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# Half-Year Report

January-June 2022



# January-June in Brief

- Return to planned growth path in the second quarter (+23%)
- Growth investments progressed quickly (average number of personnel +40%), but in a controlled manner
- Profitability decreased because of weak Q1 project sales and growth investments
- HCA partnership in Denmark kicked-off rapidly and migration of content scheduled for Q3
- Sales work in Sweden started, first new customer contracts will be signed this year
- Disciplined sales and a competitive service offering support continued growth even in a weak market in H2



**Revenue growth 13%  
(48%)**

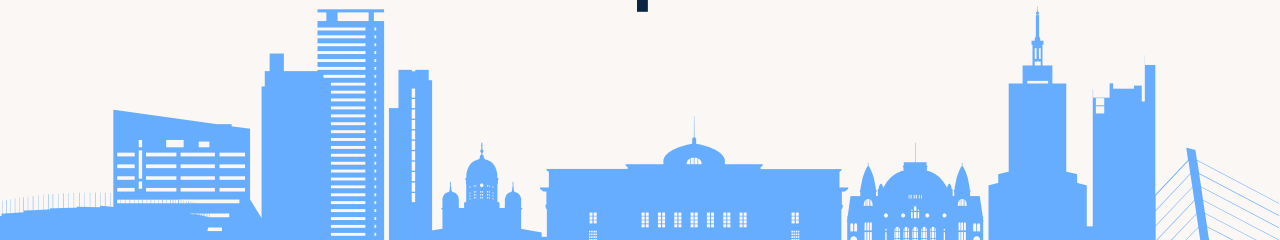


**EBITA% 7% (19%)**



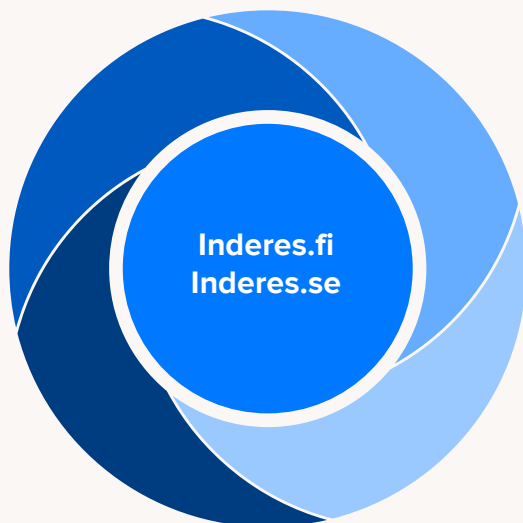
**Share of recurring  
revenue 53.1% (48.5%)**

# Inderes platform



## All listed companies

Better service for listed companies



More listed companies

More investors

Better content for investors

## Inderes Community



# January-June 2022

**191**  
(+17%)

**Number of listed company customers**

**98**  
(+36%)

**Personnel at end of the period**

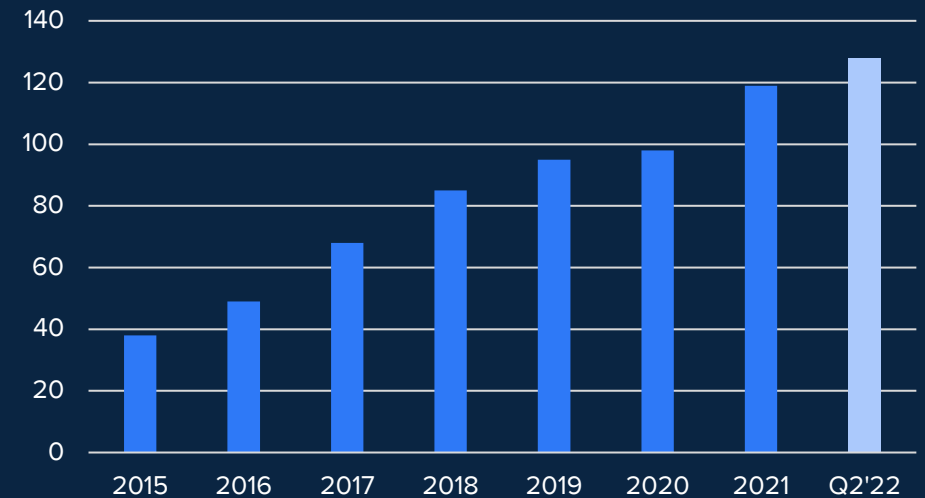
**77,000**  
(+20%)

**Number of active Community members**

# Research services

- Number of commissioned research clients grew by 19%
- Revenue grew strongly and profitability was strong in January-June
- Listing activity in recent years and new customer relationships from existing listed companies supported growth
- Takeover bids for customer companies slow down future growth a bit
- Inderes Community has remained dynamic and the number of members increased slightly

Contract portfolio of commissioned research, contracts





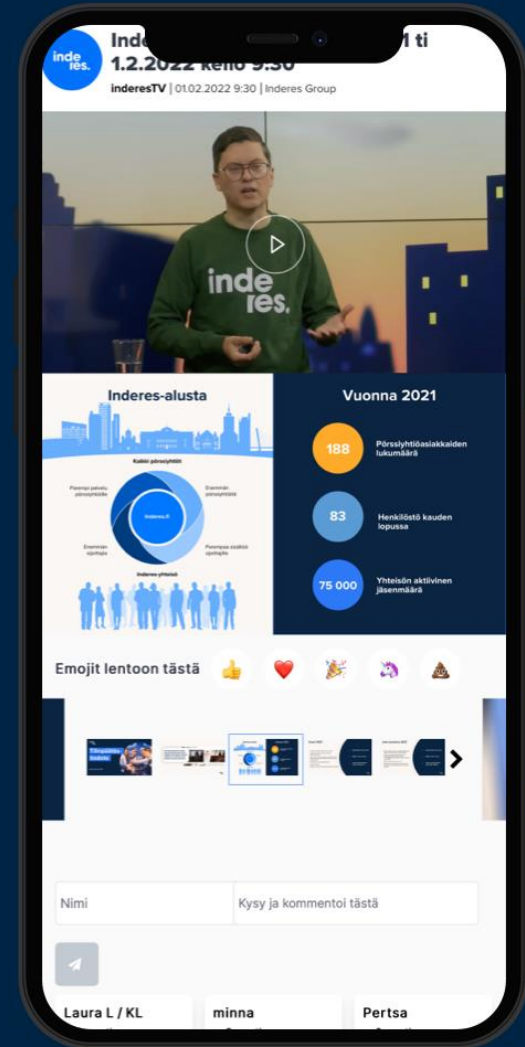
# Virtual events (Flik)

- Revenue decreased and profitability was satisfactory in January-June
- Fewer large event productions than normal during first half
- In Q2, revenue turned to moderate growth
- Strong growth in the listed companies segment thanks to interim report and AGM productions
- The market situation is stabilizing, but short order backlog and rapid changes in the market cause uncertainty for H2



# IR solutions

- Revenue grew strongly and profitability was negative in January-June
- Strong growth in IR website solutions, advisory services and virtual AGM solutions
- Investments in software development have been increased considerably, e.g. in internationalization of the Inderes platform, HCA partnership and investor communication software solutions
- Focus of Videosync development on a new self-service solution for listed companies
- Good starting point for the post COVID era in AGM solutions: existing customer base and a competitive solution



**Figures and**

**outlook**

# Income statement April–June 2022

- Revenue grew by 23% (24%)
- Share of recurring revenue was 53% (53%)
  - Growth in recurring revenue was 22% (24%)
  - Change in project revenue was 25% (24%)
- Growth investments were visible as increased costs
  - Materials and services costs increased by 56% due to the growth in virtual AGM productions and expansion in the Swedish business
  - The average number of personnel grew by 38% and personnel costs increased by 36%
  - The largest expense items in other operating expenses were related to operating expenses and other expenses generated through business growth
- EBITA totaled EUR 0.1 million (0.3) and accounted for 3.3% (10.7%) of revenue

| MEUR                              | Q2/2022 | Q2/2021 |
|-----------------------------------|---------|---------|
| Revenue                           | 3.4     | 2.7     |
| Revenue growth                    | 23.4%   | 24.0%   |
| Percentage of recurring revenue % | 52.7%   | 53.1%   |
| EBITA                             | 0.1     | 0.3     |
| EBITA %                           | 3.3%    | 10.7%   |
| EBIT                              | 0.0     | 0.2     |
| EBIT %                            | 0.7%    | 7.6%    |



# Income statement January–June 2022

- Revenue grew by 13% (48%)
- Share of recurring revenue was 53% (49%)
  - Growth in recurring revenue accelerated to 24% (19%)
  - Project revenue grew by 3% (94%)
- Growth investments were visible as increased costs
  - Materials and services costs increased by 14% with virtual event and AGM productions
  - The average number of personnel grew by 40% and personnel costs increased by 41%
  - The largest expense items in other operating expenses were related to operating expenses and other expenses generated through business growth
- EBITA totaled EUR 0.4 million (1.1) and accounted for 6.7% (18.9%) of revenue
- The Group's profit was EUR 0.2 million (0.7)

| MEUR                                  | H1/2022      | H1/2021      | Change      |
|---------------------------------------|--------------|--------------|-------------|
| <b>Revenue</b>                        | <b>6,584</b> | <b>5,806</b> | <b>13%</b>  |
| Other operating income                | 0,001        | 0,001        | -33%        |
| Materials and services                | -0,905       | -0,792       | 14%         |
| Personnel costs                       | -4,075       | -2,889       | 41%         |
| Other operating expenses              | -1,083       | -0,961       | 13%         |
| <b>EBITDA</b>                         | <b>0,522</b> | <b>1,165</b> | <b>-55%</b> |
| Depreciation according to plan        | -0,084       | -0,068       | 23%         |
| <b>EBITA</b>                          | <b>0,438</b> | <b>1,097</b> | <b>-60%</b> |
| Depreciation of consolidated goodwill | -0,170       | -0,170       | 0%          |
| <b>EBIT</b>                           | <b>0,268</b> | <b>0,927</b> | <b>-71%</b> |
| Financial income and expenses         | 0,017        | 0,044        | -61%        |
| <b>Profit before taxes</b>            | <b>0,286</b> | <b>0,971</b> | <b>-71%</b> |
| Income taxes                          | -0,102       | -0,236       | -57%        |
| <b>Profit for the period</b>          | <b>0,183</b> | <b>0,735</b> | <b>-75%</b> |
| Minority interests                    | -0,021       | -0,051       | -58%        |
| <b>Group profit</b>                   | <b>0,162</b> | <b>0,684</b> | <b>-76%</b> |

# Balance sheet June 30, 2022

- Consolidated balance sheet **assets** – most significant items

- Cash in hand and in banks EUR 4.5 million (2.2)
- Investments totaled EUR 2.8 million (0.2)
- Accounts receivable EUR 1.7 million (1.2)
- Goodwill EUR 0.8 million (1.1)
- Other items total EUR 1.4 million (0.8)

- Consolidated balance sheet **liabilities** – most significant items

- Equity EUR 6.3 million (1.6)
- Current non-interest-bearing liabilities EUR 4.2 million (3.4)
- Other items EUR 0.7 million (0.5)

EUR **11.2** million

Balance sheet total

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**67%**

Equity ratio

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**-70%**

Net gearing

# Cash flow January-June 2022

- Operating cash flow was EUR 1.1 million (2.4). The development was affected by
  - EBITDA development EUR 0.5 million (1.2)
  - Working capital development EUR 1.0 million (1.3)
  - Periodicity of tax payments in the period EUR -0.4 million (-0.1)
- Operating cash flow after investments was EUR 0.1 million (2.5). The development was affected by
  - Development of operational cash flow
  - Cash consideration paid for associate investment in HC Andersen Capital EUR -0.6 million
  - Business investments EUR -0.4 million (0.0)
- Change in the company's cash assets during the review period EUR -2.5 million (1.2). The development was affected by
  - Operating cash flow after investments
  - Dividends paid on the 2021 fiscal period EUR -1.3 million (-1.1)
  - Repurchase of shares EUR -1.2 million

EUR **-1.0** million

Cash flow from  
investments

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EUR **-2.6** million

Cash flow from  
financing

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EUR **4.5** million

Cash and cash  
equivalents at the  
end of the review  
period

# Outlook

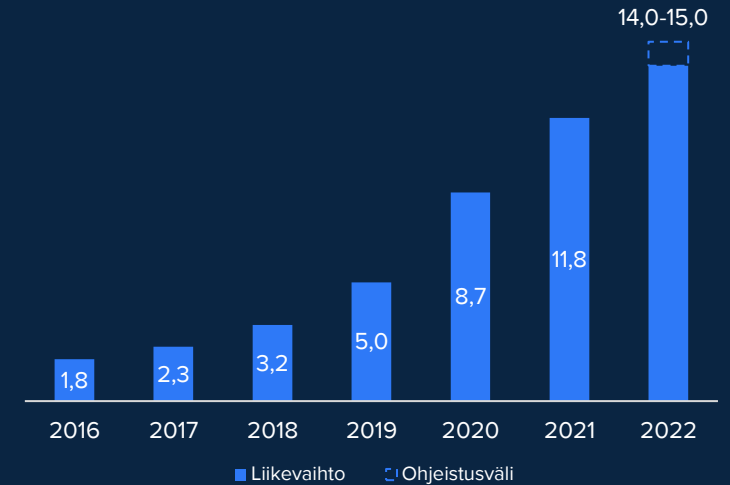
## Guidance for the fiscal year 2022 (as specified on May 10, 2022)

- Revenue estimated to be EUR 14.0-15.0 million
- EBITA estimated to be EUR 1.9-2.6 million

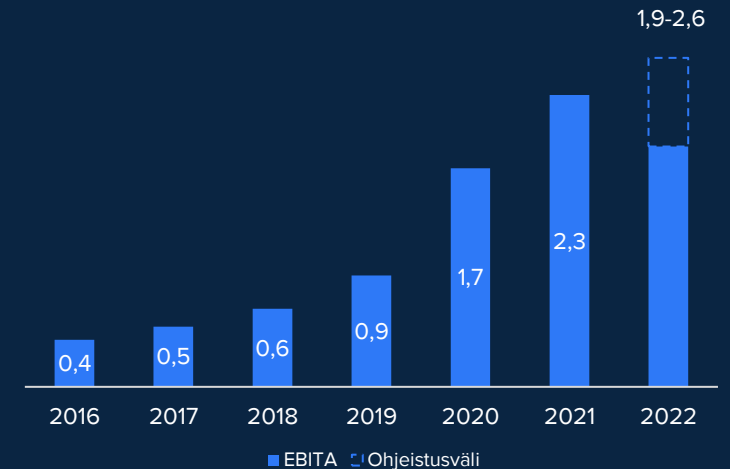
## Background for the outlook

- Inderes' strengthened competitiveness supports the growth of the research business and IR solutions
- Revenue of the virtual events business is expected to remain stable in 2022
- Russia's military aggression against Ukraine and the uncertainty of the capital markets slow down IPO activity and have a negative impact on virtual event demand
- The profitability of Finnish operations is expected to remain stable and investments in the Swedish operations will burden profitability during 2022
  - We estimate that investments in Sweden will be over EUR 1 million in 2022, of which less than EUR 0.5 million will be capitalized in the balance sheet

Revenue (EUR million)



EBITA (EUR million)



**What next?**

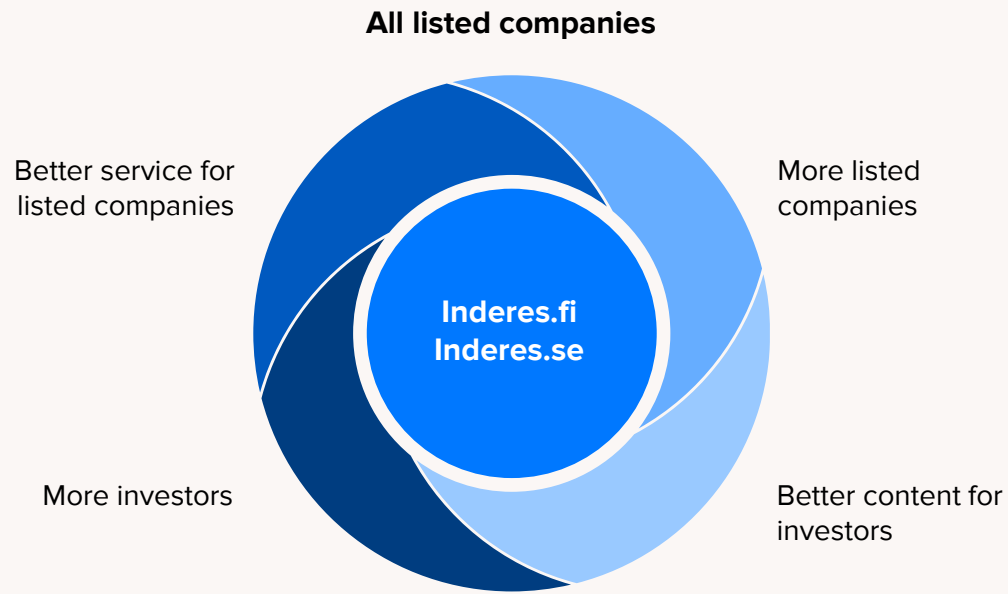
# Market trends

1. The number of retail investors is increasing and the popularity of direct equity investment is growing
2. IPOs are becoming more common as an alternative for growth entrepreneurs
3. Listed companies want to invest in transparency and investor communications
4. Digital channels enable more effective and efficient investor communications for listed companies





# Cornerstones of the strategy

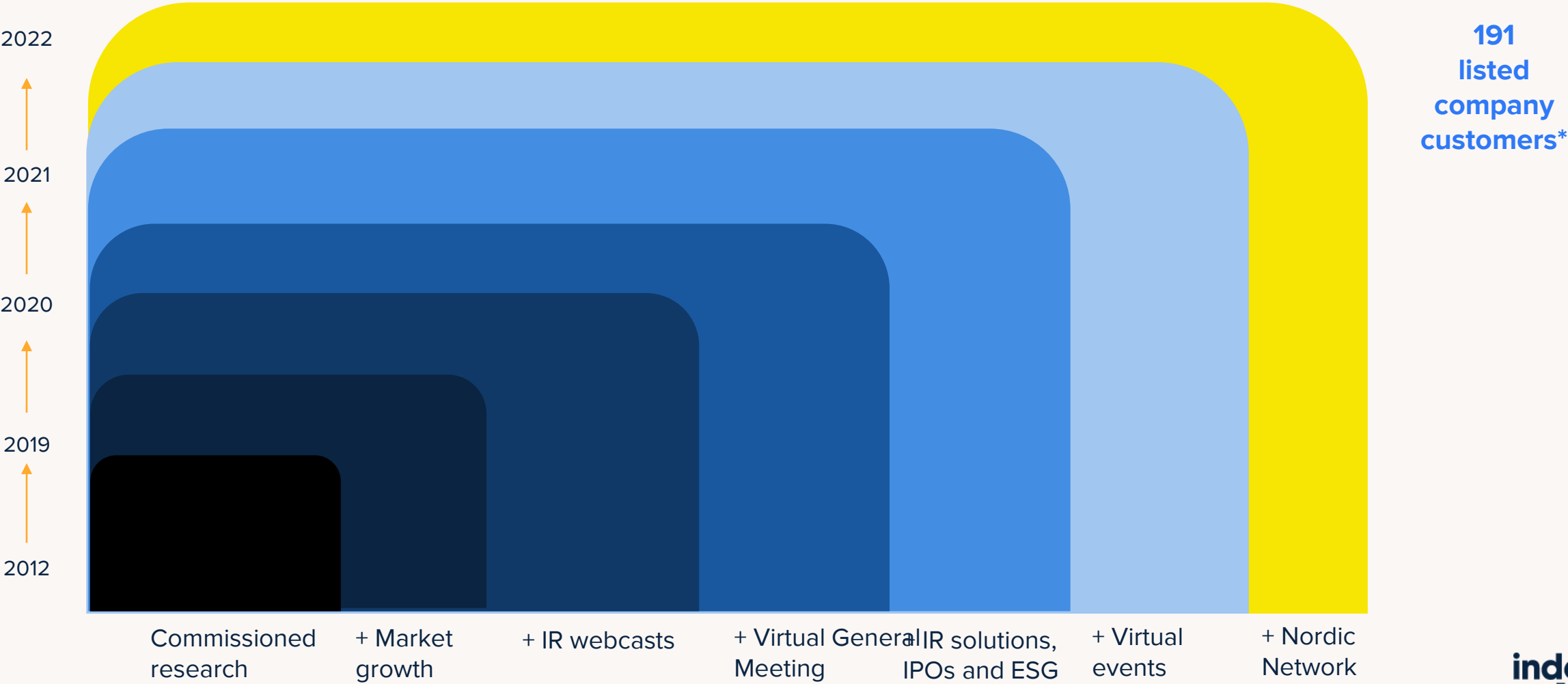


## **Inderes Community**



1. We are growing in the listed company market by enabling efficient and effective investor communication for our customers
2. We will continue disciplined expansion into new market segments where we can be excellent
3. We build the world's most community-based investor service while ensuring quality

# Disciplined expansion to new market segments continues



\*illustrative image of the target market, the size of the boxes should not be interpreted as an estimate of the absolute size of the market

# Operating landscape 2022

- The war in Ukraine has an indirect effect on us through the weakening capital markets and economy
- In the virtual events business, uncertainty has affected customer activity in organizing major events
- The uncertainty on the capital markets affects IPO activity, which is reflected in the growth of the target markets
- We prepare for uncertainty by investing in recurring service concepts, growth in the existing customer base and expansion to new target markets
- Inderes develops into a better company also in a bear market



# Objectives

## Long-term financial targets

- The company's aim is to maintain a combined revenue growth rate and profitability (EBITA%) of 30–50%, regardless of the economic cycle

## Infinite targets

- Choose to be great instead of big.
- Rather lose business than slip from our values.
- Help our people to grow as professionals and individuals.



# Historical outcome

|                  | 2016        | 2017        | 2018        | 2019        | 2020        | 2021        |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue growth % | 25 %        | 29 %        | 40 %        | 56 %        | 76 %        | 36 %        |
| EBITA %          | 21 %        | 21 %        | 19 %        | 18 %        | 20 %        | 20 %        |
| <b>Total</b>     | <b>46 %</b> | <b>50 %</b> | <b>59 %</b> | <b>74 %</b> | <b>96 %</b> | <b>55 %</b> |



*Today is a good day*

*to start investing*

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