

KH GROUP

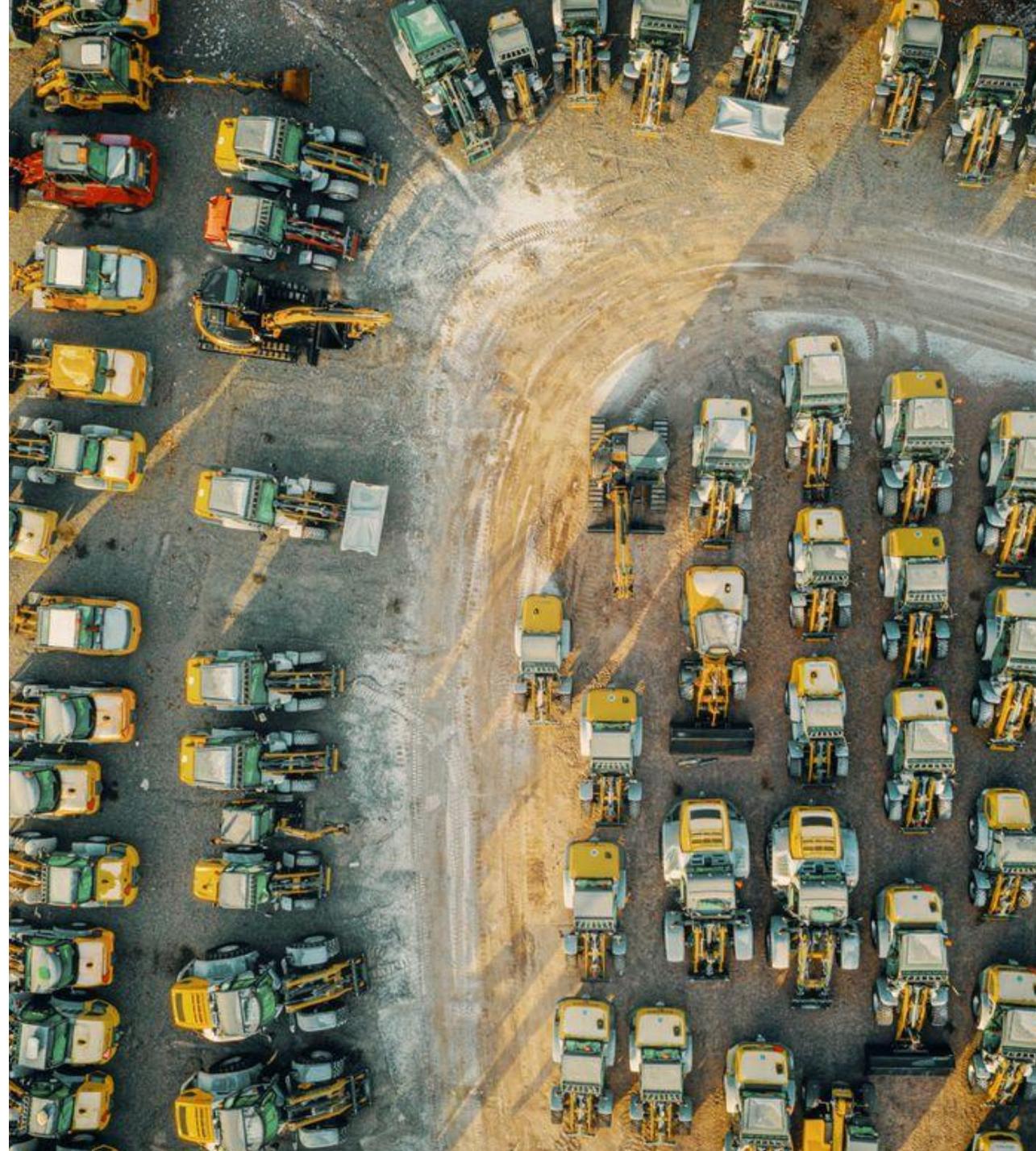
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INDERES CORPORATE CUSTOMER COMPANY REPORT



Machinery business back on earnings track

KH Group's strong Q4 figures were already known based on the preliminary data provided by the company. At current cyclical lows, KH Group's stock is expensive (EV/EBIT 16x), but from its current level, its subsidiary KH-Koneet has significant room to improve its performance. While our forecasts indicate long-term undervaluation driven by anticipated earnings growth, additional evidence is needed regarding the sustainability of the earnings turnaround and KH-Koneet's capacity to strengthen its Swedish operations' profitability. We reiterate our Reduce recommendation and EUR 0.60 target price.

Really strong finish to a weak year

With KH Group's positive earnings warning issued in February, the figures for the strong Q4 report were already largely known. KH Group's Q4 revenue grew by 3% to 63.3 MEUR, driven by KH-Koneet. KH Group's comparable EBIT was a strong 4.2 MEUR in Q4, meaning that the previous year's result relied almost entirely on the last quarter. Both subsidiaries improved their profitability in Q4. KH-Koneet's comparable EBIT rose from a strong comparison period, driven by top-line growth. NRG's comparable EBIT, in turn, strengthened due to improved production efficiency, the positive FX impact on earnings, and what we estimate to be a better sales mix than last year. Contrary to our expectations, the previously communicated negative earnings impact of 3.3 MEUR from the Indoor Group divestment was almost entirely offset by a previously recognized provision of 2.4 MEUR, resulting in reported figures that were stronger than we anticipated. However, this does not affect the overall picture of the story. With the divestment of Indoor Group, KH Group's key balance sheet figures are now stronger than before, and according to the company, the availability of financing for its subsidiaries has improved.

No major surprises in the outlook

KH Group issued guidance indicating growing revenue and improving comparable EBIT, which met our expectations. Our

estimate changes for the next few years remained small. We believe KH-Koneet has the potential for significant earnings growth, supported by the cyclical recovery of the construction sector. While the Finnish business is clearly value-creating in our view, KH-Koneet needs to improve the profitability of its machinery dealership in Sweden for international growth to also enhance shareholder value. We believe KH Group has a good starting position for the current year: cyclical machinery sales have shown signs of recovery since last year, and NRG's order book is at record levels. The war in the Middle East has weakened predictability due to inflationary and interest rate pressures. For KH-Koneet's cyclical end market, a prolonged war would naturally be detrimental. The situation could support demand for NRG, as the defense sector is a key customer for the company. We expect significant earnings growth from KH-Koneet in the coming years, starting from last year's cyclical low. Due to the weak demand environment, the company has not been able to fully capitalize on its growth investments in recent years, which in our view strengthens the earnings growth outlook for the coming years. As in the current year, we expect NRG to have a very good year in 2026, after which profitability will moderate in our forecasts to around 2.4 MEUR as demand normalizes. Historically, this is a good level, but a clear drop compared to 2025-2026.

Discouraging valuation despite positive growth outlook

Based on 2025 figures, KH Group's EV/EBIT multiple is at a very high 16x level, while with our estimates incorporating a significant earnings improvement for the current year, it remains elevated at 12x. However, due to KH Group's low relative profitability and significant financial leverage, earnings-based valuation is sensitive to even small forecast changes. Our DCF model, which indicates longer-term potential, implies a value of EUR 0.70 per share for the group, although the model relies on a sustainable improvement in profitability.

Recommendation

Reduce

(was Reduce)

Target price:

EUR 0.60

(was EUR 0.60)

Share price:

EUR 0.55

Business risk



Valuation risk



| | 2025 | 2026e | 2027e | 2028e |
|-------------------------|-------|-------|-------|-------|
| Revenue | 205 | 216 | 237 | 260 |
| growth-% | 5% | 6% | 10% | 9% |
| EBIT adj. | 6.3 | 7.8 | 10.4 | 11.5 |
| EBIT-% adj. | 3.1 % | 3.6 % | 4.4 % | 4.4 % |
| PTP | 1.4 | 2.8 | 5.6 | 6.3 |
| Net Income | 0.5 | 1.5 | 4.0 | 4.5 |
| EPS (adj.) | 0.01 | 0.03 | 0.07 | 0.08 |
| Dividend | 0.00 | 0.00 | 0.00 | 0.00 |
| P/E (adj.) | 41.5 | 21.3 | 8.0 | 7.0 |
| P/B | 0.6 | 0.6 | 0.6 | 0.5 |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| EV/EBIT (adj.) | 15.9 | 12.2 | 9.6 | 9.1 |
| EV/EBITDA | 5.1 | 4.2 | 4.0 | 3.9 |
| EV/S | 0.5 | 0.4 | 0.4 | 0.4 |

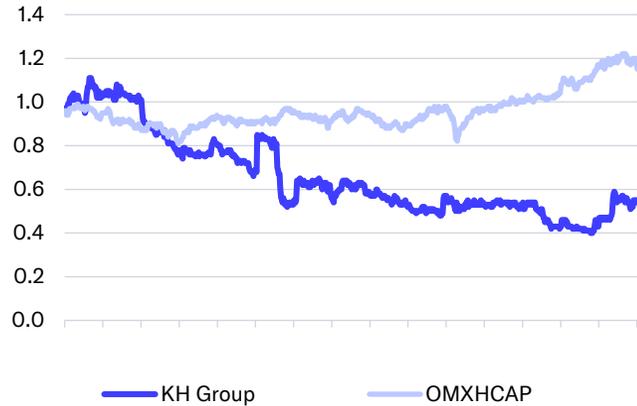
Source: Inderes

Guidance

(New guidance)

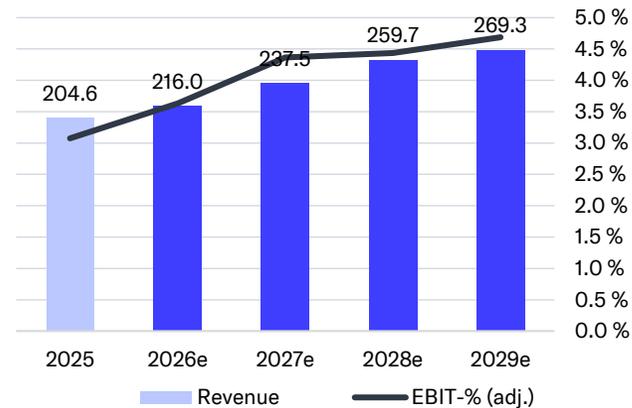
KH Group expects both revenue and comparable operating profit to increase in 2026 compared to 2025 (205 MEUR and 6.4 MEUR).

Share price



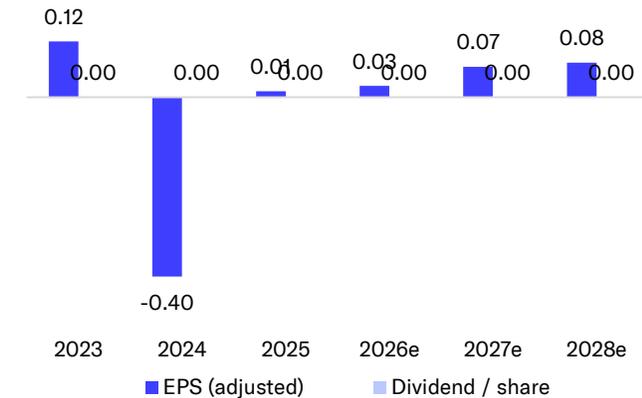
Source: Millstream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

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

Risk factors

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

| Valuation | 2026e | 2027e | 2028e |
|-----------------------------------|-------|-------|-------|
| Share price | 0.55 | 0.55 | 0.55 |
| Number of shares, millions | 58.1 | 58.1 | 58.1 |
| Market cap | 32 | 32 | 32 |
| EV | 95 | 99 | 105 |
| P/E (adj.) | 21.3 | 8.0 | 7.0 |
| P/E | 21.3 | 8.0 | 7.0 |
| P/B | 0.6 | 0.6 | 0.5 |
| P/S | 0.1 | 0.1 | 0.1 |
| EV/Sales | 0.4 | 0.4 | 0.4 |
| EV/EBITDA | 4.2 | 4.0 | 3.9 |
| EV/EBIT (adj.) | 12.2 | 9.6 | 9.1 |
| Payout ratio (%) | 0.0 % | 0.0 % | 0.0 % |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % |

Source: Inderes

Figures for strong quarter were already published

KH-Koneet drove growth

With KH Group's positive earnings warning issued in February, the figures for the strong Q4 report were already largely known. After a weak start to the year, Q4 showed a clear improvement, especially in the profitability of KH-Koneet, which is naturally a reassuring sign. KH Group's Q4 revenue grew by 3% to 63.3 MEUR. Growth was driven by KH-Koneet, whose revenue grew by 5%, while NRG's revenue decreased by 5%. KH-Koneet's growth was driven by machinery sales in Finland. The decline in NRG's revenue was due to lower invoicing of vehicle chassis compared to the prior period, while higher-margin equipment invoicing increased. According to KH Group, NRG's high-margin aftermarket revenue also fell below the comparison period's level.

Subsidiary profitability was at a strong level

KH Group's comparable EBIT was a strong 4.2 MEUR in Q4, with an exceptionally large portion (two-thirds) of the fiscal year's comparable EBIT generated in the last quarter. Both subsidiaries improved their profitability in Q4. KH-Koneet's comparable EBIT rose from a strong comparison period to

3.4 MEUR (Q4'24: 2.8 MEUR), driven by increased revenue. NRG's comparable EBIT, in turn, rose from 1.2 MEUR to 1.5 MEUR due to improved production efficiency, a positive impact from exchange rates, and what we estimate to be a better sales mix than last year.

KH Group's reported figures and our forecasts were obscured by the divestment from Indoor Group during the review period, in connection with which the company had previously announced it would record a negative earnings impact of 3.3 MEUR. Contrary to our estimates, the earnings impact was fully recognized as part of discontinued operations, and a 2.4 MEUR provision made in 2024 was released against it, which explains the difference between our forecasts and the reported figures. Due to the messy Q4 report, comparable figures reflect the company's operational development significantly better.

Group balance sheet strengthened after Indoor removed from figures

Following the divestment of Indoor Group, KH Group's balance sheet is stronger than before, and the net gearing has decreased to 138% (Q4'24: 283%). KH Group's interest-

bearing net debt amounted to 68.4 MEUR, which is roughly 3.4 times the EBITDA of the continuing operations for the previous 12 months. In our view, the leverage is at a controlled level, although the company still clearly has room to strengthen its balance sheet. During the last year, both subsidiaries strengthened their balance sheets: KH-Koneet's net debt decreased to 62 MEUR (2024: 70 MEUR), while NRG's decreased to 8 MEUR (2024: 9 MEUR). According to KH Group, the subsidiaries met the covenants of their financing agreements at the end of 2025. The financing agreements for both subsidiaries have been updated following the Indoor Group divestment, and in connection with NRG's new financing agreement, the parent company provided a guarantee to the main financier. KH Group will not distribute a dividend for 2025, and based on management's comments, the intention is to strengthen the balance sheet from its current level to improve financial flexibility. We are positive about KH-Koneet's opportunities to create value through acquisitions, and considering this, we believe strengthening the balance sheet's flexibility is justified.

| Estimates MEUR / EUR | Q4'24 | Q4'25 | Q4'25e | Q4'25e | Consensus | | Difference (%) | 2025 |
|-------------------------|------------|------------|---------|-----------|-----------|------|------------------|------------|
| | Comparison | Actualized | Inderes | Consensus | Low | High | Act. vs. inderes | Actualized |
| Revenue | 61.7 | 63.3 | 63.4 | | | | 0% | 205 |
| EBIT (adj.) | 3.4 | 4.2 | 4.2 | | | | -1% | 6.3 |
| EBIT | 3.1 | 3.9 | 0.9 | | | | 321% | 5.1 |
| PTP | 3.0 | 2.8 | -0.6 | | | | 549% | 1.4 |
| EPS (adj.) | -0.40 | 0.03 | 0.04 | | | | -32% | 0.01 |
| EPS (reported) | -0.40 | 0.03 | -0.01 | | | | 341% | |
| DPS | 0.00 | 0.00 | 0.00 | | | | | 0.00 |
| Revenue growth-% | -41.3 % | 2.6 % | 2.8 % | | | | -0.2 pp | 5.5 % |
| EBIT-% (adj.) | 5.5 % | 6.6 % | 6.7 % | | | | 0 pp | 3.1 % |

Source: Inderes

KH Group Q4'25: Transformation journey is nearing the finish line (in Finnish)



No major changes to forecasts

Guidance met our expectations

For the current year, KH Group's guidance is for increasing revenue and improving comparable EBIT. Overall, the guidance met our expectations, and we understand the Board's decision to provide only verbal guidance due to the poor predictability of the business environment. We believe KH Group's outlook for the current year is fundamentally good. The machinery trade showed clear signs of recovery last year in KH-Koneet's two operating countries, and NRG enters the current year with a robust order book. However, during the beginning of the year, visibility into the development of the business environment has weakened due to inflationary pressures resulting from the war in Iran. For KH-Koneet, we see a risk that the war in the Middle East will delay the recovery of the machinery market. However, the overall picture of the group is somewhat balanced by the fact that geopolitical concerns could fuel order intake for the smaller subsidiary, NRG,

through demand from the defense sector.

Estimate changes were minor

Based on management communications, the current year has started well for NRG and KH-Koneet's Swedish business. In Sweden, the company's management reports that demand for NRG has increased further, and Sala Brand was selected as one of three rescue vehicle suppliers for the municipal joint procurement (Adda) framework agreement for the 2025–2029 period. We note, however, that municipal joint procurements generally put pressure on suppliers' margins. A significant shift in demand towards joint procurement would be negative for NRG, as it emphasizes price as a selection criterion and strengthens the buyer's negotiating position.

We expect significant earnings growth from KH-Koneet in the coming years, from the weak cyclical trough of 2025, as machinery sales gradually recover and the company

capitalizes on the potential of its new, larger Luleå office. In addition, KH-Koneet plans to open a new branch in the Gothenburg region. During the beginning of the year, KH Group announced the appointment of Tuomas Myllynen as the future CEO of KH-Koneet. Myllynen, with his background at Cramo, will start in his position by early August at the latest and, given his background, appears to be a suitable successor to the company's founding CEO, Teppo Sakari.

This year, we expect NRG to experience a slight dip in earnings from the very strong 2025 level. In the longer term, we expect the company's comparable EBIT to normalize to around 2.3-2.5 MEUR as the current strong order book diminishes. For NRG's investment case, we are keenly following KH Group's ability to expand the company's service offering and grow export revenue.

| Estimate revisions | 2025e | 2025 | Change | 2026e | 2026e | Change | 2027e | 2027e | Change |
|--------------------|-------|------|--------|-------|-------|--------|-------|-------|--------|
| MEUR / EUR | Old | New | % | Old | New | % | Old | New | % |
| Revenue | 205 | 205 | 0% | 217 | 216 | 0% | 238 | 237 | 0% |
| EBITDA | 16.7 | 19.8 | 18% | 22.3 | 22.5 | 1% | 24.7 | 24.5 | -1% |
| EBIT (exc. NRIs) | 6.4 | 6.3 | -1% | 7.8 | 7.8 | 1% | 10.1 | 10.4 | 3% |
| EBIT | 2.2 | 5.1 | 137% | 7.8 | 7.8 | 1% | 10.1 | 10.4 | 3% |
| PTP | -2.0 | 1.4 | 166% | 3.1 | 2.8 | -7% | 5.5 | 5.6 | 1% |
| DPS | 0.00 | 0.00 | | 0.00 | 0.00 | | 0.00 | 0.00 | |

Source: Inderes

KH Group, Webcast, Q4'25 (in Finnish)



Good outlook, valuation a concern

Earnings-based valuation requires too much patience

In KH Group's case, it's easy to imagine a scenario in which KH-Koneet's performance recovers toward historical levels, enabling significant earnings growth and a repricing of the share. Although KH-Koneet has a strong historical track record, relying on it is becoming more difficult, in our view, due to recent developments, the poorly performing Swedish machine dealership, and the upcoming change in CEO. As KH-Koneet's growth increasingly focuses on Sweden in the coming years, we see a risk that, despite earnings growth, this growth will not create value, as the return on capital for the Swedish business has historically fallen below the required rate of return. Thus, for KH Group's investment story, it is critical that the company can convince the market of KH-Koneet's ability to create value by growing outside its domestic market.

Earnings-based valuation is neutral but requires confidence in turnaround

In evaluating the valuation level of KH Group, we prefer earnings-based valuation multiples. The company's 2026-2027 EV/EBIT ratios are 12x-10x, which we believe are neutral levels compared to an acceptable valuation. However, the forward-looking multiples are based on our forecasts, which include an expectation of very strong earnings growth. With realized earnings, the company's EV/EBIT multiple is very high at 16x, considering the nature of the business. Due to KH-Koneet's cyclically pressured profitability, the company's earnings level can strengthen very quickly as the machinery market recovers. For this reason, we believe it is helpful to look at the group's valuation level also through KH-Koneet's peak earnings. If

we replace the EBIT level of KH-Koneet in our near-term forecasts with the company's cyclical peak EBIT of 10.5 MEUR in 2022, KH Group's corresponding EV/EBIT multiples are 8-9x. These multiples turn interesting in our view but require the cyclical earnings performance of KH-Koneet to recover back to the peak level of the previous strong construction cycle.

DCF model identifies upside

Our DCF model, which reflects the potential of KH Group's continuing businesses, indicates a value of EUR 0.70 per share. The model takes into account the company's longer-term normalized potential over the cycle. We assume KH Group's EBIT margin will normalize to a higher level of 5.5% compared to recent years, as KH-Koneet's Swedish operations mature, the rapid growth rate stabilizes, and the weight of machine rental, which has a higher relative profitability profile, increases. We believe it is clear that a recovery in the demand environment would also support a strengthening of relative profitability. Looking further ahead, however, strengthening the profitability of the Swedish business plays a critical role in enabling growth-driven value creation. However, in our view, it is challenging to fully rely on the long-term potential due to the profitability challenges of recent years.

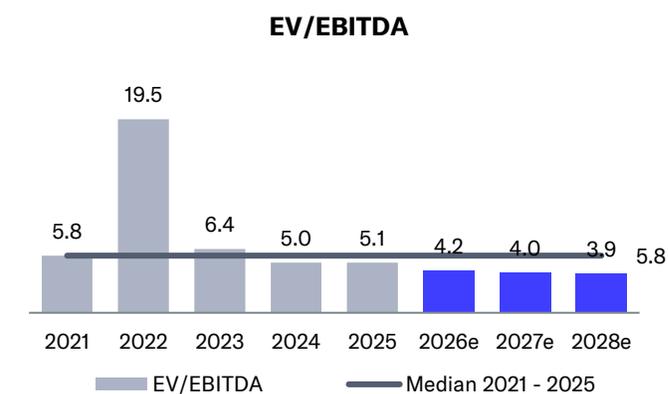
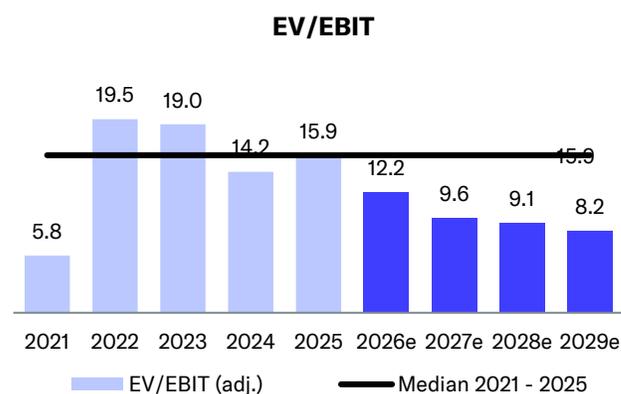
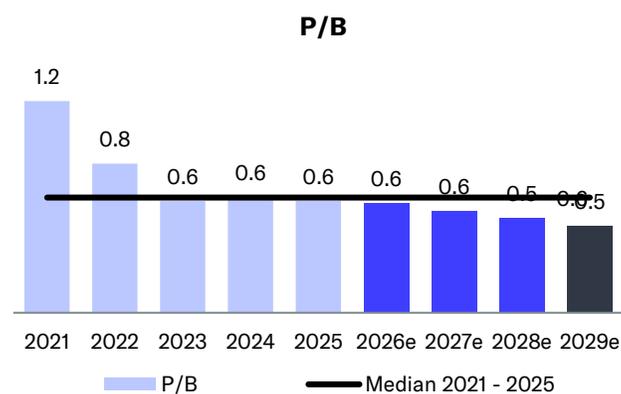
| Valuation | 2026e | 2027e | 2028e |
|----------------------------|-------|-------|-------|
| Share price | 0.55 | 0.55 | 0.55 |
| Number of shares, millions | 58.1 | 58.1 | 58.1 |
| Market cap | 32 | 32 | 32 |
| EV | 95 | 99 | 105 |
| P/E (adj.) | 21.3 | 8.0 | 7.0 |
| P/E | 21.3 | 8.0 | 7.0 |
| P/B | 0.6 | 0.6 | 0.5 |
| P/S | 0.1 | 0.1 | 0.1 |
| EV/Sales | 0.4 | 0.4 | 0.4 |
| EV/EBITDA | 4.2 | 4.0 | 3.9 |
| EV/EBIT (adj.) | 12.2 | 9.6 | 9.1 |
| Payout ratio (%) | 0.0 % | 0.0 % | 0.0 % |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % |

Source: Inderes

Valuation table

| Valuation | 2021 | 2022 | 2023 | 2024 | 2025 | 2026e | 2027e | 2028e | 2029e |
|----------------------------|-------|-------|-------|-------|-------|--------------|--------------|--------------|--------------|
| Share price | 1.92 | 1.18 | 0.81 | 0.56 | 0.54 | 0.55 | 0.55 | 0.55 | 0.55 |
| Number of shares, millions | 58.1 | 58.1 | 58.1 | 58.1 | 58.1 | 58.1 | 58.1 | 58.1 | 58.1 |
| Market cap | 112 | 69 | 47 | 32 | 31 | 32 | 32 | 32 | 32 |
| EV | 116 | 232 | 205 | 102 | 100 | 95 | 99 | 105 | 104 |
| P/E (adj.) | 6.1 | 5.0 | 6.5 | neg. | 41.5 | 21.3 | 8.0 | 7.0 | 6.1 |
| P/E | 6.1 | 5.0 | neg. | neg. | neg. | 21.3 | 8.0 | 7.0 | 6.1 |
| P/B | 1.2 | 0.8 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 |
| P/S | 9.7 | 0.2 | 0.1 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| EV/Sales | 10.1 | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 |
| EV/EBITDA | 5.8 | 19.5 | 6.4 | 5.0 | 5.1 | 4.2 | 4.0 | 3.9 | 3.6 |
| EV/EBIT (adj.) | 5.8 | 19.5 | 19.0 | 14.2 | 15.9 | 12.2 | 9.6 | 9.1 | 8.2 |
| Payout ratio (%) | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Dividend yield-% | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |

Source: Inderes



Peer group valuation

| Peer group valuation Company | Market cap MEUR | EV MEUR | EV/EBIT | | EV/EBITDA | | EV/S | | P/E | | Dividend yield-% | | P/B 2026e |
|---------------------------------|--------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|--------------|--------------|
| | | | 2026e | 2027e | 2026e | 2027e | 2026e | 2027e | 2026e | 2027e | 2026e | 2027e | |
| United Rentals Inc | 38767 | 50694 | 13.3 | 12.1 | 7.6 | 7.0 | 3.4 | 3.2 | 15.4 | 13.5 | 1.1 | 1.2 | 4.6 |
| Sunbelt Rentals Holdings Inc | 22906 | 29523 | 13.7 | 12.6 | 7.2 | 6.8 | 3.1 | 2.9 | 17.2 | 14.9 | 1.7 | 1.9 | 3.7 |
| McGrath RentCorp | 2246 | 2692 | 12.6 | 11.6 | 8.5 | 8.0 | 3.2 | 3.1 | 16.3 | 14.9 | 1.9 | 1.9 | 2.0 |
| Speedy Hire PLC | 108 | 369 | 10.2 | 6.6 | 3.0 | 2.5 | 0.7 | 0.6 | 9.4 | 4.3 | 5.0 | 5.4 | |
| VP PLC | 206 | 462 | 9.9 | 8.8 | 3.9 | 3.6 | 1.2 | 1.1 | 9.1 | 7.1 | 8.0 | 8.3 | 1.4 |
| Wetteri Oyj | 28 | 111 | 21.5 | 13.7 | 5.5 | 5.0 | 0.3 | 0.2 | | 10.8 | | | 0.9 |
| Bilia AB | 1060 | 1840 | 12.4 | 11.3 | 6.8 | 6.5 | 0.5 | 0.5 | 11.3 | 9.7 | 5.6 | 6.4 | 2.1 |
| Ferronordic AB | 59 | 209 | 12.2 | 9.6 | 3.8 | 3.4 | 0.5 | 0.4 | 7.7 | 5.0 | | | 0.5 |
| KH Group (Inderes) | 32 | 95 | 12.2 | 9.6 | 4.2 | 4.0 | 0.4 | 0.4 | 21.3 | 8.0 | 0.0 | 0.0 | 0.6 |
| Average | | | 13.2 | 10.8 | 5.8 | 5.3 | 1.6 | 1.5 | 12.3 | 10.0 | 3.9 | 4.2 | 2.2 |
| Median | | | 12.5 | 11.5 | 6.2 | 5.7 | 0.9 | 0.9 | 11.3 | 10.3 | 3.4 | 3.6 | 2.0 |
| Diff-% to median | | | -3% | -17% | -31% | -29% | -53% | -52% | 88% | -22% | -100% | -100% | -70% |

Source: Refinitiv / Inderes

Income statement

| Income statement | 2023 | 2024 | Q1'25 | Q2'25 | Q3'25 | Q4'25 | 2025 | Q1'26e | Q2'26e | Q3'26e | Q4'26e | 2026e | 2027e | 2028e | 2029e |
|------------------------------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|
| Revenue | 403 | 194 | 41.8 | 54.2 | 45.3 | 63.2 | 205 | 45.7 | 57.5 | 46.8 | 66.1 | 216 | 237 | 260 | 269 |
| KH-Koneet | 152 | 150 | 33.1 | 43.6 | 37.9 | 48.2 | 163 | 35.7 | 46.2 | 39.0 | 51.3 | 172 | 195 | 216 | 225 |
| Nordic Rescue Group | 38.3 | 44.2 | 8.7 | 10.6 | 7.5 | 15.1 | 41.8 | 9.9 | 11.2 | 7.8 | 14.7 | 43.7 | 42.8 | 43.7 | 44.5 |
| EBITDA | 31.9 | 20.3 | 3.6 | 4.1 | 4.5 | 7.5 | 19.8 | 4.5 | 5.6 | 4.8 | 7.7 | 22.5 | 24.5 | 26.8 | 29.2 |
| Depreciation | -35.0 | -14.5 | -3.7 | -3.7 | -3.6 | -3.6 | -14.6 | -3.6 | -3.7 | -3.7 | -3.7 | -14.7 | -14.1 | -15.3 | -16.6 |
| EBIT (excl. NRI) | 10.8 | 7.2 | 0.2 | 0.8 | 1.2 | 4.2 | 6.3 | 0.9 | 1.9 | 1.1 | 4.0 | 7.8 | 10.4 | 11.5 | 12.6 |
| EBIT | -3.1 | 5.8 | -0.1 | 0.5 | 0.9 | 3.9 | 5.1 | 0.9 | 1.9 | 1.1 | 4.0 | 7.8 | 10.4 | 11.5 | 12.6 |
| KH-Koneet | 9.0 | 6.3 | -0.1 | 0.8 | 1.5 | 3.4 | 5.6 | 0.4 | 1.5 | 1.5 | 3.3 | 6.6 | 9.9 | 11.0 | 12.0 |
| Nordic Rescue Group | 1.9 | 2.8 | 0.8 | 0.8 | 0.2 | 1.5 | 3.3 | 0.9 | 0.9 | 0.0 | 1.2 | 3.1 | 2.2 | 2.4 | 2.4 |
| Non-allocated and PPA amortization | -17.7 | -3.3 | -0.8 | -1.1 | -0.8 | -0.7 | -3.5 | -0.4 | -0.5 | -0.4 | -0.5 | -1.8 | -1.8 | -1.8 | -1.8 |
| Net financial items | -12.3 | -4.2 | -0.4 | -1.3 | -0.9 | -1.1 | -3.8 | -1.3 | -1.3 | -1.3 | -1.3 | -5.0 | -4.8 | -5.2 | -5.4 |
| PTP | -15.4 | 1.6 | -0.5 | -0.9 | -0.1 | 2.8 | 1.4 | -0.3 | 0.6 | -0.1 | 2.7 | 2.8 | 5.6 | 6.3 | 7.2 |
| Taxes | 3.3 | -0.2 | 0.1 | 0.2 | 0.0 | -0.7 | -0.3 | 0.1 | -0.1 | 0.0 | -0.5 | -0.6 | -1.1 | -1.3 | -1.4 |
| Minority interest | 5.2 | 5.3 | -0.1 | -0.2 | 0.0 | -0.3 | -0.6 | -0.2 | -0.2 | 0.0 | -0.3 | -0.8 | -0.5 | -0.6 | -0.6 |
| Net earnings | -6.7 | -24.7 | -0.5 | -0.8 | -0.1 | 1.0 | -0.4 | -0.5 | 0.3 | -0.1 | 1.9 | 1.5 | 4.0 | 4.5 | 5.2 |
| EPS (adj.) | 0.12 | -0.40 | 0.00 | -0.01 | 0.00 | 0.02 | 0.01 | -0.01 | 0.00 | 0.00 | 0.032 | 0.03 | 0.07 | 0.08 | 0.09 |
| EPS (rep.) | -0.11 | -0.42 | -0.01 | -0.01 | 0.00 | 0.02 | -0.01 | -0.01 | 0.00 | 0.00 | 0.03 | 0.03 | 0.07 | 0.08 | 0.09 |

| Key figures | 2023 | 2024 | Q1'25 | Q2'25 | Q3'25 | Q4'25 | 2025 | Q1'26e | Q2'26e | Q3'26e | Q4'26e | 2026e | 2027e | 2028e | 2029e |
|-------------------------------|--------|---------|----------|---------|---------|--------|---------|---------|---------|--------|--------|--------|--------|--------|--------|
| Revenue growth-% | -6.0 % | -51.9 % | 3.5 % | 3.9 % | 14.1 % | 2.5 % | 5.5 % | 9.2 % | 6.0 % | 3.2 % | 4.5 % | 5.6 % | 10.0 % | 9.4 % | 3.7 % |
| Adjusted EBIT growth-% | | -33.3 % | -433.3 % | -66.9 % | -21.9 % | 21.5 % | -12.6 % | 362.1 % | 137.4 % | -3.9 % | -4.8 % | 24.7 % | 32.3 % | 11.1 % | 9.6 % |
| EBITDA-% | 7.9 % | 10.5 % | 8.7 % | 7.6 % | 9.8 % | 11.9 % | 9.7 % | 9.9 % | 9.7 % | 10.3 % | 11.6 % | 10.4 % | 10.3 % | 10.3 % | 10.8 % |
| Adjusted EBIT-% | 2.7 % | 3.7 % | 0.5 % | 1.4 % | 2.6 % | 6.6 % | 3.1 % | 2.0 % | 3.2 % | 2.4 % | 6.0 % | 3.6 % | 4.4 % | 4.4 % | 4.7 % |
| Net earnings-% | -1.7 % | -12.7 % | -1.2 % | -1.5 % | -0.2 % | 1.6 % | -0.2 % | -1.1 % | 0.4 % | -0.3 % | 2.8 % | 0.7 % | 1.7 % | 1.7 % | 1.9 % |

Source: Inderes

Balance sheet

| Assets | 2024 | 2025 | 2026e | 2027e | 2028e |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Non-current assets | 184 | 72.2 | 69.2 | 72.2 | 77.3 |
| Goodwill | 7.7 | 7.7 | 7.7 | 7.7 | 7.7 |
| Intangible assets | 10.3 | 9.2 | 8.0 | 7.5 | 7.3 |
| Tangible assets | 51.4 | 50.8 | 51.8 | 57.0 | 62.3 |
| Associated companies | 110 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other non-current assets | 0.4 | 0.1 | 0.0 | 0.0 | 0.0 |
| Deferred tax assets | 4.1 | 4.5 | 1.7 | 0.0 | 0.0 |
| Current assets | 87.7 | 84.5 | 89.6 | 98.6 | 108 |
| Inventories | 60.2 | 60.2 | 62.6 | 68.9 | 75.3 |
| Other current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Receivables | 18.5 | 20.7 | 19.4 | 21.4 | 23.4 |
| Cash and equivalents | 9.0 | 3.6 | 7.6 | 8.3 | 9.1 |
| Balance sheet total | 272 | 157 | 159 | 171 | 185 |

Source: Inderes

| Liabilities & equity | 2024 | 2025 | 2026e | 2027e | 2028e |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|
| Equity | 49.3 | 49.7 | 51.2 | 55.2 | 59.7 |
| Share capital | 15.2 | 15.2 | 15.2 | 15.2 | 15.2 |
| Retained earnings | 21.9 | 34.5 | 36.0 | 40.0 | 44.5 |
| Hybrid bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Revaluation reserve | 12.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minorities | -0.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-current liabilities | 57.9 | 48.0 | 51.7 | 54.9 | 59.3 |
| Deferred tax liabilities | 2.1 | 1.9 | 1.9 | 1.9 | 1.9 |
| Provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest bearing debt | 55.9 | 46.1 | 49.8 | 53.0 | 57.4 |
| Convertibles | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long-term liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Current liabilities | 165 | 59.0 | 55.9 | 60.7 | 66.2 |
| Interest bearing debt | 23.3 | 25.9 | 21.3 | 22.7 | 24.6 |
| Payables | 31.3 | 33.1 | 34.6 | 38.0 | 41.6 |
| Other current liabilities | 110 | 0.0 | 0.0 | 0.0 | 0.0 |
| Balance sheet total | 272 | 157 | 159 | 171 | 185 |

DCF calculation

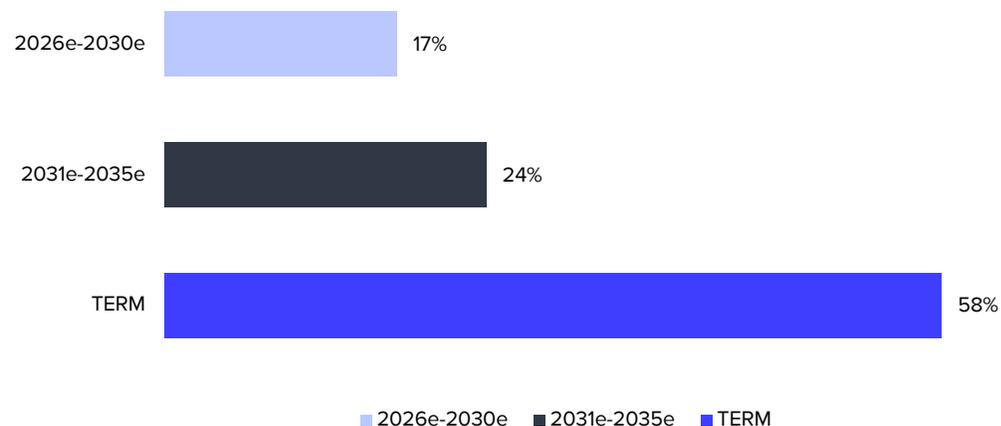
| DCF model | 2025 | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | 2034e | 2035e | TERM |
|---|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue growth-% | | 5.6 % | 10.0 % | 9.4 % | 3.7 % | 2.5 % | 2.0 % | 2.0 % | 2.0 % | 2.0 % | 1.5 % | 1.5 % |
| EBIT-% | 2.5 % | 3.6 % | 4.4 % | 4.4 % | 4.7 % | 5.5 % | 5.5 % | 5.5 % | 5.5 % | 5.5 % | 5.5 % | 5.5 % |
| EBIT (operating profit) | 5.1 | 7.8 | 10.4 | 11.5 | 12.6 | 15.2 | 15.5 | 15.8 | 16.1 | 16.4 | 16.7 | |
| + Depreciation | 14.6 | 14.7 | 14.1 | 15.3 | 16.6 | 17.2 | 17.6 | 17.9 | 18.3 | 18.6 | 19.0 | |
| - Paid taxes | -0.8 | 2.3 | 0.5 | -1.3 | -1.4 | -2.0 | -2.1 | -2.2 | -2.4 | -2.5 | -2.7 | |
| - Tax, financial expenses | -0.9 | -1.0 | -1.0 | -1.0 | -1.1 | -1.0 | -1.0 | -0.9 | -0.8 | -0.8 | -0.7 | |
| + Tax, financial income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Change in working capital | | 0.3 | -4.7 | -4.9 | -2.1 | -1.5 | -1.2 | -1.2 | -1.3 | -1.3 | -1.0 | |
| Operating cash flow | | 24.2 | 19.3 | 19.6 | 24.6 | 27.8 | 28.8 | 29.3 | 29.9 | 30.5 | 31.4 | |
| + Change in other long-term liabilities | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| - Gross CAPEX | | -14.5 | -18.8 | -20.4 | -18.8 | -18.7 | -18.9 | -19.3 | -19.7 | -20.1 | -20.1 | |
| Free operating cash flow | | 9.7 | 0.6 | -0.8 | 5.8 | 9.1 | 9.9 | 10.1 | 10.2 | 10.4 | 11.3 | |
| +/- Other | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| FCFF | | 9.7 | 0.6 | -0.8 | 5.8 | 9.1 | 9.9 | 10.1 | 10.2 | 10.4 | 11.3 | 150 |
| Discounted FCFF | | 9.0 | 0.5 | -0.6 | 4.2 | 6.0 | 6.0 | 5.6 | 5.2 | 4.8 | 4.8 | 63.7 |
| Sum of FCFF present value | | 109 | 100 | 99.6 | 100 | 96.0 | 90.0 | 84.1 | 78.5 | 73.3 | 68.5 | 63.7 |
| Enterprise value DCF | | 109 | | | | | | | | | | |
| - Interest bearing debt | | -72.0 | | | | | | | | | | |
| + Cash and cash equivalents | | 3.6 | | | | | | | | | | |
| -Minorities | | 0.0 | | | | | | | | | | |
| -Dividend/capital return | | 0.0 | | | | | | | | | | |
| Equity value DCF | | 40.6 | | | | | | | | | | |
| Equity value DCF per share | | 0.70 | | | | | | | | | | |

WACC

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

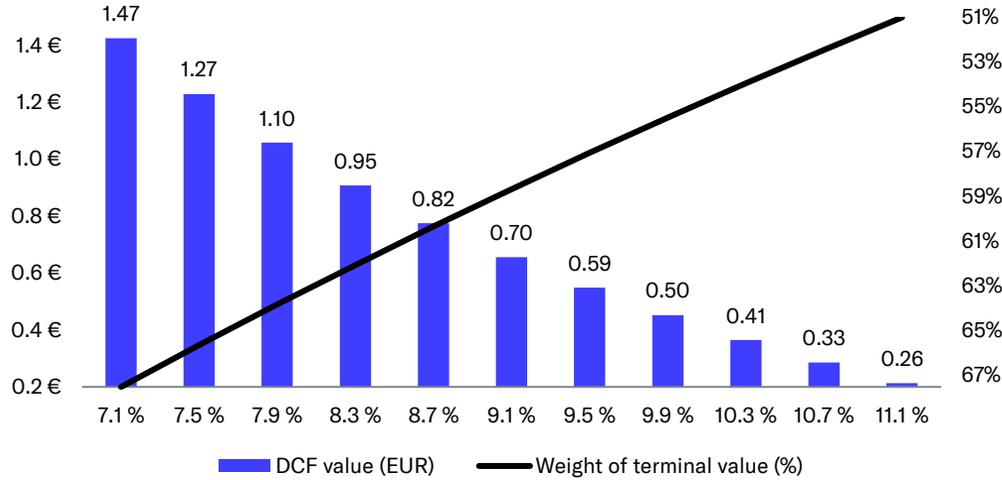
Source: Inderes

Cash flow distribution

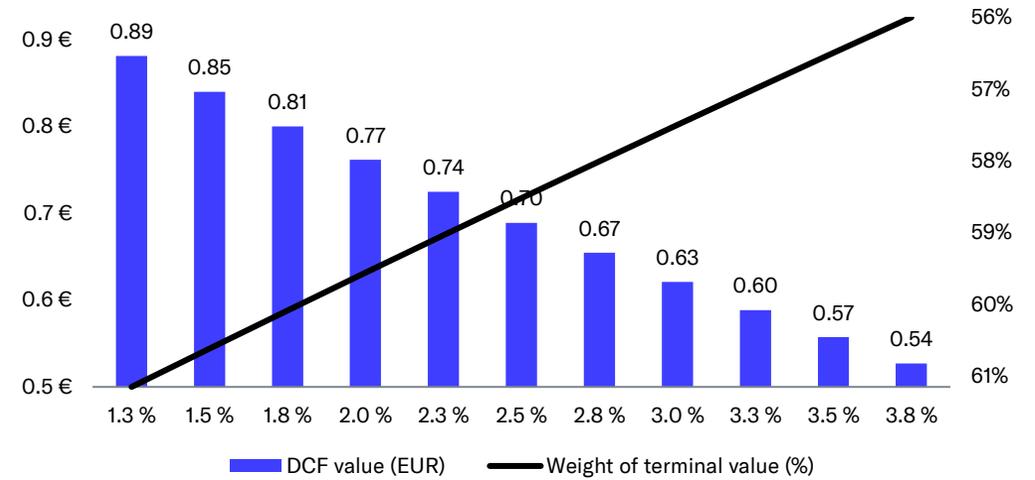


DCF sensitivity calculations and key assumptions in graphs

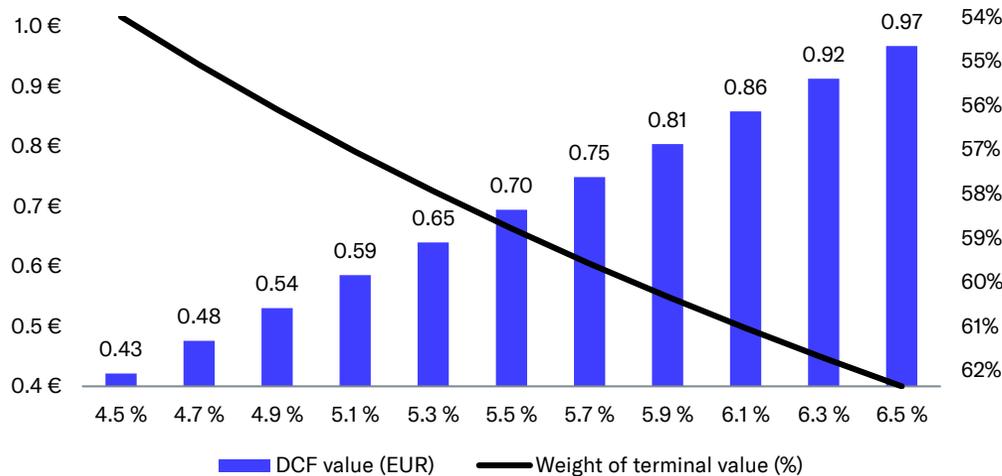
Sensitivity of DCF to changes in the WACC-%



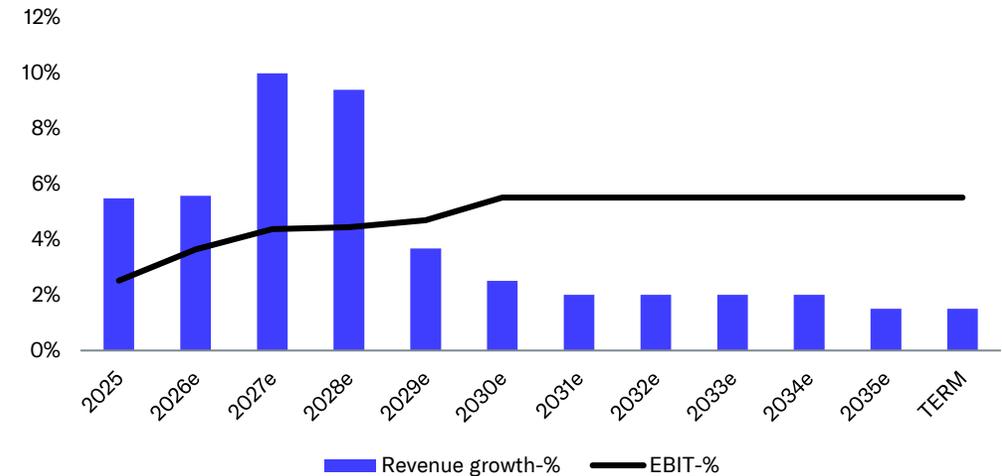
Sensitivity of DCF to changes in the risk-free rate



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 | 2023 | 2024 | 2025 | 2026e | 2027e | Per share data | 2023 | 2024 | 2025 | 2026e | 2027e |
|---------------------------|-------|-------|--------|--------------|--------------|--------------------------|---------|---------|---------|----------------|----------------|
| Revenue | 403.2 | 194.0 | 204.6 | 216.0 | 237.5 | EPS (reported) | -0.11 | -0.42 | -0.01 | 0.03 | 0.07 |
| EBITDA | 31.9 | 20.3 | 19.8 | 22.5 | 24.5 | EPS (adj.) | 0.12 | -0.40 | 0.01 | 0.03 | 0.07 |
| EBIT | -3.1 | 5.8 | 5.1 | 7.8 | 10.4 | OCF / share | 0.75 | 1.90 | -1.59 | 0.42 | 0.33 |
| PTP | -15.4 | 1.6 | 1.4 | 2.8 | 5.6 | OFCF / share | 0.17 | 3.91 | -1.85 | 0.17 | 0.01 |
| Net Income | -6.7 | -24.7 | -0.4 | 1.5 | 4.0 | Book value / share | 1.29 | 0.86 | 0.86 | 0.88 | 0.95 |
| Extraordinary items | -13.9 | -1.4 | -1.2 | 0.0 | 0.0 | Dividend / share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance sheet | 2023 | 2024 | 2025 | 2026e | 2027e | Growth and profitability | 2023 | 2024 | 2025 | 2026e | 2027e |
| Balance sheet total | 347.7 | 271.7 | 156.7 | 158.8 | 170.7 | Revenue growth-% | -6% | -52% | 5% | 6% | 10% |
| Equity capital | 79.3 | 49.3 | 49.7 | 51.2 | 55.2 | EBITDA growth-% | 168% | -36% | -3% | 14% | 9% |
| Goodwill | 39.9 | 7.7 | 7.7 | 7.7 | 7.7 | EBIT (adj.) growth-% | -9% | -33% | -13% | 25% | 32% |
| Net debt | 154.9 | 70.2 | 68.4 | 63.6 | 67.4 | EPS (adj.) growth-% | -48% | -422% | -103% | 97% | 166% |
| Cash flow | 2023 | 2024 | 2025 | 2026e | 2027e | EBITDA-% | 7.9 % | 10.5 % | 9.7 % | 10.4 % | 10.3 % |
| EBITDA | 31.9 | 20.3 | 19.8 | 22.5 | 24.5 | EBIT (adj.)-% | 2.7 % | 3.7 % | 3.1 % | 3.6 % | 4.4 % |
| Change in working capital | 14.0 | 100.1 | -110.5 | 0.3 | -4.7 | EBIT-% | -0.8 % | 3.0 % | 2.5 % | 3.6 % | 4.4 % |
| Operating cash flow | 43.4 | 110.3 | -92.4 | 24.2 | 19.3 | ROE-% | -8.5 % | -39.6 % | -0.8 % | 3.0 % | 7.5 % |
| CAPEX | -35.1 | 123.2 | -12.5 | -14.5 | -18.8 | ROI-% | -1.2 % | 3.1 % | 4.1 % | 6.4 % | 8.2 % |
| Free cash flow | 9.7 | 227.4 | -107.6 | 9.7 | 0.6 | Equity ratio | 22.8 % | 18.2 % | 31.8 % | 32.2 % | 32.3 % |
| Valuation multiples | 2023 | 2024 | 2025 | 2026e | 2027e | Gearing | 195.2 % | 142.4 % | 137.7 % | 124.2 % | 122.2 % |
| EV/S | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | | | | | | |
| EV/EBITDA | 6.4 | 5.0 | 5.1 | 4.2 | 4.0 | | | | | | |
| EV/EBIT (adj.) | 19.0 | 14.2 | 15.9 | 12.2 | 9.6 | | | | | | |
| P/E (adj.) | 6.5 | neg. | 41.5 | 21.3 | 8.0 | | | | | | |
| P/B | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | | | | | | |
| Dividend-% | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | | | | | | |

Source: Inderes

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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

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Recommendation history (>12 mo)

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



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