

Year-end quite as expected

Innofactor's Q4 results were rather good and quite as expected. Net sales were up ~7% y/y to EUR 21.9m (Evli EUR 22.1m). EBITDA was in line with our expectations at EUR 2.9m (Evli EUR 2.9m). Guidance for 2024: Innofactor's net sales and EBITDA are expected to increase compared with 2023. Dividend proposal EUR 0.07 per share (Evli EUR 0.07)

- Net sales in Q4 amounted to EUR 21.9m (EUR 20.5m in Q4/22), in line with our estimates (Evli EUR 22.1m). Net sales in Q4 grew 6.8%, of which all was organic growth. Net sales increased in Finland and in Norway in local currency.
- EBITDA in Q4 was EUR 2.9m (EUR 2.6m in Q4/22, in line with our estimates (Evli EUR 2.9m), at a margin of 13.1%.
- Operating profit in Q4 amounted to EUR 1.9m (EUR 1.8m in Q4/22, slightly below our estimates (Evli EUR 2.1m), at a margin of 8.8%.
- EBITDA was positive in Finland in Q4 but negative in the other countries. Price competition in Q4 remained tough, although the weighted average price of new agreements increased slightly y/y.
- Order backlog at EUR 71.6m, down 5.6% y/y. Part of the order backlog was transferred to the framework agreement backlog, which had a value of EUR 29.8m at the end of 2023 (2022: EUR 18.9m)
- **Guidance for 2024:** Innofactor's net sales is expected to increase from 2023 (EUR 80.3m) and EBITDA is expected to increase from 2023 (EUR 9.1m).
- Innofactor's BoD proposes a dividend of EUR 0.07 per share (Evli EUR 0.07)

Rating

+ BUY

Q4/23	Actual	Evli	Year ago
Net sales	21.9	22.1	20.5
EBITDA	2.9	2.9	2.6
EBIT	1.9	2.1	1.8
DPS	0.07	0.07	0.04

Deviation	Actual	Evli	Year ago
Net sales		-1 %	7 %
EBITDA		1 %	11 %
EBIT		-10 %	5 %
DPS		0 %	75 %

Share price, EUR (Last trading day's closing price) **1.19**

Target price, EUR **1.4**

Latest change in recommendation	05-Jun-19
Latest report on company	25-Oct-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	43
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	08-Feb-24
Web site	www.innofactor.com

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+ BUY **o** 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	80.4	6.0	7.5%	2.1	0.11	10.5	0.7	9.2	4.9	0.07
2024E	82.0	6.6	8.0%	4.3	0.13	9.0	0.7	8.2	10.0	0.09
2025E	85.3	7.7	9.0%	5.2	0.16	7.5	0.6	6.7	12.1	0.10

Market cap, EURm	43	BV per share 2023E, EUR	46.6	CAGR EPS 2022-25, %	19.9
Net debt 2023E, EURm	12	Price/book 2023E	1.6	CAGR sales 2022-25, %	6.3
Enterprise value, EURm	56	Dividend yield 2023E, %	6.2	ROE 2023E, %	16.0
Total assets 2023E, EURm	60	Tax rate 2023E, %	25.1	ROCE 2023E, %	14.9
Goodwill 2023E, EURm	27	Equity ratio 2023E, %	44.6	PEG, P/E 23/CAGR	0.8

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

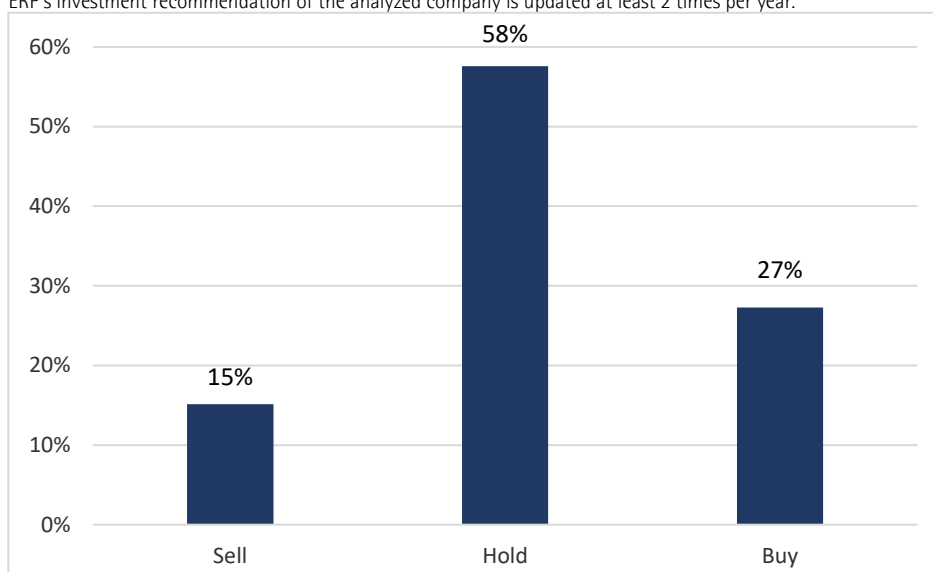
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Investment recommendations are defined as follows:

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

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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

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