

Solid growth pace continues

Innofactor's Q1 results were good and surpassed our expectations. Net sales grew 19.2% y/y to EUR 20.2m (Evli EUR 18.3m). EBITDA amounted to EUR 2.5m (Evli EUR 2.2m). Guidance reiterated, Innofactor's net sales and EBITDA in 2023 are expected to increase compared with 2022.

- Net sales in Q1 amounted to EUR 20.2m (EUR 17.0m in Q1/22), above our estimates (Evli EUR 18.3m). Net sales in Q1 grew 19.2% y/y and 10.9% organically. Net sales increased in Finland and Norway, and in Sweden in local currency, but declined in Denmark.
- EBITDA in Q1 was EUR 2.5m (EUR 2.0m in Q1/22, above our estimates (Evli EUR 2.2m), at a margin of 12.3%.
- Operating profit in Q1 amounted to EUR 1.7m (EUR 1.3m in Q1/22, above our estimates (Evli EUR 1.4m), at a margin of 8.5%.
- In Q1 Innofactor managed to further enhance the efficiency of its operations and the invoicing rate improved when compared to Q4/22. Innofactor's number of personnel increased by over 13 percent y/y and the use of subcontracting increased. The increase in FTE's involved in customer work promoted the growth of net sales and the operating margin.
- Order backlog at EUR 76.3m, up 6.9% y/y. New orders included a digitalization project Metso Outotec Plc (approx. EUR 0.7m) and the continued development and maintenance of Senate Properties' HR system (approx. EUR 0.8m)
- **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

Q1/23	Actual	Evli	Year ago	Q4/22
Net sales	20.2	18.3	17.0	16.7
EBITDA	2.5	2.2	2.0	1.8
EBIT	1.7	1.4	1.3	1.0
Deviation	Actual	Evli	Year ago	Q4/22
Net sales		10 %	19 %	21 %
EBITDA		12 %	22 %	39 %
EBIT		21 %	29 %	70 %
Share price, EUR (Last trading day's closing price)				1.17
Target price, EUR				1.5
Latest change in recommendation				05-Jun-19
Latest report on company				10-Feb-23
Research paid by issuer:				YES
No. of shares outstanding, '000's				36,048
No. of shares fully diluted, '000's				36,048
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				25-Apr-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%	-0.9	0.09	11.5	0.7	10.6	-2.4	0.06
2023E	75.7	6.4	8.5%	3.0	0.13	9.2	0.7	8.4	7.0	0.08
2024E	79.5	7.2	9.0%	4.6	0.14	8.1	0.7	7.3	10.9	0.09
2025E	82.7	7.4	9.0%	5.0	0.15	7.7	0.6	6.8	11.8	0.10
Market cap, EURm	42		BV per share 2023E, EUR	42.6		CAGR EPS 2022-25, %	18.5			
Net debt 2023E, EURm	12		Price/book 2023E	1.5		CAGR sales 2022-25, %	5.1			
Enterprise value, EURm	54		Dividend yield 2023E, %	7.1		ROE 2023E, %	17.7			
Total assets 2023E, EURm	59		Tax rate 2023E, %	20.7		ROCE 2023E, %	16.0			
Goodwill 2023E, EURm	27		Equity ratio 2023E, %	46.5		PEG, P/E 23/CAGR	1.2			

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

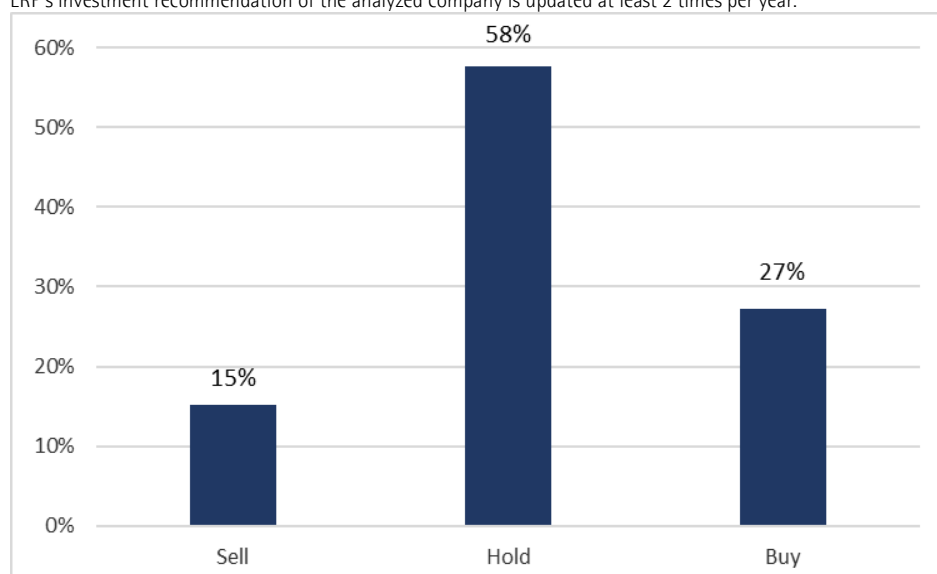
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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