ALEXANDRIA

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INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT

Time for asset management to prove itself

We revise our target price for Alexandria to EUR 10.5 (was 10.0) on the back of our raised earnings estimates, and upgrade our recommendation to Accumulate (was Reduce). The company's strategy has progressed in the right direction and we believe that for the first time in its history, the company has credible building blocks for success in asset management. Even with our cautious estimates, the stock looks cheap, and the sector's highest dividend yield provides a backbone for the current valuation.

Domestic investment service company

Considering its size, Alexandria has an exceptionally large sales team and the company's focus has historically been on product sales. The company's main target group is private investors and at the end of 2024, it had some 37,000 active customers. The company has some EUR 50k of investment assets under management per average customer. The company's main competitors, in our view, are local banks in particular. Unlike key peers, structured products play a significant role in the company's product offering, accounting for some 40% of 2024 commissions. As a result, the share of recurring revenue is clearly lower than for peers. Funds have been at the core of the company's strategy for a long time, and their share has grown strongly (2024: 33%). The third product group is insurance (24% of commissions). In recent years, the company has also invested in asset management services, but so far the track record has been thin. The company's absolute strength is its strong sales machinery, thanks to which the commission margins earned by the company are among the highest in the peer group. A key challenge is the low customer-specific revenue, which clearly weakens scalability.

We expect reasonable earnings growth and abundant profit distribution

We have revised our estimates upward for the next few years by 5-12%. This is mainly due to sales of insurance products, which we expect to be slightly higher than before. We consider it more important that our confidence in their sales volume has increased than these estimate changes. We have also added a small commission income flow from asset management to our estimates for the first time. Although the commission level from asset management is small in our estimates, its impact on earnings growth is clear.

We expect stable earnings growth from Alexandria, and the average adjusted EBIT growth in our estimates is about 8% in 2025-2029. A key challenge for Alexandria is still the dominant revenue share of insurance and structured products with a weak growth profile. We find it difficult to see these products being viable growth drivers in the coming years, and thus, growth rests entirely on the funds and asset management. As a result, Alexandria's structural growth potential is lower than for several listed peers, which weighs on the acceptable valuation. Profit distribution remains abundant, as is typical for the industry, and we expect the company to distribute all of its earnings as dividends in the coming years.

Valuation is favorable

We examine Alexandria's valuation through a peer group, absolute valuation multiples and a cash flow model. Both the peer group and the DCF model indicate that the shares are slightly undervalued, and the absolute multiples also support this view. With our current estimates, we feel the stock already offers a quite attractive expected return, and the sector's highest dividend yield provides a backbone for the current valuation.

The required return we apply to Alexandria is high and elevated by the low proportion of recurring revenues, lower structural growth potential than among peers, and uncertainty about the scalability of the business. All factors that elevate the risk level are more or less related to the company's product mix. If the company succeeds in ramping up its asset management business, there would be room for the required return to decline from the current level, and this would raise the stock's expected return to an excellent level.

Recommendation
Accumulate
(was Reduce)

Target price:
EUR 10.50
(was 10.00 EUR)

Share price:
9.15

Business risk
●●●○○

Valuation risk
●●○○○

	2024	2025e	2026e	2027e
Revenue	49.4	51.5	56.6	59.7
growth-%	11%	4%	10%	6%
EBIT adj.	11.8	12.3	13.7	14.4
EBIT-% adj.	23.9 %	23.9 %	24.2 %	24.1 %
Net Income	8.0	8.5	9.5	10.0
EPS (adj.)	0.84	0.88	0.96	1.00

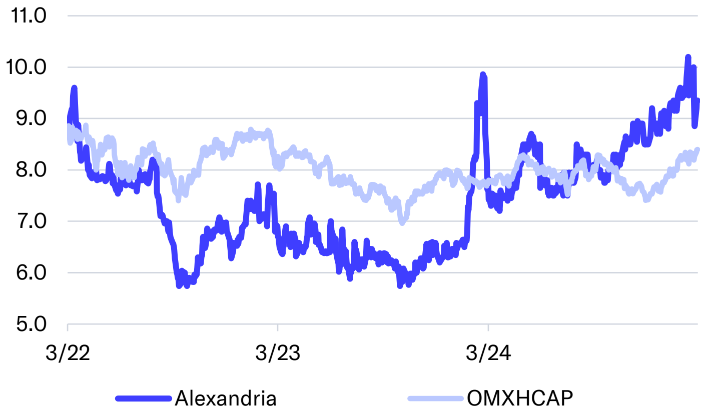
P/E (adj.)	11.0	10.4	9.5	9.1
P/B	2.8	2.8	2.8	2.7
Dividend yield-%	8.6 %	9.2 %	9.8 %	10.8 %
EV/EBIT (adj.)	7.7	7.4	6.6	6.0
EV/EBITDA	6.3	6.3	5.7	5.2
EV/S	1.8	1.8	1.6	1.5

Source: Inderes

Guidance

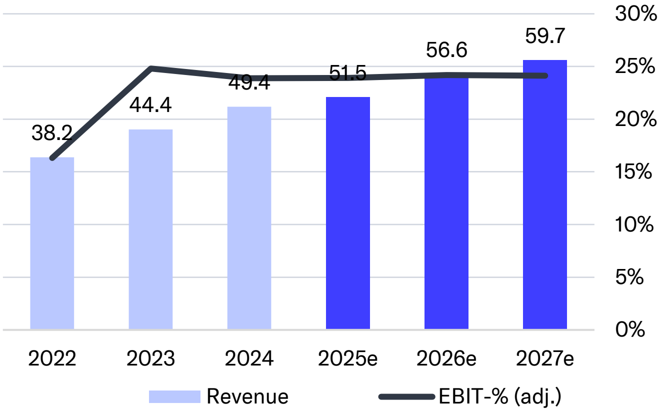
No guidance

Share price



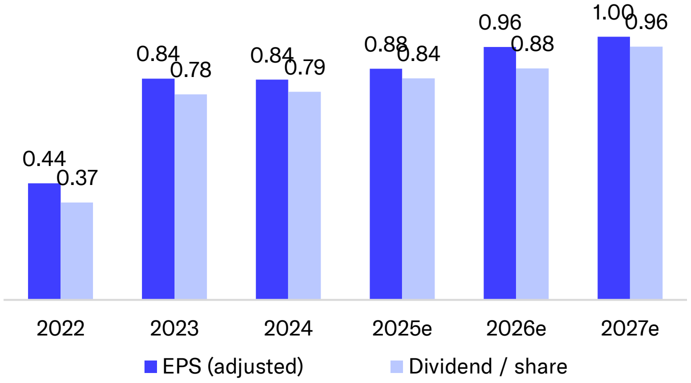
Source: Millistream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Growth in customer sizes
- New products
- Success in asset management
- Scalability of the business
- Growth through acquisitions

Risk factors

- Share of recurring commissions is still relatively low, which weakens earnings predictability
- Deterioration of the market situation
- Price erosion

Valuation	2025e	2026e	2027e
Share price	9.10	9.10	9.10
Number of shares, millions	10.6	10.7	10.8
Market cap	97	97	97
EV	92	90	87
P/E (adj.)	10.4	9.5	9.1
P/E	11.3	10.3	9.8
P/B	2.8	2.8	2.7
P/S	1.9	1.7	1.6
EV/Sales	1.8	1.6	1.5
EV/EBITDA	6.3	5.7	5.2
EV/EBIT (adj.)	7.4	6.6	6.0
Payout ratio (%)	104.8 %	99.3 %	104.0 %
Dividend yield-%	9.2 %	9.8 %	10.8 %

Source: Inderes

Contents

Alexandria in brief

Alexandria is a nationwide investment service company that offers investment advice to a wide range of private investors.

1996

Year of establishment

2021

Listing on First North

MEUR 49.4

Revenue 2024

MEUR 11.8

Adjusted EBIT 2024

23.9%

Adjusted EBIT margin 2024

211

Number of personnel (incl. agents)

1996-2017

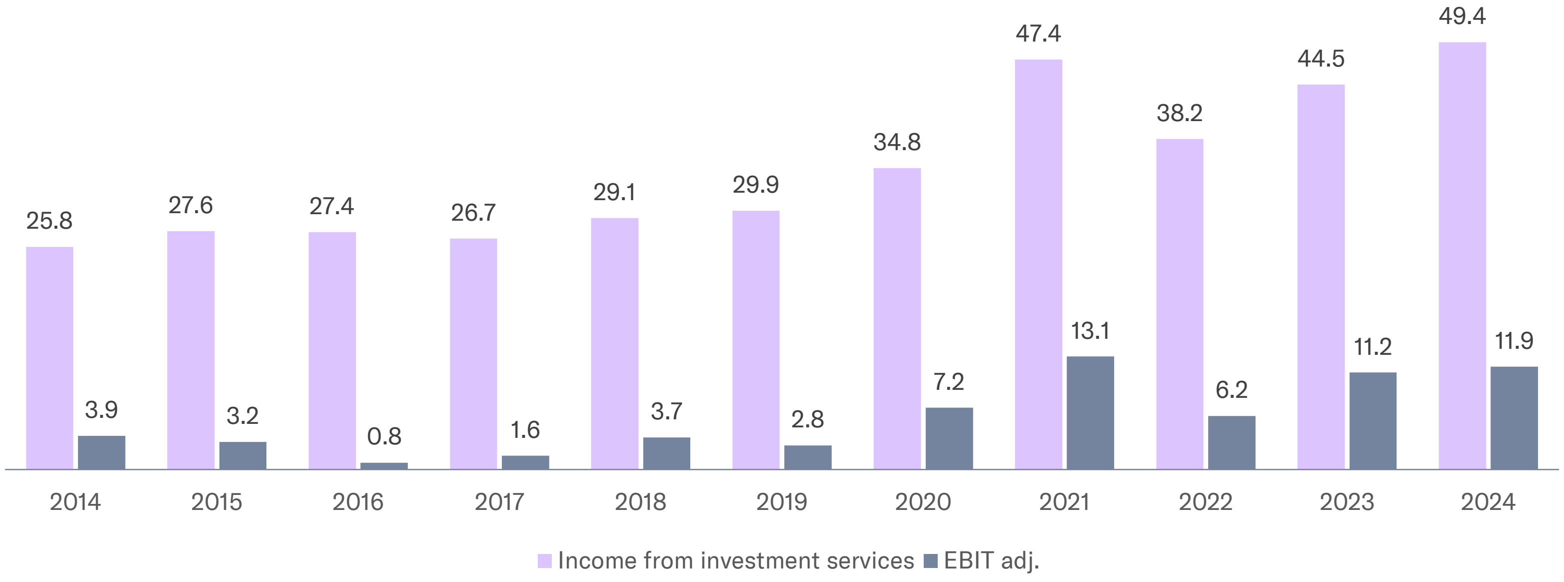
- Growth into a national player
- Focus on structured products and insurance solutions
- Establishment of own fund management company

2017-2020

- Expanding the ownership base and new Board
- A clear improvement in cost efficiency
- Aggressively growing the fund business
- Investments in IT systems and investment advisory processes
- First acquisitions in history (Premium Advisors and minority in Markets)

2021-

- Listing on First North
- Aim to grow to the next size class
- Own funds and asset management spearhead growth, with the aim to also improve the earnings mix
- M&As as part of the growth strategy



Source: Alexandria

Company description

ALEXANDRIA'S PRODUCT AND SERVICE RANGE

Structured Products	**Mutual funds**
Insurance products	**Asset management**

Key aspects of Alexandria's business model

1 **Alexandria's business model focuses on product sales** and the company only launched its asset management service toward the end of 2021. In insurance products, the company acts as a reseller for partners, and the funds have thus far been funds of funds. The company designs and implements structured investment products itself.

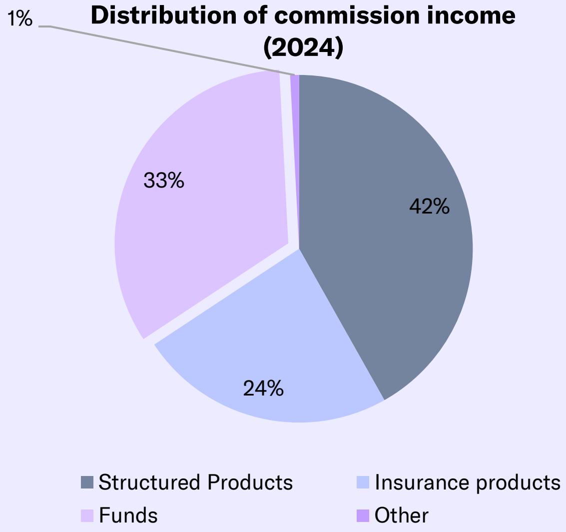
2 **The core of the company is its nationwide sales network**, which is exceptionally broad relative to the size of the company: 30 offices and 120 agents. Sales are mainly carried out with the agent model, and the company's personnel is responsible for, e.g., administration and products and services.

3 **Alexandria's main target group is private individuals** and the company serves a very extensive customer base. At the end of 2024, the company had approximately 36,700 active customers, and the average assets under management were around EUR 50,000 per customer, so the annual revenue per customer is very low compared to key peers (EUR ~1,000–1,100/customer).

4 **Measured by the number of active customers, the company is the largest player in its peer group**, but at the same time the assets and income per customer are clearly lower than for the peer group. In our view, the company's main competitors are local banks in particular, as a significant portion of Alexandria's earnings come from outside the Helsinki metropolitan area.

ALEXANDRIA

- Nearly half of revenue (2024: ~42%) comes from the sale of structured products.
- Extensive distribution resources: nationwide sales network of 30 offices.
- Nearly 37,000 active customers, however, revenue per customer is low.
- The main target group consists of private investors.
- The majority of the company's ownership lies with the management and employees.



Past development and ownership structure

The company's performance has clearly improved

In 2013-2024, Alexandria's revenue has grown on average by about 7% per year. The level is adequate, considering the growth of key listed peers in the same period. However, growth accelerated towards the end of the review period, and the average annual growth rate for 2019-2024 has been about 11%. The key driver behind the growth has been the strong growth of the fund business and the level correction in the volume of structured products.

In 2013-2024, the company's EBIT margin averaged 15%, which can be considered passable in the industry (the historical industry average is over 25% and clearly higher for listed peers). In addition, the company's earnings have come almost exclusively from Alexandria Markets, as a result of which minority interests have eaten up a significant portion of EBIT. The average net profit margin has been low – only around 8%. However, the company has also clearly improved its profitability towards the end of the period, and the average EBIT for the last 5 years has risen to over 20%. The reason for the level correction is the increase in revenue and the company's improved cost efficiency. Although the level has improved, it is still below that of key competitors, mainly due to the large size of the sales machinery relative to sales.

A significant transformation process is over

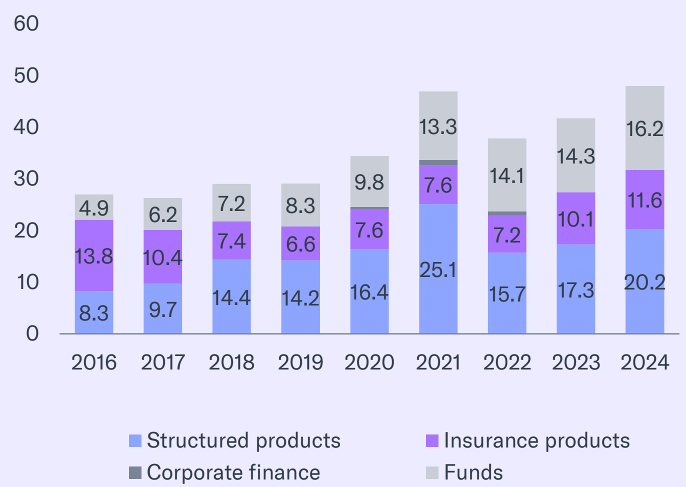
Alexandria has undergone a significant transformation process in recent years. The starting point for this was the entry of a private equity investor Ajanta Oy in 2016. The most visible change has been the ramp-up of the fund business, in addition to which significant changes have been made to the company's processes (e.g. investment advice). In our view, other key aspects of the change process have been the appointment of a professional Board, the clarification of the strategy, the streamlining of the cost structure, investments in IT systems, and the reduction of minority holdings in Markets. The number of employees (incl. agents) has decreased from about 300 a decade ago to the current good 200. The number of agents has remained roughly stable and the decline has come from employees directly on the Group's payroll. We feel it is clear that the earnings improvement achieved by the company is sustainable.

In addition, the company's commission structure has improved as the proportion of funds generating recurring fees has risen to some 33% of total revenue. The reduction of minority interests has also progressed according to plan, and the share of minorities in net income was just under 10% in 2024 (2020: 29%). This is mainly due to the acquisition of a 25% stake in Alexandria Markets at the end of 2020.

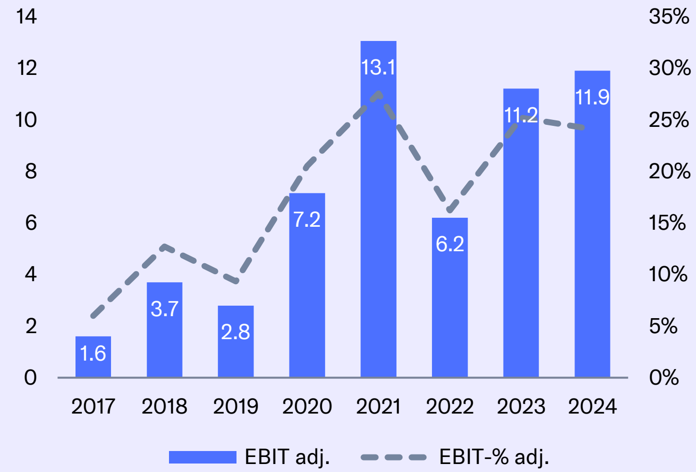
A significant portion of the ownership is inside the company

Like many asset managers, Alexandria has strong employee ownership. CEO and founder Åkesson has a 36% holding and also several key personnel (incl. Markets' key team and the Group's Deputy CEO) have a significant shareholding in the company. According to our calculations, employees own nearly 60% of the company. The members of the Board also have significant direct and indirect holdings in the company (some 14% excluding Ajanta Oy's shares). A high level of ownership within the company is naturally a good thing, as it improves commitment, reduces wage inflation pressures, and ensures common interests with other shareholders.

Revenue development (MEUR)



Revenue (MEUR) and profitability %



Business model 1/7

A sales-driven investment service house

At the heart of Alexandria's business model is product sales, where the company sells investment products to customers and receives various fees. In the past, the company did not even offer a separate asset management service, but in late 2021, Alexandria Varainhoito (Alva) was launched, offering a package that combines asset management services, insurance solutions and legal services. During 2024, this service was updated into a so-called open architecture asset management solution when Alva did not take off as expected. The company's insurance products also have features of asset management solutions, as commissions are recurring and the capital in the insurance wrapper is generally very permanent. More than 70% of the company's assets under management were contained in insurance wrappers at the end of 2024.

Sales are typically carried out through an agent network, and the salaries of agents are usually strongly commission-based. This brings flexibility to the cost structure of the business but also reduces its scalability. The company's sales machinery is exceptionally broad for the industry (120 agents at the end of 2024), as is its customer coverage (approximately 37,000 customers at the end of 2024). The average income per customer is very low in absolute and relative terms. This is explained by the company's focus on private customers and the rather low AUM per customer.

The company's extensive sales machinery is its clear strength, and the focus on less competitive geographical areas (over 80% of sales outside the Helsinki metropolitan area) and segments (individuals with lower investment assets) also offers the company significant pricing power. The company's pricing power is strong in its chosen customer groups, which is reflected in the relatively high price level of its products. The relative commission level that the company earns from its AUM is in a class of its own compared to key peers.

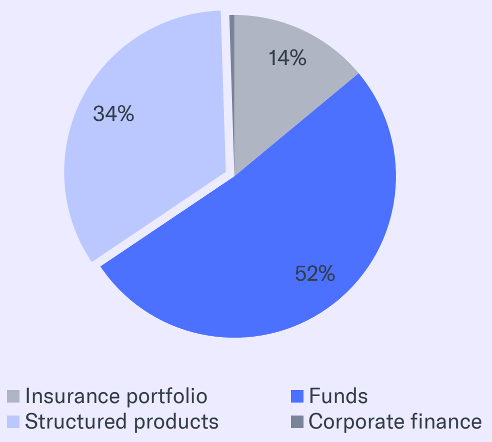
Of the company's product range, structured investments and insurance account for approximately 65% of revenue, and more traditional asset management products (funds) account for approximately 35%, while the industry typically focuses on funds and asset management services (full discretionary/consultative asset management).

The key challenge of the company's business model is the customers' low "share of wallet". In our view, the company is primarily a product house for customers rather than a comprehensive asset manager. A low share of total customer assets naturally also leads to lower earnings per customer.

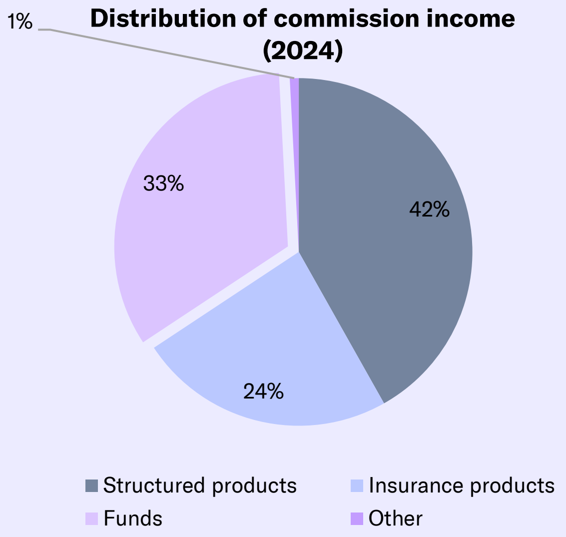
Another challenge is the power of the company's sales machinery. The company's sales per employee is by far the lowest of the companies we cover, and we believe the company should get more out of its extensive sales network. In our view, it is vital for the company to succeed in increasing its revenue per customer, as productivity will not improve significantly with the current service model through customer growth alone. At the heart of customer-specific earnings is successful expansion into asset management and expansion of the product offering in funds. The company's sales efficiency has improved considerably in recent years, but we still see significant room for improvement.

In our view, the third clear challenge is the price of the company's products, which is high in absolute and relative terms, increasing the risk of price erosion. The increase in customer-specific assets would give the company a better chance to respond to the inevitable price erosion of the industry.

AUM distribution (2024)



Distribution of commission income (2024)



Business model 2/7

Commission income

Alexandria's revenue consists largely of commissions charged for the products and services it sells. Among the peers we follow, the distribution of commission income is most heavily weighted towards one-off income, and despite the good development of recent years, the share of recurring income is under 40%. Recurring revenues lead to better predictability and a lower risk profile, so their value from an investor's perspective is higher than that of non-recurring revenues. However, we note that the company's structured products have a certain continuity, as the company has sold them at a steady volume regardless of the cycle.

Structured products

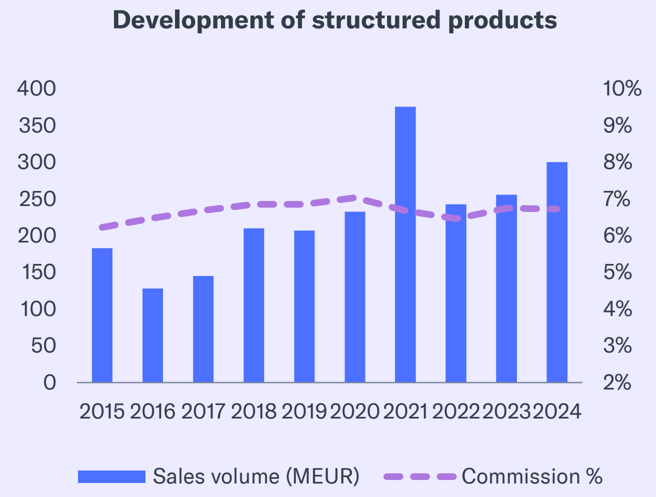
Structured products are Alexandria's largest product group and the commissions received for these products were 20.2 MEUR or ~42% of revenue in 2024. The company's total sales volume of structured products has clearly increased in the long run, and more than doubled from the 2017 level. Over the past 5 years, the volume has fluctuated between 16.4-25,1 MEUR, with an average of 19 MEUR.

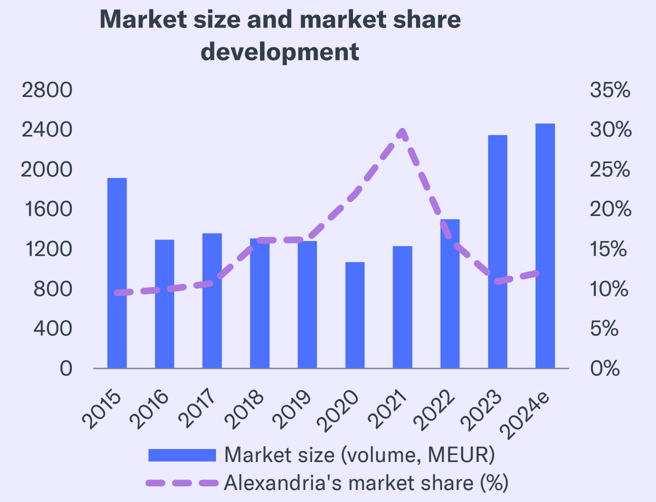
Alexandria is one of the largest providers of structured products in Finland and we estimate its market share is around 12%. The market for structured products in Finland was on a downward trend for a long time due to low interest rates, which weakened the possibilities of making interesting products for investors. In addition, the strategic focus of many key asset management players has been on continuous cash flow products (e.g. funds and asset management). Over the past couple of years, the market has grown strongly as interest rates have risen, and especially large banks have significantly increased their sales of structured products. In our opinion, Alexandria's market share was too high during the weakest years of the market, and the decline in market share now seen is a return to normal. In our view, the increased interest of other players in the product group is positive for Alexandria, as it improves the awareness of the entire product group. As a result of the fall in interest rates, the market for structured products in Finland is unlikely to grow substantially in the next few years.

The commission for structured products is based on a one-time structure fee (typically ~5%) and a sales commission (typically ~2%). Therefore, the assets in structured products do not generate a recurring income flow for the company. Historically, Alexandria has received an average total commission of 6.7% on its structured products (including secondary market trading). Please note that the commission includes all costs for the duration of the product (typically 5 years). The level has been very stable over time and we do not expect any change in this in the future either.

We estimate that Alexandria's commission income levels are above the industry averages (4-5%) and reflect the company's strong pricing power in its core customer segment, i.e., private investors. Although structured investments are one-off in nature, there is some continuity, as investors typically invest most of the capital they receive from a matured investment in new similar products, especially if the product has matured profitably. Thus, the timing of product maturities and the average duration also affect annual sales volumes.

Alexandria has been quite open about the investment success of its structured products. The company's 477 matured products have generated an average net income of 9.5% per year.





Business model 3/7

Funds

At the end of 2024, Alexandria had 12 mutual funds with a total capital of 1,034 MEUR. The commissions received from the funds in 2024 were 16.3 MEUR, and a majority of these are recurring management fees. So, the commission flow from funds is of high quality and very predictable. We believe that a significant portion of the company's net subscriptions come through savings agreements, so the company's sales are exceptionally stable compared to its peers. This is visible in the development of positive net subscriptions, which has continued for years and not fluctuated much with the market.

The funds account for about a third of the Group's total commissions. Of the AUM in the funds, over 700 MEUR were in conventional funds (equity, fixed income and combined funds) and some 300 MEUR in alternative funds. Only one of the company's newer funds has a performance-related component, which is surprising given the company's pricing power. In our view, by adding performance-related components to its funds, the company could clearly increase its commission income.

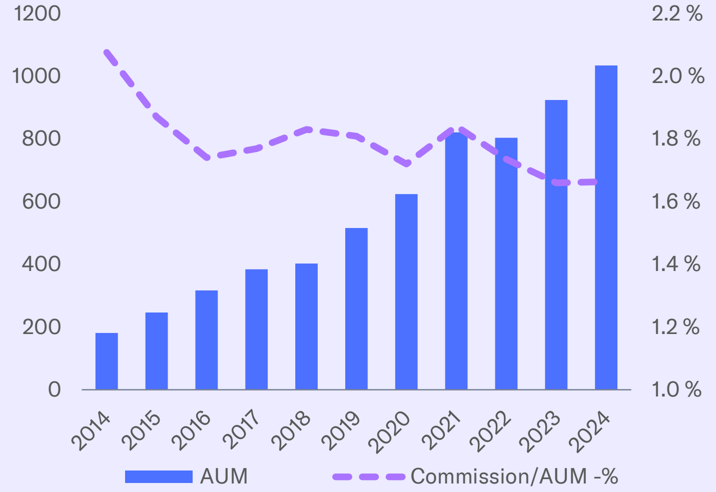
Funds' average weighted commission level is about 2%, but the share recorded by the company is about 1.7%. This is because the funds are funds of funds, and therefore, part of the commission goes to the managers of the underlying funds. In addition, the company charges subscription and redemption fees for the funds, which vary between 0% and 3%. As the funds are of a significant size, Alexandria's funds pay clearly lower fees than list prices for the underlying funds.

The commission income levels of the funds have decreased in recent years, but the levels are still above the industry averages both in absolute and in relative terms. However, the level is more competitive than before, but we feel it is clear that, like the rest of the industry, the company will face continuous price erosion in the long term.

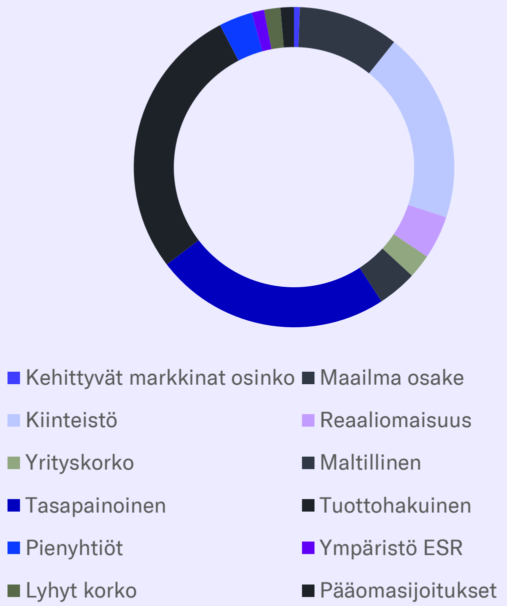
The funds are at the core of the company's strategy and the most significant growth driver for the coming years. To succeed in growing its fund business, the company must maintain good income levels on its funds, as this is the most effective way to mitigate the negative effects of inevitable price erosion on commission income. In practice, this means success in manager selection, as most of the company's funds are funds of funds. Expanding the product range is also critical, as we believe the company needs a wider product range than currently to increase its assets per customer. Expanding to asset management should also help fund sales.

In the fall of 2024, the company announced that it had established a new real estate fund business, whose founders had previously been involved in establishing real estate funds at EAB and Evli. We expect the company to launch its first closed-end real estate development fund in H2'25 and then start doing these every two years. If successful, real estate development funds could have a significant impact on the company's commission income, as they would increase net fund sales and, in the long term, also have significant performance fee potential. We believe that in addition to real estate development funds, the company aims to launch an average of one new product per year. As the company's fund offering becomes fairly broad, the company will also have to pay more attention to product-specific sizes and margins.

Fund development



Funds' AUM distribution 2024 (1,034 MEUR)



Business model 4/7

The impact of market developments on fund capital

In addition to new sales, value changes affect the amount of AUM of the companies in the industry. Funds can be divided into three categories in this review: 1) Traditional open-ended funds (UCITS) whose value is determined daily on the listed markets, 2) open-ended alternative funds, and 3) closed-ended alternative funds, which Alexandria does not offer.

For open-ended alternative/special investment funds, the assets are not subject to continuous public trading (such as real estate), so the estimates of value development are partly subjective, and the volatility of value changes is also typically more moderate than on the general market.

The impact of general market developments on the company's fund capital through changes in value can be roughly estimated from the share of traditional fund capital of the whole AUM or the company's performance fees. Of Alexandria's revenue, these traditional UCITS funds account for approximately 25% (2024), so in the short term, the market's impact on the Group's sales will mainly come from structured products, the sales volume of which, in our view, fluctuates more strongly on a quarterly and half-yearly basis than fund assets and their management fees.

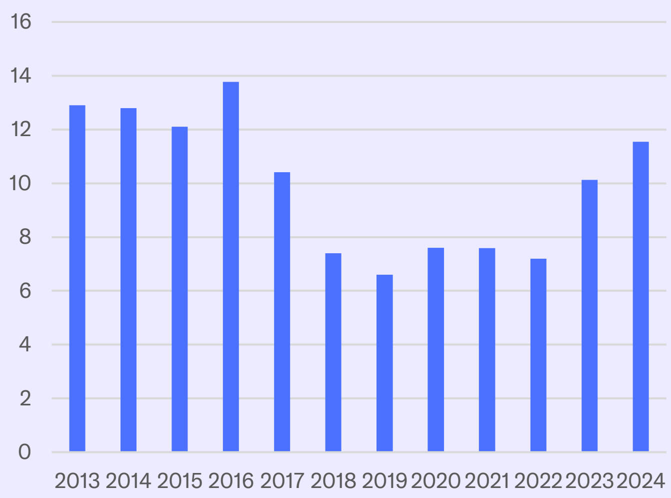
Insurance

The revenue of insurance products (22% of revenue in 2024) was on a downward trend for years, but in H2’23, the company turned the tide when it launched investment and savings insurance in cooperation with Henki-Fennia. The company offers a wide range of insurance products from various operators, and partners include, e.g., SEB Life, Lombard and Henki-Fennia. Above all, insurance products serve as a wrapper for Alexandria's own products, and we believe the new insurance wrappers mainly offer the company's own funds and structured products. In our view, the strong sales of the last 18 months have been driven in particular by products tailored for Alexandria with Henki-Fennia.

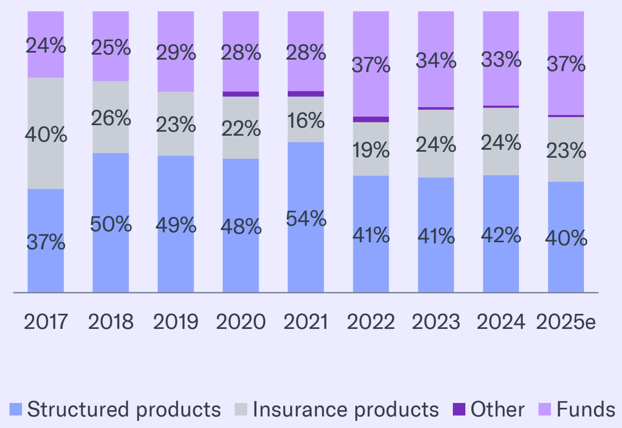
We believe a significant portion of Alexandria's investment and savings insurance portfolio is subject to various monthly savings agreements, which means that these can be equated with asset management agreements. From this perspective, insurance policies steadily bring the company more AUM. No continuous management fee is collected for older insurance wrappers; instead, the fee relies on the products in the wrapper. We believe that a significant portion of the company's new sales is directed to insurance wrappers, as more than 70% of Alexandria's customer assets are held within insurance wrappers.

The fee structures of insurance products vary by product, but typically, the insurance company receives a front-loaded one-off commission from insurance policies (from new insurance policies and additional investments), and in addition, a recurring fee may be charged from the customer for the insurance wrapper. In our view, insurance product commissions are largely transaction-driven, and we have incorporated them as non-recurring income in our calculations. We believe the products launched in 2023 also include the management fee collected by Alexandria after the first 5-year period, meaning that towards the end of the decade, the policies now sold will gradually start to generate recurring income as well.

Development of insurance products (MEUR)



Change in the fee mix



Business model 5/7

Asset management

Historically, Alexandria has primarily been a product house, and its sales machinery has focused on selling individual products rather than more comprehensive asset management. For example, the company has not had standardized asset management models, and the Group has not offered proper support for selling asset management solutions. Nor has the product range been particularly supportive of asset management, as only own products have been offered, which significantly limits the investment universe. Potential asset management has rested on the shoulders of the individual seller.

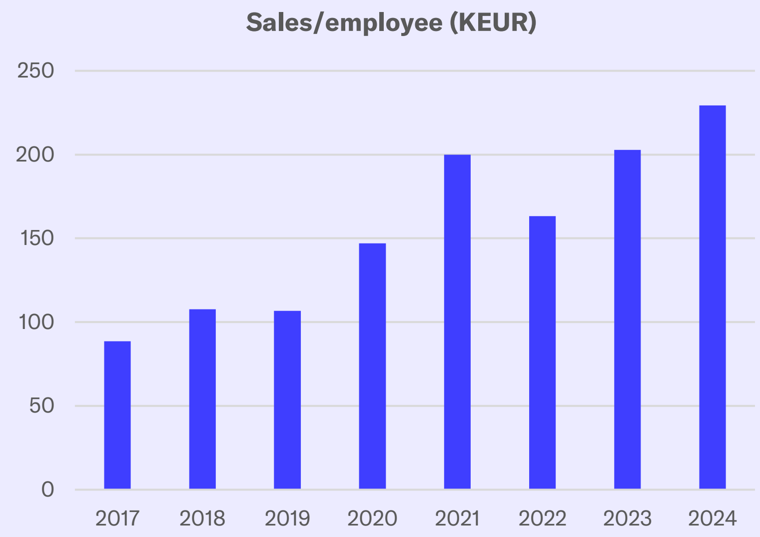
As a result, Alexandria has been a product house for most of its customers, and its share of customers' total assets has remained very modest.

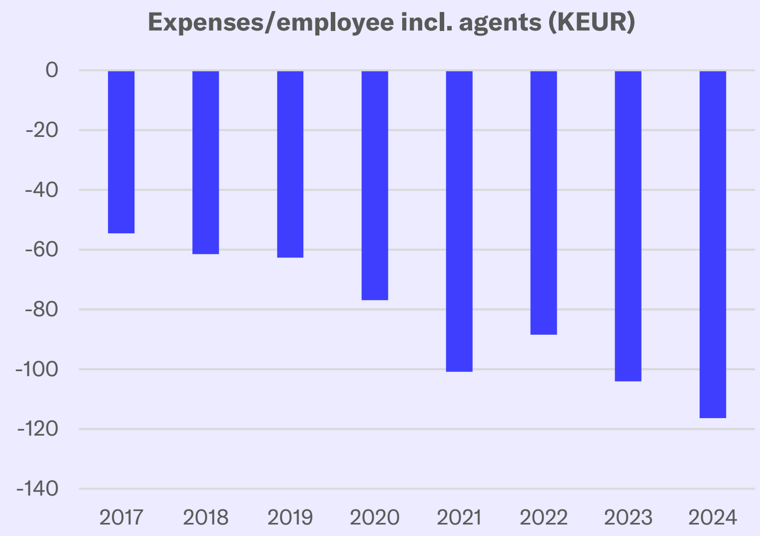
Alexandria launched its Alva asset management service in 2021. Alva's asset management model was based on the company's own products and we didn't find it particularly competitive due to the narrow product offering. The company also did not build sufficient support functions for the Group to successfully implement the model, and overall, the sales of asset management services have been very modest in recent years.

In May 2024, Alexandria launched a new asset management service. The model is based on an open architecture and is structurally very similar to that of its average competitors. The open architecture model refers to a structure where the customer's portfolio can be built from, e.g., ETF, index or other fund managers' products. This significantly expands the product universe and makes pricing clearly more competitive. The company now uses standardized asset management models, which are supplemented with own products when necessary. Of course, insurance wrappers also play an important role in asset management and Alexandria's earnings.

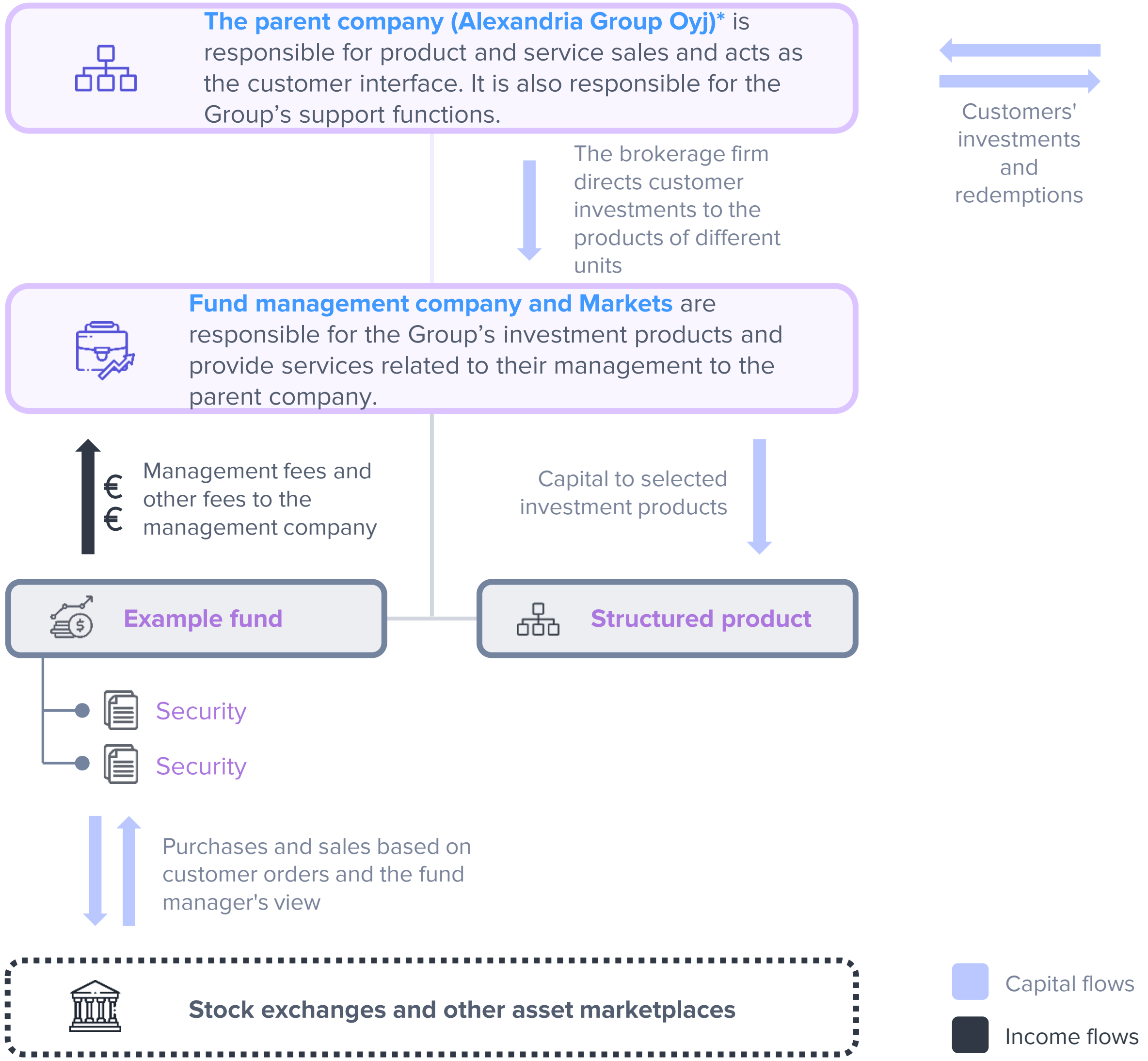
Overall, we consider the company's asset management product to be genuinely competitive and believe that the product has a real chance of succeeding. Our main concern is related to the company's organization and its ability to sell the asset management product. The company's organization is rooted in pure product sales, and turning the organization from product sales to service sales is a long and huge process. However, the company's structures are now clearly better designed to support this, and we feel the company has also made changes to its remuneration to support this. In any case, we remain cautious about the success of the asset management expansion for the time being and want to see concrete evidence of a successful ramp-up of the business. If successful, the potential of asset management is significant and could accelerate the company's growth dramatically.

Now that the company's asset management product is finally genuinely competitive, one interesting avenue for growth could be hiring more experienced private bankers on the company's payroll. These individuals would bring a lot of asset management expertise, new customers and clearly accelerate the business ramp-up.





Simplified business model of an investment service company



Investor customers

- Customers have a contractual relationship with the Group's parent company, which is also responsible for customer service.
- The customer can execute orders themselves based on their view or investment plan. In asset management, the company providing the service is responsible for allocating assets between different asset classes and products.
- Investment products can also be offered through, e.g., savings and investment insurance policies, in which case the service model has features of an asset management agreement.
- The fund offering can utilize both the company's own funds and the funds of external players.
- In open funds, subscriptions and redemptions can typically be made every day.

**NB! The figure is intended to serve as a simplified illustration of the business model and does not consider, e.g., Alexandria's exact Group structure.*

Source: Inderes

Business model 6/7

Cost structure

Alexandria's cost structure is quite simple s typical for the industry. A key exception compared to other listed peers is the large number of agents, which means personnel costs are largely reflected in commission costs.

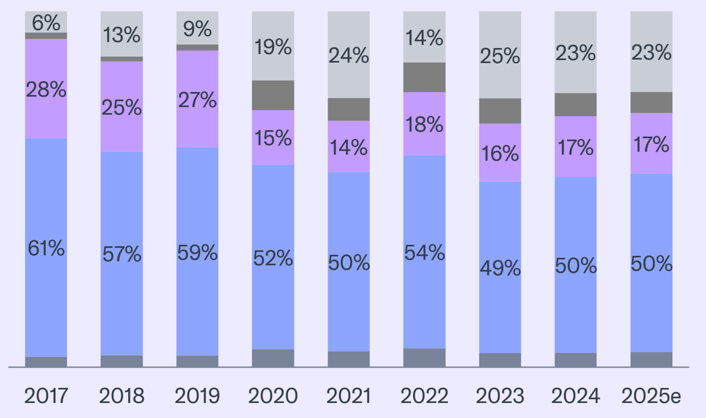
Alexandria's largest single expense consists of commissions, which amounted to 18.7 MEUR or some 40% of revenue in 2024. 16.6 MEUR of the commissions consisted of agents' commissions and 2.0 MEUR of other fees (e.g. custodian costs). Third-party commissions for funds, insurance and structured products have already been deducted from revenue. The level has remained quite stable for years, and in our view, this item does not scale significantly due to the changing remuneration of agents. It is worth noting, however, that agents' commissions are variable in nature and are based on the number of products and services sold. As a result, they flex downwards in weak years, thereby increasing the flexibility of the company's cost structure and clearly reducing the risk associated with significant margin fluctuations.

Direct personnel costs were 8.0 MEUR or 16% of revenue. However, we believe that the company's personnel expenses should also include agent commissions due to the company's strong sales-based business model. Calculated in this way, personnel costs amounted to some 24.4 MEUR or 50% of revenue. Considering agents' expenses, the average personnel cost was about EUR 116,000, which is among the lowest of the asset managers we cover (comparison on pages 16-17). The level has clearly risen in recent years due to well-developed sales, a decrease in the number of personnel in lower-paid jobs (e.g. appointment booking) and general wage inflation. We believe that the current salary level is now in line with peers, considering the differences in the company's business (80% of sales outside the Helsinki metropolitan area, a relatively small capital markets team, etc.), and therefore, we believe that the risk of wage inflation has decreased due to the development of recent years.

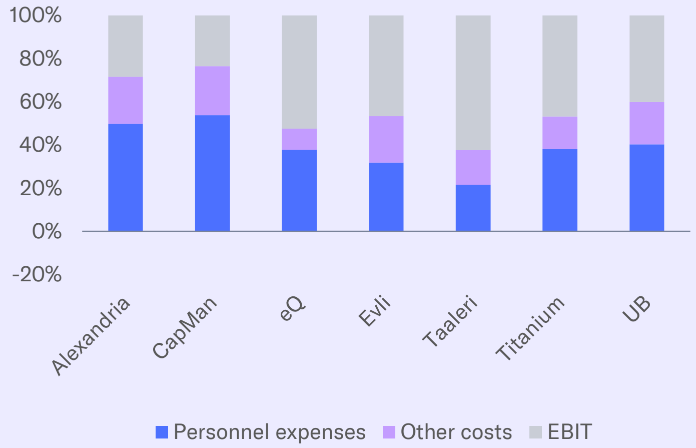
The company's revenue per employee is also low compared to other players we follow, which in turn partly reflects the company's customer base focusing on private investors, and its service-driven business model. Even though the revenue per employee ratio has improved considerably over the past 5 years, we still think there is significant room for improvement. In our opinion, sales per employee is the single most important figure for Alexandria's earnings improvement.

The third most significant item in the company's cost structure is other administrative expenses (e.g. IT and marketing), which were 8.3 MEUR or 17% of revenue in 2022. The level is reasonably well aligned with key peers, although we also see scaling potential in it through growth. The last significant expense item is depreciation. In 2024, depreciation amounted to 3.2 MEUR, of which some 2 MEUR was depreciation related to rental costs under IFRS16. Goodwill amortizations not affecting cash flow were 0.7 MEUR and traditional amortizations were very low at 0.5 MEUR as typical for the industry.

Development of the cost structure



Peers' cost structure 2024*



*Group level numbers
EAM sales gain adjusted for Evli
CaPS sales gain adjusted for CapMan

Business model 7/7

Clear potential in profitability

Alexandria's profitability has made a significant level adjustment since 2019. In 2020-2024, the average EBIT margin has been over 20%, double the average for 2013-2019.

In 2021, the company's EBIT rose to an excellent level, like the rest of the sector, as a result of market support. The 28% EBIT margin achieved by the company was by far the best in its history, both in absolute and relative terms. The level is still average on the industry scale, but reasonably good when adjusted for performance fees. Alexandria's products have practically no performance fee component and without performance fees, only eQ, Evli and Titanium of the companies we cover had a higher margin than Alexandria in 2021.

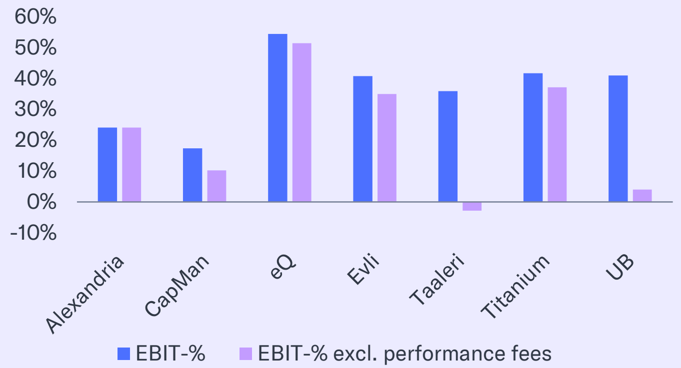
According to our estimate, the company's normalized profitability level is currently slightly over 20%. Investors should note that while the current profitability level is not bad in absolute terms, with the current structure, a smaller portion of revenue growth stays with the company's owners than for an average industry peer. The weaker scalability is primarily due to the commission-driven compensation model for agents and the absence of performance-based bonuses. Thus, the company's structural profitability is among the lowest in the peer group, as shown by the company's previous (withdrawn in 2/25) rather modest minimum EBIT target of +20%.

Investors should also note that, although the company's operating expense structure is quite heavy compared to its peers, it is clear that growth plays a much more significant role in improving profitability than savings. In practice, this means increasing revenue primarily by increasing the size of customers, which, e.g., would improve the efficiency of the company's human resources, as the same number of employees can maintain a larger revenue.

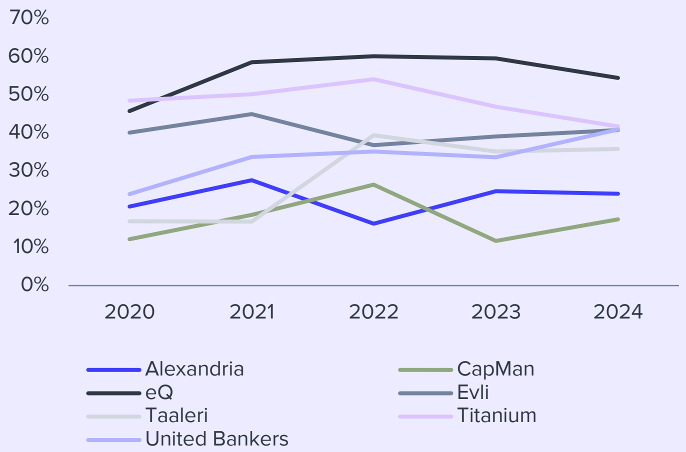
Looking at expenses relative to peers (review on pages 16-17), we can see that personnel expenses compared to revenue are among the highest in the industry, while in terms of other expenses, the company's level is quite well in line with other companies. When this is combined with the company's lower sales/employee ratio than among peers, it is clear that the company's potential profitability improvement will come through increased personnel efficiency. It is crucial for the company to get more out of its sales machinery to improve its profitability, as we believe the company's current machinery should be able to handle a clearly larger customer base than at present.

In our view, with the current structure, the company should have all the prerequisites to achieve an EBIT margin of some 30% if the rate of revenue growth can be improved. Considering that this level would be achieved without performance fees, it could already easily withstand comparison with key listed peers. Needless to say, if this profitability improvement was successful, the share price would be significantly higher than at present.

Profitabilities of asset management businesses (2024)*



EBIT % of the asset management business

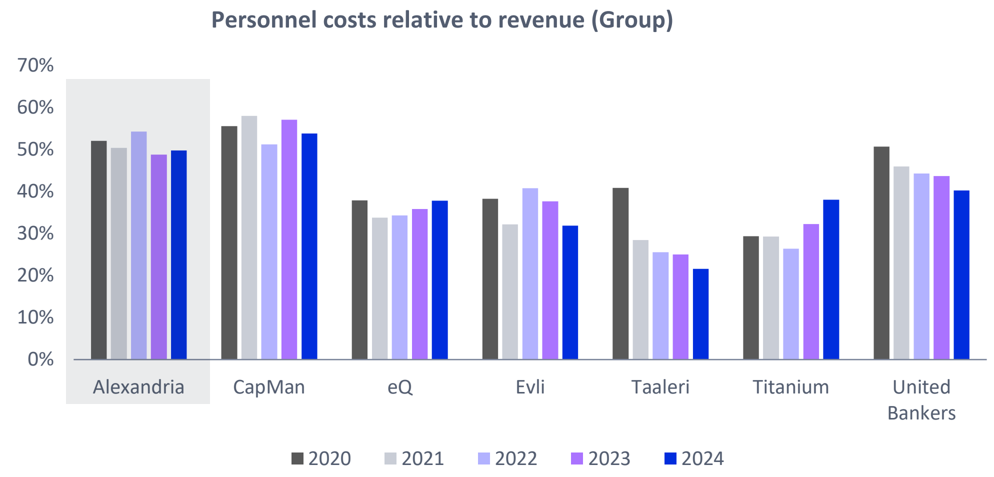


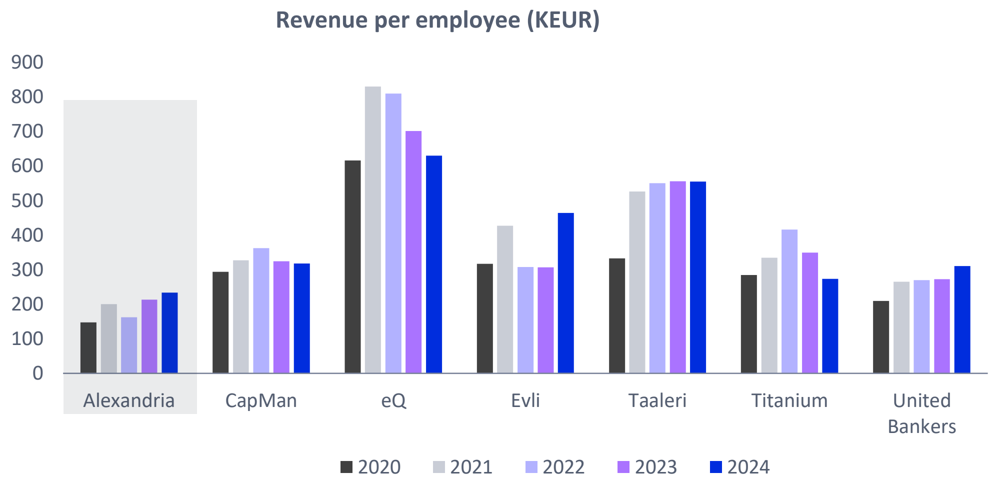
***Inderes' comments:**

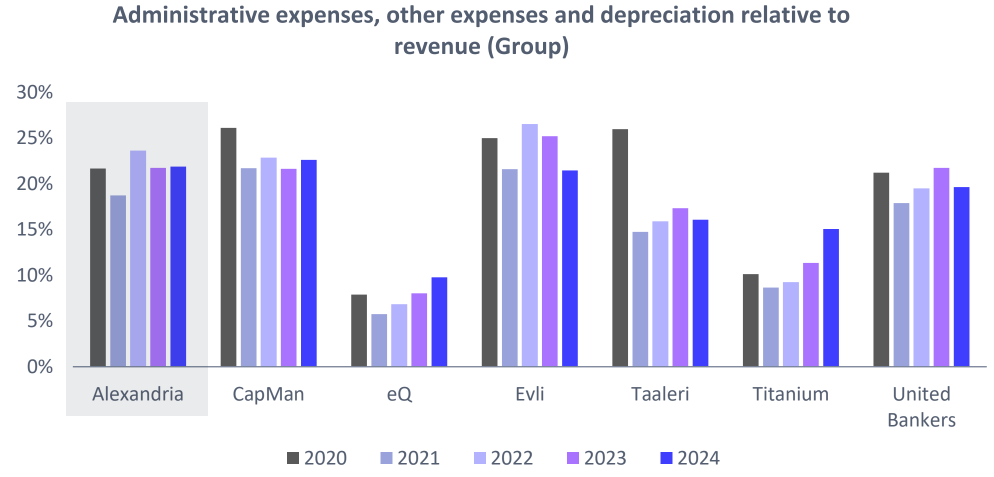
- The profitability of UB's Asset Management is burdened by group costs and depreciation
- Titanium and Alexandria have no goodwill depreciation at Group level
- CapMan's Management Business is burdened by Group function costs
- Asset Management of eQ is burdened by Group costs
- Evli's profitability considers the Group's allocations
- Taaleri's profitability is burdened by Group expenses. At Taaleri, investment income from private equity funds is also included in performance fees

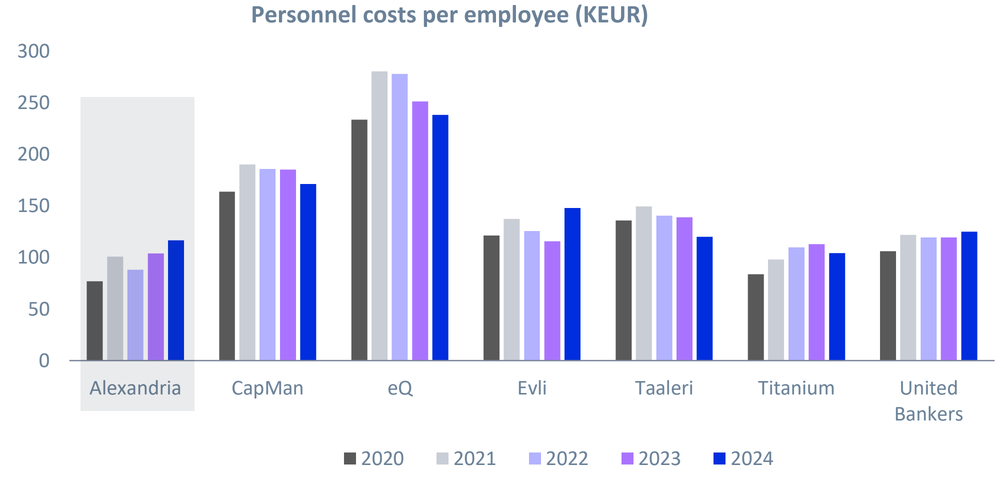
Source: Inderes and the companies

Alexandria relative to listed asset managers 1/2







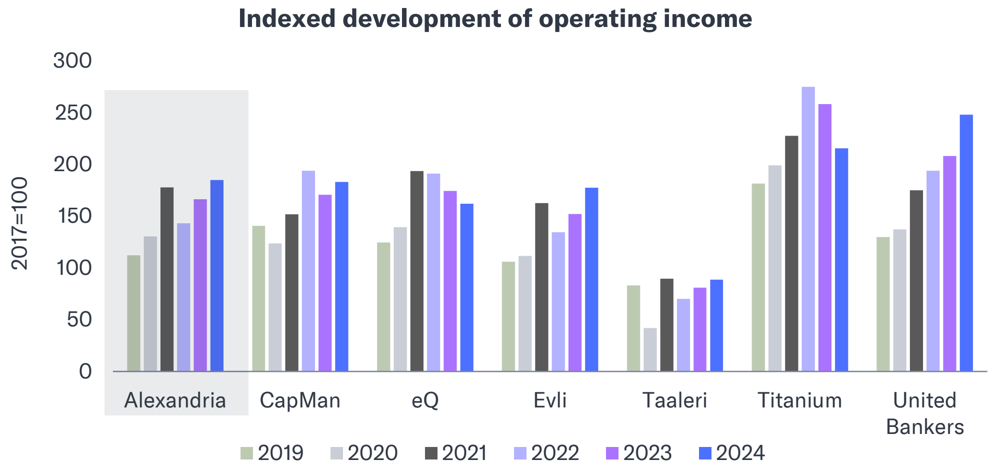


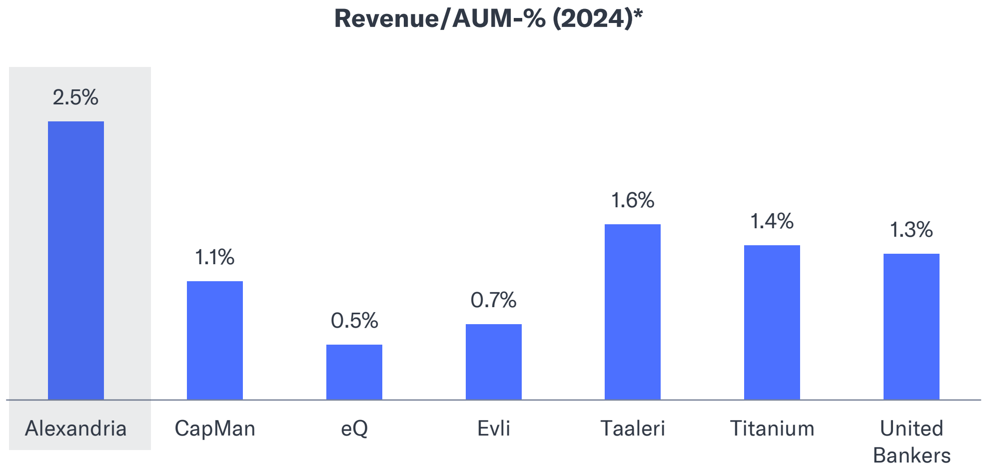
Inderes' comments:

- All are Group-level numbers
- Revenue per employee is calculated with the average number of employees.
- Agents are included in personnel and personnel costs.
- Taaleri's 2019-2021 figures adjusted for the divested Wealth Management business.

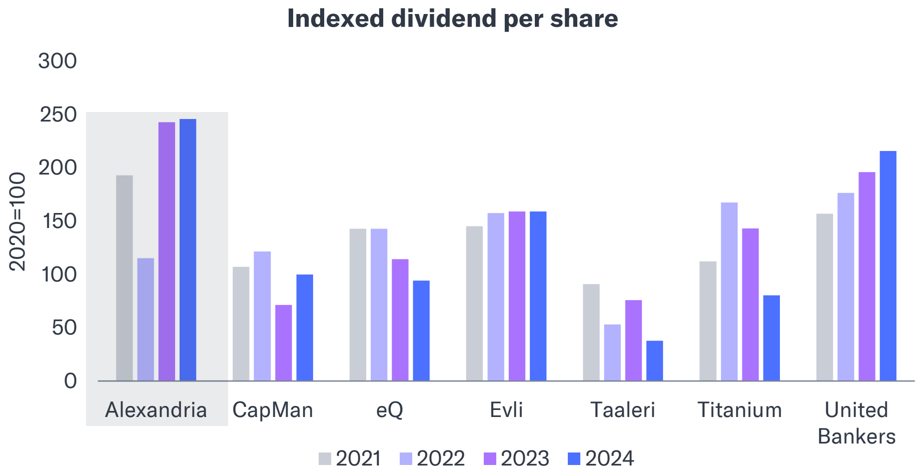
Source: Inderes and the companies

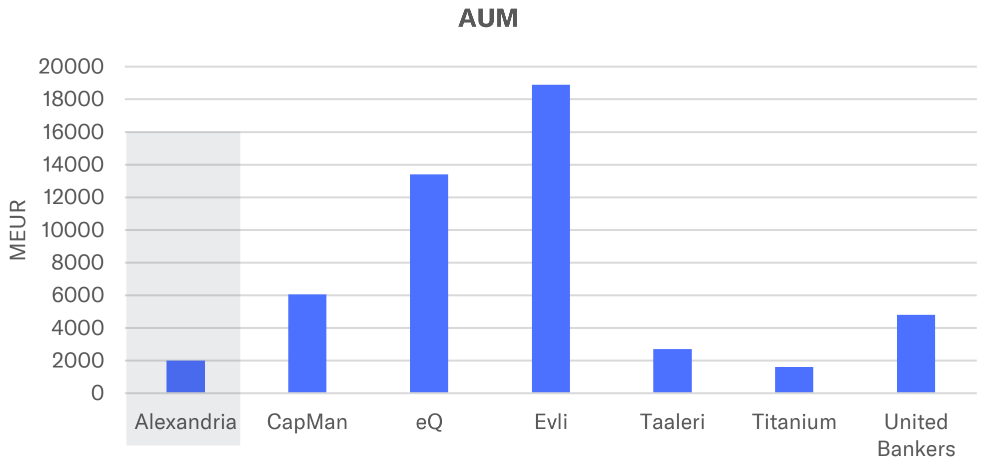
Alexandria relative to listed asset managers 2/2





* Taaleri only includes private equity funds





Source: Inderes and the companies

Investment profile

1. Extensive distribution network
2. Strong pricing power in selected segments
3. Business scales less than for peers
4. Low share of recurring fees raises the risk level
5. Very strong balance sheet allows for M&As

Potential

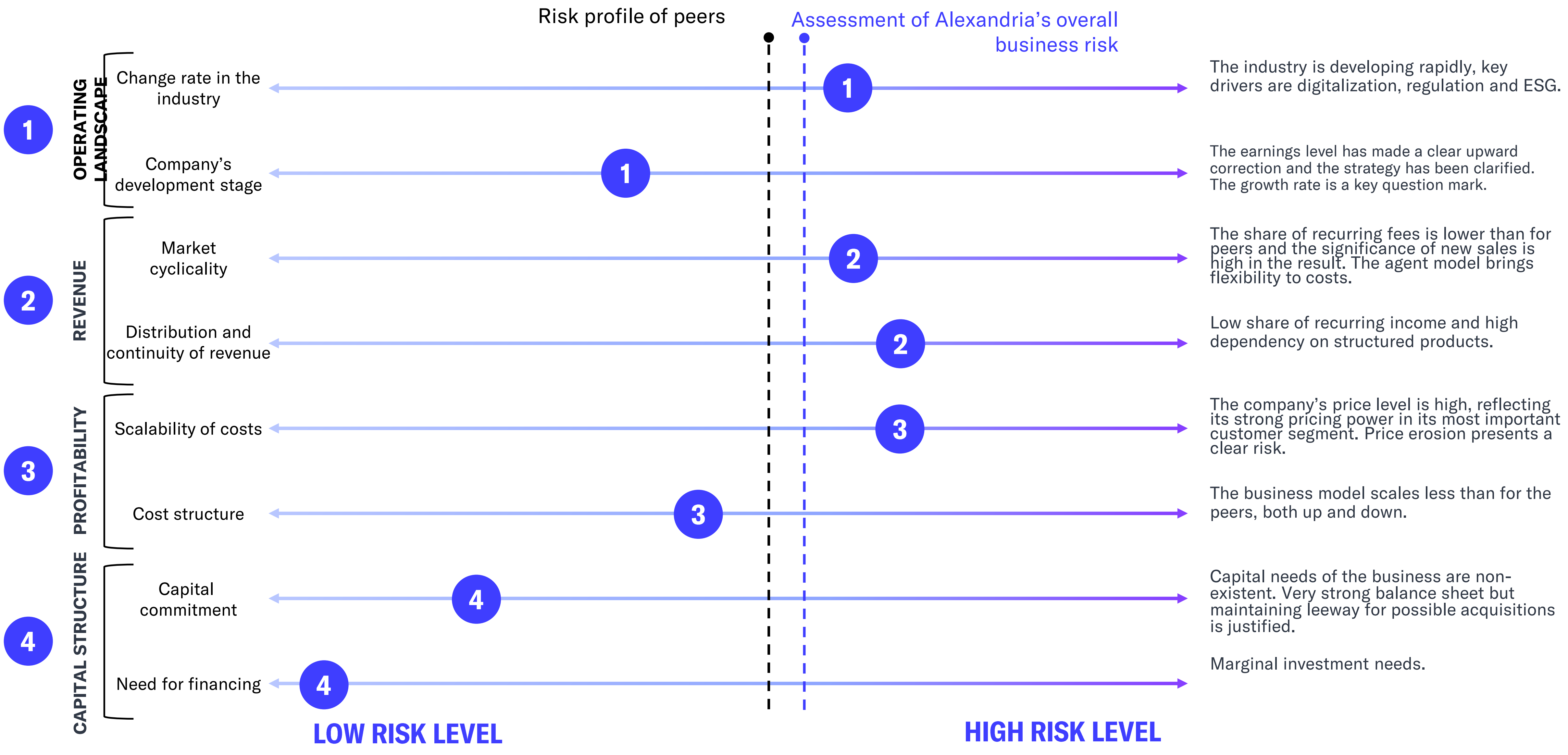
- Increase in customer sizes
- New products
- Success is asset management
- Business scalability
- Growth through acquisitions

Risks

- Share of recurring fees still relatively low, which weakens earnings predictability
- Deterioration of the market situation
- Price erosion

Source: Inderes

Risk profile of the business model



Source: Inderes

Strategy 1/3

The strategy is geared toward growth

Alexandria's strategy relies heavily on its extensive sales machinery. This is logical, as broad distribution to the private investor field is the company's greatest strength. The company's main competitors are, in our view, local banks in particular. We believe the company's strategy can be summarized as:

- Recurring revenue growth
- Improved cost-efficiency
- Continuous improvement of product quality

In terms of revenue growth, the company's key task is to succeed in increasing the average customer size. We estimate that the company's share of its customers' assets is very low (around 20%) and the absolute AUM per customer is clearly lower than for the average listed peers. Although the company's relative earnings per AUM is the highest in the peer group (comparison on page 17), it is clear that customer-specific earnings remain low in the current customer size category. Since the company's business model relies on local presence, the growth of customer numbers does not provide essential scalability. Therefore, scalability must be achieved, especially by increasing customer sizes. We believe the company's strategy in asset management is focused on growth in existing customers, which is the correct strategic choice.

Key in increasing customer sizes is 1) a broader product offering and 2) gradually shifting from a product house to an asset manager. As part of the expansion to asset management services, we feel a factor for the company is shifting the focus of sales from product sales to a more comprehensive service. This is, in principle, difficult in the agent model due to the agents' remuneration models and customary practices. The company has made clear changes to its asset management model over the past couple of years, and we believe that for the first time in its history, the company now has a competitive asset management product. We discuss the company's updated asset management model in more detail on page 12. We believe that the steps taken in asset management are in the right direction but we still have reservations about a significant breakthrough in expanding asset management, as the journey from a product house to an asset manager is a long one. However, we feel that the company now, for the first time, has the right building blocks in place to succeed in asset management.

The success of the asset management service would also be supported by a wider product offering than at present. The company's product offering has expanded steadily, and in 2024, the company established a real estate fund business, which fits perfectly with the company's product range. In our view, it would be logical to use more partners in expanding the product offering, as ramping up products alone is slow, especially in new product areas. We believe the PE fund launched by the company a year ago is a good example of a model with which the company is likely to move forward outside of its own core expertise in the future.

Naturally, continuous product quality improvement is essential for growth, even though the company focuses on a less competitive segment.

Cost efficiency is largely subordinated to revenue development and the resulting efficiency improvement. Although there is certainly still room for improvement in the company's cost level, its importance is clearly smaller due to the efficiency improvement achieved over the last 5 years.

Strategy 2/3

Inderes' view of the central cornerstones of Alexandria's strategy

Growth in recurring income and volumes

- Increasing the share of funds in revenue and expanding the fund offering
- Growing asset management

An ever-expanding product range

- Expansion of product offering
- Success in expanding asset management

Continuous improvement of product and service quality

- The aim is to continuously improve the investment advice process
- Development of service models to support asset management

Improving cost-efficiency

- Improving customer-specific profitability through growing customer-specific assets
- Continuous process development

More detailed comments

Growth in recurring income and volumes

- Focusing on funds and expanding the fund offering are the right strategic choices.
- Expansion to asset management improves customer retention and enables the growth of "share of wallet".
- A wider fund offering also provides a basis for asset management services.
- In asset management, the biggest question mark relates to how the company will succeed in changing its product-driven agency model to an asset management model.

An ever-expanding product range

- A wider product range, especially in funds, helps grow customers but asset management service plays a significantly more important role.
- Growing customers, on the other hand, is key to improving profitability and scaling the business.
- The wider product offering will diversify the company's revenue flows and create a basis for new growth.

Continuous improvement of product and service quality

- The company's price level is high in absolute and relative terms and we see price erosion as a threat. Successful products are key in the fight against price erosion.
- Well-performing investment products also create a foundation for customer satisfaction and increase the customer-specific size category.

Improving cost-efficiency

- Cost efficiency improved clearly in 2020-2024 due to increased operational efficiency and growth.
- Continuous improvements in cost-efficiency require more and more revenue growth.
- Improved cost efficiency is therefore essential for earnings growth.
- Well-selected acquisitions could help get more out of the current rather heavy administrative structure.

Source: Inderes

Strategy 3/3

Acquisitions as part of the future

We believe acquisitions provide Alexandria with a good starting point for creating shareholder value. In addition to the fairly straightforward logic of M&As in the financial sector (discussed on page 27), Alexandria could get more efficiency out of its current administrative structure and sales machinery through acquisitions.

Alexandria took the first steps towards consolidation by acquiring a stake in EAB in October 2021, and in our view, it was clear from the outset that Alexandria's goal was a merger with EAB, even though the company spoke of a financial investment. However, after eventful stages, EAB ended up merging with Evli, and Alexandria sold its shares at a good profit.

We believe Alexandria is actively exploring M&A opportunities. We consider product houses, which would allow the company to expand its current product range as the most logical acquisition targets for Alexandria. In this context, the company made an organically logical move when it established a real estate fund business by recruiting an experienced team around it. For example, high-quality traditional fund product houses could be relevant targets for Alexandria (e.g., Fondita or Fourton).

Expansion to asset management through an acquisition could also be strategically justified, especially if the company's new asset management model also fails to gain traction. By acquiring an asset manager, Alexandria would gain ready-made asset management models and expertise in this business. This would certainly speed up the ramp-up of the asset management model. However, we point out that this type of merger is likely to require a relatively large integration, which always involves risks in the industry.

As demonstrated by the EAB arrangement, the company could also be interested in broader industry arrangements. However, it is difficult for us to find a suitable and equal partner in the Finnish market. Therefore, we consider a larger arrangement unlikely for Alexandria, and it is more likely that it will find a smaller player to buy.

A fourth option would be to extend beyond asset management, e.g., to investment banking or remuneration services. In principle, we do not consider this particularly sensible, as the synergies with own operations would be very modest and would take the focus away from the core business.

A key challenge for Alexandria in acquisitions is the very limited number of suitable targets. Although the company is probably one of the most willing to make moves among the asset managers we cover, the very small number of targets is limiting. We therefore consider it a very realistic scenario that the company will not be able to find suitable targets in the next few years. We emphasize that the company has made the right strategic moves over the past 5 years, and its performance has constantly improved. The company has filled the gaps in its supply with organic moves, and so acquisitions are by no means a must.

Financial targets

Alexandria updated its financial targets in early 2025. Unlike before, the company no longer provides precise numerical targets except for profit distribution.

- Alexandria's long-term goal is to continue profitable business growth.
- The company's goal is to distribute at least 80% of the profit for the financial period as dividends.

Alexandria's previous targets launched in 2022 and extending to 2025 were (no longer valid):

- Revenue **+60 MEUR**
- EBIT **+ 20% of revenue**
- AUM **over 2.5 billion**
- At least **75% of the profit for the financial year** distributed as dividends

Industry — Asset management market 1/5

Asset management market is growing despite weak economic development

The asset management market in Finland is relatively young and, for example, the first mutual funds were only established at the end of the 1980s. Over the last three decades, the asset management business has grown rapidly with the growth of the national economy and the prosperity of citizens. Historically, a majority of the wealth of Finnish households has been tied to housing and it remains by far the largest asset item of households, although other forms of investment have become more common. The young age of capital markets in Finland is also seen in the fact that a significant proportion of the non-housing investment assets of households are still on banks' current accounts.

At the end of 2024, the size of the Finnish asset management market was some EUR 250 billion. Since 2005, the market has on average grown by about 5% per year. This growth has been partly explained by the increase in asset values and partly by the flow of new capital into asset management. We note that the growth is significantly higher than the anemic growth of the national economy, as the correlation of the capital markets and, in our opinion, the Finnish economic growth have only limited significance for the asset management market.

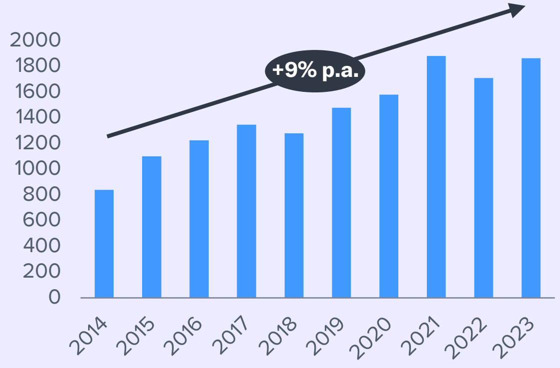
Of this 250 billion, about half are invested in domestic investment funds and the rest are covered by consultative or power of attorney portfolio management. Of course, a significant proportion of the fund capital is also subject to various asset management agreements. Calculating the exact size of the market is difficult, as it is largely dependent on which asset classes and customer segments are included. However, the size class we estimate is indicative.

Long-term growth outlook is good

In the long term, the Finnish asset management market will receive significant support from structural changes, as the wealth collected by the baby boom generation begins to pass to the next generation through inheritance. According to our estimates, this sudden increase in wealth will inevitably lead to an increase in the asset management market, as more and more people are interested in investing and also become attractive customers for investment service companies. Concerns about the sustainability of the pension system will also generate structural interest in long-term investing and asset accumulation. However, this structural change will only take place over the coming decades and won't therefore affect the short-term prospects of the sector. We believe there is plenty of evidence of this ongoing structural change, and, e.g., the number of fund owners, the number of book-entry accounts and fund capital are all at an all-time high. An increasing number of asset managers (e.g. Aktia and Alexandria) have started investing in this "next generation" target group. In the long term, we believe that the asset management market in Finland is well positioned to continue the annual growth of about 5% so it still remains a clear growth sector.

Source: Inderes' estimate

Development of the domestic asset management market (MEUR)



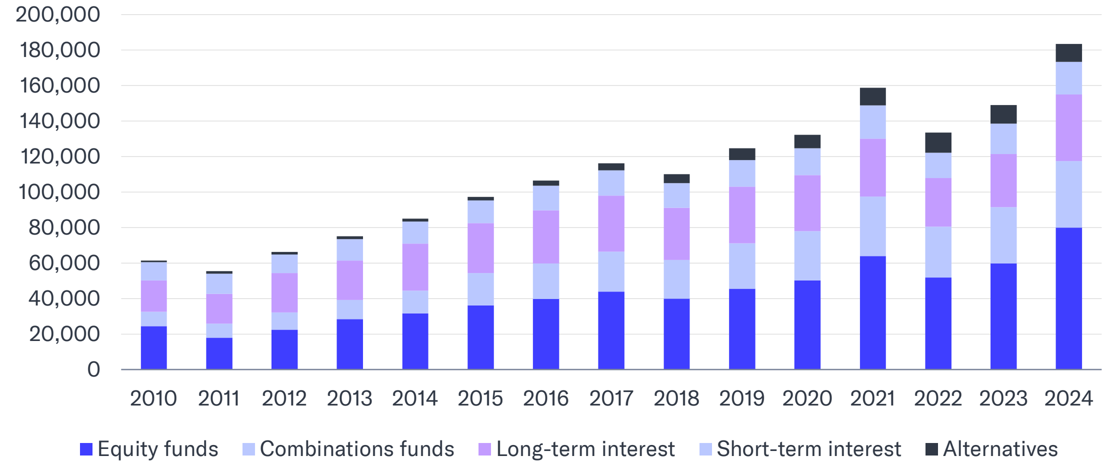
Source: Inderes

Examples of Finnish asset managers

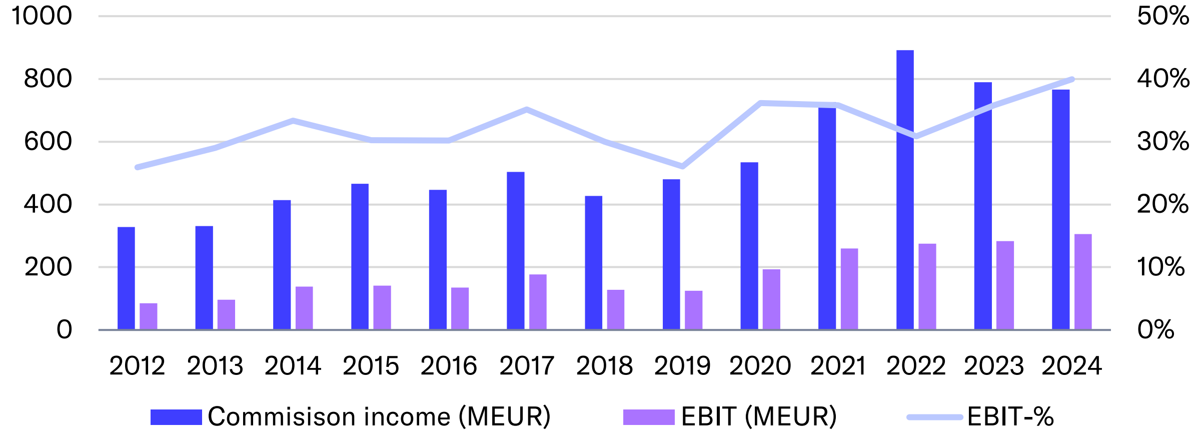
Aktia
ALEXANDRIA
MANDATUM
CapMan
eQ
Nordea
TITANIUM
UB UNITED BANKERS
EVLI
TAALERI

Industry — Asset management market 2/5

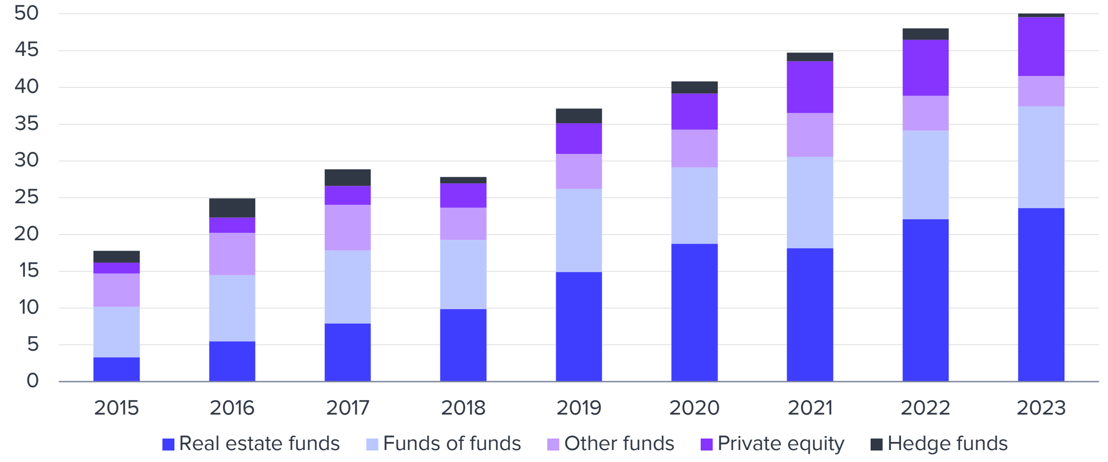
Development of Finnish mutual fund assets (MEUR)



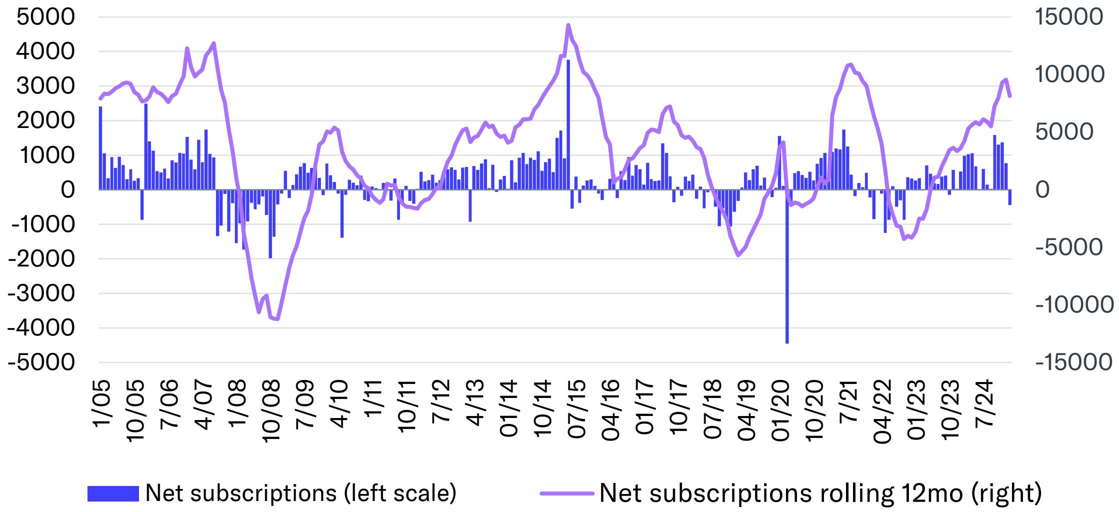
Revenue and profitability of investment service firms in Finland



Domestic alternative funds and special investment funds (BEUR)



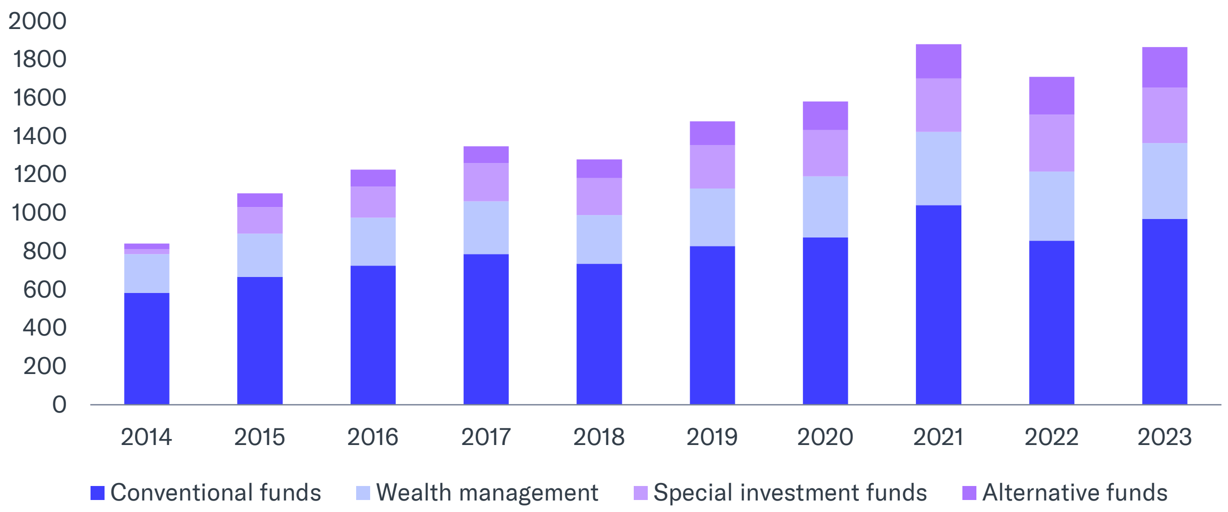
Net subscriptions of domestic mutual funds (MEUR)



Industry — Asset management market 3/5

The Finnish asset management market has grown strongly over the last year. Growth has been driven by the good development of the capital market and the structural growth trends in the Finnish market. Among the asset classes, alternative products (incl. alternative funds and special investment funds) have been the clear winner, and their share has increased significantly. Due to the high commission structures, their impact on companies in the sector has become significant. The rise in interest rates has, at least temporarily, curbed the victory march of alternatives, as allocations have been normalized with interest rates again being a widely relevant asset class. However, alternatives have become a permanent part of investor allocations and an increasing number of investors have access to them.

Revenue development of domestic asset management market (MEUR)



Source: Inderes' estimate

Asset management market drivers

Industry — Asset management market 4/5

Structure of the Finnish asset management market by customer size and product positioning

Source: Inderes

Industry — Asset management market 5/5

Asset management competition

Banks

Nordea, OP, S-Pankki, Ålandsbanken, SEB, Aktia, Danske Bank, OmaSp

Medium-sized investment service companies

Mandatum, Evli, CapMan, LähiTapiola, UB United Bankers, Taaleri, Titanium, eQ, Alexandria

Small investment service companies

IceCapital, Fourton, Finlandia, PYN Elite, Fondita

Consolidation drivers

Trends

Digitalization

Return of interest rates

Sustainability (ESG)

Regulation

Alternative asset classes

Sales synergies

Growing the product and service range

Increasing distribution capacity

Increasing AUM

Cost synergies

IT costs

Administrative expenses

Personnel expenses

Drivers for consolidation are clear and we believe that consolidation will continue as active

Finalized M&A transactions

eQ	Advium, IceCapital
UB United Bankers	Suomen Pankkiiriliike, KJK Capital
CapMan	Norvestia, Dasos Capital
Titanium	Investium
Taaleri	Garantia
Aktia	Taaleri Varainhoito
Evli	Elite Alfred Berg, Kelonia

Source: Inderes

Financial position

The balance sheet is very simple

From an investor's perspective, Alexandria's balance sheet is very simple. The balance sheet total at the end of Q2 was around 44 MEUR, of which 34 MEUR was equity. The company's equity ratio at the end of the year was 76%, and as is typical for the industry, Alexandria is also net debt-free.

In terms of non-current assets, the company has some 5.7 MEUR of goodwill on its balance sheet related to the acquisitions of Premium Advisors and the minority stake in Alexandria Markets in 2019 and 2020. The company amortizes this goodwill based on FAS accounting using the straight-line method (estimated 0.7-0.8 MEUR per year). Goodwill amortization has no cash flow impact, and therefore, we recommend investors look at earnings adjusted for goodwill amortization.

Another significant non-current asset on the balance sheet is IFRS 16 lease liabilities (5.5 MEUR). In addition, the company has small investments of some 1 MEUR. Otherwise, there are no significant non-current items on the balance sheet. Alexandria's current assets consist of cash (14 MEUR) and receivables of approximately 17 MEUR. The amount of receivables has increased by some 10 MEUR in two years, which is due to the company's excellently developed insurance product sales. In insurance products, the company recognizes revenue immediately, but cash flow is recognized from the partner (insurance company) over 5 years. This receivable does not involve material risks and, in practice, the only risk is the counterparty risk. According to our calculations, the amount of insurance-related receivables should no longer increase substantially, and we expect them to remain at the current level in the coming years. Towards the end of the decade, these receivables should decrease clearly.

The company's business does not require much capital to run, so in practice, solvency requirements set the framework for the company's balance sheet structure. The minimum level set by regulatory requirements for the company's solvency ratio is 8%, while at the end of 2024, it was around 35%.

The balance sheet provides some leeway

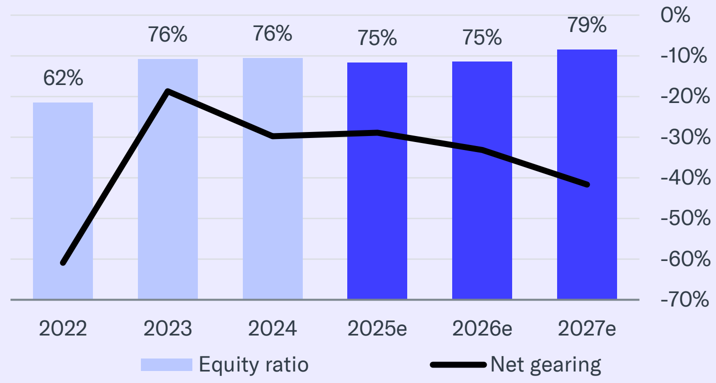
We consider Alexandria's current balance sheet clearly overcapitalized, and theoretically, it has some 14 MEUR of excess capital relative to the lower solvency limit. Naturally, an investment service firm must maintain a clear buffer relative to the lower solvency limit and thus the actual excess capital is roughly estimated at around 10 MEUR.

Alexandria has also openly communicated its intention to maintain a strong cash position for M&A transactions, which in turn keeps solvency high. We believe Alexandria's current balance sheet would allow for a moderately sized acquisition. In addition, the company naturally also has its own reasonably priced share as a bargaining chip, so we no longer consider it justified to strengthen the balance sheet from the current level. Therefore, we expect the company to distribute practically almost its entire earnings as dividends going forward, as it has done for the past three years.

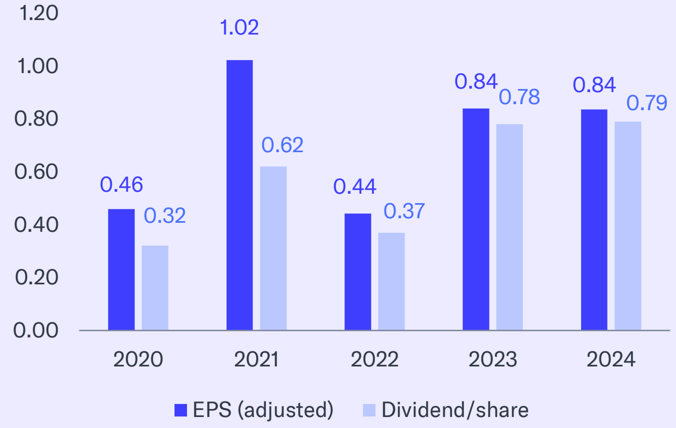
Minority interests

The company has a 10% minority interest in Alexandria Markets Oy. Historically, Markets has accounted for a majority of the company's earnings (2023 Markets EBIT 6.5 MEUR), and consequently, the minority's share of earnings has also been significant. At the end of 2020, the company increased its stake in Alexandria Markets from 65% to 90%.

Development of balance sheet key figures



EPS and dividend estimates



Estimates 1/4

Background of estimates

The state of the capital markets in Finland has remained twofold over the past year. The global market is booming, but Nasdaq Helsinki has not yet been invited to the party. In addition, the Finnish real estate sector is suffering a hangover following the end of the zero interest rate period. The challenges in the real estate market and the weakness of Nasdaq Helsinki have contributed to weakening the sentiment in Finland, and the market situation has been moderate at best from the perspective of asset managers. In our view, the long-term outlook for the domestic asset management market is still very good, and we see strong structural growth drivers in the market far into the future.

The return of interest rates as a relevant asset class has clearly improved the market, and investors can normalize their interest rate allocations. This has been reflected in particular in alternative investments, where the red-hot market has normalized. However, alternative products have become a permanently integral part of the modern investment portfolio, and their role will remain significant for both investors and asset managers in the future. We believe it is clear that as interest rates have once again become a relevant asset class, competition between alternative products will intensify, and the quality of products will become more important in this environment. Overall, we see the market situation as at least reasonable for Alexandria in the coming years, and long-term trends in the domestic asset management market favor the company.

Estimate revisions

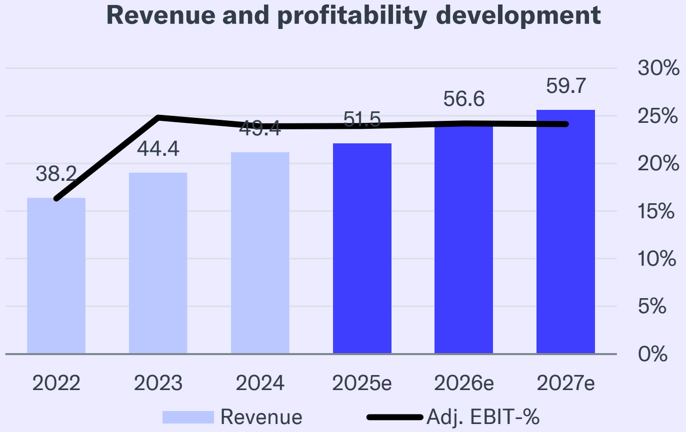
We have revised our estimates upward for the next few years by 5-12%. This is mainly due to sales of insurance products, which we expect to be slightly higher than before. We consider it more important that our confidence in the sales volume of insurance has increased than these estimate changes. We have also added a small commission income flow from asset management to our estimates for the first time. Although the commission level from asset management is small in our estimates, its impact on earnings growth is clear.

Summary of estimates

We expect stable earnings growth from Alexandria, and the average adjusted EBIT growth in our estimates is about 8% in 2025-2029. A key challenge for Alexandria remains the dominant share of insurance and structured products with a weak growth profile in revenue. We find it difficult to see these products being viable growth drivers in the coming years, and thus, growth rests entirely on the shoulders of funds and asset management. As a result, Alexandria's structural growth potential is lower than for several listed peers, which weighs on the acceptable valuation.

Estimate revisions MEUR / EUR	2025 Old	2025 New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	50.7	51.5	2%	53.8	56.6	5%	56.0	59.7	7%
EBIT (exc. NRIs)	11.7	12.3	5%	12.7	14.2	12%	12.9	15.0	17%
EBIT	10.9	11.5	5%	11.9	13.4	13%	12.1	14.2	18%
EPS (excl. NRIs)	0.84	0.88	4%	0.89	1.00	12%	0.89	1.04	17%
DPS	0.78	0.88	14%	0.78	0.92	18%	0.86	1.01	17%

Source: Inderes



Estimates 2/4

New fund sales continue growing clearly and will accelerate from 2026 onwards as redemptions from the real estate fund become easier and the general market situation picks up. For asset management, we expect cautious progress, but we have now for the first time incorporated its growth into our estimates. We believe the company can perform clearly better in asset management, and it offers the biggest earnings leverage relative to our estimates. However, following past stumbles, we want to see concrete successes before taking a stronger view.

For structured products, we expect revenue to remain at its current excellent level in the coming years as well. We believe the key challenge for structured products is the company's already very high volume, which we believe will be difficult to increase significantly. There could be room for growth in the product size classes in a good market but it would require the market to pick up. We would also like to note that we feel the company seems to be shifting its sales focus increasingly toward asset management, which makes it more challenging to grow structured products.

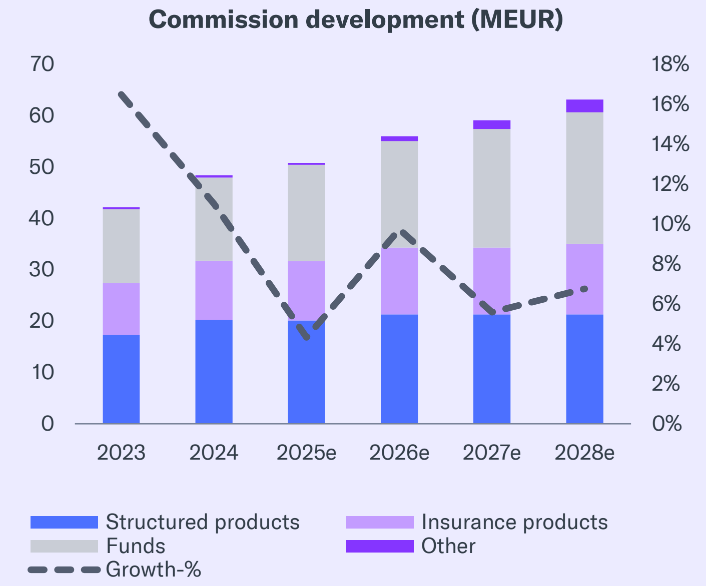
As for insurance, asset management investments should be positively reflected in sales, as insurance wrappers play a major role in asset management. In addition, the products launched with Henki-Fennia enable structured products to be placed in an insurance wrapper, and the structured products portfolio can gradually be expected to shift to insurance wrappers.

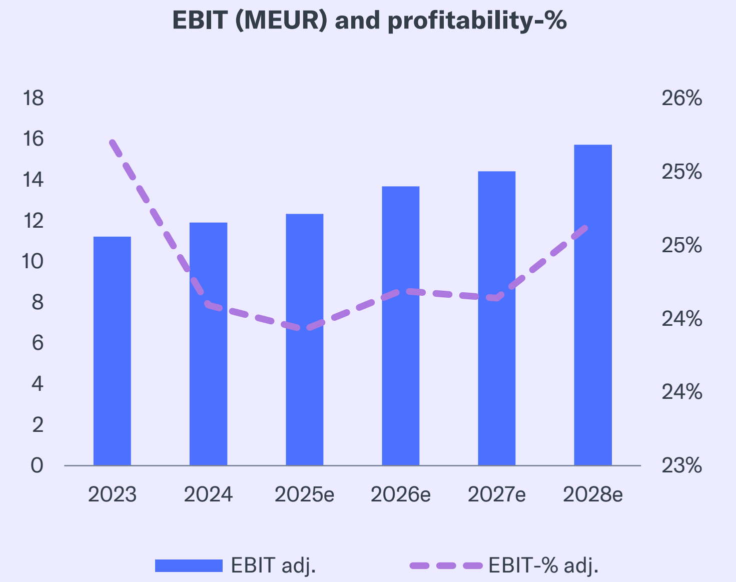
2025: asset management must be successful

The company sets out to 2025 from a good position. Assets under management are at an all-time high, the general market sentiment has continued to recover in Finland during the first half of the year, and a good number of structured products have been sold. We expect a 5% increase in commission income for the current year. The level may seem modest, but we note that we do not expect growth in structured products or insurance. In funds, we predict strong growth, and in asset management, commissions are still small (ramp-up very slow). In our estimates, asset management commissions are shown on the Other line, which also includes Alexandria's funding position that is being ramped down. in 2025, the small growth in asset management is overshadowed by the melting funding position.

The EBIT margin will remain around the 2024 level, as the frontloaded recruitment of 2024 raises the cost structure. EBIT adjusted for goodwill amortization grows slightly in our estimates to 12.3 MEUR (2024: 11.9 MEUR).

For 2025, by far the most important thing would be for the company to prove that its new asset management model is viable. This would give the company's growth a long-awaited boost and increase the company's structural growth potential. It is at least as important to get the sales volume of the funds back closer to the 100 MEUR level when the redemptions of the real estate fund finally ease. The launch of real estate development funds should facilitate this goal, as the company has historically been very successful in selling individual products (e.g. insurance, structured products). Even though the sentiment in real estate is dismal, the company should be able to sell the first fund for 50 MEUR with its extensive sales machinery.





Estimates 3/4

2026-2028: Earnings increase and mix improves

We expect Alexandria's organic revenue to grow by about 8% in 2025-2028. Growth comes mainly from funds, but asset management also provides some support for growth. In addition, insurance and structured products are growing to some extent.

We point out that the growth of asset management commissions is also the most important thing from a strategic point of view in this period. Although asset management commissions are a modest 2.5 MEUR in our 2028 estimate, this would mean 300-400 MEUR AUM in asset management outside own products. At this point, the company would have proven the viability of the asset management service, and asset management would be well-positioned to grow significantly faster. In this scenario, asset management would be well-positioned to be the Group's largest growth pillar by the end of the decade.

We expect the company's profitability to improve moderately. For profitability scalability, accelerating revenue growth rate is essential. Although the company does not have significant cost pressures, "normal" expense growth (wage inflation, asset management recruitment investments, other inflation, etc.) will be around 5% per year. If the company successfully accelerates growth clearly above 10%, profitability will also start to scale more. With our current estimates, profitability is 25% in 2028, which is still a modest level in relative and absolute terms. According to our calculations, the company should, with the current structure, have the prerequisites for a +30% EBIT margin, provided that growth can be raised to the next level. This 30% profitability does not include potential performance fees, and in the best case, they would come on top of that.

We note that, given the company's business structure (high proportion of variable costs), its profitability potential is somewhat lower than for the average listed peer.

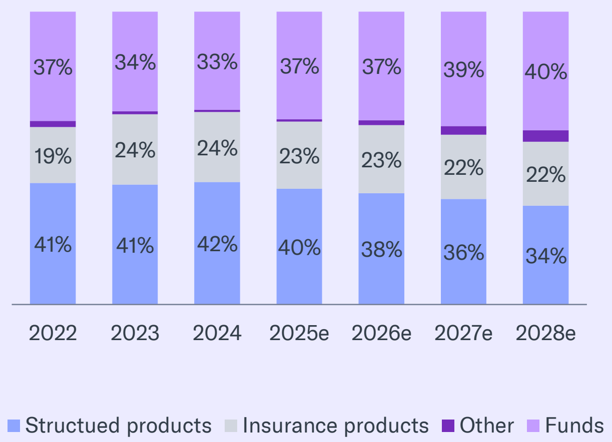
In our estimates, the distribution of commissions continues to improve, and the share of funds and asset management of the commissions would be approximately 45% in 2028. The ratio is still quite low, but we emphasize that at this point the company would have evidence of a successful ramp-up of asset management and the confidence in the mix improving also in the future would be higher than currently.

We also point out that there are certain continuous features in the company's structured products, as the company has sold structured products at a fairly steady volume for more than a decade, regardless of the market situation. In our view, this is explained by the fact that a significant portion of the sold portfolio returns to new products as investments. Thus, the exceptionally low share of continuing operations relative to peers gives an unnecessarily negative picture of income distribution.

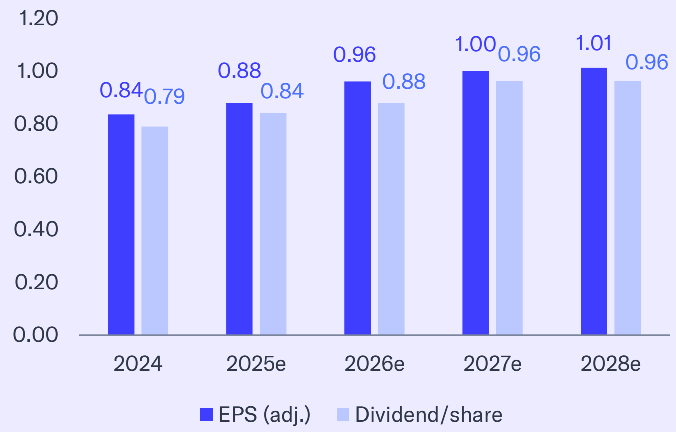
Dividend estimates

The company's financial objective is to distribute at least 80% of the profit as dividends. The company's balance sheet is strong, and we find it difficult to see justification for further increasing the company's cash position from the current level, as its shares would in any case be a large part of the payment in any M&A transaction. Consequently, the profit distribution will remain close to 100% of the adjusted profit. We do not believe that the company is willing to support the dividend stream from its balance sheet, so the dividend will fluctuate annually with earnings.

Change in commission mix



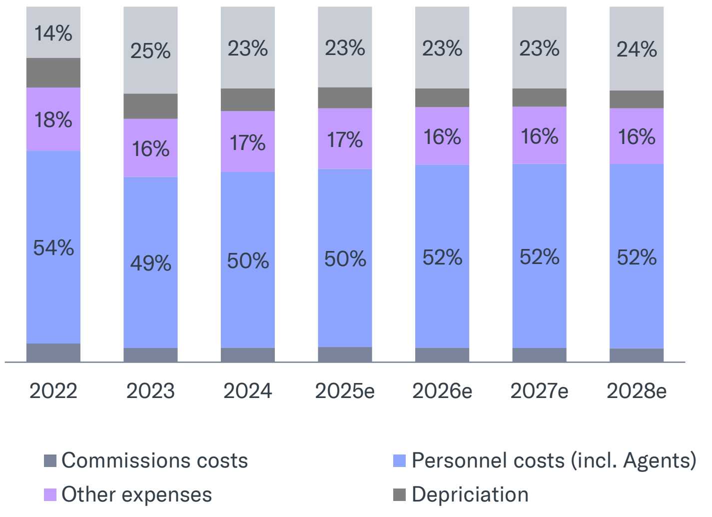
EPS and dividend estimates



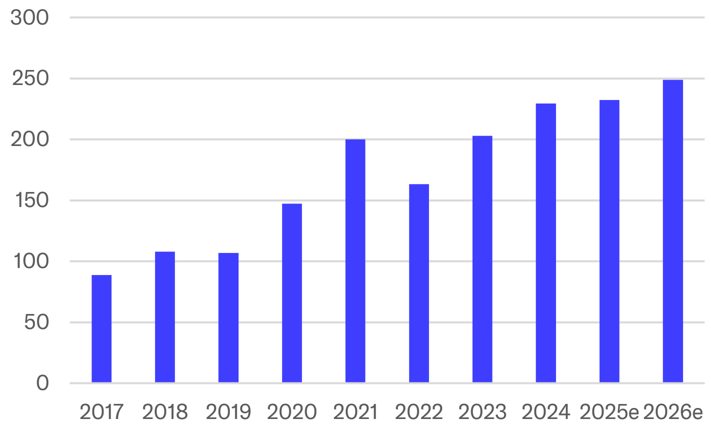
Estimates 4/4

MEUR	2022	2023	2024	2025e	2026e	2027e	2028e
Income of investment services	**38.2**	**44.5**	**49.4**	**51.5**	**56.6**	**59.7**	**63.8**
Growth-%	*-19.4 %*	*16.5 %*	*11.0 %*	*4.3 %*	*9.7 %*	*5.6 %*	*6.8 %*
Structured products	*15.7*	*17.3*	*20.2*	*20.1*	*21.3*	*21.3*	*21.3*
Insurance products	*7.2*	*10.1*	*11.6*	*11.6*	*13.0*	*13.0*	*13.8*
Corporate financing	*0.8*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Funds	*14.1*	*14.3*	*16.2*	*18.7*	*20.8*	*23.1*	*25.6*
Commission costs	-15.3	-16.0	-18.7	-19.5	-22.1	-23.3	-24.8
Agents	*-13.3*	*-14.2*	*-16.6*	*-17.3*	*-19.8*	*-20.9*	*-22.3*
Others	*-2.0*	*-1.8*	*-2.1*	*-2.2*	*-2.3*	*-2.4*	*-2.5*
Interest expenses	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Personnel expenses	-7.5	-7.4	-8.0	-8.6	-9.4	-10.1	-10.8
Other administrative expenses	-5.8	-6.2	-7.3	-7.5	-7.8	-8.1	-8.4
Depreciation	-3.2	-3.2	-3.2	-3.1	-3.0	-3.1	-3.2
Other operating expenses	-0.8	-1.0	-1.0	-1.1	-1.2	-1.3	-1.4
EBIT	5.5	10.4	11.2	11.5	12.9	13.6	14.9
EBIT-%	*14%*	*25%*	*23%*	*23%*	*23%*	*23%*	*24%*
EBIT adj.	**6.2**	**11.2**	**11.9**	**12.3**	**13.7**	**14.4**	**15.7**
EBIT-% adj.	***16%***	***25%***	***24%***	***24%***	***24%***	***24%***	***25%***
Minorities	-0.4	-0.5	-0.7	-0.7	-0.7	-0.7	0.3
Net profit	3.9	8.1	8.1	8.5	9.5	10.0	11.1
EPS adj.	0.44	0.84	0.84	0.88	0.96	1.00	1.01
EPS growth-%	*-57%*	*90%*	*-1%*	*5%*	*9%*	*4%*	*1%*
Dividend	0.37	0.78	0.79	0.84	0.88	0.96	0.00
Payout ratio-%	*84%*	*93%*	*95%*	*96%*	*92%*	*96%*	*0%*
Recurring fees-%	37%	34%	33%	38%	39%	42%	44%
Non-recurring fees-%	63%	66%	67%	62%	61%	58%	56%
Minorities' share of earnings-%	10%	6%	7%	8%	7%	7%	-3%
Volume of structured products	243	256	301	296	313	313	313
Growth of fund capital (net subscriptions + value increase)	-17	120	110	119	136	142	147
Fund capital	804	924	1034	1153	1289	1431	1578
Number of personnel (incl. agents)	235	208	211	219	225	231	237
Revenue/employee KEUR	163	203	229	232	249	256	266
Expenses/employee (incl. agents) KEUR	-89	-104	-116	-118	-130	-134	-140

Development of cost strcuture



Sales/employee (KEUR)



Valuation 1/3

Valuation summary

We examine Alexandria's valuation through a peer group, absolute valuation multiples and a cash flow model. When determining the fair value, we have given most weight to peer group valuation multiples and the DCF model (50% for both), and our updated target price (EUR 10.5) is in line with our fair value view We examine different valuation methods in more detail on the following pages.

Both the peer group and the DCF model indicate that the shares are slightly undervalued, and the absolute multiples also support this view. With our current estimates, we believe the stock already offers a quite attractive expected return.

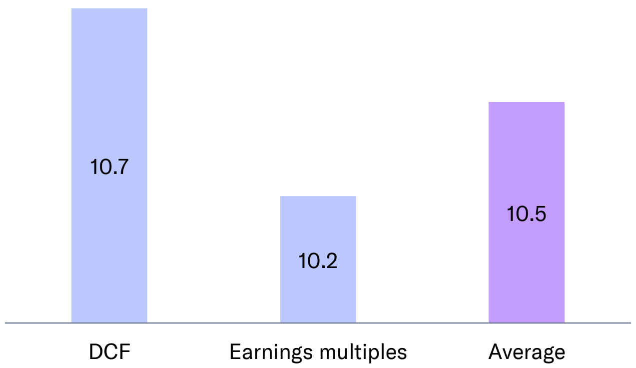
It is important for investors to understand that the required return we apply to Alexandria is high in absolute terms and among the highest in our peer group. We believe the key factors increasing the company's risk level are:

1) The low share of recurring revenue (clearly the lowest in the peer group) exposes earnings to volatility
2) The significant share of revenue from structurally slow-growing product lines (structured products and insurance) weighs on the company’s growth potential
3) The scaling of profitability along with growth involves uncertainty

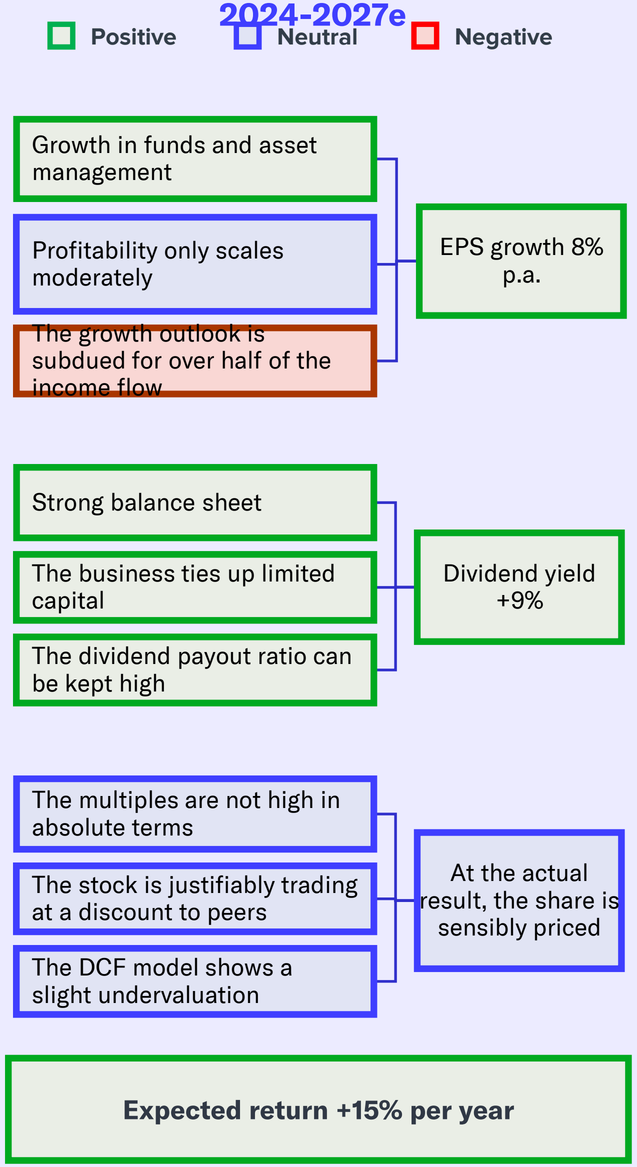
All factors that elevate the risk level are more or less related to the company's product mix. If the company were to improve its product mix, this would lower the risk profile In practice, the successful ramp-up of asset management and the continuous growth of funds would create value for the company through both earnings growth and an increased risk profile.

In the best-case scenario, the total return offered by Alexandria to investors could be very high over the next 3-5 years if earnings growth accelerates from the current level and multiples rise as the risk profile decreases. This expected return would be further supported by one of the sector's highest dividend yields.

Valuation summary (EUR/share)



Total shareholder return drivers 2024-2027e



Valuation 2/3

Peer group

Alexandria has an exceptionally good peer company group in the Helsinki stock exchange. We have used all listed asset managers as domestic peers and Oma Säätöpankki. When considering the relative valuation, we put the most weight on P/E and EV/EBIT ratios and dividend yield. For FAS companies, we have adjusted GWA to improve the comparability of the companies. In our view, Alexandria should as a whole trade at a discount to its domestic peers, as the company's risk level is higher than its peers for the reasons described on the previous page.

In Alexandria's case, the usefulness of the EV/EBIT multiple is slightly reduced by the minority interest in earnings, which we estimate to be ~10% of the financial year's earnings. We also consider the company's substantial cash holdings to be part of the business (e.g. solvency requirements and related buffer), which makes the EV multiples look a little too good in the company's case.

Considering this, it is justified that Alexandria's EV/EBIT multiples are on average clearly below the peer group.

With the P/E ratio, Alexandria trades at a discount of around 25% to its peer group using 2025 and 2026 estimates. Although it is justified that the company trades at a discount relative to its peers, the discount has already stretched to its highest level in history. On average, the discount has been considerably smaller than at present, which we consider justified.

The dividend yield is the highest in the sector and the difference to the median is about 35%. Also relative to the dividend yield, the valuation gap has widened to its highest level in history, which we find difficult to justify.

By applying 2025-2026 EV/EBIT multiples, P/E multiples, and dividend yield with identical weights, we arrive at a per-share value of EUR 12.8 for Alexandria. However, due to Alexandria's higher risk level compared to its peers, the company should trade at a discount relative to the peer group. We have applied a 20% discount in our analysis, which we consider an appropriate level given Alexandria's higher risk profile. Considering this discount, we arrive at a peer-based value of EUR 10.2 per share, which is somewhat higher than the current share price.

Overall, the pricing of the peer group of domestic asset managers is quite well in line with historical levels (graphs on page 38).

Peer group valuation	**Market cap**	**EV**	**EV/EBIT**		**EV/EBITDA**		**EV/Sales**		**P/E**		**Dividend yield-%**		**P/B**
Company	**MEUR**	**MEUR**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Aktia	794								8.8	9.2	7.7	7.9	1.1
CapMan	361	330	9.6	8.3	9.3	8.0	5.0	4.5	14.6	13.3	7.4	7.9	1.8
eQ	468	432	12.1	9.6	11.7	9.3	6.5	5.4	16.5	13.3	6.3	7.8	5.9
Evli	490	491	11.4	10.1	10.5	9.3	4.5	4.2	15.3	13.6	6.5	6.7	3.2
Taaleri	220	195	6.2	6.5	6.0	6.4	3.1	3.2	10.3	9.2	5.9	6.5	1.0
Titanium	81	69	10.0	11.0	9.0	9.8	3.3	3.4	14.9	16.2	7.0	6.5	5.2
United Bankers	193	177	11.4	8.9	9.8	8.0	3.3	2.9	16.8	13.2	6.6	6.8	3.1
Alexandria (Inderes)	**97**	**90**	**7.4**	**6.6**	**6.3**	**5.7**	**1.8**	**1.6**	**10.4**	**9.5**	**9.2**	**9.8**	**2.8**
Average			**10.1**	**9.1**	**9.4**	**8.5**	**4.3**	**3.9**	**13.9**	**12.6**	**6.8**	**7.2**	**3.0**
Median			**10.7**	**9.2**	**9.6**	**8.7**	**3.9**	**3.8**	**14.9**	**13.3**	**6.6**	**6.8**	**3.1**
Diff-% to median			***-30%***	***-29%***	***-34%***	***-34%***	***-55%***	***-58%***	***-30%***	***-29%***	***41%***	***43%***	***-8%***

Source: Refinitiv / Inderes

Valuation 3/3

DCF model

In our DCF calculation, we assume that Alexandria's growth will continue steadily and that the adjusted EBIT margin will improve until 2028. After this, profitability will gradually decline and reach 19% at the end of the forecast period. The level is in line with the 2018-2024 average. The level is not particularly demanding and we believe the company has realistic conditions to exceed it.

The required return we apply to Alexandria is among the highest in our peer group at 11.0% due to the higher risk profile. We have also incorporated Markets' minority interest and the dividend already distributed this spring. With these estimate parameters, the DCF model indicates a per-share value of EUR 10.7. A more detailed DCF model and its key assumptions can be found on page 40 of the report. Investors should note that if the company succeeds in implementing its strategy in the coming years, its risk level, and consequently required return, will decrease from the current level. This would naturally have a positive impact on the share value, as indicated by the DCF sensitivity graph in the sidebar. However, the impact is relatively moderate due to the high initial level of required return. The sensitivity analysis shows that, of the parameters affecting the value of the DCF model, the significance of earnings and its growth is clearly more relevant than the development of the required return.

Absolute valuation multiples

We believe Alexandria's valuation picture has become clearer over the past couple of years. We feel the predictability of the company's business has clearly improved, as the turnaround in insurance sales has been achieved and good volumes of structured products have been sold despite the challenging market situation.

In our view, an acceptable P/E ratio for the company is in the 10-12x range, which is in line with the levels we accept for Titanium, for example. The valuation is also in line with the company's median stock market history. The valuation is not high in absolute terms, but there are clear reasons for this. With the 2024 realized earnings, the P/E ratio is near the upper end of the range, and the 2025-2026 multiples fall to the lower end of the range.

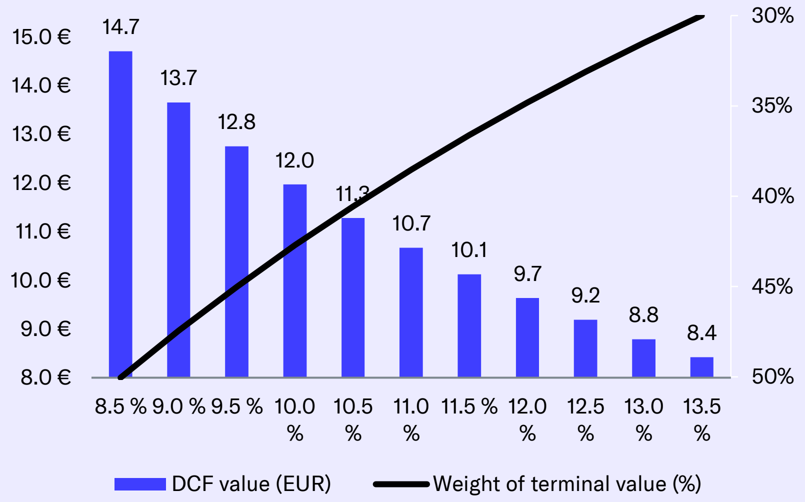
The dividend yield we forecast for Alexandria is strong for the next few years (~9%), which clearly supports the valuation of the company's share. We note, however, that the dividend yield ultimately depends on the actual results.

Overall, the absolute valuation of the stock is not high, and in a good scenario, it would offer a clear upside for the stock when the stock starts trading at higher multiples. Therefore, the valuation supports our view of the good risk/reward ratio of the stock.

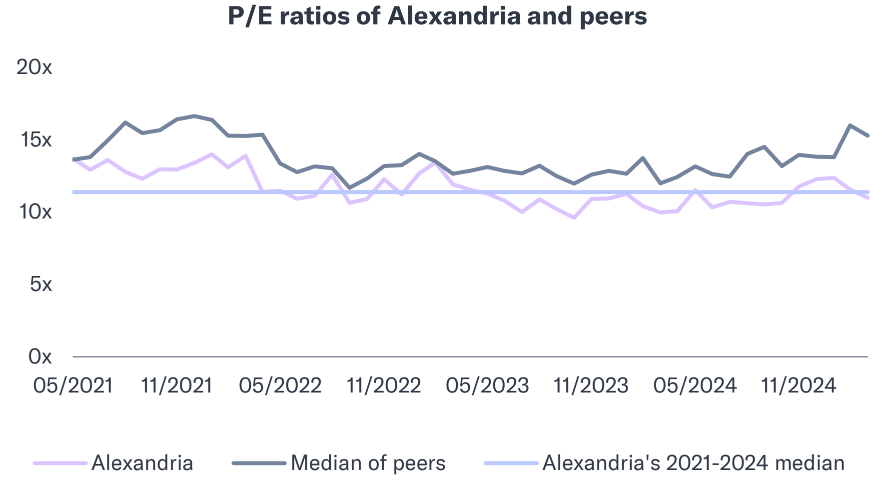
Valuation	2025e	2026e	2027e
Share price	9.10	9.10	9.10
Number of shares, millions	10.6	10.7	10.8
Market cap	97	97	97
EV	92	90	87
P/E (adj.)	10.4	9.5	9.1
P/E	11.3	10.3	9.8
P/B	2.8	2.8	2.7
P/S	1.9	1.7	1.6
EV/Sales	1.8	1.6	1.5
EV/EBITDA	6.3	5.7	5.2
EV/EBIT (adj.)	7.4	6.6	6.0
Payout ratio (%)	104.8 %	99.3 %	104.0 %
Dividend yield-%	9.2 %	9.8 %	10.8 %

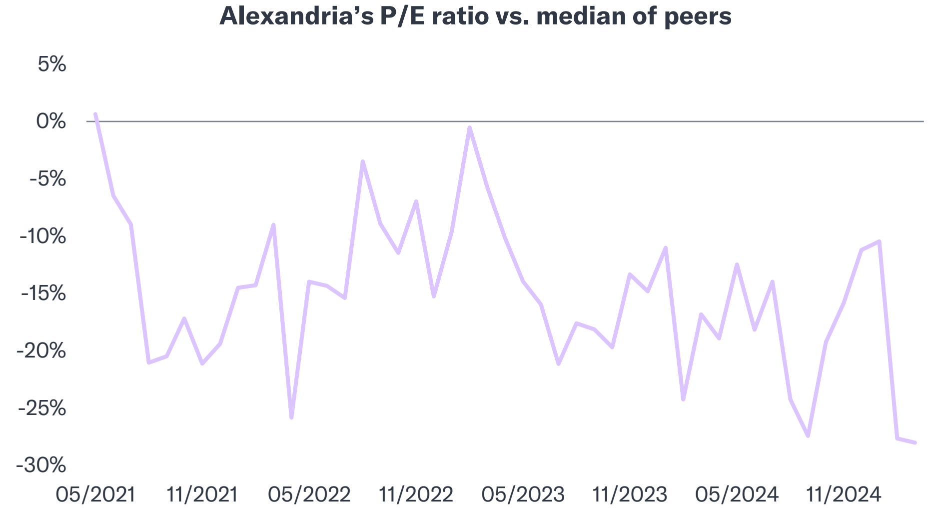
Source: Inderes

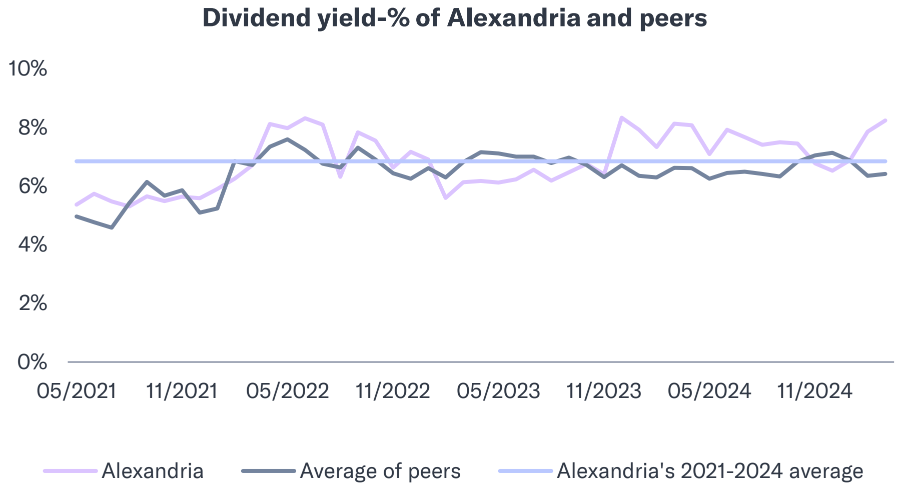
Sensitivity of DCF to changes in the WACC-%

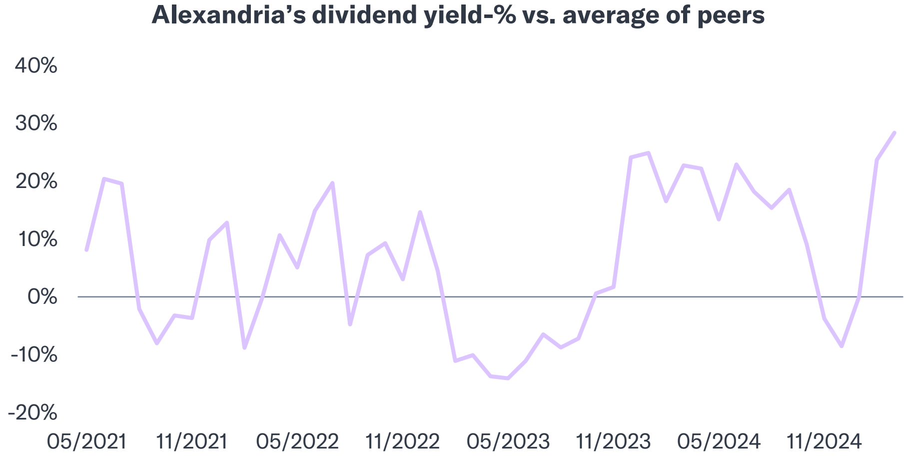


Alexandria's valuation compared to the peers









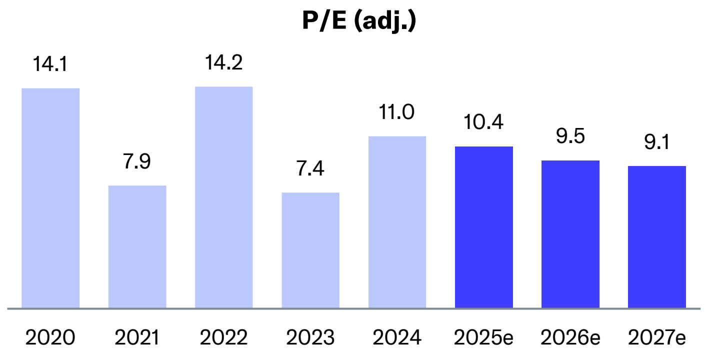
The peer group includes CapMan, Alexandria, eQ, Evli, Taaleri, Titanium and United Bankers

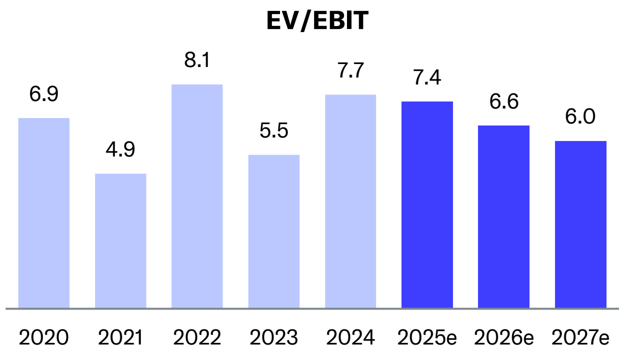
Source: Bloomberg, March 18, 2025

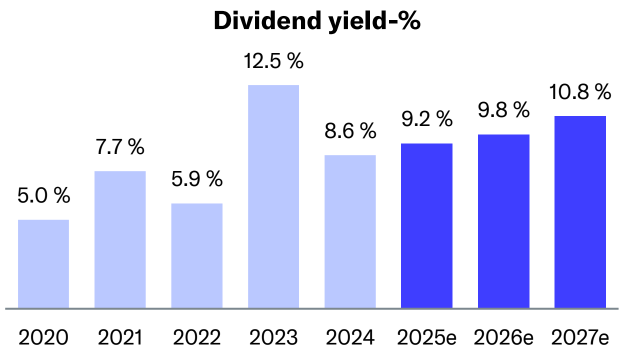
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	6.47	8.05	6.28	6.24	9.20	**9.10**	**9.10**	**9.10**	**9.10**
Number of shares, millions	9.35	10.00	10.4	10.4	10.4	**10.6**	**10.7**	**10.8**	**10.9**
Market cap	60	80	65	65	96	**97**	**97**	**97**	**97**
EV	49	63	50	61	91	**92**	**90**	**87**	**79**
P/E (adj.)	14.1	7.9	14.2	7.4	11.0	**10.4**	**9.5**	**9.1**	**9.0**
P/E	15.6	9.2	17.0	8.1	12.0	**11.3**	**10.3**	**9.8**	**9.0**
P/B	2.9	2.7	2.4	1.9	2.8	**2.8**	**2.8**	**2.7**	**2.7**
P/S	1.7	1.7	1.7	1.5	1.9	**1.9**	**1.7**	**1.6**	**1.5**
EV/Sales	1.4	1.3	1.3	1.4	1.8	**1.8**	**1.6**	**1.5**	**1.2**
EV/EBITDA	5.1	4.3	5.8	4.6	6.3	**6.3**	**5.7**	**5.2**	**4.3**
EV/EBIT (adj.)	6.9	4.9	8.1	5.5	7.7	**7.4**	**6.6**	**6.0**	**5.3**
Payout ratio (%)	77.4 %	71.0 %	100.1 %	100.9 %	102.8 %	**104.8 %**	**99.3 %**	**104.0 %**	**95.0 %**
Dividend yield-%	5.0 %	7.7 %	5.9 %	12.5 %	8.6 %	**9.2 %**	**9.8 %**	**10.8 %**	**10.9 %**

Source: Inderes



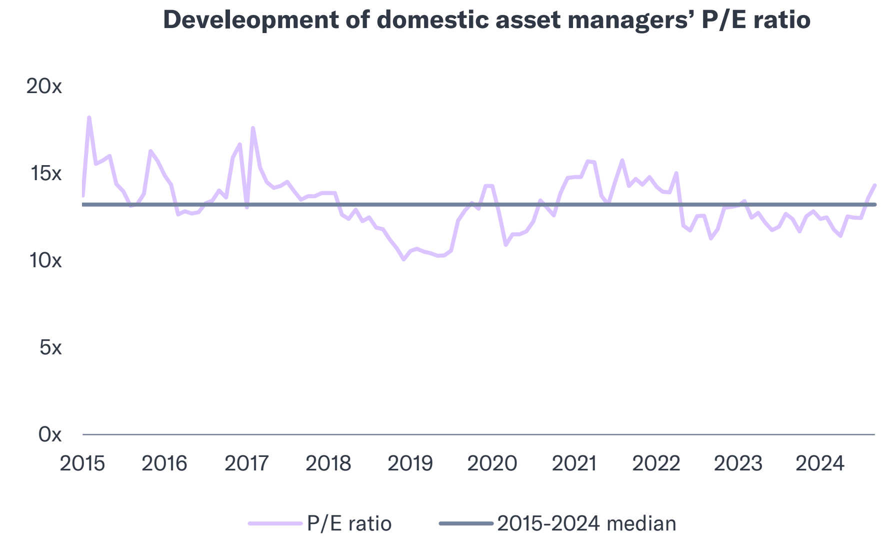


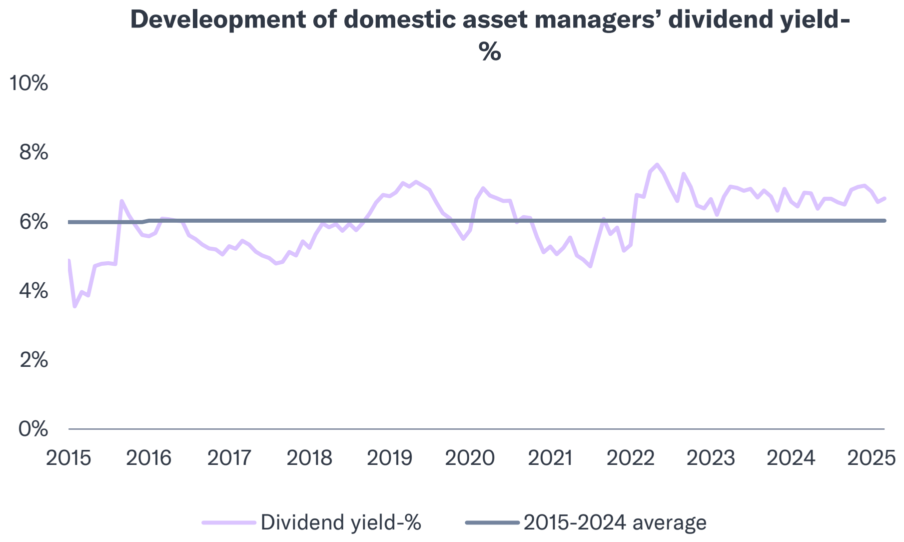


Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Aktia	794								8.8	9.2	7.7	7.9	1.1
CapMan	361	330	9.6	8.3	9.3	8.0	5.0	4.5	14.6	13.3	7.4	7.9	1.8
eQ	468	432	12.1	9.6	11.7	9.3	6.5	5.4	16.5	13.3	6.3	7.8	5.9
Evli	490	491	11.4	10.1	10.5	9.3	4.5	4.2	15.3	13.6	6.5	6.7	3.2
Taaleri	220	195	6.2	6.5	6.0	6.4	3.1	3.2	10.3	9.2	5.9	6.5	1.0
Titanium	81	69	10.0	11.0	9.0	9.8	3.3	3.4	14.9	16.2	7.0	6.5	5.2
United Bankers	193	177	11.4	8.9	9.8	8.0	3.3	2.9	16.8	13.2	6.6	6.8	3.1
Alexandria (Inderes)	**97**	**90**	**7.4**	**6.6**	**6.3**	**5.7**	**1.8**	**1.6**	**10.4**	**9.5**	**9.2**	**9.8**	**2.8**
Average			**10.1**	**9.1**	**9.4**	**8.5**	**4.3**	**3.9**	**13.9**	**12.6**	**6.8**	**7.2**	**3.0**
Median			**10.7**	**9.2**	**9.6**	**8.7**	**3.9**	**3.8**	**14.9**	**13.3**	**6.6**	**6.8**	**3.1**
Diff-% to median			***-30%***	***-29%***	***-34%***	***-34%***	***-55%***	***-58%***	***-30%***	***-29%***	***41%***	***43%***	***-8%***

Source: Refinitiv / Inderes





The peer group in the graphs includes CapMan, Alexandria, eQ, Evli, Taaleri, Titanium and United Bankers

Source of graphs Bloomberg, March 18, 2025

Income statement

Income statement	2023	H1'24	H2'24	2024	H1'25e	H2'25e	2025e	2026e	2027e	2028e
Revenue	**44.4**	**23.6**	**25.8**	**49.4**	**25.5**	**26.0**	**51.5**	**56.6**	**59.7**	**63.8**
EBITDA	**13.2**	**6.9**	**7.4**	**14.3**	**7.4**	**7.2**	**14.5**	**15.9**	**16.7**	**18.1**
Depreciation	-2.9	-1.5	-1.7	-3.2	-1.5	-1.5	-3.0	-3.0	-3.1	-3.2
EBIT (excl. NRI)	**11.0**	**5.8**	**6.0**	**11.8**	**6.3**	**6.1**	**12.3**	**13.7**	**14.4**	**14.9**
EBIT	**10.3**	**5.4**	**5.7**	**11.1**	**5.9**	**5.7**	**11.5**	**12.9**	**13.6**	**14.9**
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
Net financial items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PTP	**10.3**	**5.4**	**5.7**	**11.1**	**5.9**	**5.7**	**11.5**	**12.9**	**13.6**	**14.9**
Taxes	-1.8	-1.2	-1.2	-2.4	-1.2	-1.1	-2.3	-2.7	-2.9	-3.1
Minority interest	-0.5	-0.3	-0.4	-0.7	-0.3	-0.4	-0.7	-0.7	-0.7	-0.7
Net earnings	**8.1**	**3.9**	**4.2**	**8.0**	**4.4**	**4.1**	**8.5**	**9.5**	**10.0**	**11.1**
EPS (adj.)	**0.84**	**0.41**	**0.43**	**0.84**	**0.45**	**0.43**	**0.88**	**0.96**	**1.00**	**1.01**
EPS (rep.)	**0.77**	**0.37**	**0.40**	**0.77**	**0.41**	**0.39**	**0.80**	**0.89**	**0.93**	**1.01**

Key figures	2023	H1'24	H2'24	2024	H1'25e	H2'25e	2025e	2026e	2027e	2028e
Revenue growth-%	16.2 %	16.3 %	7.2 %	11.3 %	8.3 %	0.8 %	4.3 %	9.7 %	5.6 %	6.8 %
Adjusted EBIT growth-%	76.6 %	50.1 %	-15.7 %	7.2 %	9.1 %	0.1 %	4.5 %	10.9 %	5.4 %	3.5 %
EBITDA-%	29.8 %	29.0 %	28.9 %	28.9 %	28.9 %	27.5 %	28.2 %	28.0 %	28.0 %	28.4 %
Adjusted EBIT-%	24.8 %	24.4 %	23.4 %	23.9 %	24.6 %	23.3 %	23.9 %	24.2 %	24.1 %	23.4 %
Net earnings-%	18.2 %	16.3 %	16.1 %	16.2 %	17.2 %	15.9 %	16.5 %	16.8 %	16.8 %	17.3 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**23.8**	**13.3**	**13.0**	**12.7**	**12.3**
Goodwill	6.4	5.7	4.9	4.1	3.3
Intangible assets	0.4	1.0	1.0	0.9	0.8
Tangible assets	6.2	5.5	6.0	6.6	7.1
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	10.7	1.0	1.0	1.0	1.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.1	0.0	0.0	0.0	0.0
Current assets	**21.2**	**31.1**	**32.5**	**33.4**	**32.2**
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	9.9	16.8	17.5	17.0	14.9
Cash and equivalents	11.4	14.3	14.9	16.4	17.3
Balance sheet total	**45.1**	**44.4**	**45.4**	**46.1**	**44.5**

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**34.3**	**33.9**	**34.1**	**34.7**	**35.3**
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	17.5	17.1	17.4	18.0	18.5
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	15.7	15.7	15.7	15.7	15.7
Minorities	0.1	0.1	0.0	0.0	0.0
Non-current liabilities	**8.4**	**7.9**	**8.7**	**8.6**	**6.3**
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	5.0	4.2	5.1	4.9	2.6
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.4	3.7	3.7	3.7	3.7
Current liabilities	**2.4**	**2.6**	**2.6**	**2.8**	**3.0**
Interest bearing debt	0.0	0.0	0.0	0.0	0.0
Payables	2.4	2.6	2.6	2.8	3.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**45.1**	**44.4**	**45.4**	**46.1**	**44.5**

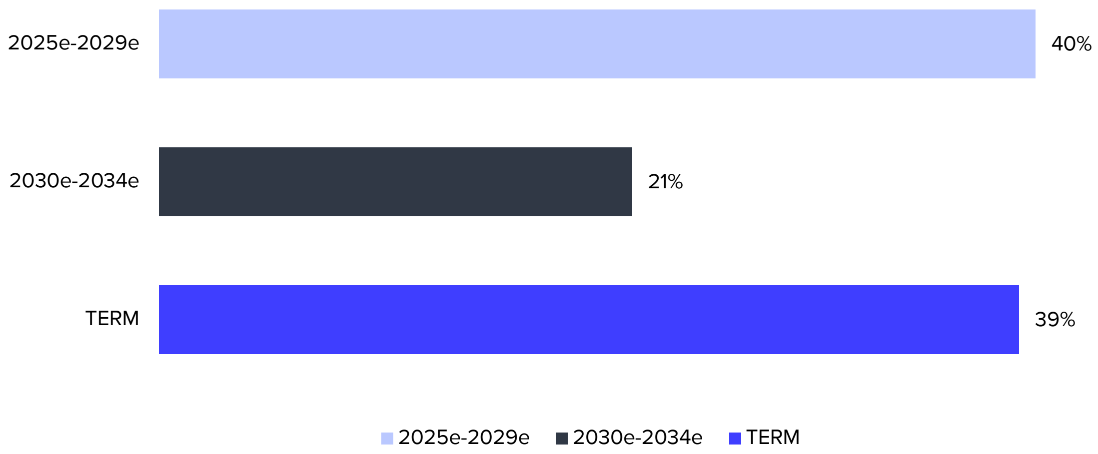
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	11.3 %	4.3 %	9.7 %	5.6 %	6.8 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
EBIT-%	22.5 %	22.4 %	22.8 %	22.8 %	23.4 %	22.0 %	21.0 %	21.0 %	20.0 %	19.0 %	19.0 %	19.0 %
EBIT (operating profit)	**11.1**	**11.5**	**12.9**	**13.6**	**14.9**	**14.4**	**14.1**	**14.4**	**14.1**	**13.7**	**14.0**	
+ Depreciation	3.2	3.0	3.0	3.1	3.2	3.3	3.4	3.5	2.8	2.8	2.8	
- Paid taxes	-2.4	-2.3	-2.7	-2.9	-3.1	-3.0	-3.0	-3.0	-2.8	-2.7	-2.8	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-6.7	-0.8	0.8	2.2	2.4	3.0	-0.2	-0.2	-0.2	-0.2	-0.2	
Operating cash flow	**5.2**	**11.5**	**14.0**	**16.0**	**17.4**	**17.7**	**14.3**	**14.7**	**13.9**	**13.6**	**13.9**	
+ Change in other long-term liabilities	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	7.3	-2.7	-2.7	-2.7	-2.8	-2.8	-2.9	-2.9	-2.9	-2.9	-3.4	
Free operating cash flow	**12.7**	**8.8**	**11.3**	**13.3**	**14.6**	**14.9**	**11.4**	**11.8**	**11.0**	**10.7**	**10.4**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	12.7	8.8	11.3	13.3	14.6	14.9	11.4	11.8	11.0	10.7	10.4	126
Discounted FCFF		**8.1**	**9.4**	**10.0**	**9.8**	**9.0**	**6.2**	**5.8**	**4.9**	**4.3**	**3.8**	**45.4**
Sum of FCFF present value		117	109	99.2	89.3	79.4	70.4	64.2	58.3	53.5	49.2	45.4
Enterprise value DCF		**117**										
- Interest bearing debt		-4.2										
+ Cash and cash equivalents		14.3										
-Minorities		-5.0										
-Dividend/capital return		-8.2										
Equity value DCF		**114**										
Equity value DCF per share		**10.7**										

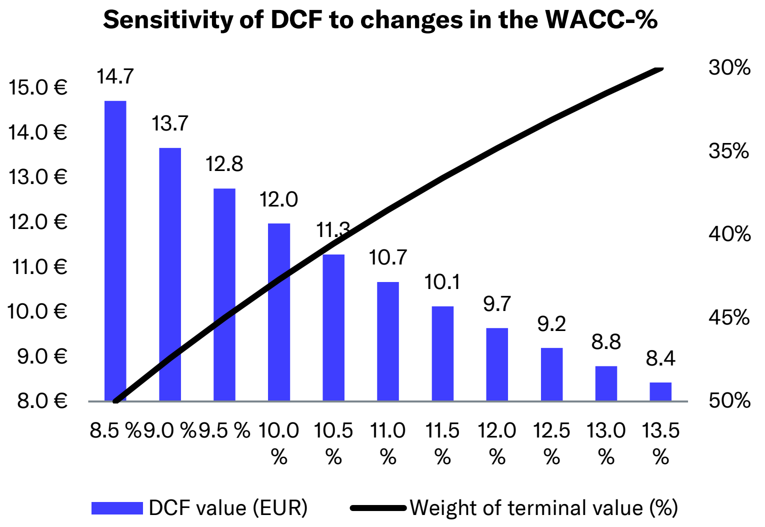
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	0.0 %
Cost of debt	4.0 %
Equity Beta	1.26
Market risk premium	4.75%
Liquidity premium	2.50%
Risk free interest rate	2.5 %
Cost of equity	**11.0 %**
Weighted average cost of capital (WACC)	**11.0 %**

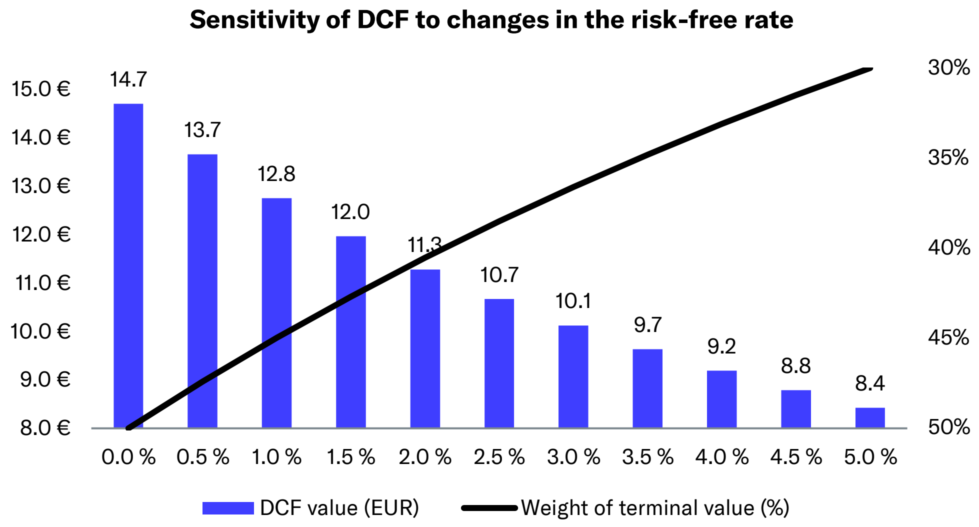
Source: Inderes

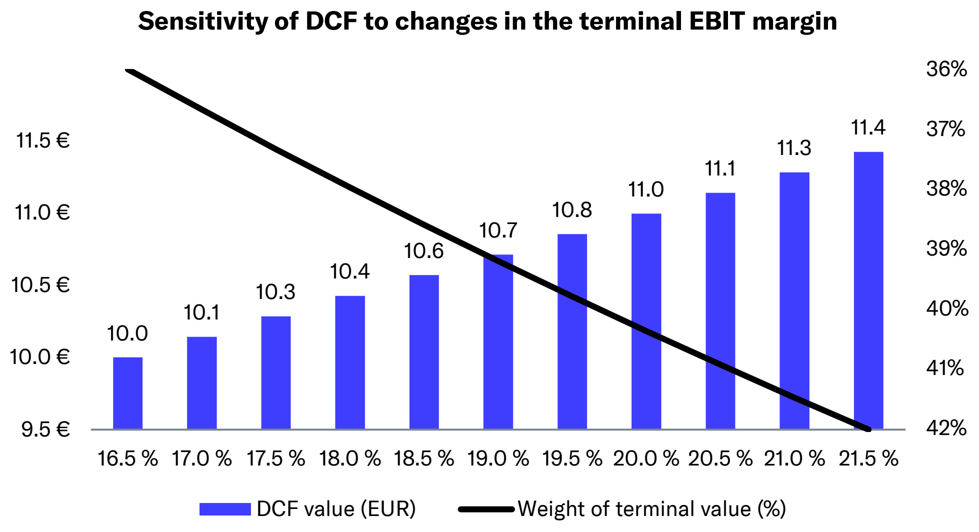
Cash flow distribution

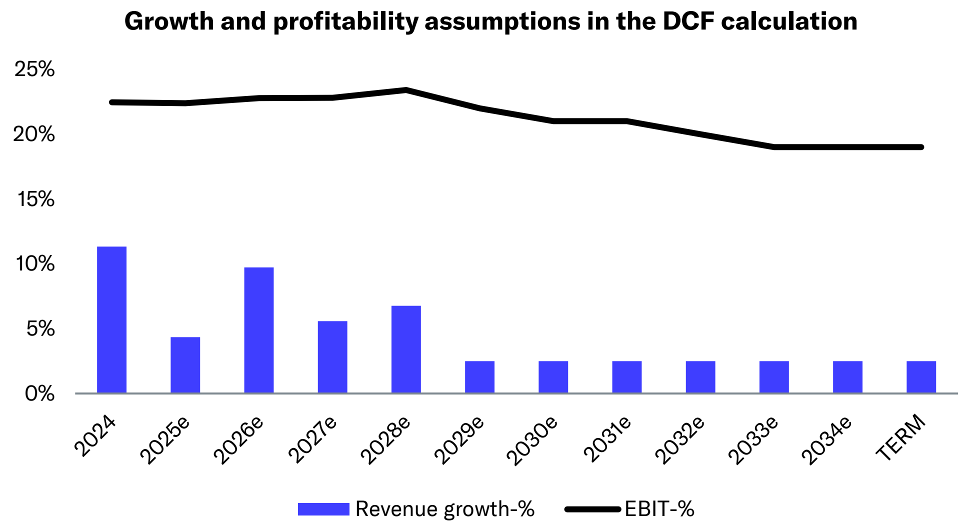


DCF sensitivity calculations and key assumptions in graphs









Lähde: Inderes. Huomaa, että terminaaliarvon paino (%) on esitetty käänteisellä asteikolla selkeyden vuoksi.

Summary

Income statement	2022	2023	2024	2025e	2026e
Revenue	38.2	44.4	49.4	**51.5**	**56.6**
EBITDA	8.7	13.2	14.3	**14.5**	**15.9**
EBIT	5.5	10.3	11.1	**11.5**	**12.9**
PTP	5.5	10.3	11.1	**11.5**	**12.9**
Net Income	3.9	8.1	8.0	**8.5**	**9.5**
Extraordinary items	-0.8	-0.7	-0.7	**-0.8**	**-0.8**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	44.4	45.1	44.4	**45.4**	**46.1**
Equity capital	27.7	34.3	33.9	**34.1**	**34.7**
Goodwill	7.1	6.4	5.7	**4.9**	**4.1**
Net debt	-16.9	-6.4	-10.1	**-9.9**	**-11.5**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	8.7	13.2	14.3	**14.5**	**15.9**
Change in working capital	0.1	-2.3	-6.7	**-0.8**	**0.8**
Operating cash flow	7.6	9.1	5.2	**11.5**	**14.0**
CAPEX	-5.9	-8.1	7.3	**-2.7**	**-2.7**
Free cash flow	1.6	-5.4	12.7	**8.8**	**11.3**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	1.3	1.4	1.8	**1.8**	**1.6**
EV/EBITDA	5.8	4.6	6.3	**6.3**	**5.7**
EV/EBIT (adj.)	8.1	5.5	7.7	**7.4**	**6.6**
P/E (adj.)	14.2	7.4	11.0	**10.4**	**9.5**
P/B	2.4	1.9	2.8	**2.8**	**2.8**
Dividend-%	5.9 %	12.5 %	8.6 %	**9.2 %**	**9.8 %**

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	0.37	0.77	0.77	**0.80**	**0.89**
EPS (adj.)	0.44	0.84	0.84	**0.88**	**0.96**
OCF / share	0.73	0.88	0.50	**1.08**	**1.31**
FCF / share	0.16	-0.52	1.22	**0.83**	**1.05**
Book value / share	2.65	3.29	3.25	**3.21**	**3.23**
Dividend / share	0.37	0.78	0.79	**0.84**	**0.88**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	-20%	16%	11%	**4%**	**10%**
EBITDA growth-%	-41%	53%	8%	**2%**	**9%**
EBIT (adj.) growth-%	-52%	77%	7%	**5%**	**11%**
EPS (adj.) growth-%	-57%	90%	-1%	**5%**	**9%**
EBITDA-%	22.7 %	29.8 %	28.9 %	**28.2 %**	**28.0 %**
EBIT (adj.)-%	16.3 %	24.8 %	23.9 %	**23.9 %**	**24.2 %**
EBIT-%	14.3 %	23.2 %	22.5 %	**22.4 %**	**22.8 %**
ROE-%	13.4 %	26.1 %	23.5 %	**25.1 %**	**27.6 %**
ROI-%	18.2 %	30.0 %	28.7 %	**29.8 %**	**32.7 %**
Equity ratio	62.4 %	76.1 %	76.4 %	**75.1 %**	**75.3 %**
Gearing	-60.9 %	-18.7 %	-29.8 %	**-28.9 %**	**-33.2 %**

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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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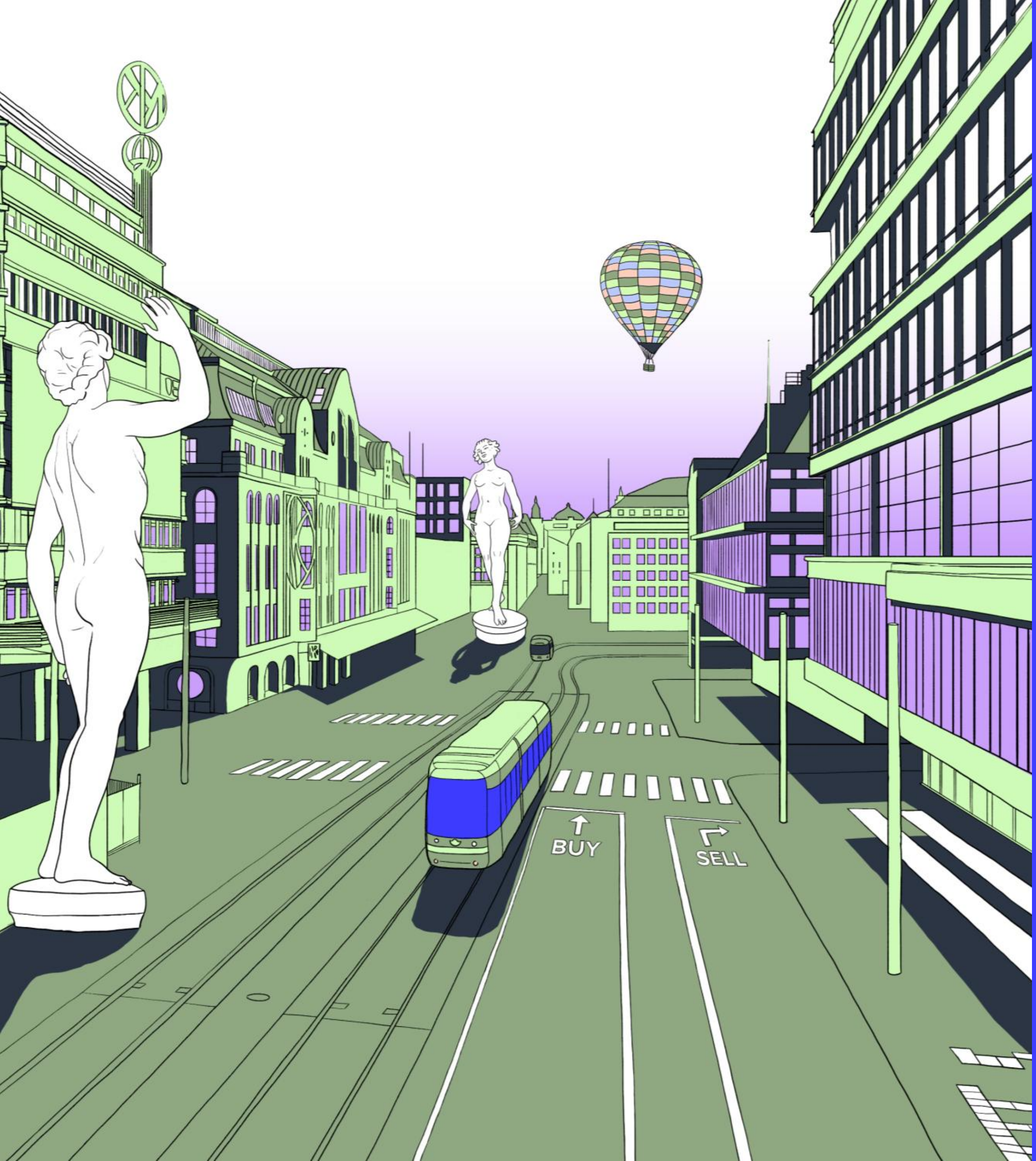
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
5/20/2021	Sell	6.80 €	8.65 €
6/30/2021	Reduce	6.80 €	6.99 €
8/24/2021	Reduce	8.00 €	8.48 €
3/4/2022	Reduce	8.50 €	8.65 €
8/24/2022	Reduce	7.50 €	7.56 €
9/22/2022	Reduce	7.00 €	6.50 €
2/8/2023	Reduce	7.00 €	7.28 €
2/17/2023	Reduce	7.00 €	7.18 €
8/23/2023	Reduce	6.80 €	6.62 €
11/27/2023	Reduce	6.50 €	6.28 €
2/15/2024	Reduce	7.00 €	7.28 €
8/23/2024	Reduce	8.50 €	8.25 €
2/14/2025	Reduce	10.00 €	9.45 €
3/21/2025	Accumulate	10.50 €	9.15 €



CONNECTING INVESTORS AND COMPANIES.

Inderes connects investors and listed companies.

We serve over 400 Nordic listed companies that want to better serve investors. The Inderes community is home to over 70,000 active investors.

We provide listed companies with solutions that enable seamless and effective investor relations. The Inderes service is built on four cornerstones for high-quality investor relations: Equity Research, Events, IR Software, and Annual General Meetings (AGM).

Inderes operates in Finland, Sweden, Norway, and Denmark and is listed on the Nasdaq First North Growth Market.

Inderes was created by investors, for investors.

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