

## Some challenges but still quite good

Innofactor's Q2 saw continued good growth, better than anticipated, up 18.6% y/y to EUR 20.1m (Evli EUR 19.4m). EBITDA was below expectations at EUR 1.8m (Evli EUR 2.3m), with the EBITDA-margin improving slightly y/y. Guidance reiterated, Innofactor's net sales and EBITDA in 2023 are expected to increase compared with 2022.

- Net sales in Q2 amounted to EUR 20.1m (EUR 16.9m in Q2/22), slightly above our estimates (Evli EUR 19.4m). Net sales in Q2 grew 18.6% y/y and 11.1% organically. Net sales increased in Finland, Sweden and Norway in local currency despite weak exchange rates but declined in Denmark.
- EBITDA in Q2 was EUR 1.8m (EUR 1.4m in Q2/22, below our estimates (Evli EUR 2.3m), at a margin of 8.8%.
- Operating profit in Q2 amounted to EUR 1.0m (EUR 0.7m in Q2/22, below our estimates (Evli EUR 1.5m), at a margin of 4.9%.
- The second quarter was affected by Easter and other weekday holidays and usage of flexi leaves around these. Onboarding of a notable number of new employees also reduced invoicing rates during April-May, while Innofactor in June achieved its highest single-month invoicing rate since going public.
- Order backlog at EUR 77.3m, at previous year levels. Price competition in the market during the second quarter was exceptionally intense, and Innofactor did not win any new significant tenders during the quarter.
- **Guidance for 2023 (reiterated):** Innofactor's net sales is expected to increase from 2022 (EUR 77.1m) and EBITDA is expected to increase from 2022 (EUR 7.8m).

**Rating** 🇺🇸 BUY

Q2/23	Actual	Evli	Year ago	Q1/23
Net sales	20.1	19.4	16.9	16.7
EBITDA	1.8	2.3	1.4	2.5
EBIT	1.0	1.5	0.7	1.7

Deviation	Actual	Evli	Year ago	Q1/23
Net sales		4 %	19 %	20 %
EBITDA		-21 %	31 %	-28 %
EBIT		-33 %	50 %	-41 %

 Share price, EUR (Last trading day's closing price) 1.15

 Target price, EUR 1.6

 Latest change in recommendation 05-Jun-19

 Latest report on company 26-Apr-23

 Research paid by issuer: YES

 No. of shares outstanding, '000's 36,299

 No. of shares fully diluted, '000's 36,299

 Market cap, EURm 42

 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 20-Jul-23

 Web site www.innofactor.com

 Analyst Jerker Salokivi

 E-mail jerker.salokivi@evli.com

 Telephone +358 9 4766 9149
+ 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
2021	66.4	6.5	9.8%	7.2	0.12	13.2	1.0	10.3	12.1	0.08
2022	71.1	4.8	6.7%	-0.7	0.09	11.5	0.7	10.6	-1.9	0.06
2023E	79.4	6.6	8.3%	2.6	0.13	9.1	0.7	8.1	6.3	0.08
2024E	83.4	7.5	9.0%	4.6	0.15	7.9	0.6	6.9	11.1	0.09
2025E	86.7	7.8	9.0%	5.1	0.15	7.4	0.6	6.5	12.1	0.10

Market cap, EURm	42	BV per share 2023E, EUR	43.8	CAGR EPS 2022-25, %	19.0
Net debt 2023E, EURm	12	Price/book 2023E	1.5	CAGR sales 2022-25, %	6.8
Enterprise value, EURm	54	Dividend yield 2023E, %	7.2	ROE 2023E, %	17.7
Total assets 2023E, EURm	60	Tax rate 2023E, %	20.2	ROCE 2023E, %	16.4
Goodwill 2023E, EURm	27	Equity ratio 2023E, %	45.6	PEG, P/E 23/CAGR	1.1

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

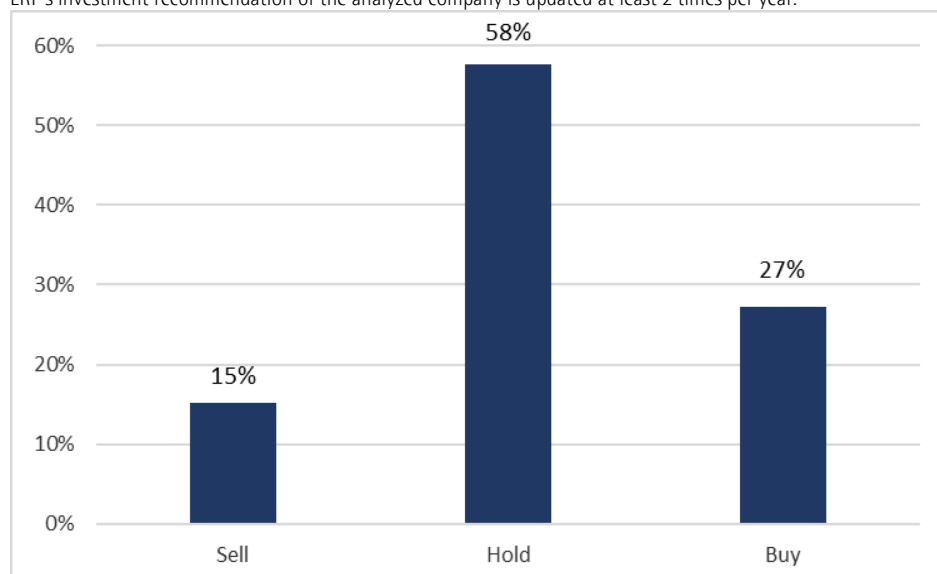
## Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on 26.4.2023, 16:20. This report has been published on 20.7.2023, 9:30.

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP may pursue an assignment from the issuer(s) of the financial instruments mentioned in the recommendation or this report. These assignments may have a limited economic or financial impact on ERP and/or Evli. Under such assignments ERP may perform services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

## Contact information

### SALES, TRADING AND RESEARCH

#### Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123  
Ari Laine +358 9 4766 9115  
Kimmo Lilja +358 9 4766 9130

#### Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120  
Pasi Väisänen +358 9 4766 9120  
Antti Kässi +358 9 4766 9120  
Miika Ronkanen +358 9 4766 9120

#### Structured Investments

Heikki Savijoki +358 9 4766 9726  
Aki Lakkisto +358 9 4766 9123

#### Equity Research

Arttu Heikura +358 40 082 8098  
Joonas Ilvonen +358 44 430 9071  
Jerker Salokivi +358 9 4766 9149

#### Evli Investment Solutions

Johannes Asuja +358 9 4766 9205



**EVLI PLC**  
Aleksanterinkatu 19 A  
P.O. Box 1081  
FIN-00101 Helsinki, FINLAND  
Phone +358 9 476 690  
Internet [www.evli.com](http://www.evli.com)  
E-mail [firstname.lastname@evli.com](mailto:firstname.lastname@evli.com)

**EVLI PLC,  
STOCKHOLMSFILIAL**  
Regeringsgatan 67 P.O. Box 16354  
SE-103 26 Stockholm  
Sverige  
[stockholm@evli.com](mailto:stockholm@evli.com)  
Tel +46 (0)8 407 8000