

No major surprises

Innofactor's Q3 results were close to our expectations. Net sales amounted to EUR 13.7m (Evli EUR 14.5m), while EBITDA amounted to EUR 1.7m (Evli EUR 1.8m). The order backlog growth halted due to a lack of new significant orders but was still up 24% y/y at EUR 72.0m.

- Net sales in Q3 amounted to EUR 13.7m (EUR 14.0m in Q3/20), slightly below our estimates (Evli EUR 14.5m). Net sales in Q3 declined 2.0% y/y but grew 3.0% organically. Revenue growth in Finland saw a minor negative impact caused by organizational restructuring.
- EBITDA in Q3 was EUR 1.7m (EUR 1.6m in Q3/20), in line with our estimates (Evli EUR 1.8m), at a margin of 12.3%. EBITDA was positive in Finland, Norway and Denmark.
- Operating profit in Q3 amounted to EUR 0.9m (EUR 0.4m in Q3/20), in line with our estimates (Evli EUR 1.0m), at a margin of 6.7%.
- Order backlog at EUR 72.0m, up 24% y/y. Q3 saw no new significant orders received and as such the order backlog remained on previous quarter levels.
- At the end of August, Innofactor decided to renew its strategy to support growth even more strongly, tightening its offering according to the growth areas in question: Digital Services, Business Solutions, Information and Case Management, Data and Analytics, Cloud Infrastructure and Cybersecurity.
- **Guidance reiterated:** Innofactor's net sales and EBITDA in 2021 are estimated to increase compared to 2020 (net sales and EBITDA EUR 66.3m and EUR 7.2m respectively).

Rating + BUY

| Q3/21 | Actual | Evli | Year ago | Q2/21 |
|-----------|--------|------|----------|-------|
| Net sales | 13.7 | 14.5 | 14.0 | 17.8 |
| EBITDA | 1.7 | 1.8 | 1.6 | 4.7 |
| EBIT | 0.9 | 1.0 | 0.4 | 3.8 |

| Deviation | Actual | Evli | Year ago | Q2/21 |
|-----------|--------|-------|----------|-------|
| Net sales | | -6 % | -2 % | -23 % |
| EBITDA | | -3 % | 4 % | -64 % |
| EBIT | | -10 % | >100% | -76 % |

Share price, EUR (Last trading day's closing price) 1.62

Target price, EUR 2.2

Latest change in recommendation 05-Jun-19

Latest report on company 23-Jul-21

Research paid by issuer: YES

No. of shares outstanding, '000's 37,388

No. of shares fully diluted, '000's 37,388

Market cap, EURm 61

Free float, % 47.0

Exchange rate EUR 0.000

Reuters code IFA1V.HE

Bloomberg code IFA1V FH

Average daily volume, EURm 0.04

Next interim report 28-Oct-21

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+ BUY + HOLD - SELL

PRE-REPORT KEY FIGURES

| | Sales EURm | EBIT EURm | EBIT % | FCF EURm | EPS EUR | P/E (x) | EV/Sales (x) | EV/EBIT (x) | FCF yield % | DPS EUR |
|-------|---------------|--------------|-----------|-------------|------------|------------|-----------------|----------------|----------------|------------|
| 2019 | 64.2 | 0.8 | 1.2% | 4.4 | 0.01 | 64.6 | 0.7 | 53.8 | 16.3 | 0.00 |
| 2020 | 66.2 | 2.5 | 3.8% | 3.5 | 0.05 | 27.2 | 0.9 | 24.1 | 7.4 | 0.04 |
| 2021E | 68.4 | 8.1 | 11.8% | 7.9 | 0.15 | 10.5 | 1.0 | 8.2 | 13.0 | 0.06 |
| 2022E | 71.1 | 6.8 | 9.5% | 4.6 | 0.13 | 12.2 | 0.9 | 9.5 | 7.5 | 0.07 |
| 2023E | 73.3 | 7.0 | 9.5% | 4.9 | 0.14 | 11.5 | 0.8 | 8.9 | 8.2 | 0.07 |

| | | | | | |
|--------------------------|----|-------------------------|------|-----------------------|------|
| Market cap, EURm | 61 | BV per share 2021E, EUR | 21.6 | CAGR EPS 2020-23, % | 44.0 |
| Net debt 2021E, EURm | 6 | Price/book 2021E | 2.2 | CAGR sales 2020-23, % | 3.5 |
| Enterprise value, EURm | 67 | Dividend yield 2021E, % | 3.7 | ROE 2021E, % | 22.5 |
| Total assets 2021E, EURm | 56 | Tax rate 2021E, % | 21.6 | ROCE 2021E, % | 21.1 |
| Goodwill 2021E, EURm | 27 | Equity ratio 2021E, % | 49.4 | PEG, P/E 21/CAGR | -5.5 |

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

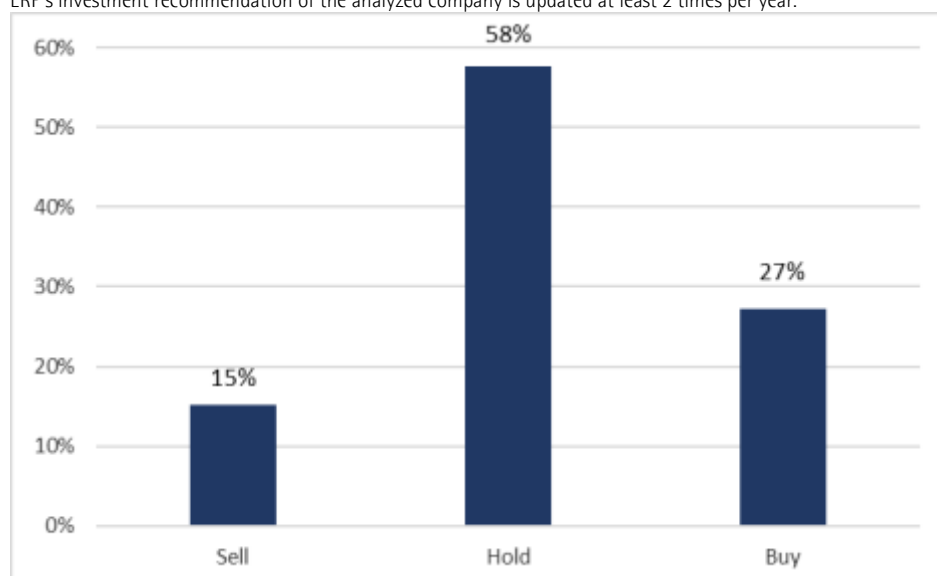
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| Target price compared to share price | Recommendation |
|--------------------------------------|----------------|
| < -10 % | SELL |
| -10 – (+10) % | HOLD |
| > 10 % | BUY |

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

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October 26, 2021

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