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Company Comment	Services	Finland	27 May 2025
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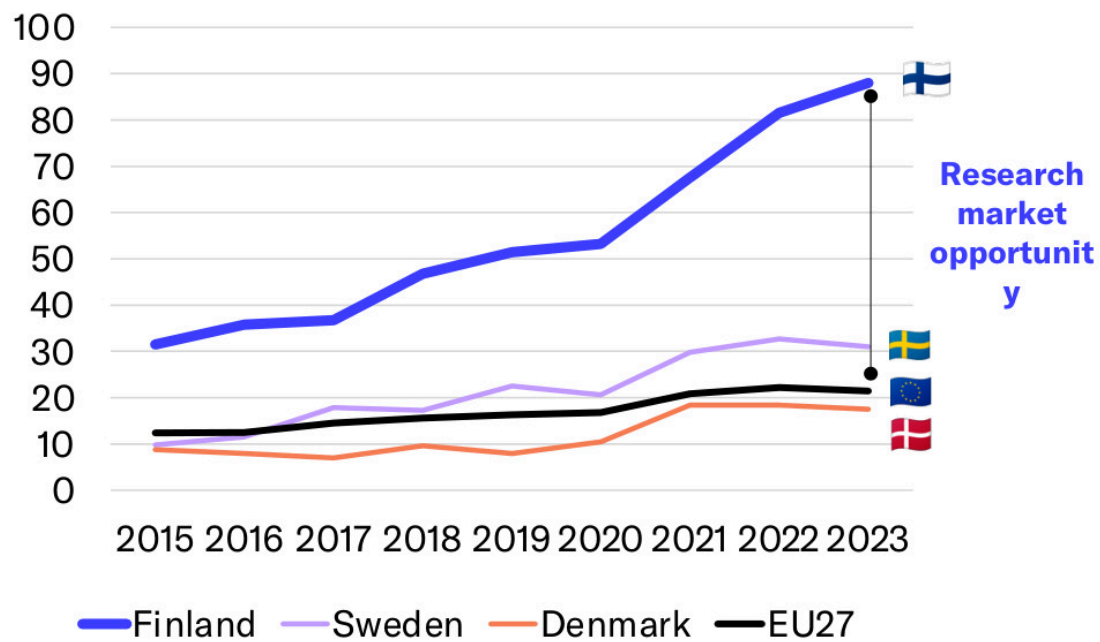
## International expansion 2.0

**Inderes' key CMD message was that based on the first years' experience from the Swedish market, the go-to-market strategy is reshaped. The company has now three units and each unit has a focused strategy for international growth acceleration. Inderes leans to its unique and holistic offering made to serve listed companies' IR needs. To us, the upside in the case requires success in internationalisation, while the solid home market foundation limits the downside.**

### Winning the Swedish market by exploiting the Finnish foundation

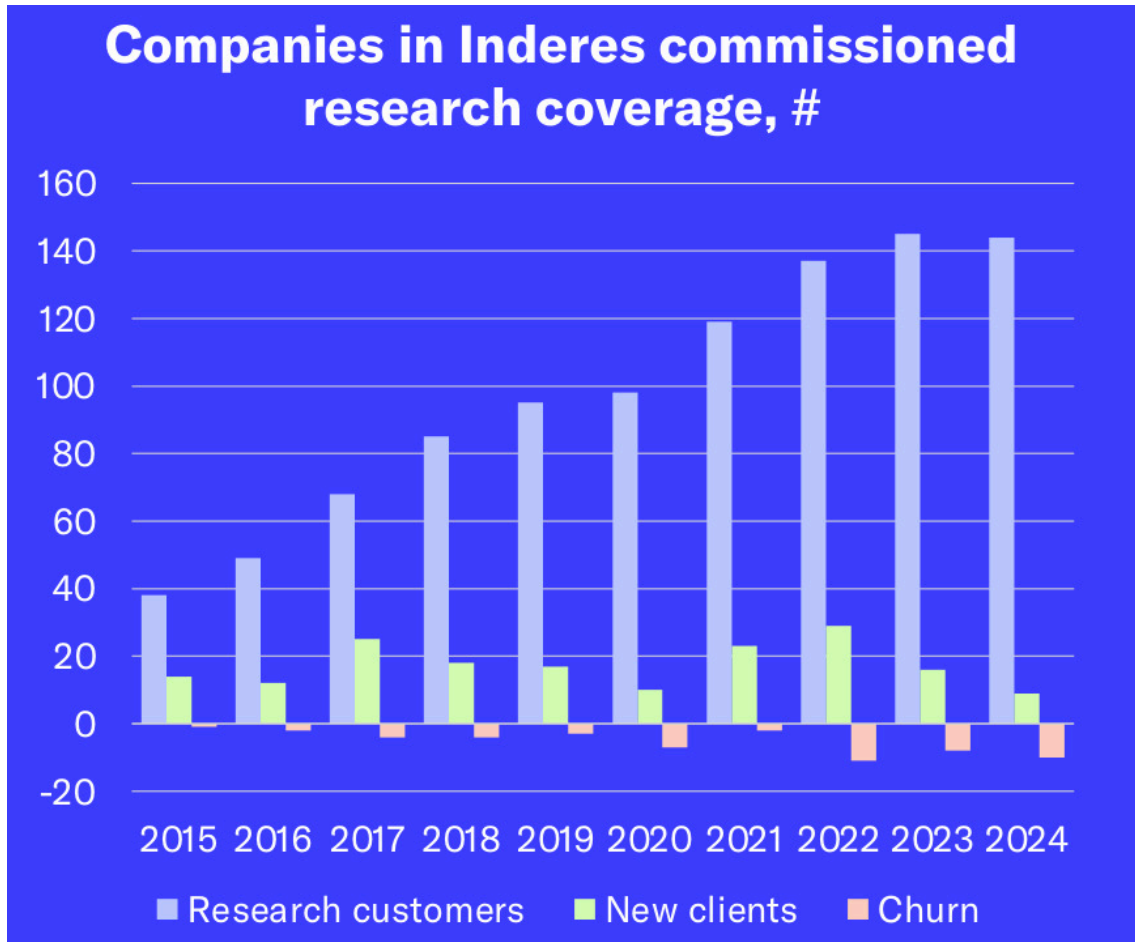
In research business international expansion the Swedish market has been a testing ground now for few years and the growth has not materialised as expected, resulting Inderes to re-think the go-to-market strategy. Now, the company aims to gain more attention by breaking the content and community language barriers, meaning that the vast content production in Finnish and the community will be exploited in the Swedish market. The key question is that will the Swedish investor community find the Finnish market appealing enough. We believe being successful in this plan require investing in marketing and continuing relationship work with the media participants. We remind that the break-through in Finland was built partially by earning the place in media. Furthermore, we note that Inderes is exploiting opportunities in using AI in research. While we understand the works is still in early phase AI could enable more efficient ways to produce relevant content to increase engagement among the Swedish investors.

In terms of customer work, Inderes aims to win new clients with more focused approach and by building deeper relationships, which differentiates from the volume-based approach during the past strategy period. Noteworthy that there is plenty of potential and prospects in the Swedish market which remains roughly 4x vs. the Finnish market and only some 30% of the listed companies have equity research coverage whereas close to 90% of listed Finnish companies have equity research. We think that winning one-by-one together with growing public awareness is the right way to go. However, winning the critical mass and building the public awareness takes time. The positive side is that once the critical mass has been reached the growth can accelerate significantly, which was the case in the Finnish market during last decade. However, assessing how the company will succeed in this task in Sweden is extremely difficult and we do not expect the next 1-2 years to mark the break-through. Hence, the Swedish business continues to weigh the profitability of the Research.

**Research: significant market opportunity in Sweden and internationally****Share of listed SMEs with analyst coverage,  
2023, % of companies**

Source: SEB, Inderes CMD

**Research: very sticky business once critical mass has been won**

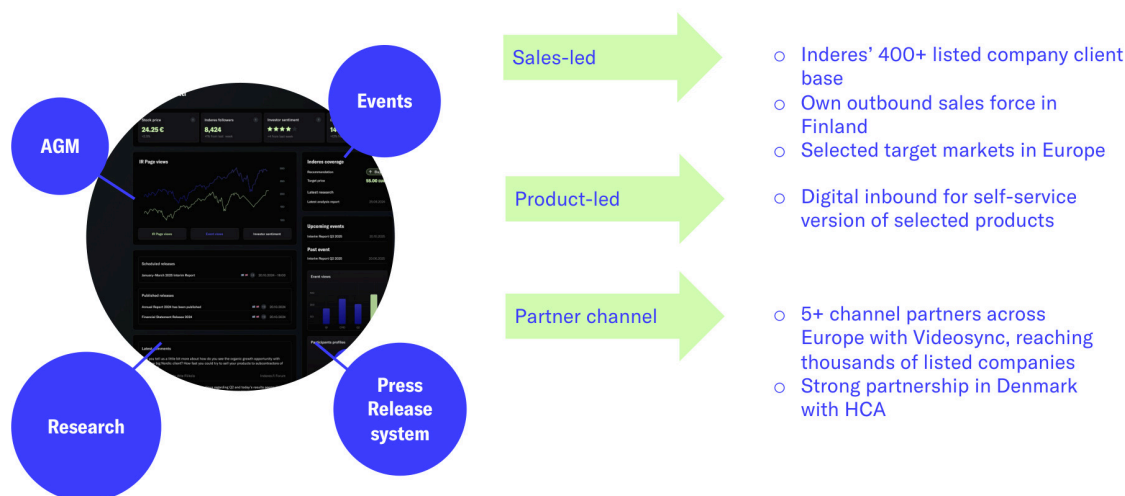


Source: SEB, Inderes CMD

### IR Suite to back the software driven growth in medium term

Software has been driving Inderes' growth recently. The company has gradually introduced new services and has now holistic offering available for the client's IR function to manage most of the tasks. The company just recently launched IR Suite interface that brings the core IR operations on one interface. We believe that the IR suite could drive cross-sell as it offers cost efficient way to promote the newer services for clients who have been using research and events services previously. Using the services via one interface sounds reasonable selling point toward an IR manager who is currently managing different point-solutions of various service providers. The cross-sell is the key to the Finnish business growth, which in terms of research and event business is relatively close to the full potential. Additionally, we see the productized platform could become a venue for international expansion as well. In addition of being appealing enough to win new clients internationally we note that IR Suite allows partner channel strategy execution. Here the Danish partnership with HCA acts as a good laboratory, we think. All in all, we conclude that, unless the IPO market clearly pick up, IR Software is likely to be the growth driver for Inderes' growth in the medium term.

## New IR suite allowing up-sell and cross-sell



Source: SEB, Inderes CMD

## Software already topping the strategic target level - events lagging

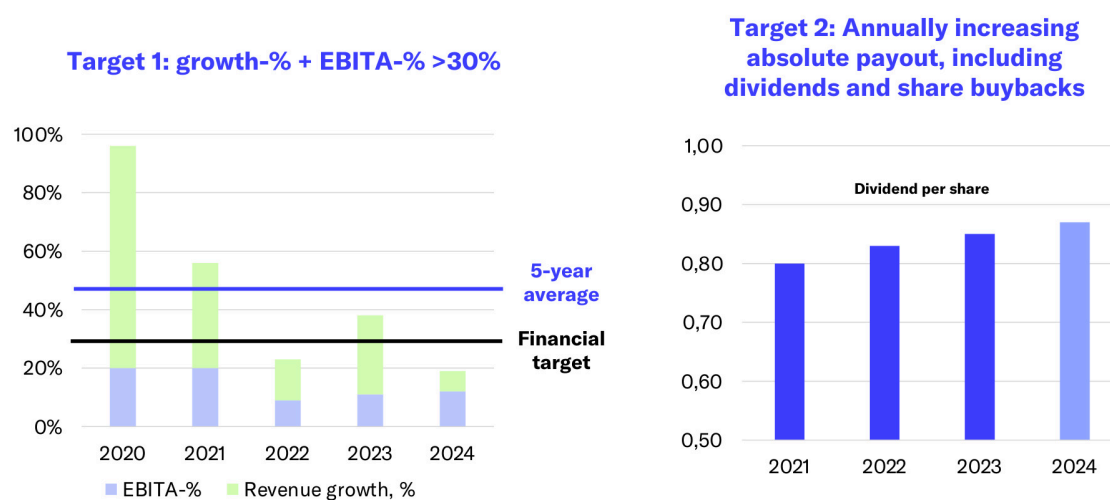
Inderes slightly adjusted its financial targets and aims now to deliver a combination of >30% revenue growth and EBITA margin (previously: 30-50%). We find the adjustment rather stylistic and not triggering any material reasons for estimate changes. Our 2027E looking combination of revenue growth and EBITA margin is 25.5%. In fact, from analysis perspective the company's new disclosure on the operating segments, including the profitability of the segments, was more interesting than the target update.

As we have been estimating the research business brings large majority of the profits with EBITA margin at 22%. We note that the Swedish business remains in early stage and is likely eroding the margin. Hence, the Finnish foundation must have profitability closer to 30% than 20% we think. In fact, the company sees the steady-state potential above 25% in its research business. The IR software business saw last year rapid growth of 40% and while the business was still loss-making (EBITA margin at -8%) we believe that continuing growth should take the business relatively rapidly to break-even and above. Inderes sees its software mature stage margin above 25%. We think reaching such level could be in theory done relatively fast thanks to the scalable nature of the business. However, it may be more reasonable to continue investing in the internationalisation of the software offering and hence the profitability is likely to remain below its potential for some time, we think. The events business with EBITA margin at 9% and growth at 4% is clearly lagging the behind the company's strategic targets and the management's message was that first the profitability needs to be fixed and the growth will follow.

Inderes repeated its dividend target aiming to annually increasing absolute pay-out (dividend and buy-backs). In terms of dividend target, we note that the company's pay-out ratio is already >100%. However, the purchase price amortizations are relatively large and the cash flow EPS should allow increasing the dividend payment. Furthermore, the company remains in net cash and hence smaller

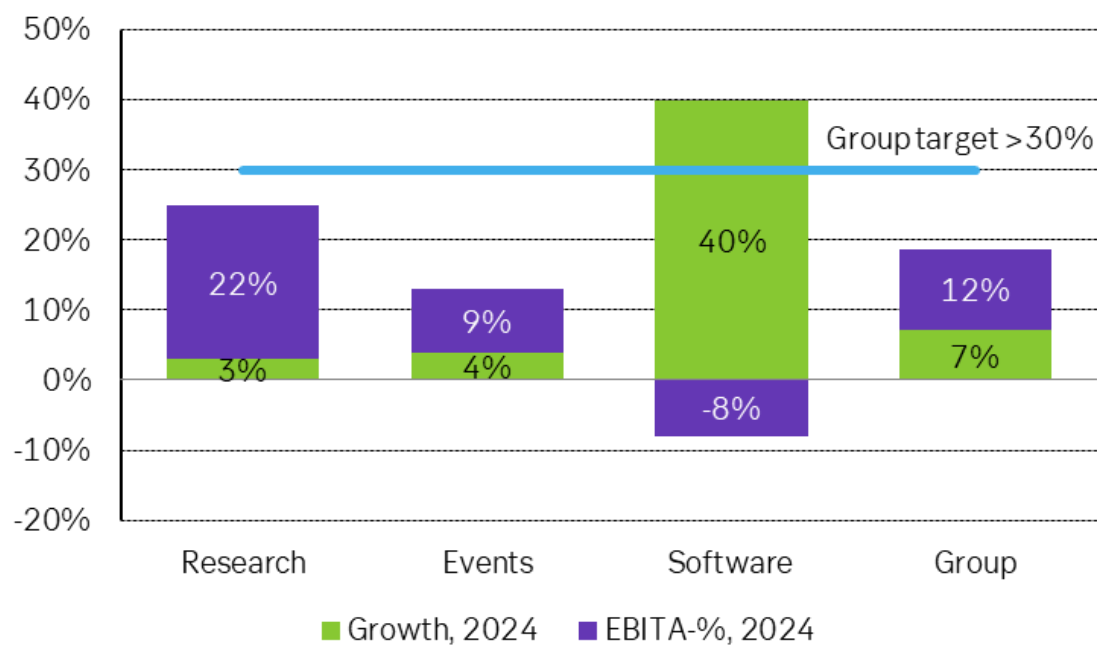
acquisitions could also be considered without compromising the dividend target. The company's current dividend yield is slightly shy of 5%.

### Inderes' financial targets



Source: SEB, Inderes CMD

### Inderes business lines growth and profitability in 2024 vs group target



Source: SEB, Inderes CMD

**Key figures**

<b>(EURm)</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
Revenues (m)	18	19	21	22
Adj. EBIT	2	2	3	4
PTP (m)	1	2	2	3
EPS	0.26	0.65	1.02	1.42
EPS (adjusted)	0.95	1.20	1.57	1.96
DPS	0.87	0.89	0.93	0.95
Revenue growth (%)	7.1	5.5	6.7	7.9
EPS growth (%)	18.7	26.0	n.a.	n.a.
Operating margin (%)	6.4	8.9	11.5	14.4
Adj. EBIT margin (%)	11.6	12.9	15.3	18.0
ROCE (%)	21.3	30.7	42.7	52.4
Net Debt/EBITDA (x)	(0.3)	(0.3)	(0.5)	(0.8)
PER (adjusted)	21.0	15.9	12.1	9.7
Dividend yield (%)	4.4	4.7	4.9	5.0
Free Cash Flow Yield (%)	8.3	5.0	7.7	9.9
P/BV (x)	5.5	5.5	5.3	4.7
EV/EBIT (x)	15.7	12.7	9.7	7.2
EV/Sales (x)	1.82	1.63	1.48	1.30

Source: SEB

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