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Corporate Research

Inderes



Q1: Above our estimates thanks to AGM and analysis services

Inderes delivered solid Q1 with sales and EBITA above our estimates. We flag the solid organic growth of 25% and the increased number of commissioned research agreements. Also the demand for AGM services has been good, up 40% y/y. We continue to see the repeated guidance as conservative. A good report overall that shows the recovery from the soft H1/22 is progressing well.

Outcome: Q1 sales 4% above SEB est., EBITA tops EUR 0.2m

Inderes reported Q1 sales of EUR 5.0m, somewhat (+4.4%) above our estimate of EUR 4.8m. Sales increased y/y by 54% driven by the Swedish acquisitions. However, Swedish operations were just some 19.3% of total sales (EUR 1.0m), which is less than we had input. This

implies that the organic growth, which came in at 25% y/y, was stronger than we had estimated and shows a clear improvement vs. Q4. In addition to the acquired Swedish operations, we believe the growth is thanks to an increased number of research agreements and good demand for AGM services (up 40% y/y). The number of commissioned research agreements grew to 141 from 137 in Q4/22 and 119 a year ago, implying 18% growth y/y. We had anticipated the number of commission research agreements to be 138 at the quarter-end and thus find the performance strong. The number of Swedish research agreements was not disclosed. Over the past 12 months, Inderes has delivered services to 392 listed companies while the corresponding number in Q4 was 295. The large delta is likely due to acquired Swedish businesses.

Inderes's adjusted EBITA in Q1 came in at EUR 0.6m, topping our forecast of EUR 0.4m clearly. The delta in EBITA equals the beat at the top line, showing the high earnings leverage of the company's business model. Looking at the cost lines, we note that materials and services were higher than we had input (due to increased demand for AGM services), but personnel costs came in well below our estimate. The average headcount was some four employees less than we had estimated, but also the average salary was somewhat less than we had input, probably owing to the average wage in Sweden.

Inderes Q1/23 deviation table

EURm	Q1/23		Deviation SEB		Q1/22		Q4/22	
	Actual	SEB	Abs	Rel (%)	Actual	y/y	Actual	q/q
Net sales	5.0	4.8	0.2	4.4	3.2	54.1	3.9	27.9
Materials and services	-1.0	-0.7	-0.4	-53.0	-0.4	-176.4	-0.6	-68.0
Gross profit	3.9	4.1	-0.1	-3.6	2.9	38.3	3.3	20.4
Personnel expenses	-2.6	-2.8	0.2	7.7	-2.0	-29.2	-2.3	-12.3
Other operating costs	-0.7	-0.8	0.2	19.5	-0.5	-32.7	-0.7	7.3
EBITA	0.6	0.4	0.2	55.7	0.3	95.7	0.2	212.6
EBITA adjusted	0.6	0.4	0.23	55.7	0.3	95.7	0.2	212.6
EBIT reported	0.4	0.2	0.2	115.0	0.2	57.4	0.0	9500.0
Adj. EBITA margin	13.0%	8.7%		4.3pp	10.2%	2.8pp	5.3%	7.7pp
No. of commissioned research companies	141	138	3.0	2.2	119.0	18.5	137.0	2.9

Source: SEB

Outlook: Guidance repeated; we call it conservative

Inderes repeated its guidance and expects sales in 2023 to be above EUR 17m and adj. EBITA margin to improve from the 2022 level of 9.4%. Our FY23 sales estimate stands at EUR 19.5m, i.e., 15% above

the guidance limit. We had expected EBITA margin to improve to 16%. Given the Q1 beat, we think achieving the guidance should be relatively easy and expect the company at some stage hike its guidance.

Conference call details: Starts at 9:30 Finnish time

Conference call starts at 9:30 Finnish time and can be followed at <https://inderes.videosync.fi/q1-2023-results/>.

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