

## Favourable offer received

A tender offer was made for Innofactor's shares, with the offer price set at EUR 1.68, which we consider favourable for shareholders in the current, more challenging market situation.

### Tender offer at EUR 1.68 per share

Onni Bidco Oy on the 22.7. announced a voluntary recommended public cash tender offer for Innofactor's shares. Behind the consortium is investment company CapMan Growth, Innofactor's CEO Sami Ensio through the holding company Ensio Investment Group Oy, and co-investor Osprey Capital Oy. The offer price is EUR 1.68 and represents a premium of 49.3 percent compared to the trading day preceding the announcement. The offer period is expected to commence and expire on or about August 5<sup>th</sup>, 2024 and September 16<sup>th</sup>, 2024, respectively.

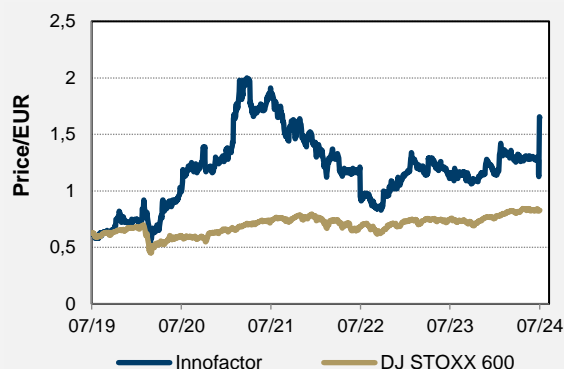
### Offer appears attractive considering market situation

The offer price appears quite good when comparing the on our estimates implied 2024e valuation (P/E ~ 16x), corresponding to peer multiples and some 25% above Innofactor's own valuation during the past three years. 2024 figures are, however, partially weakened by the one-off legal expenses incurred in Q2. With the market situation still remaining challenging and the pan-nordic strategy not having developed as intended, more recently with considerable challenges in Denmark, the short-term prospects of the offer favours current shareholders. On an adjusted basis, Innofactor is still pretty near the top of proven profitability levels, and potential improvement at current would be on the slower side.

### HOLD (BUY) with a target price of EUR 1.68 (1.40)

A competing bid is very unlikely, as CEO Sami Ensio is due to the conditions set in the tender offer committed to the offer unless a competing offer with a price of over 100% is made. Furthermore, according to the CEO, the company has reviewed several options in the past. We adjust our target price to EUR 1.68 (1.4) and lower our rating to HOLD (BUY).

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 1.65  
Target price, EUR 1.68

|                                     |                    |
|-------------------------------------|--------------------|
| Latest change in recommendation     | 23-Jul-24          |
| Latest report on company            | 19-Jul-24          |
| Research paid by issuer:            | YES                |
| No. of shares outstanding, '000's   | 35,789             |
| No. of shares fully diluted, '000's | 35,789             |
| Market cap, EURm                    | 59                 |
| Free float, %                       | 47.0               |
| Exchange rate EUR                   | 0.000              |
| Reuters code                        | IFA1V.HE           |
| Bloomberg code                      | IFA1V.FH           |
| Average daily volume, EURm          | 0.02               |
| Next interim report                 | 22-Oct-24          |
| Web site                            | www.innofactor.com |

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🟢 BUY 🟡 HOLD 🔴 SELL

## KEY FIGURES

|       | Sales<br>EURm | EBIT<br>EURm | EBIT<br>% | FCF<br>EURm | EPS<br>EUR | P/E<br>(x) | EV/Sales<br>(x) | EV/EBIT<br>(x) | FCF yield<br>% | DPS<br>EUR |
|-------|---------------|--------------|-----------|-------------|------------|------------|-----------------|----------------|----------------|------------|
| 2022  | 71.1          | 4.8          | 6.7%      | -0.7        | 0.09       | 11.5       | 0.7             | 10.6           | -1.9           | 0.06       |
| 2023  | 80.3          | 5.8          | 7.3%      | 6.1         | 0.09       | 13.0       | 0.7             | 9.2            | 13.6           | 0.07       |
| 2024E | 82.2          | 5.3          | 6.4%      | 3.9         | 0.10       | 15.9       | 0.8             | 12.6           | 6.6            | 0.07       |
| 2025E | 85.4          | 6.8          | 8.0%      | 5.1         | 0.14       | 11.5       | 0.8             | 9.4            | 8.7            | 0.09       |
| 2026E | 87.6          | 7.9          | 9.0%      | 6.0         | 0.17       | 9.8        | 0.7             | 7.8            | 10.2           | 0.11       |

|                          |    |                         |      |                       |      |
|--------------------------|----|-------------------------|------|-----------------------|------|
| Market cap, EURm         | 59 | Gearing 2024E, %        | 29.4 | CAGR EPS 2023-26, %   | 21.3 |
| Net debt 2024E, EURm     | 8  | Price/book 2024E        | 2.2  | CAGR sales 2023-26, % | 2.9  |
| Enterprise value, EURm   | 67 | Dividend yield 2024E, % | 4.1  | ROE 2024E, %          | 14.2 |
| Total assets 2024E, EURm | 56 | Tax rate 2024E, %       | 24.1 | ROCE 2024E, %         | 14.9 |
| Goodwill 2024E, EURm     | 27 | Equity ratio 2024E, %   | 47.7 | PEG, P/E 24/CAGR      | 0.8  |

All the important disclosures can be found on the last pages of this report.

| INNOFACTOR PEER GROUP  | MCAP<br>MEUR | EV/EBITDA   |             |             | EV/EBIT      |              |             | P/E          |              |              |
|------------------------|--------------|-------------|-------------|-------------|--------------|--------------|-------------|--------------|--------------|--------------|
|                        |              | 24          | 25          | 26          | 24           | 25           | 26          | 24           | 25           | 26           |
| TietoEVRY              | 2231         | 6.8x        | 6.5x        | 6.3x        | 9.9x         | 9.1x         | 8.6x        | 9.4x         | 8.5x         | 8.0x         |
| Atea                   | 1328         | 8.6x        | 7.6x        | 7.2x        | 13.6x        | 11.2x        | 10.6x       | 17.6x        | 14.2x        | 13.0x        |
| Knowit                 | 389          | 8.3x        | 7.1x        | 6.5x        | 15.7x        | 11.5x        | 9.9x        | 19.9x        | 13.3x        | 11.4x        |
| Bouvet                 | 535          | 11.5x       | 10.7x       | 10.2x       | 14.4x        | 13.3x        | 12.5x       | 18.6x        | 17.3x        | 16.3x        |
| Enea                   | 149          | 6.3x        | 6.2x        | 5.6x        | 15.3x        | 13.7x        | 11.1x       | 17.3x        | 16.3x        | 12.8x        |
| Gofore                 | 346          | 10.4x       | 9.2x        | 8.3x        | 13.2x        | 11.3x        | 10.5x       | 16.9x        | 14.3x        | 13.0x        |
| Digia                  | 141          | 7.2x        | 6.8x        | 6.4x        | 10.5x        | 9.5x         | 8.8x        | 11.6x        | 10.3x        | 9.2x         |
| Siili Solutions        | 62           | 4.0x        | 3.5x        | 3.3x        | 6.5x         | 5.3x         | 5.3x        | 11.9x        | 8.9x         | 8.1x         |
| Solteq                 | 16           | 10.2x       | 6.5x        | 5.3x        | 25.2x        | 10.0x        | 7.6x        |              | 13.3x        | 6.8x         |
| Vincit                 | 39           | 10.6x       | 5.2x        | 4.1x        | 13.2x        | 6.2x         | 4.8x        | 23.4x        | 10.3x        | 8.0x         |
| Peer Group Average     | 524          | <b>8.4x</b> | <b>6.9x</b> | <b>6.3x</b> | <b>13.7x</b> | <b>10.1x</b> | <b>9.0x</b> | <b>16.3x</b> | <b>12.7x</b> | <b>10.7x</b> |
| Peer Group Median      | 247          | <b>8.5x</b> | <b>6.6x</b> | <b>6.3x</b> | <b>13.4x</b> | <b>10.6x</b> | <b>9.3x</b> | <b>17.3x</b> | <b>13.3x</b> | <b>10.3x</b> |
| Innofactor (Evli est.) | <b>59</b>    | <b>8.1x</b> | <b>6.5x</b> | <b>5.6x</b> | <b>12.6x</b> | <b>9.4x</b>  | <b>7.8x</b> | <b>15.9x</b> | <b>11.5x</b> | <b>9.8x</b>  |

*Innofactor prem./disc. to peer median*

-5 %

-1 %

-11 %

-6 %

-11 %

-16 %

-8 %

-13 %

-5 %

*Source FactSet, Evli Research*

| VALUATION RESULTS        | BASE CASE DETAILS           | VALUATION ASSUMPTIONS  | ASSUMPTIONS FOR WACC           |      |
|--------------------------|-----------------------------|------------------------|--------------------------------|------|
| Current share price      | 1.65 PV of Free Cash Flow   | 60 Long-term growth, % | 2.0 Risk-free interest rate, % | 2.25 |
| DCF share value          | 3.69 PV of Horizon value    | 84 WACC, %             | 7.9 Market risk premium, %     | 5.8  |
| Share price potential, % | 123.6 Unconsolidated equity | 0 Spread, %            | 0.5 Debt risk premium, %       | 2.8  |
| Maximum value            | 4.1 Marketable securities   | 0 Minimum WACC, %      | 7.4 Equity beta coefficient    | 1.00 |
| Minimum value            | 3.4 Debt - dividend         | -12 Maximum WACC, %    | 8.4 Target debt ratio, %       | 30   |
| Horizon value, %         | 58.5 Value of stock         | 132 Nr of shares, Mn   | 35.8 Effective tax rate, %     | 20   |

| DCF valuation, EURm               | 2023        | 2024E      | 2025E      | 2026E      | 2027E      | 2028E      | 2029E      | 2030E      | 2031E      | 2032E      | 2033E      | Horizon    |
|-----------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Net sales                         | 80          | 82         | 85         | 88         | 90         | 92         | 94         | 97         | 99         | 102        | 104        | 106        |
| <i>Sales growth, %</i>            | <i>12.8</i> | <i>2.4</i> | <i>4.0</i> | <i>2.5</i> | <i>2.5</i> | <i>2.5</i> | <i>2.5</i> | <i>2.5</i> | <i>2.5</i> | <i>2.5</i> | <i>2.0</i> | <i>2.0</i> |
| Operating income (EBIT)           | 6           | 5          | 7          | 8          | 8          | 8          | 8          | 9          | 9          | 9          | 9          | 10         |
| <i>Operating income margin, %</i> | <i>7.3</i>  | <i>6.4</i> | <i>8.0</i> | <i>9.0</i> | <i>9.0</i> | <i>9.0</i> | <i>9.0</i> | <i>9.0</i> | <i>9.0</i> | <i>9.0</i> | <i>9.0</i> | <i>9.0</i> |
| + Depreciation+amort.             | 3           | 3          | 3          | 3          | 3          | 3          | 3          | 3          | 3          | 3          | 3          |            |
| <b>EBITDA</b>                     | 9           | 8          | 10         | 11         | 11         | 11         | 12         | 12         | 12         | 12         | 13         |            |
| - Paid taxes                      | 0           | -1         | -1         | -2         | -2         | -2         | -2         | -2         | -2         | -2         | -2         |            |
| - Change in NWC                   | -1          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |            |
| <i>NWC / Sales, %</i>             | <i>1.1</i>  | <i>1.1</i> | <i>1.1</i> | <i>1.1</i> | <i>1.1</i> | <i>1.1</i> | <i>1.1</i> | <i>1.1</i> | <i>1.1</i> | <i>1.1</i> | <i>1.1</i> |            |
| + Change in other liabs           | 0           | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |            |
| - Operative CAPEX                 | -1          | -1         | -1         | -1         | -1         | -1         | -1         | -1         | -1         | -1         | -1         |            |
| <i>opCAPEX / Sales, %</i>         | <i>1.4</i>  | <i>3.4</i> | <i>3.4</i> | <i>3.4</i> | <i>3.4</i> | <i>3.4</i> | <i>3.4</i> | <i>3.4</i> | <i>3.4</i> | <i>3.4</i> | <i>3.4</i> |            |
| - Acquisitions                    | 0           | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |            |
| + Divestments                     | 0           | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |            |
| - Other items                     | 0           | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |            |
| = FCFF                            | 7           | 6          | 8          | 8          | 9          | 9          | 9          | 9          | 9          | 10         | 10         | 172        |
| = Discounted FCFF                 |             | 6          | 7          | 7          | 7          | 6          | 6          | 6          | 5          | 5          | 5          | 84         |
| = DFCF min WACC                   |             | 6          | 7          | 7          | 7          | 6          | 6          | 6          | 5          | 5          | 5          | 96         |
| = DFCF max WACC                   |             | 6          | 7          | 7          | 7          | 6          | 6          | 5          | 5          | 5          | 5          | 74         |

## INTERIM FIGURES

| EVLI ESTIMATES, EURm                 | 2023Q1      | 2023Q2      | 2023Q3      | 2023Q4      | 2023        | 2024Q1      | 2024Q2       | 2024Q3E     | 2024Q4E     | 2024E       | 2025E       | 2026E       |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Net sales                            | 20.2        | 20.1        | 18.0        | 21.9        | 80.3        | 21.2        | 19.9         | 18.3        | 22.8        | 82.2        | 85.4        | 87.6        |
| EBITDA                               | 2.5         | 1.8         | 2.0         | 2.9         | 9.1         | 2.6         | 0.6          | 2.0         | 3.2         | 8.3         | 9.8         | 10.9        |
| <i>EBITDA margin (%)</i>             | <i>12.3</i> | <i>8.8</i>  | <i>10.9</i> | <i>13.1</i> | <i>11.3</i> | <i>12.3</i> | <i>3.0</i>   | <i>10.7</i> | <i>13.8</i> | <i>10.1</i> | <i>11.5</i> | <i>12.4</i> |
| EBIT                                 | 1.7         | 1.0         | 1.2         | 1.9         | 5.8         | 1.8         | -0.1         | 1.2         | 2.4         | 5.3         | 6.8         | 7.9         |
| <i>EBIT margin (%)</i>               | <i>8.5</i>  | <i>4.9</i>  | <i>6.7</i>  | <i>8.8</i>  | <i>7.3</i>  | <i>8.7</i>  | <i>-0.7</i>  | <i>6.6</i>  | <i>10.5</i> | <i>6.4</i>  | <i>8.0</i>  | <i>9.0</i>  |
| Net financial items                  | -0.4        | -0.2        | 0.2         | -0.3        | -0.7        | -0.1        | -0.1         | -0.1        | -0.1        | -0.4        | -0.4        | -0.2        |
| Pre-tax profit                       | 1.3         | 0.8         | 1.4         | 1.6         | 5.2         | 1.7         | -0.2         | 1.1         | 2.3         | 4.9         | 6.5         | 7.6         |
| Tax                                  | -0.3        | -0.4        | -0.4        | -0.7        | -1.7        | -0.4        | -0.1         | -0.2        | -0.5        | -1.2        | -1.4        | -1.6        |
| <i>Tax rate (%)</i>                  | <i>20.9</i> | <i>43.5</i> | <i>25.4</i> | <i>45.9</i> | <i>33.6</i> | <i>21.0</i> | <i>-69.8</i> | <i>20.0</i> | <i>20.0</i> | <i>24.1</i> | <i>21.0</i> | <i>21.0</i> |
| Net profit                           | 1.0         | 0.5         | 1.1         | 0.9         | 3.4         | 1.4         | -0.3         | 0.9         | 1.8         | 3.7         | 5.1         | 6.0         |
| EPS                                  | 0.03        | 0.01        | 0.03        | 0.02        | 0.09        | 0.04        | -0.01        | 0.02        | 0.05        | 0.10        | 0.14        | 0.17        |
| EPS adjusted (diluted no. of shares) | 0.03        | 0.01        | 0.03        | 0.02        | 0.09        | 0.04        | -0.01        | 0.02        | 0.05        | 0.10        | 0.14        | 0.17        |
| Dividend per share                   | 0.00        | 0.00        | 0.00        | 0.00        | 0.07        | 0.00        | 0.00         | 0.00        | 0.00        | 0.07        | 0.09        | 0.11        |
| <b>SALES, EURm</b>                   |             |             |             |             |             |             |              |             |             |             |             |             |
| Innofactor                           | 20.2        | 20.1        | 18.0        | 21.9        | 80.3        | 21.2        | 19.9         | 18.3        | 22.8        | 82.2        | 85.4        | 87.6        |
| Total                                | 20.2        | 20.1        | 18.0        | 21.9        | 80.3        | 21.2        | 19.9         | 18.3        | 22.8        | 82.2        | 85.4        | 87.6        |
| <b>SALES GROWTH, Y/Y %</b>           |             |             |             |             |             |             |              |             |             |             |             |             |
| Innofactor                           | 19.2        | 18.6        | 8.0         | 6.8         | 12.8        | 4.8         | -1.1         | 1.6         | 4.0         | 2.4         | 4.0         | 2.5         |
| Total                                | 19.2        | 18.6        | 8.0         | 6.8         | 12.8        | 4.8         | -1.1         | 1.6         | 4.0         | 2.4         | 4.0         | 2.5         |
| <b>EBIT, EURm</b>                    |             |             |             |             |             |             |              |             |             |             |             |             |
| Innofactor                           | 1.7         | 1.0         | 1.2         | 1.9         | 5.8         | 1.8         | -0.1         | 1.2         | 2.4         | 5.3         | 6.8         | 7.9         |
| Total                                | 1.7         | 1.0         | 1.2         | 1.9         | 5.8         | 1.8         | -0.1         | 1.2         | 2.4         | 5.3         | 6.8         | 7.9         |
| <b>EBIT margin, %</b>                |             |             |             |             |             |             |              |             |             |             |             |             |
| Innofactor                           | 8.5         | 4.9         | 6.7         | 8.8         | 7.3         | 8.7         | -0.7         | 6.6         | 10.5        | 6.4         | 8.0         | 9.0         |
| Total                                | 8.5         | 4.9         | 6.7         | 8.8         | 7.3         | 8.7         | -0.7         | 6.6         | 10.5        | 6.4         | 8.0         | 9.0         |

| INCOME STATEMENT, EURm                   | 2019 | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|--|------|------|------|------|------|-------|-------|-------|
| Sales                                    | 64.2 | 66.2 | 66.4 | 71.1 | 80.3 | 82.2  | 85.4  | 87.6  |
| <i>Sales growth (%)</i>                  | 1.7  | 3.1  | 0.3  | 7.2  | 12.8 | 2.4   | 4.0   | 2.5   |
| EBITDA                                   | 5.1  | 7.2  | 10.1 | 7.8  | 9.1  | 8.3   | 9.8   | 10.9  |
| <i>EBITDA margin (%)</i>                 | 7.9  | 10.8 | 15.2 | 11.0 | 11.3 | 10.1  | 11.5  | 12.4  |
| Depreciation                             | -4.3 | -4.7 | -3.6 | -3.1 | -3.3 | -3.0  | -3.0  | -3.0  |
| EBITA                                    | 0.8  | 2.5  | 6.5  | 4.8  | 5.8  | 5.3   | 6.8   | 7.9   |
| Goodwill amortization / writedown        | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0   | 0.0   | 0.0   |
| EBIT                                     | 0.8  | 2.5  | 6.5  | 4.8  | 5.8  | 5.3   | 6.8   | 7.9   |
| <i>EBIT margin (%)</i>                   | 1.2  | 3.8  | 9.8  | 6.7  | 7.3  | 6.4   | 8.0   | 9.0   |
| Reported EBIT                            | 0.8  | 2.5  | 6.5  | 4.8  | 5.8  | 5.3   | 6.8   | 7.9   |
| <i>EBIT margin (reported) (%)</i>        | 1.2  | 3.8  | 9.8  | 6.7  | 7.3  | 6.4   | 8.0   | 9.0   |
| Net financials                           | -0.8 | -0.5 | -0.8 | -0.6 | -0.7 | -0.4  | -0.4  | -0.2  |
| Pre-tax profit                           | 0.0  | 2.1  | 5.7  | 4.2  | 5.2  | 4.9   | 6.5   | 7.6   |
| Taxes                                    | 0.4  | -0.3 | -1.2 | -0.9 | -1.7 | -1.2  | -1.4  | -1.6  |
| Minority shares                          | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0   | 0.0   | 0.0   |
| Net profit                               | 0.4  | 1.8  | 4.5  | 3.3  | 3.4  | 3.7   | 5.1   | 6.0   |
| Cash NRIs                                | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0   | 0.0   | 0.0   |
| Non-cash NRIs                            | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0   | 0.0   | 0.0   |
| <b>BALANCE SHEET, EURm</b>               |      |      |      |      |      |       |       |       |
| <b>Assets</b>                            |      |      |      |      |      |       |       |       |
| Fixed assets                             | 4    | 2    | 1    | 3    | 3    | 3     | 3     | 3     |
| Goodwill                                 | 26   | 27   | 26   | 27   | 27   | 27    | 27    | 27    |
| Right of use assets                      | 5    | 4    | 3    | 5    | 3    | 3     | 3     | 3     |
| Inventory                                | 0    | 0    | 0    | 0    | 0    | 0     | 0     | 0     |
| Receivables                              | 14   | 14   | 14   | 15   | 18   | 19    | 20    | 20    |
| Liquid funds                             | 1    | 3    | 2    | 2    | 0    | 2     | 2     | 2     |
| Total assets                             | 56   | 57   | 51   | 56   | 54   | 56    | 57    | 57    |
| <b>Liabilities</b>                       |      |      |      |      |      |       |       |       |
| Shareholder's equity                     | 22   | 23   | 25   | 25   | 25   | 27    | 29    | 32    |
| Minority interest                        | 0    | 0    | 0    | 0    | 0    | 0     | 0     | 0     |
| Convertibles                             | 0    | 0    | 0    | 0    | 0    | 0     | 0     | 0     |
| Lease liabilities                        | 5    | 4    | 3    | 5    | 3    | 3     | 3     | 3     |
| Deferred taxes                           | 1    | 2    | 1    | 2    | 2    | 2     | 2     | 2     |
| Interest bearing debt                    | 12   | 11   | 7    | 9    | 6    | 6     | 3     | 1     |
| Non-interest bearing current liabilities | 16   | 16   | 14   | 15   | 18   | 18    | 19    | 19    |
| Other interest-free debt                 | 0    | 0    | 0    | 0    | 0    | 0     | 0     | 0     |
| Total liabilities                        | 56   | 57   | 51   | 56   | 54   | 56    | 57    | 57    |
| <b>CASH FLOW, EURm</b>                   |      |      |      |      |      |       |       |       |
| + EBITDA                                 | 5    | 7    | 10   | 8    | 9    | 8     | 10    | 11    |
| - Net financial items                    | -1   | 0    | -1   | -1   | -1   | 0     | 0     | 0     |
| - Taxes                                  | 0    | 0    | 0    | 0    | 0    | -1    | -1    | -2    |
| - Increase in Net Working Capital        | 2    | -1   | -1   | -1   | -1   | 0     | 0     | 0     |
| +/- Other                                | 0    | -1   | 0    | 0    | 0    | 0     | 0     | 0     |
| = Cash flow from operations              | 6    | 5    | 9    | 7    | 7    | 7     | 8     | 9     |
| - Capex                                  | -2   | -1   | -2   | -5   | -1   | -3    | -3    | -3    |
| - Acquisitions                           | 0    | 0    | 0    | -3   | 0    | 0     | 0     | 0     |
| + Divestments                            | 0    | 0    | 0    | 0    | 0    | 0     | 0     | 0     |
| = Free cash flow                         | 4    | 4    | 7    | -1   | 6    | 4     | 5     | 6     |
| +/- New issues/buybacks                  | 0    | 0    | -1   | -1   | -1   | 0     | 0     | 0     |
| - Paid dividend                          | 0    | 0    | -1   | -3   | -2   | -3    | -2    | -3    |
| +/- Other                                | -4   | -1   | -6   | 5    | -5   | 0     | -3    | -3    |
| Change in cash                           | 1    | 2    | -1   | 0    | -2   | 1     | 0     | 0     |

| KEY FIGURES                                    | 2020   | 2021   | 2022   | 2023   | 2024E  | 2025E  | 2026E  |
|--|--------|--------|--------|--------|--------|--------|--------|
| M-cap  | 48     | 59     | 38     | 45     | 59     | 59     | 59     |
| Net debt (excl. convertibles)                  | 12     | 8      | 12     | 9      | 8      | 5      | 2      |
| Enterprise value                               | 60     | 67     | 50     | 54     | 67     | 64     | 61     |
| Sales  | 66     | 66     | 71     | 80     | 82     | 85     | 88     |
| EBITDA   | 7      | 10     | 8      | 9      | 8      | 10     | 11     |
| EBIT   | 3      | 7      | 5      | 6      | 5      | 7      | 8      |
| Pre-tax  | 2      | 6      | 4      | 5      | 5      | 6      | 8      |
| Earnings                                       | 2      | 5      | 3      | 3      | 4      | 5      | 6      |
| Equity book value (excl. minorities)           | 23     | 25     | 25     | 25     | 27     | 29     | 32     |
| <b>Valuation multiples</b>                     |        |        |        |        |        |        |        |
| EV/sales                                       | 0.9    | 1.0    | 0.7    | 0.7    | 0.8    | 0.8    | 0.7    |
| EV/EBITDA                                      | 8.4    | 6.7    | 6.5    | 5.9    | 8.1    | 6.5    | 5.6    |
| EV/EBITA                                       | 24.1   | 10.3   | 10.6   | 9.2    | 12.6   | 9.4    | 7.8    |
| EV/EBIT  | 24.1   | 10.3   | 10.6   | 9.2    | 12.6   | 9.4    | 7.8    |
| EV/OCF   | 12.0   | 7.6    | 7.5    | 7.5    | 10.0   | 8.0    | 6.8    |
| EV/FCFF  | 11.3   | 7.6    | 14.1   | 7.5    | 10.6   | 8.5    | 7.3    |
| P/FCFE   | 13.5   | 8.3    | -53.1  | 7.4    | 15.2   | 11.5   | 9.8    |
| P/E  | 21.4   | 13.2   | 11.5   | 13.0   | 15.9   | 11.5   | 9.8    |
| P/B  | 2.0    | 2.3    | 1.5    | 1.8    | 2.2    | 2.0    | 1.8    |
| Target EV/EBITDA                               | 0.0    | 0.0    | 0.0    | 0.0    | 8.2    | 6.7    | 5.7    |
| Target EV/EBIT                                 | 0.0    | 0.0    | 0.0    | 0.0    | 12.8   | 9.5    | 7.9    |
| Target EV/FCF                                  | 0.0    | 0.0    | 0.0    | 0.0    | 17.5   | 12.7   | 10.4   |
| Target P/B                                     | 0.0    | 0.0    | 0.0    | 0.0    | 2.3    | 2.0    | 1.9    |
| Target P/E                                     | 0.0    | 0.0    | 0.0    | 0.0    | 16.2   | 11.7   | 10.0   |
| <b>Per share measures</b>                      |        |        |        |        |        |        |        |
| Number of shares                               | 37,388 | 37,388 | 36,223 | 36,344 | 35,789 | 35,789 | 35,789 |
| Number of shares (diluted)                     | 37,388 | 37,388 | 36,223 | 36,344 | 35,789 | 35,789 | 35,789 |
| EPS  | 0.05   | 0.12   | 0.09   | 0.09   | 0.10   | 0.14   | 0.17   |
| Operating cash flow per share                  | 0.13   | 0.24   | 0.19   | 0.20   | 0.19   | 0.23   | 0.25   |
| Free cash flow per share                       | 0.09   | 0.19   | -0.02  | 0.17   | 0.11   | 0.14   | 0.17   |
| Book value per share                           | 0.63   | 0.68   | 0.68   | 0.70   | 0.74   | 0.82   | 0.90   |
| Dividend per share                             | 0.04   | 0.08   | 0.06   | 0.07   | 0.07   | 0.09   | 0.11   |
| Dividend payout ratio, %                       | 84.9   | 66.4   | 65.5   | 74.0   | 65.0   | 65.0   | 65.0   |
| Dividend yield, %                              | 3.1    | 5.0    | 5.7    | 5.7    | 4.1    | 5.6    | 6.6    |
| FCF yield, %                                   | 7.4    | 12.1   | -1.9   | 13.6   | 6.6    | 8.7    | 10.2   |
| <b>Efficiency measures</b>                     |        |        |        |        |        |        |        |
| ROE  | 7.7    | 18.4   | 13.2   | 13.7   | 14.2   | 18.3   | 19.7   |
| ROCE   | 6.4    | 17.6   | 12.8   | 15.7   | 14.9   | 18.9   | 21.8   |
| <b>Financial ratios</b>                        |        |        |        |        |        |        |        |
| Inventories as % of sales                      | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Receivables as % of sales                      | 21.4   | 20.4   | 20.5   | 23.0   | 23.0   | 23.0   | 23.0   |
| Non-interest bearing liabilities as % of sales | 24.1   | 21.6   | 20.8   | 21.9   | 21.9   | 21.9   | 21.9   |
| NWC/sales, %                                   | -2.7   | -1.2   | -0.3   | 1.1    | 1.1    | 1.1    | 1.1    |
| Operative CAPEX/sales, %                       | 2.2    | 2.5    | 6.5    | 1.4    | 3.4    | 3.4    | 3.4    |
| CAPEX/sales (incl. acquisitions), %            | 2.2    | 2.5    | 2.5    | 1.4    | 3.4    | 3.4    | 3.4    |
| FCFF/EBITDA                                    | 0.7    | 0.9    | 0.5    | 0.8    | 0.8    | 0.8    | 0.8    |
| Net debt/EBITDA, book-weighted                 | 1.7    | 0.8    | 1.6    | 1.0    | 0.9    | 0.5    | 0.2    |
| Debt/equity, market-weighted                   | 0.2    | 0.1    | 0.2    | 0.1    | 0.1    | 0.1    | 0.0    |
| Equity ratio, book-weighted                    | 41.4   | 49.8   | 44.4   | 46.8   | 47.7   | 51.8   | 56.1   |
| Gearing, %                                     | 52.6   | 30.9   | 50.0   | 36.1   | 29.4   | 17.5   | 7.6    |

**COMPANY DESCRIPTION:** InnoFactor provides software products and solutions to commercial, public sector, and membership-based organizations in the Nordic countries. It specializes in Microsoft-based cloud solutions and digital transformation. InnoFactor has operations in Finland, Sweden, Denmark, and Norway.

**INVESTMENT CASE:** InnoFactor has been showing promising performance after a history of a few years of subpar performance, caused primarily by integration issues relating to its pan-Nordic platform. Focus in the near-term should still remain on actions to improve margins and sorting out challenges and capitalizing on its good order backlog. Good traction for Microsoft's enterprise solutions supports growth outlook going forward.

| OWNERSHIP STRUCTURE                        | SHARES     | EURm   | %     |
|--|------------|--------|-------|
| Ensio Sami                                 | 7,936,804  | 13.096 | 22.2% |
| Ilmarinen Mutual Pension Insurance Company | 1,800,000  | 2.970  | 5.0%  |
| Linturi Kaija and Risto                    | 1,256,411  | 2.073  | 3.5%  |
| InnoFactor Oyj                             | 554,372    | 0.915  | 1.5%  |
| Hellen Stefan Andreas                      | 486,000    | 0.802  | 1.4%  |
| Mäki Antti Jussi                           | 459,236    | 0.758  | 1.3%  |
| Ingman Finance Oy Ab                       | 450,000    | 0.743  | 1.3%  |
| Muukkonen Teemu Heikki                     | 387,511    | 0.639  | 1.1%  |
| Mandatum Life Insurance Company            | 376,377    | 0.621  | 1.1%  |
| Laiho Rami Tapani                          | 230,480    | 0.380  | 0.6%  |
| Ten largest                                | 13,937,191 | 22.996 | 39%   |
| Residual                                   | 21,852,130 | 36.056 | 61%   |
| Total                                      | 35,789,321 | 59.052 | 100%  |

#### EARNINGS CALENDAR

October 22, 2024

Q3 report

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

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CFO: Antti Rokala

Tel: +358 (0)10 272 9000

IR:

## DEFINITIONS

|                       |  |                           |   |
|-----------------------|--|---------------------------|---|
| P/E                   | $\frac{\text{Price per share}}{\text{Earnings per share}}$   | EPS                       | $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$           |
| P/BV                  | $\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$   | DPS                       | Dividend for the financial period per share   |
| Market cap            | Price per share * Number of shares   | OCF (Operating cash flow) | EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments  |
| EV (Enterprise value) | Market cap + net debt + minority interest at market value – share of associated companies at market value  | FCF (Free cash flow)      | Operating cash flow – operative CAPEX – acquisitions + divestments  |
| EV/Sales              | $\frac{\text{Enterprise value}}{\text{Sales}}$   | FCF yield, %              | $\frac{\text{Free cash flow}}{\text{Market cap}}$   |
| EV/EBITDA             | $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$  | Operative CAPEX/sales     | $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$  |
| EV/EBIT               | $\frac{\text{Enterprise value}}{\text{Operating profit}}$  | Net working capital       | Current assets – current liabilities  |
| Net debt              | Interest bearing debt – financial assets   | Capital employed/Share    | $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$  |
| Total assets          | Balance sheet total  | Gearing                   | $\frac{\text{Net debt}}{\text{Equity}}$   |
| Div yield, %          | $\frac{\text{Dividend per share}}{\text{Price per share}}$   | Debt/Equity, %            | $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$                     |
| Payout ratio, %       | $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$   | Equity ratio, %           | $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$ |
| ROCE, %               | $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$ | CAGR, %                   | Cumulative annual growth rate = Average growth per year   |



|  |  |
|--|--|
| <p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes – income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$ |  |
|--|--|

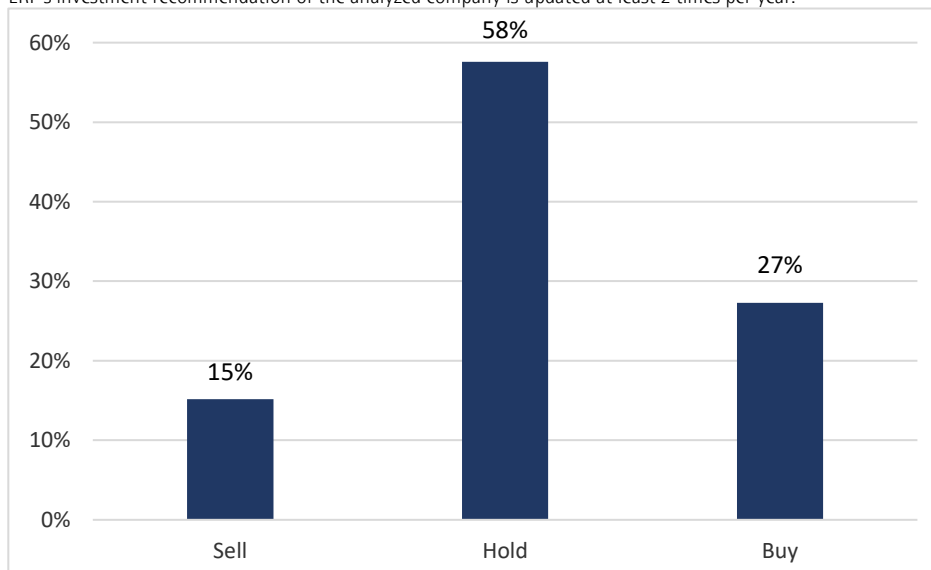
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Investment recommendations are defined as follows:

| Target price compared to share price | Recommendation |
|--------------------------------------|----------------|
| < -10 %                              | SELL           |
| -10 – (+10) %                        | HOLD           |
| > 10 %                               | BUY            |

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Name(s) of the analyst(s): Salokivi

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