

Profitability back on track

Innofactor's Q1 results were slightly better than expected. Although net sales of EUR 17.0m were below expectations (Evli EUR 17.7m), with sales having decreased in Finland and Sweden due to increased sick leaves, profitability was at good levels after some challenges during H2/21, with EBITDA amounting to EUR 2.0m (Evli EUR 1.8m).

- Net sales in Q1 amounted to EUR 17.0m (EUR 17.8m in Q1/21), slightly below our estimates (Evli EUR 17.7m). Net sales in Q1 declined 4.7% y/y and 1.5% in comparable terms. Net sales increased in Norway and Denmark but decreased in Finland and Sweden, affected by increased sick leaves due to the pandemic.
- EBITDA in Q1 was EUR 2.0m (EUR 2.1m in Q1/21, excl. Prime business divestment), slightly above our estimates (Evli EUR 1.8m), at a margin of 12.0%. EBITDA was positive in all operating countries except in Sweden.
- Operating profit in Q1 amounted to EUR 1.3m (EUR 1.3m in Q1/21, excl. Prime business divestment), above our estimates (Evli EUR 1.0m), at a margin of 7.8%.
- Order backlog at EUR 71.3m, up 3.5% y/y. Innofactor received a handful of significant orders in Q1, for instance from the Finnish Ministry of Social Affairs and Health (approx. EUR 1.2m), the Housing Finance and Development Centre of Finland (approx. EUR 0.7m), Finnvera (approx. EUR 1.0m) and a Norwegian non-profit organization (approx. EUR 1.2m).
- **Guidance for 2022 (reiterated):** Innofactor's net sales is expected to increase from 2021 (EUR 66.4m) and EBITDA is expected to increase from EUR 7.5m, which would have been EBITDA without the proceeds of EUR 2.6m from the sale of the Prime business.

Rating + BUY

Q1/22	Actual	Evli	Year ago	Q4/21
Net sales	17.0	17.7	17.8	17.5
EBITDA	2.0	1.8	4.7	1.7
EBIT	1.3	1.0	3.8	0.5

Deviation	Actual	Evli	Year ago	Q4/21
Net sales		-4 %	-5 %	-3 %
EBITDA		17 %	-56 %	23 %
EBIT		32 %	-65 %	>100%

Share price, EUR (Last trading day's closing price) 1.29

Target price, EUR 1.6

Latest change in recommendation 04-Jun-19

Latest report on company 18-Feb-22

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 48

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 26-Apr-22

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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
2020	66.2	2.5	3.8%	3.5	0.05	27.2	0.9	24.1	7.4	0.04
2021	66.4	6.5	9.8%	7.0	0.12	13.2	1.0	10.3	11.8	0.08
2022E	69.0	5.1	7.4%	2.4	0.09	14.0	0.8	11.1	4.9	0.06
2023E	71.1	6.0	8.5%	3.8	0.11	11.6	0.8	9.1	7.8	0.07
2024E	72.8	6.6	9.0%	4.5	0.12	10.3	0.7	8.1	9.2	0.08

Market cap, EURm	48	BV per share 2022E, EUR	32.7	CAGR EPS 2021-24, %	1.2
Net debt 2022E, EURm	8	Price/book 2022E	1.9	CAGR sales 2021-24, %	3.1
Enterprise value, EURm	57	Dividend yield 2022E, %	4.6	ROE 2022E, %	13.4
Total assets 2022E, EURm	53	Tax rate 2022E, %	20.0	ROCE 2022E, %	14.3
Goodwill 2022E, EURm	26	Equity ratio 2022E, %	49.0	PEG, P/E 22/CAGR	1.1

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

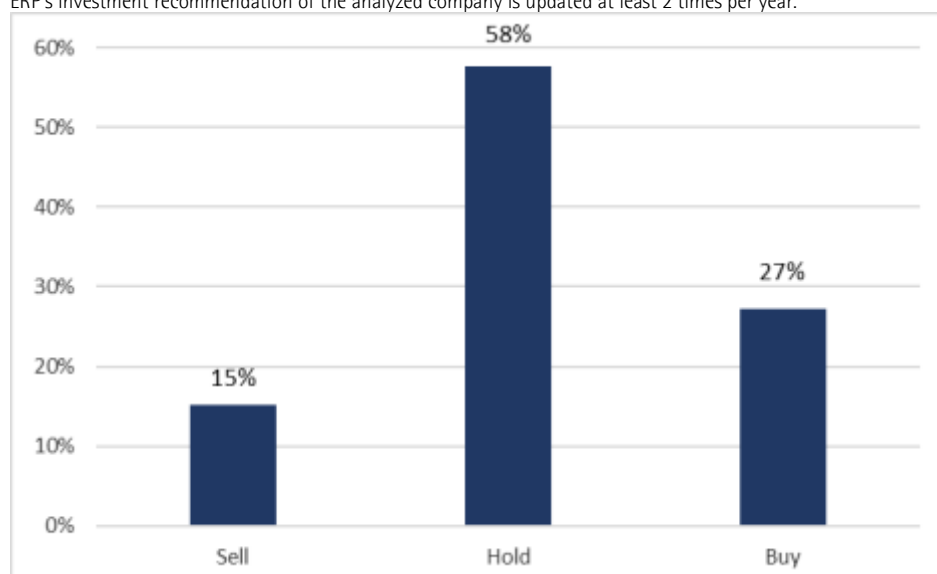
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Investment recommendations are defined as follows:

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

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