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Corporate Research

Inderes

The SEB logo consists of the letters 'SEB' in white, bold, sans-serif font, centered within a solid green square.

Q2: Muted performance in June takes Q2 below our estimates

Inderes delivered Q2 sales and EBITA somewhat below our estimates as event business, especially outside listed company target group, was weaker than we had expected. The Q2 sales deviation of EUR 0.4m owes purely to June taking the Q2 organic growth close to zero, we estimate. July sales were reported and at first glance the growth was broadly in line with our assumption for Q3. Yet, we note that the seasonality of Swedish operations in Q2 was higher than we had expected.

Outcome: Sales miss by 8% as event business remained at low level

Inderes reported Q2 sales of EUR 4.3m, somewhat (-8%) below our estimate of EUR 4.7m. Sales increased y/y by 28% driven by the Swedish acquisitions. Swedish operation sales were some EUR 0.9m, which let us estimate organic growth rate of 0-5%. We find this

relatively muted given the soft comparable period performance. Given that the commissioned research agreements increased to 142 (SEB est. 141 agreements), up 11% y/y, we conclude the performance of the event business has been clearly weaker than we expected. The company notes that the clients, especially outside the listed company target group, have preferred pure physical events and sought cost-effectiveness. Inderes has won some new commissioned research contracts in Sweden, but the company notes that the public tenders in the Finnish market weaken the growth outlook. The quarter's EBITA came in at EUR 0.3m, missing our estimate of EUR 0.5m by EUR 0.2m. The fixed costs came in broadly in line and hence the operational leverage explains the miss in EBITA.

Inderes Q2/23 deviation table

EURm	Q2/23		Deviation SEB		Q2/22		Q1/23	
	Actual	SEB	Abs	Rel (%)	Actual	y/y	Actual	q/q
Net sales	4.3	4.7	-0.4	-8.2	3.4	28.0	5.0	-13.5
Materials and services	-0.7	-0.8	0.1	17.1	-0.5	-23.1	-1.0	35.3
Gross profit	3.6	3.9	-0.2	-6.3	2.8	28.9	4.0	-7.8
Personnel expenses	-2.6	-2.6	0.1	2.1	-2.1	-21.9	-2.6	0.1
Other operating costs	-0.8	-0.7	0.0	-0.6	-0.6	-32.5	-0.7	-10.6
EBITA	0.3	0.5	-0.2	-45.5	0.1	131.2	0.6	-60.9
EBITA adjusted	0.3	0.5	-0.21	-45.5	0.1	131.2	0.6	-60.9
EBIT reported	0.0	0.2	-0.2	-100.0	0.0	-100.0	0.4	-100.0
Adj. EBITA margin	5.9%	9.9%		-4.0pp	3.2%	2.6pp	13.0%	-7.1pp
No. of commissioned research companies	142	141	1.0	0.7	119.0	19.3	141.0	0.7

Source: SEB

Outlook: Guidance unchanged

Inderes repeated its guidance and expects sales in 2023 to be above EUR 17m and adj. EBITA margin to improve from the 2022 level of 9.4%. Our FY23 sales estimate stands at EUR 19.1m, i.e., 13% above the guidance limit. We had expected EBITA margin to improve to 17%. Following the Q2 miss and the company's changed background note of "key markets not expected to grow in 2023", our estimates are likely to decline towards the guidance limits.

Other comments: July sales increased 50% to EUR 1.1m

Inderes also reported this morning the monthly sales for July. Following a muted growth of 6% in June (June being seasonally weak for the acquired Swedish operations) the growth in July picked up to 50%. The sales in June were EUR 1.1m, up from EUR 0.7m year ago. We have

input Q3/23 sales of EUR 4.3m vs. EUR 3.0m year ago. At first glance the July sales are broadly in line with our estimate for Q3.

Conference call details:

Conference call starts at 9:30 Finnish time and can be followed at <https://inderes.videosync.fi/q2-2023-result> .

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