

Good performance despite headwinds

Innofactor's Q3 results were good and quite as expected despite market headwinds. Net sales were organically up 8% y/y to EUR 18.0m (Evli EUR 18.1m). EBITDA was slightly above expectations at EUR 2.0m (Evli EUR 1.8m). Guidance reiterated, Innofactor's net sales and EBITDA in 2023 are expected to increase compared with 2022.

- Net sales in Q3 amounted to EUR 18.0m (EUR 16.7m in Q3/22), in line with our estimates (Evli EUR 18.1m). Net sales in Q3 grew 8%, of which all was organic growth. Net sales increased in Finland and Norway.
- EBITDA in Q3 was EUR 2.0m (EUR 1.8m in Q3/22, slightly above our estimates (Evli EUR 1.8m), at a margin of 10.9%.
- Operating profit in Q3 amounted to EUR 1.2m (EUR 1.0m in Q3/22, slightly above our estimates (Evli EUR 1.2m), at a margin of 6.7%.
- Price competition in the markets remained intense in the third quarter, although the weighted average prices of new contracts increased slightly from the preceding quarter. New sales in Q3 were still below target and led to a decrease in the order backlog but Innofactor expects to be able to increase the volume of new sales in Q4.
- Order backlog at EUR 71.4m, down 7.6% y/y. Due to the challenging market situation 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

| Q3/23 | Actual | Evli | Year ago | Q2/23 |
|---|--------|------|----------|--------------------------|
| Net sales | 18.0 | 18.1 | 16.7 | 20.1 |
| EBITDA | 2.0 | 1.8 | 1.8 | 1.8 |
| EBIT | 1.2 | 1.0 | 1.0 | 1.0 |
| Deviation | Actual | Evli | Year ago | Q2/23 |
| Net sales | | -1 % | 8 % | -10 % |
| EBITDA | | 13 % | 12 % | 13 % |
| EBIT | | 20 % | 25 % | 22 % |
| Share price, EUR (Last trading day's closing price) | | | | 1.07 |
| Target price, EUR | | | | 1.5 |
| Latest change in recommendation | | | | 05-Jun-19 |
| Latest report on company | | | | 21-Jul-23 |
| Research paid by issuer: | | | | YES |
| No. of shares outstanding, '000's | | | | 36,344 |
| No. of shares fully diluted, '000's | | | | 36,344 |
| Market cap, EURm | | | | 39 |
| 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 | | | | 24-Oct-23 |
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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 |
|--------------------------|---------------|--------------|-------------------------|-------------|------------|-----------------------|-----------------|----------------|----------------|------------|
| 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 | 80.8 | 5.9 | 7.3% | 1.8 | 0.10 | 10.2 | 0.6 | 8.8 | 4.6 | 0.07 |
| 2024E | 84.9 | 7.2 | 8.5% | 4.4 | 0.14 | 7.7 | 0.6 | 6.9 | 11.3 | 0.09 |
| 2025E | 88.3 | 7.9 | 9.0% | 5.2 | 0.16 | 6.8 | 0.5 | 6.0 | 13.2 | 0.10 |
| Market cap, EURm | 39 | | BV per share 2023E, EUR | 48.3 | | CAGR EPS 2022-25, % | | 19.6 | | |
| Net debt 2023E, EURm | 13 | | Price/book 2023E | 1.5 | | CAGR sales 2022-25, % | | 7.5 | | |
| Enterprise value, EURm | 52 | | Dividend yield 2023E, % | 6.4 | | ROE 2023E, % | | 14.9 | | |
| Total assets 2023E, EURm | 60 | | Tax rate 2023E, % | 24.0 | | ROCE 2023E, % | | 14.6 | | |
| Goodwill 2023E, EURm | 27 | | Equity ratio 2023E, % | 44.0 | | PEG, P/E 23/CAGR | | 0.6 | | |

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

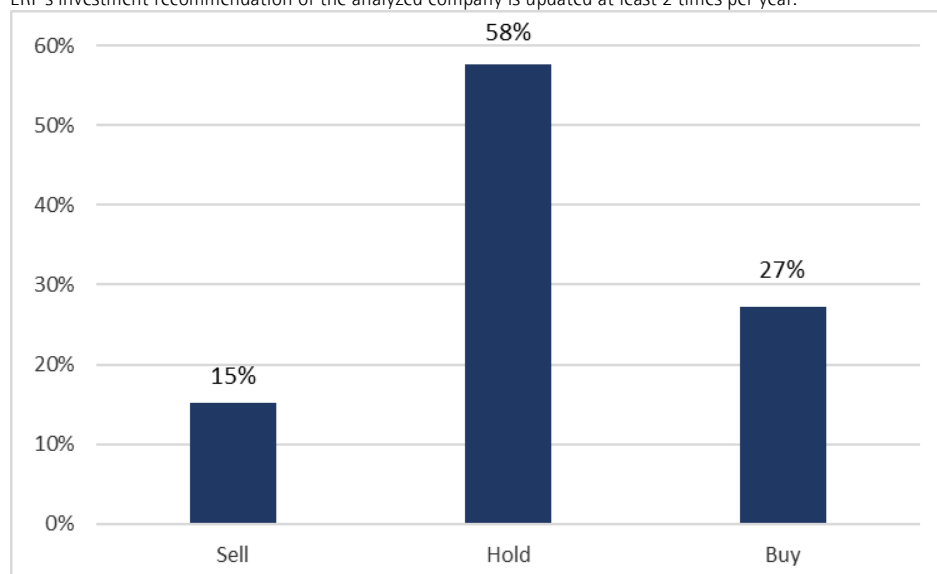
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| Target price compared to share price | Recommendation |
|--------------------------------------|----------------|
| < -10 % | SELL |
| -10 – (+10) % | HOLD |
| > 10 % | BUY |

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

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