VALUE CREATORS

ADMICOM

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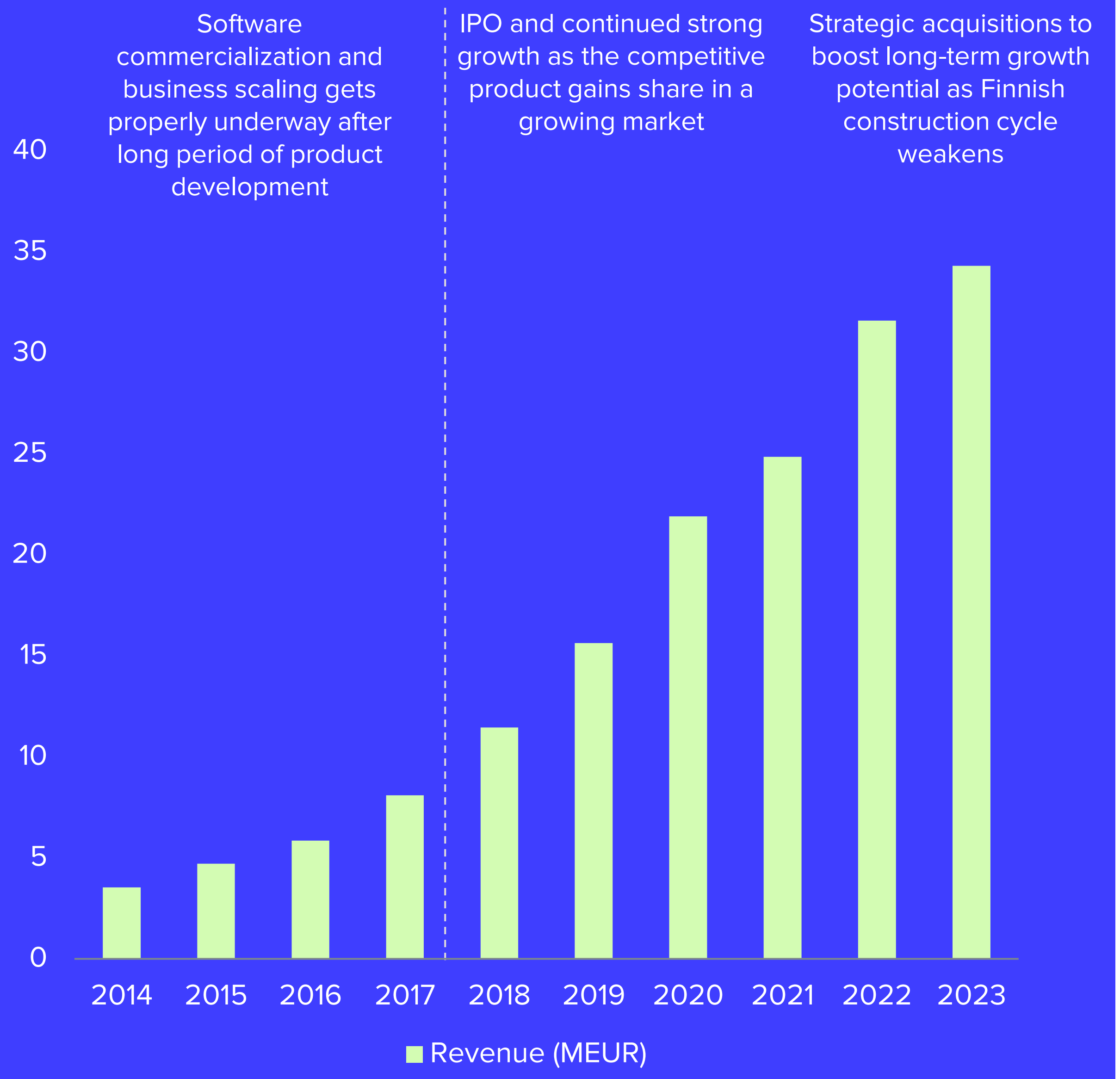
CONNECTING INVESTORS AND COMPANIES.

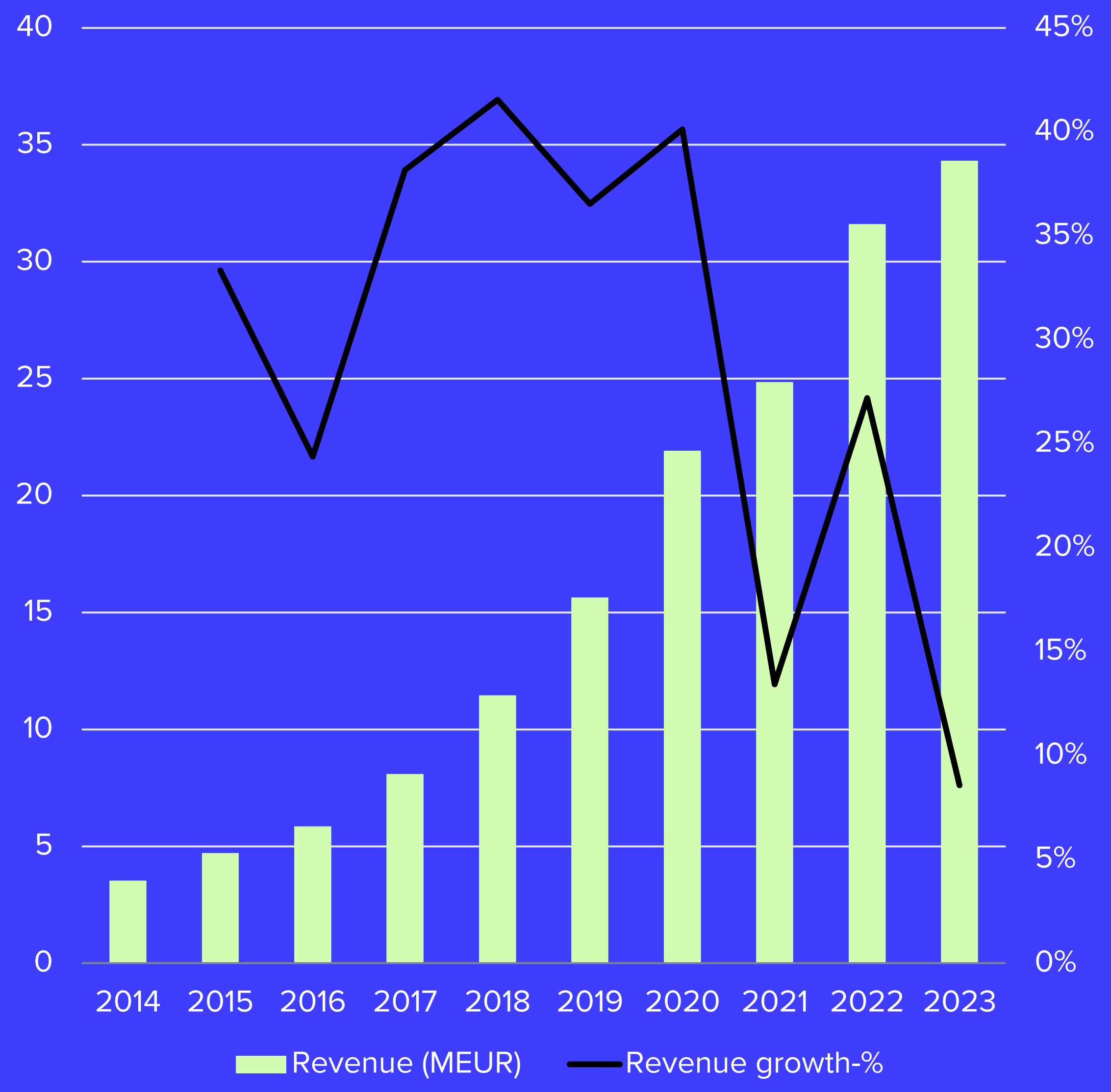
VALUE CREATORS CONCEPT

- In the Value Creators concept, we highlight companies that have created substantial shareholder value
- The reports do not include forecasts; they are based solely on historical data and key figures derived from it
- We evaluate companies based on the following indicators:
    - Revenue development
    - Operating profit development and profitability (%)
    - Return on capital (%)
    - Cash flow generated from operations
    - Share price development and historical valuations
    - Data is primarily sourced from Bloomberg
- We look at the long-term development and all figures are presented with the time series 2014-2023
- The reports do not constitute investment recommendations

ADMICOM IN BRIEF TIMELINE

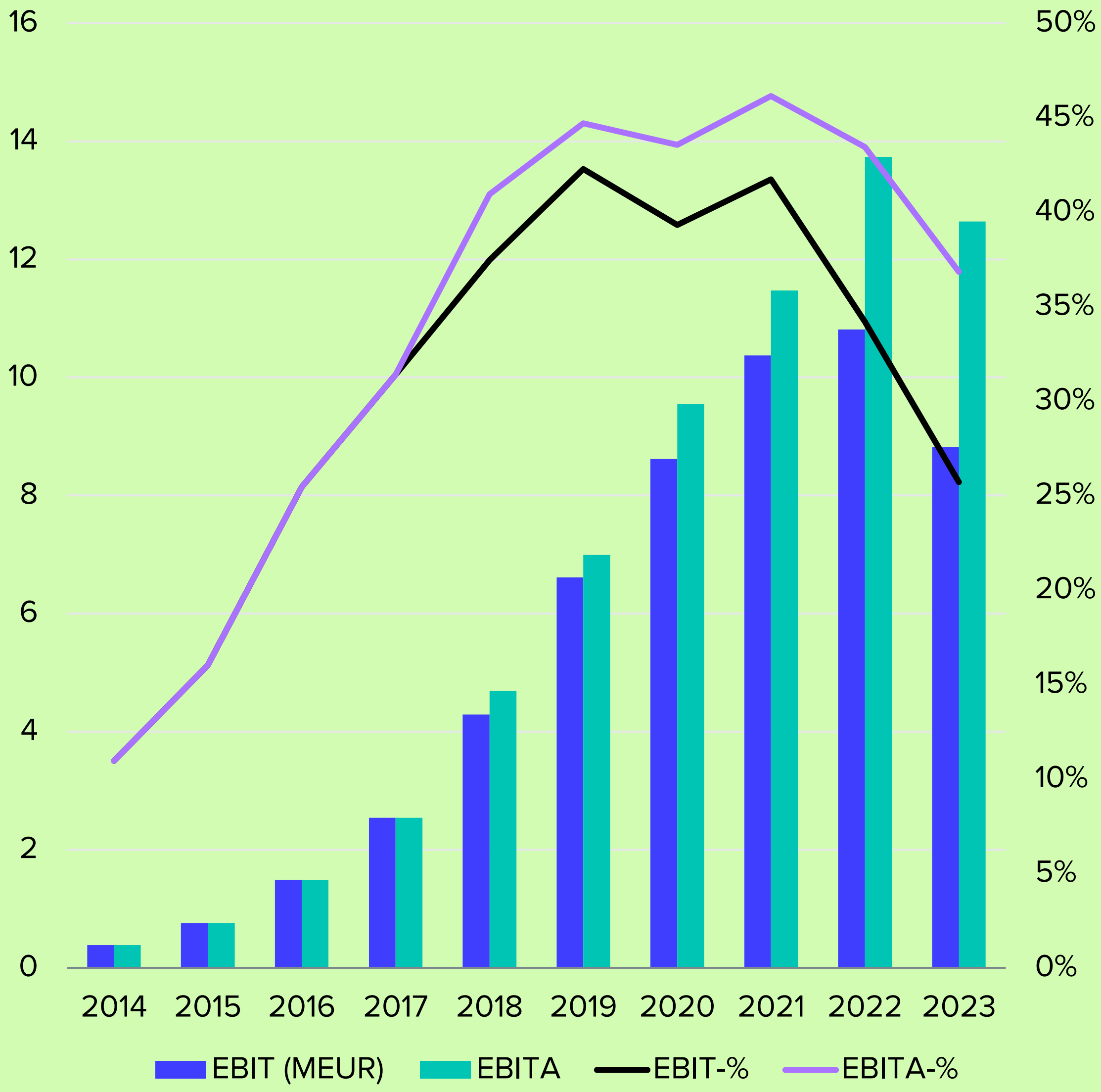


- Admicom is a Finnish a construction software provider operating with a SaaS model.
- 2004-2012: Product development and commercial piloting with customers in building services engineering.
- 2013-2019: Business scaling and expansion to construction and industrial companies.
- 2020-2023: 6 strategic acquisitions to expand and develop the product and service offerings. Strategy focused on being a construction software provider.



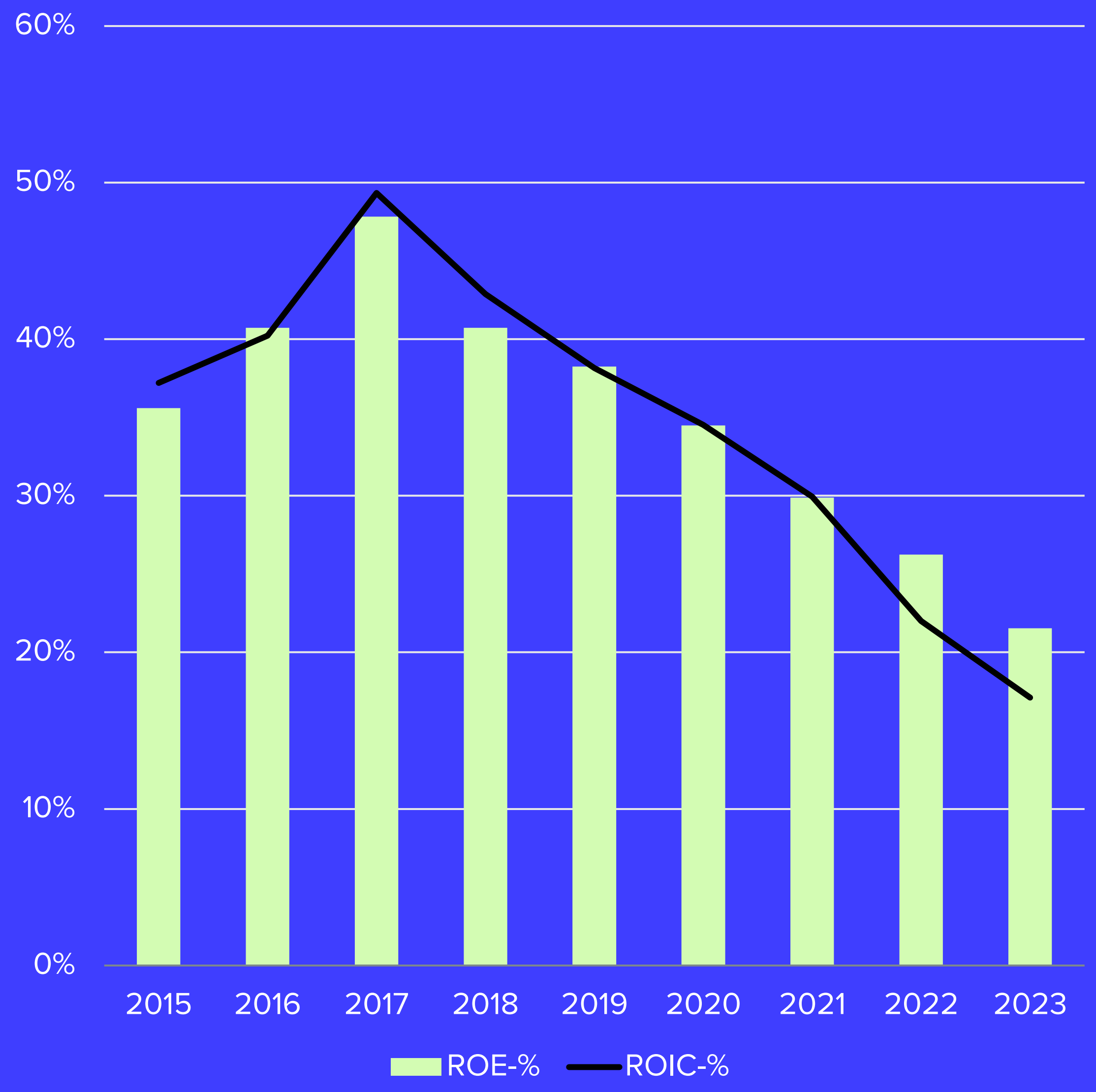
REVENUE GROWTH: 29% CAGR

- Admicom's revenue has grown at a CAGR of 29% over the last ten years
- Strong growth reflects successful commercialization of SaaS ERP system designed for scalability to construction SMEs
- Until 2019, growth was mainly organic, after which Admicom has also made acquisitions to expand its product offering
- In recent years, the very weak construction market in Finland has slowed down the company's organic growth



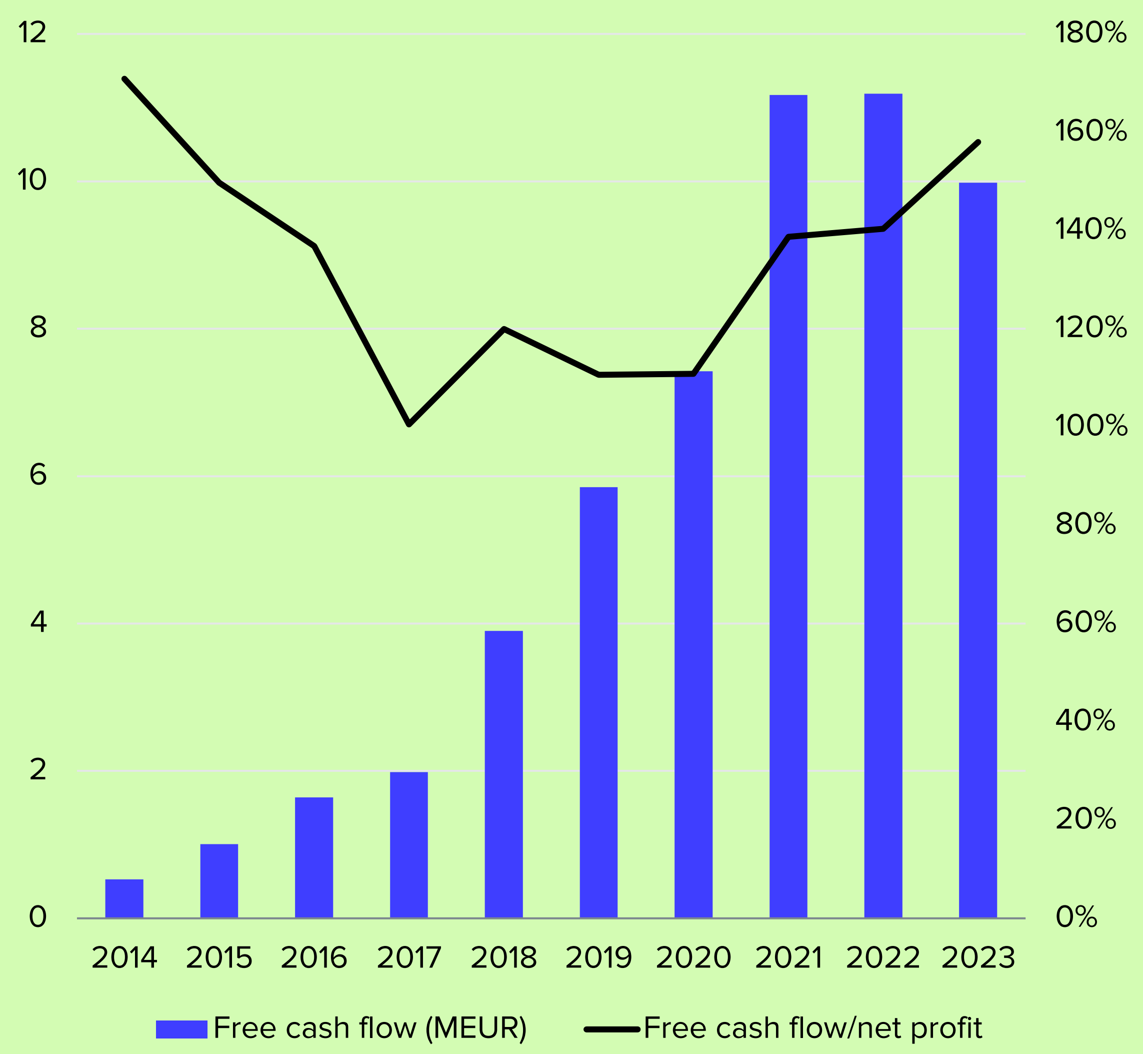
OPERATING PROFIT GROWTH: 48% CAGR

- EBIT has grown faster than revenue as profitability has scaled with growth
- In recent years, the reported EBIT has been burdened by goodwill amortization on acquisitions (FAS accounting), which has been adjusted in the calculation of EBITA
- EBITA has grown by an average of 55% per year over the review period
- EBITA margin has been at a very strong level of 37-46% in recent years, reflecting successful commercialization and a highly scalable business model
- From 2023 onwards, investments in the organization and the expansion of the product portfolio have been increased as Admicom prepares for the next phase of growth



RETURN ON EQUITY: AVERAGE ~35%

- Return on equity (ROE): 35% (average)
- Return on invested capital (ROIC): 35% (average)
- Return on new invested capital (RONIC) for the period: 32%
- High profitability and very low investment needs drive return figures to strong levels
- Goodwill amortization on acquisitions made in recent years weighs on reported earnings figures and consequently on return on capital ratios
- Product development costs are largely not capitalized on the balance sheet, but go directly through the income statement as expenses



CASH FLOW: ABUNDANT

- The free cash flow generated by the business has always been abundant
- On average, free cash flow has been significantly higher than reported net profit (due to non-cash goodwill amortization)
- Admicom has allocated strong cash flow to acquisitions and has a history of paying relatively healthy dividends

SHARE PRICE RETURN: >30% (CAGR)

- Since February 2018, Admicom's share price has increased by around 441% to its current level (10/14/2024: EUR 53.0)
- The annual increase in the share value has been about 28%
- Admicom has paid dividends, and according to Bloomberg, the total return on the stock has been ~507%
- Total return for the period is approximately 30.6% per annum
- Although returns have been staggering for the entire period, the stock is down nearly 42% over the last three years
- NB! Bloomberg data was collected in October 14, 2024

HISTORICAL VALUATION

- Admicom's historical valuation has fluctuated widely, averaging at a relatively high level
- The average EV/EBITDA multiple has been approximately 24x, while the median is around 21x
- The data presented in the graph comes from Bloomberg and was collected on October 14, 2024: this key figure compares the current enterprise value (EV) with the consensus forecast for the next 12 months (EBITDA).
- We do not express an opinion on the current valuation of the company in this report

KEY FACTORS BEHIND THE SUCCESS?*

- Competitive software: industry-specific features and advanced automation
- Significant growth in the popularity of cloud-based software over the past decade
- Successful expansion of product portfolio with acquisitions
- Achieving and maintaining a strong market position in Finland
- Continued excellent profitability and low capital requirements

*Inderes estimates

METHODOLOGY

WHY WE USE SELECTED KPIs

- Revenue growth indicates demand for the company's product or service
- Profitability, as measured by operating profit margin, reflects factors such as pricing power, business model effectiveness and operational efficiency
- Return on capital, when combined with revenue growth and profitability metrics, indicates capital efficiency and value creation relative to the cost of capital (e.g., WACC)
- Free cash flow demonstrates the ability of the company and its business model to generate essential cash flows, which are critical to determining the overall value of the company
- Share price development typically reflects the company's ability to create long-term shareholder value
- Together, these metrics provide a comprehensive view of the quality of the business, especially when analyzed over time

NOTES ON THE KEY FIGURES

This report is based on Bloomberg data on revenue, EBIT, ROE-%, ROIC-%, share price and valuation multiples (such as EV/EBIT). However, we have made our own calculations of RONIC-% for the full period and free cash flow generated from operations. The calculation methods used are set out below.

RONIC-% (FOR THE ENTIRE PERIOD)

RONIC is calculated as the ratio of the change in operating income NOPAT T+1 - NOPAT T+0 to the change in invested capital ICT+1 - ICT+0. In practice, this tells the investor how much new capital the company has had to invest new capital in its business to achieve operational profit growth.

$$RONIC = \frac{NOPAT_1 - NOPAT_0}{IC_1 - IC_0}$$

Since we calculate the RONIC-% for the entire 10-year period, it reflects the average return on new invested capital over the entire period.

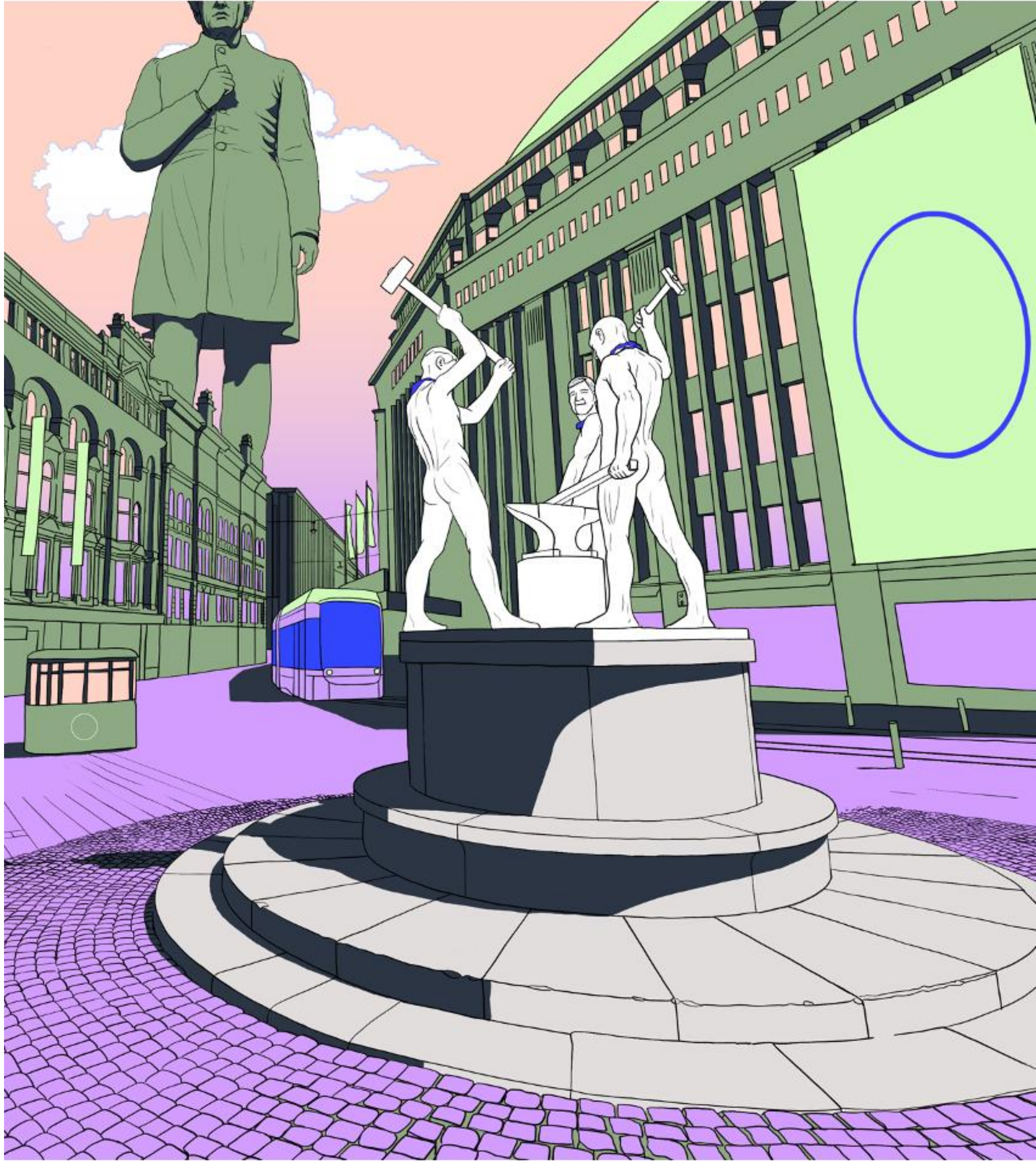
Free cash flow generated by the business

Basic calculation is: net cash flow from operations - net cash flow from investments adjusted for acquisitions and divestitures - IFRS16 rental liabilities in the net cash flow from financing. Sometimes additional corrections are needed to get the right picture, but we aim to keep figures comparable between companies.

The calculation method particularly reflects the ability of the business to generate cash flow. It does not take a position on capital allocation, but management's ability to allocate capital is reflected in other figures, particularly over the longer term.

THANK YOU!

IF YOU ARE INTERESTED, YOU CAN FIND MORE INFORMATION ABOUT THE COMPANY HERE



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