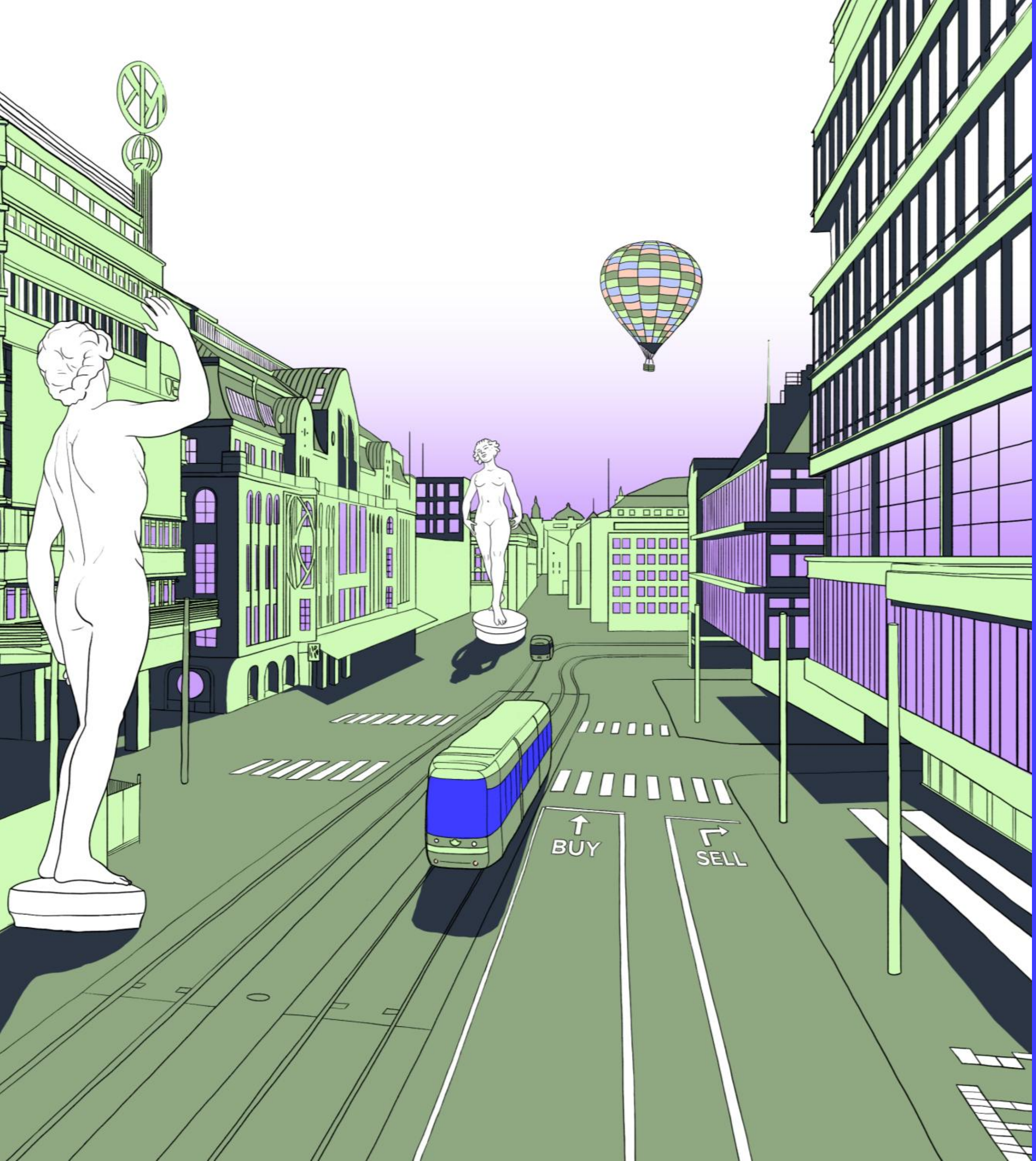
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
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 €
12/2/2024	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 €
8/27/2025	Reduce	2.50 €	2.32 €
	Analyst changed		
11/24/2025	Accumulate	2.50 €	2.19 €
1/7/2026	Accumulate	2.50 €	2.28 €
2/3/2026	Accumulate	2.50 €	2.23 €



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