

# KH Group

## Company report

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**Thomas Westerholm**  
+358 50 541 2211  
thomas.westerholm@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Katsauskauden haasteet rajoittuivat Indooriin" published on 8/19/2024 at 7:45 am EEST

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# Challenges during the review period limited to Indoor

After a severe profit warning, KH Group's Q2 report was a relief, as it confirmed that the deteriorating performance was solely due to the extremely poor performance of the Group's source of grief, Indoor Group. We believe that the Group's other assets offer value compared to the current price level but recognize the risk of value destruction through weak capital allocation to Indoor. We revise our target price to EUR 0.65 (was EUR 0.60) and raise our recommendation to Accumulate (was Reduce).

## A mixed quarter

KH Group's quarter was mixed, as KH-Koneet performed convincingly and achieved slight growth and operating result at the level of the comparison period despite the very weak sentiment in machine trade, which strengthened our view of the company's quality. NRG's turnaround story progressed with significant earnings growth. However, the quarter of Indoor, which focuses on the furniture trade, was very weak and singlehandedly watered down the consolidated figures of the whole Group. Despite KH-Koneet's 2.0 MEUR and NRG's 0.9 MEUR operating result, the Group's pro forma operating result was slightly in the red, driven by Indoor (-2.6 MEUR) and unallocated items (-0.6 MEUR). The management explained the plan to improve Indoor, but the effectiveness of the program aiming at annual cost savings of 10 MEUR through tighter cooperation between Asko and Sotka stores is doubtful to us, as the previous goal was to clarify the Asko brand.

## We assume the bottom of the cycle is at hand

KH Group's latest guidance indicates a revenue of 340-360 MEUR and an EBIT of 4-7 MEUR for the current year. The company sets out to the second half of the year from a chase position, as cumulative H1 earnings was -0.8 MEUR. Our pro forma revenue forecast for the current year is 358 MEUR and our operating result forecast is 5.5 MEUR. Seasonally, the second half of the year is significantly better for Indoor Group, whose streamlining should enable achieving the guidance without major improvements from other businesses. We expect 2024 to be the bottom of the cycle for KH Group's subsidiaries and the recovering business environment will support the earnings development of KH-Koneet and Indoor Group in the coming years. For Indoor, our estimates do not consider the specific benefits of the new efficiency program at this stage, but we follow its implementation closely. In KH-Koneet, we see a prerequisite for a level correction in growth and profitability as the machine trade recovers, but we want the company to show that the relative profitability of the Swedish business is scaling up to validate the relevance of the international growth strategy.

## The market no longer gives value to Indoor

Our sum-of-the-parts calculation indicates a value of EUR 0.8 per share for KH Group. We see undeniable value in KH Group's holdings and believe the value exceeds the current price level even without the agonizing Indoor. Realization of Indoor's balance sheet risk would destroy value and limit the upside in the stock, but the parent is not responsible for Indoor's debts (the parent has net cash from the HTJ divestment). As a result, Indoor only depresses the value of the entity if capital is poorly allocated to the company or if the difficulties in Indoor clearly takes the management's attention away from other subsidiaries. In terms of KH-Koneet's value, proof of improved profitability in Sweden is key to the story, which we got a hint of in Q2.

## Recommendation

**Accumulate**

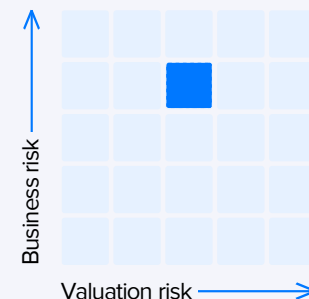
(was Reduce)

**EUR 0.65**

(was EUR 0.60)

**Share price:**

0.57



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	403	364	370	391
<b>growth-%</b>	-6%	-10%	2%	6%
<b>EBIT adj.</b>	10.8	3.9	11.2	12.9
<b>EBIT-% adj.</b>	2.7 %	1.1 %	3.0 %	3.3 %
<b>PTP</b>	-15.4	-4.6	1.3	3.8
<b>Net Income</b>	-7.0	-3.7	0.6	2.0
<b>EPS (adj.)</b>	0.12	-0.10	0.01	0.03
<b>Dividend</b>	0.00	0.00	0.00	0.00

<b>P/E (adj.)</b>	6.5	neg.	58.1	16.6
<b>P/B</b>	0.6	0.4	0.4	0.4
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	0.0 %
<b>EV/EBIT (adj.)</b>	19.0	43.8	14.6	12.0
<b>EV/EBITDA</b>	6.4	4.1	4.4	4.0
<b>EV/S</b>	0.5	0.5	0.4	0.4

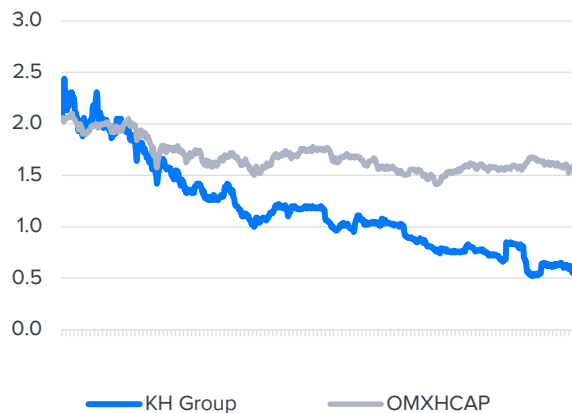
Source: Inderes

## Guidance

(Unchanged)

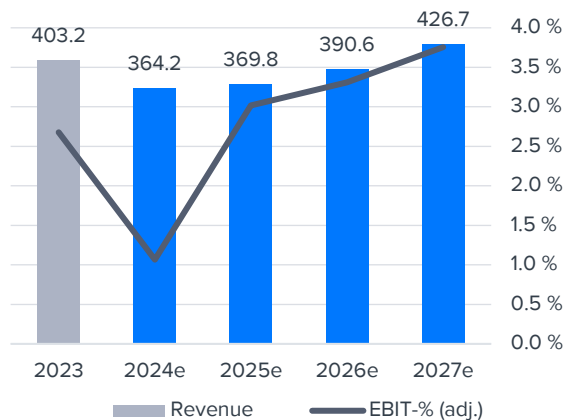
KH Group expects 2024 pro forma revenue of 340-360 MEUR and EBIT of 4-7 MEUR, including the EBIT recorded from the real estate sale deal in Estonia. The guidance does not include HTJ.

## Share price



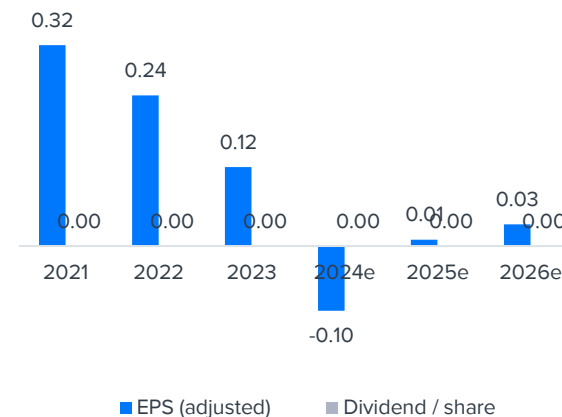
Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Systematic development of holdings
- M&A transactions
- Dismantling the current ownership structure



## Risk factors

- Deteriorating economic situation
- Among the portfolio companies, especially Indoor Group and KH-Koneet Group are cyclical
- Indoor's balance sheet risk
- Tightening competitive situation
- Postponement of sensible exit opportunities due to weak capital markets

Valuation	2024e	2025e	2026e
Share price	0.57	0.57	0.57
Number of shares, millions	58.1	58.1	58.1
Market cap	33	33	33
EV	170	163	155
P/E (adj.)	neg.	58.1	16.6
P/E	neg.	58.1	16.6
P/B	0.4	0.4	0.4
P/S	0.1	0.1	0.1
EV/Sales	0.5	0.4	0.4
EV/EBITDA	4.1	4.4	4.0
EV/EBIT (adj.)	43.8	14.6	12.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

# Indoor watered down Group figures

## With the severe profit warning, expectations for the report were low

KH Group's Q2 report was relieving after the severe profit warning issued last week, as it showed that the Group's challenges focus on Indoor Group.

## KH-Koneet and NRG were strong

KH-Koneet's Q2 revenue grew by 2% to 41.1 MEUR which clearly exceeded our 34.7 MEUR estimate.

Machine trade has shrunk clearly from the comparison period, and considering this, achieving growth is a particularly strong performance.

According to management comments, the growth was focused on Sweden, where the bottom of the cycle may already be over and the Swedish business is almost the same size as in Finland. The company's gross margins strengthened during the quarter in both operating countries, but the operating result remained at the level of the comparison period. We suspect this is due to growth investments made by the company, which raise operating costs (e.g. opening new offices). Despite Sweden's growth, the company's profitability continues to be focused on Finland.

NRG's 26% revenue growth was a similarly strong performance and led to a clear forecast overrun in terms of both revenue and the operating result. NRG is already selling 2025 and 2026, so the company's main bottleneck for growth is its own delivery capacity. We believe the company's demand is supported by rescue equipment donated to Ukraine, which makes it difficult to estimate the current demand cycle. In addition to revenue growth, NRG benefited from a more favorable sales distribution than in the comparison period thanks to the increased service business.

## Indoor is still a source of grief

For Indoor, Q2 was the bottom. Revenue decreased by 16%. The Finnish furniture market declined by 9% in April-May, so Indoor shrank more than the market. This is partly due to the exit from Estonia, closing down stores in Finland and the inefficiency caused by the introduction of the new ERP system. Indoor's operating result fell to -2.6 MEUR, driven by a decrease in revenue and weakened margins, which meant that the Group had to issue a profit warning before its interim report.

Based on the profit warning, Indoor's figures were clearly below the Group's expectations. Indoor's Q2 profit before taxes of -4 MEUR resulted in a loss of -2.6 MEUR for the whole Group despite good performance by other subsidiaries.

## The Group's balance sheet position is tight, but the problems are linked to Indoor

At the end of Q2, KH Group's interest-bearing net liabilities amounted to 169.2 MEUR, which is a significant level for a company of KH Group's size. In reality, however, the level is slightly lower due to the funds received from the HTJ divestment and the parent company is net cash positive. We feel the Group's balance sheet concerns are therefore linked to Indoor Group, whose poor performance and net liabilities of 83.7 MEUR present a clear risk of default. In terms of the Group's solvency, the key question is how much the parent is willing to invest to save Indoor if the problems persist.

Revenue	Q2'23	Q2'24	Q2'24e	Growth	Growth	Difference (%)
MEUR	Comparison	Actualized	Inderes	Estimate	Act.	Act. vs. inderes
Indoor Group	44.0	37.1	41.4	-6%	-16%	-10%
KH-Koneet Group	40.4	41.1	34.7	-14%	2%	18%
Nordic Rescue Group	8.8	11.1	9.7	10%	26%	15%
Adj. EBIT (IFRS)	Q2'23	Q2'24	Q2'24e	Growth	Growth	Difference (%)
MEUR	Comparison	Actualized	Inderes	Estimate	Act.	Act. vs. inderes
Indoor Group	-1.5	-2.6	-1.6			
KH-Koneet Group	2.0	2.0	1.3	-34%	0%	51%
Nordic Rescue Group	0.6	0.9	0.6	6%	50%	41%
Unallocated costs	-0.8	-0.6	-0.5			

Source: Inderes. NB! Comparison period figures are pro forma

# Indoor's expectations down, others up

## KH-Koneet's and NRG's estimates raised

In connection with the report, we raised our forecasts for the next few years for KH-Koneet and NRG, with the companies' Q2 performance. We were particularly impressed by the performance of KH-Koneet, as heads are rolling in the machine trade due to the weak cycle, and as the cycle recovers, the number of players in the industry is very likely to be lower than at present. Despite the weakness of the business environment, the company has continued to make growth investments by opening new offices and signing new distribution agreements. The expansion to Sweden has reduced the company's dependence on the Finnish construction market and the demand environment in Sweden seems to be recovering sooner than Finland. However, the expansion to Sweden has weighed on KH-Koneet's return on capital, and in the long run, the company still needs to improve its relative profitability outside

the strong domestic market to create an attractive international growth story.

## Indoor seeks significant efficiency improvement, which works at least in theory

In connection with the interim report, KH Group announced that Indoor will initiate measures to renew operating models and improve profitability. The company aims for an annual profitability improvement of 10 MEUR by 2026, a significant part of which would be visible already in 2025. The process involves full utilization of the new ERP system, but other key measures include optimizing the store network (e.g. new store openings for the first time in a long time), closer cooperation between Asko and Sotka stores, and streamlining processes.

We estimate that the benefits of the new ERP will be realized quickly and that removing the operational inefficiencies and costs from the implementation of

the system should already provide a small boost to Indoor's profitability. These direct benefits are offset by the rise in Finland's overall VAT rate at the beginning of September, which particularly hits Indoor.

In our view, one way in which the company seeks to achieve cost benefits is to combine adjacent Asko and Sotka stores, which would enable combining personnel resources and more efficient resource use. From the viewpoint of costs, the idea sounds smart, but from the viewpoint of the customer experience and brand image, the decision makes us hesitant, as the company previously intended to improve Asko's brand image more strongly toward quality. In our view, combining the premises and staff of Asko stores with the price competitor Sotka could weaken the differentiation between the brands and confuse their message to consumers (both brands would develop in a 'stuck in the middle' direction).

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
Revenue (MEUR)	Old	New	%	Old	New	%	Old	New	%
Indoor Group	174	168	-3%	176	170	-3%	180	174	-3%
KH Koneet	139	146	5%	147	154	5%	162	170	5%
NRG	41.1	44.3	8%	42.3	45.6	8%	43.4	46.7	8%
<b>Adj. operating result (MEUR)</b>									
Indoor Group	0.8	-1.1	-234%	6.0	3.7	-38%	6.5	4.7	-28%
KH Koneet	4.5	5.4	20%	6.6	6.9	5%	7.8	8.2	5%
NRG	2.5	3.1	25%	1.9	2.3	20%	1.7	1.9	8%
Unallocated costs	-1.7	-1.8	9%	-1.8	-1.8	0%	-1.8	-1.8	0%

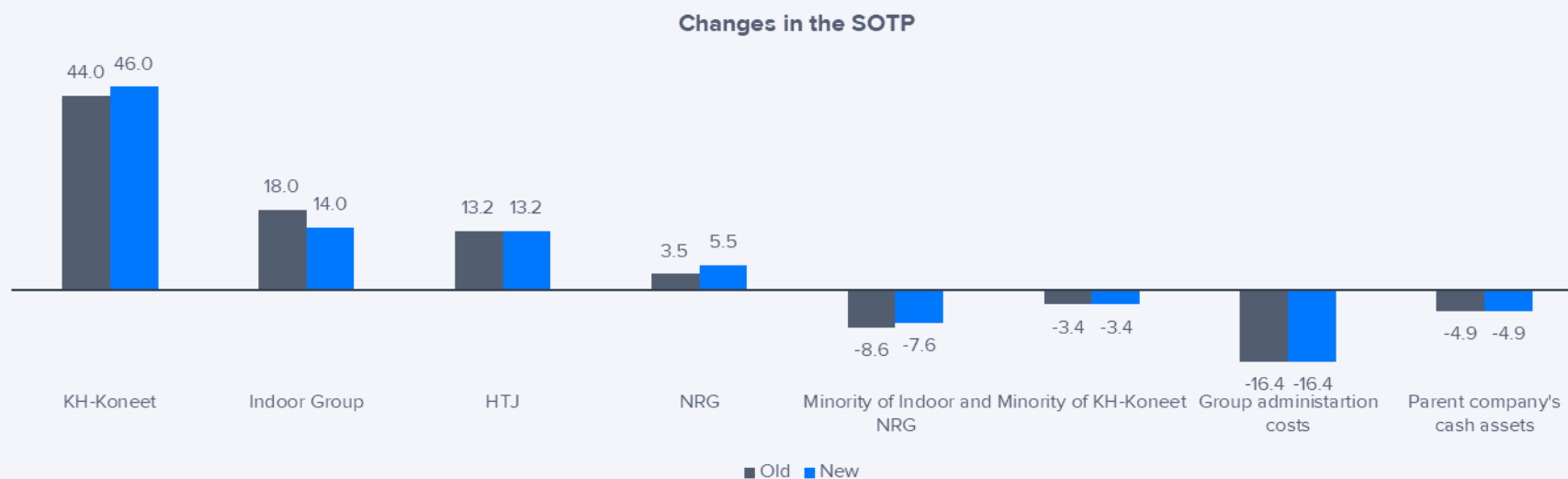
Source: Inderes

# Changes in our sum-of-the-parts calculation

## KH-Koneet's and NRG's value up, Indoor's down

We slightly raised the fair value of KH-Koneet and NRG in our sum-of-the-parts calculation due to forecast changes, but at the same time lowered the value of Indoor due to the company's prolonged problems. Both Indoor and NRG are quite leveraged compared to their performance, so our view of their value is particularly sensitive to changes in the company's performance.

There is still a mutual agreement between KH Group and the minorities of KH-Koneet for the remaining 4.9% stake, which had a fair value of 3.4 MEUR in the 2023 financial statements. This agreement values the company at 69.4 MEUR and will be operational in 2025.



# Sum of the parts is the most reliable valuation method

## SOTP formation

We approach KH Group's valuation through a sum-of-the-parts calculation. In our view, the method is optimal, as the current group structure is to be dismantled, which enables value to be released. At the same time, due to the subsidiaries' differing cash flow and risk profiles, their growth, profitability and acceptable valuation multiples differ considerably. In our SOTP, we have estimated the fair value of each of KH Group's subsidiaries using company-specific DCF models and by comparing the multiple-based fair value valuation to company-specific peers' valuations. In the subsidiary-specific valuation, we utilize company-specific financial statements that comply with FAS accounting (excl. Indoor Group that reports under IFRS), which slightly weakens the comparability of the figures with peers.

We deduct the minority holding of the company, the group administration expenses, and our estimate of the parent company's debts from the company-specific fair value estimate as part of the calculation.

The value of HTJ in the calculation is based on the disclosed transaction.

## Group administration expenses consume the fair value of the whole

We have estimated that normalized group administration costs are 1.8 MEUR, which we have discounted at an 11% cost of capital from now to eternity. Expenditure has been slightly higher in recent years, but we expect it to fall when the strategy is clear and as it progresses. One could argue for a larger drop in group costs when the group only includes KH-Koneet. We believe that this approach is logical, but the challenge we see is new administrative costs that would arise if Indoor Group would be listed on the stock exchange.

SOTP breakdown (MEUR)	Equity value DCF	Fair value	Net liabilities 2024e	EV 2024e
<b>KH-Koneet</b>	51.2	46.0	21.9	67.9
<b>Indoor Group</b>	15.3	14.0	65.1	79.1
<b>HTJ</b>		13.2		23.0
<b>NRG</b>	7.2	5.5	12.3	17.8
- Minority of Indoor and NRG		-7.6		
- Minority of KH-Koneet		-3.4		
- Group administration costs		-16.4		
+ Parent company's net debt		-4.9		
<b>= Sum of the parts</b>		<b>46.4</b>		
<b>Group's current market cap</b>		33.1		
<b>Discount on the SOTP</b>		-29%		
<b>Value per share indicated by the SOTP</b>		0.80 €		

# Implicit valuation multiples

In the adjacent table, we try to illustrate the implicit valuation multiples of KH Group's subsidiaries based on our fair value estimates. The multiples follow FAS accounting except for Indoor Group, as the company's financial statements follow the FAS standard. To improve comparability, we have adjusted goodwill depreciation from our earnings estimates. We have not predicted dividend distribution, which means the cash flow generated by the companies lowers net debt and EV.

## Valuation of KH-Koneet predicts an earnings slump in the current year

For KH-Koneet, the earnings-based valuation appears highish this year, but at 2025 multiples, the valuation already turns quite attractive in our view. One should keep in mind that in our forecasts, we expect the business environment to improve in 2025, but the company's earnings level to still be below normalized levels. Relative to its peers, our valuation prices KH-Koneet at a discount, which we believe is justified by its smaller size and more limited growth potential than its peers. However, at 2025 multiples, the discount becomes too wide, and if the earnings turnaround materializes as we expect, we will see upward pressure on our estimate of the fair value. In our view, KH-Koneet's business and growth create value, and thus, we feel the balance sheet-based valuation (2024 P/B: 1.1x) provides, support for the company's valuation at current levels.

## Turnaround company status is reflected in Indoor's valuation

Measured by EBITDA, Indoor seems cheap with our 2024 forecasts, although due to the high depreciation/EBITDA ratio, the multiple may be misleading and our net profit forecast is negative. Indoor has historically generated high profitability but due to its elevated risk profile and weakened performance, we consider it justified that it is now priced on a balance sheet basis with a discount to book value. The estimate risk has also elevated in the short term with the recent introduction of the new ERP system. As the performance recovers and the balance sheet strengthens, we see conditions for a higher balance sheet-based valuation, but first Indoor must achieve an earnings turn and prove the vitality of the business. The peers are also priced mainly at a discount to book value, which may indicate market doubts about the industry's long-term value creation outlook. We feel the biggest risk to the business and valuation is that Indoor gets stuck in the current costly spiral of shrinking and streamlining its business in the face of very aggressive competitors.

## NRG's earnings-based valuation is low but not without reason

NRG's revenue- and earnings-based valuation multiples are low, which is explained by the company's high risk profile and turnaround status. Assessing the company's sustainable performance is difficult with the current track record, which we feel should be reflected in acceptable valuation multiples. Due to the company's significant leverage, a successful earnings turnaround would have a significant positive impact on the value of equity. However, the valuation is supported by the company's strong order book (according to management, the company is already scheduling sales for 2025), which will allow it to strengthen its balance sheet and comfortably drive a sustainable earnings turnaround.

<b>KH-Koneet</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
<b>EV/ S</b>	0.5	0.4	0.3	0.3
<b>EV/EBITDA</b>	10.0	7.2	5.7	4.6
<b>EV/Adj. EBIT</b>	10.8	7.7	6.2	5.2
<b>Adj. P/E</b>	12.7	8.6	7.0	5.4
<b>P/B</b>	1.1	1.0	0.9	0.8

<b>Indoor Group</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
<b>EV/ S</b>	0.5	0.4	0.4	0.3
<b>EV/EBITDA</b>	5.3	3.6	3.3	2.7
<b>EV/Adj. EBIT</b>	-19.3	19.4	14.9	10.5
<b>Adj. P/E</b>	-1.8	180.9	13.4	5.5
<b>P/B</b>	0.5	0.5	0.5	0.4

<b>NRG</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
<b>EV/ S</b>	0.4	0.4	0.4	0.3
<b>EV/EBITDA</b>	5.1	6.4	7.4	7.0
<b>EV/Adj. EBIT</b>	5.8	7.7	9.3	8.8
<b>Adj. P/E</b>	4.1	6.8	9.4	7.5
<b>P/B</b>	-16.8	-4.9	-2.6	-1.8



# Peer group valuation 1/2

KH -Koneet peer group valuation		Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2024e
UNITED RENTALS	43288	54590	14.2	13.5	8.4	8.0	4.0	3.8	16.3	15.0	5.4	
H&E EQUIPMENT SERVICES	1524	2913	13.1	12.4	4.8	4.6	2.1	2.0	12.9	11.2	2.6	
MCGRATH RENTCORP	2354	3068	15.0	13.7	9.9	9.3	3.9	3.7	23.5	17.3	NA	
SPEEDY HIRE	207	439	14.0	11.5	3.9	3.6	0.9	0.9	14.5	10.2	0.8	
VP	320	540	9.3	9.0	4.1	4.1	1.2	1.2	9.3	8.9	1.5	
WETTERI OYJ	67	220	16.6	14.4	8.4	6.9	0.4	0.3	26.0	13.5	1.7	
BILIA A	1050	1777	13.4	11.3	8.1	7.1	0.5	0.5	11.6	9.4	2.3	
<b>KH Koneet (Inderes, FAS)</b>	<b>46</b>	<b>68</b>	<b>10.8</b>	<b>7.7</b>	<b>10.0</b>	<b>7.2</b>	<b>0.5</b>	<b>0.4</b>	<b>12.7</b>	<b>8.6</b>	<b>1.1</b>	
<b>Average</b>			<b>11.9</b>	<b>10.7</b>	<b>5.9</b>	<b>5.4</b>	<b>1.6</b>	<b>1.5</b>	<b>14.3</b>	<b>10.7</b>	<b>2.0</b>	
<b>Median</b>			<b>13.7</b>	<b>11.9</b>	<b>6.5</b>	<b>5.8</b>	<b>1.1</b>	<b>1.0</b>	<b>13.7</b>	<b>10.7</b>	<b>1.7</b>	
<b>Diff-% to median</b>			<b>-21%</b>	<b>-35%</b>	<b>56%</b>	<b>24%</b>	<b>-56%</b>	<b>-62%</b>	<b>-7%</b>	<b>-19%</b>	<b>-36%</b>	

Indoor peer group valuation		Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2024e
SURTECO GROUP (XET)	223	570	12.9	9.6	5.4	4.8	0.6	0.6	11.4	7.4	0.6	
NOBIA	312	682	295.3	21.5	19.3	6.3	0.7	0.7	-6.3	62.8	0.6	
MAISONS DU MONDE	143	803	26.5	17.3	4.2	3.9	0.7	0.7	21.2	7.2	0.2	
LEON'S FURNITURE	1239	1416	11.2	10.4	7.1	6.8	0.8	0.8	13.7	12.6	NA	
WILLIAMS-SONOMA	16132	14990	13.2	12.1	11.2	10.3	2.1	2.1	19.0	16.8	8.6	
<b>Indoor Group (Inderes, IFRS)</b>	<b>46</b>	<b>79</b>	<b>-19.3</b>	<b>19.4</b>	<b>5.3</b>	<b>3.6</b>	<b>0.5</b>	<b>0.4</b>	<b>-1.8</b>	<b>180.9</b>	<b>0.5</b>	
<b>Average</b>			<b>71.8</b>	<b>14.2</b>	<b>9.4</b>	<b>6.4</b>	<b>1.0</b>	<b>1.0</b>	<b>11.8</b>	<b>21.4</b>	<b>2.5</b>	
<b>Median</b>			<b>13.2</b>	<b>12.1</b>	<b>7.1</b>	<b>6.3</b>	<b>0.7</b>	<b>0.7</b>	<b>13.7</b>	<b>12.6</b>	<b>0.6</b>	
<b>Diff-% to median</b>				<b>60%</b>	<b>-25%</b>	<b>-42%</b>	<b>-36%</b>	<b>-41%</b>		<b>1335%</b>	<b>-9%</b>	

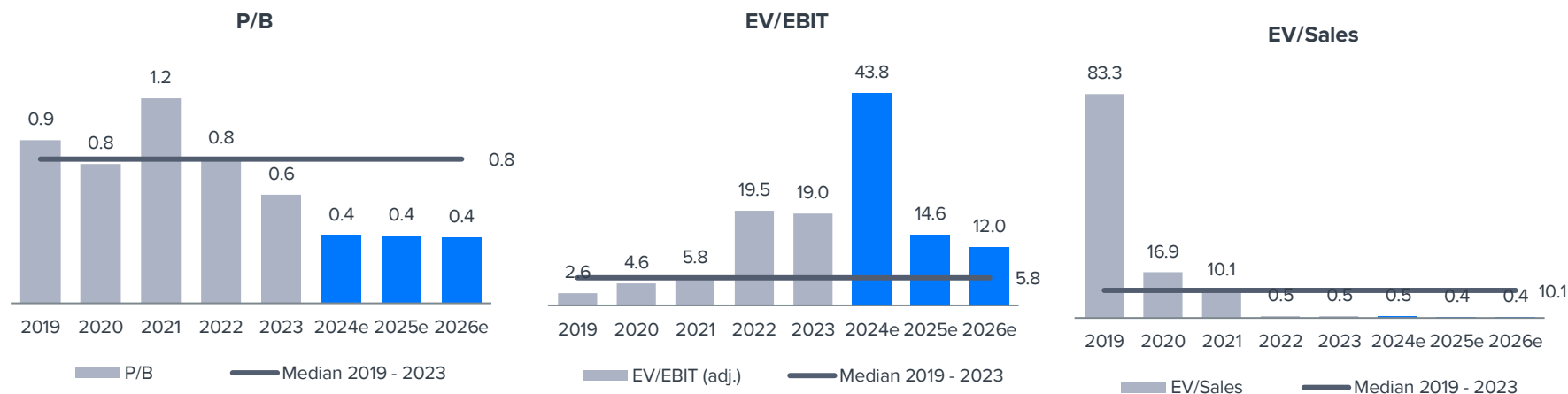
# Peer group valuation 2/2

NRG peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
ROSENBAUER INTL.	261	765	13.1	10.7	8.6	7.4	0.6	0.6	12.7	8.2	1.3
OSHKOSH	6075	7434	7.1	7.3	6.2	6.2	0.8	0.8	8.8	8.7	1.6
REV GROUP	1369	1535	25.1	9.9	10.6	8.5	0.7	0.7	18.4	13.6	3.7
<b>NRG (Inderes, FAS)</b>	<b>6</b>	<b>18</b>	<b>5.8</b>	<b>7.7</b>	<b>5.1</b>	<b>6.4</b>	<b>0.4</b>	<b>0.4</b>	<b>4.1</b>	<b>6.8</b>	<b>-16.8</b>
<b>Average</b>			<b>15.1</b>	<b>9.3</b>	<b>8.5</b>	<b>7.4</b>	<b>0.7</b>	<b>0.7</b>	<b>13.3</b>	<b>10.2</b>	<b>2.2</b>
<b>Median</b>			<b>13.1</b>	<b>9.9</b>	<b>8.6</b>	<b>7.4</b>	<b>0.7</b>	<b>0.7</b>	<b>12.7</b>	<b>8.7</b>	<b>1.6</b>
<i>Diff-% to median</i>			<b>-55%</b>	<b>-22%</b>	<b>-41%</b>	<b>-14%</b>	<b>-42%</b>	<b>-43%</b>	<b>-67%</b>	<b>-22%</b>	

# Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	1.28	1.08	1.92	1.18	0.81	<b>0.57</b>	<b>0.57</b>	<b>0.57</b>	<b>0.57</b>
Number of shares, millions	57.8	58.0	58.1	58.1	58.1	<b>58.1</b>	<b>58.1</b>	<b>58.1</b>	<b>58.1</b>
Market cap	74	63	112	69	47	<b>33</b>	<b>33</b>	<b>33</b>	<b>33</b>
EV	42	54	116	232	205	<b>170</b>	<b>163</b>	<b>155</b>	<b>151</b>
P/E (adj.)	5.8	6.3	6.1	5.0	6.5	neg.	<b>58.1</b>	<b>16.6</b>	<b>7.5</b>
P/E	5.8	6.3	6.1	5.0	neg.	neg.	<b>58.1</b>	<b>16.6</b>	<b>7.5</b>
P/B	0.9	0.8	1.2	0.8	0.6	<b>0.40</b>	<b>0.39</b>	<b>0.4</b>	<b>0.4</b>
P/S	>100	19.6	9.7	0.2	0.1	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
EV/Sales	83.3	16.9	10.1	0.5	0.5	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
EV/EBITDA	2.6	4.6	5.8	19.5	6.4	<b>4.1</b>	<b>4.4</b>	<b>4.0</b>	<b>3.5</b>
EV/EBIT (adj.)	2.6	4.6	5.8	19.5	19.0	<b>43.8</b>	<b>14.6</b>	<b>12.0</b>	<b>9.4</b>
Payout ratio (%)	83.5 %	23.4 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>
Dividend yield-%	14.5 %	3.7 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>	<b>0.0 %</b>

Source: Inderes



# DCF calculation 2/3, Indoor Group

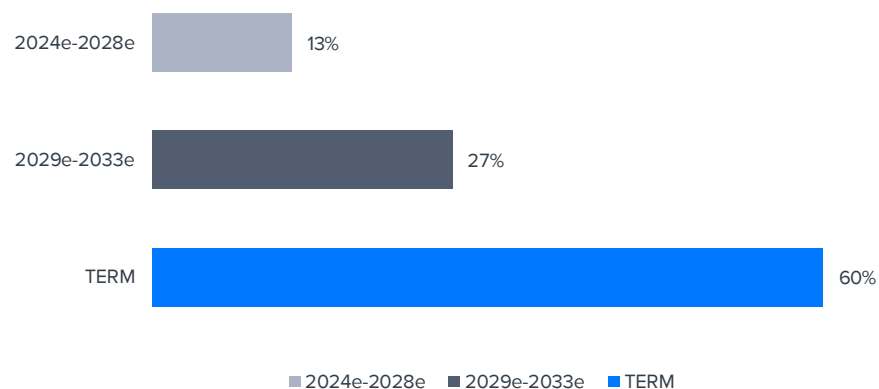
DCF model Indoor Group (IFRS)	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-6.2 %	-3.1 %	-9.8 %	1.0 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	1.5 %	0.5 %	0.5 %
EBIT-%	0.5 %	0.6 %	-0.7 %	2.2 %	2.7 %	3.3 %	4.3 %	4.3 %	4.2 %	4.2 %	4.2 %	4.0 %	4.0 %
<b>EBIT (operating profit)</b>	<b>1.0</b>	<b>1.1</b>	<b>-1.1</b>	<b>3.7</b>	<b>4.7</b>	<b>5.9</b>	<b>7.9</b>	<b>8.0</b>	<b>8.0</b>	<b>8.2</b>	<b>8.3</b>	<b>7.9</b>	
+ Depreciation	19.3	20.9	16.0	16.1	16.5	16.9	17.4	17.7	18.1	18.4	18.7	18.8	
- Paid taxes	-0.2	-0.2	0.2	-0.7	-0.9	-1.2	-1.6	-1.6	-1.6	-1.6	-1.7	-1.6	
- Change in working capital	-1.6	8.6	-4.2	-1.6	-5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Operating cash flow</b>	<b>13.7</b>	<b>26.2</b>	<b>10.9</b>	<b>17.5</b>	<b>14.9</b>	<b>21.7</b>	<b>23.7</b>	<b>24.1</b>	<b>24.5</b>	<b>24.9</b>	<b>25.3</b>	<b>25.1</b>	
+ 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	0.0	0.0	
- Gross CAPEX	-20.9	-20.5	-11.9	-14.4	-15.8	-16.3	-16.8	-16.9	-17.4	-14.4	-19.5	-19.1	
<b>Free operating cash flow</b>	<b>-7.2</b>	<b>5.7</b>	<b>-0.9</b>	<b>3.1</b>	<b>-1.0</b>	<b>5.3</b>	<b>6.8</b>	<b>7.2</b>	<b>7.1</b>	<b>10.5</b>	<b>5.8</b>	<b>6.1</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-7.2	5.7	-0.9	3.1	-1.0	5.3	6.8	7.2	7.1	10.5	5.8	6.1	94.6
<b>Discounted FCFF</b>			<b>-0.9</b>	<b>2.9</b>	<b>-0.8</b>	<b>4.3</b>	<b>5.1</b>	<b>5.0</b>	<b>4.6</b>	<b>6.4</b>	<b>3.3</b>	<b>3.2</b>	<b>50.5</b>
Sum of FCFF present value			83.6	84.5	81.6	82.4	78.2	73.1	68.0	63.4	57.0	53.7	50.5
<b>Enterprise value DCF</b>			<b>83.6</b>										
- Interest bearing debt			-76.9										
+ Cash and cash equivalents			8.6										
-Minorities			0.0										
-Dividend/capital return			0.0										
<b>Equity value DCF</b>			<b>15.3</b>										

## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	75.0 %
Cost of debt	6.5 %
Equity Beta	1.5
Market risk premium	4.75%
Liquidity premium	2.5 %
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>12.1 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>6.9 %</b>

Source: Inderes

## Cash flow distribution



# DCF calculation 3/3, NRG

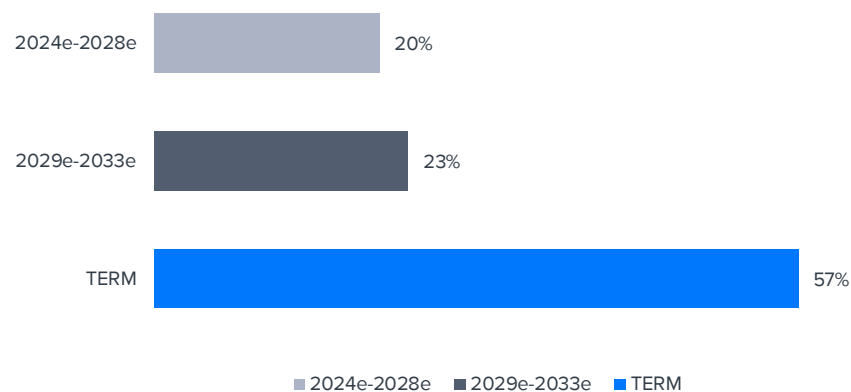
DCF model NRG (FAS)	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	11.0 %	-8.4 %	15.7 %	3.0 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBITDA-%	-4.7 %	5.2 %	7.9 %	5.9 %	4.9 %	4.9 %	4.4 %	4.4 %	4.4 %	4.4 %	4.4 %	4.0 %	4.0 %
<b>EBIT (operating profit)</b>	<b>-8.7</b>	<b>0.9</b>	<b>1.4</b>	<b>0.6</b>	<b>0.2</b>	<b>0.3</b>	<b>0.9</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>1.8</b>	<b>1.6</b>	
+ Depreciation	6.7	1.1	2.0	2.1	2.1	2.1	1.2	0.5	0.5	0.5	0.5	0.5	
- Paid taxes	0.0	-1.5	-0.6	-0.4	-0.4	-0.4	-0.3	-0.3	-0.3	-0.4	-0.4	-0.3	
- Change in working capital	-0.4	7.2	-3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Operating cash flow</b>	<b>-1.3</b>	<b>0.0</b>	<b>-1.0</b>	<b>2.2</b>	<b>1.9</b>	<b>2.0</b>	<b>1.8</b>	<b>1.8</b>	<b>1.9</b>	<b>1.9</b>	<b>2.0</b>	<b>1.8</b>	
+ 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	0.0	0.0	
- Gross CAPEX	-0.1	-0.2	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.6	
<b>Free operating cash flow</b>	<b>-1.5</b>	<b>-0.2</b>	<b>-1.5</b>	<b>1.7</b>	<b>1.4</b>	<b>1.5</b>	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.3</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-1.5	-0.2	-1.5	1.7	1.4	1.5	1.3	1.3	1.4	1.4	1.4	1.3	20.2
<b>Discounted FCFF</b>			<b>-1.4</b>	<b>1.6</b>	<b>1.2</b>	<b>1.1</b>	<b>0.9</b>	<b>0.9</b>	<b>0.8</b>	<b>0.8</b>	<b>0.7</b>	<b>0.6</b>	<b>9.5</b>
Sum of FCFF present value			16.6	18.0	16.5	15.3	14.2	13.3	12.4	11.6	10.8	10.1	9.5
<b>Enterprise value DCF</b>			<b>16.6</b>										
- Interest bearing debt			-9.8										
+ Cash and cash equivalents			0.3										
-Minorities			0.0										
-Dividend/capital return			0.0										
<b>Equity value DCF</b>			<b>7.1</b>										

## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	65.0 %
Cost of debt	7.0 %
Equity Beta	1.80
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>13.6 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.4 %</b>

Source: Inderes

## Cash flow distribution



# Income statement

Income statement	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	<b>100</b>	<b>100</b>	<b>97.6</b>	<b>105</b>	<b>403</b>	<b>84.2</b>	<b>89.3</b>	<b>91.3</b>	<b>99.4</b>	<b>364</b>	<b>370</b>	<b>391</b>	<b>427</b>
KH-Koneet	40.5	40.4	32.3	39.1	152	29.2	41.1	33.9	41.4	146	154	170	200
Indoor Group	43.6	44.0	50.6	48.1	186	37.8	37.1	47.1	46.2	168	170	174	178
HTJ	6.1	7.0	6.5	6.6	26.3	6.1	0.0	0.0	0.0	6.1	0.0	0.0	0.0
Nordic Rescue Group	9.9	8.8	8.2	11.4	38.3	11.1	11.1	10.3	11.7	44.3	45.6	46.7	47.9
<b>EBITDA</b>						<b>8.1</b>	<b>7.1</b>	<b>14.2</b>	<b>12.1</b>	<b>41.6</b>	<b>37.1</b>	<b>39.2</b>	<b>42.9</b>
Depreciation						-8.8	-8.7	-8.8	-8.8	-35.1	-25.9	-26.3	-26.9
<b>EBIT (excl. NRI)</b>	<b>1.1</b>	<b>2.9</b>	<b>5.1</b>	<b>1.7</b>	<b>10.8</b>	<b>-0.7</b>	<b>-1.6</b>	<b>2.8</b>	<b>3.3</b>	<b>3.9</b>	<b>11.2</b>	<b>12.9</b>	<b>16.0</b>
<b>EBIT</b>	<b>1.1</b>	<b>0.9</b>	<b>-6.8</b>	<b>1.7</b>	<b>-3.1</b>	<b>-0.7</b>	<b>-1.6</b>	<b>5.4</b>	<b>3.3</b>	<b>6.5</b>	<b>11.2</b>	<b>12.9</b>	<b>16.0</b>
KH-Koneet	1.8	2.0	2.0	3.2	9.0	-0.4	2.0	1.6	2.2	5.4	6.9	8.2	10.0
Indoor Group	-0.6	-1.5	2.6	0.6	1.1	-0.3	-2.6	0.9	0.8	-1.1	3.7	4.7	5.9
HTJ	0.4	0.6	1.0	0.6	2.6	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Nordic Rescue Group	0.1	0.6	0.3	0.9	1.9	0.7	0.9	0.7	0.8	3.1	2.3	1.9	1.9
Unallocated items	-0.6	-0.8	-12.7	-3.6	-17.7	-0.7	-1.9	2.2	-0.5	-0.9	-1.8	-1.8	-1.8
Net financial items	-2.6	-3.5	-2.1	-4.1	-12.3	-3.0	-2.3	-2.9	-2.9	-11.1	-9.9	-9.1	-8.0
<b>PTP</b>	<b>-1.5</b>	<b>-2.6</b>	<b>-8.9</b>	<b>-2.4</b>	<b>-15.4</b>	<b>-3.6</b>	<b>-3.9</b>	<b>2.5</b>	<b>0.4</b>	<b>-4.6</b>	<b>1.3</b>	<b>3.8</b>	<b>8.0</b>
Taxes	0.5	0.4	2.2	0.2	3.3	0.3	0.0	-0.5	-0.1	-0.3	-0.3	-0.8	-1.6
Minority interest	0.0	1.2	3.2	0.8	5.2	0.5	1.5	-0.5	-0.4	1.1	-0.4	-1.1	-2.0
<b>Net earnings</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-3.2</b>	<b>-1.5</b>	<b>-6.7</b>	<b>-2.8</b>	<b>-2.0</b>	<b>1.5</b>	<b>-0.1</b>	<b>-3.3</b>	<b>0.6</b>	<b>2.0</b>	<b>4.4</b>
<b>EPS (adj.)</b>	<b>-0.02</b>	<b>0.02</b>	<b>0.15</b>	<b>-0.03</b>	<b>0.12</b>	<b>-0.05</b>	<b>-0.03</b>	<b>-0.02</b>	<b>0.00</b>	<b>-0.10</b>	<b>0.01</b>	<b>0.03</b>	<b>0.08</b>

Key figures	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue growth-%</b>						-15.9 %	-10.9 %	-6.4 %	-5.5 %	-9.7 %	1.6 %	5.6 %	9.2 %
<b>Adjusted EBIT growth-%</b>						-160.0 %	-155.2 %	-44.3 %	94.1 %	-64.1 %	187.6 %	15.7 %	24.0 %
<b>EBITDA-%</b>						9.7 %	8.0 %	15.6 %	12.2 %	11.4 %	10.0 %	10.0 %	10.1 %
<b>Adjusted EBIT-%</b>	1.1 %	2.9 %	5.2 %	1.6 %	2.7 %	-0.8 %	-1.8 %	3.1 %	3.3 %	1.1 %	3.0 %	3.3 %	3.8 %
<b>Net earnings-%</b>	-1.0 %	-1.0 %	-3.3 %	-1.4 %	-1.7 %	-3.3 %	-2.2 %	1.7 %	-0.1 %	-0.9 %	0.2 %	0.5 %	1.0 %

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>213</b>	<b>213</b>	<b>211</b>	<b>210</b>	<b>207</b>
Goodwill	37.7	39.9	39.9	39.9	39.9
Intangible assets	65.3	63.8	62.3	60.7	59.1
Tangible assets	104	103	104	105	108
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.8	0.7	0.0	0.0	0.0
Deferred tax assets	5.2	5.3	5.3	4.0	0.2
<b>Current assets</b>	<b>164</b>	<b>135</b>	<b>120</b>	<b>120</b>	<b>127</b>
Inventories	112	100.0	89.2	88.8	93.8
Other current assets	7.3	0.0	0.0	0.0	0.0
Receivables	18.8	23.7	12.7	12.9	13.7
Cash and equivalents	26.4	11.1	18.2	18.5	19.5
<b>Balance sheet total</b>	<b>377</b>	<b>348</b>	<b>331</b>	<b>330</b>	<b>334</b>

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>87.8</b>	<b>79.3</b>	<b>83.4</b>	<b>84.0</b>	<b>86.0</b>
Share capital	15.2	15.2	15.2	15.2	15.2
Retained earnings	53.4	46.6	43.3	43.8	45.8
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	13.0	12.9	12.9	12.9	12.9
Other equity	0.0	0.0	12.1	12.1	12.1
Minorities	6.2	4.7	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>128</b>	<b>122</b>	<b>109</b>	<b>105</b>	<b>101</b>
Deferred tax liabilities	15.7	12.7	12.7	12.7	12.7
Provisions	0.0	0.1	0.0	0.0	0.0
Interest bearing debt	110	106	93.1	89.1	85.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	2.5	3.6	3.6	3.6	3.6
<b>Current liabilities</b>	<b>161</b>	<b>147</b>	<b>139</b>	<b>141</b>	<b>147</b>
Interest bearing debt	74.4	60.4	62.1	59.4	56.7
Payables	86.4	86.2	76.5	81.4	89.8
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>377</b>	<b>348</b>	<b>331</b>	<b>330</b>	<b>334</b>

# Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	11.5	428.9	403.2	<b>364.2</b>	<b>369.8</b>	EPS (reported)	0.32	0.24	-0.11	<b>-0.06</b>	<b>0.01</b>
EBITDA	20.2	11.9	31.9	<b>41.6</b>	<b>37.1</b>	EPS (adj.)	0.32	0.24	0.12	<b>-0.10</b>	<b>0.01</b>
EBIT	20.2	11.9	-3.1	<b>6.5</b>	<b>11.2</b>	OCF / share	0.43	-0.64	0.75	<b>0.93</b>	<b>0.71</b>
PTP	20.2	11.7	-15.4	<b>-4.6</b>	<b>1.3</b>	FCF / share	0.43	-4.17	0.17	<b>0.36</b>	<b>0.27</b>
Net Income	18.4	13.8	-6.7	<b>-3.3</b>	<b>0.6</b>	Book value / share	1.61	1.40	1.29	<b>1.44</b>	<b>1.45</b>
Extraordinary items	0.0	0.0	-13.9	<b>2.6</b>	<b>0.0</b>	Dividend / share	0.00	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	113.3	377.0	347.7	<b>331.4</b>	<b>330.1</b>	Revenue growth-%	259%	3630%	-6%	<b>-10%</b>	<b>2%</b>
Equity capital	93.5	87.8	79.3	<b>83.4</b>	<b>84.0</b>	EBITDA growth-%	73%	-41%	168%	<b>30%</b>	<b>-11%</b>
Goodwill	0.0	37.7	39.9	<b>39.9</b>	<b>39.9</b>	EBIT (adj.) growth-%	73%	-41%	-9%	<b>-64%</b>	<b>188%</b>
Net debt	4.7	158.2	154.9	<b>137.0</b>	<b>130.0</b>	EPS (adj.) growth-%	86%	-25%	-48%	<b>-182%</b>	<b>-110%</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	175.7 %	2.8 %	7.9 %	<b>11.4 %</b>	<b>10.0 %</b>
EBITDA	20.2	11.9	31.9	<b>41.6</b>	<b>37.1</b>	EBIT (adj.)-%	175.7 %	2.8 %	2.7 %	<b>1.1 %</b>	<b>3.0 %</b>
Change in working capital	4.8	-55.7	14.0	<b>12.0</b>	<b>5.2</b>	EBIT-%	175.7 %	2.8 %	-0.8 %	<b>1.8 %</b>	<b>3.0 %</b>
Operating cash flow	24.9	-37.3	43.4	<b>54.0</b>	<b>41.3</b>	ROE-%	21.5 %	15.8 %	-8.5 %	<b>-4.2 %</b>	<b>0.7 %</b>
CAPEX	-0.2	-207.3	-35.1	<b>-33.4</b>	<b>-25.8</b>	ROI-%	22.8 %	6.4 %	-1.2 %	<b>2.7 %</b>	<b>4.7 %</b>
Free cash flow	24.7	-242.1	9.8	<b>20.9</b>	<b>15.4</b>	Equity ratio	82.5 %	23.3 %	22.8 %	<b>25.2 %</b>	<b>25.5 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	5.0 %	180.2 %	195.2 %	<b>164.2 %</b>	<b>154.7 %</b>
EV/S	10.1	0.5	0.5	<b>0.5</b>	<b>0.4</b>						
EV/EBITDA	5.8	19.5	6.4	<b>4.1</b>	<b>4.4</b>						
EV/EBIT (adj.)	5.8	19.5	19.0	<b>43.8</b>	<b>14.6</b>						
P/E (adj.)	6.1	5.0	6.5	<b>neg.</b>	<b>58.1</b>						
P/B	1.2	0.8	0.6	<b>0.4</b>	<b>0.4</b>						
Dividend-%	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

Source: Inderes



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

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
12/15/2021	Accumulate	2.00 €	1.94 €
3/4/2022	Buy	1.80 €	1.52 €
3/17/2022	Accumulate	1.80 €	1.64 €
5/6/2022	Buy	1.80 €	1.36 €
8/18/2022	Accumulate	1.50 €	1.29 €
11/4/2022	Buy	1.40 €	1.14 €
12/16/2022	Buy	1.40 €	1.17 €
2/21/2023	Accumulate	1.35 €	1.20 €
3/1/2023	Accumulate	1.20 €	1.08 €
5/5/2023	Buy	1.20 €	1.03 €
8/18/2023	Accumulate	1.05 €	0.95 €
<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 €



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**Inderes Oyj**

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

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