

AUROORA GROUP

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INDERES CORPORATE CUSTOMER
EXTENSIVE REPORT



Monitoring of Northern Lights starts

Auroora's compounder story is in its early stages, but the company's playbook for achieving ambitious targets is in order. The current focus is on strategy execution and how to make current capital generate returns through acquisitions. The stock's short-term valuation has increased after the post-IPO share price rally, but the strong long-term earnings growth outlook effectively digests the multiples. We initiate coverage of Auroora with a EUR 8.0 target price and an Accumulate recommendation.

The company consists of three business areas

With 2025 pro forma revenue, Electrification and Automation is clearly Auroora's largest business segment (138 MEUR). Industrial Products and Services (74 MEUR), in turn, is the group's most profitable segment with an EBITA margin of over 10%. Clean Water and Environmental Technology (21 MEUR) is the smallest segment and is undergoing a profitability turnaround. The Electrification and Automation segment is backed by strong demand drivers, and we estimate that it will drive Auroora's overall organic growth rate to a strong level of around 6% in the coming years. Acquisitions, alongside organic growth, are a key part of the strategy in all segments, and in 2024-2025, most of them have been seen in the Industrial Products and Services segment.

Good prerequisites for successful acquisitions

The structure of Auroora's target market is favorable for the company's strategy: the market is large, fragmented, and its ownership structure is under pressure for change (retirements). We consider Auroora's approach competitive: the company offers continuity in terms of brand, management, and operating culture, which is a significant factor for many founders when choosing a buyer.

We believe the current market creates good opportunities for the company to be active among sellers, leveraging its strengthened balance sheet and brand awareness from the IPO. We find the company's acquisition strategy and the quality criteria applied to

targets to be sound, with a focus on capital-light targets that generate strong cash flow, high EBITA margins, and revenues of 1-20 MEUR. Historically moderate acquisition prices also offer a good safety margin (EV/EBITA ~5x) in acquisitions. The company's return on invested capital (LTM) of 14.5% is already close to the targeted 15%.

The story is just beginning

Following the IPO, the current net debt/EBITDA (LTM) ratio is 0.7x (target below 2.0x). According to our calculations, with the current earnings level, there is approximately 10 MEUR of free cash flow annually available for new acquisitions, and the balance sheet has about 40 MEUR of excess capital for acquisitions. If successfully allocated, these would create a beautiful compound interest effect. Auroora's revenue target is 400 MEUR and its adjusted EBITA margin target is over 10% by the end of 2028. Our current 2028 estimates are 284 MEUR in revenue and a 7.5% EBITA margin, but these do not include unannounced acquisitions. If future acquisitions are successful, the targets are achievable. The key risks are also related to the success of acquisitions and finding suitable targets, and the company's historical track record as a compounder is still relatively short.

Valuation has increased, but we are looking at the long term

Based on our estimates for 2026-2027, the adjusted P/E ratios are 17x and 15x, and the corresponding EV/EBITDA multiples, which account for balance sheet leverage, are 9.4x and 8x. At the 2026e earnings level, the multiples are at the upper end of our acceptable range. Auroora is valued at a 30% discount compared to a peer group of compounders, which we believe is a neutral level. The value of our cash flow model is also at EUR 8.0. From a longer-term perspective, we see strong potential in the stock, and our organic earnings growth estimate of 14% per year already effectively digests the multiples. On top of this, investors also have an M&A option with good value creation potential.

Recommendation

Accumulate

(was)

Target price:

8.00 EUR

(was EUR)

Share price:

7.20 EUR

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	205.4	253.5	268.4	283.9
growth-%	44%	23%	6%	6%
EBIT adj.	12.8	17.1	18.8	20.4
EBIT-% adj.	6.2 %	6.8 %	7.0 %	7.2 %
Net Income	2.4	4.8	9.4	11.2
EPS (adj.)	0.38	0.41	0.49	0.55
P/E (adj.)	0.0	17.4	14.6	13.0
P/B	0.0	2.0	1.8	1.7
Dividend yield-%		0.3 %	0.4 %	0.6 %
EV/EBIT (adj.)	4.0	13.0	11.1	9.4
EV/EBITDA	3.0	9.4	7.9	6.8
EV/S	0.2	0.9	0.8	0.7

Source: Inderes

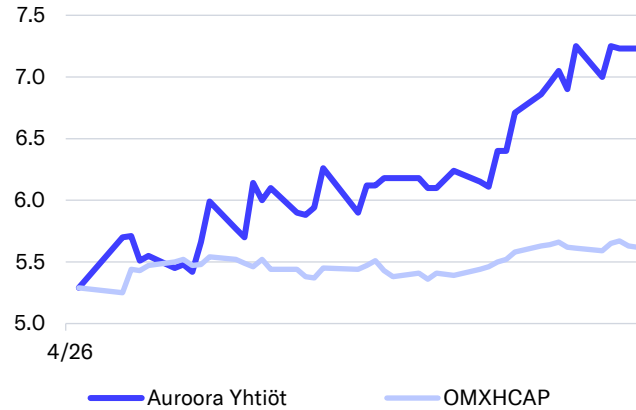
Guidance

(No guidance)

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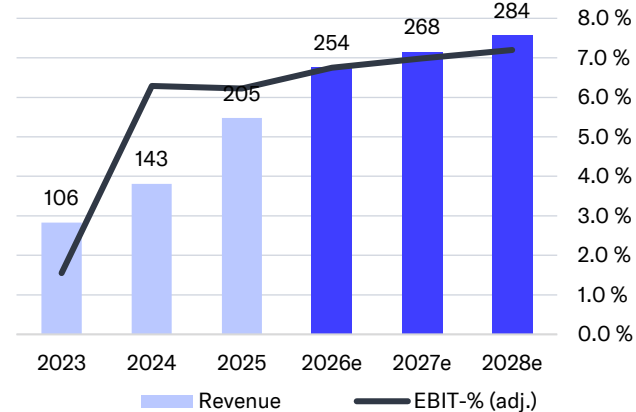
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Share price



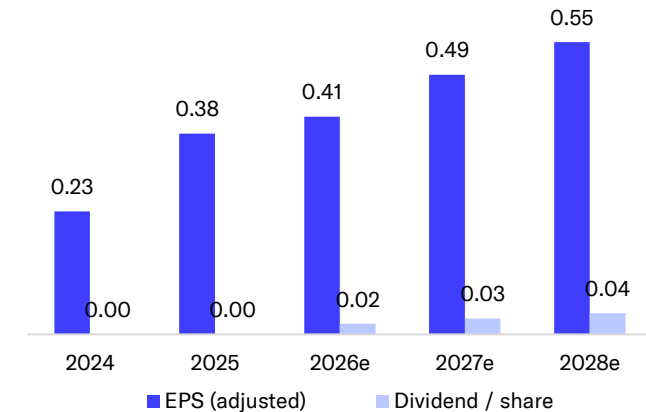
Source: Millstream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- The compound interest effect when free cash flow is allocated to acquisitions with a targeted return on capital of over 15%
- Investing net proceeds from the IPO (around 38 MEUR) into SME acquisitions at low multiples
- Succeeding in developing current holdings
- Strong growth drivers especially in the Electrification and Automation segment

Risk factors

- Failure in acquisitions
- Finding suitable acquisition targets that meet the criteria
- Dependence on the development of the Finnish economy
- The EBIT margin still lags behind the best peers, somewhat limiting cyclical resilience
- Key personnel risks in a decentralized organization

Valuation	2026e	2027e	2028e
Share price	7.20	7.20	7.20
Number of shares, millions	30.0	30.0	30.0
Market cap	216	216	216
EV	222	208	193
P/E (adj.)	17.4	14.6	13.0
P/E	44.9	23.0	19.2
P/FCF	4.4	14.4	13.3
P/B	2.0	1.8	1.7
P/S	0.9	0.8	0.8
EV/Sales	0.9	0.8	0.7
EV/EBITDA	9.4	7.9	6.8
EV/EBIT (adj.)	13.0	11.1	9.4
Payout ratio (%)	12.5 %	9.6 %	10.7 %
Dividend yield-%	0.3 %	0.4 %	0.6 %

Source: Inderes

Auroora Group

Auroora is a compounder that acquires, owns, and develops Finnish SMEs operating in technical and industrial segments

240 MEUR

LTM revenue Q1'26

17.4 MEUR

LTM a EBITA Q1'26

14.5%

Return on capital employed Q1'26 (LTM)

3/over 20

Business segments/Companies in the portfolio

810

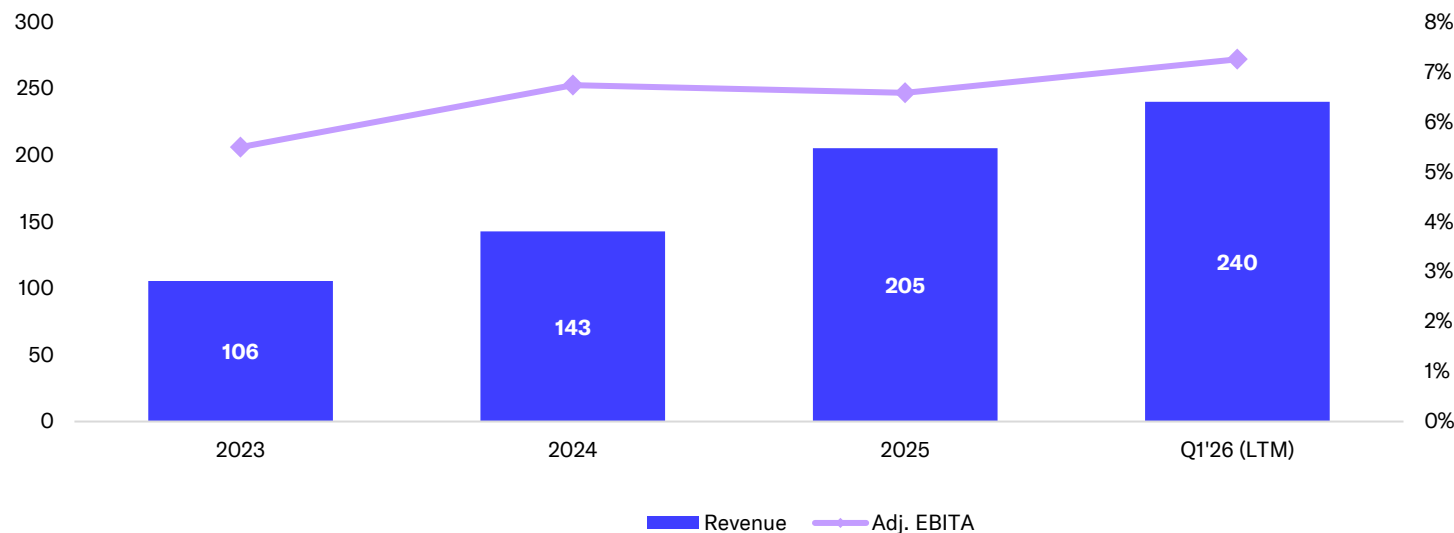
Headcount (FTE)

4/2026

IPO at EUR 5.2 per share

Years 2022	Years 2023-2024	Years 2025-
<p>Years 1984-2022 operating as the private equity company Pikespo Invest</p> <p>Involved in around 100 companies, primarily as a significant minority investor</p> <p>11 companies in the portfolio at the end of 2022</p>	<p>Strategy revision to a compounder at the beginning of 2023, and a merger agreement with other owners of portfolio companies</p> <p>Two acquisitions in 2023 and five acquisitions in 2024</p> <p>Uniform administration and reporting systems</p>	<p>Eight acquisitions in 2025</p> <p>IPO in April 2026 and 40.3 MEUR in gross proceeds raised</p> <p>The financial target for 2028 is 400 MEUR in revenue and an adjusted EBITA margin of over 10%</p>

Revenue and profitability



Source: Inderes, Auroora. At the beginning of 2023, Auroora operated as an investment entity in accordance with IFRS 10, when the subsidiaries were valued at fair value. Following the restructuring implemented in February 2023, the company transformed into a compounder and began consolidating subsidiaries in accordance with IFRS 3. Due to this, the 2023 figures are not fully comparable with the 2024 and 2025 figures. LTM = Acquired businesses included in the figure as if they had been owned for 12 months at the time of reporting

Business model (1/3)

Transformation from a private equity investor to a compounder

Auroora Group's roots go back to Pikespo Invest, a private equity company founded in Tampere in 1984. Pikespo primarily made significant minority investments in its portfolio companies. At the beginning of 2023, the company implemented a strategy change from a private equity investor to a compounder, and at the same time, the name was changed. In the reorganization, Auroora entered into a merger agreement through which it acquired additional shares in its portfolio companies.

The company's size has grown rapidly since the strategy change, and revenue has more than doubled in three years. With several transactions, we believe the company has become Finland's largest multi-sector compounder measured by revenue. The company's LTM revenue is now 240 MEUR and adjusted EBITA is 17.4 MEUR. The businesses acquired by the company are included in the figures as if they had been owned for 12 months compared to the situation at the end of Q1'26.

Three reportable segments and seasonality

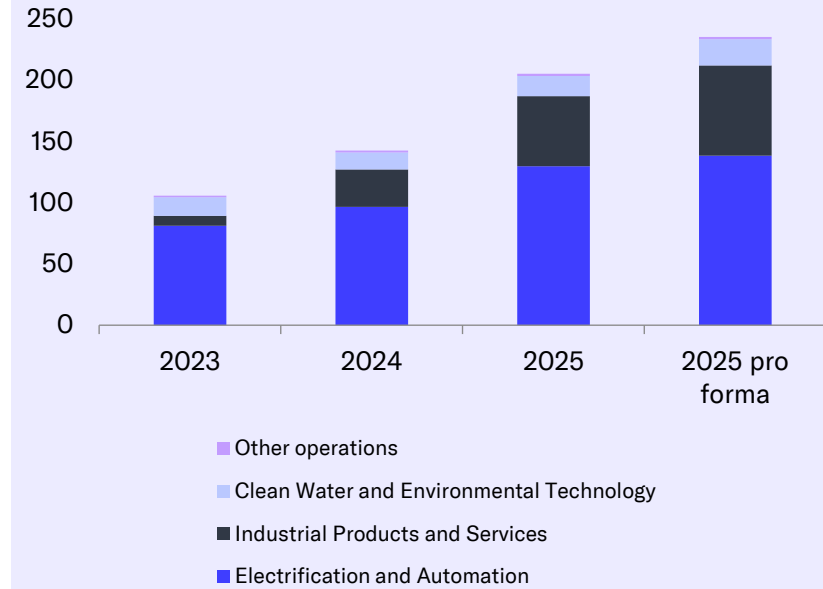
The company has three business segments: Electrification and Automation, Industrial Products and Services, and Clean Water and Environmental Technology. In addition, the Other segment is a reportable segment that includes group expenses and holdings not belonging to the main segments. Auroora's EBIT follows a clear seasonal profile: Q1 is the weakest quarter, Q2 is already clearly better, and Q3 and Q4 are the strongest quarters. Seasonality particularly reflects the importance of the unfrozen ground season for several group companies. The cash flow profile differs somewhat from the earnings trend: although the second quarter is already significantly stronger in terms of earnings

than the first, working capital is tied up in Q2 due to the growing business. Cash flows accumulate most strongly in the third and fourth quarters as deliveries materialize and working capital is released. Auroora's subsidiaries are mainly Finnish, and thus a good 80% of revenue came from Finland in 2025. However, this figure underestimates the company's true international exposure, as a significant portion of the products sold by the companies end up being exported through customers. Around two-thirds of customer contracts are long-term framework or project agreements, and one-third are short-term. Overall, around one-fifth of the group's revenue comes from project contracts.

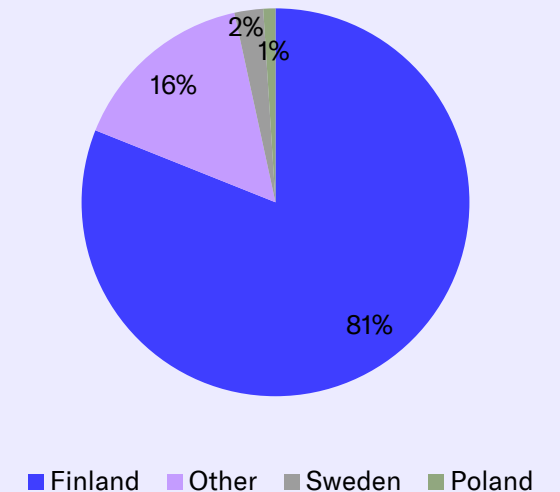
Acquisitions at the core of the business model

True to its nature as a compounder, Auroora implements a long-term buy-and-develop strategy focused on acquiring and developing industrial SMEs. Auroora typically aims to acquire 100% ownership of its group companies. The companies operate independently with their own brands, boards, and management teams. Auroora does not integrate companies but rather offers group-level financial support, professional administration, and strategic guidance, keeping group-level control limited. The company aims to acquire companies with reliable operational performance, a strong market position, and sustainable growth potential. Platform acquisitions bring entirely new product or service areas to the group, while add-on acquisitions complement existing business segments. The company aims to target its future acquisitions to its three main segments, with new platform companies primarily acquired in Finland. However, the company can also target add-on acquisitions in other Nordic countries, as well as Central and Eastern Europe. The company has historically completed around 4–8 acquisitions annually, and we estimate this pace to be realistic going forward.

Revenue by segment (MEUR)



Revenue by geographic area, 2025



Business model (2/3)

Decentralized and proactive ownership

Auroora's business model combines local entrepreneurial responsibility with active group-level ownership. Auroora promotes efficient management of companies, for example, by assembling an expert board of directors for the target company and supporting strategy, leadership, capital allocation, sustainability, governance, and the utilization of technology. It has a management system in place that sets high-level principles, guidelines, and practices to guide decision-making and operations.

Auroora offers an attractive value proposition to entrepreneurs and family companies selling their businesses: long-term Finnish ownership, independence, brand continuity, a management network, a Finnish-speaking board that genuinely supports the CEO, and, depending on the situation, a smooth generational change.

Each company has an independent board of directors, consisting of company representatives, external industry experts, and members of Auroora's management team. The composition of the boards distinguishes Auroora from Swedish compounders, which aim to operate with clearly lighter boards. The main advantages of the model, in our view, are the deepening of industry expertise and the support management receives in developing strategy. With a tight meeting schedule (11 times/year), the prerequisites for identifying and reacting to challenges at an early stage are also better. The downside is that expert boards increase costs.

Businesses generating good cash flow

The group companies are relatively capital-light, as indicated by Auroora's Q1'26 (LTM) return on invested

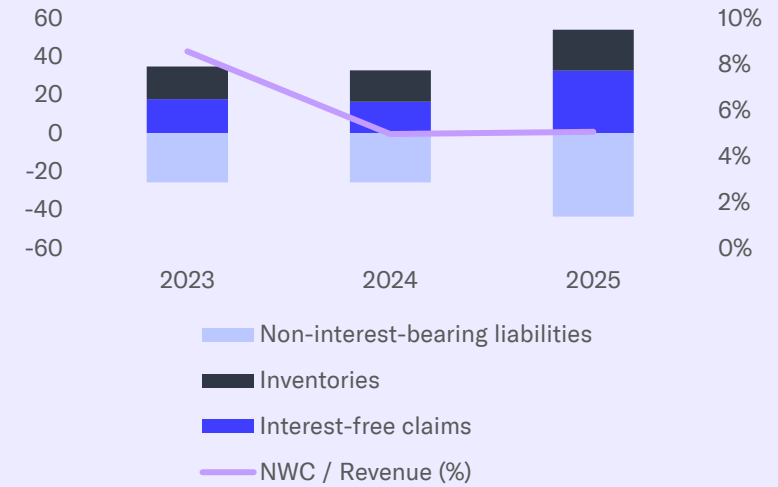
capital of 14.5%. The company's capital expenditures were approximately 3.0 MEUR in 2025, or about 1.5% of revenue. This is a low level and reflects the company's diversified business portfolio, which typically emphasizes service and distribution businesses that require low investment. The company also has industrial companies that rely on manufacturing and assembly, such as its most important holding, Arno, but its investments are also relatively low.

Auroora's net working capital needs are moderate, as it was approximately 5% of revenue in both fiscal years 2024–2025.

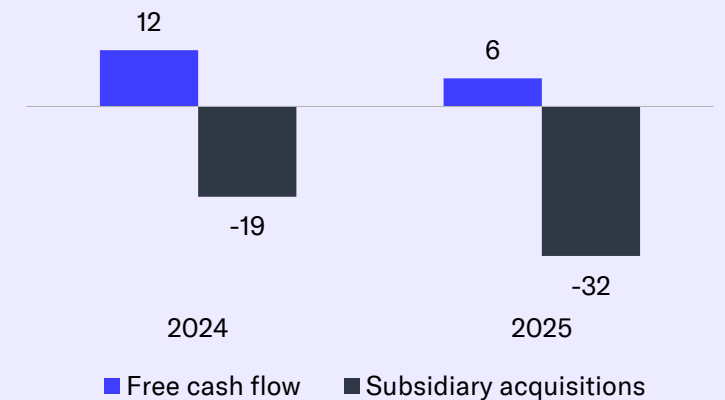
The company's reported cash conversion** is at a good level (83% in 2025, 186% in 2024). The exceptionally high figure for 2024 was due to an unusually large release of working capital, and we estimate that the 2025 ratio is a more normal level going forward. In practice, the figure measures how much of the accounting profit (EBITA) materializes into actual cash (definition in the sidebar). However, investors should note that the figure reported by the company does not yet include lease liability repayments (2025: 3.5 MEUR). When these are taken into account, we assume the free cash flow generated by the company's current holdings is about 10 MEUR per year.

Capital-lightness and good cash conversion free up capacity to finance growth both organically and through acquisitions. The company was able to finance a significant portion of its acquisitions with its free cash flow, especially in 2024. In 2025, however, the pace of acquisitions accelerated, and balance sheet leverage turned to clear growth. Auroora aims to keep the ratio of interest-bearing net debt to adjusted EBITDA at around 2.0x, and at the end of 2025, the ratio was 2.1x.

Net working capital development (MEUR)



Free cash flow* vs. subsidiary acquisitions (MEUR)



Source: Auroora, Inderes

Free cash flow* = net cash flow from operating activities – investments in tangible and intangible assets – repayment of lease liabilities.

**Cash conversion = (Net cash flow from operations – Capital expenditures) / EBITA

Business model (3/3)

The net proceeds of approximately 38 MEUR from the IPO significantly strengthened the balance sheet, and the ratio is currently a low 0.7x. In practice, we feel the combination of IPO proceeds, current cash flow, and existing debt capacity provides the company with a good foundation for achieving the targeted 400 MEUR revenue by 2028.

The cost structure largely consists of variable items

Aurora's cost structure changes annually according to the companies acquired. Based on 2025 figures, the largest item in the cost structure is Materials and services (126.7 MEUR or 62% of revenue). They consist of raw materials and components needed for manufacturing or the acquisition of products for distribution, as well as purchased external industrial services. These cost items are variable costs, and the cost base for them flexes effectively with revenue over business cycles. On the other hand, the significant share of these costs also means that inflation, for example, in component prices, is a key risk factor. However, our understanding is that the company has learned to react quickly to the inflation it has experienced, also in its own pricing. We believe there are good opportunities for this, especially in the Electrification and Automation segment, which benefits from strong demand drivers

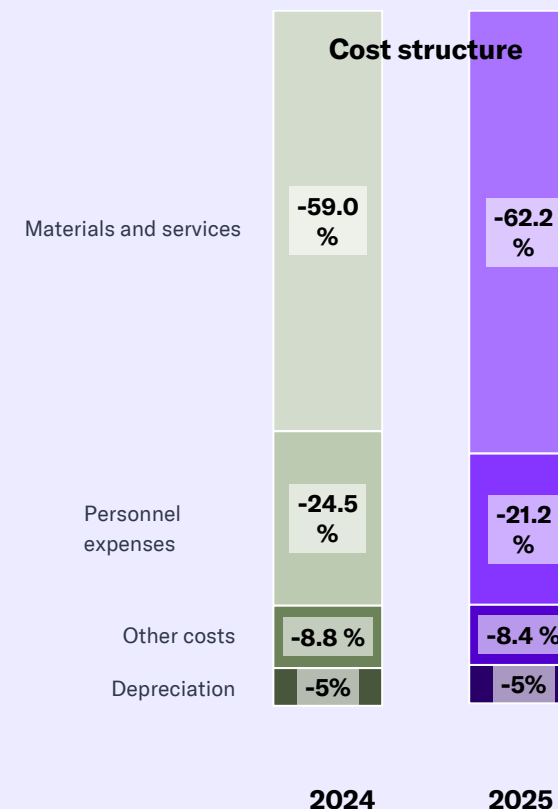
The second largest item is personnel expenses (43.6 MEUR, ~21% of net sales), which are fixed costs. However, the company also has means to adjust these cost items to business cycles, particularly in Finland, by utilizing temporary layoffs. We believe the company aims to prepare for demand fluctuations in different businesses as proactively as possible. The company employs over 800 people.

Other operating expenses were 17.3 MEUR (~8%), which included non-recurring IPO-related costs of approximately 1.1 MEUR. Other expenses include typical fixed costs necessary for running operations, such as expenses related to premises, equipment and vehicles, IT, travel, marketing and sales, R&D, administrative services, and other external services.

Depreciation and impairment are relatively high at 11.1 MEUR (~5% of revenue). However, they include significant intangible depreciation (5.8 MEUR), which mainly consists of accounting purchase price allocation depreciation from acquisitions. Therefore, we feel the company's adjusted EBITA is a warranted metric for monitoring earnings development. In accordance with IFRS 16, rents are included in depreciation (3.5 MEUR), and other tangible depreciation is under 2 MEUR.

Some scalability potential in costs

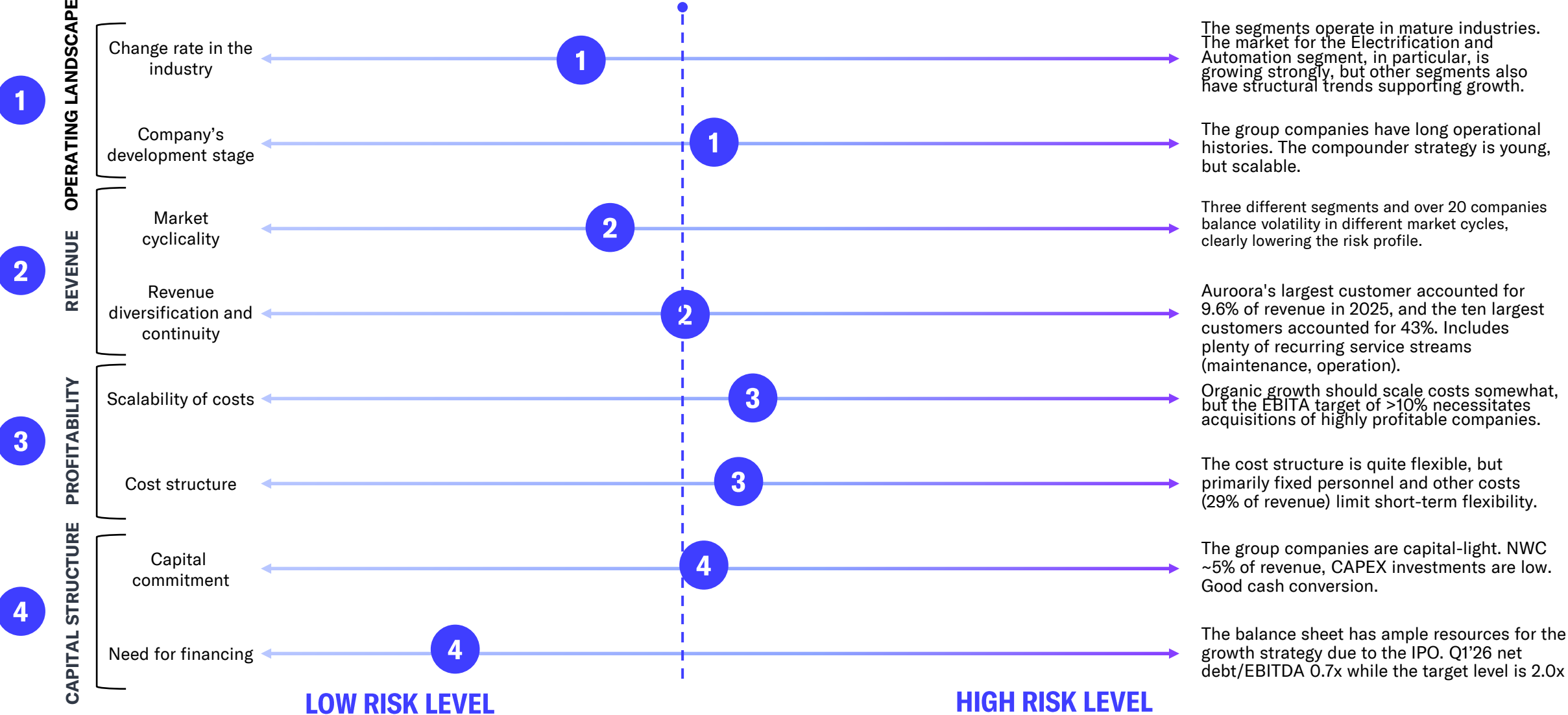
Auroora selectively offers centralized support services to its subsidiaries, such as financing and IT services, to improve cost efficiency. These costs may show some scalability as volumes and the corporate group grow. In some businesses, such as distribution, personnel costs and other expenses also have the potential to scale with organic growth. Thanks to the diversified management model, we believe that headquarter staff (11 employees) and M&A capabilities do not need to grow in direct proportion to the size and number of companies owned. This creates potential for cost scaling. As the company grows, we believe it must be able to implement the acquisition process at a lower organizational level, as maintaining a rapid growth rate necessitates an increasing number of annual transactions for a growing company.



Source: Auroora, Inderes

Risk profile of the business model

Assessment of Auroora's overall business risk



LOW RISK LEVEL

HIGH RISK LEVEL

Business segments (1/5)

Electrification and Automation is the largest business area

In 2025, the Electrification and Automation business segment's revenue was around 130 MEUR and the adjusted EBITA margin was 6.4%. At the end of 2025, the segment employed a total of 342 full-time equivalent people. The segment's revenue mainly consists of product sales, although services also form a part of the total. On a pro forma basis, the segment's revenue would have been around 138 MEUR and the adjusted EBITA margin 6.8% in 2025.

The segment consists of mutually supportive businesses

The segment consists of five companies and six separately managed business units. From the perspective of the segment and Auroora as a whole, the most significant company is Arnon (2024 revenue: 77 MEUR). Arno was acquired in 2017, and since then, we believe the company's revenue has approximately doubled, and its EBIT margin and cash flow have strengthened significantly. In addition to Finland, Arnon operates in Poland and Sweden. Auroora has supported the expansion of Arnon's international operations during its ownership. Arnon's most important customers and partners include, e.g., ABB, Valmet, and Wärtsilä. Arnon consists of two different business units:

Arnon Custom Electrics Manufacturing (CEM) offers customer-specific customized electrification assemblies and control systems, which, to our understanding, account for about 75% of the company's sales.

Arnon Engineered Power Systems (EPS) designs and manufactures electrical power conversion and distribution technology solutions for customers in the marine, mining,

energy, and industrial sectors, accounting for approximately 25% of the company's sales, in our view.

Säkölandia provides specialized subcontracting, design, construction, and commissioning services related to substations on a turnkey basis for industrial, energy industry, and infrastructure projects. The company was acquired in 2021, and its size has roughly tripled during the holding period. However, the EBIT margin has fluctuated, and in 2024, its margin was at the bottom of the review period.

TKF Power Quality is an expert in reactive power compensation and power quality, with customers in industry, construction, equipment manufacturing, and energy production. The company is a subsidiary of Arnon and was thus also acquired in 2017.

Two new businesses included sin 2025

During the era of the compounder strategy, Auroora has acquired two companies for the segment. In March 2025, the company acquired **BTB Transformers**, which supplies distribution, power, and special transformers, as well as related services internationally to the energy, power grid, and industrial sectors.

In September 2025, the company acquired **WestimQpower**, which supplies high-quality electrical engineering products and services, as well as comprehensive solutions for industry, electrical contractors, data centers, railways, and building electrical systems.

In the sidebar, we have examined the historical development of the subsidiaries, based on information from public sources. The common denominator for the companies in the segment has been strong organic growth.

The historical growth rate of companies in the Electrification and Automation segment has been strong



Revenue 2024: 77 MEUR
Growth 2020–2024: 11%
CAGR
EBIT 2024: 6.1%



Revenue 2024: 15.8 MEUR
Growth 2020–2024: 27%
CAGR
EBIT 2024: 7.2%



Revenue 2024: 2.4 MEUR
Growth 2020–2024: 27%
CAGR
EBIT 2024: -4.1%



Revenue 2024: 21.6 MEUR
Growth 2021–2024: 26%
CAGR
EBIT 2024: 5.4%



Revenue 2024: 5.9 MEUR
Growth 2020–2024: 18%
CAGR
EBIT 2024: 11.5%

Source: Auroora, Inderes, Finder.fi

Business segments (2/5)

An underlying attractive growth market

In our view, the strong historical growth of the subsidiaries is a result of a highly attractive target market. According to Auroora's prospectus, the target markets for the Electrification and Automation segment could grow by over 10% annually in the next 3–5 years. Several structural forces of change are behind this growth. The continuous growth of solar and wind power necessitates a significant expansion of electricity infrastructure with new substations, control systems, and power quality solutions. Electrification is also progressing simultaneously in transport, industrial processes, data centers, and the built environment, which increases the total demand for electricity and creates a need for modern electrical installations.

Requirements related to energy security and grid stability, in turn, drive investments in storage technologies and systems that improve grid reliability. In addition, the digitalization of electric power systems accelerates the adoption of automation, remote monitoring, and data-driven control solutions. These trends together support the demand for advanced electric power systems and services.

The companies have an established position in their respective specialties

The competitive environment in the Electrification and Automation segment consists of both domestic and international players. The nature of competition varies with technical complexity: a wide range of regional players compete in simpler applications, while large international technology groups are encountered in demanding high-voltage systems. Competition is driven primarily by technical expertise, solution reliability, and delivery

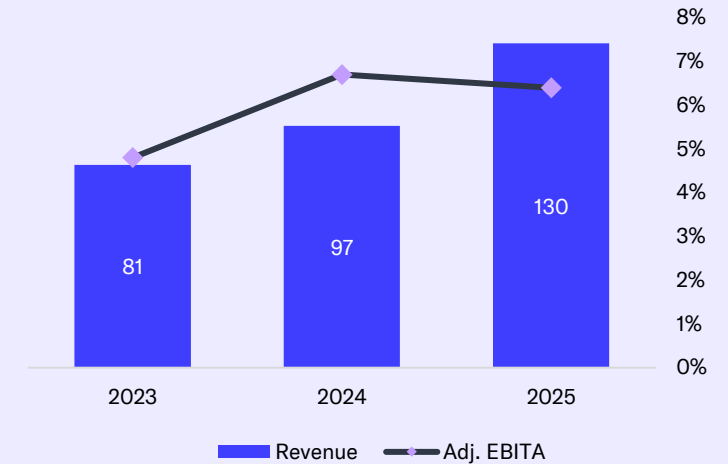
capability, rather than price. Customers emphasize meeting safety and regulatory requirements, reliability of supply, and the supplier's ability to support systems throughout their lifecycle. Customer relationships are typically long-term, particularly in system manufacturing and integration, which favors established suppliers and creates barriers to market entry. According to Auroora's own view, its group companies have a strong market position in their respective specialties, and success is based on technical expertise and long-term partnerships, rather than short-term price competition. We consider this stance credible based on the companies' historical performance.

The segment's growth outlook is quite positive

The segment's order book at the beginning of 2026 was 97 MEUR, and it grew to 110 MEUR during Q1'26. The order backlog has been supported by solutions related to critical energy infrastructure and data center projects, which are reflected as growing activity in the demand environment of several group companies. The segment is clearly behind the group-level overall target, which is to exceed a 10% adjusted EBITA margin by the end of 2028.

Moving forward, we believe that organic growth, supported by strong market growth, will slightly scale the segment's costs. Auroora's segment companies are also developing new energy-efficient technologies that could yield better margins. In our view, achieving an EBITA margin of around 7% for the segment would be a good performance, given that the business focuses on design, assembly, distribution, and project business.

Electrification and Automation



Source: Auroora, Inderes

Business segments (3/5)

Clean Water and Environmental Technology is the smallest segment

Clean Water and Environmental Technology is Auroora's smallest, yet strategically interesting business area. The area consists of businesses specializing in water purification, wastewater treatment, and circular economy technologies and services. In 2025, the segment's revenue was around 16 MEUR and the EBITA margin was -0.9%. The segment is currently unprofitable, but on a pro forma basis, revenue would have been around 21 MEUR with an EBITA margin of 2.0%, supported by the Rasmix acquisition in early 2026.

The segment's order book was 29 MEUR at the end of 2025, and it increased to 37 MEUR in Q1'26 due to the extension of the Haapavesi wastewater treatment plant's operation agreement. The order book reflects the segment's multi-year service agreements and supports the predictability of cash flows. After the Rasmix acquisition, about half of the segment's revenue will come from services and half from products. The segment employs 65 full-time equivalents. The customer base is broad and includes municipalities, industrial plants, property owners, biofuel producers, and transport operators.

The segment consists of six businesses

The most significant entity in the segment financially (2024: revenue of around 7 MEUR) is Operon Finland, but its international operations (Operon International) have clearly weighed on margins. The company's operations are divided into two businesses: **Operon water treatment services**, where it operates and provides consulting services to municipal and industrial water and wastewater plants nationwide. **Operon sludge treatment services** offer sludge treatment services for recycling wastewater sludge as soil improvement products.

Vestelli and Avalon Nordic together form a business entity (total revenue of around 5 MEUR) that offers diversified wastewater solutions and related design and maintenance services.

Solid water, in turn, supplies water and wastewater treatment solutions to industrial and municipal buyers. We believe the company has suffered the most from the sluggish construction cycle among Auroora Group's companies, with 2024 revenue plummeting to 1.5 MEUR and the EBIT margin falling deeply into the red at -40%.

Smartel Electronics is a small (2024 revenue: 0.5 MEUR), but very profitable company (EBIT 37%). It develops smart level sensors and low-power IoT monitoring solutions.

Rasmix (2025 revenue approximately 5 MEUR) was acquired in January 2026. The company specializes in the collection, processing, and utilization of biodegradable and oil-based materials, such as used cooking oil and food industry by-products.

Inevitable growth drivers underpin the market

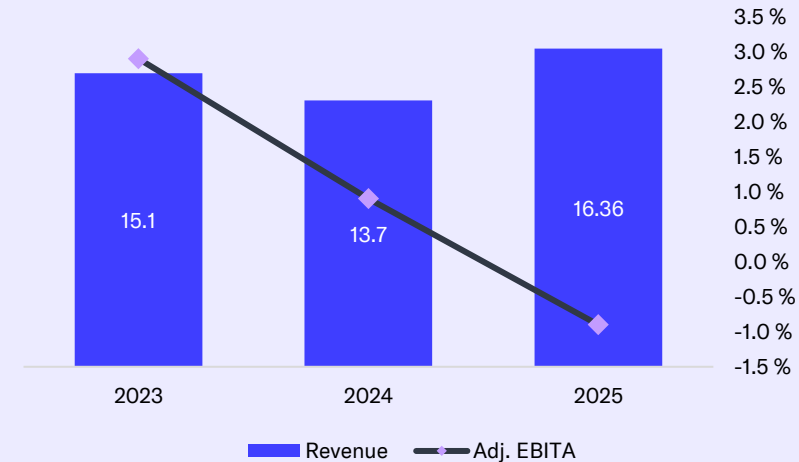
The limited availability of clean water creates a long-term need for efficient water and wastewater technologies. Municipalities and industrial operators are investing in solutions that improve purification efficiency and reduce environmental impacts. The strengthening of circular economy principles, in turn, creates demand for technologies that support the production of bioproducts, the recovery of valuable materials, and waste reduction. According to Auroora, demand is further supported by tightening environmental legislation, significant repair debt in existing water infrastructure, and increased investments in diversified and energy-efficient water systems.



Acquired
12/2024

Acquired
1/2026

Clean Water and Environmental Technology



Source: Auroora, Inderes

Business segments (4/5)

In Clean Water and Environmental Technology, the competitive landscape is fragmented, consisting of large international corporations and small local players. Success is based on technical expertise and a reliable reputation. According to Auroora's prospectus, some companies have faced increased competition and pricing pressure as other players expanded into the segment due to the construction downturn. We estimate that market trends are reflected in growth more slowly than in the Electrification and Automation segment, which is why Auroora has not provided a numerical estimate for growth in the coming years. In our view, the segment's historical performance (2023–2025) has been contrary to its growth story due to a lack of organic growth, but in Q1'26, the segment grew organically again. We see the potential for a clear improvement in the segment. We estimate it will achieve an organic EBITA margin of around 5% in the long term, which is clearly below the group-level target.

Industrial Products and Services is the most profitable segment

The Industrial Products and Services business area consists of group companies that offer specialized industrial products, industrial maintenance, and technical services to customers in the manufacturing, energy, and infrastructure sectors. The business area's revenue is evenly distributed: slightly more than half comes from product sales and slightly less than half from services. The segment employs 345 full-time equivalents. According to Auroora's own assessment, the segment's businesses are characterized by recurring demand, high technical expertise, and long-term customer relationships.

In 2025, the segment's revenue was approximately 57 MEUR and the adjusted EBITA margin was 10.9%. On a pro

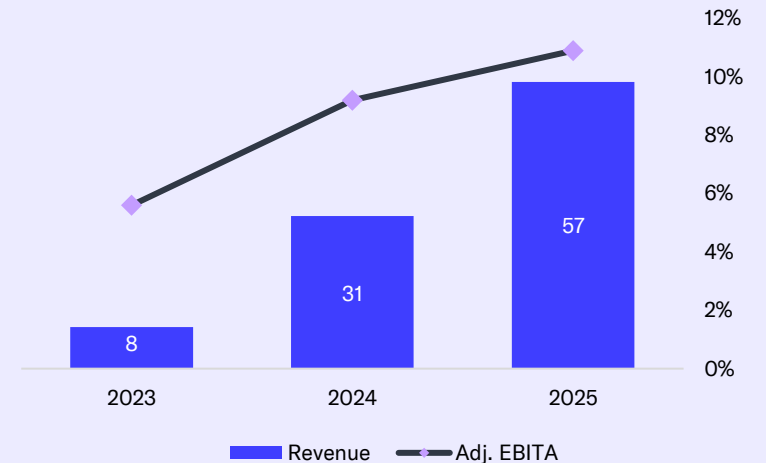
forma basis, revenue would have been around 74 MEUR and the adjusted EBITA 11.9%, which reinforces the segment's excellent margin profile. Auroora's acquisitions have been heavily weighted towards this segment, which is reflected in the multi-fold increase in revenue (see chart).

The segment's operation consists of eleven businesses

FENTEC designs, manufactures, and integrates smart vending, monitoring, and automation systems into cabinets, containers, and self-service points. **Suomen Voiteluainekauppa** distributes lubricants, oils, and maintenance products to the industrial, transportation, construction, agricultural, and marine sectors. **Pur-ait** designs and installs fencing, gate, and access control solutions for industrial customers. **CWP Coloured Wood Products** develops and manufactures through-colored birch plywood for the furniture industry and interior design sector, among others. **Suomen Vuokrakontti** supplies modular container and workspace concepts for applications in industries such as manufacturing, construction, events, and defense. **Varustelu Look** delivers customized equipment solutions for vans and special vehicles. **Rammy** designs and manufactures front-mounted accessories for ATV and UTV off-road vehicles. **Heatmasters** offers industrial heat treatment services and equipment that improve the strength and durability of customers' materials. **Telatek Service** delivers industrial equipment solutions and offers installation, machining, and maintenance services for heavy industry, energy production, and process plants. **Alu-Releco** supplies surface treatment and fluoroplastic coating solutions to improve the durability and performance of industrial applications. **HTT High Tech Technology** offers welding, assembly, metalworking, and maintenance services for energy, mechanical, and marine applications.



Industrial Products and Services



Source: Auroora, Inderes

Business model (5/5)

Especially the newest companies generate strong margins

Based on public financial statement data, the segment's sales and earnings anchor is Telatek Service, which had revenue of approximately 19.1 MEUR in 2024 and an excellent EBIT margin of 16.2%. The companies acquired in 2024-2025 are also consistently achieving the target EBITA margin of over 10%, and their combined earnings contribution is significant.

It is noteworthy that FENTEC, which originated from Pikespo's investment portfolio, and HTT High Tech Technology, acquired in 2023, are generating low margins, clearly behind targets. This suggests that the quality criteria applied in acquisitions have clearly risen as the compounder profile has strengthened.

Market growth drivers and competitive landscape

Demand for the Industrial Products and Services segment is supported by various structural trends, such as operational reliability, energy efficiency, and sustainable supply chains. The growing importance of overall security and the defense sector increases expectations for reliable services and short delivery times. ESG requirements and responsible production methods encourage the use of cleaner technologies.

Auroora estimates that the value of reliable supply chains and domestic specialized expertise has increased, and there is permanent demand for maintenance investments in the industry. Auroora's prospectus does not provide a numerical estimate for the growth of the segment's target market, but according to our calculations, the segment has not grown significantly organically. We find that GDP growth is a good estimate of the market's long-term growth potential.

The competitive landscape in Industrial Products and Services is diverse and fragmented. The market includes technical wholesalers, importers, manufacturing companies, and maintenance providers. Some competitors belong to international groups or are owned by Swedish compounders.

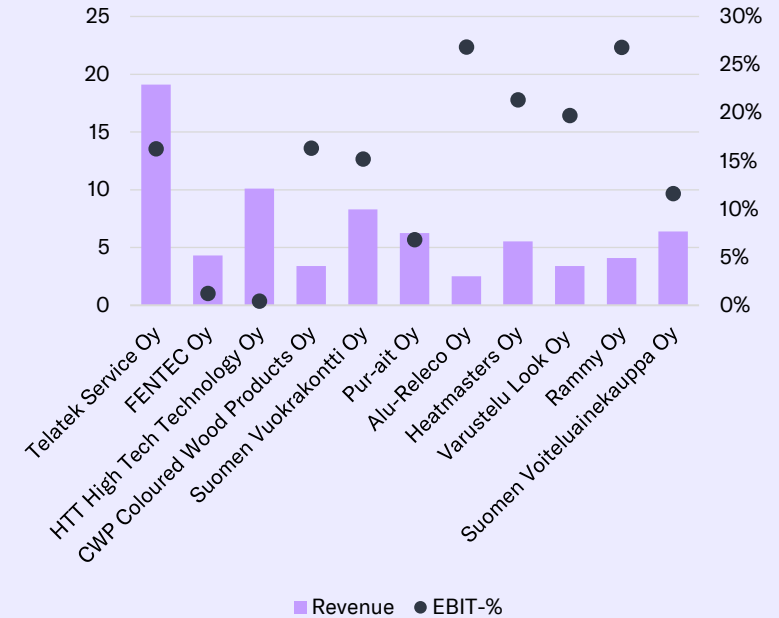
Auroora's view is that its group companies are leading players in their specialized fields, and the importance of scale or price-based competition is limited compared to quality, reliability, and the ability to create customer value. The company believes its competitive advantage is based on its ability to develop leading positions in markets where customers value technical partnership over mere transactions. We find the estimates credible based on the companies' historical performance. We estimate the segment's long-term adjusted EBITA margin to remain at 11.5%, clearly above Auroora's targeted level of 10%.

Other operations

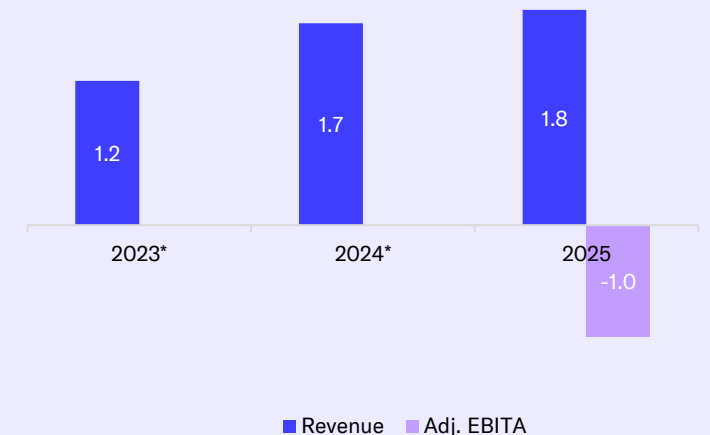
The Other operations segment is not an actual business area; rather, it consolidates Auroora's group functions, partly owned companies, and other investment assets. The segment includes EV Training, which offers coaching courses for students, and Pusatec, which specializes in the design and manufacture of public transport systems, POS systems, smart storage solutions, and access control systems.

In the 2025 financial year, the segment's revenue was 1.8 MEUR and adjusted EBITA, excluding non-recurring items, was -1.0 MEUR. The loss primarily reflects group-level expenses, as both EV Training (77% ownership) and Pusatec (13% ownership) are generating strong earnings based on public financial statements.

Industrial Products and Services Group companies' 2024 figures (MEUR)



Other operations



Source: Finder.fi, Auroora, Inderes, *Adj. EBITA estimate not available

Industry and market overview

A high-quality M&A pipeline in Finland

The starting point for Auroora's M&A market is the Finnish SME sector. According to the company's estimate, the relevant market from this field is limited to around 2,200 companies with revenue between 1–30 MEUR that operate in the company's business segments. The identified targets match the ownership structure and market position profile that Auroora has set as its acquisition criteria. Auroora's identified target companies are characterized by established customer relationships, technical expertise, and long-term owners. The segment-specific distribution is as follows: around 800 companies in the Electrification and Automation segment, around 1,200 companies in the Industrial Products and Services segment, and around 200 companies in the Clean Water and Environmental Technology segment. We consider Auroora's approach, where Finland is seen as the primary market for Platform acquisitions, to be a realistic and manageable strategy.

We expect the market to remain favorable

Auroora primarily competes with three types of buyers: strategic industrial buyers, private equity investors focusing on larger and more scalable companies, and other Nordic compounders that use similar M&A models as Auroora.

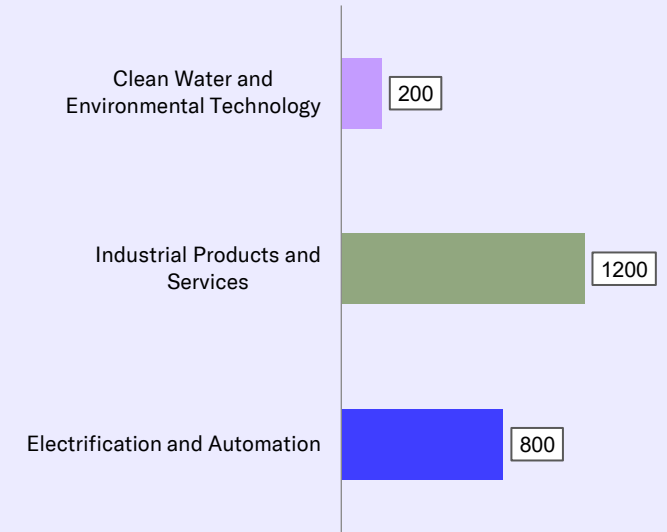
Strategic industrial buyers typically integrate acquired companies into their existing operations, seek synergies, and often unify brands. Private equity investors generally target larger companies, use more external financing, and operate according to specific exit schedules. While other Nordic compounders, for example, may target similar company profiles to Auroora, they typically focus on different industries and geographical areas. We consider

Auroora's approach competitive: the company offers continuity in terms of brand, management, and operating culture, which is a significant factor for many founder-owners when choosing a buyer.

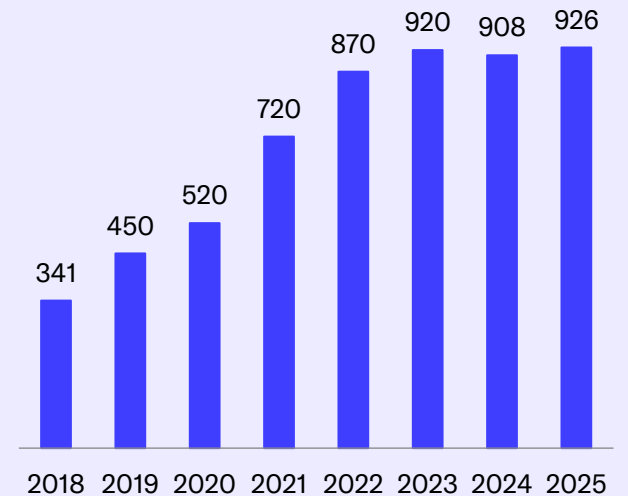
In Finland, the number of completed acquisitions has remained stable in recent years: According to Auroora, around 920 transactions were completed in 2025. The field of SMEs, characteristic of Auroora's segments, is fragmented by nature, and large-scale industry consolidation is still in its early stages. In our assessment, this provides fertile ground for a compounder strategy, as individual deals do not create particularly intense competition, and valuation levels remain manageable. According to Auroora's experience, price levels and process dynamics have remained stable, although earn-out payments, which are part of the purchase price and based on the target's financial performance after the acquisition, have become slightly more common. Based on Auroora's prospectus, the average EV/EBITA multiple paid by the company was 5.3x for platform acquisitions and 5.0x for add-on acquisitions in 2025. These are moderate multiples, considering the quality of the companies, as indicated by their high average EBITA margins (platform 16.1% and add-on 26.8%).

Overall, we suspect the structure of Auroora's target market is favorable for the company's strategy: the market is large, fragmented, and its ownership structure is under pressure for change (retirements). The track record to date shows that the company can consistently find and execute deals at favorable terms.

Potential acquisition targets in Finland (pcs)



Number of acquisitions in the market*



Source: Inderes, Auroora, and Mergermarkets
The chart* shows the number of acquisitions between 2018 and 2025 that involved a Finnish target company, buyer, or seller.

Strategy and financial targets (1/3)

The strategy aims for long-term earnings growth

Auroora's strategy is built on a so-called "buy and build" model, where the company acquires already operationally high-quality industrial SMEs and develops them long-term as part of the group. The value creation model is divided into two mutually supportive components: active acquisitions and the organic growth of the group companies. Inorganic growth expands the potential for capital reallocation and creates a basis for earnings growth in situations where the organic growth opportunities of individual businesses are limited.

The strategy relies on four operational areas: active sourcing of acquisition targets, disciplined investment selection, structured execution, and the development of long-term ownership. In our opinion, the most critical of these is disciplined investment selection, as the success or failure of a compounder strategy is ultimately weighed by the valuations at which acquisitions are made and how well the subsequent earnings development of the targets meets expectations.

Clear criteria guide capital allocation

Clear criteria have been set for acquisition targets, including reliable operational performance, a strong market position, and sustainable growth potential. We believe that the qualitative criteria are well founded. In our view, acquiring companies that are already highly profitable protects the company from excessive risk-taking, as executing a turnaround in an unprofitable company is always difficult and risky.

Numerical criteria have also been set for acquisition targets, namely an EBITA margin of over 10% and a return on capital employed of over 15%. Based on the criteria, the target's

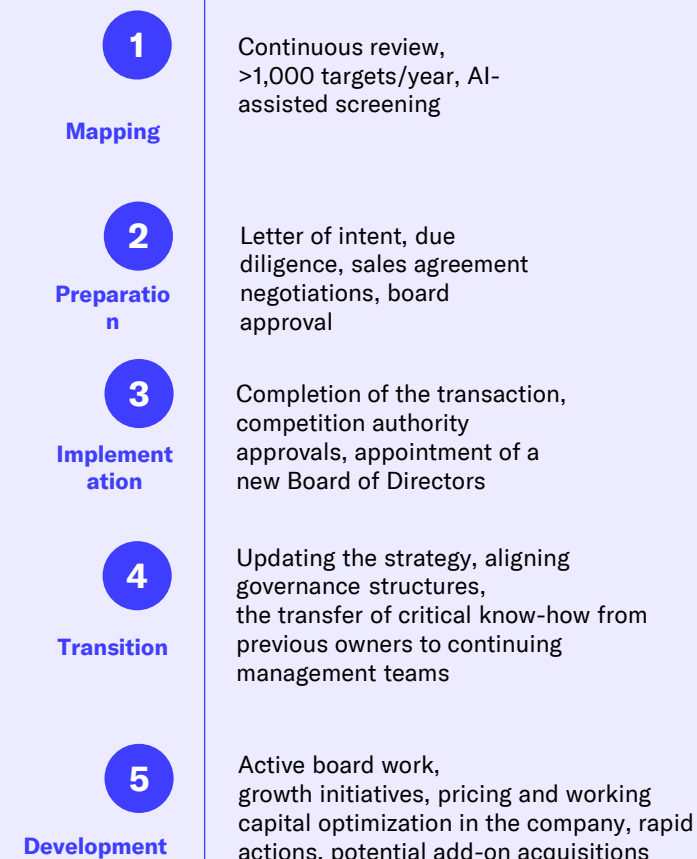
earnings are clearly profitable at the time of acquisition, so it includes some buffer against negative surprises before earnings turn to a loss. The targeted ROCE of over 15% indicates that the capital previously invested in the company creates value at the time of acquisition. However, it should be noted that the company reserves the right to deviate from the criteria based on strong strategic compatibility. This is understandable in order to ensure flexibility.

We believe the company deviated from its acquisition criteria with the BTB Transformers acquisition in March 2025. The company's sales margins were relatively low and thus its EBIT margin was only 5.4% in 2024. However, the company's strategic compatibility with the rest of the segment was excellent, and as is characteristic of the distribution business, cash flow generation was good enough to warrant the acquisition. We believe BTB's business has developed well under Auroora.

Regarding the purchase price paid, the company's targeted range is a 4-8x EV/EBITDA multiple, which also indicates disciplined valuation thinking. Conversely, these valuation multiples imply a 12.5%-25% return on invested capital for Auroora. This is clearly below the cost of capital we use for Auroora (WACC-%) and if the earnings level of the acquisition targets remains at least at the level of the acquisition, a compound interest effect will be generated on the invested capital.

The set multiple range is in line with the levels used by other successful Nordic compounders. Ultimately, the success of strategy implementation depends on how well the company finds companies of the right profile in Finland at a sufficiently affordable price. We believe the conditions for this are good in the market segment, and the company's historical track record also supports this.

Acquisition process – structured and repeatable



Source: Auroora, Inderes

Strategy and financial targets (2/3)

A structured acquisition process reduces execution risk

In a typical year, Auroora reviews over 1,000 targets using AI, makes around 10–20 non-binding offers, and completes 4–8 acquisitions. In our opinion, Auroora’s five-step acquisition process has been properly constructed (cf. previous page). Formal approval processes and clear decision-making points reduce execution risk and support a consistent operating model. We consider it particularly positive that the process clearly extends to the post-acquisition transition phase and active development. It is precisely at this stage that a significant portion of the value creation potential is either created or lost. In terms of size, the company focuses on platform acquisitions with revenues of 5–20 MEUR and add-on acquisitions with revenues exceeding 1 MEUR. This size class is strategically warranted: competition is typically lower than in larger deals, which supports achieving moderate acquisition prices. Geographically, the focus is on Finland. In our opinion, a limited geographical focus at this stage of the story is a wise choice from the perspective of efficient utilization of resources and expertise.

Financial targets differ slightly from the mainstream

Auroora's financial objectives by the end of 2028 are: 400 MEUR in revenue, an adjusted EBITA margin of over 10%, a net debt/EBITDA ratio of maximum 2.0x, and a return on capital employed of over 15%.

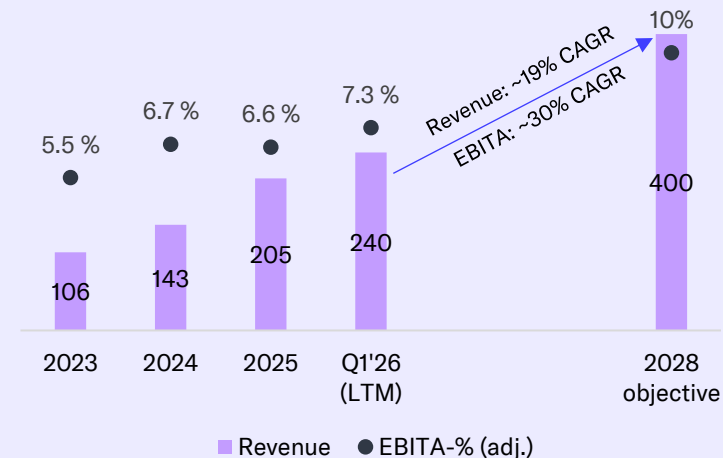
The 400 MEUR revenue target is ambitious, as it means increasing Auroora's size by approximately 1.7 times compared to the Q1'26 LTM revenue. This, in turn, practically means a significant acquisition pace, as the company's targeted annual organic growth is 5-8%. The

company's EBITA margin target of over 10% is also ambitious, as it implies an annual improvement of around 30% in absolute EBITA. The margin target is in line with the acquisition criteria, which is consistent. The risk to margin development still lies in making errors in the selection of acquisition targets. We estimate that the organic growth achieved in the target companies will also scale costs slightly.

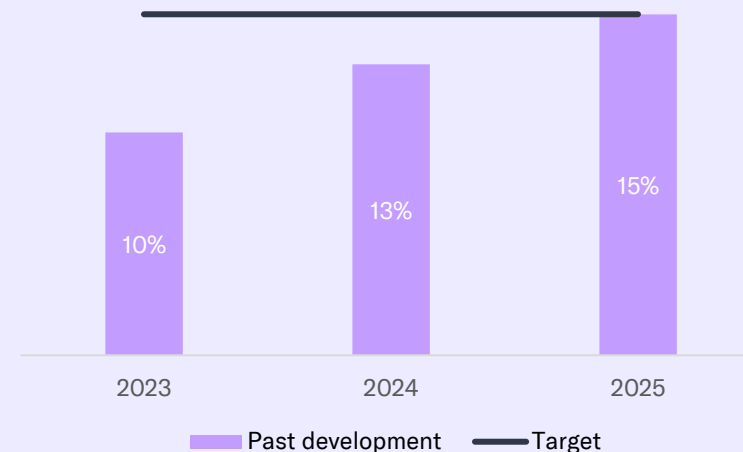
A revenue and profitability target tied to a specific year is atypical in the context of compounder peers. Most peers, for example, target an annual EBITA growth of 15%, and compared to this, the company's target is roughly double. We believe that the given targets are primarily intended to provide a guideline for the future. In our view, the playbook and criteria for achieving the targets are in order. The focus is now on strategy execution and how the funds raised in the IPO can be invested within the next three years.

We believe the ROCE target of over 15% is the company's most important target from the perspective of strategy success, as it reflects both the earnings capability of current businesses and the reasonableness of acquisition prices paid historically. We consider the target achievable based on historical valuations and criteria, but it does not allow for major errors in the selection of acquisition targets. The target is in line with peers, and the best compounders exceed this level. The company's gearing target of 2.0x is slightly conservative compared to some peers (typical 2.5x–3.0x), but we consider it warranted. Moderate leverage provides Auroora with leeway in the event of market disturbances. At this stage, dividend plays a minor role in capital allocation, even though the company aims for its annual growth from a zero level.

Revenue and profitability targets

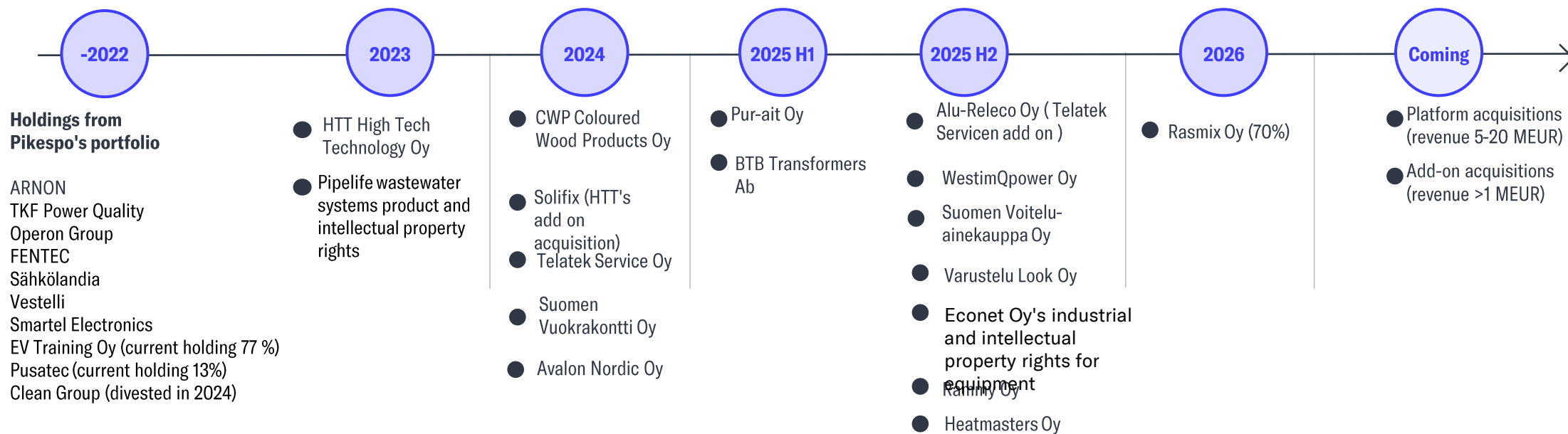


ROCE % development



Source: Auroora, Inderes. Auroora defines ROCE-% = Adjusted EBITA (last 12 months) / Equity + Interest-bearing net debt excluding lease liabilities (12-month average)

Strategy and financial objectives (3/3)



Financial development

Actualized

Medium term

Launch of the compounder strategy at the beginning of 2023

Increasing ownership of the original portfolio companies to 100% in exchange for Auroora shares

Five new companies in 2024 and eight new companies in 2025. Divestment of Puhdas Group holding in 2024

Paid multiples are moderate, creating good conditions for high returns on capital (2025 EV/EBITA multiples ~5x)

Group LTM figures (revenue 240 MEUR, adj. EBITA margin of 7.3% and return on capital (ROCE) of 14.5%) are moving toward targets.

Target revenue of 400 MEUR by the end of 2028 through a combination of acquisitions and organic growth

Adjusted EBITA margin >10% and return on capital employed (ROCE) >15% in the long term

The focus is now on strategy execution and how the funds raised in the IPO can be invested within the next three years.

Financial position

Asset side of the balance sheet

Reflecting the nature of its business, the key assets on Auroora's 193.7 MEUR balance sheet are working capital items (trade receivables 29.5 MEUR and inventories 25.5 MEUR), and, reflecting inorganic growth, 67.5 MEUR in goodwill and 44.1 MEUR in intangible assets. The aforementioned item mainly consists of intangible assets recognized in the consolidated balance sheet in connection with acquisitions.

Total fixed assets and investments on the balance sheet amounted to 20.9 MEUR. Of this, tangible fixed assets amounted to 9.5 MEUR, IFRS 16 right-of-use assets to approximately 9 MEUR, and investments and non-current financial assets to 2.3 MEUR. The company had 5.1 MEUR in cash assets. The company's Q1'26 cash position does not yet reflect the 40 MEUR gross proceeds raised in the offering, as the IPO took place in April.

Liabilities side of the balance sheet

Auroora's equity on the balance sheet was 61.7 MEUR in Q1'26. Before the IPO, the company last raised equity in 2024, of around 8 MEUR, with Varma investing in the company. After the quarter ended, equity was strengthened by 40 MEUR in the IPO.

At the end of Q1'26, interest-bearing non-current debt on the balance sheet was 36.0 MEUR, and interest-bearing current debt was 25.3 MEUR. Thus, the company's interest-bearing net debt was 56.2 MEUR, of which 9.3 MEUR were IFRS 16 liabilities. At the end of Q1'26, the ratio of net debt to adjusted EBITDA (LTM) was 2.4x. The LTM figure refers to the previous 12-month period and includes acquired businesses as if they had been owned for the entire review period. When IPO funds are included in cash, net debt

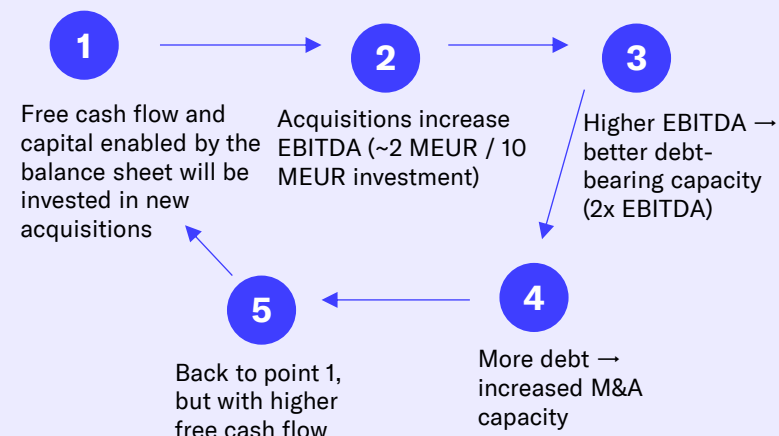
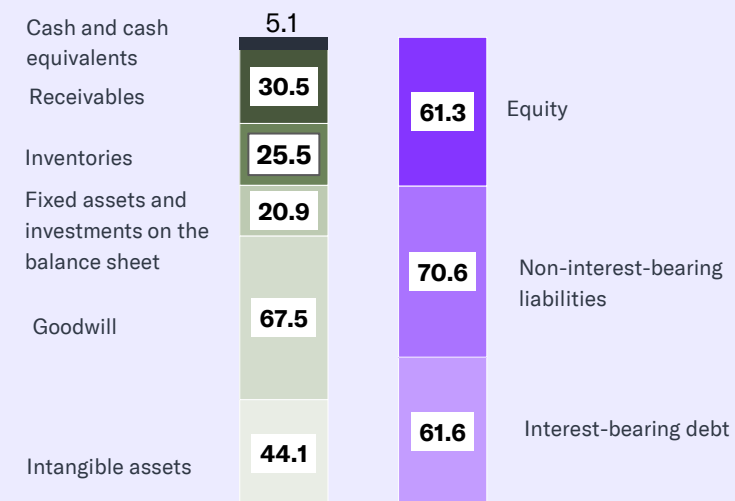
decreases to around 16 MEUR, and the net debt to adjusted (LTM) EBITDA ratio decreases to 0.7x, well below the company's target (< 2.0x).

The company had total non-interest-bearing liabilities of around 70.6 MEUR, with the most significant items consisting of trade payables and other liabilities (38.4 MEUR), advances received (12.3 MEUR), deferred tax liabilities (8.1 MEUR), and other long-term liabilities (9.6 MEUR). Investors should note that the aforementioned non-interest-bearing liabilities also include financial liabilities related to acquisitions: purchase price liabilities of 2.8 MEUR and additional purchase price liabilities of 11.5 MEUR, which are measured at fair value through profit or loss. We generally consider earn-outs to be good mechanisms for committing sellers and reducing acquisition risks. However, the conditions must be created in such a way that they do not lead to short-term profit maximization in companies at the expense of long-term growth initiatives.

Balance sheet compound interest mechanism

According to our calculations, Auroora's current operations generate free cash flow of around 10 MEUR per year. The current balance sheet, in turn, allows for an immediate 40 MEUR to be allocated to acquisitions that meet the criteria. When capital is successfully invested in new acquisitions, EBITDA increases by roughly 2 MEUR for every 10 MEUR invested. When free cash flow, debt capacity, and growing EBITDA are combined, and capital is successfully allocated year after year, EBITDA could increase from the current 23 MEUR to 37 MEUR by the end of 2028 solely through acquisitions. If successful, the mechanism creates a beautiful compound interest mechanism, but we emphasize that it does not allow for major errors in the selection of investment targets.

Q1'26 balance sheet



Source: Auroora, Inderes

The Q1'26 balance sheet does not yet include the impact of the April IPO on cash and equity (gross proceeds of approximately 40 MEUR)

Estimates (1/2)

Estimate model

Auroora does not guide short-term development but directs expectations with its longer-term targets (p. 17). The development of segment order backlogs provides support for short-term estimates. We estimate the segments' revenue for the coming years on the back of market growth and realized corporate acquisitions. Our longer-term estimates are based on expected growth at the industry level, which aligns with the economic development of target markets and estimated market growth. In assessing profitability, we focus on the growth we expect and the development of cost structures. In the long term, we estimate profitability for the business areas through the margin levels we expect. We have not taken into account probable new corporate acquisitions in our estimates, as it is not possible to assess their timing, sizes, and other characteristics.

We have considered the potential related to future acquisitions for Auroora in our accepted valuation. If acquisitions are successful in line with the company's criteria, we find the growth to a revenue level of 400 MEUR and approaching 10% EBITA levels credible in the long term, given the current cash flow and the leeway allowed by a strong balance sheet.

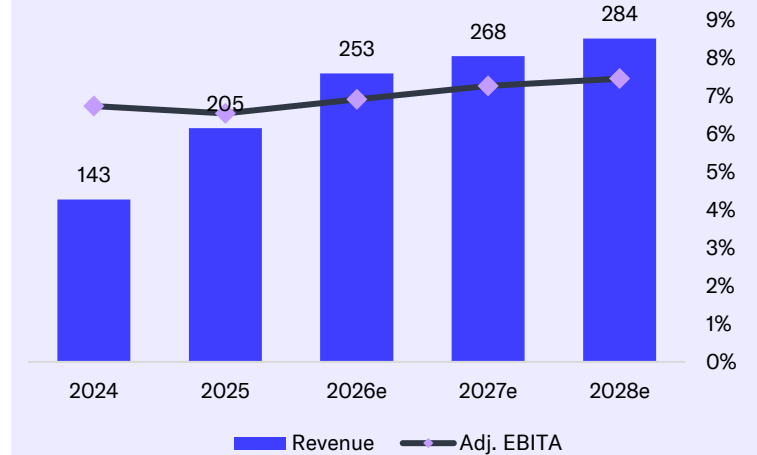
This is based on our estimate that the company's revenue will grow organically to 284 MEUR by 2028 (CAGR 6%) and the EBITA margin to 7.5%. Auroora has announced that it is aiming for 5-8% annual organic growth. We consider this claim credible, especially given the strong growth drivers behind the largest Electrification and Automation segment. Regarding inorganic growth, we discussed the compounding effect of excess capital on the balance sheet

and current free cash flow on page 20. Through our rough calculation, we estimate that EBITDA could strengthen inorganically by 14 MEUR from its current level by the end of 2028, if the additional capital is put to work by then. This would roughly translate to 400 MEUR in revenue in 2028, assuming acquisition targets with an EBITA margin exceeding 10%. With highly profitable acquisition targets, Auroora's overall EBITA margin could rise to the 8-10% range (depending on the exact margin of the targets). We emphasize to investors that the calculation necessitates successful capital allocation to acquisitions in accordance with Auroora's criteria (p. 16), and that the targets' earnings remain stable even after the acquisition. The key risks of the investment case are also related to these assumptions.

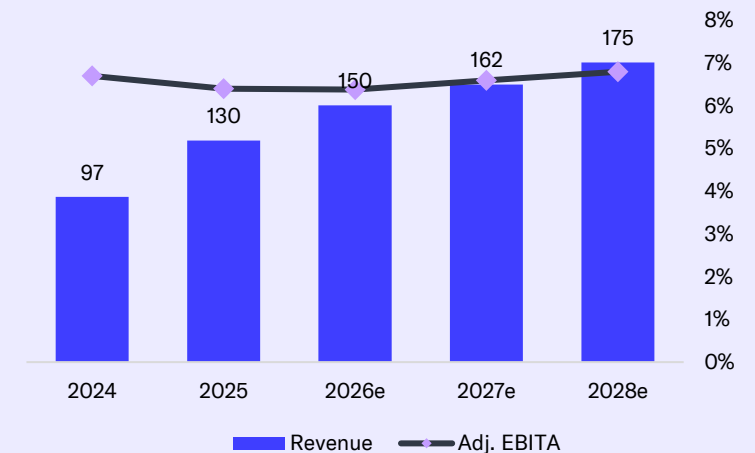
Electrification and Automation drives strong organic growth

In 2026, we estimate the Electrification and Automation segment to grow by 16% to 152 MEUR. Of this growth, around 11% is organic, with the acquisitions of BTB Transformers and WestimQpower in 2025 contributing the remainder. The recently strengthened order book supports the growth estimates (Q1'26: 110 MEUR vs. Q4'25: 97 MEUR). The segment's adjusted EBITA margin is expected to remain at last year's level of 6.4% in our forecast. In the longer term, we estimate the margin to improve slightly as costs scale, but in Q1'26 at least, the margin still declined despite strong organic growth (Q1'26: 4.3% vs. Q1'25: 5.2%). For 2027, we estimate the segment to grow by 8% to 162 MEUR, and for 2028, by 8% to 175 MEUR, supported by long-term structural trends (p. 11). We forecast the adjusted EBITA margin to improve to 6.6% in 2027 and 6.8% in 2028.

Auroora's revenue and profitability



Electrification and Automation



Source: Inderes

Estimates (2/2)

Clean Water and Environmental Technology estimates

In the Clean Water and Environmental Technology segment, we expect revenue to grow by around 40% to 23.2 MEUR in 2026. 9% of the growth is based on organic growth and the rest on the Rasmix acquisition. The segment's adjusted EBITA margin recovers to 3.1% in our forecast (2025: -0.9%), as Rasmix will clearly boost margins and we also expect other companies to improve moderately. In the seasonally weakest Q1'26, the segment's adjusted EBITA already recovered slightly (Q1'26: -0.5 MEUR vs. Q1'25: -0.6 MEUR). In the longer term, we estimate that the margin will improve as sales volumes continue to recover, supported by a moderate recovery in construction, which will especially boost demand for the segment's product businesses (Solid Water, Vestelli, Avalon Nordic). In 2027, we estimate the segment to grow organically by 5% to 24.4 MEUR, and in 2028, by 4% to 25.3 MEUR. We forecast the adjusted EBITA margin to improve to 4.0% in 2027 and 5.0% in 2028. The segment's order backlog developed positively in the Q1'26 report and was 36.7 MEUR (+7.8 MEUR) at the end of the period. The contracts are multi-year, and the order book supports longer-term estimates in particular

Industrial Products and Services estimates

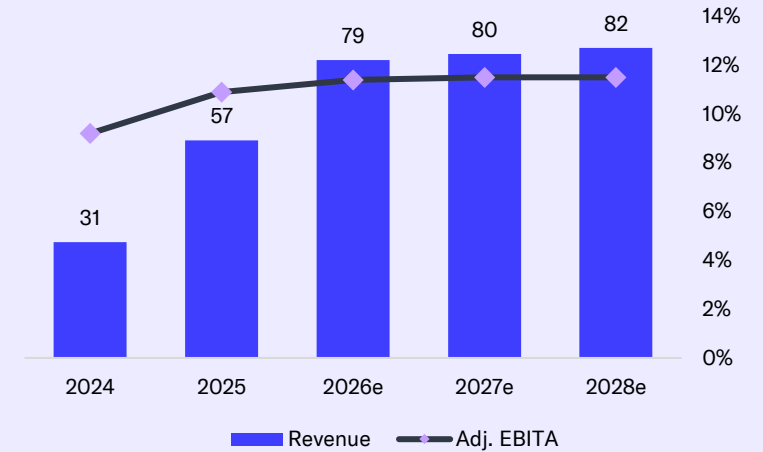
In the Industrial Products and Services segment, we expect revenue to grow by around 37% to 79 MEUR in 2026. Most of the growth is based on inorganic growth. We also expect positive organic growth, in line with Q1'26 performance, supported by an order book strengthened to 15.6 MEUR. However, we emphasize that due to the nature of the businesses, the order book is structurally smaller than in other segments, and visibility relies less on it. The segment's adjusted EBITA margin recovers to 11.4% in our

forecast (2025: 10.9%) when new businesses generate better profitability than older companies. In the seasonally weakest Q1'26, the segment's adjusted EBITA % recovered to 2.9.5% (Q1'25: -4.3%). For the full year, however, we do not expect such a significant improvement, as we estimate that, unlike the others, Rammy, one of the new companies, will perform strongly during the winter season. In the longer term, we expect annual organic revenue growth of approximately 2% and EBITA margin to remain at 11.5%. In certain companies, we see room for margin improvement (HTT, FENTEC), but on average, profitability is already clearly above Auroora's targeted level, and maintaining a high level is the primary goal.

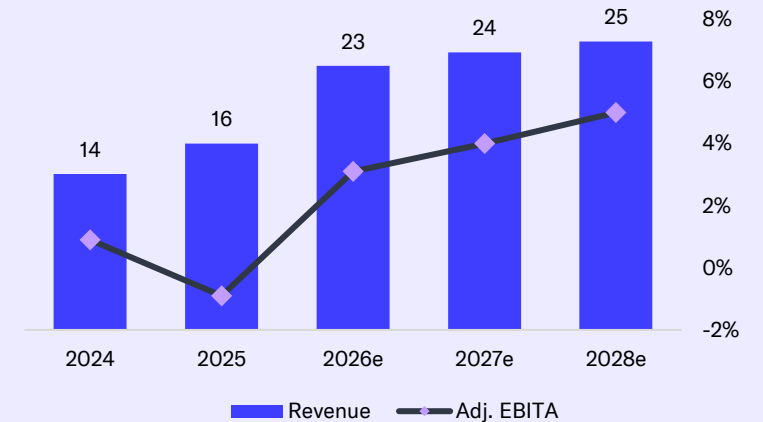
Our estimates for other lines

Our financial expense estimate with the current cash is around 0.8 MEUR per year, reflecting the company's strong balance sheet and renewed financing package, but the figures may be affected by fair value determinations of additional purchase prices. Our tax rate estimate is at the level of the Finnish corporate tax, i.e., 20% in 2026 and 18% thereafter. We estimate the share attributable to minorities to remain moderate at around 0.2 MEUR per year, mainly related to EV Training, which generates most of its earnings in Q1. Our adjusted EPS estimate is adjusted for non-recurring expenses and PPA (Purchase Price Allocation) depreciation related to acquisitions. The company's return on capital will temporarily decline due to the inflated cash balance following the IPO. The development of this important metric will be determined by future acquisitions, which are not included in our estimates. We estimate the company to pay a dividend of around 10% of net income, and its role at this stage of the story is small, as capital allocation emphasizes growth.

Industrial Products and Services



Clean Water and Environmental Technology



Source: Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	143	36.3	53.0	53.8	62.3	205	51.4	65.5	66.7	69.9	254	268	284	299
Electrification and Automation	143	22.9	34.4	32.7	39.8	130	30.4	39.0	38.0	43.0	150	162	175	188
Industrial Products and Services	0.0	9.0	13.7	16.5	18.2	57.4	15.0	20.0	22.5	21.0	78.5	80.1	81.7	83.3
Clean Water and Environmental Technology	0.0	3.0	4.6	4.6	4.3	16.5	4.9	6.2	6.2	5.9	23.2	24.4	25.3	26.1
EBITDA	11.4	2.0	4.2	4.9	5.7	16.8	2.8	5.7	7.3	7.9	23.6	26.5	28.6	30.1
EBIT (excl. NRI)	9.0	0.9	-0.3	2.1	10.0	12.8	1.5	4.0	5.5	6.1	17.1	18.8	20.4	21.5
Electrification and Automation	6.5	1.2	1.8	1.4	4.0	8.4	1.3	2.2	1.8	4.3	9.6	10.7	11.9	12.8
Industrial Products and Services	2.8	-0.4	1.4	3.0	2.2	6.3	0.4	2.2	3.7	2.6	8.9	9.2	9.4	9.6
Clean Water and Environmental Technology	0.1	-0.6	0.0	0.3	0.1	-0.2	-0.5	0.2	0.6	0.4	0.7	1.0	1.3	1.3
Muut	0.2	0.9	-0.5	-0.4	-1.0	-1.0	0.4	-0.5	-0.4	-1.0	-1.4	-1.4	-1.4	-1.4
EBITA ilman kertaeriä (yhteensä)	9.6	1.1	2.8	4.2	5.4	13.5	1.7	4.1	5.7	6.3	17.8	19.5	21.2	22.2
EBIT	3.9	-0.4				5.7	-0.7	2.3	3.8	4.4	9.9	12.0	13.7	14.8
Share of profits in assoc. compan.	0.0	0.0				0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-3.1	-0.5				-2.3	-3.0	-0.3	-0.2	-0.2	-3.8	-0.3	0.2	0.8
PTP	0.8	-1.0				3.4	-3.7	2.0	3.6	4.2	6.1	11.7	13.9	15.5
Taxes	-0.3	-0.2				-0.9	0.2	-0.4	-0.4	-0.5	-1.1	-2.1	-2.5	-2.8
Minority interest	-0.3	-0.4				-0.1	-0.2	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2
Net earnings	0.8	-1.5				2.4	-3.7	1.6	3.2	3.7	4.8	9.4	11.2	12.5
EPS (adj.)	0.23	-0.02				0.38	0.00	0.10	0.15	0.17	0.41	0.49	0.55	0.60
EPS (rep.)	0.04	-0.07				0.11	-0.12	0.05	0.11	0.12	0.16	0.31	0.37	0.42

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	34.9 %					43.6 %	41.7 %	23.6 %	24.0 %	12.2 %	23.5 %	5.9 %	5.8 %	5.2 %
Adjusted EBIT growth-%	446.9 %					42.2 %	68.7 %	1663.2 %	160.1 %	-38.9 %	33.9 %	9.5 %	9.0 %	5.2 %
EBITDA-%	8.0 %	5.5 %	7.9 %	9.1 %	9.2 %	8.2 %	5.4 %	8.7 %	10.9 %	11.3 %	9.3 %	9.9 %	10.1 %	10.1 %
Adjusted EBIT-%	6.3 %	2.5 %	-0.5 %	3.9 %	16.1 %	6.2 %	3.0 %	6.0 %	8.3 %	8.7 %	6.8 %	7.0 %	7.2 %	7.2 %
Net earnings-%	0.5 %	-4.2 %	0.0 %	0.0 %	0.0 %	1.2 %	-7.1 %	2.4 %	4.8 %	5.3 %	1.9 %	3.5 %	4.0 %	4.2 %

Source: Inderes We have adjusted our estimate for PPA depreciation from EBIT (adj.) and EPS (adj.) in addition to non-recurring items. Furthermore, we have adjusted the fair value changes in earn-out payments for EPS (adj.).

Balance sheet

Assets	2025	2026e	2027e	2028e
Non-current assets	125	124	118	112
Goodwill	62.9	62.9	62.9	62.9
Intangible assets	42.4	35.6	28.8	21.8
Tangible assets	17.1	23.2	24.1	25.1
Associated companies	0.0	0.0	0.0	0.0
Other investments	1.8	1.8	1.8	1.8
Other non-current assets	0.6	0.6	0.6	0.6
Deferred tax assets	0.0	0.0	0.0	0.0
Current assets	57.1	104	102	99.9
Inventories	21.4	26.4	27.9	29.6
Other current assets	0.8	0.8	0.8	0.8
Receivables	31.8	39.3	41.6	44.0
Cash and equivalents	3.1	38.0	32.2	25.6
Balance sheet total	182	229	221	212

Source: Inderes

Liabilities & equity	2025	2026e	2027e	2028e
Equity	65.4	109	118	128
Share capital	0.9	0.9	0.9	0.9
Retained earnings	18.2	23.0	31.8	42.1
Hybrid bonds	0.0	0.0	0.0	0.0
Revaluation reserve	44.8	44.8	44.8	44.8
Other equity	0.1	40.3	40.3	40.3
Minorities	1.4	0.0	0.0	0.0
Non-current liabilities	52.0	48.3	34.3	18.7
Deferred tax liabilities	7.7	7.7	7.7	7.7
Provisions	0.0	0.0	0.0	0.0
Interest bearing debt	38.3	31.6	17.6	2.0
Convertibles	0.0	0.0	0.0	0.0
Other long term liabilities	6.0	9.0	9.0	9.0
Current liabilities	64.5	71.3	68.6	65.4
Interest bearing debt	15.8	12.9	7.2	0.8
Payables	41.2	51.0	53.9	57.1
Other current liabilities	7.5	7.5	7.5	7.5
Balance sheet total	182	229	221	212

Investment profile

- 1 Progress in the acquisition-driven growth strategy
- 2 A short operating history as a compounder, although the start is promising
- 3 Clear upside in the stock if objectives are met
- 4 Interesting business segments
- 5 Growth is emphasized in capital allocation, with dividends playing a secondary role in the coming years

Potential

- The compound interest effect when free cash flow is allocated to acquisitions with a targeted return on capital of over 15%
- Investing the net proceeds from the IPO (of around 38 MEUR) into SME acquisitions at low multiples
- Success in developing existing holdings
- Particularly strong growth drivers underpin the Electrification and Automation segment

Risks

- Failure in acquisitions
- Finding suitable acquisition targets that meet the criteria
- Dependency on the development of the Finnish economy
- The EBIT margin is still behind the best peers, especially for older holdings, which somewhat limits cyclical resilience
- Key personnel risks in a diversified organization

Valuation (1/3)

Earnings-based multiples work best

We favor earnings and balance sheet-based valuation multiples and a cash flow model in Auroora's valuation. In our opinion, the most useful earnings multiples are the net earnings-based P/E ratio and the EV/EBITDA ratio, which better account for the company's balance sheet structure. As absolute multiples, we have utilized the neutral multiples we estimated for the company's current structure, which are based on our view of the quality of the businesses, the underlying market drivers, and the profitability and risk profiles. To account for the value creation potential of the business model, in addition to absolute multiples, we have also utilized the framework provided by a peer group consisting of companies with very similar value creation models. In the balance sheet-based valuation, we have looked at the valuation relative to invested capital, which we compare to the return on invested capital.

In our view, the investor's expected return will largely be built through changes in valuation multiples and earnings growth, as we expect the dividend yield to remain moderate and only a scarce component supporting the expected return due to the emphasis on inorganic growth in capital allocation.

Factors to be considered in valuation

We believe the following factors affect Auroora's acceptable valuation level:

The value creation potential of the acquisition strategy is significant, and we believe the company's track record in executing the strategy is, on the whole, moderately good,

even though the time series is still relatively short. After the IPO, the balance sheet is strong, the company's playbook and criteria are in order, and we believe the company will create value through its M&A activities in the Finnish SME market. In the longer term, successful inorganic growth should translate into sustainable earnings growth and, in particular, relatively high reinvestment of capital with an attractive return on capital.

The historical track record of long-term profitable growth for the current businesses is good even as independent entities. This track record strengthens confidence in the long-term competitiveness of the businesses and the sustainability of the underlying factors.

The cash flow profiles of the businesses are strong over time, and fixed investment needs are moderate. This creates a solid foundation for Auroora to efficiently allocate free cash flows in a way that creates shareholder value.

Key business demand drivers are investment-driven, which exposes Auroora to economic fluctuations. It is encouraging, however, that the recession of recent years has not significantly impacted the development of the largest segments (Electrification and Automation and Industrial Products and Services). This reinforces our view of the company's defensive profile.

Overall, the customer base of the company's underlying businesses is quite diversified and broad. The company is still dependent on Finland's economic development, as around 80% of its revenue comes from Finland. However, this figure underestimates the company's true international exposure, as a significant portion of its products end up being exported through customers.

Valuation	2026e	2027e	2028e
Share price	7.20	7.20	7.20
Number of shares, millions	30.0	30.0	30.0
Market cap	216	216	216
EV	222	208	193
P/E (adj.)	17.4	14.6	13.0
P/E	44.9	23.0	19.2
P/FCF	4.4	14.4	13.3
P/B	2.0	1.8	1.7
P/S	0.9	0.8	0.8
EV/Sales	0.9	0.8	0.7
EV/EBITDA	9.4	7.9	6.8
EV/EBIT (adj.)	13.0	11.1	9.4
Payout ratio (%)	12.5 %	9.6 %	10.7 %
Dividend yield-%	0.3 %	0.4 %	0.6 %

Source: Inderes

Source: Inderes

Valuation (2/3)

Despite the clarity of the factors affecting valuation, defining a precise and static multiple range for an acquisition-driven value creator like Auroora is challenging. An overly narrow approach would lead to viewing the company from too short a perspective and solely based on the earnings capabilities of its current businesses. In the longer term, Auroora will very likely have more businesses under its umbrella than it does now, so a valuation over time based on a precise multiple range and only on current businesses would also be irrational, in our opinion.

We believe the value of the current businesses reflects the lower end of Auroora's justified value, while any value exceeding this reflects the value creation from future M&A transactions already priced in by the market. We believe the pricing of value creation from future M&A should be reflected in the company's current M&A capacity and historical track record of value creation.

At this point, our acceptable multiple range for Auroora is (P/E 14-17x and EV/EBITDA 9-11x). The range is higher than what we currently accept for the compounder Boreo (P/E 12-15x and EV/EBITDA 8-10x). The key difference is that for Auroora, we also price in the value creation from future acquisitions, as we estimate the company has good opportunities to invest the funds raised in the IPO at a targeted ROCE of over 15%. On the other hand, the company's historical track record is still relatively short, which limits our accepted range at this point in the story.

Absolute valuation multiples

Auroora's adjusted P/E ratios for 2026 and 2027 based on our estimates are 17x and 15x, while the corresponding EV/EBITDA ratios are around 9.4x and 8x. Thus, the 2026e

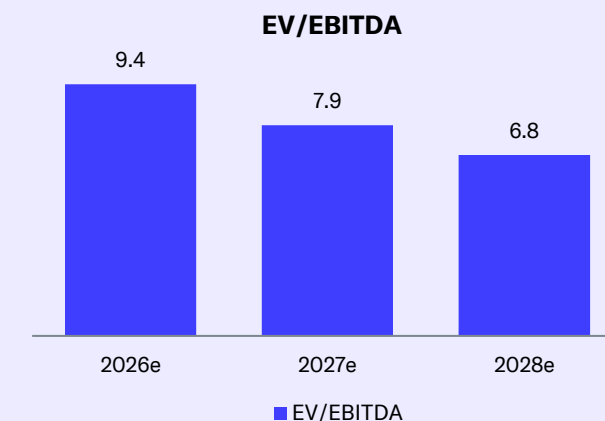
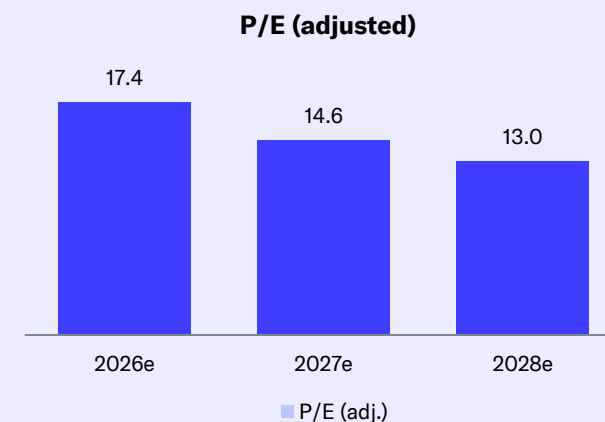
valuation multiples are closer to the upper end of the justified range. Corresponding 2027 valuation multiples, on the other hand, decrease to the lower end of the justified range.

Overall, we find the absolute valuation level to be neutral, and in the longer term, earnings growth will primarily drive the stock. This is outlined in the sidebar graph on the next page.

Peer valuation as a good yardstick

There are a large number of listed companies that actively carry out acquisitions with similar business models. This allows Auroora's valuation to also be examined through its peers. The peers are not perfectly comparable in terms of return on capital or risk profiles, but overall, we believe the peer group's valuation provides a good benchmark for Auroora's valuation. In line with the acquisition strategies of its peers and Auroora itself, we believe there is some competition among the peer group for potential acquisition targets.

Compared to its peers, Auroora Group currently trades at an earnings-based markdown of around 30% on key median valuation multiples for 2026-2027, and we consider this level to be neutral overall. In our view, it is justified to price Auroora at a discount compared to its peer group, as the company's track record of acquisitions as a compounder is still relatively short, and the company's size is still relatively small. Also, the company's EBITA margin (~7%) lags behind the average peer group (~10%), which limits cyclical resilience and warrants lower multiples.



Source: Inderes

Valuation (3/3)

The company's return on invested capital, adjusted for its current strong net cash position, is instead roughly at the level of the average peer (~15%), and based on this, the company could also trade closer to its peer group. The company's better relative earnings growth outlook would also support the valuation compared to peers, which is also reflected in Auroora's targets (EBITA growth of ~30% per year), while the typical target for peers is an annual EBITA growth of 15%. This is partly a result of the company's small size, which makes it easy to grow through acquisitions in the early stages. Overall, we find the peer group's rather high, yet quite disparate, absolute valuation multiples to be warranted, as most players have extensive long-term track records of successful capital allocation.

Valuation upon target achievement

Auroora's enterprise value, calculated at the current share price, is approximately 230 MEUR, and invested capital was about 120 MEUR in the Q1'26 balance sheet, increasing to around 160 MEUR after the IPO. Thus, the current EV/IC ratio is approximately 1.5x. Similarly, if the company is estimated to reach the lower end of its targeted return on invested capital of over 15%, the current expected return is around 10%. This exceeds our required return for Auroora (8.5%), so this approach indicates that the share is favorably priced when the ROCE-% target is met. We consider the target realistic for the company based on historical performance. If the company were to achieve its targeted 40 MEUR adjusted EBITA level by the end of 2028, this would imply an EV/EBITA multiple of approximately 5.7x or an EV/EBIT (adj.) multiple of approximately 6x based on the current enterprise value and 2028 realized earnings, as we have adjusted PPA amortizations from this figure. If the targets are met, we consider an adj. EV/EBIT multiple of 14x

acceptable for the company at this point, and the stock would have an upside of well over 100% from the current price over a three-year period. This calculation, based on a perfect performance, indicates the stock's potential, but the key risks of the story are related to the success of acquisitions.

Cash flow based valuation

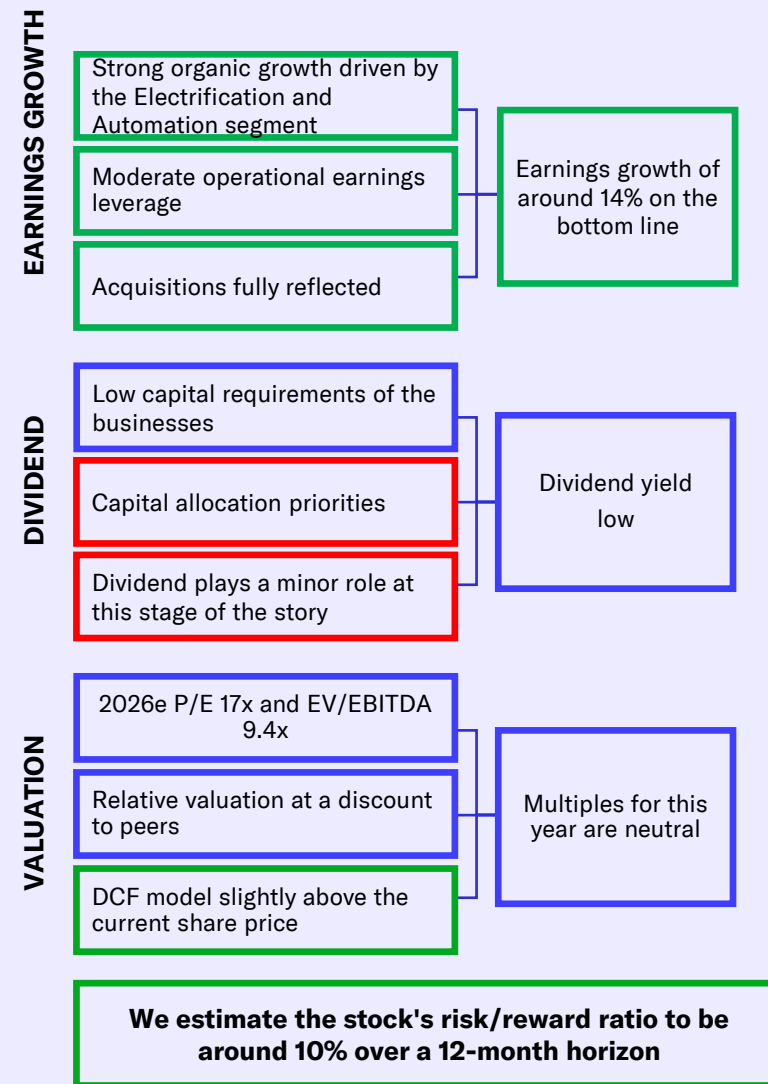
We also approach the valuation through a discounted cash flow (DCF) model. Our DCF model now indicates a share value of EUR 8.0. In our estimate model, revenue growth in the terminal period is 2%, and our operational profitability estimate is 7.0%. At this point, the EBITA margin is close to the EBIT margin, as PPA depreciation decreases towards the end of the forecast period and the A-component only includes a small amount of intangible depreciation related to business operations. In our model, the share of terminal period cash flows is at a moderate 49% level, and our weighted average cost of capital (WACC) is 8.5%. In our opinion, the DCF model works well for valuing the current business entity, but it does not account for the potential value creation of inorganic growth.

Investment view

We initiate coverage of Auroora with a target price of EUR 8.0 and an Accumulate recommendation. We have arrived at this 12-month target price on the back of various valuation methods. It now indicates an upside of around 10%, which exceeds the cost of capital we apply to the company (WACC 8.5%). Thus, we consider the investor's risk/reward ratio at the current share price to be sufficiently attractive. Especially in the longer perspective, we see strong potential in the stock. Our fair value range for the stock is EUR 7.0-9.0 per share.

Total shareholder return drivers 2026-2028e

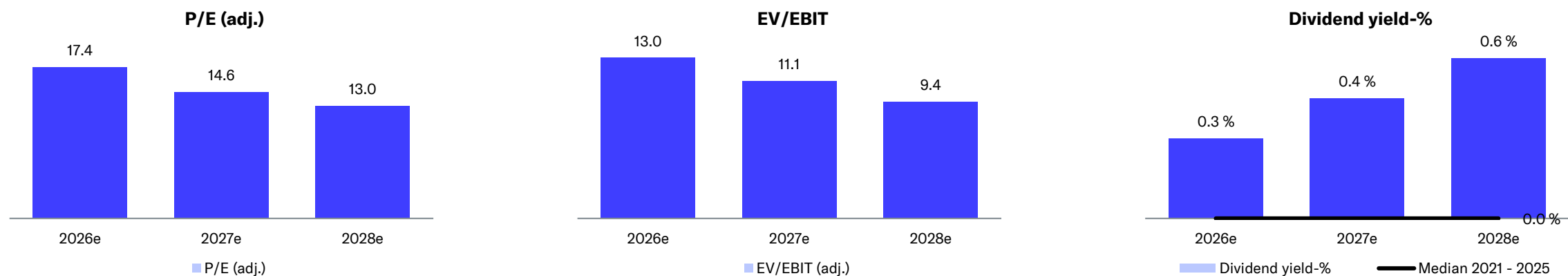
Positive
 Neutral
 Negative



Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price						7.20	7.20	7.20	7.20
Number of shares, millions	0.00	0.00	22.2	22.2	22.2	30.0	30.0	30.0	30.0
Market cap						216	216	216	216
EV				0.0	51	222	208	193	177
P/E (adj.)			0.0	0.0	0.0	17.4	14.6	13.0	12.0
P/E			0.0	0.0	0.0	44.9	23.0	19.2	17.2
P/FCF			0.0	0.0	0.0	4.4	14.4	13.3	12.5
P/B				0.0	0.0	2.0	1.8	1.7	1.5
P/S	0.0	0.0	0.0	0.0	0.0	0.9	0.8	0.8	0.7
EV/Sales				0.0	0.2	0.9	0.8	0.7	0.6
EV/EBITDA				0.0	3.0	9.4	7.9	6.8	5.9
EV/EBIT (adj.)				0.0	4.0	13.0	11.1	9.4	8.2
Payout ratio (%)			0.0 %	0.0 %	0.0 %	12.5 %	9.6 %	10.7 %	10.0 %
Dividend yield-%						0.3 %	0.4 %	0.6 %	0.6 %

Source: Inderes



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

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
BOREO	54	109	11.5	9.5	8.8	7.7	0.7	0.6	14.2	9.3		0.5	2.1
Indutrade AB	6440	7160	18.0	16.2	13.2	12.2	2.3	2.2	22.8	20.0	1.8	2.0	3.7
Bergman & Beving AB	752	946	23.9	21.0	13.4	12.3	2.1	2.0	33.2	26.0	1.5	1.5	4.3
Momentum Group AB	529	589	22.0	19.5	13.9	12.6	2.0	1.8	27.4	24.4	1.3	1.4	6.0
Bufab AB	2066	2373	22.0	19.9	17.3	15.9	3.0	2.8	28.1	25.1	1.2	1.4	4.9
Addtech AB	8181	8751	29.6	26.0	22.9	20.3	4.1	3.7	39.1	33.4	1.1	1.2	10.5
Beijer Ref AB	5931	6905	18.7	17.3	14.9	13.9	1.9	1.8	23.4	21.0	1.3	1.4	2.7
Beijer Alma AB	1686	1958	17.4	16.5	13.4	12.4	2.6	2.5	22.4	20.4	1.4	1.6	3.7
Lifco AB	11838	12695	23.7	21.8	18.2	16.9	4.6	4.3	33.9	30.6	1.0	1.1	6.3
Lagercrantz Group AB	4890	5690	36.4	30.8	27.5	24.0	5.8	5.2	45.7	36.7	1.0	1.1	11.7
Volati AB	702	1024	22.2	18.7	13.8	12.1	1.6	1.5	15.2	12.7	2.5	2.5	3.4
Relais Group Oyj	290	548	13.8	12.7	7.5	7.2	1.2	1.2	11.6	10.8	2.4	2.6	1.7
AddLife AB	1722	2095	24.7	22.1	13.3	12.5	2.1	2.0	34.1	28.5	1.1	1.3	3.2
Addnode Group AB	602	807	13.3	11.4	7.7	7.2	1.5	1.4	14.9	12.3	2.5	2.8	2.2
Instalco AB	922	1271	15.1	12.5	9.5	8.4	1.0	0.9	15.6	12.3	2.0	2.6	2.7
Seafire AB	48	66	12.7	9.5	6.7	5.7	0.7	0.6	15.1	10.9			0.7
Sdiptech AB	658	658	8.6	7.3	6.2	5.4	1.5	1.4	18.1	15.0			2.1
Fasadgruppen Group AB	163	355	9.3	7.9	6.8	6.0	0.7	0.7	7.2	5.8			0.6
Berner Industrier	124	138	13.8	13.0	10.1	9.6	1.4	1.4	17.6	16.6	1.7	1.8	4.0
Auroora Yhtiöt (Inderes)	216	222	13.0	11.1	9.4	7.9	0.9	0.8	17.4	14.6	0.3	0.4	2.0
Average			18.8	16.5	12.9	11.7	2.1	2.0	23.1	19.6	1.6	1.7	4.0
Median			18.0	16.5	13.3	12.2	1.9	1.8	22.4	20.0	1.4	1.5	3.4
Diff-% to median			-28%	-33%	-29%	-35%	-55%	-58%	-22%	-27%	-80%	-72%	-41%

Source: Refinitiv / Inderes

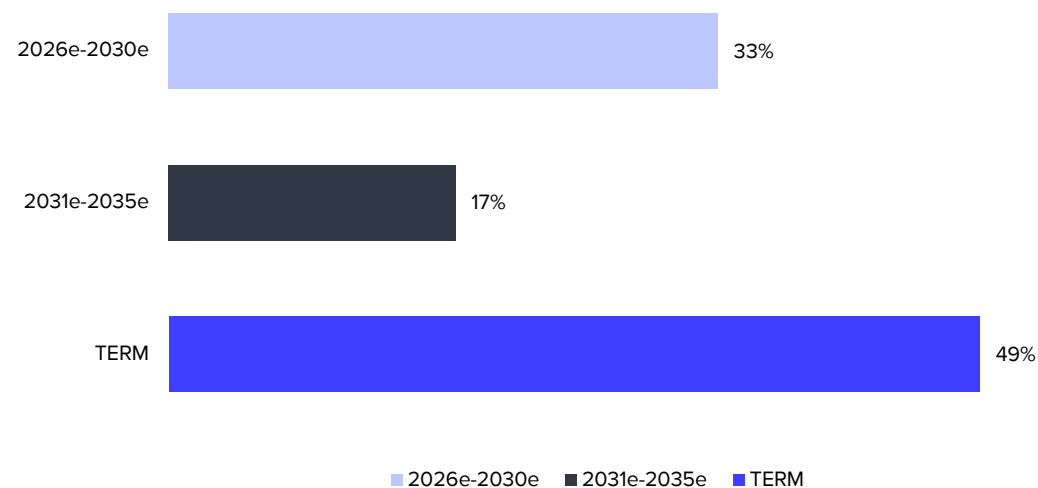
DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	43.6 %	23.5 %	5.9 %	5.8 %	5.2 %	5.0 %	4.0 %	4.0 %	4.0 %	3.0 %	2.0 %	2.0 %
EBIT-%	2.8 %	3.9 %	4.5 %	4.8 %	4.9 %	5.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %
EBIT (operating profit)	5.7	9.9	12.0	13.7	14.8	15.7	22.8	23.7	24.7	25.4	25.9	
+ Depreciation	11.1	13.7	14.5	14.9	15.3	13.9	10.0	10.1	10.2	10.4	10.6	
- Paid taxes	6.8	-1.1	-2.1	-2.5	-2.8	-3.0	-4.4	-4.6	-4.9	-5.1	-5.3	
- Tax, financial expenses	-0.6	-0.7	-0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.2	0.1	0.1	0.2	0.3	0.4	0.4	0.5	0.6	
- Change in working capital	-5.2	-2.8	-0.9	-0.9	-0.9	-0.9	-0.7	-0.8	-0.8	-0.6	-0.4	
Operating cash flow	17.7	19.1	23.4	25.1	26.6	25.9	28.0	28.8	29.6	30.6	31.5	
+ Change in other long-term liabilities	6.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-135.8	-13.1	-8.5	-9.0	-9.4	-9.8	-10.2	-10.6	-11.0	-11.3	-11.7	
Free operating cash flow	-112.1	9.0	14.9	16.2	17.2	16.0	17.8	18.2	18.7	19.4	19.8	
+/- Other	0.0	40.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-112.1	49.3	14.9	16.2	17.2	16.0	17.8	18.2	18.7	19.4	19.8	312
Discounted FCFF		47.1	13.2	13.1	12.9	11.1	11.3	10.7	10.1	9.7	9.1	144
Sum of FCFF present value		292	245	232	219	206	195	183	173	162	153	144
Enterprise value DCF		292										
- Interest bearing debt		-54.1										
+ Cash and cash equivalents		3.1										
+ 0		0.0										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		241										
Equity value DCF per share		8.0										

WACC

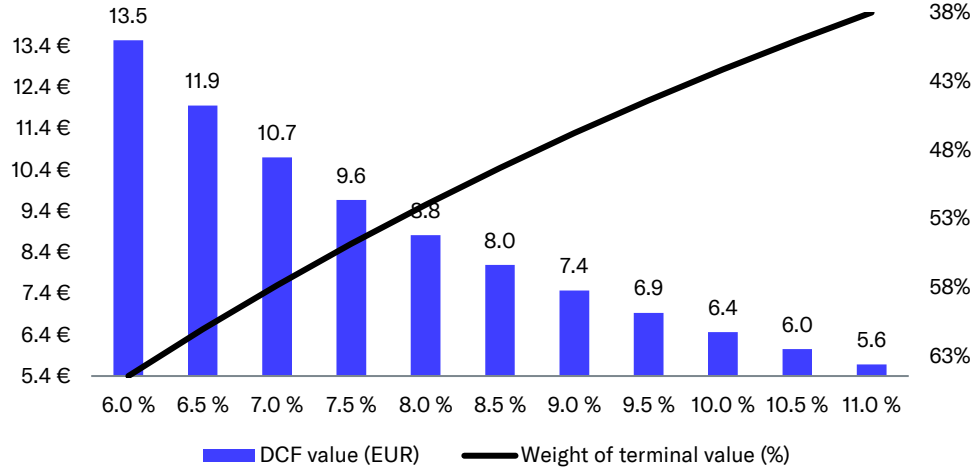
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	9.7 %
Weighted average cost of capital (WACC)	8.5 %

Cash flow distribution

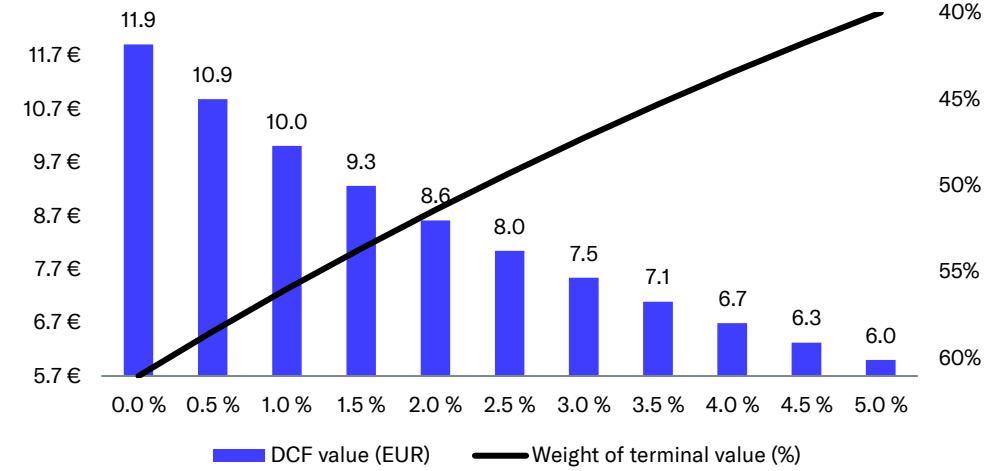


DCF sensitivity calculations and key assumptions in graphs

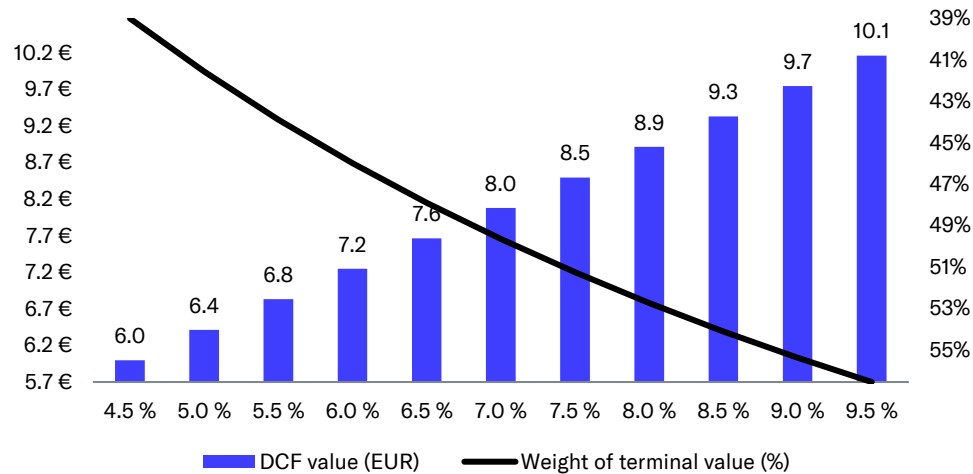
Sensitivity of DCF to changes in the WACC-%



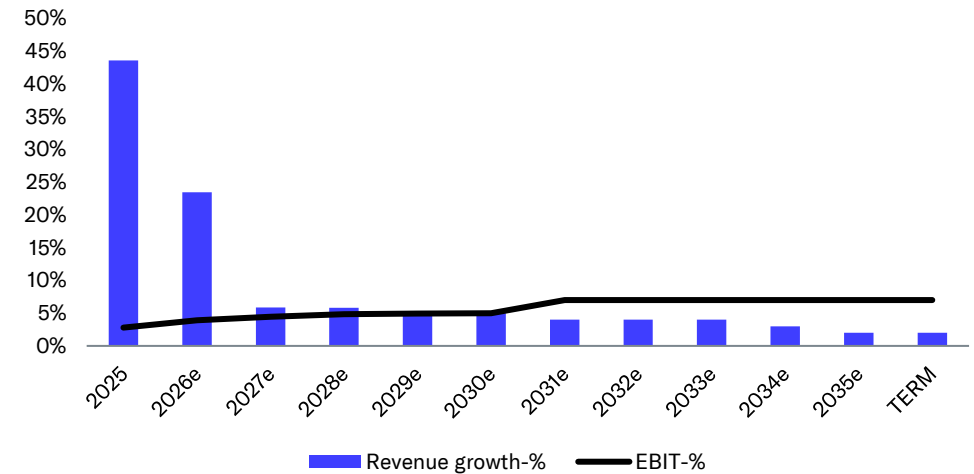
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

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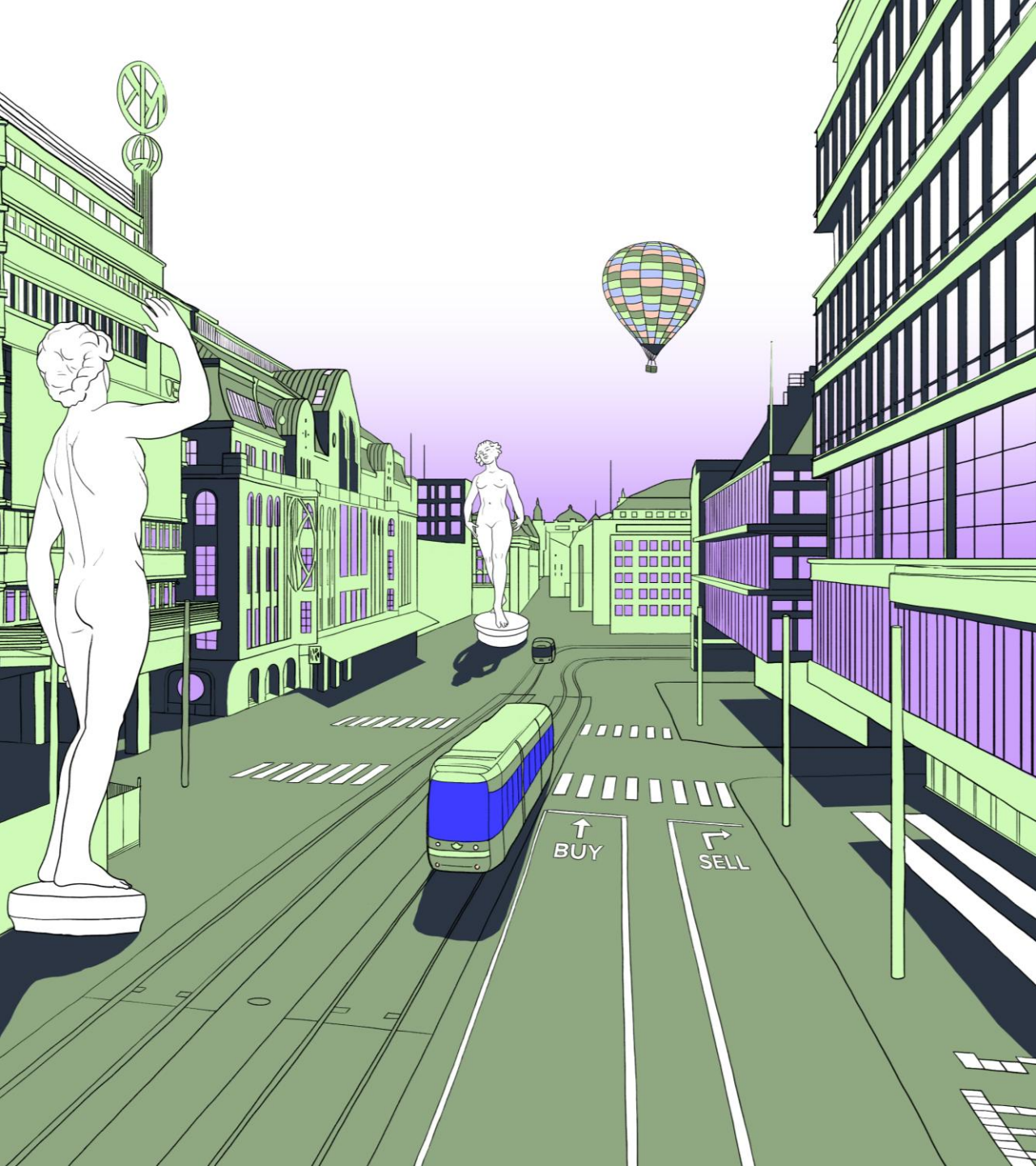
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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
6/8/2026	Accumulate	8.00 €	7.20 €



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