

## Near-term challenges continue

Netum issued a profit warning, lowering its EBITA-margin range. We see continued solid mid-term potential through the public sector exposure despite near-term challenges.

### Lowered 2022E EBITA-% from 12-14% to 9-10%

Netum issued a profit warning on December 15<sup>th</sup>. The guidance for growth of over 30% in 2022 remains intact, while the EBITA-margin estimate was lowered from 12-14% to 9-10%. There is evidently no clear sole reason for the lowered guidance, but a product of among other things slightly below expected top-line growth, recruitments, additional expenses incurred from organizational restructuring during H2 and wage and general cost increases. Project challenges or delays have not been an issue. Growth and demand have to our understanding overall remained good despite some softness within the more competed for "general" projects and in private sector demand. The high share of public sector clients and related solid demand and better prerequisites for transferring cost increases to the customer remain beneficial.

### Margin improvement potential in our view remains intact

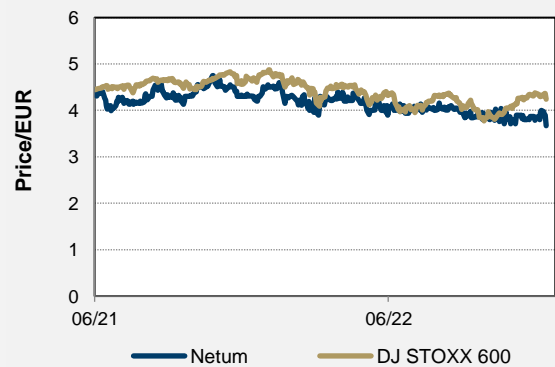
With the lowered guidance we have lowered our 2022 EBITA-% estimate to 9.6% and our sales growth estimate by some 3%p. We continue to see clear potential for double-digit EBITA-margins and the long-term target of 14% not overly ambitious. Uncertainty regarding 2023 is elevated but assuming that the demand situation continues to support top-line growth and among other things the challenges with Netum's Cyber security business ease and savings from the organizational restructuring and acquisition synergies materialize, we expect margins to improve to 13% in 2023. Netum has continued active recruiting and although profitability challenges will likely somewhat affect growth ambitions, we continue to expect double-digit growth.

### BUY with a target price of EUR 4.2 (4.5)

Netum's investment case in our view remains supported by the public sector exposure and good demand in the area and margin potential and we have yet to identify any major weaknesses. We retain our BUY-rating but lower our TP to EUR 4.2 (4.5).

## Rating

BUY



Share price, EUR (Last trading day's closing price) **3.67**

Target price, EUR **4.2**

Latest change in recommendation 17-Aug-22

Latest report on company 17-Aug-22

Research paid by issuer: YES

No. of shares outstanding, '000's 11,721

No. of shares fully diluted, '000's 11,721

Market cap, EURm 43

Free float, % -

Exchange rate 0.000

Reuters code NETUM.HE

Bloomberg code NETUM FH

Average daily volume, EURm -

Next interim report 07-Mar-23

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BUY HOLD SELL

## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2020	17.5	2.0	11.5%	1.5	0.15	0.0	0.2	1.4	0.0	0.08
2021	22.4	1.9	8.5%	-4.9	0.05	93.1	2.3	27.0	-9.9	0.11
2022E	31.2	1.3	4.1%	2.0	0.05	72.0	1.4	35.1	4.7	0.10
2023E	36.5	3.0	8.3%	3.5	0.17	21.4	1.2	13.9	8.2	0.16
2024E	42.0	4.4	10.5%	4.7	0.27	13.6	0.9	8.9	10.9	0.21
Market cap, EURm	43			Gearing 2022E, %	12.7			CAGR EPS 2021-24, %	80.7	
Net debt 2022E, EURm	1			Price/book 2022E	3.7			CAGR sales 2021-24, %	23.3	
Enterprise value, EURm	44			Dividend yield 2022E, %	2.8			ROE 2022E, %	5.0	
Total assets 2022E, EURm	21			Tax rate 2022E, %	19.8			ROCE 2022E, %	8.5	
Goodwill 2022E, EURm	11			Equity ratio 2022E, %	55.0			PEG, P/E 22/CAGR	0.8	

All the important disclosures can be found on the last pages of this report.

Netum (EURm)	2020	H1/21	H2/21	2021	H1/22	H2/22E	2022E	2023E	2024E
Net sales	17.5	10.4	12.0	22.4	15.4	15.8	31.2	36.5	42.0
<i>Sales growth %</i>	<i>31.1%</i>	<i>21.7%</i>	<i>33.4%</i>	<i>27.7%</i>	<i>47.8%</i>	<i>32.1%</i>	<i>39.4%</i>	<i>17.0%</i>	<i>15.0%</i>
Other income	0.1	0.2	0.1	0.3	0.0	0.1	0.1	0.1	0.1
Materials and services	-3.5	-1.9	-2.0	-3.9	-2.8	-2.9	-5.7	-6.6	-7.6
<i>% of net sales</i>	<i>-20.1 %</i>	<i>-18.0 %</i>	<i>-17.1 %</i>	<i>-17.5 %</i>	<i>-18.0 %</i>	<i>-18.5 %</i>	<i>-18.2%</i>	<i>-18.0%</i>	<i>-18.0%</i>
Personnel expenses	-8.9	-5.7	-6.9	-12.6	-8.8	-9.3	-18.2	-20.8	-23.4
<i>% of net sales</i>	<i>-50.9 %</i>	<i>-54.9 %</i>	<i>-57.3 %</i>	<i>-56.2 %</i>	<i>-57.3 %</i>	<i>-59.0 %</i>	<i>-58.2%</i>	<i>-57.0%</i>	<i>-55.7%</i>
Other op. expenses	-1.9	-1.2	-1.6	-2.8	-2.0	-2.2	-4.2	-4.2	-4.6
<i>% of net sales</i>	<i>-10.9 %</i>	<i>-11.3 %</i>	<i>-13.4 %</i>	<i>-12.4 %</i>	<i>-12.9 %</i>	<i>-13.9 %</i>	<i>-13.4%</i>	<i>-11.5%</i>	<i>-11.0%</i>
<b>EBITDA</b>	<b>3.2</b>	<b>1.9</b>	<b>1.5</b>	<b>3.4</b>	<b>1.9</b>	<b>1.4</b>	<b>3.3</b>	<b>5.0</b>	<b>6.5</b>
<i>EBITDA-%</i>	<i>18.5%</i>	<i>18.1%</i>	<i>12.8%</i>	<i>15.3%</i>	<i>12.1%</i>	<i>8.9%</i>	<i>10.5%</i>	<i>13.8%</i>	<i>15.5%</i>
D&A	-0.2	-0.1	-0.1	-0.3	-0.1	-0.1	-0.3	-0.3	-0.4
Tangible	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2
Intangible	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
Goodwill amortization	-1.1	-0.5	-0.7	-1.2	-0.9	-0.9	-1.7	-1.7	-1.7
<b>EBITA</b>	<b>3.1</b>	<b>1.8</b>	<b>1.4</b>	<b>3.2</b>	<b>1.7</b>	<b>1.3</b>	<b>3.0</b>	<b>4.7</b>	<b>6.1</b>
<i>EBITA-%</i>	<i>17.6%</i>	<i>17.1%</i>	<i>11.6%</i>	<i>14.2%</i>	<i>11.2%</i>	<i>8.0%</i>	<i>9.6%</i>	<i>13.0%</i>	<i>14.6%</i>
Items affecting comparability	0.0	-0.2	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
<b>Comparable EBITA</b>	<b>3.1</b>	<b>1.6</b>	<b>1.5</b>	<b>3.1</b>	<b>1.8</b>	<b>1.3</b>	<b>3.0</b>	<b>4.7</b>	<b>6.1</b>
<i>Comparable EBITA-%</i>	<i>17.6%</i>	<i>15.4%</i>	<i>12.4%</i>	<i>13.8%</i>	<i>11.4%</i>	<i>8.0%</i>	<i>9.7%</i>	<i>13.0%</i>	<i>14.6%</i>
<b>EBIT</b>	<b>2.0</b>	<b>1.3</b>	<b>0.7</b>	<b>1.9</b>	<b>0.9</b>	<b>0.4</b>	<b>1.3</b>	<b>3.0</b>	<b>4.4</b>
<i>EBIT-%</i>	<i>11.5%</i>	<i>12.0%</i>	<i>5.8%</i>	<i>8.7%</i>	<i>5.6%</i>	<i>2.5%</i>	<i>4.1%</i>	<i>8.3%</i>	<i>10.5%</i>

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	3.67 PV of Free Cash Flow	30 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	5.88 PV of Horizon value	43 WACC, %	8.4 Market risk premium, %	5.8
Share price potential, %	60.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	6.4 Marketable securities	1 Minimum WACC, %	7.9 Equity beta coefficient	1.00
Minimum value	5.4 Debt - dividend	-4 Maximum WACC, %	8.9 Target debt ratio, %	20
Horizon value, %	59.0 Value of stock	69 Nr of shares, Mn	11.7 Effective tax rate, %	20

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	22	31	37	42	43	45	46	47	49	50	51	53
<i>Sales growth, %</i>	<i>27.7</i>	<i>39.4</i>	<i>17.0</i>	<i>15.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	2	1	3	4	5	6	6	6	6	6	6	7
<i>Operating income margin, %</i>	<i>8.5</i>	<i>4.1</i>	<i>8.3</i>	<i>10.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>	<i>12.5</i>
+ Depreciation+amort.	2	2	2	2	1	1	1	1	1	1	1	1
EBITDA	3	3	5	7	6	6	6	6	7	7	7	7
- Paid taxes	-6	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
- Change in NWC	-1	0	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>	<i>-0.1</i>
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>opCAPEX / Sales, %</i>	<i>2.1</i>	<i>1.9</i>	<i>1.4</i>	<i>1.5</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>
- Acquisitions	-6	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	5	0	0	0	0	0	0	0	0	0	0	0
= FCFF	-4	2	4	5	4	4	5	5	5	5	5	89
= Discounted FCFF		2	3	4	3	3	3	3	3	3	3	43
= DFCF min WACC		2	3	4	3	3	3	3	3	3	3	49
= DFCF max WACC		2	3	4	3	3	3	3	3	3	2	38

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	0.0	10.4	0.0	12.0	22.4	0.0	15.4	0.0	15.8	31.2	36.5	42.0
EBITDA	0.0	1.9	0.0	1.5	3.4	0.0	1.9	0.0	1.4	3.3	5.1	6.6
<i>EBITDA margin (%)</i>	<i>0.0</i>	<i>18.1</i>	<i>0.0</i>	<i>12.7</i>	<i>15.2</i>	<i>0.0</i>	<i>12.1</i>	<i>0.0</i>	<i>8.9</i>	<i>10.5</i>	<i>13.9</i>	<i>15.7</i>
EBIT	0.0	1.3	0.0	0.7	1.9	0.0	0.9	0.0	0.4	1.3	3.0	4.4
<i>EBIT margin (%)</i>	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>5.5</i>	<i>8.5</i>	<i>0.0</i>	<i>5.6</i>	<i>0.0</i>	<i>2.5</i>	<i>4.1</i>	<i>8.3</i>	<i>10.5</i>
Net financial items	0.0	-0.9	0.0	0.0	-1.0	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0
Pre-tax profit	0.0	0.3	0.0	0.6	0.9	0.0	0.8	0.0	0.3	1.2	2.9	4.4
Tax	0.0	-0.2	0.0	-0.2	-0.4	0.0	-0.3	0.0	-0.2	-0.6	-0.9	-1.2
<i>Tax rate (%)</i>	<i>0.0</i>	<i>27.7</i>	<i>0.0</i>	<i>13.5</i>	<i>19.1</i>	<i>0.0</i>	<i>19.6</i>	<i>0.0</i>	<i>20.0</i>	<i>19.8</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.0	0.1	0.0	0.4	0.5	0.0	0.5	0.0	0.1	0.6	2.0	3.2
EPS	0.00	0.01	0.00	0.04	0.05	0.00	0.04	0.00	0.01	0.05	0.17	0.27
EPS adjusted (diluted no. of shares)	0.00	0.01	0.00	0.04	0.05	0.00	0.04	0.00	0.01	0.05	0.17	0.27
Dividend per share	0.00	0.00	0.00	0.00	0.11	0.00	0.00	0.00	0.00	0.10	0.16	0.21
<b>SALES, EURm</b>												
Group	0.0	10.4	0.0	12.0	22.4	0.0	15.4	0.0	15.8	31.2	36.5	42.0
Total	0.0	10.4	0.0	12.0	22.4	0.0	15.4	0.0	15.8	31.2	36.5	42.0
<b>SALES GROWTH, Y/Y %</b>												
Group	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-31.8</i>	<i>27.7</i>	<i>0.0</i>	<i>47.8</i>	<i>0.0</i>	<i>32.1</i>	<i>39.4</i>	<i>17.0</i>	<i>15.0</i>
Total	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-31.8</i>	<i>27.7</i>	<i>0.0</i>	<i>47.8</i>	<i>0.0</i>	<i>32.1</i>	<i>39.4</i>	<i>17.0</i>	<i>15.0</i>
<b>EBIT, EURm</b>												
Group	0.0	1.3	0.0	0.7	1.9	0.0	0.9	0.0	0.4	1.3	3.0	4.4
Total	0.0	1.3	0.0	0.7	1.9	0.0	0.9	0.0	0.4	1.3	3.0	4.4
<b>EBIT margin, %</b>												
Group	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>5.5</i>	<i>8.5</i>	<i>0.0</i>	<i>5.6</i>	<i>0.0</i>	<i>2.5</i>	<i>4.1</i>	<i>8.3</i>	<i>10.5</i>
Total	<i>0.0</i>	<i>12.0</i>	<i>0.0</i>	<i>5.5</i>	<i>8.5</i>	<i>0.0</i>	<i>5.6</i>	<i>0.0</i>	<i>2.5</i>	<i>4.1</i>	<i>8.3</i>	<i>10.5</i>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	10.0	11.9	13.4	17.5	22.4	31.2	36.5	42.0
<i>Sales growth (%)</i>	<i>26.8</i>	<i>18.1</i>	<i>12.7</i>	<i>31.1</i>	<i>27.7</i>	<i>39.4</i>	<i>17.0</i>	<i>15.0</i>
EBITDA	1.8	2.2	1.7	3.2	3.4	3.3	5.1	6.6
<i>EBITDA margin (%)</i>	<i>17.5</i>	<i>18.7</i>	<i>13.0</i>	<i>18.5</i>	<i>15.2</i>	<i>10.5</i>	<i>13.9</i>	<i>15.7</i>
Depreciation	-0.1	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3	-0.5
EBITA	1.6	2.1	1.6	3.1	3.1	3.0	4.7	6.1
Goodwill amortization / writedown	-0.7	-0.8	-0.9	-1.1	-1.2	-1.7	-1.7	-1.7
EBIT	1.0	1.3	0.7	2.0	1.9	1.3	3.0	4.4
<i>EBIT margin (%)</i>	<i>9.6</i>	<i>11.1</i>	<i>5.0</i>	<i>11.5</i>	<i>8.5</i>	<i>4.1</i>	<i>8.3</i>	<i>10.5</i>
Reported EBIT	1.0	1.3	0.7	2.0	1.9	1.3	3.0	4.4
<i>EBIT margin (reported) (%)</i>	<i>9.6</i>	<i>11.1</i>	<i>5.0</i>	<i>11.5</i>	<i>8.5</i>	<i>4.1</i>	<i>8.3</i>	<i>10.5</i>
Net financials	-0.2	-0.2	-0.2	-0.2	-1.0	-0.1	-0.1	0.0
Pre-tax profit	0.8	1.1	0.5	1.8	0.9	1.2	2.9	4.4
Taxes	-0.4	-0.3	-0.4	-0.5	-0.4	-0.6	-0.9	-1.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	0.4	0.8	0.1	1.3	0.5	0.6	2.0	3.2
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	0	0	0	1	2	2	3	3
Goodwill	8	7	8	7	12	11	9	7
Right of use assets	0	0	0	0	0	0	0	0
Inventory	0	0	0	0	0	0	0	0
Receivables	3	2	3	3	5	7	8	9
Liquid funds	0	1	1	1	1	1	3	4
Total assets	11	10	12	12	20	21	22	23
Liabilities								
Shareholder's equity	2	3	3	5	12	12	12	14
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	6	5	6	4	3	3	2	0
Non-interest bearing current liabilities	3	2	3	3	5	7	8	9
Other interest-free debt	0	0	0	0	0	0	0	0
Total liabilities	11	10	12	12	20	21	22	23
<b>CASH FLOW, EURm</b>								
+ EBITDA	2	2	2	3	3	3	5	7
- Net financial items	0	0	0	0	-1	0	0	0
- Taxes	0	0	0	0	-5	-1	-1	-1
- Increase in Net Working Capital	1	0	0	-1	-1	0	0	0
+/- Other	0	0	0	0	5	0	0	0
= Cash flow from operations	2	2	1	2	1	3	4	5
- Capex	-9	0	0	0	0	-1	-1	-1
- Acquisitions	0	0	0	0	-6	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-6	2	1	2	-5	2	4	5
+/- New issues/buybacks	-1	0	1	1	7	0	0	0
- Paid dividend	0	0	0	0	-1	-1	-1	-2
+/- Other	6	-1	-2	-1	-2	0	-1	-2
Change in cash	-2	1	0	1	0	0	2	1

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	0	0	0	49	43	43	43
Net debt (excl. convertibles)	4	5	3	2	1	-1	-4
Enterprise value	4	5	3	51	44	42	39
Sales	12	13	18	22	31	37	42
EBITDA	2	2	3	3	3	5	7
EBIT	1	1	2	2	1	3	4
Pre-tax	1	0	2	1	1	3	4
Earnings	1	0	1	1	1	2	3
Equity book value (excl. minorities)	3	3	5	12	12	12	14
<b>Valuation multiples</b>							
EV/sales	0.4	0.4	0.2	2.3	1.4	1.2	0.9
EV/EBITDA	1.9	2.8	0.8	15.1	13.6	8.3	6.0
EV/EBITA	2.0	3.0	0.9	16.4	14.9	8.9	6.4
EV/EBIT	3.2	7.1	1.4	27.0	35.1	13.9	8.9
EV/OCF	2.4	3.5	1.3	42.5	17.0	10.4	7.4
EV/FCFF	2.0	-250.9	1.6	-12.6	21.1	11.6	8.3
P/FCFE	0.0	0.0	0.0	-10.1	21.2	12.2	9.2
P/E	0.0	0.0	0.0	93.1	72.0	21.4	13.6
P/B	0.0	0.0	0.0	4.0	3.7	3.5	3.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	15.5	9.5	6.9
Target EV/EBIT	0.0	0.0	0.0	0.0	40.0	15.9	10.3
Target EV/FCF	0.0	0.0	0.0	0.0	25.0	13.7	9.7
Target P/B	0.0	0.0	0.0	0.0	4.2	4.0	3.6
Target P/E	0.0	0.0	0.0	0.0	82.4	24.4	15.5
<b>Per share measures</b>							
Number of shares	32,000	8,500	9,000	11,535	11,721	11,721	11,721
Number of shares (diluted)	32,000	8,500	9,000	11,535	11,721	11,721	11,721
EPS	0.02	0.02	0.15	0.05	0.05	0.17	0.27
Operating cash flow per share	0.06	0.16	0.23	0.11	0.22	0.35	0.46
Free cash flow per share	0.06	0.13	0.17	-0.42	0.17	0.30	0.40
Book value per share	0.08	0.38	0.56	1.07	0.99	1.06	1.17
Dividend per share	0.01	0.05	0.08	0.11	0.10	0.16	0.21
Dividend payout ratio, %	51.8	309.8	57.7	239.9	200.2	94.2	77.3
Dividend yield, %	0.0	0.0	0.0	2.6	2.8	4.4	5.7
FCF yield, %	0.0	0.0	0.0	-9.9	4.7	8.2	10.9
<b>Efficiency measures</b>							
ROE	33.6	4.7	31.5	6.1	5.0	16.7	24.3
ROCE	16.7	8.3	22.5	15.5	8.5	21.1	31.5
<b>Financial ratios</b>							
Inventories as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables as % of sales	16.5	19.3	17.9	21.4	21.4	21.4	21.4
Non-interest bearing liabilities as % of sales	17.1	23.2	16.7	21.5	21.5	21.5	21.5
NWC/sales, %	-0.6	-3.9	1.2	-0.1	-0.1	-0.1	-0.1
Operative CAPEX/sales, %	-1.0	2.0	1.6	2.1	1.9	1.4	1.5
CAPEX/sales (incl. acquisitions), %	-1.0	2.0	-0.1	-22.9	1.9	1.4	1.5
FCFF/EBITDA	0.9	0.0	0.5	-1.2	0.6	0.7	0.7
Net debt/EBITDA, book-weighted	1.9	2.8	0.8	0.7	0.4	-0.2	-0.6
Debt/equity, market-weighted	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Equity ratio, book-weighted	26.6	27.3	41.9	60.6	55.0	55.8	60.3
Gearing, %	165.3	148.9	54.1	18.3	12.7	-7.0	-26.7

**COMPANY DESCRIPTION:** Netum is a Finland-based strongly growing IT services company with over 20 years of experience of demanding IT projects. Netum employs over 260 IT professionals in Helsinki, Hämeenlinna, Jyväskylä, Tampere, Turku, and Pori. The company's services include digital service development, continuity services, integration services, cyber security solutions, and IT management consulting. In addition, the company has two SaaS software solutions, Truugo (message validation platform) and Netum DUX (IT asset management).

**INVESTMENT CASE:** Netum has experienced clearly profitable growth in recent years and is set to continue to grow well into double-digit figures. The solid organic growth from a good demand and successful recruitments has recently been further boosted by a pick up in M&A activity. Margins are already at good levels and further improvements in the near-term are likely to be minor as frontloaded growth investments convert to revenue.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Matti Mujunen	1,967,000	7.219	16.8%
Cascade Oy	1,462,685	5.368	12.5%
Osaamo Oy	1,360,000	4.991	11.6%
Aloma Oy	1,300,000	4.771	11.1%
Jari Lilja	759,808	2.788	6.5%
Oy Fincorp Ab	636,129	2.335	5.4%
Ilmarinen Mutual Pension Insurance Company	467,500	1.716	4.0%
Olli Savolainen	399,808	1.467	3.4%
Tero Nummijärvi	232,409	0.853	2.0%
Leskinen Juha-Pekka Sakari	214,808	0.788	1.8%
Ten largest	8,800,147	32.297	75%
Residual	2,920,353	10.718	25%
Total	11,720,500	43.014	100%

**EARNINGS CALENDAR**

March 07, 2023

FY 2022 Results

**OTHER EVENTS****COMPANY MISCELLANEOUS**

CEO: Matti Mujunen

Yliopistonkatu 58 B, 33100 Tampere

CFO: Pekka Levänen

Tel:

IR:

## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



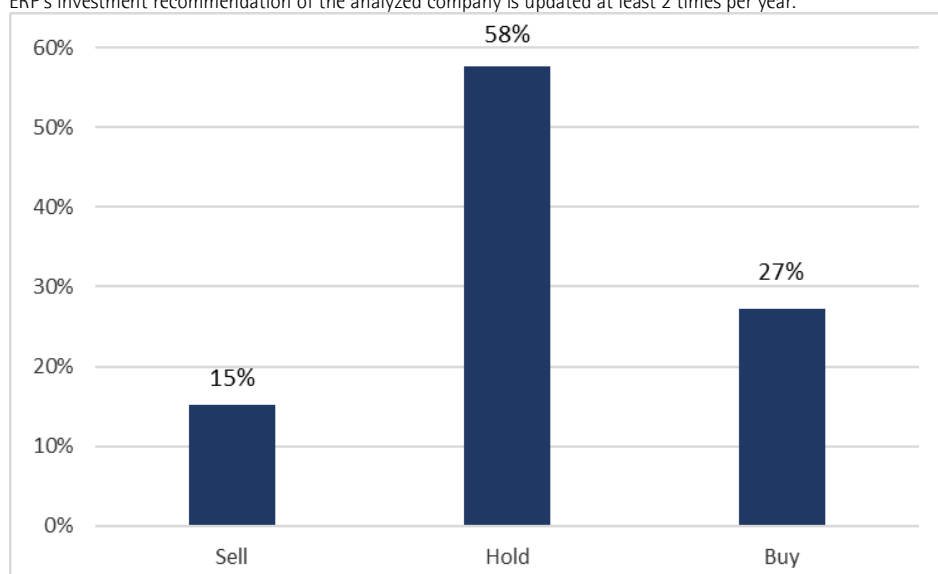
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Salokivi

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