SOLWERS

8/26/2026 11:25 am EEST

This is a translated version of ”Kovenanttiehdot kirittävät tuloskäännettä” report, published on 8/26/2026

Atte Jortikka, Analyst
+358 40 054 3725
atte.jortikka@inderes.fi

INDERES CORPORATE CUSTOMER

COMPANY REPORT

Covenant terms driving the earnings turnaround

Solwers' Q2 was a clear disappointment for us, as revenue declined and profitability weakened, even compared to our revised forecasts following the profit warning. The turnaround in earnings remains at the heart of the investment story, but its timing is difficult to predict, and the new covenant terms leave no room for delay. As our longer-term estimates remain largely unchanged, we are maintaining our target price of EUR 1.8. We maintain our Reduce recommendation.

Figures below our forecasts across the board

We expected Q2 revenue to reach 22.4 MEUR, driven by acquisitions, but revenue remained at 20.8 MEUR, decreasing by 5% year-on-year. Taking inorganic growth into account, we believe organic revenue declined quite clearly during the quarter. Although infrastructure design in Finland developed positively, and major projects like the East Railway supported the order book, the architectural design market, particularly on the industrial side in Sweden, remained more challenging than we expected. Thus, developments continued to be mixed, and the momentum from the more steadily performing specialist design and financial administration companies was insufficient to compensate for the weakness elsewhere.

The combined effect of disappointing revenue and wage inflation hit the company's bottom line hard, and adjusted EBITA for Q2 was a mere 0.1 MEUR. This performance fell well short of both the comparison period level (0.7 MEUR) and our estimate of 0.5 MEUR. According to management, the main reason for the disappointing results was the decline in the billing rate to 79.8% (H1'25: 82.6%), attributed to lower utilization rates, especially at the loss-making industrial service companies in Sweden. Due to the weak earnings level, ROCE also dropped clearly year-on-year to 2.4% (7.7%).

Solwers agreed to amend the terms of its financing agreement

Solwers announced on Monday that it had agreed with its main bank to amend the terms of its financing agreement, temporarily easing the maximum threshold for the covenant concerning the ratio of net debt to EBITDA until the end of June 2027. Under the new agreement, the maximum threshold for the net debt-to-EBITDA ratio will ease as of September 30, 2026. The threshold will gradually tighten until June 30, 2027, when the original 3.5x covenant level will be reinstated. We commented on the terms in more detail here.

Our forecasts indicate a gradual turnaround in earnings

Solwers withdrew its guidance earlier in June and did not provide any in connection with its earnings report. The company has stated that it will adjust its capacity to match market demand, which we expect will positively impact relative profitability in the second half of the year. In line with the company's comments, we estimate that the impact will be particularly visible in the fourth quarter. We lowered our current-year adj. EBITA estimate to 1.8 MEUR (previously 2.3 MEUR), mainly due to the weaker-than-expected Q2 result. According to our estimates, the net debt/EBITDA ratio will settle at approximately the covenant limit at the end of the year, meaning there will be no buffer relative to our estimates.

No changes in the valuation picture

At the center of Solwers' investment story is still succeeding in the earnings turnaround. Due to the current weak earnings level, valuation multiples are very high in the short term and clearly above our comfort zone for next year as well. In the longer term, as the earnings level normalizes, we consider the current pricing to be quite affordable already. However, at this stage, we will continue to monitor the progress of the story as visibility into the timing and magnitude of the earnings turnaround remains limited. The company's lack of new guidance in connection with the earnings report, replacing the guidance canceled in June, also indicates this. In addition, elevated indebtedness and relatively tight covenant terms keep the risk level high.

Recommendation
Reduce
(was Reduce)

Target price:
1.80 EUR
(was EUR 1.80)

Share price:
1.63 EUR

Business risk

Valuation risk

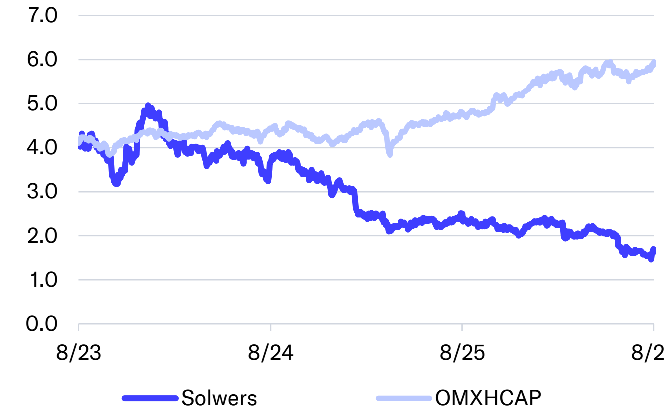
	2025	2026e	2027e	2028e
Revenue	80.6	81.6	85.6	90.8
growth-%	3%	1%	5%	6%
EBIT adj.	1.5	1.0	2.8	3.9
EBIT-% adj.	1.9 %	1.3 %	3.3 %	4.3 %
Net Income	-0.9	-1.2	0.5	1.6
EPS (adj.)	-0.01	-0.12	0.05	0.15
P/E (adj.)	neg.	neg.	32.7	10.6
P/B	0.6	0.4	0.4	0.4
Dividend yield-%	0.0 %	0.0 %	0.0 %	1.9 %
EV/EBIT (adj.)	33.1	42.9	15.5	10.9
EV/EBITDA	9.8	8.2	5.9	4.9
EV/S	0.6	0.5	0.5	0.5

Source: Inderes

Guidance (Unchanged)

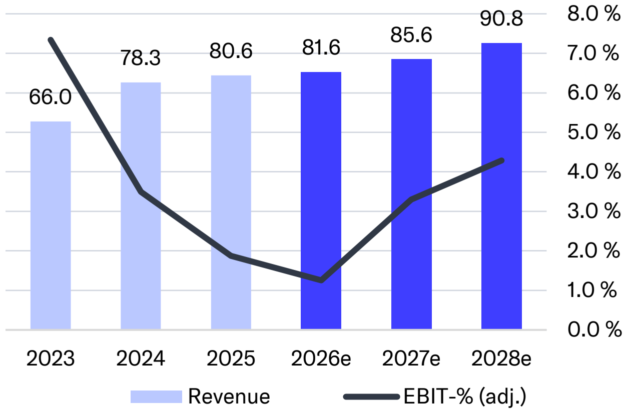
Guidance withdrawn

Share price



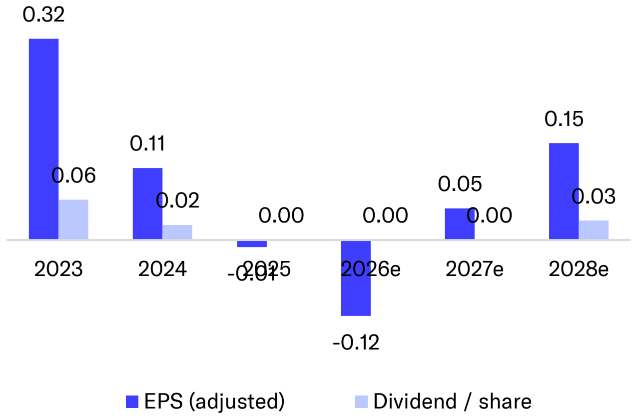
Source: Millistream Market Data AB

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 lever should be strong from the current weak earnings 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	2026e	2027e	2028e
Share price	1.63	1.63	1.63
Number of shares, millions	10	10	10
Market cap	17	17	17
EV	44	44	42
P/E (adj.)	neg.	32.7	10.6
P/E	neg.	32.7	10.6
P/B	0.4	0.4	0.4
P/S	0.2	0.2	0.2
EV/Sales	0.5	0.5	0.5
EV/EBITDA	8.2	5.9	4.9
EV/EBIT (adj.)	42.9	15.5	10.9
Payout ratio (%)	0.0 %	0.0 %	20.0 %
Dividend yield-%	0.0 %	0.0 %	1.9 %

Source: Inderes

Overall, H1 left a lot to be desired

Q2 was even weaker than we expected

Solwers' revenue in Q2 decreased by 5.1% year-on-year to 21 MEUR, whereas we had expected growth of around 2%, driven by acquisitions, to a level of 22 MEUR. For the first half of the year, revenue fell 1.2% to 42 MEUR, compared with our forecast of 43 MEUR. Taking inorganic growth into account, we estimate that organic revenue declined quite significantly. According to the company, the order book and activity recovered slightly at the beginning of the year, but the situation remained mixed. In Finland, infrastructure design developed positively, supported by large projects, and specialist design also performed steadily, whereas the architectural design market and especially the competitive situation on the industrial side in Sweden remained more challenging than we expected.

The company reported that the order book has developed favorably once again, though this has not yet translated into billings as we expected.

We expected adjusted EBITA to be around 0.5 MEUR in Q2, but it remained at 0.1 MEUR (Q2'25: 0.7 MEUR). For the first part of the year, adjusted EBITA was 0.4 MEUR, compared with our forecast of 0.8 MEUR (H1'25: 1.2 MEUR), and the adjusted EBITA margin was thus a modest 0.9% (H1'25: 2.7%). The result was weighed down by the combined impact of low volumes and wage inflation. At the same time, the billing rate decreased to 79.8% (H1'25: 82.6%). This was particularly due to the low utilization rates of the unprofitable industrial service companies in Sweden. The company has continued adjustment measures in architectural design and industrial services, but so far measures have not been sufficient to turn the earnings trend around. Due to the weak earnings level, ROCE also decreased to 2.4% (H1'25: 7.7%).

Developments at subsidiary level continued the story from previous quarters

Based on management comments, a review of performance by subsidiary revealed positive developments once again in specialist services in both Finland and Sweden, as well as stable performance in the financial administration units. As expected, the underperformers were the Swedish companies serving the industrial sector (ELE Engineering, WiseGate Consulting, and Relitor), whose low utilization rates weighed on the group's billing rate. Consequently, the impact of the corrective measures previously anticipated for H1'26 has yet to materialize, and Solwers has continued adapting its capacity to market demand. We expect these measures to gradually impact the bottom line in H2, particularly in Q4.

Indebtedness remained at a high level

According to the report, the net debt-to-EBITDA ratio stood at approximately 5.0x at the end of the reporting period. In our view, this level is high, though it is below the maximum level of 6.5x required by 9/26. Net debt increased from 27 MEUR to 28 MEUR in the early part of the year, as operating cash flow was insufficient to cover loan and lease liability repayments, which totaled approximately 3 MEUR. Cash decreased by about 2 MEUR in H1 and stood at around 6 MEUR at the end of June.

Estimates	H1'25	H1'26	H1'26e	Difference (%)	2026e
MEUR / EUR	Comparison	Actualized	Inderes	Act. vs. inderes	Inderes
Revenue	43.3	41.8	43.4	-4%	81.6
EBITA (adj.)	1.2	0.4	0.8	-52%	1.8
EBIT	0.2	0.1	0.3	-77%	1.0
Revenue growth-%	18.6 %	-1.2 %	0.2 %	-1.4 pp	2.9 %
EBITA-%	2.7 %	0.9 %	1.8 %	-0.9 pp	2.2 %

Source: Inderes

Solwers H1'26: Difficulties took too much of a toll (English subtitles)

Disappointing Q2 earnings led to negative forecast revisions

Outlook for earnings turnaround remains unclear

Solwers withdrew its guidance in connection with its June profit warning and did not provide new guidance when releasing its half-year report. The company cited a weak outlook, particularly for its Swedish subsidiaries that serve industrial engineering clients. Solwers expects the subsidiary-specific measures already launched to begin showing results in the second half of the year and take full effect in the fourth quarter.

We anticipate seeing the effects of adjustment measures reflected in H2 earnings

We have lowered our forecasts for the current year due to Q2 performance that fell short of our expectations and moderate negative revisions to our H2 forecasts. Additionally, we have modestly lowered our forecasts for next year, though we still anticipate significant earnings growth from this year's levels. We believe that this year's efficiency measures and a gradually recovering market will support next year's earnings performance. In addition to changes in operational estimates, we have slightly increased our estimates of finance costs, as we believe the change in the terms of the financing agreement has increased the cost of financing.

Covenant terms driving the earnings turnaround

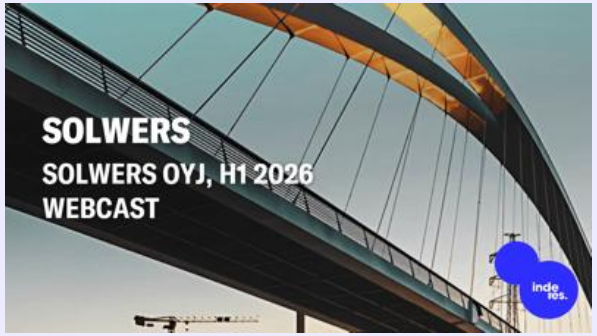
In its report, Solwers published the new covenant terms agreed upon in connection with the amendment to the financing agreement. In addition to the net debt-to-EBITDA covenant, a minimum equity ratio of 35% and a minimum cash requirement were introduced, and, furthermore, the bank's prior consent is required for acquisitions during the restriction period. Covenants will be measured quarterly from September 2026 to the end of June next year. The maximum limit for the net debt-to-EBITDA ratio tightens at each measurement date, standing at 6.5x in September, 5.0x in December, 4.75x in March, and 3.5x in June.

With a net debt of 28 MEUR at the end H1'26, a net debt-to-EBITDA ratio of 3.5x would require an EBITDA of approximately 8 MEUR, which is nearly a 60% improvement from the current level. Alternatively, with the current rolling EBITDA of around 5 MEUR, the net debt would need to decrease to 17 MEUR, meaning debt would need to be reduced by over 10 MEUR per year. We consider the latter unrealistic and believe the solution will mainly come through earnings improvement. Based on our current estimates, the net debt-to-EBITDA ratio will be around the level defined by the covenant terms at the end of the year (5.0x), indicating that there is little leeway remaining.

Estimate revisions MEUR / EUR	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	84.1	81.6	-3%	87.5	85.6	-2%	91.0	90.8	0%
EBITDA	6.0	5.4	-11%	7.7	7.5	-4%	8.7	8.6	-1%
EBIT	1.5	1.0	-31%	3.5	2.8	-20%	3.9	3.9	-1%
PTP	-0.5	-1.0	-98%	1.7	0.6	-62%	2.2	2.0	-12%
EPS (excl. NRIs)	-0.04	-0.12	-198%	0.13	0.05	-62%	0.17	0.15	-12%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Solwers Oyj, H1 2026 webcast



Earnings growth will be absorbed by multiple digestion

Expected return for the coming years is driven by the 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 2026e-2029e is a strong CAGR of around 50%. However, with the current weak earnings level, the valuation is so high that a large part of the strong earnings growth will be absorbed by multiple digestion, especially in the early part of the forecast period. The expected return does not receive support from dividend yield either, as we do not believe dividends will be paid, at least not for 2026, due to our estimated negative net income.

Overall, the stock's expected return, especially for the next 12 months, remains meager. In our opinion, a positive recommendation would have required stronger and, in particular, more certain earnings growth drivers.

Cash flow model offers modest upside

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 on page 12 gives a company value of EUR 2,0 with our current assumptions, offering a slight upside for the share from current levels.

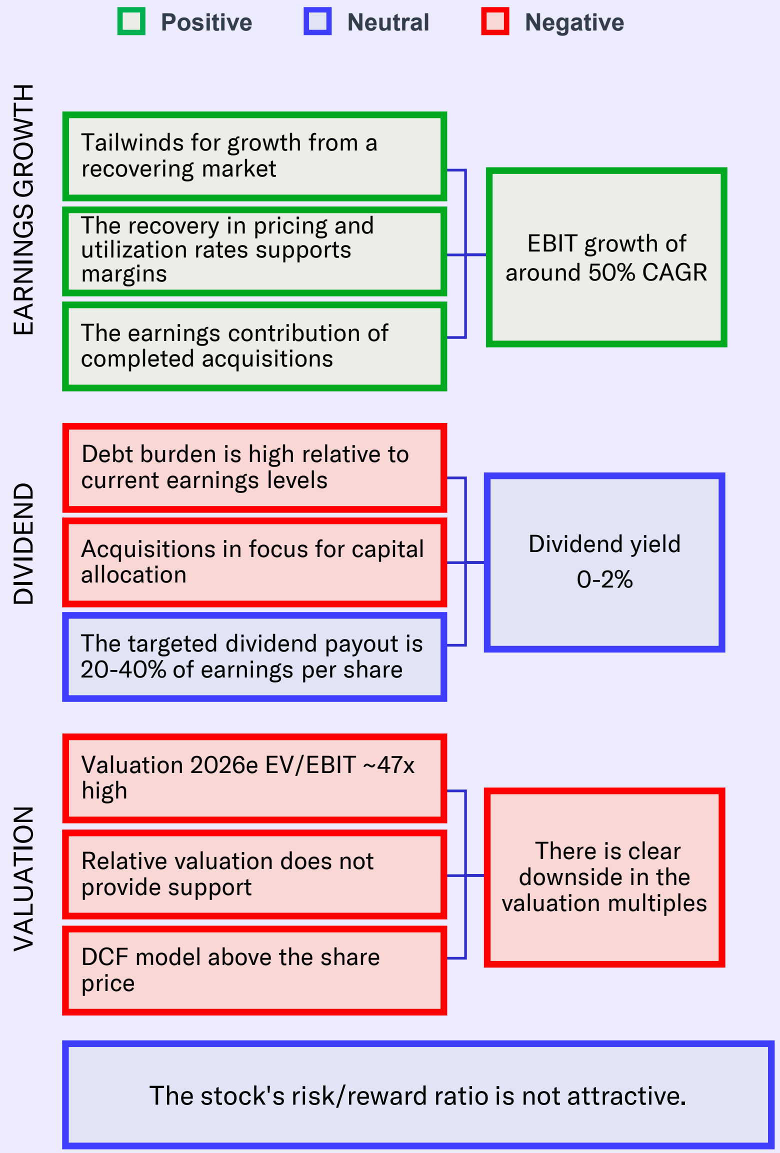
In a good market, the company's businesses generate healthy, predictable cash flow and the business requires little investment. However, at the bottom of the cycle and with current performance, cash flow is already being absorbed by financial expenses, leaving nothing to distribute to owners. An essential 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 forecasting risks are elevated. About half 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. 13).

To put it a bit bluntly, if the profitability level were to remain close to the 2025 level (EBIT 1%), the stock would be very expensive, and the balance sheet would need to be strengthened with a share issue. 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. We estimate Solwers' EBIT margin to rise to 6.2% in the terminal period.

A return to the 2019-2023 averages (EBIT ~8%) currently seems unlikely, as market conditions are clearly more difficult. The longer-term value creation of acquired companies serving the Swedish industrial sector (especially ELE Engineering) also appears more uncertain as challenges have prolonged

Total shareholder return drivers 2026e-2029e



Multiples are high for this year and the next

The stock will only be cheap if the earnings improvement materializes

Solwers' 2026e P/E ratio cannot be calculated due to negative net profit. The 2027 multiple will also remain high because financial expenses consume most of the EBIT in our estimates.

Corresponding adjusted 2026e and 2027e EV/EBIT ratios that consider the balance sheet structure are 43x and 16x, respectively, and they tell a similar story. The multiples for 2026e-2027e are still very high in absolute terms, and only the 2028e multiple is at a neutral level, in our opinion.

The multiples we accept for the company have decreased relative to historical levels, for three reasons. The rise in interest rates has increased the required return on the share, the company's weak operational performance has persisted for several years, and elevated financial risk weighs on the multiples as a separate factor.

Thus, we consider the current acceptable valuation level to be clearly lower compared to history.

The relative valuation picture does not support the stock

Following the estimate cuts, Solwers is priced at a premium to its peer group based on 2026-2027e EV/EBIT multiples. In our view, this is not justified, as Solwers' clearly smaller size and shorter history compared to its peers would rather warrant a discount relative to its peers.

However, we believe that our forecast for Solwers' earnings in the coming years still reflects the company's clear underperformance relative to its potential. Therefore, Solwers' longer-term earnings growth outlook, starting from a low base, can be considered significantly better than its peers, which supports its valuation multiples.

This valuation picture is also reflected in the company's low P/B of 0.4x, which is at a clear discount to its peers. However, in our view, investors cannot rely too much on this metric either, as we see a clear risk of goodwill impairment, especially in Sweden, if the current companies do not start generating a better return on capital. Since Sweden accounts for over half of the group's goodwill, a substantial write-down of the item could breach the 35% equity ratio covenant.

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.

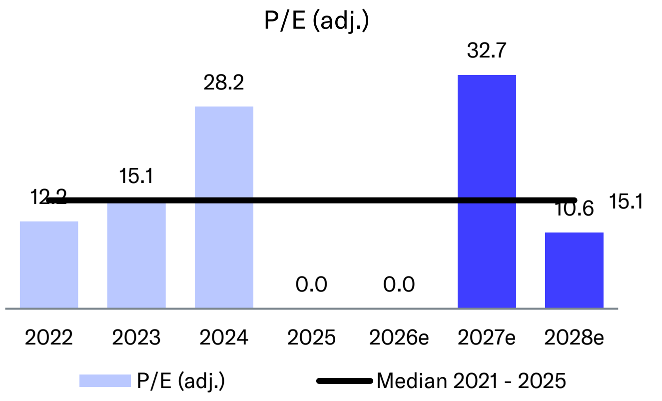
Valuation	2026e	2027e	2028e
Share price	1.63	1.63	1.63
Number of shares, millions	10	10	10
Market cap	17	17	17
EV	44	44	42
P/E (adj.)	neg.	32.7	10.6
P/E	neg.	32.7	10.6
P/B	0.4	0.4	0.4
P/S	0.2	0.2	0.2
EV/Sales	0.5	0.5	0.5
EV/EBITDA	8.2	5.9	4.9
EV/EBIT (adj.)	42.9	15.5	10.9
Payout ratio (%)	0.0 %	0.0 %	20.0 %
Dividend yield-%	0.0 %	0.0 %	1.9 %

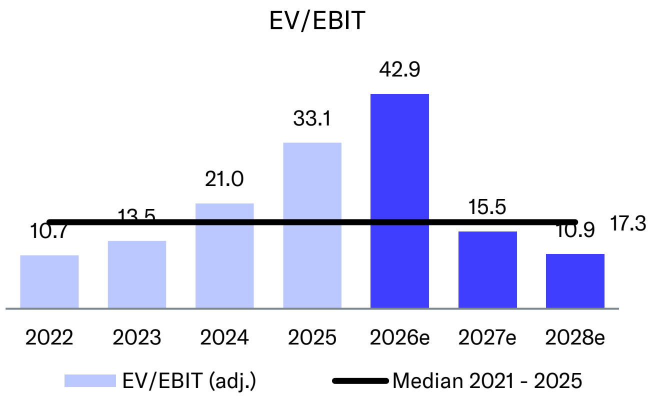
Source: Inderes

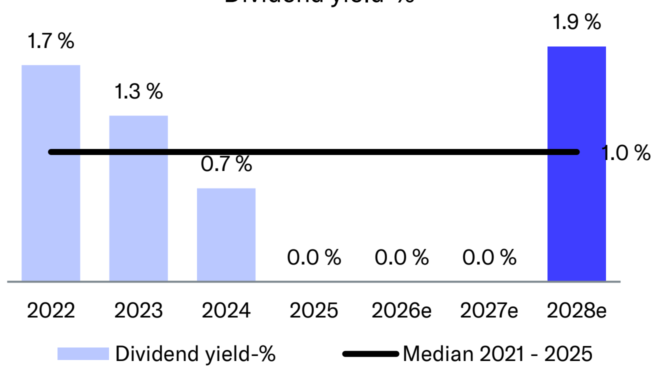
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price		4.22	4.82	3.22	2.25	1.63	1.63	1.63	1.63
Number of shares, millions		9.83	9.92	10.0	10	10	10	10	10
Market cap		41	48	32	23	16.6	16.6	16.6	16.6
EV		54	66	58	50	43.9	43.6	42.5	40.9
P/E (adj.)		12.2	15.1	28.2	neg.	neg.	32.7	10.6	8.3
P/E		12.2	15.1	28.2	neg.	neg.	32.7	10.6	8.3
P/B		1.1	1.2	0.8	0.6	0.4	0.4	0.4	0.4
P/S		0.7	0.7	0.4	0.3	0.2	0.2	0.2	0.2
EV/Sales		0.9	1.0	0.7	0.6	0.5	0.5	0.5	0.4
EV/EBITDA		6.7	8.2	8.9	9.8	8.2	5.9	4.9	4.5
EV/EBIT (adj.)		10.7	13.5	21.0	33.1	42.9	15.5	10.9	9.1
Payout ratio (%)		21.1 %	20.1 %	21.0 %	0.0 %	0.0 %	0.0 %	20.0 %	20.0 %
Dividend yield-%		1.7 %	1.3 %	0.7 %	0.0 %	0.0 %	0.0 %	1.9 %	2.4 %

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Sitowise	90	160	24.9	12.8	10.6	8.7	1.0	0.9		17.9	0.4	1.0	1.2
Sweco AB	4168	4754	15.2	13.8	11.5	10.6	1.6	1.5	17.9	16.3	3.1	3.3	3.4
Afry AB	1051	1601	11.1	9.1	7.3	6.3	0.7	0.7	11.2	8.9	5.7	6.5	0.9
Rejlers AB	331	427	13.3	10.7	8.3	7.2	0.9	0.9	14.3	11.3	3.5	3.7	1.7
WSP Global	16056	20870	15.2	13.1	10.7	9.7	2.0	1.9	16.8	14.6	0.8	0.8	2.4
Etteplan	211	284	14.9	11.1	7.7	6.4	0.8	0.8	17.7	12.3	2.8	4.1	1.6
Arcadis NV	3764	4798	12.2	10.3	9.1	8.1	1.1	1.0	14.4	11.9	2.4	2.9	3.4
Multiconsult ASA	367	500	11.9	9.9	7.5	6.6	0.9	0.8	12.8	10.6	5.3	6.4	3.0
Solwers (Inderes)	17	44	42.9	15.5	8.2	5.9	0.5	0.5	-13.6	32.7	0.0	0.0	0.4
Average			14.8	11.3	9.1	7.9	1.1	1.1	15.0	12.9	3.0	3.6	2.2
Median			14.1	10.9	8.7	7.7	0.9	0.9	14.4	12.1	2.9	3.5	2.0
Diff-% to median			204%	42%	-6%	-24%	-43%	-43%	-194%	171%	-100%	-100%	-78%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	H1'25	H2'25	2025	H1'26	H2'26e	2026e	2027e	2028e	2029e
Revenue	78.3	42.3	38.3	80.6	41.8	39.8	81.6	85.6	90.8	93.5
Group	78.3	42.3	38.3	80.6	41.8	39.8	81.6	85.6	90.8	93.5
EBITDA	6.5	2.3	2.8	5.1	2.1	3.3	5.4	7.5	8.6	9.1
Depreciation	-3.7	-2.1	-2.3	-4.4	-2.0	-2.4	-4.4	-4.6	-4.7	-4.6
Oikaistu EBITA	3.5	1.2	0.8	2.0	0.4	1.5	1.8	4.0	5.0	5.4
EBIT	2.7	0.2	0.5	0.7	0.1	1.0	1.0	2.8	3.9	4.5
EBITA (vanha raportointi)	5.5	1.8	2.2	4.0	1.6	2.9	4.5	6.5	7.7	8.2
Net financial items	-1.3	-0.8	-1.0	-1.8	-1.0	-1.1	-2.1	-2.2	-1.9	-2.0
PTP	1.4	-0.6	-0.5	-1.2	-0.9	-0.2	-1.0	0.6	2.0	2.5
Taxes	-0.2	0.1	0.2	0.2	-0.2	0.0	-0.2	-0.1	-0.4	-0.5
Minority interest	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	1.1	-0.6	-0.4	-0.9	-1.1	-0.1	-1.2	0.5	1.6	2.0
EPS (adj.)	0.11	-0.06	-0.04	-0.09	-0.11	-0.01	-0.12	0.05	0.15	0.20
EPS (rep.)	0.11	-0.06	-0.04	-0.09	-0.11	-0.01	-0.12	0.05	0.15	0.20

Key figures	2024	H1'25	H2'25	2025	H1'26	H2'26e	2026e	2027e	2028e	2029e
Revenue growth-%	18.6 %	6.0 %	-0.3 %	2.9 %	-1.2 %	4.0 %	1.2 %	5.0 %	6.0 %	3.0 %
EBITDA-%	8.3 %	5.4 %	7.4 %	6.3 %	5.0 %	8.3 %	6.6 %	8.7 %	9.5 %	9.7 %
EBITA-%	7.0 %	4.3 %	5.7 %	5.0 %	3.8 %	7.2 %	5.5 %	7.6 %	8.5 %	8.8 %
Net earnings-%	1.5 %	-1.3 %	-1.0 %	-1.2 %	-2.7 %	-0.3 %	-1.5 %	0.6 %	1.7 %	2.1 %

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

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	63	68	69	68	68
Goodwill	46.9	54.6	54.6	54.6	54.6
Intangible assets	3.0	2.2	2.0	2.1	2.2
Tangible assets	7.4	7.9	6.9	6.4	5.6
Associated companies	0.3	0.4	0.0	0.0	0.0
Other investments	1.9	0.0	1.9	1.9	1.9
Other non-current assets	1.2	1.2	1.2	1.2	1.2
Deferred tax assets	2.0	2.2	2.2	2.2	2.2
Current assets	31	29	28	31	36
Inventories	0.6	0.4	0.2	0.2	0.2
Other current assets	0.8	0.8	0.8	0.8	0.8
Receivables	18.3	20.1	18.8	19.7	20.9
Cash and equivalents	11.6	7.8	8.2	10.3	13.6
Balance sheet total	94	98	97	99	103

Source: Inderes

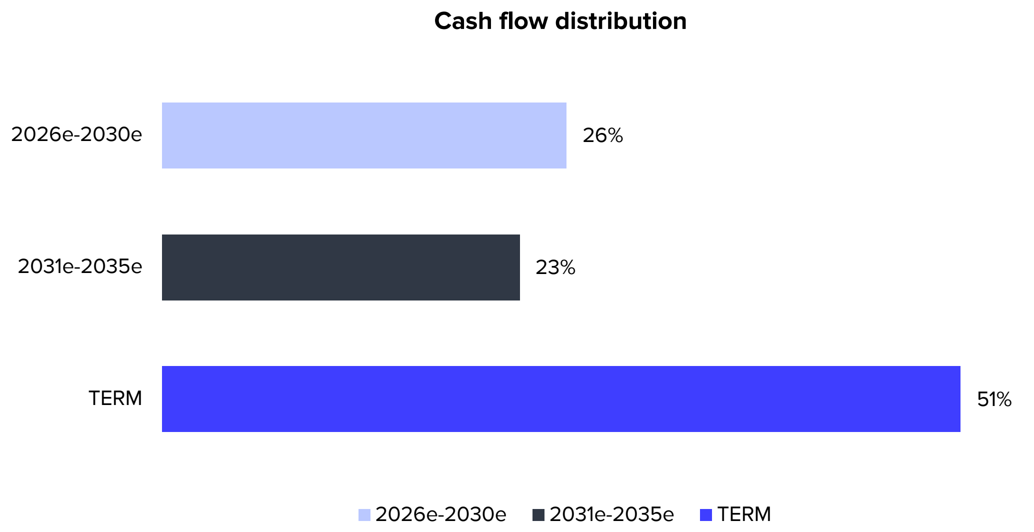
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	41	41	38	39	41
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	1.7	0.5	-0.7	-0.2	1.4
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	1.5	0.0	0.0	0.0
Other equity	38.0	38.0	38	38	38
Minorities	0.2	0.2	0.2	0.2	0.2
Non-current liabilities	24	34	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	22.8	30.6	19.0	17.0	15.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.5	3.7	3.7	3.7	3.7
Current liabilities	29	22	36	40	44
Interest bearing debt	14.0	4.3	16.4	20.3	24.5
Payables	2.0	4.2	4.2	4.4	4.7
Other current liabilities	12.9	13.6	15.0	15.0	15.0
Balance sheet total	94	98	97	99	103

DCF-calculation

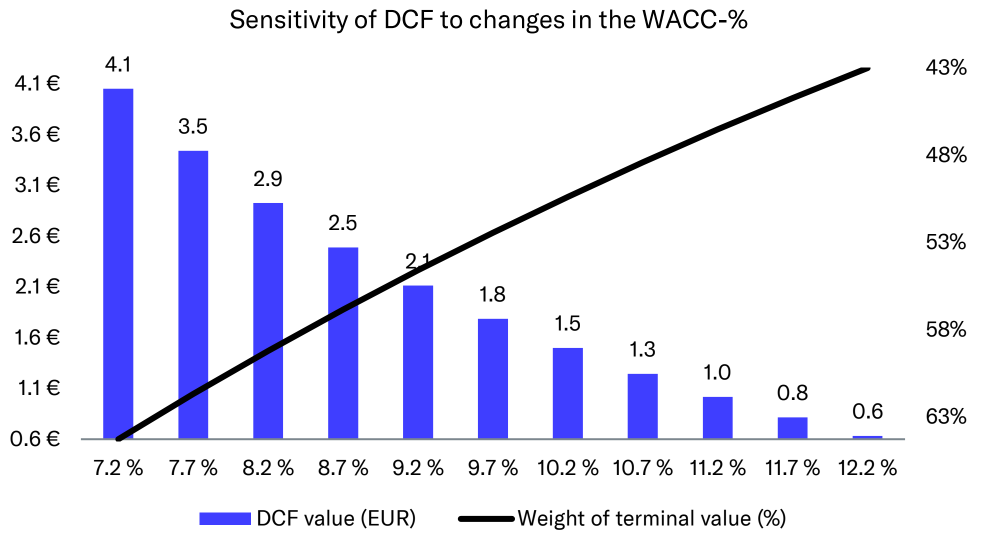
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	2.9 %	1.2 %	5.0 %	6.0 %	3.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	0.8 %	1.2 %	3.3 %	4.3 %	4.8 %	6.0 %	6.0 %	6.0 %	6.2 %	6.2 %	6.2 %	6.2 %
EBIT (operating profit)	0.7	1.0	2.8	3.9	4.5	5.7	5.8	6.0	6.3	6.4	6.5	
+ Depreciation	4.4	4.4	4.6	4.7	4.6	4.1	4.1	4.0	4.0	4.0	4.1	
- Paid taxes	0.0	-0.2	-0.1	-0.4	-0.5	-0.9	-1.0	-1.0	-1.1	-1.2	-1.2	
- Tax, financial expenses	-0.3	0.4	-0.5	-0.4	-0.4	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	
+ 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	1.3	3.0	-0.7	-0.9	-0.5	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	
Operating cash flow	6.1	8.5	6.1	6.9	7.7	8.3	8.4	8.4	8.6	8.7	8.8	
+ Change in other long-term liabilities	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-9.9	-5.1	-4.2	-4.2	-4.2	-4.2	-4.2	-4.2	-4.2	-4.2	-4.4	
Free operating cash flow	-1.7	3.5	2.0	2.7	3.5	4.1	4.2	4.2	4.4	4.5	4.4	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-1.7	3.5	2.0	2.7	3.5	4.1	4.2	4.2	4.4	4.5	4.4	58.7
Discounted FCFF		3.4	1.7	2.1	2.5	2.8	2.5	2.3	2.2	2.1	1.9	24.7
Sum of FCFF present value		48.3	45.0	43.2	41.1	38.6	35.8	33.3	30.9	28.7	26.6	24.7
Enterprise value DCF		48.3										
- Interest bearing debt		-35										
+ Cash and cash equivalents		7.8										
+ Associated companies		0.0										
-Minorities		-0.1										
-Dividend/capital return		0.0										
Equity value DCF		21										
Equity value DCF per share		2.1										

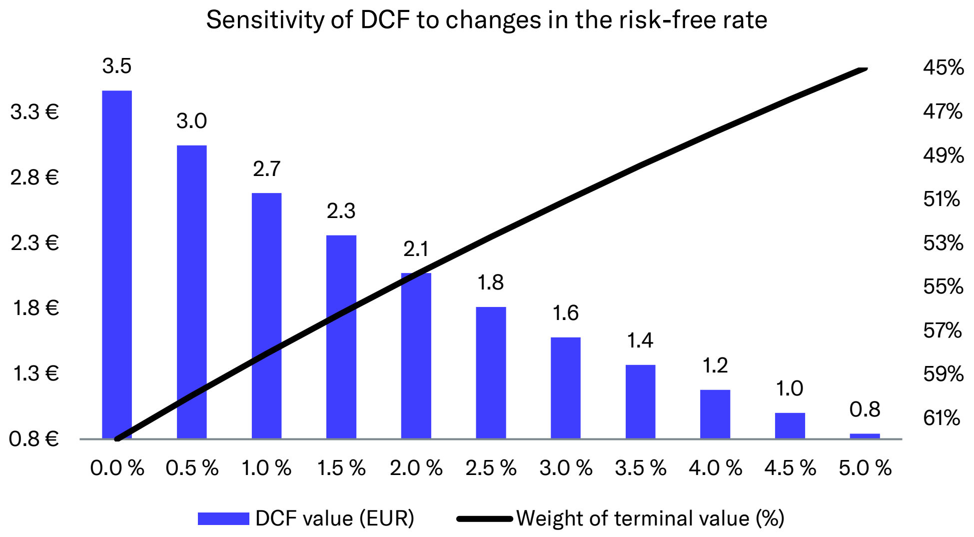
WACC	
Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	4.5 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	1.60%
Risk free interest rate	2.5 %
Cost of equity	11.2 %
Weighted average cost of capital (WACC)	9.7 %

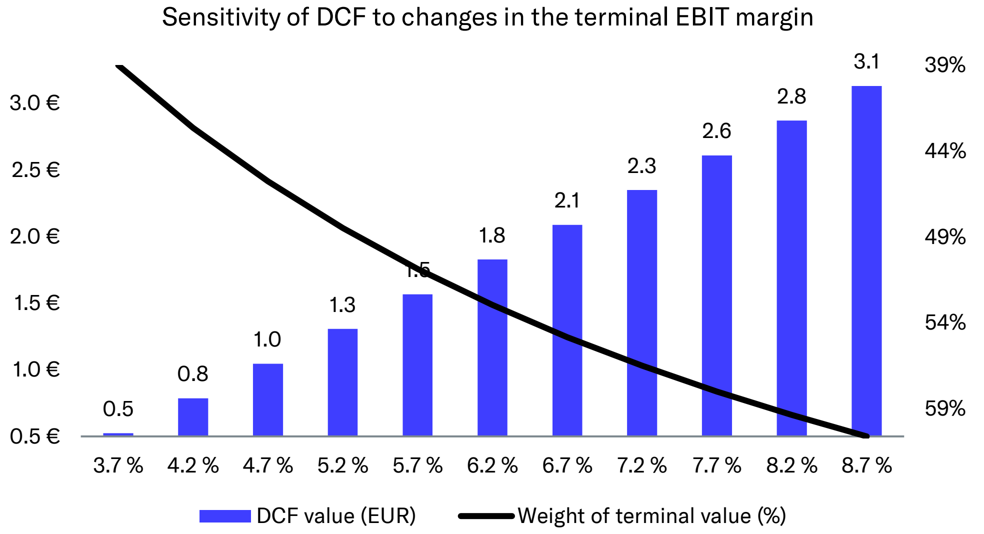
Source: Inderes

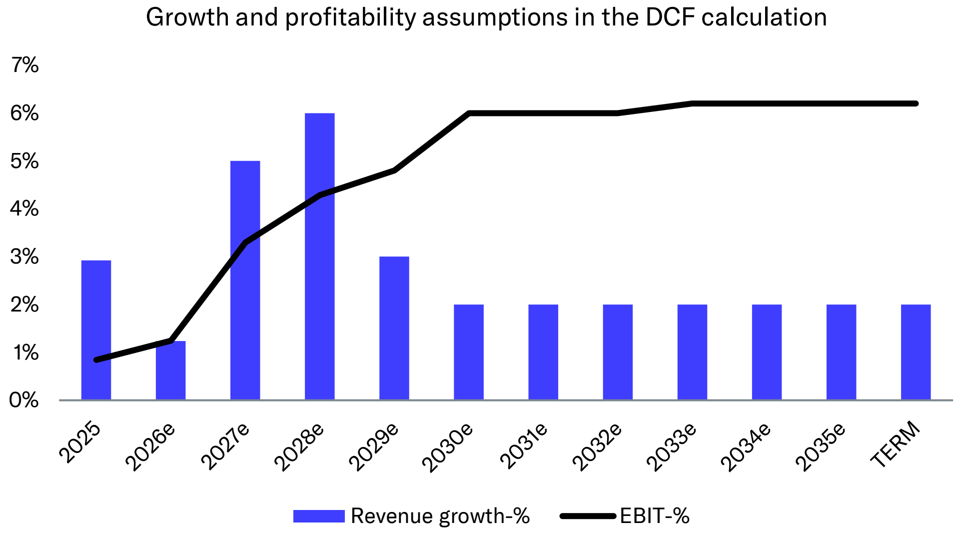


DCF sensitivity calculations and key assumptions in graphs









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

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	66.0	78.3	80.6	81.6	85.6
EBITDA	8.0	6.5	5.1	5.4	7.5
EBIT	4.8	2.7	0.7	1.0	2.8
PTP	3.9	1.4	-1.2	-1.0	0.6
Net Income	3.2	1.1	-0.9	-1.2	0.5
Extraordinary items	0.0	0.0	-0.8	0.0	0.0

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	87.0	94.1	97.6	96.7	99.3
Equity capital	40.4	40.9	41.2	38.4	38.9
Goodwill	42.0	46.9	54.6	54.6	54.6
Net debt	17.1	25.1	27.1	27.2	27.0

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	8.0	6.5	5.1	5.4	7.5
Change in working capital	-1.0	-1.8	1.3	3.0	-0.7
Operating cash flow	5.9	3.5	6.1	8.5	6.1
CAPEX	-8.5	-10.6	-9.9	-5.1	-4.2
Free cash flow	-3.1	-5.9	-1.7	3.5	2.0

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	1.0	0.7	0.6	0.5	0.5
EV/EBITDA	8.2	8.9	9.8	8.2	5.9
EV/EBIT (adj.)	13.5	21.0	33.1	42.9	15.5
P/E (adj.)	15.1	28.2	neg.	neg.	32.7
P/B	1.2	0.8	0.6	0.4	0.4
Dividend-%	1.3 %	0.7 %	0.0 %	0.0 %	0.0 %

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	0.32	0.11	-0.09	-0.12	0.05
EPS (adj.)	0.32	0.11	-0.01	-0.12	0.05
OCF / share	0.59	0.35	0.60	0.84	0.60
OFCF / share	-0.32	-0.59	-0.16	0.34	0.19
Book value / share	4.02	4.05	4.03	3.76	3.81
Dividend / share		0.02	0.00	0.00	0.00

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	5%	19%	3%	1%	5%
EBITDA growth-%	-2%	-19%	-21%	6%	38%
EBIT (adj.) growth-%	-5%	-44%	-45%	-32%	176%
EPS (adj.) growth-%	-8%	-64%	-110%	-981%	142%
EBITDA-%	12.1 %	8.3 %	6.3 %	6.6 %	8.7 %
EBIT (adj.)-%	7.3 %	3.5 %	1.9 %	1.3 %	3.3 %
EBIT-%	7.3 %	3.5 %	0.8 %	1.2 %	3.3 %
ROE-%	8.2 %	2.8 %	-2.3 %	-3.1 %	1.3 %
ROI-%	6.8 %	3.6 %	0.9 %	1.4 %	3.8 %
Equity ratio	46.4 %	43.4 %	42.2 %	39.7 %	39.2 %
Gearing	42.3 %	61.5 %	65.7 %	70.9 %	69.3 %
Net debt/EBITDA	2.1	3.9	5.3	5.1	3.6
EBITDA/net financials	8.2	5.0	2.8	2.6	3.4

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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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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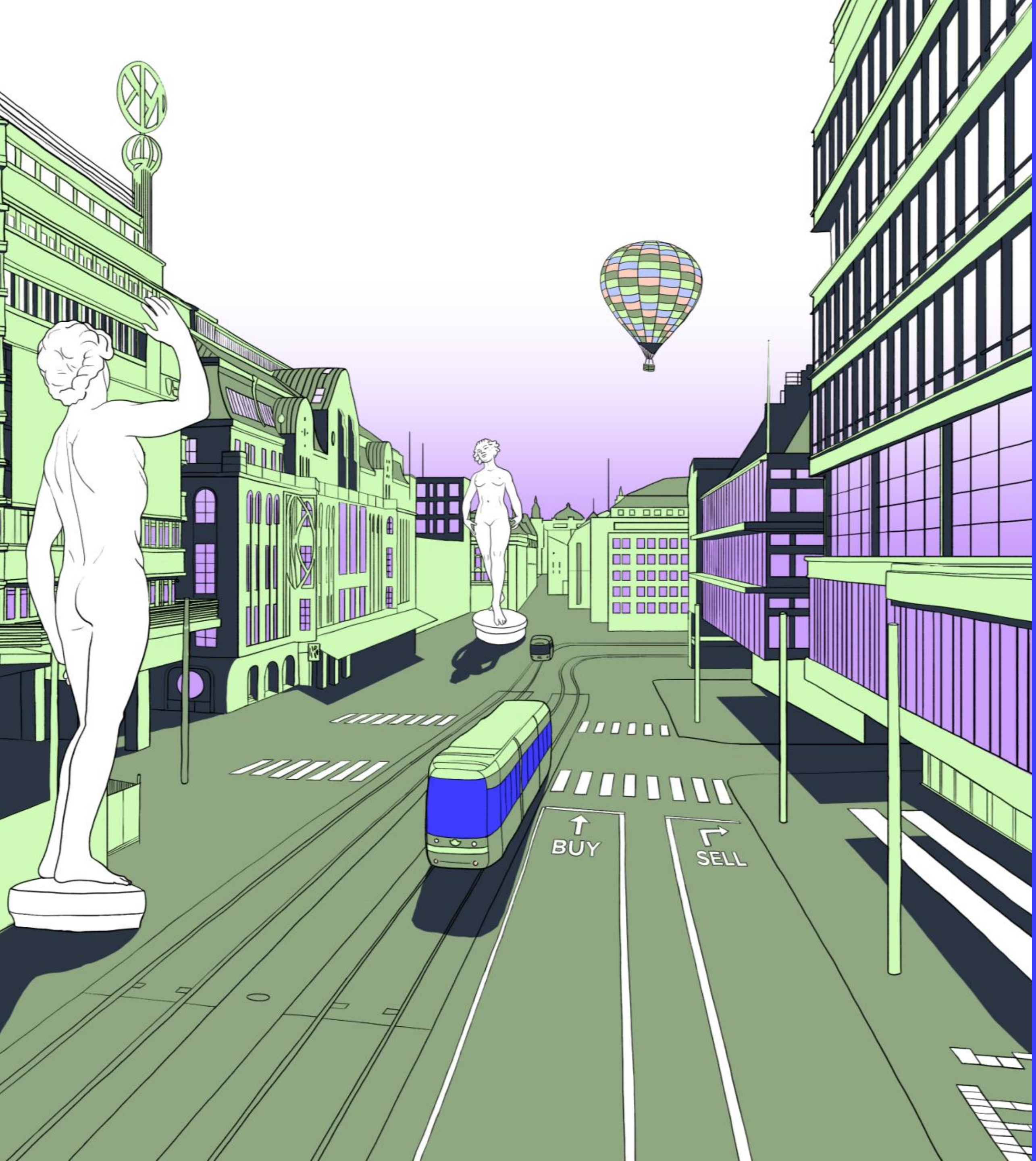
Recommendation history (>12 mo)

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 €
3/6/2026	Reduce	2.10 €	2.13 €
5/22/2026	Reduce	2.00 €	2.08 €
6/18/2026	Reduce	1.80 €	1.95 €
Analyst changed			
8/26/2026	Reduce	1.80 €	1.63 €



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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

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