KH Group

Extensive report

03/11/2024 08:30

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

Inderes corporate customer

This report is a summary translation of the report “Odotuksen arvioinen rakennemuutos” published on 3/11/2024 at 8:23 am EET

A structural change worth waiting for

We revise KH Group's target price to EUR 0.80 (was EUR 0.90) and reiterate our Accumulate recommendation. The transformation toward a conglomerate to be built around KH-Koneet is progressing, but we estimate that the current difficult business environment can slow down the unlocking of value and expose Indoor Group in particular to balance sheet risks. Our SOTP calculation indicates a clear upside potential for the stock, although its realization is conditional on dissolving the current ownership structure and avoiding materialization of balance sheet risks.

KH Group has formed Sievi Capital's transformation toward an industrial group

KH Group was formed when the old Sievi Capital transformed from an investment company to an industrial group built around the largest subsidiary, KH-Koneet. The Group consists of KH-Koneet, which focuses on importing and retailing construction and earthmoving machines, Indoor Group, which retails furniture and interior decoration products, construction consultancy company HTJ, and Nordic Rescue Group, a rescue vehicle provider. Due to the changed business logic and changed management, old Sievi Capital's track record is no longer relevant for KH Group and we feel the new Group should be examined by subsidiary. Based on the CMD held in November, KH Group will seek to exit from its other subsidiaries during 2024-2025, after which the Group will be composed solely of KH-Koneet. We view building the Group around KH-Koneet to be a justified decision, considering the company's strong historical track record and long growth outlook. The balance sheet of the parent company is in good condition, but the investment company background is reflected in the subsidiaries' balance sheets, where leverage has been used to strengthen returns.

KH-Koneet is the most valuable part, but you should also keep an eye on HTJ and Indoor Group

For KH Group's investment story, KH-Koneet is the most relevant part. The company has a good track record of profitable growth and has also quickly grown its business in Sweden. However, it is critical for the international growth story that the company can improve the relative profitability of its business abroad so that growing in size would create value. We perceive Indoor Group as a turnaround company that struggles with an unnecessarily leveraged balance sheet and a challenging business environment. HTJ has a track record of strong and profitable growth, although challenges in the construction sector weaken the value creation outlook in the near future. For NRG, the smallest company in the Group, successfully completing the budding earnings turnaround is essential, as the company's leverage means that the loss buffer of the balance sheet is low. However, the balance sheet of the parent company is in shape, so balance sheet risks are limited to individual holdings.

We focus on the sum of the parts in our valuation

The reporting method of the conglomerate allows examining KH Group's valuation at group level, but due to the strongly divergent cash flow profiles of the subsidiaries, their minority shareholdings and the changing group structure, we prefer the sum of the parts method. Our SOTP calculation indicates a value of EUR 0.94 per share for the Group, although its release takes time. Our DCF models indicate the following values: KH-Koneet 50 MEUR, Indoor 25 MEUR, HTJ 22 MEUR and NRG 1.8 MEUR. In the short term, we feel its is hard to find upward drivers for the share in the weak construction cycle and weakening earnings levels of the subsidiaries. Looking over the cycle, we feel the expected return turns attractive, and the playbook for creating considerable shareholder value can be outlined (Indoor back on its feet, dismantling the Group structure, invest in KH-Koneet).

Recommendation

Accumulate
(previous Accumulate)

EUR 0.80
(previous EUR 90)

Share price:
0.68

Key figures

	2022	2023e	2024e	2025e
EBIT adj.	12.2	11.6	10.1	17.1
EBIT-% adj.	2.8%	2.8%	2.5%	4.1%
Net Income	14.1	-4.9	-0.7	3.9
EPS (adj.)	0.24	0.16	-0.01	0.07
P/E (adj.)	4.9	4.3	neg.	10.2
P/B	0.8	0.5	0.5	0.5
Dividend yield-%	0.0%	0.0%	0.0%	0.0%
EV/EBIT (adj.)	19.0	16.4	18.1	9.9
EV/EBITDA	19.0	5.9	5.5	4.2

Source: Inderes

Guidance

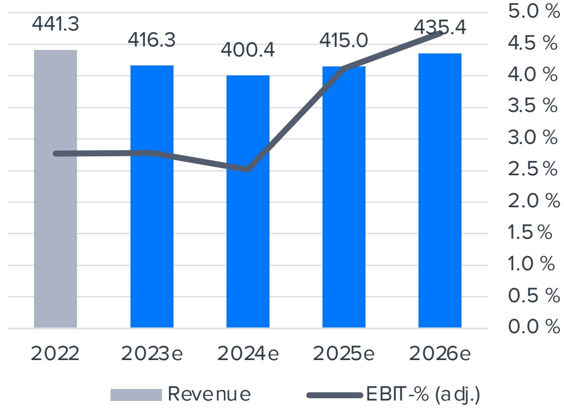
(Unchanged)

No guidance

Share price

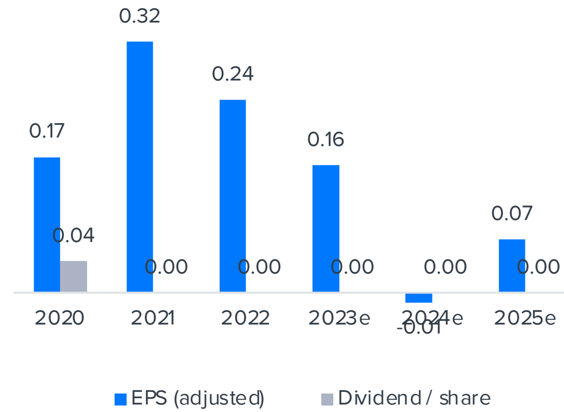
Source: Millistream Market Data AB

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	2023e	2024e	2025e
Share price	0.68	0.68	0.68
Number of shares, millions	58.1	58.1	58.1
Market cap	40	40	40
EV	190	182	169
P/E (adj.)	4.3	neg.	10.2
P/E	neg.	neg.	10.2
P/B	0.5	0.5	0.5
P/S	0.1	0.1	0.1
EV/Sales	0.5	0.5	0.4
EV/EBITDA	5.9	5.5	4.2
EV/EBIT (adj.)	16.4	18.1	9.9
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Contents

KH Group in brief

KH Group is a conglomerate formed from the former Sievi Capital, whose business is to be built around KH-Koneet

Ownership of KH Group

INDOOR GROUP

Indoor Group owns the retail chains Asko and Sotka. Indoor is now fully focused on the domestic market.

Strong cash flow profile

Joined the Group in 2017

The earliest time of exit is in H2'24

58.3%

KH-KONEET

KH-Koneet Group is an importer and retailer of construction and earthmoving machinery. It also offers maintenance and spare part services, as well as machinery rental. The company expanded to Sweden in 2019, and the offering in Sweden has quickly expanded to almost equivalent to Finland.

Strong position in Finland

Growth potential in Sweden

Joined the Group in 2017

The group will be formed around KH-Koneet.

90.7%

NRG

NRG is a system supplier for rescue vehicles. The Group has a strong position in Finland and Sweden. The companies' customers include both public and private rescue services.

Growth potential on export markets

Joined the Group in 2020

Exit is possible even in the near future, but may require additional proof of an earnings turnaround.

68.1%

HTJ

Raknnuttajatoimisto HTJ focuses on construction, project management and supervision. The company operates across Finland and employs over 200 people.

Potential for significant growth in Finland

Joined the Group in 2021

Exit ipossible even in the near future.

91.7%

Source: Inderes

Company description and strategy

KH Group is formed from the former Sievi Capital

KH Group consists of the former holdings of the investment company Sievi Capital. As a result, the company structure is complex thus far and includes four completely different businesses. The new entity is to be built around KH-Koneet as the Group divests its other holdings while maximizing value. Due to changed business logic and changed management, Sievi Capital's track record as an investment company is no longer relevant when assessing KH Group. Monitoring the development of business operations by subsidiary is thus much more meaningful than at Group level. The Group's and Indoor Group's figures follow IFRS accounting, while the company-specific figures of other subsidiaries follow FAS accounting. As a result, our analysis includes both IFRS and FAS figures, which can confuse the reader.

With the conglomerate transformation in H1'23, KH Group's historical figures and reporting are no longer comparable to the figures published by the Group as an investment company.

Four subsidiaries

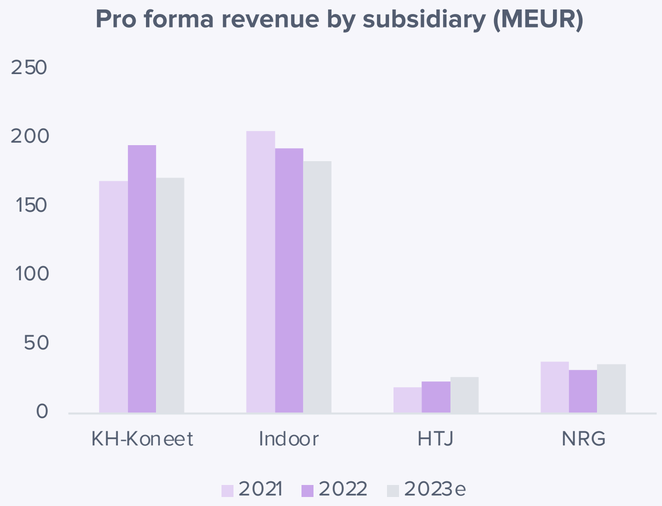
KH Group has four subsidiaries: KH-Koneet, which specializes in machine trade, Indoor Group, which specializes in furniture resale, Nordic Rescue Group (NRG), which manufactures rescue vehicles and Rakennuttajatoimisto HTJ, which focuses on construction, project management and supervision. The key holding for the investment story is KH-Koneet, around which a new entity is built. We feel the decision to build a new entity around KH-Koneet is justified, considering the company's strong market position, profitable business and good growth prospects.

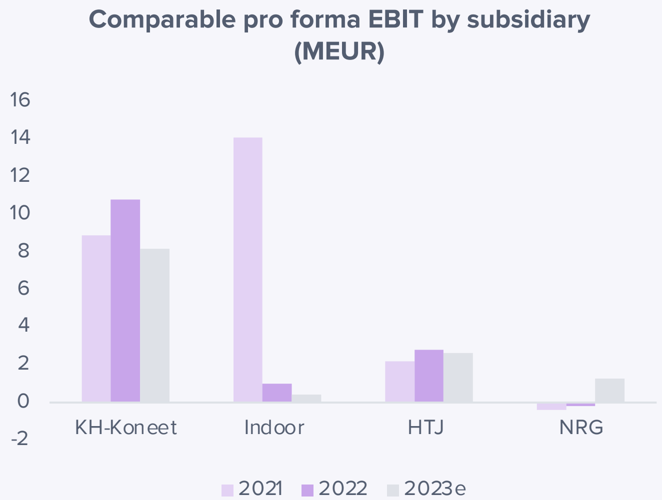
No separate financial targets at Group level

The Group does not have separately defined financial targets, but KH Group intends to strengthen its balance sheet and reduce its indebtedness through operational cash flow and exits from subsidiaries during its strategic transformation. In the next few years, the Group intends to invest in growth and pay dividends in connection with significant exits within the limits allowed by the balance sheet structure and financing agreements. Due to the weak visibility of the timing of subsidiary divestments, the divestment pipeline and the price, our forecasts do not consider future dividend distribution for the time being.

KH-Koneet is meant to grow significantly

The aim is for KH-Koneet to build a solid foundation for growth in 2024-2025 and target stronger growth in 2026-2028. According to our estimate, the timing of pursuing growth may be affected both by the short-term weak construction cycle and the cash reserves released from the divestment of other subsidiaries. KH-Koneet aims to expand its target market by expanding its product portfolio and through geographic expansion. We believe the company can expand its product portfolio, especially in recycling machines. Geographically, we expect the company to invest in growth in Sweden, especially in northern Sweden, and we do not expect expansion to new countries in the near future. The company has communicated its vision as a Nordic machine shop, so when new openings come, we consider Norway the most likely one.





IFRS figures

KH-Koneet Group 1/7

Company description

KH-Koneet Group is an importer and retailer of construction and earthmoving machinery. It also offers maintenance and spare part services. The Group also includes a machinery rental company founded in 2018 that expanded to Sweden in 2019 with an acquisition.

Investment story

Sievi Capital invested in KH-Koneet Group in 2017. The growth of the group consisting of separate companies has been strong during the investment period. Now the company seeks profitable growth, especially in Sweden, where market is still relatively smaller.

Business model

KH-Koneet has a comprehensive network and service offering in Finland and now also in Sweden. There are few intermediate stages in the supply chain. In the company's business model, the sellers are essential and the cost structure is flexible with its success.

Strengths

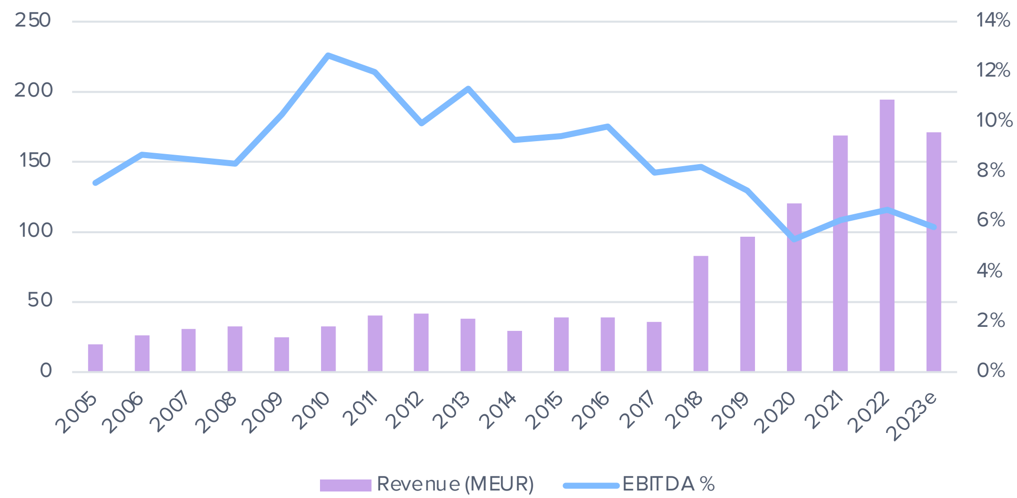
The company has been able to build strong relationships and good bargaining power to both manufacturers and customers. The agile and self-directed organization, as well as long customer relationships and machine maintenance stock are also strengths.

Estimate of earnings growth rate

Value creation potential

Risk profile

Growth has been strong, but it has depressed profitability[1]



Value drivers

- Organic growth through expansion of the distribution network and brand representation
- Increase rental activities
- Strengthening the relative profitability of Swedish operations
- Inorganic growth potential

Risk factors

- Weakening of pricing power with the agent model
- Vertical integration of manufacturers
- Permanent dilution of high relative profitability due to the expansion in Sweden
- Delivery problems to Europe of Japan-based principals
- As the Group grows, maintaining a self-directed culture can create challenges
- Key personnel risk

Source: Inderes

1) FAS

KH-Koneet Group 2/7

History and Sievi's investment in the company

KH-Koneet Group was formed in August 2017 when individual importers of earthmoving machinery formed KH-Koneet Group. The entrepreneurs acting as the sellers have continued as minority owners and in operational management. Kobelco agency acquired from Kesko shortly after the Group was formed. The best-known OEMs represented by the Finnish subsidiary KH-Koneet Oy are Yanmar, Kramer and Dynapac. Edeco Tools Oy imports Wacker Neuson and KH-Tekninen kauppa imports Kobelco machines. The fourth Finnish subsidiary, Crent Oy, was established in 2018 and focuses on the rental of earthmoving machines. The subsidiaries also provide maintenance and spare parts services, technical support and broker financial products.

The Swedish business has scaled up quickly

At the end of 2019, the company expanded to Sweden with the acquisition of Beck Maskin (now KH-Maskin). In June 2020, the machine renter S-Rental was also acquired in Sweden. During 2020, the Swedish portfolio strengthened significantly when, in addition to the previous Kobelco agency, KH-Maskin started importing and distributing Kramer and Wacker Neuson. Sweden's offering has quickly become almost equal to Finland and the only significant OEM dealer agreement that is still missing is Yanmar. In April 2022, KH-Koneet strengthened its position in the Swedish machine rental market by acquiring Törnells Maskinuthyrning. Törnells was already familiar, as the company is the former main owner of S-Rental, acquired in 2020.

Internationalization depresses relative profitability

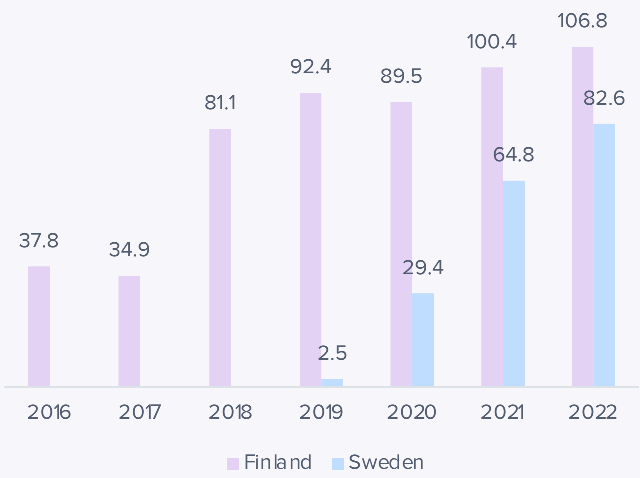
KH-Koneet's domestic market in Finland generated an EBITDA of 8.5 MEUR with a revenue of 112 MEUR in 2022. The size of the Swedish business has almost caught up with Finland and generated a 3.9 MEUR EBITDA in 2022 with 87 MEUR revenue. In Sweden, the relative profitability of the operations is quite clearly lower than in Finland, partly due to the rapidly scaled business and sales focusing more strongly on the retail network. In addition to rapid growth, Volvo's strong market position in its home market also generates some challenges in Sweden. The relative profitability of S-Rental, which focuses on machine rental in Sweden, has reached a good level (2021-2022 EBIT: 5-7%), but there is still work to be done in terms of profitability in the machine trade.

The company favors turnaround stories in acquisitions

KH-Koneet has carried out several acquisitions in recent years, but the growth has been mostly organic and the share of acquired revenue is approximately 50 MEUR according to the company. In Sweden, a key driver of strong organic growth has been the company's ability to expand/improve the brand portfolio of the acquisition target. The acquisition targets of KH-Koneet are typically underperforming considering their potential, and as a result, we believe the compensations paid have been moderate. Thanks to the Group's good historical track record, we believe it is credible that KH-Koneet's management runs the acquired targets more efficiently than the sellers.

2022	Group[1]	Finland	Sweden
Revenue	194	112	87
Growth	15.2%	6.5%	27.5%
EBITDA	12.6	8.5	3.9
EBITDA%	6.5%	7.6%	4.5%
Headcount	198	108	87

Revenue by market area (MEUR)



1) NB! Share of Group activities adjusted for country-specific figures. International sales allocated to Finland and Sweden.

KH-Koneet Group 3/7

Aftermarket services such as maintenance and spare parts sales are a critical part of KH-Koneet's business model, but turning them profitably requires a sufficient volume of serviceable equipment available to customers. We consider expansion to a new country with an acquisition justified, considering the nature of the business, as with an acquisition the aftermarket business does not have to be ramped-up from zero.

Customers are typically small, which supports pricing power

KH-Koneet's customer base is very fragmented and over 70% of the company's revenue comes from a large number of very small customers (> 10 MEUR revenue). We believe KH-Koneet stands out from the larger players in the small customer segment by providing better service to customers as an agile player. We estimate that serving small customers supports the pricing power of KH-Koneet, although sales require more hands (cf. service for large buyers). In Finland, KH-Koneet's own reseller network is nationwide, but in Sweden, the operations focus strongly on the Stockholm-Gothenburg area (~75% of revenue).

Market leader in machine trade in Finland, a top contender in Sweden

According to the company's estimate, KH-Koneet is Finland's largest player in machine trade measured by volume, which is a market of approximately 1.2 BNEUR. Of this, the company estimates the market relevant to KH-Koneet is 0.8 MEUR, as the company is not active in all product categories (primarily large wheeled excavators and large wheel loaders).

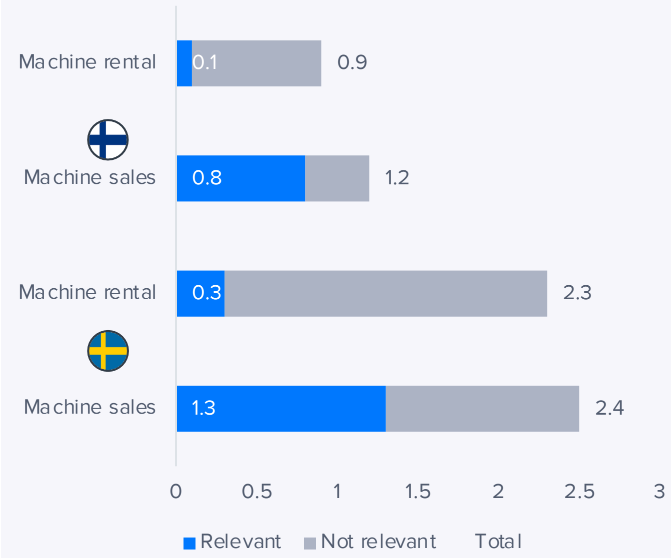
Measured by volume, the company is the largest player in Finland in wheel loaders and miniature excavators. In addition, according to management estimates, it is among the top three players in crawler excavators and is one of the leading players in leasing earthmoving machinery. We have summarized the company's market share per unit by category on the following page. KH-Koneet's sales concentrate on smaller machines, so as a result of lower unit costs the company's market share measured in euros is lower than the market share per unit.

In Finland, KH-Koneet has own offices in six locations (Turku, Klaukkala, Jyväskylä, Tampere, Vantaa, Seinäjoki). In addition, the own distribution network is complemented by resellers in Finland.

In a short time, KH-Koneet has become Sweden's 3-4 largest machine trader and, according to management, the market leader in vibrating plates. The Swedish machine trading and rental market is 2-2.5 times larger than Finland measured in euros. The share of the relevant market for KH Group is smaller than in Finland, with a stronger focus on wheeled excavators, where KH-Koneet's machine offering is smaller.

In Sweden, the dealer network has expanded rapidly and currently, the company has its own offices in Stockholm (2 units), Enköping, Gothenburg and Jönköping. The reseller network is constantly expanded in Sweden, but sales are strongly focused on the Gothenburg-Stockholm area (~75% of revenue).

Machine sales and rental market, BNEUR[1]



1) Relevant sales market: earthmoving machine market product groups in which KH-Koneet Group is present. Relevant rental market: earthmoving machine and equipment rental market product groups in which KH-Koneet Group is present. The relevant market does not consider the Group's geographical presence.

KH-Koneet Group 4/7

Source: KH Group

KH-Koneet Group 5/7

The target market has cyclical and stabler pockets

KH-Koneet's demand follows the development of cyclical new construction and stabler markets for infrastructure, renovation and property maintenance. Construction site producers are KH-Koneet's largest customers both in Finland and Sweden. Property maintenance with a stable demand profile is a key customer group in both of KH-Koneet's operating countries, as is machine rental companies. We estimate that the demand for machine trade and especially machine rental is post-cyclical, which means that the effects of economic cycles are reflected with a delay in KH-Koneet's demand.

Economic environment and interest rates are key for demand

Machine investments are typically significant investments for entrepreneurs and financed with loan money, which means that prevailing interest rates and financing conditions affect the machine trade. A weak economic outlook may lead to a situation where customers delay significant machine investments and try to manage with their existing equipment or rely on leasing equipment.

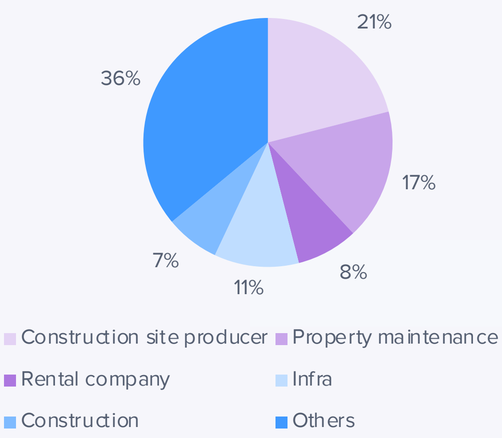
A key trend in the industry in developed economies is the shift of customers from owning machines to renting. KH-Koneet's business covers both machine sales and leasing, so the development has no significant impact on the company. Machine leasing, and especially the maintenance business, are stabler than machine sales, and thus provide stability to KH-Koneet's demand and profitability. We believe the capital return potential is higher in machine leasing than in machine sales, but realizing the potential requires the ability to maintain a high utilization rate of the equipment. Based on historical development (p. 6) KH-Koneet has fared relatively well also in a declining market (2011-2014) maintaining a good EBITDA margin.

Relations with machine manufacturers and aftermarket activities act as barriers of entry

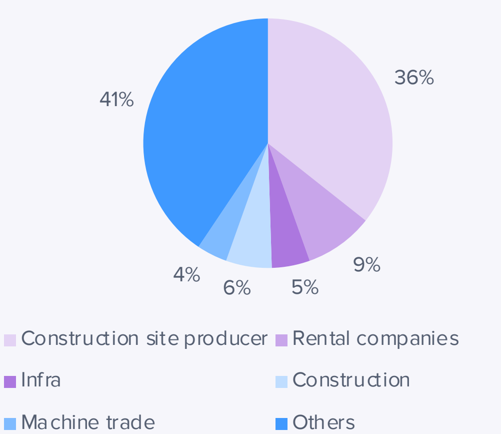
In our view, there are two essential barriers of entry in the machine trade: 1) Required relationships with machine manufacturers and 2) customer relationships and the required equipment base for aftermarket operations. The distribution of new machines requires principal relationships, which we believe are challenging to create for new entrants. Expanding existing distribution relationships is easier, and KH-Koneet, for example, has expanded most of its brands in Finland to its Swedish business. A strong market position in a given market also facilitates the creation of new agent relationships, as larger players create more value for their clients ceteris paribus. We, therefore, believe the entry barrier is lower in geographical expansion than when expanding into the business in question.

We believe ramping up a maintenance business requires substantial initial investments, as a profitable aftermarket business requires a sufficient volume of equipment used by customers to achieve the volume required for a profitable business. A functioning aftermarket business is also essential for principal relationships to maintain customer satisfaction.

Industry division of customers, Finland[1]



Industry division of customers, Sweden[1]



Source: KH Group CMD

KH-Koneet Group 6/7

KH-Koneet is managed on a long-term basis

KH-Koneet has good relations with its global principals, whose support enables strong growth in machine trade. In our view, the company is managed on a long-term basis, which has led to trust among customers and high customer retention. The slogan of the company is 'Responsible machine trade'. KH-Koneet has an efficient and self-directed management model. Employees have clear roles and responsibilities in the organization, and thus the organization is self-directed in an agile way. In particular, sellers critical to the business model are given a lot of responsibility and are empowered to make a decision. This has also been reflected as high staff retention. The salaries of sellers are partly based on performance, which limits the operational leverage of the cost structure.

KH-Koneet's CEO is Teppo Sakari, who is also one of the founders of the company. KH-Koneet has a track record of strong and profitable growth under Sakari and we see him as a key person in the company's development.

A strategy of profitable growth

KH-Koneet Group's vision is to be the leading full-service machine company in the Nordic countries, and also a leading player in the rental of earthmoving machines in both Finland and Sweden. During the strategy period 2023-2028, the company aims to grow profitably and reach approximately 250-400 MEUR in revenue and 25-40 MEUR in FAS (Finnish Accounting Standards) EBITDA. We consider the goal ambitious, but achievable considering the company's historical track record. We do not doubt KH-Koneet's ability to grow, but it is essential for the company's investment story that it gets proof of profitability improving in Sweden. We believe that proof of improved profitability in Sweden would validate the value creation of the company's international growth strategy, which would reduce the risk of internationalization from the investor's viewpoint.

During the strategy period, the company aims to more than double its target market of some 1.6 BNEUR by expanding its portfolio to emission-free earthmoving machines, strengthening its presence in wheeled excavators and expanding to recycling machines. Growth is expected to be achieved in both Finland and Sweden, but the company sees growth potential especially in northern Sweden, where its distribution network is still modest considering the size of the market. In addition to organic expansion, we consider it possible for KH-Koneet to expand its office network through acquisitions in Sweden, e.g., by acquiring existing distributors.

Recycling and waste management machines are, in our view, an interesting opening for KH-Koneet, as we believe that the market is stable and that the company's current principals are active in this product segment.

In the rental business, KH-Koneet will continue to focus on earthmoving and property maintenance machines, which, according to the company, require special expertise. Unlike the large construction equipment rental companies in the Nordic countries, KH-Koneet does not intend to expand to cover the extensive needs of construction sites (e.g. by renting scaffolding or lifts). We welcome the company's discipline not to expand into new product categories outside its core competence area, although it limits the size of the target market.

The strategy period is twofold due to the structural change and outlook

KH-Koneet's strategy period is twofold. In 2024-2025, the company intends to lay the groundwork by investing in the wellbeing and competence of its personnel, harmonizing operations within the Group, expanding the entire service offering to all locations, as well as expanding to northern Sweden and recycling equipment. In 2026-2028, KH-Koneet aims to scale its new areas, expand its distribution portfolio, expand the rental and service business, and invest significantly in low-emission machines. We find the two-part strategy period justified when considering the very strong growth of KH-Koneet in recent years and the resulting weakened relative profitability, the challenging short-term outlook of the construction sector, and the cash reserves released from the Group's upcoming structural change. Especially from the sale of HTJ or Indoor, the Group can release significant cash assets to accelerate KH-Koneet's growth strategy.

KH-Koneet Group 7/7

Q4’23 forecasts expect a performance deterioration from the comparison period

KH-Koneet Group's revenue increased by 2% in the first quarter of 2023, but made a clear downturn in the following quarters (-16...-23%). We suspect that the decrease in revenue has focused on machine sales, as despite a clear decrease in revenue, the company’s EBIT margin decreased only in Q2. In our forecasts, the company’s Q4 revenue decreases by 10% from the comparison period to 46.6 MEUR. We expect KH-Koneet’s revenue to shrink driven by the market, but the apparent decline is mitigated by a soft comparison period when revenue contracted by 11%. KH Group’s Q4 EBITA falls in our forecasts driven by shrinking revenue and operational leverage to 2.0 MEUR (Q4’22: 2.9 MEUR).

We expect this year to be challenging

We expect 2024 to be challenging for KH-Koneet due to the shrinking market. Volvo Trucks expects the machine trade to be particularly challenging in Europe this year and to shrink by 10-20%. Teknisen Kaupan Liitto (Finnish Federation for Technical Trade) expects the machine rental market to remain at the level of the comparison period in 2024 (+1%). Confidence indicators for construction also support a challenging short-term outlook.

In our forecasts, KH-Koneet's revenue decreases this year by 5% to 163 MEUR due to the contraction in machine trade. We expect the company’s revenue to hold its own better than the market as the company gains market share. Our EBIT forecast falls to 5.4 MEUR this year, driven by a shrinking market and thus weakening pricing power. Our relative profitability forecast is on the cautious side and the company has the preconditions to beat it if the operational performance in Sweden strengthens.

We expect a return to the growth path in 2025-2026

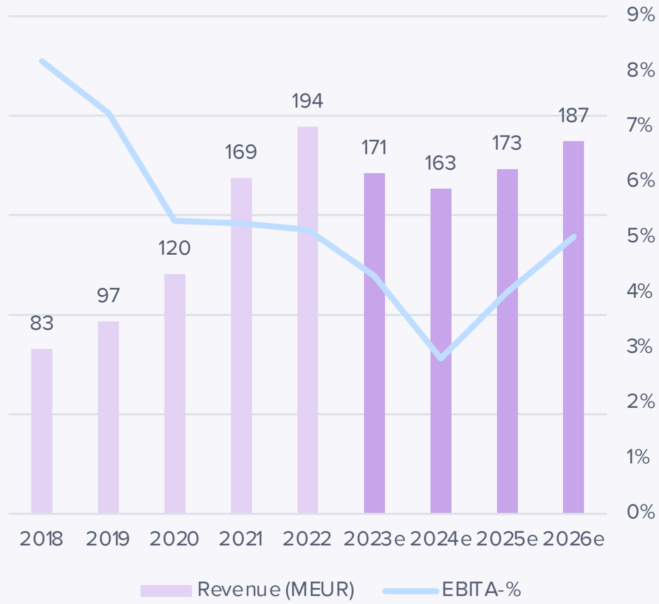
In 2025-2026, we expect KH-Koneet's revenue to grow by 4-5% as the construction cycle kicks off again. At this stage, estimating the recovery time and slope of the construction cycle is challenging, but we see the potential in KH-Koneet to grow faster than the market, especially in Sweden. However, given the company’s strategy period, we do not expect significant growth investments like in 2018-2022.

Long-term estimates

In 2027-2028, KH-Koneet’s revenue grows by 8% per year in our forecasts in line with the next phase of the current strategy period. In our forecasts, the company will reach a revenue level of approximately 230 MEUR, which is quite clearly below the target level indicated by the strategy period. We do not doubt the company’s ability to grow, but pursuing growth abroad may not be sensible if increasing the profitability of the business turns out to be more challenging than expected. We also do not consider inorganic growth in our forecasts.

Our long-term relative profitability forecast is approximately 4.5% FAS-EBITA. We consider it likely that the company exceeds our longer-term profitability forecast in individual years, but due to the somewhat cyclical nature of the business, we try to model a normalized earnings level over the cycle.

KH-Koneet Group’s growth and profitability forecasts



Source: Inderes

Indoor Group 1/4

Company description

Indoor Group owns the retail chains Asko and Sotka and the company also includes the sofa factory Insofa located in Lahti.

Investment story

Sievi Capital acquired a majority holding in Indoor Group in 2017 from Kesko. The company developed convincingly under Sievi's ownership until the business environment became significantly more difficult in 2022.

Business model

Indoor Group has a nationwide store network in Finland. The importance of e-commerce has also increased in the company's omnichannel business model.

Strengths

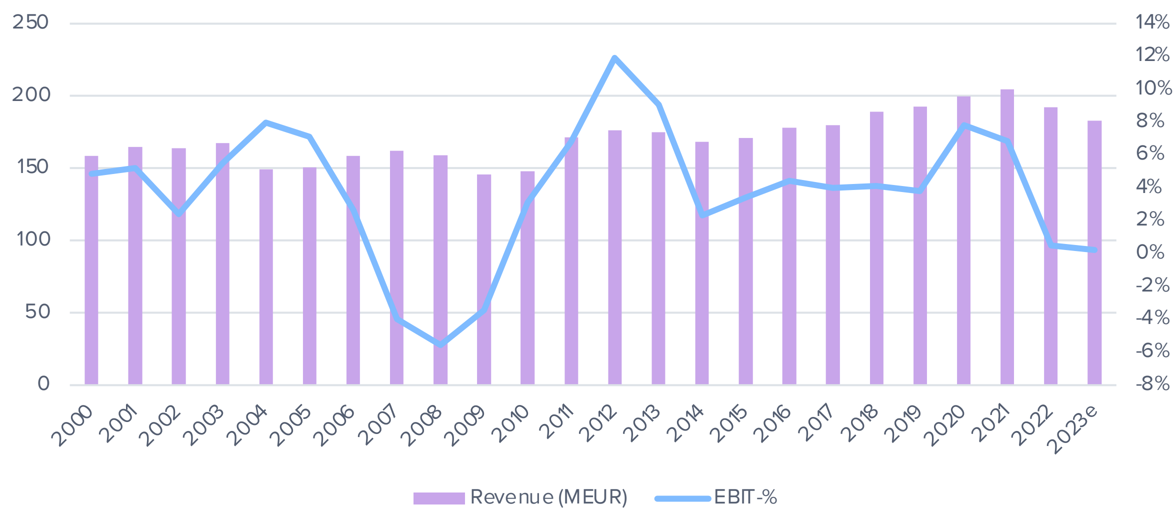
Indoor Group has two well-known brands in Finland, a good market position and the high volumes it generates. The own sofa factory in Lahti also enables demand-driven product tailoring for Asko.

Estimate of earnings growth rate

Value creation potential

Risk profile

Indoor Group is a strong cash machine but the cash flow is cyclical



Value drivers

- Sharpening brands and pricing, especially for Asko
- Utilizing customer data
- The source of growth is expansion of product groups and e-commerce
- Strong cash flow and good return on capital when normalized
- Streamlining operations by harmonizing background processes

Risk factors

- Overall market growth has been slow before COVID
- Two strong players in the industry put pressure on pricing
- Weakening economic situation
- Potential challenges in implementing the new ERP system

Source: Inderes

1) IFRS

Indoor Group 2/4

History and becoming part of KH Group

Indoor Group consists of furniture store chains Asko and Sotka. Asko's roots go back to Lahden Puusepäntehdas, founded in 1918. The Sotka brand entered the market in 1959.

In July 2017, the ownership of Indoor Group Oy was transferred from Kesko to Indoor Group Holding at a debt-free purchase price of 67 MEUR (not incl. IFRS 16 liabilities). In our view, the chains received little attention under Kesko, especially after the strategy reform in 2015, when it decided to divest its specialty trade operations. Lauri Veijalainen, CEO of KH Group, has also served as the CEO of Indoor since August 2023.

Business model and value chain

Indoor Group has a total of approximately 80 stores in Finland under the Asko and Sotka brands, as well as chain-specific online stores. At the end of 2021, 14 of the company's Sotka stores were under the franchising model, but the company has since bought out the franchisees. We believe the takeover of the stores has generated efficiency gains to Indoor. At the end of 2022, both of Indoor's chains had 4 stores in Estonia, but the company has ramped down its operations in Estonia as the competitive situation became very challenging. We welcome the decision to withdraw from the loss-making Estonian market.

The majority of Indoor Group's revenue consists of selling products sourced from suppliers. Part of Asko's sales also consists of selling products made at its own sofa factory (Insofa Oy). Consumers are also offered customer financing in cooperation with a financial partner. The capital required is committed to the partner's balance sheet and the income is divided. Brokering of financial products is highly profitable sales for Indoor, although small compared to other revenue.

The company's business is relatively capital-light, enabled by efficient inventory rotation and long payment periods of trade payables, and hardly any net working capital is committed.

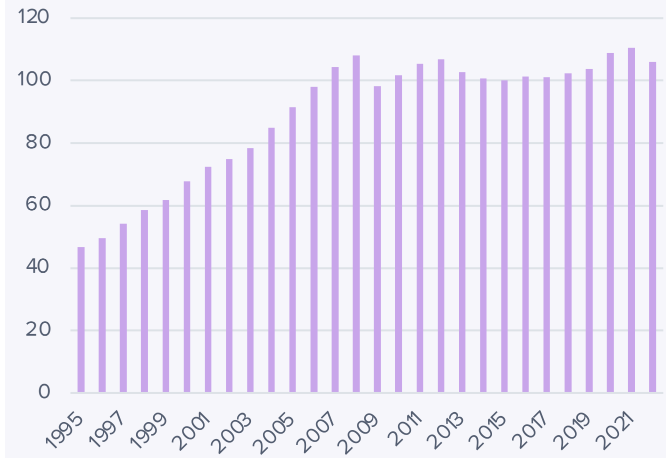
The market mirrors GDP growth and consolidates

The market for furniture and interior decoration in Finland is approximately 1.6 BNEUR. The market is fragmented and the six largest players hold about 57% of the market. Indoor Group is the second largest player in Finland.

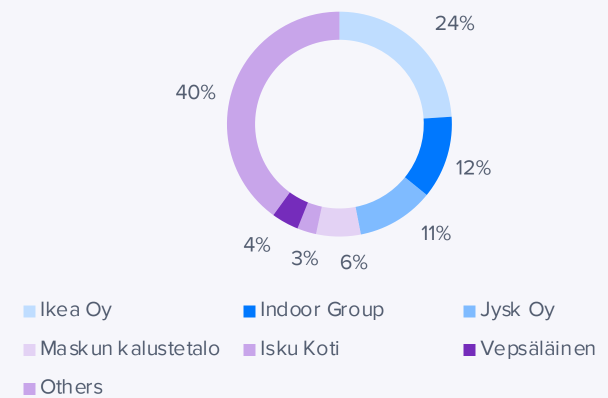
We estimate that, in the long term, market growth will mainly follow GDP growth and is also somewhat influenced by the volume of new construction and migration. Interior decoration and consumer trends also have an impact (e.g. ecology). Among sales channels, online stores are growing their share rapidly. In the furniture retail sector, price competition is fierce and their large volumes bring a clear advantage. Smaller chains have difficulties in competing efficiently with large players, which has led to consolidation of the sector globally and also in Finland.

The furniture market experienced strong growth in 2020-21, some of which, we believe was early demand driven by the nesting trend. Since then, the furniture market in Finland has seen a trend-like contraction since spring 2021, driven by lower consumer purchasing power and confidence and reduced migration.

Indexed development of furniture, interior decoration and household goods retail trade



Market shares in furniture and interior design trade



Source: Inderes, Statistics Finland (index series)*, latest financial statements of companies

Indoor Group 3/4

The strategy aims to improve profitability

Indoor's strategy consists of developing omnichannel services, two strong brands, and harmonizing back-office activities. Indoor's performance has been under clear pressure in recent years, but we see three clear steps to revive profitability for the company. We believe these are, 1) withdrawing from Estonia, 2) completing the ERP project, and 3) clarifying Asko's brand and price point.

e-commerce will be strengthened

The company aims to respond to changing consumer behavior by developing smooth omnichannel services. The strategy is to improve the capabilities of e-commerce and its resources have already been clearly strengthened. Due to the transition in the retail trade accelerated by COVID, the share of the company's online sales rose to over 10% (some 7% in 2019) and sales are expected to focus increasingly on e-commerce in the longer term. We believe sales have taken a step back to brick-and-mortar stores, but online sales still plays a more central role than before COVID. In addition, a significant share of online sales is Click&Collect sales, so the role of brick-and-mortar stores will continue to be central in the future as well.

Clarifying branding and pricing

The Asko brand is traditionally positioned in high-quality furniture, while the Sotka brand is positioned in the cheaper price segment. The current strategy aims to further clarify the brand position of the chains. Sotka is increasingly moving toward a discounter actor, while local brands and design are being emphasized in Asko's offering. The goal is that the chains will compete less with each other for the same customers. More customer data will also be utilized in developing the offering. The focus of pricing has also been shifted from a cost-based approach to customer value. Better use of customer data is a the forefront for this.

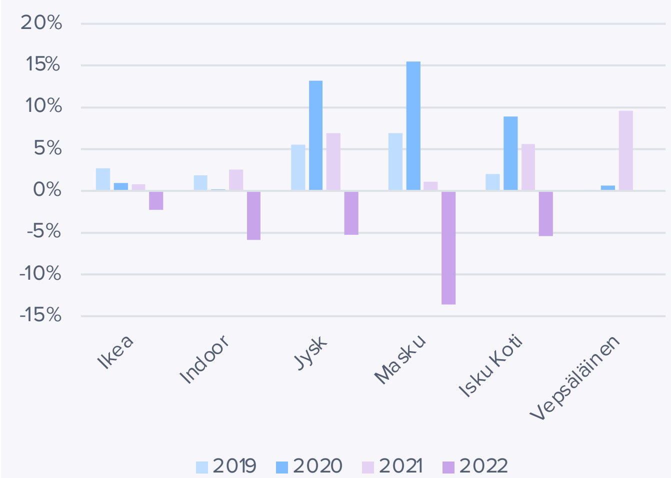
Harmonization back-office activities

Asko and Sotka have historically been run as independent companies. In the context of the current strategy, the operating methods, organization and IT systems of the chains are systematically being harmonized to achieve better synergies.

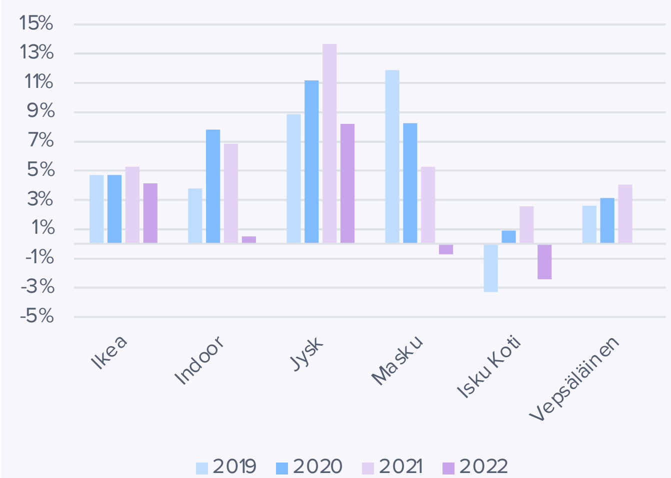
The company is currently implementing an extensive ERP update and the implementation started gradually already during 2023. As the ERP project progresses, the processes of the various chains are systematically reviewed. Best practices are identified and also included in the other chain's operating methods, which enables increased cost-efficiency.

The company's purchasing and marketing activities also have the potential to become more efficient when the previous chain organization structure is replaced with a functional organization. Overlaps between Asko's and Sotka's selections will also reduce as one portfolio manager is responsible for certain product categories in both chains.

Revenue growth of furniture retailers



EBIT% of furniture retailers



Indoor Group 4/4

2023 was challenging, we expect better in 2024

We believe Indoor's Q4'23 was challenging due to the shrinking market from the comparison period and the tight competitive situation. We expected revenue to decrease by some 5%, which is roughly in line with the development of the Finnish furniture market. Our EBIT forecast is -0.1 MEUR, which is at the level of the comparison period. We expect the costs of the company's ERP project to have decreased from the comparison period, but the reduced revenue and the costs from leaving Estonia burden profitability in our forecasts.

In 2024, we expect a small (~1%) store-specific sales growth in Indoor, but the exit from Estonia pushes revenue to a 5% decline in our forecasts. However, in our forecasts, the company's EBIT will strengthen to 3.3 MEUR, thanks to the exit from Estonia, the benefits of the ERP project and reduced price competition. We expect the company to record costs related to the ERP project still during H1'24, which depresses profitability. Price competition in the industry decreases in our papers as the market stops shrinking and the companies in the industry adapt to the change (i.e. inventory levels have been lightened and stores closed).

In 2025-2026 we expect a return to normal

In our forecasts, Indoor's 2025-26 revenue will grow by a moderate 2-4%. We consider the longer-term growth outlook for the furniture market to be moderate, but see conditions for a slight level correction in the market from current levels, as consumer confidence and home sales recover. We do not expect Indoor to try to grow its store network, so in our forecasts, growth relies on existing stores and the development of e-commerce. Our forecasts expect the company to remain in a cash-flow machine mode.

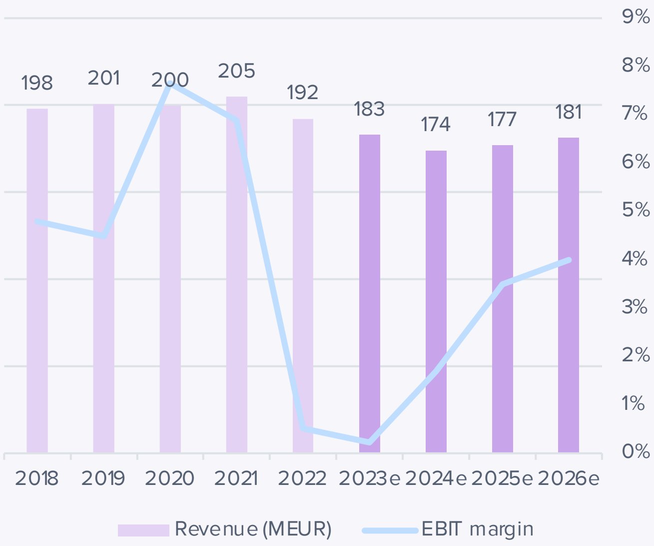
In our estimates, Indoor Group's performance will recover to an EBIT level of around 6-8 MEUR, which requires an EBIT margin of approximately 4%. We feel the company can achieve higher figures in individual years, but due to the cyclical nature of profitability, we try to estimate the normalized earnings level rather than precisely model future demand cycles.

Our normalized profitability forecast is broadly in line with the profitability of other furniture stores, excluding Jysk, that generates exceptionally strong relative profitability.

Longer-term estimates

In 2026-2030 Indoor's revenue will grow by some 2% per year in our forecasts and will be 1% in the terminal period. Indoor's target market has practically not grown since the financial crisis, and as a result, keeping Indoor in cash flow mode is a sensible solution even in the long run (the business is very profitable, but aggressively seeking market share in a stunted/shrinking target market would be too costly in our view). In the longer term, we see a risk that the company will have to shrink its store network if the penetration of e-commerce in the furniture market increases significantly.

Indoor Group's growth and profitability forecasts



Source: Inderes, forecasts following IFRS16 standard

Nordic Rescue Group 1/3

Sievi Capital invested in NRG in February 2020. We see significant growth potential for the company in the export market.

Company description

Saurus' premises are located in Jyväskylä and Sala Brand's in Sweden. The Group has a strong position in Finland and part of its revenue is also exported. The companies' customers include both public and private rescue services.

Investment story

The former owner of the companies, Kiitokori, sold Saurus in a generation changeover. The strategic objective of NRG is to create an internationally known system supplier from previously separately managed companies.

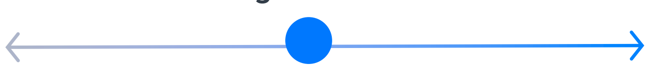
Business model

Saurus' business consists of the assembly and maintenance of rescue vehicles, while Sala Brand manufactures and maintains fire vehicles. Sales is targeted directly at domestic end customers. The company utilizes local partners in international sales.

Strengths

NRG's strengths include its own product development and a competitive product portfolio. The company also has strong brands and market positions both in Finland and Sweden. Skilled personnel and long customer relationships are also beneficial to the company.

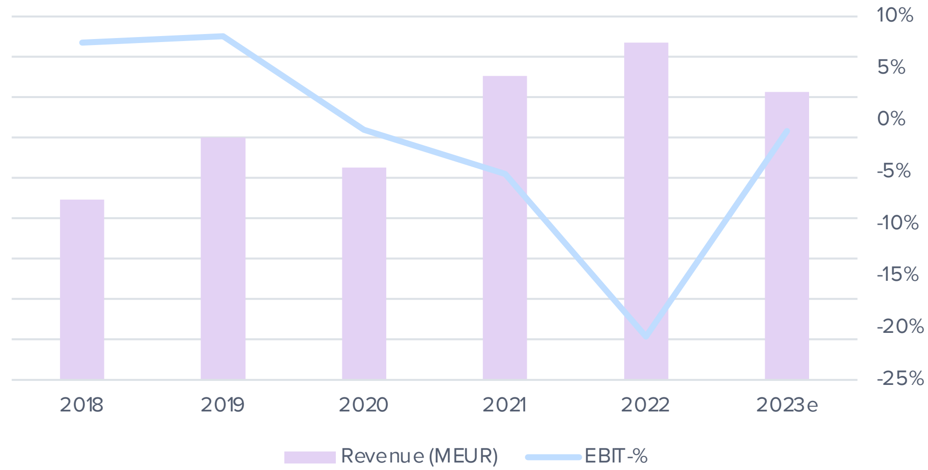
Estimate of earnings growth rate



Value creation potential

Risk profile

The past years have been challenging for NRG



Value drivers

- Growth in international revenue
- Accelerating production lead times and improving working capital

Risk factors

- Weakening economic situation
- Tightening competitive situation
- Increased protectionism creates a risk for international growth
- Financial risks

1) FAS

Nordic Rescue Group 2/3

History and investment in the company

Nordic Rescue Group (NRG) was born in February 2020 when Sievi Capital and Finnish Industry Investment Ltd acquired Saurus Oy and Vema lift Oy from their former owner Kiitokori Group. The companies have a fairly long history, as Saurus was founded in 1982. In 2021, NRG expanded to Sweden by acquiring fire vehicle manufacturer Sala Brand. Vema Lift, which focused on hydraulic rescue lifts and was part of the group, filed for bankruptcy in December 2022 due to the company's financial difficulties and the difficult market situation in the company's main market area, China.

Esa Peltola has been the CEO of NRG since November 2021.

Products and production

Saurus' production facilities are located in Säynätsalo, Finland and it focuses on various fire trucks intended for civilian and military use. The company's final production is largely manual assembly. The chassis suppliers for Saurus' rescue vehicles include Scania, MAN, Mercedes-Benz, Renault and Volvo. Under Sievi new industrial-level efficiency was sought in Saurus' production by phasing and simplifying production based on the LEAN model and also by developing logistics. Next to own production, the company can also utilize subcontracting partners in production.

Sala Brand manufactures fire vehicles at its premises in Sala in Värmtland, Sweden. In addition to manufacturing, the company also has a maintenance business and represents the Rosenbauer and Magirus brands. Sala Brand's sales focus on Sweden.

Nordic Rescue Group has strong brands

Nordic Rescue Group's competitive advantage in Finland is the trusted brands it represents, and according to the company, Saurus is almost synonymous with rescue vehicles in Finland. Other strengths of the company include physical presence, flexible service and the ability to respond to individual needs. In the Asian market, the company's products stand out from local competitors with their Nordic premium quality. We estimate that the threshold for changing equipment suppliers in rescue vehicles is reasonably high, and many customers prefer their equipment suppliers in larger maintenance operations.

Market shares and market growth

The company expects the market for rescue vehicles to grow globally by some 5% per year. Population growth and urbanization in emerging markets create ever greater needs for well-organized rescue operations. The global rescue vehicle market is around 4.3 BNEUR, which is equivalent to around 21,000 new vehicles per year. In Finland, the market is growing more slowly (we believe roughly at the pace of GDP).

About half of NRG's revenue is Saurus' sales, and we estimate it has a market share of approximately 80% of domestic rescue vehicles. Exports account for about 40% of the company's sales.

Sala Brand brings the other half of the Group's revenue. We believe sales of Sala Brand are largely concentrated in the Swedish domestic market.

The strategy seeks stronger synergies

The strategic goal of Nordic Rescue Group is to make the company an internationally renowned system supplier. The Group's focus has shifted from selling individual products to offering larger entities. Customers are provided with a comprehensive and clear selection that allows NRG to participate in larger projects and tendering in the export market.

Growth is mainly sought from export markets, as the Finnish and Swedish markets are largely saturated for NRG. NRG has arranged its international sales on an agent basis and has local partners in place to organize maintenance. Foreign customers are also supported with introduction and training services and remote access, which allows the state of the product to be analyzed in Finland.

Nordic Rescue Group 3/3

Last year, NRG showed budding proof of an earnings turnaround

The last few years have been challenging for NRG, initially due to the lack of availability of components and platforms due to the disruptions in the logistics chains caused by the COVID pandemic, and later due to Vema Lift's extremely difficult exports to China. After Vema Lift went bankrupt at the end of 2022, NRG was able to demonstrate its profitability potential in 2023 and generated an operating result of 1.0 MEUR (adj. EBIT 3.7%) with a Q1-Q3 revenue of 26.9 MEUR (comparable revenue adjusted for Vema Lift +42% +42% from the comparison period).

At the end of Q3'23, NRG's order backlog was still at a good level and we expect the company to have generated an operating result of 0.3 MEUR with Q4 revenue of 8.8 MEUR. The levels are roughly in line with the previous 2023 quarters. The company faces a very strong comparison period (Q4'22 pro forma revenue: 12.5 MEUR, adj. EBIT: 0.6 MEUR), in which we believe the company had more vehicle deliveries than usual.

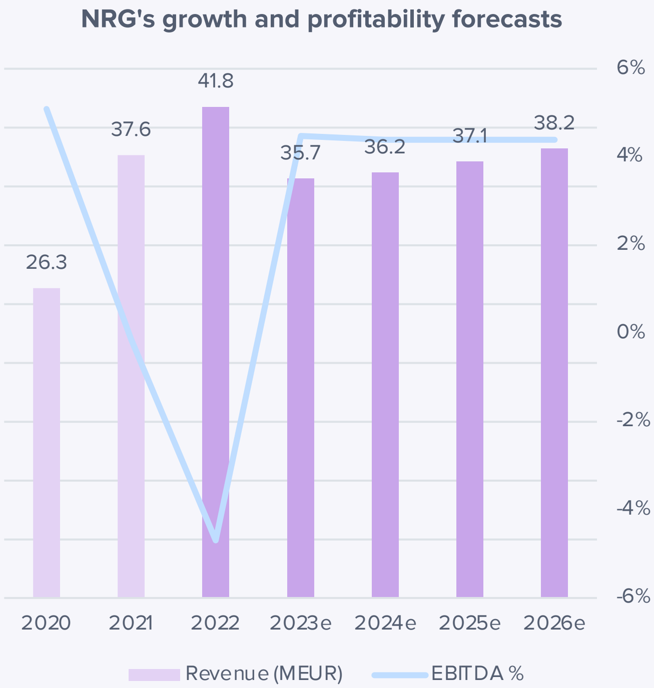
In 2024-2025 we expect a small recovery in demand

In 2024-2025 we expect moderate 1.5-2.5% growth from NRG driven by recovering demand and an EBIT margin of some 3.5% at the previous year's level. We feel the relative profitability of the previous year is a reasonable estimate of NRG's longer-term potential without substantial growth. The manufacturing industry's business models include reasonable operational leverage, and we believe that NRG's relative profitability has the potential to scale more than we forecast if the company grows to a larger scale driven by export markets. However, substantial growth investments are not part of our neutral scenario for NRG due to its indebted balance sheet and, on the other hand, because KH Group is to be built around KH-Koneet. Thus, we see a better position for the other owner to utilize NRG's potential by strengthening the company's balance sheet and investing in the company in the long term.

Longer-term estimates

In 2026-2030, our forecasts expect NRG's revenue to grow by 2% per year, so we don't expect much real growth from the company. We see potential in the company's exports but feel this requires an owner with a longer perspective than KH Group to develop the company. In general, our revenue forecast is rather cautious as we do not expect the company to invest much in growth under its current ownership.

In the longer term, we expect NRG to generate an EBITDA margin of 4.4%, while our terminal assumption is set at 4%. Among KH Group's subsidiaries, we find NRG's predictions most challenging due to the company's fickle track record and significant structural change (Vema Lift bankruptcy).



Source: Inderes

Rakennuttajatoimisto HTJ 1/3

Sievi Capital acquired the majority of HTJ in September 2021.
The company has a good track record of profitable growth.

Company description

HTJ provides building construction management and supervision services, as well as building engineering services and infrastructure construction services.

Investment story

Under KH Group, HTJ has grown both organically and through two acquisitions and expanded its geographical presence in Finland.

Business model

HTJ is an independent construction expert and offers its services independently of the design and contractor organizations. The company employs over 200 experts.

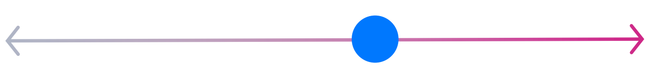
Strengths

HTJ's strengths include its ability to attract experts even in a challenging recruitment market and good customer relationships

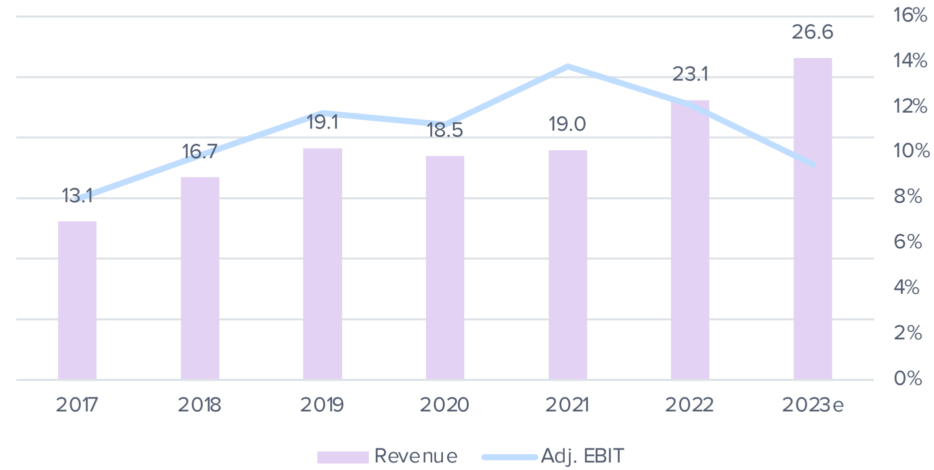
Estimate of earnings growth rate

Value creation potential

Risk profile



HTJ's revenue and profitability have developed upward in recent years



Value drivers

- Continuing on a growth path
- Successful recruitment
- A capital-light business model with a strong cash-flow profile
- Strong customer relationships

Risk factors

- Historically, the industry has suffered from a shortage of experts
- Postponement of new projects due to a challenging economic environment
- Cyclicality of the underlying construction market

1) FAS

HTJ Group 2/3

History and becoming part of KH Group

HTJ is an professional services company specializing in construction, project management and supervision established in 1999. Sievi Capital acquired the majority of the company in October 2021 at a debt-free purchase price of 13.75 MEUR (additional purchase price up to 0.75 MEUR). With actualized 2020 figures, Sievi paid a moderate 0.7-0.8x revenue and 6.6-6.9x EBIT.

Janne Ketola, who moved from Sweco to HTJ, has been the CEO of the company since 2017.

The personnel-driven business model offers limited scalability…

HTJ is an unaffiliated and independent developer agency. It should be noted that its business does not include planning or contracting. HTJ’s projects range from a few hours of expert statements to national mega-projects. HTJ operates nationwide in Finland, and examples of HTJ’s public assignments include, e.g., supervision of the Kruunusilta bridge project in Helsinki and supervision of the construction project of an airport hotel at Helsinki-Vantaa. In general, the predictability of the company’s business demand is good and customer relationships are typically long.

HTJ's business is personnel-driven and employee-specific revenue offers only limited scalability. Therefore, success in recruitment is critical for growth, while maintaining a high personnel utilization rate is crucial for profitability. In recent years, HTJ has achieved strong growth both organically and supported by acquisitions. The company’s number of personnel has grown from 2017 to some 200 by the end of 2022, of which organic growth accounted for some 40 employees (~36%). In our opinion, HTJ has been successful in recruitment, considering the profitable growth and tight expert market in recent years.

Personnel costs are HTJ's most significant cost item and have historically accounted for 64-70% of revenue. Due to the significant share of personnel costs and the semi-fixed nature we believe maintaining a high billing rate is critical to maintain high relative profitability.

… but is very capital-light due to negative working capital

HTJ’s business model is very capital-light and has a strong cash-flow profile, which is typical of profitable expert organizations. The company’s cash flow is supported by negative working capital (-5…-10% of revenue), which, together with the high relative profitability of the business, enables a strong cash flow profile and creates a situation where growth finances itself.

HTJ has made a couple of acquisitions in recent years

In May 2022, HTJ grew by acquiring the entire stock of Infrap Oy, which focuses on infrastructure and industrial construction. Ifrap’s business is highly profitable and the company generated EBITDA of 0.9 MEUR in 2021 with 4.5 MEUR revenue. In April 2023, HTJ expanded its building construction business to the Jyväskylä and Kuopio areas by acquiring FinestCon Oy In connection with the transaction, FinestCon employed five people. FinestCon’s business has been very profitable and in 2021 the company generated EBIT of 0.2 MEUR withn0.9 MEUR revenue (EBIT-%: 25%). We see pressure toward the industry average from this exceptionally strong level.

Employees at the heart of growth strategy

HTJ has growth-oriented goals and the company has historically grown both organically and supported by acquisitions. The company actively invests in employee and customer satisfaction, which is a vital prerequisite for achieving organic growth in the industry. There is typically a shortage of skilled experts in HTJ's industry, although, in the current weak construction cycle, we feel the demand for projects is a more crucial bottleneck for growth than the availability of employees.

Demand developed more steadily than the rest of the market in HTJ's important customer segments

HTJ focuses on four industries: Building, industrial, infrastructure and energy construction. HTJ's most important customer segments are infrastructure construction and public sector premises that together account for more than 60% of revenue. According to KH Group, demand has developed more steadily among the challenges than in the rest of the construction sector in HTJ's important customer segments. However, the decreased construction volume is also reflected as intensified competition for assignments in HTJ's business.

HTJ 3/3

2023 performance was convincing

HTJ performed very well in Q1-Q3'23 considering the shrinking target market, and the company's revenue grew by 20% to 19.7 MEUR. Growth was supported both by the Infrap acquisition in May 2022 and the business acquisition of FinestCon in April 2023. We estimate that HTJ's inorganic growth was about 12-14% in Q1-Q3'23, so the company also achieved healthy organic growth, although market uncertainty has, according to the company, led to some construction projects being postponed. The company's pro forma EBIT was 2.0 MEUR in the review period (Q1'Q3'22: 1.8 MEUR), which is 10% of revenue. In our view, successful resourcing has played a key role in protecting profitability amid the challenges facing the construction sector. We expect Q4'23 revenue to grow by 3%, which practically comes only from the FinestCon business acquisition. In our estimates, Q4 EBIT falls to 0.6 MEUR (9% of revenue) from the very strong 1.0 MEUR level in the comparison period driven by weakened billing rates.

We expect this year to be challenging

In HTJ's market, the increased interest rate widely limits construction in the short term, which particularly affects housing construction. In its review at the end of September, the Confederation of Finnish Construction Industries RT expected that residential construction will fall by 9%, but other new construction will grow by 3% in 2024. Renovation construction is expected to decline by 4% while civil engineering is projected to decrease by 1.5%.

This year, we expect HTJ's organic growth to stop completely and in 2024 we forecast that revenue will grow by 1.5% fully driven by the FinestCon business acquisition. We also see pressure in the company's relative profitability from a shrinking market to the next due to tightening competition and, on the other hand, decreasing billing rates. Our 2024 EBIT estimate is at a good level despite the headwinds in the business environment and is 2.2 MEUR (8% of revenue).

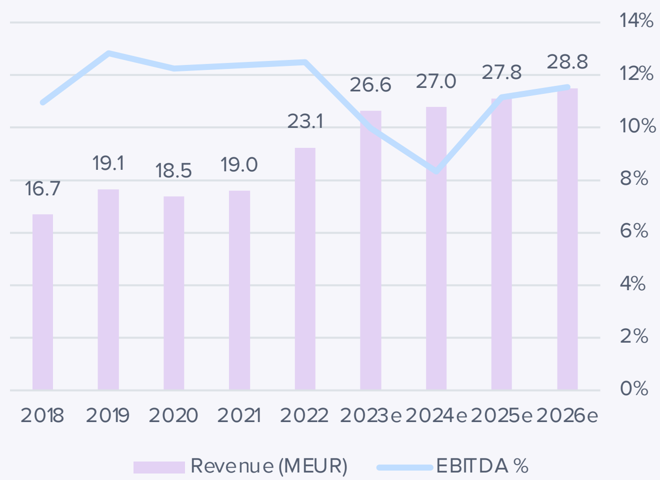
2025-2026 forecasts show a recovery in the market

In our 2025-2026 forecasts, HTJ's revenue grows by 3.5-3.6%, driven by recovering demand. Recovering utilization rates and the operational leverage generated by growth also drive our EBIT forecasts up to 11.0%-11.4%, which is in line with the 2021-2022 levels.

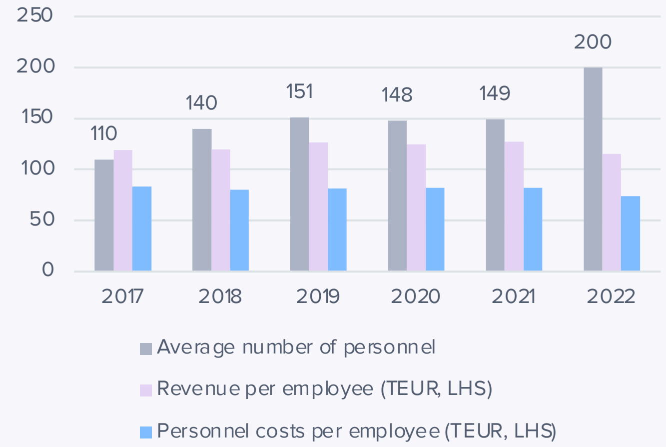
Long-term estimates

In the longer term, we expect the annual growth of HTJ to subside to approximately 2.0-2.5%. The company's long-term EBIT margin is 10-11% in our forecasts. Our forecasts do not include possible future undisclosed M&A transactions, as it is practically impossible to estimate the pricing, timing and integration of HTJ's acquisitions with reasonable accuracy from the outside.

HTJ's growth and profitability forecasts[1]



Number of personnel has driven growth in recent years



1) NB! FAS

Financial position

The balance sheet is special due to the investment company background

KH Group's balance sheet is quite special due to the Group's structure stemming from the investment company background and the reporting method of the conglomerate. Due to the different business models of the subsidiaries , the Group's balance sheet does not reflect the balance sheet structure of an individual subsidiary particularly well, especially in the case of HTJ.

In Q3'23 KH Group had net working capital of 38 MEUR. The largest asset item in working capital and the entire balance sheet is inventories at 103 MEUR. Of the subsidiaries, KH-Koneet ties up most inventory in absolute terms and relative to the size of the business, whereas HTJ has no inventory due to the nature of its expert business. Due to HTJ's negative working capital, organic growth virtually ties up no capital, whereas KH-Koneet has to invest a significant amount of capital, especially in inventories, to drive growth (working capital 20-30% of revenue). Due to significant trade payables and efficient inventory management, Indoor Group has hardly tied up any net working capital in recent years.

Rental-driven business model limits investment needs

KH Group's subsidiaries mainly operate in leased premises, which explains the substantial difference between the tangible assets of 9 MEUR and the right-of-use assets of 99 MEUR. The 99 MEUR right-of-use assets are a significant part of the balance sheet and related mainly to Indoor's and KH-Koneet's office network. The business model that is based on leased premises, means moderate investments are required in tangible assets for growth, although it raises the operational leverage of the business due to rental costs.

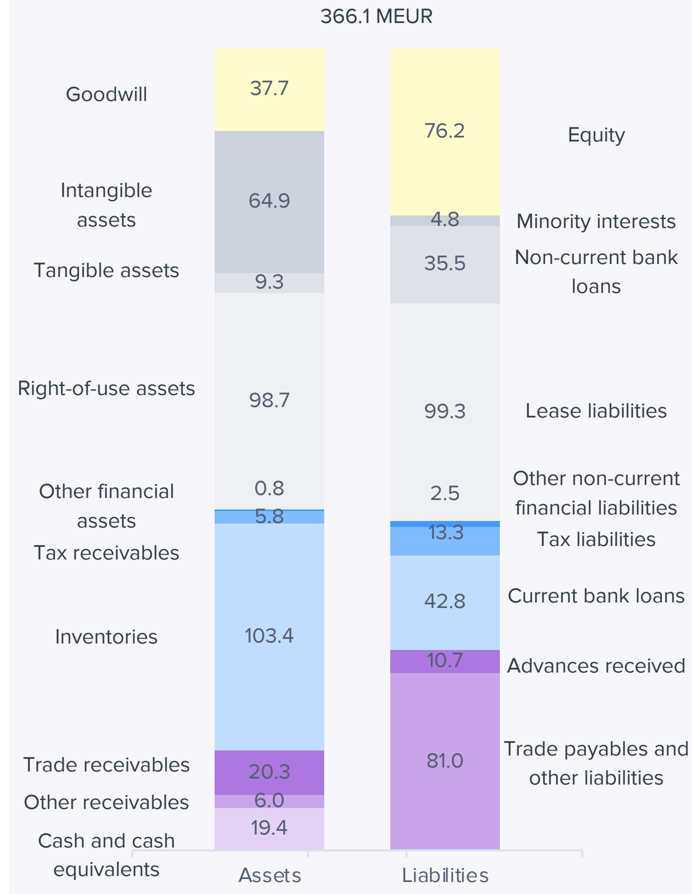
The 37.7 MEUR goodwill in the balance sheet comes from completed acquisitions, while other intangible assets of 65 MEUR are almost entirely related to Indoor Group's trademarks. Indoor hardly capitalizes its expenses in the balance sheet, but the amount of intangible assets is expected to remain high as the item is not written off under IFRS accounting but is regularly tested for impairment.

Balance sheet is leveraged due to the investment company background

At the end of Q3'23, KH Group's net interest-bearing liabilities amounted to 164.2 MEUR, or approximately 3.7 times the pro forma EBITDA of the last 12 months. We consider the level high, but this is due to the company's venture capitalist background and the company has indicated its aim to reduce the debt level When assessing KH Group's indebtedness, it is good to bear in mind the significant lease liabilities of 99 MEUR, adjusted for which the net debt is considerably more moderate. Among the subsidiaries, the impact of the high debt leverage is emphasized in Indoor Group and NRG that received subordinated loans from their owners in December and whose balance sheets we believe are too leveraged causing a balance sheet risk.

Balance sheet minorities of 4.8 MEUR relate to minority holdings in subsidiaries, although their market cap is clearly higher than the balance sheet value. For KH-Koneet and HTJ, the Group has a mutual agreement with the minorities to carry out transactions using minority shareholders' shares. In investment company reporting, this item was included in the balance sheet at a value of 5.7 MEUR, which we believe describes the expected redemption price quite well.

KH Group's balance sheet Q3'23 (IFRS)



Changes in Group forecasts

Estimate revisions

- We lowered Indoor's Q4 forecasts due to a more challenging market environment than we expected. At the same time, we have revised the Q4 result slightly down due to the costs of exiting Estonia. The exit from Estonia weighs heavily on our revenue forecasts for the coming years, but we slightly increased the relative profitability in our forecasts. Our forecasts do not yet include the potential sale price of the property located in Estonia, but previously the listed asking price of the property was 4 MEUR.
- We raised Indoor's 2024 financing costs based on the financing agreement that was updated at the beginning of 2024.
- We raised the long-term growth of KH-Koneet in line with the growth-oriented strategy. Thus, we lowered our relative profitability forecast slightly, as we expect revenue to focus more on Sweden, which currently has weaker relative profitability
- We changed the logic of KH-Koneet's DCF model to revolve around the EBIT according to FAS accounting, from which we adjust goodwill depreciation. We switched from previous EBITDA because KH-Koneet's growth in the rental business increases the share of depreciation of the company's revenue, as a result of which EBIT is a better indicator for comparing relative profitability over time. We adjust goodwill depreciation as it makes it easier to estimate and compare the company's operational profitability level over time.
- We revised HTJ's 2025-2026 revenue forecasts upward by some 1% in anticipation of a steeper growth trajectory .

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
Revenue (MEUR)	**Old**	**New**	**%**	**Old**	**New**	**%**	**Old**	**New**	**%**
Indoor Group	185	183	-1%	186	174	-7%	189	177	-7%
KH Koneet	171	171	0%	163	163	0%	167	173	4%
HTJ	26.6	26.6	0%	27.0	27.0	0%	27.7	27.8	0%
NRG	35.7	35.7	0%	36.2	36.2	0%	37.1	37.1	0%
Adj. EBIT (MEUR)									
Indoor Group	0.8	0.4	-47%	3.2	3.3	4%	6.6	6.7	1%
KH Koneet	8.2	8.2	0%	5.4	5.4	0%	7.5	7.8	4%
HTJ	2.6	2.6	0%	2.2	2.2	0%	3.0	3.1	0%
NRG	1.3	1.3	0%	1.3	1.3	0%	1.3	1.3	0%
Unallocated costs	-2.9	-2.9	0%	-2.1	-2.1	0%	-1.8	-1.8	0%

Source: Inderes

Income statement*

Income statement	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue	**99.5**	**116**	**108**	**118**	**441**	**103**	**106**	**100**	**107**	**416**	**400**	**415**	**435**
KH-Koneet	42.4	54.8	45.6	51.8	195	43.4	46.1	35.0	46.6	171	163	173	187
Indoor Group	45.6	47.2	52.3	47.1	192	43.6	44.0	50.6	44.7	183	174	177	181
HTJ	4.7	5.8	5.8	6.7	23.1	6.1	7.0	6.5	6.9	26.6	27.0	27.8	28.8
Nordic Rescue Group	6.8	8.4	3.8	12.5	31.5	9.9	8.8	8.2	8.8	35.7	36.2	37.1	38.2
EBITDA						**9.4**	**9.6**	**2.5**	**10.5**	**32.0**	**33.2**	**40.4**	**44.0**
Depreciation						-8.2	-8.4	-9.3	-8.4	-34.3	-23.1	-23.3	-23.6
EBIT (excl. NRI)	**-0.5**	**2.9**	**6.0**	**3.8**	**12.2**	**1.2**	**3.2**	**5.1**	**2.1**	**11.6**	**10.1**	**17.1**	**20.4**
EBIT	**-0.5**	**2.9**	**6.0**	**3.8**	**12.2**	**1.2**	**1.2**	**-6.8**	**2.1**	**-2.3**	**10.1**	**17.1**	**20.4**
KH-Koneet	1.6	3.7	2.6	2.9	10.8	1.9	2.3	2.0	2.0	8.2	5.4	7.8	10.3
Indoor Group	-1.5	-1.2	3.8	-0.1	1.0	-0.6	-1.5	2.6	-0.1	0.4	3.3	6.7	7.3
HTJ	0.5	0.6	0.7	1.0	2.8	0.4	0.6	1.0	0.6	2.6	2.2	3.1	3.3
Nordic Rescue Group	-0.5	0.3	-0.6	0.6	-0.2	0.1	0.6	0.3	0.3	1.3	1.3	1.3	1.3
Unallocated items	-0.6	-0.5	-0.6	-0.6	-2.2	-0.6	-0.8	-12.7	-0.7	-14.8	-2.1	-1.8	-1.8
Net financial items	0.0	-0.1	0.0	-0.1	-0.2	-2.6	-3.5	-2.1	-2.0	-10.2	-11.0	-10.5	-10.0
PTP	**-0.5**	**2.8**	**6.0**	**3.8**	**12.0**	**-1.4**	**-2.3**	**-8.9**	**0.1**	**-12.5**	**-0.9**	**6.6**	**10.4**
Taxes	0.5	0.6	0.6	0.4	2.1	0.5	0.4	2.2	0.0	3.1	0.2	-1.3	-2.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	1.2	3.2	0.2	4.6	0.0	-1.4	-1.8
Net earnings	**0.0**	**3.4**	**6.6**	**4.2**	**14.1**	**-0.9**	**-0.7**	**-3.2**	**0.3**	**-4.6**	**-0.7**	**3.9**	**6.5**
EPS (adj.)	**0.00**	**0.06**	**0.11**	**0.07**	**0.24**	**-0.02**	**0.02**	**0.15**	**0.00**	**0.16**	**-0.01**	**0.07**	**0.11**

Key figures	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%						3.6%	-8.8%	-6.7%	-9.4%	-5.7%	-3.8%	3.7%	4.9%
Adjusted EBIT growth-%						-340.0%	10.3%	-14.6%	-45.9%	-5.2%	-12.9%	69.5%	19.2%
EBITDA-%						9.1%	9.1%	2.5%	9.8%	7.7%	8.3%	9.7%	10.1%
Adjusted EBIT-%	-0.5%	2.5%	5.6%	3.2%	2.8%	1.2%	3.0%	5.1%	1.9%	2.8%	2.5%	4.1%	4.7%
Net earnings-%	0.0%	2.9%	6.1%	3.5%	3.2%	-0.9%	-0.7%	-3.2%	0.2%	-1.1%	-0.2%	0.9%	1.5%

Source: Inderes

*NB! The figures for 2022-H1'23 consist of pro forma figures from different subsidiaries, not official reported figures to improve comparability. In the future, the figures will correspond to the reported figures.
The subsidiaries' forecasts follow IFRS accounting, which results in a discrepancy with company-specific DCF models that follow FAS accounting.

Balance sheet*

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**111**	**213**	**201**	**201**	**197**
Goodwill	0.0	37.7	37.7	37.7	37.7
Intangible assets	0.0	65.3	65.3	65.3	65.3
Tangible assets	0.2	104	92.4	93.2	94.4
Associated companies	108	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.8	0.0	0.0	0.0
Deferred tax assets	3.0	5.2	5.2	5.2	0.0
Current assets	**1.8**	**164**	**149**	**139**	**142**
Inventories	0.0	112	104	98.1	99.6
Other current assets	0.0	7.3	7.3	7.3	7.3
Receivables	0.0	18.8	16.7	14.0	14.5
Cash and equivalents	1.8	26.4	20.8	20.0	20.8
Balance sheet total	**113**	**377**	**349**	**341**	**340**

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**93.5**	**87.8**	**77.0**	**76.3**	**80.2**
Share capital	15.2	15.2	15.2	15.2	15.2
Retained earnings	65.4	53.4	48.8	48.1	52.0
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	12.9	13.0	13.0	13.0	13.0
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	6.2	0.0	0.0	0.0
Non-current liabilities	**14.6**	**128**	**121**	**116**	**108**
Deferred tax liabilities	9.1	15.7	15.7	15.7	15.7
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	5.5	110	103	97.4	89.9
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	2.5	2.5	2.5	2.5
Current liabilities	**5.2**	**161**	**152**	**149**	**151**
Interest bearing debt	1.0	74.4	68.4	64.9	60.0
Payables	4.2	86.4	83.3	84.1	91.3
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**113**	**377**	**349**	**341**	**340**

*NB! The 2021 balance follows the reporting method of the investment company and is therefore not comparable with the current conglomerate reporting method. We have replaced the 2022 balance sheet of the investment company with the balance sheet of the conglomerate form the H1'23 report so that our future balance sheet forecasts are built on a comparable data point.

Investment profile 1/2

We find KH Group to be a turnaround and value company

KH Group's investment profile is that of a turnaround and value company that aims to unlock the value of its balance sheet by forming into a conglomerate built around KH-Koneet. It is challenging to categorize KH Group as an investment, as the performance and value creation potential vary clearly from one subsidiary to another. We consider Indoor Group and NRG clear turnaround companies. Both HTJ and KH-Koneet are plagued by the challenges of the construction sector, but looking over the cycle, the companies are well-positioned to accumulate value with growth-driven strategies. We find KH-Koneet to be the most interesting subsidiary because of its good growth potential and strong market position (in small machines).

Weak business environment holds value prisoner

KH Group's group structure is in an awkward stage as the company moves from an investment company toward KH-Koneet Group. In our view, the current group structure reduces the attractiveness of the stock for investors due to the unclear structure of the investment story. We find it likely that the subsidiaries would separately be priced more generously than the current structure. At the same time, the dismantling of the group structure eliminates the risk of capital flowing to targets with weaker value creation potential instead of to KH-Koneet. At the CMD, KH Group communicated that it is aiming for strategic exits in 2024-2025, but we believe that the weaker business environment may prolong this process. The challenging market situation has the clearest impact on Indoor Group, where we consider an IPO the likely outcome. In our view, listing the company requires the performance to recover and a stronger balance sheet structure than currently. We emphasize that it is essential for the investment story that the Group exits from its holdings in a way that maximizes value rather than rushing.

Positive value drivers and opportunities

Strategic exits: In our view, KH Group could find a buyer for HTJ or NRG even in the near future, which could serve as a driver for the stock. We estimate that the price for HTJ would be relevant at Group level, whereas the divestment of NRG would eliminate the investor's risk of the subsidiaries' performance decorating and of financing needs. If KH-Koneet can improve its profitability in Sweden even close to the level of Finland, we feel it is clear that the Group should invest as much of the cash received from the subsidiary exits as possible to support the company's growth strategy.

Comprehensive brand portfolio and sales network: A key factor for KH-Koneet's competitiveness is the quality of the company's brand portfolio. We believe the company has a high-quality and diverse brand portfolio, which makes it an attractive partner for retailers and strengthens the company's competitiveness compared to smaller operators. Similarly, the extensive and growing distribution network makes KH-Koneet an attractive partner for machine manufacturers thanks to its distribution power.

Good growth prospects: Thanks to the strength of the brand portfolio and the scope of the distribution network, KH-Koneet has the potential to grow organically more quickly than the market both in the domestic market and abroad. Considering the business model, we suspect that this should scale to profitability retroactively due to the delayed growth in the field population and the aftermarket business it brings. We feel the company has the potential to accelerate its geographical expansion with M&A transactions (e.g. acquiring distributors), although we expect the growth to be mainly organic in the future.

Weaknesses and risk factors

Dependency on the brand portfolio: Due to the earnings logic of the business model, KH-Koneet's competitiveness depends on the strength of brand representations, and thus losing a key brand would weaken competitiveness, revenue and the earnings level. In addition to agency agreements, there is a risk that the competitiveness of the key brands deteriorates, which would inevitably also be reflected in the attractiveness of the company's offering. However, we do not feel the company is significantly dependent on individual brands.

The lower profitability in Sweden is caused by the speed with which KH-Koneet has scaled up the business in question. For Sweden, S-Rental's good profitability development under KH-Koneet is a positive signal. The Swedish business still needs a profitability leap to be called value-creating. If KH-Koneet is unable to raise the profitability of its Swedish business, the company could increasingly tie up capital to low-profitability operations, reducing its quality.

Business model that ties up working capital: KH-Koneet's growth requires significant inventories, which may be subject to write-downs. For the same reason, the cash flow from operating activities is weaker than the operating result as the company grows.

Investment profile 2/2

1. **The investment story is at a crossroads with changing corporate structure and strategy**
2. **The Group's crown jewel provides potential for strong and profitable growth**
3. **KH-Koneet has high return on capital on the domestic market**
4. **The ability to create value through international growth has not yet been proven**
5. **Subsidiaries operate in a cyclical market**

Potential

- Dissolving the current Group structure can free up value and increase investor interest
- Replicating the success of KH-Koneet's domestic market abroad would create conditions for long-term value creation
- Conditions for inorganic growth and gunpowder released from subsidiary exits for this purpose

Risks

- KH-Koneet's profitability in Sweden still lags behind Finland, and value creation abroad cannot yet be spoken of at the current profitability level
- The need to capitalize other subsidiaries instead of financing KH-Koneet's growth investments
- A weak business environment may prolong the transitional phase of the group structure

Source: Inderes

Sum of the parts is the most reliable valuation method

Target price and recommendation

We revise our target price to EUR 0.80 (was EUR 0.90) and reiterate our Accumulate recommendation. KH Group's stock seems moderately priced relative to the EUR 0.94 per share value indicated by our sum of the parts calculation. We believe KH Group's fair value is approximately EUR 0.9-1.2 per share, so when the value is realized, we see a clear upside in the stock. However, this upside is subject to the assumption that the balance sheet risk of Indoor Group that struggles with a leveraged balance sheet and an earnings turnaround does not materialize. In addition, releasing this value would require dismantling the current Group structure and sensible allocation of the cash flow released from the subsidiaries. We believe these uncertainties, together with the performance of the biggest subsidiaries that is under pressure, may delay or even prevent the realization of the fair value, which, for the time being, hinders us from taking a stronger stance with our recommendation.

Formation of the sum of the parts

We approach KH Group's valuation with 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, the profitability of their growth and the acceptable valuation multiples differ considerably, which supports using the SOTP model.

In our SOTP model, we have estimated the fair value of each of KH Group's subsidiary using DCF models and comparing company-specific implicit valuation multiples to listed peers. 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.

Group administration expenses consume the fair value of the whole

We have estimated that normalized Group administration expenses are 1.8 MEUR (was 1.6 MEUR), which we have discounted at a 11% cost of capital from here 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 this approach is logical, but the challenge we see is new administration costs that would arise if another subsidiary were listed on the stock exchange.

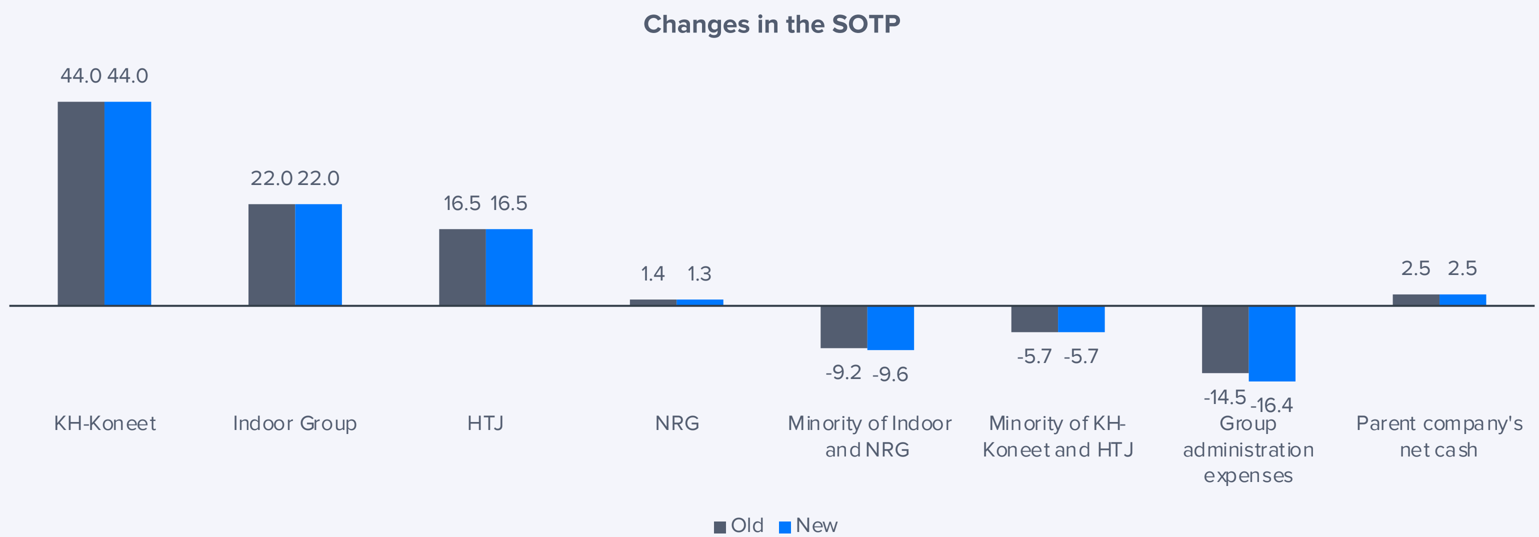
Formation of the sum of the parts (MEUR)	Equity value DCF	Fair value	Net debt 2023e	EV 2023e
KH Koneet	50.1	44.0	18.8	62.8
Indoor Group	24.6	22.0	70.3	92.3
HTJ	22.3	16.5	7.5	24.0
NRG	1.8	1.3	12.6	13.9
- Minority of Indoor and NRG		-9.6		
- Minority of KH Koneet and HTJ		-5.7		
- Group administration expenses		-16.4		
+ Parent company\s net cash		2.5		
= Sum of the parts		**54.6**		
Group's current market cap		40.7		
Discount to SOTP		-26%		
Per share value indicated by SOTP		0.94 €		

Changes in our sum of the parts calculation

Changes in the sum of the parts were small

In connection with the update, we slightly increased our estimate of the normalized level of Group administration expenses to 1.8 MEUR (was 1.6 MEUR). We expect a slightly higher normalized level due to, e.g., cost inflation and the costs arising from tightening reporting requirements. As a result, the share of unallocated items in our SOTP calculation increased to 16.4 MEUR (was 14.5 MEUR).

Regarding the fair value of NRG, we made a small negative revision due to the company's balance sheet risk, which is reflected in Indoor's and NRG's minority share in our SOTP calculation.



Implicit valuation multiples

In the adjacent table, we have tried 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.

KH-Koneet's valuation anticipates a slowing machine trade

KH-Koneet's earnings-based valuation is stretched this year as challenges in the construction sector depress the performance in our forecasts. With our 2024 estimates the valuation is high, but in 2025-26 it turns very attractive in our eyes. We feel KH-Koneet has a good track record of value creation (2017-2022: 10-21% ROE) and the company should be priced at a premium to the book value of the balance sheet. We believe a more substantial margin of flexibility in the balance sheet-based valuation requires more evidence of scaling the profitability of the international business as the growth in Sweden has put pressure on the return on capital in recent years. Compared to the peers, KH-Koneet's valuation appears expensive on earnings basis with 2024 forecasts, which we estimate is caused by the deviating demand cycles of the company. However, on a balance sheet basis, the company's valuation is clearly at a discount to the listed peers.

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 barely positive for next year. Indoor has historically generated high profitability but due to the company's elevated risk profile and weakened performance, we consider it justified that the company is now priced on a balance sheet basis with a discount to book value. In the short term, the forecast risk is also elevated due to the ERP project that is in a critical stage. As performance recovers and the balance sheet strengthen, we see all prerequisites for balance sheet-based premium pricing and a clear upside relative to the current value.

Due to HTJ's capital-light business model, the focus is on earnings-based multiples

Due to HTJ's very capital-light business model, we prefer earnings-based multiples in its valuation. With the market value of 16.5 MEUR we determined, HTJ is priced at a clear discount to its peers. Due to the small size of the company and the current ownership structure, we feel the discounted pricing compared to the listed peers is justified. Our DCF model, on the other hand, indicates a value of approximately EUR 22 million for the company. There is no proper evidence of the company's resilience to cyclicality yet, but infrastructure construction and public sector premises account for over 60% of revenue, limiting demand fluctuation.

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 sustainable performance is extremely difficult with the current track record, which we feel should be reflected in acceptable valuation mutliples. Due to the company's significant leverage, a successful earnings turnaround would have a significant positive impact on the value of equity.

KH Koneet	2023e	2024e	2025e	2026e
EV/ Sales	0.4	0.4	0.3	0.3
EV/EBITDA	7.6	11.1	7.1	4.8
EV/Adj. EBIT	8.5	12.9	8.0	5.4
Adj. P/E	9.0	14.9	8.7	6.1
P/B	1.1	1.0	1.0	0.9

Indoor Group	2023e	2024e	2025e	2026e
EV/ Sales	0.5	0.5	0.4	0.3
EV/EBITDA	5.2	4.1	3.0	2.5
EV/EBIT	224.9	24.5	10.4	8.3
P/E	-9.3	20367.2	6.7	5.2
P/B	0.7	0.7	0.7	0.6

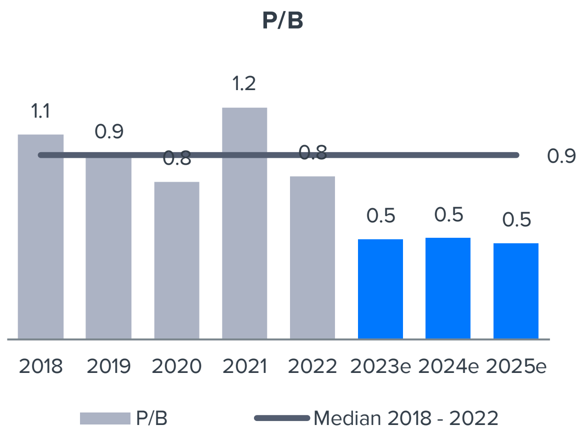
HTJ	2023e	2024e	2025e	2026e
EV/ Sales	0.9	0.8	0.7	0.6
EV/EBITDA	9.0	9.8	6.3	5.1
EV/ Adj. EBIT	9.5	10.5	6.6	5.3
Adj. P/E	9.0	10.7	7.2	6.5
P/B	1.8	1.8	1.7	1.5

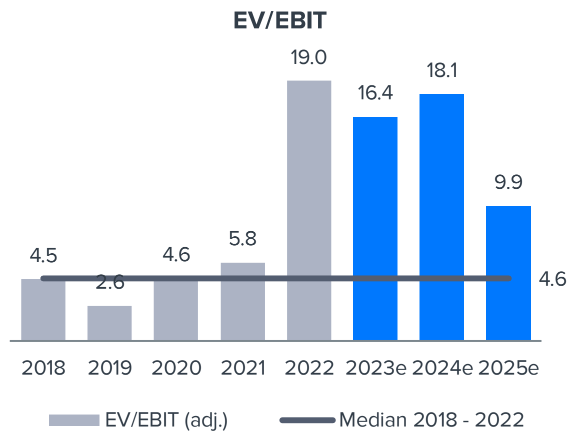
NRG	2023e	2024e	2025e	2026e
EV/ Sales	0.4	0.4	0.4	0.4
EV/EBITDA	8.7	8.8	8.7	8.4
EV/Adj. EBIT	11.2	11.4	11.2	10.9
Adj. P/E	12.1	7.6	6.9	4.3
P/B	-1.3	-0.5	-0.3	-0.3

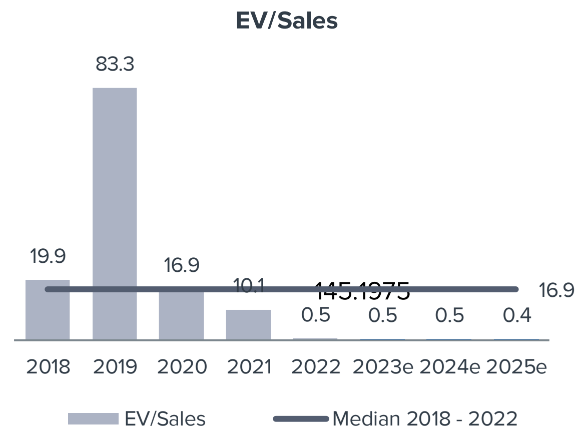
Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	1.22	1.28	1.08	1.92	1.18	**0.68**	**0.68**	**0.68**	**0.68**
Number of shares, millions	57.8	57.8	58.0	58.1	58.1	**58.1**	**58.1**	**58.1**	**58.1**
Market cap	70	74	63	112	69	**40**	**40**	**40**	**40**
EV	74	42	54	116	232	**190**	**182**	**169**	**160**
P/E (adj.)	5.2	5.8	6.3	6.1	4.9	**4.3**	**neg.**	**10.2**	**6.1**
P/E	5.2	5.8	6.3	6.1	4.9	**neg.**	**neg.**	**10.2**	**6.1**
P/B	1.1	0.9	0.8	1.2	0.8	**0.52**	**0.52**	**0.5**	**0.5**
P/S	19.0	>100	19.6	9.7	0.2	**0.1**	**0.1**	**0.1**	**0.1**
EV/Sales	19.9	83.3	16.9	10.1	0.5	**0.5**	**0.5**	**0.4**	**0.4**
EV/EBITDA	4.5	2.6	4.6	5.8	19.0	**5.9**	**5.5**	**4.2**	**3.6**
EV/EBIT (adj.)	4.5	2.6	4.6	5.8	19.0	**16.4**	**18.1**	**9.9**	**7.8**
Payout ratio (%)	12.8 %	83.5 %	23.4 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**
Dividend yield-%	2.5 %	14.5 %	3.7 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**

Source: Inderes







Peer group valuation 1/2

HTJ's peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/Sales		P/E		P/B
Company	**MEUR**	**MEUR**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**
SITOWISE GROUP	95	178	13.2	10.2	7.0	6.2	0.9	0.8	13.6	9.1	0.8
SWECO B	3723	4219	16.8	14.8	12.1	11.0	1.5	1.5	20.0	17.4	3.7
AFRY	1687	2109	11.7	10.4	7.9	7.3	0.9	0.8	13.5	11.5	1.4
REJLERS B	276	332	11.8	10.9	7.5	7.0	0.9	0.8	13.7	12.2	1.6
WSP GLOBAL	19040	21578	35.4	33.8	15.1	13.8	2.7	2.6	28.6	25.1	4.0
ETTEPLAN	329	392	12.8	11.2	7.7	7.1	1.0	1.0	13.3	11.7	2.6
ARCADIS	5092	5954	14.8	12.8	10.9	9.7	1.4	1.3	18.2	15.5	3.8
SOLWERS	41	22	4.4	4.4	2.4	2.4	0.3	0.3	14.1	12.4	1.0
HTJ (Inderes, FAS)	**17**	**24**	**9.5**	**10.5**	**9.0**	**9.8**	**0.9**	**0.8**	**9.0**	**10.7**	**1.8**
Average			**15.1**	**13.6**	**8.8**	**8.1**	**1.2**	**1.1**	**16.9**	**14.4**	**2.4**
Median			**13.0**	**11.0**	**7.8**	**7.2**	**0.9**	**0.9**	**13.9**	**12.3**	**2.1**
Difference-% to median			***-27%***	***-5%***	***16%***	***37%***	***-4%***	***-9%***	***-35%***	***-13%***	***-12%***

KH -Koneet's peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/Sales		P/E		P/B
Company	**MEUR**	**MEUR**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**
UNITED RENTALS	41451	51628	13.7	13.2	8.1	7.7	3.8	3.6	15.7	14.3	5.0
H&E EQUIPMENT SERVICES	1944	3239	11.6	10.7	4.8	4.5	2.3	2.1	11.7	10.3	3.3
MCGRATH RENTCORP	2729	3425	16.9	15.5	11.2	10.4	4.4	4.1	22.5	19.9	NA
SPEEDY HIRE	139	344	10.2	8.4	3.0	2.8	0.7	0.7	8.1	6.2	0.6
VP	255	485	8.2	7.9	3.6	3.6	1.1	1.1	7.1	6.8	1.2
WETTERI OYJ	77	204	15.8	13.0	7.5	6.6	0.4	0.3	17.0	11.4	1.7
BILIA A	1138	1803	12.6	11.0	7.4	6.8	0.5	0.5	11.4	9.6	2.3
KH Koneet (Inderes, FAS)	**44**	**63**	**8.5**	**12.9**	**7.6**	**11.1**	**0.4**	**0.4**	**9.0**	**14.9**	**1.1**
Average			**11.1**	**9.9**	**5.7**	**5.3**	**1.6**	**1.6**	**11.7**	**9.8**	**2.0**
Median			**12.1**	**10.8**	**6.1**	**5.6**	**0.9**	**0.9**	**11.5**	**9.9**	**1.7**
Difference-% to median			***-30%***	***19%***	***24%***	***99%***	***-59%***	***-58%***	***-21%***	***50%***	***-36%***

Peer group valuation 2/2

Indoor's peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/Sales		P/E		P/B
Company	**MEUR**	**MEUR**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**
SURTECO GROUP (XET)	222	596	11.5	8.5	5.4	4.6	0.7	0.6	8.5	5.6	0.5
NOBIA	112	563	29.2	13.7	6.5	4.8	0.6	0.5	-18.4	8.8	0.3
MAISONS DU MONDE	161	860	18.4	16.3	4.3	4.1	0.7	0.7	7.3	6.4	0.3
LEON'S FURNITURE	1024	1204	NA	NA	5.6	5.4	0.7	0.7	10.8	9.9	NA
WILLIAMS-SONOMA	13747	13111	11.5	11.8	9.7	9.9	1.9	1.9	16.2	16.1	7.3
Indoor Group (Inderes, IFRS)	**44**	**92**	**224.9**	**24.5**	**5.2**	**4.1**	**0.5**	**0.5**	**-9.3**	**20367.2**	**0.7**
Average			**17.6**	**12.6**	**6.3**	**5.7**	**0.9**	**0.9**	**4.9**	**9.3**	**2.1**
Median			**14.9**	**12.7**	**5.6**	**4.8**	**0.7**	**0.7**	**8.5**	**8.8**	**0.4**
Difference-% to median			***1405%***	***93%***	***-8%***	***-14%***	***-28%***	***-32%***		***231345%***	***88%***

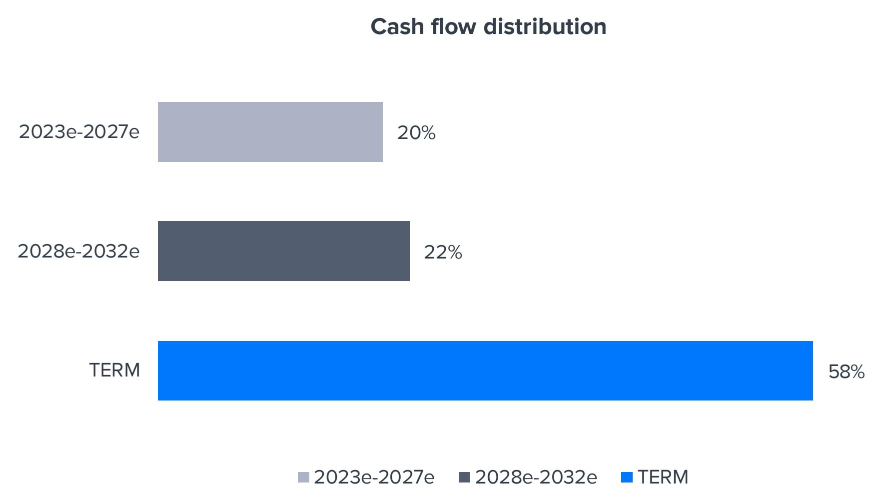
NRG's peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/Sales		P/E		P/B
Company	**MEUR**	**MEUR**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**
ROSENBAUER INTL.	191	675	11.5	10.1	7.5	6.8	0.6	0.6	6.2	5.1	0.9
OSHKOSH	6836	7480	8.4	8.1	6.9	6.7	0.8	0.8	11.0	10.3	1.8
REV GROUP	882	999	9.2	6.7	7.0	5.7	0.4	0.4	12.7	9.1	2.1
NRG (Inderes, FAS)	**1**	**14**	**11.2**	**11.4**	**8.7**	**8.8**	**0.4**	**0.4**	**12.1**	**7.6**	**-1.3**
Average			**9.7**	**8.3**	**7.2**	**6.4**	**0.6**	**0.6**	**10.0**	**8.1**	**1.6**
Median			**9.2**	**8.1**	**7.0**	**6.7**	**0.6**	**0.6**	**11.0**	**9.1**	**1.8**
Difference-% to median			***22%***	***41%***	***23%***	***31%***	***-33%***	***-30%***	***10%***	***-16%***	

DCF calculation 1/4

DCF model KH Koneet (FAS)	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	40.1 %	15.2 %	-12.0 %	-4.5 %	6.0 %	8.0 %	12.0 %	10.0 %	3.0 %	2.5 %	2.0 %	1.5 %	1.5 %
EBIT-% (adj.)	5.3 %	5.1 %	4.3 %	2.8 %	4.0 %	5.0 %	4.0 %	4.2 %	4.5 %	4.5 %	4.5 %	4.0 %	4.0 %
EBIT (adj.)	**8.9**	**10.0**	**7.4**	**4.6**	**6.9**	**9.4**	**8.4**	**9.7**	**10.7**	**11.0**	**11.2**	**10.1**	
+ Depreciation	1.4	2.6	2.6	2.5	2.6	2.8	3.1	3.5	3.6	3.7	3.7	3.8	
- Paid taxes	-1.8	-2.0	-1.5	-0.9	-1.4	-1.9	-1.4	-1.5	-1.4	-1.5	-1.5	-1.3	
- Change in working capital	-3.4	-11.9	1.8	-0.9	-2.2	-2.9	-6.1	-5.7	-1.9	-1.6	-1.3	-1.0	
Operating cash flow	**4.6**	**-2.4**	**10.3**	**5.2**	**5.9**	**7.4**	**4.1**	**6.0**	**11.0**	**11.5**	**12.1**	**11.6**	
+ 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	-0.9	-7.4	-2.5	-2.5	-3.1	-2.8	-5.1	-3.4	-4.3	-3.5	-4.3	-3.5	
Free operating cash flow	**3.7**	**-9.8**	**7.8**	**2.7**	**2.9**	**4.6**	**-1.0**	**2.6**	**6.7**	**8.1**	**7.8**	**8.1**	
+/- 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	3.7	-9.8	7.8	2.7	2.9	4.6	-1.0	2.6	6.7	8.1	7.8	8.1	101
Discounted FCFF			**7.8**	**2.5**	**2.4**	**3.5**	**-0.7**	**1.7**	**3.9**	**4.3**	**3.8**	**3.6**	**45.2**
Sum of FCFF present value			78.1	70.3	67.8	65.3	61.8	62.5	60.8	56.9	52.6	48.8	45.2
Enterprise value DCF			**78.1**										
- Interest bearing debt			-31.0										
+ Cash and cash equivalents			3.1										
-Minorities			0.0										
-Dividend/capital return			0.0										
Equity value DCF			**50.1**										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	30.0 %
Cost of debt	6.0 %
Equity Beta	1.40
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
Cost of equity	**11.7 %**
Weighted average cost of capital (WACC)	**9.6 %**

Source: Inderes

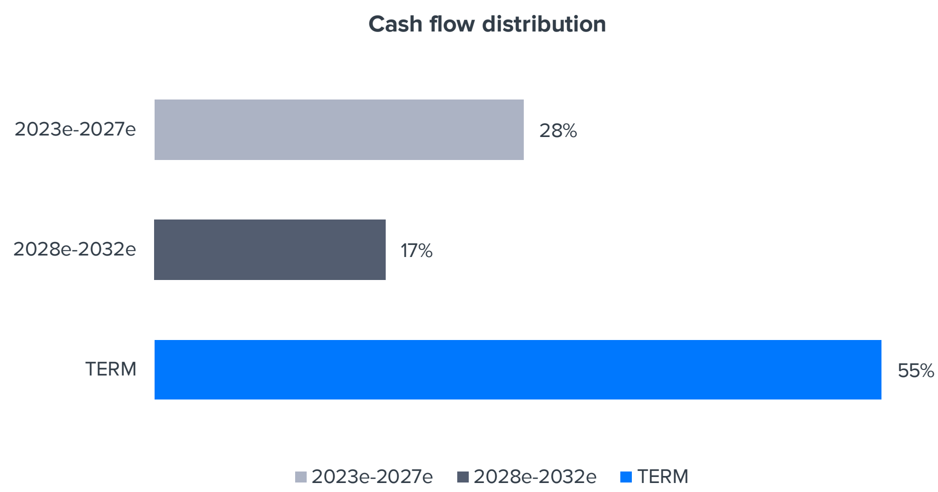


DCF calculation 2/4

DCF model Indoor Group (IFRS)	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	2.5 %	-6.2 %	-4.8 %	-5.0 %	1.8 %	2.5 %	2.5 %	2.0 %	2.0 %	2.0 %	1.5 %	1.0 %	1.0 %
EBIT-%	6.9 %	0.5 %	0.2 %	1.9 %	3.8 %	4.0 %	4.3 %	4.3 %	4.2 %	4.2 %	4.2 %	4.0 %	4.0 %
EBIT (operating profit)	**14.1**	**1.0**	**0.4**	**3.3**	**6.7**	**7.3**	**8.0**	**8.2**	**8.1**	**8.3**	**8.4**	**8.1**	
+ Depreciation	18.3	19.3	17.4	16.5	16.8	17.2	17.7	18.0	18.4	18.7	19.0	19.2	
- Paid taxes	-2.8	-0.2	-0.1	-0.7	-1.3	-1.5	-1.6	-1.6	-1.6	-1.7	-1.7	-1.6	
- Change in working capital	-5.3	-1.6	-2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	**21.3**	**13.7**	**15.1**	**19.2**	**22.2**	**23.0**	**24.0**	**24.5**	**24.9**	**25.4**	**25.7**	**25.7**	
+ 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	-16.5	-20.9	-12.4	-11.1	-14.0	-15.1	-19.0	-19.1	-19.5	-19.9	-19.9	-19.8	
Free operating cash flow	**4.8**	**-7.2**	**2.7**	**8.1**	**8.2**	**7.9**	**5.0**	**5.4**	**5.3**	**5.4**	**5.8**	**5.9**	
+/- 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	4.8	-7.2	2.7	8.1	8.2	7.9	5.0	5.4	5.3	5.4	5.8	5.9	99.8
Discounted FCFF			**2.7**	**7.6**	**7.3**	**6.6**	**3.9**	**3.9**	**3.6**	**3.4**	**3.4**	**3.2**	**55.3**
Sum of FCFF present value			101	98.3	90.6	83.4	76.8	72.9	69.0	65.4	61.9	58.5	55.3
Enterprise value DCF			**101**										
- Interest bearing debt			-82.2										
+ Cash and cash equivalents			5.8										
-Minorities			0.0										
-Dividend/capital return			0.0										
Equity value DCF			**24.6**										

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 %
Cost of equity	**12.1 %**
Weighted average cost of capital (WACC)	**6.9 %**

Source: Inderes

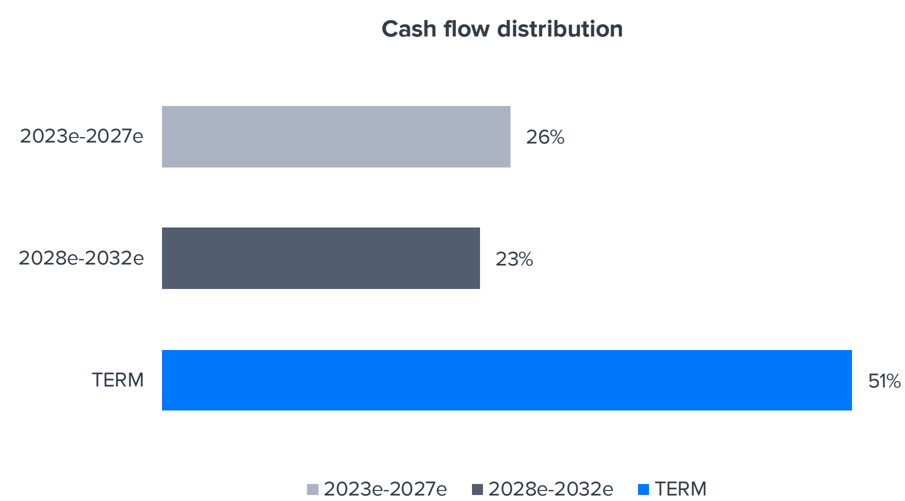


DCF calculation 3/4

DCF model HTJ (FAS)	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	2.8 %	21.7 %	15.0 %	1.5 %	3.0 %	3.5 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBITDA-%	12.4 %	12.5 %	10.0 %	8.3 %	11.1 %	11.6 %	11.2 %	11.2 %	11.2 %	11.1 %	11.0 %	10.5 %	10.5 %
EBIT (operating profit)	**2.2**	**1.0**	**1.0**	**0.6**	**1.5**	**1.7**	**1.7**	**1.7**	**1.8**	**3.3**	**3.3**	**3.3**	
+ Depreciation	0.1	1.9	1.6	1.6	1.6	1.6	1.6	1.7	1.7	0.2	0.2	0.2	
- Paid taxes	-0.4	-0.2	-0.5	-0.4	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-0.7	-0.7	
- Change in working capital	1.9	-0.5	-0.5	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	**3.9**	**2.4**	**1.6**	**1.9**	**2.6**	**2.8**	**2.7**	**2.8**	**2.8**	**2.9**	**2.9**	**2.8**	
+ 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	0.2	-1.9	-1.2	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	
Free operating cash flow	**4.1**	**0.5**	**0.4**	**1.7**	**2.4**	**2.6**	**2.6**	**2.6**	**2.7**	**2.7**	**2.7**	**2.6**	
+/- 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	4.1	0.5	0.4	1.7	2.4	2.6	2.6	2.6	2.7	2.7	2.7	2.6	35.1
Discounted FCFF			**0.4**	**1.6**	**2.0**	**2.0**	**1.8**	**1.7**	**1.6**	**1.4**	**1.3**	**1.2**	**15.5**
Sum of FCFF present value			30.5	30.1	28.5	26.4	24.4	22.6	21.0	19.4	18.0	16.7	15.5
Enterprise value DCF			**30.5**										
- Interest bearing debt			-10.5										
+ Cash and cash equivalents			2.3										
-Minorities			0.0										
-Dividend/capital return			0.0										
Equity value DCF			**22.3**										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	6.5 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
Cost of equity	**11.2 %**
Weighted average cost of capital (WACC)	**9.7 %**

Source: Inderes

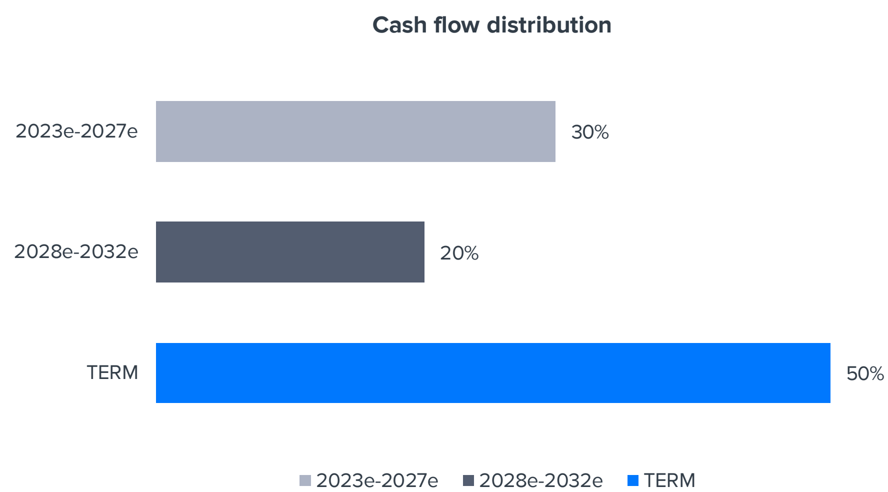


DCF calculation 4/4

DCF model NRG (FAS)	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	43.0 %	11.0 %	-14.6 %	1.5 %	2.5 %	3.0 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBITDA-%	-0.1 %	-4.7 %	4.5 %	4.4 %	4.4 %	4.4 %	4.4 %	4.4 %	4.4 %	4.4 %	4.4 %	4.0 %	4.0 %
EBIT (operating profit)	**-1.9**	**-8.7**	**-0.4**	**-0.4**	**-0.3**	**-0.3**	**0.6**	**1.4**	**1.4**	**1.4**	**1.4**	**1.3**	
+ Depreciation	1.9	6.7	2.0	2.0	2.0	2.0	1.1	0.4	0.4	0.4	0.4	0.4	
- Paid taxes	0.0	0.0	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
- Change in working capital	-1.3	-0.4	0.3	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
Operating cash flow	**1.8**	**-1.3**	**1.7**	**1.3**	**1.3**	**1.3**	**1.4**	**1.4**	**1.4**	**1.5**	**1.5**	**1.4**	
+ 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	0.0	0.0	
- Gross CAPEX	-3.3	-0.1	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	
Free operating cash flow	**-1.5**	**-1.5**	**1.3**	**0.9**	**0.9**	**0.9**	**0.9**	**1.0**	**1.0**	**1.0**	**1.1**	**0.9**	
+/- 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	-1.5	1.3	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.1	0.9	14.9
Discounted FCFF			**1.3**	**0.9**	**0.8**	**0.7**	**0.7**	**0.7**	**0.6**	**0.6**	**0.6**	**0.5**	**7.3**
Sum of FCFF present value			14.6	13.3	12.4	11.7	11.0	10.3	9.6	9.0	8.4	7.8	7.3
Enterprise value DCF			**14.6**										
- Interest bearing debt			-15.0										
+ Cash and cash equivalents			2.3										
-Minorities			0.0										
-Dividend/capital return			0.0										
Equity value DCF			**1.8**										

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 %
Cost of equity	**13.6 %**
Weighted average cost of capital (WACC)	**8.4 %**

Source: Inderes



Summary

Income statement	2020	2021	2022	2023e	2024e
Revenue	3.2	11.5	441.3	**416.3**	**400.4**
EBITDA	11.7	20.2	12.2	**32.0**	**33.2**
EBIT	11.7	20.2	12.2	**-2.3**	**10.1**
PTP	11.6	20.2	12.0	**-12.5**	**-0.9**
Net Income	9.9	18.4	14.1	**-4.6**	**-0.7**
Extraordinary items	0.0	0.0	0.0	**-13.9**	**0.0**

Balance sheet	2020	2021	2022	2023e	2024e
Balance sheet total	83.5	113.3	377.0	**349.4**	**340.9**
Equity capital	77.3	93.5	87.8	**77.0**	**76.3**
Goodwill	0.0	0.0	37.7	**37.7**	**37.7**
Net debt	-8.6	4.7	158.2	**150.1**	**142.3**

Cash flow	2020	2021	2022	2023e	2024e
EBITDA	11.7	20.2	12.2	**32.0**	**33.2**
Change in working capital	-0.9	4.8	-55.7	**6.7**	**9.4**
Operating cash flow	10.8	24.9	-37.0	**39.3**	**40.6**
CAPEX	0.2	-0.2	-207.3	**-22.2**	**-23.9**
Free cash flow	11.0	24.7	-241.8	**17.4**	**16.7**

Valuation multiples	2020	2021	2022	2023e	2024e
EV/S	16.9	10.1	0.5	**0.5**	**0.5**
EV/EBITDA (adj.)	4.6	5.8	19.0	**5.9**	**5.5**
EV/EBIT (adj.)	4.6	5.8	19.0	**16.4**	**18.1**
P/E (adj.)	6.3	6.1	4.9	**4.3**	**neg.**
P/B	0.8	1.2	0.8	**0.5**	**0.5**
Dividend-%	3.7%	0.0%	0.0%	**0.0%**	**0.0%**

Source: Inderes

Per share data	2020	2021	2022	2023e	2024e
EPS (reported)	0.17	0.32	0.24	**-0.08**	**-0.01**
EPS (adj.)	0.17	0.32	0.24	**0.16**	**-0.01**
OCF / share	0.19	0.43	-0.64	**0.68**	**0.70**
FCF / share	0.19	0.43	-4.16	**0.30**	**0.29**
Book value / share	1.33	1.61	1.40	**1.33**	**1.31**
Dividend / share	0.04	0.00	0.00	**0.00**	**0.00**

Growth and profitability	2020	2021	2022	2023e	2024e
Revenue growth-%	540%	259%	3737%	**-6%**	**-4%**
EBITDA growth-%	-27%	73%	-40%	**162%**	**4%**
EBIT (adj.) growth-%	-27%	73%	-40%	**-5%**	**-13%**
EPS (adj.) growth-%	-23%	86%	-23%	**-34%**	**-108%**
EBITDA-%	365.6%	175.7%	2.8%	**7.7%**	**8.3%**
EBIT (adj.)-%	365.6%	175.7%	2.8%	**2.8%**	**2.5%**
EBIT-%	365.6%	175.7%	2.8%	**-0.6%**	**2.5%**
ROE-%	12.7%	21.5%	16.1%	**-5.7%**	**-1.0%**
ROI-%	15.1%	22.8%	6.6%	**-0.9%**	**4.1%**
Equity ratio	92.6%	82.5%	23.3%	**22.0%**	**22.4%**
Gearing	-11.2%	5.0%	180.2%	**194.9%**	**186.5%**

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

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.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

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 €
Analyst changed			
10/30/2023	Accumulate	0.90 €	0.77 €
11/2/2023	Accumulate	0.90 €	0.79 €
3/11/2024	Accumulate	0.80 €	0.68 €

STARMINE ANALYST AWARDS FROM REFINITIV

THOMSON REUTERS ANALYST AWARDS

Inderes democratizes investor information by connecting investors and listed companies.

We help over 400 listed companies better serve investors. Our investor community is home to over 70,000 active members.

We build solutions for listed companies that enable frictionless and effective investor relations. For listed companies, we offer Commissioned Research, IR Events, AGMs, and IR Software.

Inderes is listed on the Nasdaq First North growth market and operates in Finland, Sweden, Norway, and Denmark.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at **inderes.fi**

Juha Kinnunen
2012, 2016, 2017, 2018, 2019, 2020

Mikael Rautanen
2014, 2016, 2017, 2019

Sauli Vilén
2012, 2016, 2018, 2019, 2020

Antti Viljakainen
2014, 2015, 2016, 2018, 2019, 2020

Olli Koponen
2020

Joni Grönqvist
2019, 2020

Erkki Vesola
2018, 2020

Petri Gostowski
2020

Atte Riikola
2020

Connecting investors and listed companies.