

Innofactor Plc Interim Report October 27, 2020, at 9:00 Finnish time

## **Innofactor Plc's Interim Report for January 1–September 30, 2020 (IFRS)**

**Innofactor's net sales and operating margin on Q3 were better than in the comparison period – the operating margin for entire year 2019 was exceeded in the first 9 months of 2020**

July–September 2020 in brief:

- The net sales were approximately EUR 14.0 million (2019: 14.0), which shows an increase of 0.3%
- The operating margin was approximately EUR 1.6 million (2019: 1.5), which shows an increase of 1.6%
- The operating profit was EUR 0.4 million (2019: 0.3), which shows an increase of 58%
- The order backlog at the end of the review period was EUR 58.2 million (2019: 53.2), which shows an increase of 9%
- Innofactor got several significant orders in the third quarter, for example,
  - Consulting and maintenance services for Senate Properties, approximately EUR 1.0 million (not yet in the order backlog at the end of the review period)
  - The document management system for Finnish Transport and Communications Agency Traficom, approximately EUR 1.0 million (not yet in the order backlog at the end of the review period)
  - The customer management system for Tampereen korkeakoulusäätiö, approximately EUR 0.7 million (not yet in the order backlog at the end of the review period)

January–September 2020 in brief:

- The net sales were approximately EUR 47.9 million (2019: 46.8), which shows an increase of 2.5%
- The operating margin was approximately EUR 5.6 million (2019: 3.5), which shows an increase of 58%
- The operating profit was EUR 2.1 million (2019: 0.3), which shows an increase of 566%

**Key figures of the group, IFRS**

	Jul 1–Sep 30, 2020	Jul 1–Sep 30, 2019	Change	Jan 1– Sep 30, 2020	Jan 1–Sep 30, 2019	Change
Net sales, EUR thousand	14,005	13,968	0.3%	47,913	46,767	2.5%
Growth of net sales	0.3%	1.4%		2.5%	-1.0%	
Operating result before depreciation and amortization (EBITDA), EUR thousand*	1,559	1,535	1.6%	5,579	3,532	58.0%
percentage of net sales*	11.1%	11.0%		11.6%	7.6%	
Operating profit/loss (EBIT), EUR thousand*	397	252	57.5%	2,097	315	565.7%
percentage of net sales*	2.8%	1.8%		4.4%	0.7%	
Earnings before taxes, EUR thousand*	26	42	-36.8%	1,099	-259	524.6%
percentage of net sales*	0.2%	0.3%		2.3%	-0.6%	
Earnings, EUR thousand*	27	132	-79.8%	1,505	503	199.3%
percentage of net sales*	0.2%	0.9%		3.1%	1.1%	
Order backlog	58,181	53,167	9.4%	58,181	53,167	9.4%
Net gearing*	66.7%	84.6%		66.7%	84.6%	
Net gearing without IFRS 16	48.1%	60.5%		48.1%	60.5%	
Equity ratio	43.5%	40.2%		43.5%	40.2%	
Equity ratio without IFRS 16	45.8%	44.6%		45.8%	44.6%	
Active personnel on average during the review period****	545	535	1.9%	549	535	2.6%
Active personnel on average at the end of the review period****	546	542	0.7%	546	542	0.7%
Earnings per share (EUR)	0.0007	0.0036	-80.5%	0.0402	0.0013	3,088.0%

\*) The handling of lease liabilities in accordance with IFRS 16 had a positive effect of EUR 493 thousand (2019: 645) in the operating margin (EBITDA) in July 1–September 30, 2020, and an effect of EUR 1,501 thousand (2019: 1,265) in the operating margin (EBITDA) in January 1–September 30, 2020.

\*\*) In accordance with IFRS 3, the operating result in July 1–September 30, 2020, includes EUR 473 thousand (2019: 507) and in January 1–September 30, 2020, EUR 1,420 thousand (2019: 1,522) in depreciations related to acquisitions, consisting of allocations of the purchase price to intangible assets.

\*\*\*) Exchange rate changes related to the Group's internal debts (due to the weakened rate of the Swedish krona and Norwegian krone in relation to euro) results in an exchange rate loss of EUR -474 thousand in accordance with IFRS in January 1–September 30, 2020, but this loss does not affect the cash flow, only the result for the financial period, the Group's balance sheet and the equity ratio. In July 1–September 30, 2020, an exchange rate loss of EUR 177 thousand occurred.

\*\*\*\*) The Innofactor Group monitors the number of active personnel. The number of active personnel does not include employees who are on a leave of over 3 months.

**Innofactor's future outlook for 2020**

Innofactor's net sales and operating margin (EBITDA) in 2020 are estimated to increase from 2019, during which the net sales were EUR 64.2 million and the operating margin was EUR 5.1 million.

**CEO Sami Ensio's review: The excellent September resulted in good profitability for Q3 – the most significant negative effects of the coronavirus on business are estimated to be over**

The net sales in the third quarter of 2020 were EUR 14.0 million, which shows an increase of 0.3 percent compared to the previous year. The net sales grew in Finland, but decreased in other countries due to the effects of the coronavirus. The operating margin (EBITDA) grew by 1.6 percent from the previous year and was EUR 1.6 million (11.1 percent of the net sales), which is a historical record for Innofactor on the third quarter. In the third quarter, also the order backlog grew to a record-breaking amount and was EUR 58.2 million at the end of the quarter, which shows an increase of 9.4 percent compared to the corresponding time in the previous year.

The net sales in the first 9 months of 2020 were EUR 47.9 million, which shows an increase of 2.5 percent compared to the previous year. The net sales grew in Finland, but decreased in other countries due to the effects of the coronavirus. The operating margin (EBITDA) grew by 58.0 percent from the previous year and was EUR 5.6 million (11.6 percent of the net sales), which is also a historical record for Innofactor compared to previous comparison periods.

As a whole, the negative business effects due to the coronavirus in the third quarter were approximately as estimated. On a monthly level, August was weaker than expected and bore the brunt of the effects of the epidemic. On the other hand, September was better than expected, and this development is expected to strengthen towards the end of the year. The coronavirus situation still did not affect Innofactor's ability to produce services for its customers. Since the coronavirus situation got worse after the summer, our employees returned to mainly working remotely on August 7, 2020. In the Nordic countries in the third quarter, Innofactor received a total of approximately EUR 0.2 million in support from the states due to the coronavirus.

Innofactor strengthens its Business Productivity unit focused on Microsoft Dynamics and analytics business operations in Finland. Anu Pitkänen will start as the new leader of the unit on November 1, 2020. Anu has over 20 years of experience on corresponding business operations both as a provider and customer. We believe that the Microsoft Dynamics business operations have excellent growth potential in the coming years. I wish to warmly welcome Anu to Innofactor.

Innofactor updated its strategy during Q3. No significant changes were made to the strategy, but some parts of it were sharpened, for example, by writing out the purpose of Innofactor for the first time. The updated strategy is presented in more detail in the section "Strategy and its realization in the review period." As part of the strategy process, Innofactor also confirmed the company's updated dividend distribution policy. According to the renewed policy, the aim of the Board of Directors is to pay a dividend regularly each year. The goal is to pay about half of the result for the financial period in dividends, taking into account the company's financial position, possible corporate reorganizations and other development needs. I am very happy that, especially now on our 20th anniversary, we are able to change our dividend distribution policy in such a way

that it makes distribution of dividends more probable in the future as this is what several of our shareholders have wished in past years.

In the long term, we believe that the digital step the society is taking due to the coronavirus epidemic will increase Innofactor's possibilities to grow its business operations. The abilities of a modern digital organization will be even more important for our customers in the future. It is also possible that some of our customers will transfer some of their operations back to the Nordic countries in order to be closer to their customers. This would have a favorable effect as regards the business model of Innofactor's chosen strategy based on Nordic specialists. We also believe that Microsoft's position has strengthened during the coronavirus epidemic. We believe in our chances of increasing our market share.

Innofactor's vision is to be the leading Nordic implementer of digital transformation in the Microsoft ecosystem. We believe even stronger in our chosen Nordic strategy and in reaching our long-term goals in the world after the coronavirus epidemic. Innofactor is still actively looking for new strategic partnerships. The Group's goal is to grow both organically and through acquisitions. The coronavirus epidemic and the time after it may provide new and even surprising opportunities for this, and those may require fast actions. In view of this, we have drafted a separate plan, started to actively monitor the situation and, at the end of April, acquired EUR 3.0 million in additional funding in the form of a senior loan from a major Finnish pension insurance company to support our possible projects for gaining growth.

### **Strategy and its realization in the review period**

Innofactor updated its strategy during Q3. No significant changes were made to the strategy, but some parts of it were sharpened. The updated strategy is presented in brief below.

***Our purpose:*** Innovating to make the world work better

***Our mission:*** Driving the modern digital organization

***Our vision:*** Leading Nordic digital transformation partner in the Microsoft ecosystem

#### ***Our strategic choices:***

- The best Nordic professionals
- Productized and specialized offering
- Proactive and agile way of working
- Innovation with top customers

**Our values:**

- Accountability
- Empowerment
- Innovation
- Customer

**Our working principle:** Our principle is to put people first in everything we do. We want to create solutions that make people's everyday work and life run smoothly and bring a smile to their faces.

**Our long-term financial goals:**

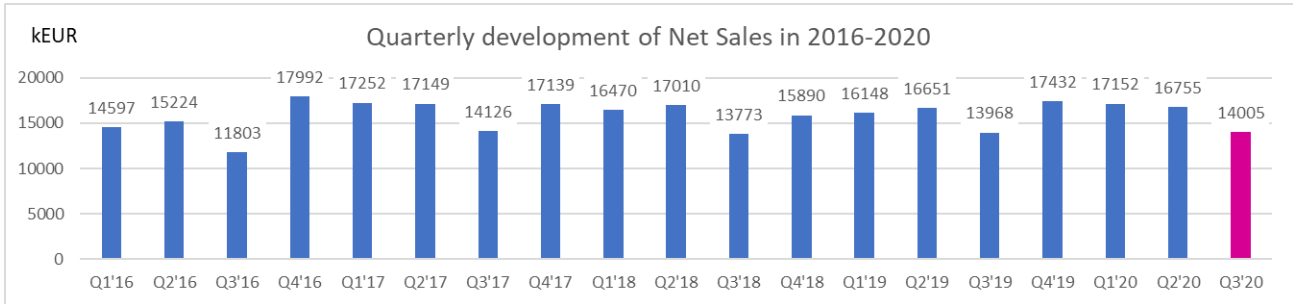
- To achieve annual growth of about 20 percent, of which majority is intended to be achieved by organic growth
- To achieve about 20 percent EBITDA in relation to the net sales
- To keep the cash flow positive and secure good financial standing in all situations.

Innofactor's net sales in January–September 2020 were EUR 47.9 million (2019: 46.8), which shows an increase of 2.5 percent compared to the previous year. The net sales grew in Finland, but decreased in other countries due to the effects of the coronavirus. The goal of getting the net sales to grow is also supported by the record-breaking order backlog of EUR 58.2 million (2019: 53.2). Innofactor has plans on actions that will make the annual growth of 20 percent possible in the next few years. The effects of the coronavirus epidemic and Innofactor's strengthened financing position may also provide new possibilities for inorganic growth in the future. For this reason, Innofactor acquired EUR 3.0 million in additional funding in the form of a senior loan from a major Finnish pension insurance company at the end of April 2020.

In the review period, the operating margin (EBITDA) grew by 58.0 percent from the previous year and was EUR 5.6 million (11.6 percent of the net sales). As regards profitability, Innofactor was able to improve its performance substantially. Innofactor has plans on actions that will make the annual growth of 20 percent possible in the next few years. Possibilities for improving profitability can be found especially outside of Finland, where there have been significant challenges to the profitability especially during the coronavirus epidemic.

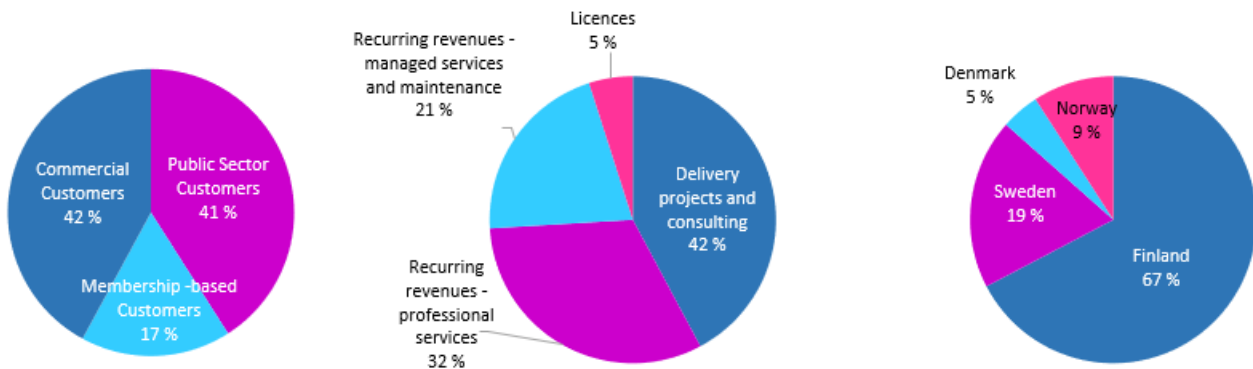
Innofactor's operating cash flow in the review period of January 1–September 30, 2020, was EUR 4.9 million (2019: EUR 3.4 million), and the equity ratio at the end of the review period was 43.5 percent (2019: 40.2 percent). The strong operating cash flow and financial position support Innofactor's strategic goal of profitable growth and securing solid financial standing in all situations.

**Innofactor's net sales grew slightly from that of the comparison period due to the strong growth in Finland – public administration and the third sector provide stability during the coronavirus situation**



Innofactor’s net sales in July 1–September 30, 2020, were EUR 14,005 thousand (2019: 13,968), which shows an increase of 0.3 percent, although the exchange rate changes of the Swedish krona and Norwegian krone decreased the net sales by a total of approximately EUR 0.1 million. The net sales per active employee were approximately EUR 25.7 thousand (2019: 26,1), which shows a decrease of 1.6 percent. The decrease was especially due to the effects of the coronavirus, such as a weak order backlog and shortened work week outside Finland.

Innofactor’s net sales in January 1–September 30, 2020, were EUR 47,913 thousand (2019: 46,767), which shows an increase of 2.5 percent, although the exchange rate changes of the Swedish krona and Norwegian krone decreased the net sales by a total of approximately EUR 0.4 million. The net sales per active employee were approximately EUR 87.3 thousand (2019: 87,4), which shows a decrease of 0.2 percent. We focus on getting the net sales per active employee back to growth.



Innofactor's business operations were focused on Finland, Sweden, Denmark, and Norway. In January 1–September 30, 2020, approximately 67 percent of the net sales came from Finland, approximately 19 percent from Sweden, approximately 9 percent from Norway, and approximately 5 percent from Denmark. The net sales grew in the third quarter in Finland,

remained approximately the same as in the last year in Sweden (in the local currency), but decreased in euros, and decreased in Norway and Denmark.

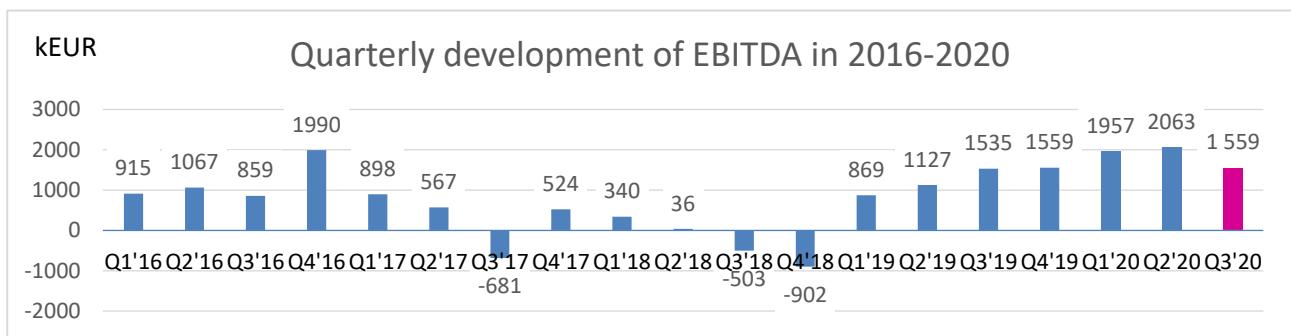
Of the net sales in January 1–September 30, 2020, approximately 42 percent came from commercial clients, approximately 41 percent from public sector clients, and approximately 17 percent from third sector clients. During the coronavirus situation, the significance of the public sector clients has been especially emphasized.

Innofactor's net sales in the review period of January 1–September 30, 2020, came from the following sources:

- approximately 42 percent from IT system delivery projects and consulting
- approximately 32 percent from specialist work based on recurring service contracts, such as smaller customer-specific changes and further development of IT systems
- approximately 20 percent from services based on recurring service contracts, such as SaaS, cloud and hosting services, and from software maintenance
- approximately 5 percent from licenses, of which the share of licensing income to third parties was approximately 4 percent of the net sales

Innofactor’s 10 largest clients accounted for approximately 29 percent of the net sales during the review period January 1–September 30, 2020.

**Innofactor’s operating margin was slightly higher than in the comparison period due to the strong profitability in Finland and the adjustment actions carried out in the other countries**



Innofactor's operating margin (EBITDA) in July 1–September 30, 2020, was EUR 1,559 thousand (2019: 1,535), which shows an increase of 1.6 percent. EBITDA accounted for 11.1 percent of the net sales (2019: 11.0%). Innofactor's operating margin was clearly positive in Finland and somewhat negative in the other countries because of the smaller than estimated net sales due to the coronavirus epidemic.



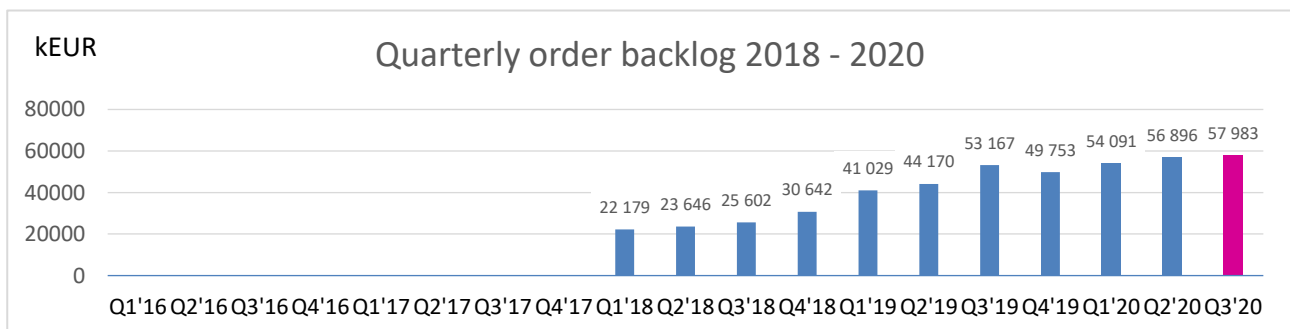
Innofactor's operating margin (EBITDA) in January 1–September 30, 2020, was EUR 5,579 thousand (2019: 3,532), which shows an increase of 58.0 percent. EBITDA accounted for 11.6 percent of the net sales (2019: 7.6%).

Acquisitions have been a central part of Innofactor’s strategy. Depreciations of intangible rights resulting from acquisitions vary greatly depending on how valuable the customer contracts and technology of the acquired company are estimated to be and also in what kind of schedule the resulting intangible rights will be depreciated. For this reason, the company’s view is that instead of the operating profit, the primary measure for profitability should be the operating margin (EBITDA), because it is not affected by the said depreciations.

Innofactor’s operating profit in July 1–September 30, 2020, was EUR 397 thousand (2019: 252), which shows an increase of 57.5 percent. Operating profit accounted for 2.8 percent of the net sales (2019: 1.8%). In accordance with IFRS 3, the operating result for July 1–September 30, 2020, includes EUR 473 thousand (2019: 507) in depreciations related to acquisitions, consisting of allocations of the purchase price to intangible assets. Adjusted for the said depreciations, Innofactor’s operative business profit in July 1–September 30, 2020, would have been EUR 871 thousand (2019: 759), which shows an increase of 14.7 percent, and the operating profit's share of the net sales would have been 6.2 percent (2019: 5.4%).

Innofactor’s operating profit in January 1–September 30, 2020, was EUR 2,097 thousand (2019: 315), which shows an increase of 566 percent. Operating profit accounted for 4.4 percent of the net sales (2019: 0.7%). In accordance with IFRS 3, the operating result for January 1–September 30, 2020, includes EUR 1,420 thousand (2019: 1,522) in depreciations related to acquisitions, consisting of allocations of the purchase price to intangible assets. Adjusted for the said depreciations, Innofactor’s operative business profit for the review period of January 1–September 30, 2020, would have been EUR 3,518 thousand (2019: 1,837), which shows an increase of 91.5 percent, and the operating profit's share of the net sales would have been 7.3 percent (2019: 3.9%).

**Innofactor’s order backlog grew again, making an all-time record**



Innofactor's order backlog at the end of the review period was EUR 58,181 thousand (2019: 53,167), which shows an increase of 9.4 percent. The order backlog grew, for example, due to the framework agreement with The Employment Fund, approximately EUR 3–5 million, and the continuation of the cooperation with a Swedish trade union, approximately EUR 1.0 million.

**The operating cash flow remained strong in the review period, and Innofactor's financial position makes acquisitions possible, if desired**

Innofactor's balance sheet total at the end of the review period was EUR 56,329 thousand (2019: 54,703). The Group's liquid assets totaled EUR 3,194 thousand (2019: 230), consisting totally of cash funds.

The operating cash flow in the review period of January 1–September 30, 2020, was EUR 4,873 thousand (2019: 3,428). In the third quarter, the following had effects on the operating cash flow: Innofactor's normal seasonal fluctuations (decreased invoicing due to annual leaves, approximately EUR -2.5 million, and pay out of holiday bonuses, approximately EUR -0.5 million) and, additionally, pay outs for pension insurance payments and governmental charges that were deferred in spring due to the coronavirus, approximately EUR -1.2 million. The investment cash flow was EUR -168 thousand (2019: -202).

The equity ratio at the end of the review period was 43.5 percent (2019: 40.2%) and net gearing was 66.7 percent (2019: 84.6%).

At the end of the review period, the company had EUR 1,270 thousand in current interest bearing liabilities to financial institutions (2019: 9,150) and EUR 10,160 thousand in non-current interest bearing liabilities to financial institutions (2019: 4,134). The total amount of interest bearing liabilities to financial institutions was EUR 11,430 thousand (2019: 13,284). The company had lease liabilities in accordance with the IFRS 16 standard (leases for the duration of fixed-term leases) for EUR 4,418 thousand (2019: 4,686) of which EUR 1,775 thousand in current leases (2019: 1,584) and EUR 2,644 thousand in non-current leases (2019: 3,102). The total amount of interest bearing liabilities was EUR 15,848 thousand (2019: 18,473).

The return on investment in January 1–September 30, 2020, improved from the previous year and was 1.7 percent (2019: 1.2%). The return on equity in January 1–September 30, 2020, improved from the previous year and was 6.6 percent (2019: 0.3%).

The non-current assets in Innofactor's balance sheet at the end of the review period were EUR 39,633 thousand in total.

Innofactor's gross investments in tangible and intangible assets in the review period of January 1–September 30, 2020, were EUR 370 thousand (2019: 216), consisting of normal additional and replacement investments required by growth.

**Innofactor's research and product development investments increased from last year**

In the product development during the review period, focus was on renewing existing products and services and continuous further development in order to support the growth of product-based business.

Innofactor's research and development costs recognized in profit or loss for January 1–September 30, 2020, were approximately EUR 2,499 thousand (2019: 2,173), which accounts for 5.2 percent of the net sales (2019: 4.6%).

**The number of personnel in Innofactor grew slightly from the comparison period**

Primarily, Innofactor monitors the number of active personnel. The number of active personnel does not include employees who are on a leave of over 3 months.

The average number of active personnel in July 1–September 30, 2020, was 545 persons (2019: 535), which shows an increase of 1.9 percent. At the end of the review period, the number of active personnel was 546 (2019: 542), which shows an increase of 0.7 percent.

At the end of the review period, the average age among personnel was 41.5 years (2019: 40.8). Women accounted for 28 percent (2019: 27%) of the personnel, and men accounted for 72 percent (2019: 73%) of the personnel.

**Other events in the review period**

On January 30, 2020, Innofactor announced in a stock exchange release that it will deliver a financial management system for a Finnish trading company. The value of the procurement is approximately EUR 0.65 million, which is estimated to be registered for 2020.

On February 12, 2020, Innofactor announced in a stock exchange release that the Hospital District of Helsinki and Uusimaa (HUS) has selected Innofactor as the provider of ICT services related to the Health Village for a maximum amount of EUR 2,000,000. The services are estimated to be provided in 2020–2021.

On February 13, 2020, Innofactor announced in a stock exchange release that the Legal Register Centre selected Innofactor as the provider of the further development stage of the HAIPA project, which is the ERP and document management system for administrative courts and special courts. The procurement consists of the specialist work related to the project as well as the implementation in the different agencies and possibly maintenance for the system. The contract period is estimated to start in March 2020 and will last until the end of 2020. Additionally, the customer reserves the right to two options for 2021 and 2022, which will be agreed on separately.

The estimated total value (excluding VAT) stated by the customer in the procurement decision is EUR 2,157,000.

On February 13, 2020, Innofactor announced in a stock exchange release that the Ullensaker municipality in Norway selected Innofactor as the provider of ICT consultancy services. The services consist of a comprehensive public cloud solution including the cloud infrastructure, identity and access, cloud security and modern employee experience. The consultancy services include architectural and system development, maintenance and other services for an estimated total amount of NOK 10,000,000 (approximately EUR 1,000,000), which are estimated to be provided during years 2020 and 2021. The customer also reserves an option of extending the service for two more years.

On March 4, 2020, Innofactor announced in a stock exchange release that the Social Insurance Institution of Finland selected Innofactor as the provider of an administrative case management solution. The procurement includes the case management solution and its delivery, support services, and specialist work ordered separately. The system delivery and the related integrations are planned to be implemented during 2020–2021. The contract will be valid for four years to begin with, and after that, it will be valid until further notice. The estimated total value of the procurement during the contract period is approximately EUR 1,050,000.

On March 24, 2020, Innofactor announced in a stock exchange release that the Legal Register Centre selected Innofactor as the provider of the bankruptcy and reorganization proceedings system (KOSTI). The procurement consists of the following for the KOSTI system: delivery and implementation projects, maintenance and support services, and specialist services for further development. The system delivery is planned to be implemented in stages during 2020–2021. The predicted total value (excluding VAT) stated by the Legal Register Centre in the procurement decision is EUR 2,247,000. The agreement will be valid until further notice.

On April 27, 2020, Innofactor announced in a stock exchange release that VTT Technical Research Centre of Finland Ltd has selected Innofactor in a public procurement competition as the provider of application management services for Microsoft Office 365 and Microsoft SharePoint environments. The procurement consists of application management tasks and services related to maintenance and development of an O365 cloud environment and on-premise SharePoint 2019 environment. The length of the agreement period is three years. Additionally, the customer reserves an option for continuing the agreement for two (2) years, one year at a time. The procurement's estimated total value (excluding VAT) for the agreement period is EUR 2,500,000.

On June 10, 2020, Innofactor announced in a stock exchange release that Innofactor and a large Finnish globally operating manufacturing industry company have signed a contract for the digitalization of a quotation process. According to the contract, Innofactor will design and implement, using agile methods, a cloud-based solution for managing the quotation process and handling and storing related information and documents. The solution will be implemented using

Microsoft Azure PaaS cloud services. The value of the contract (excluding VAT) is approximately EUR 1,700,000. The project will be implemented during 2020 and 2021.

On June 15, 2020, Innofactor announced in a stock exchange release that a Swedish trade union has decided to continue the collaboration with Innofactor for the further development of their membership management solution, focusing on leads, ticket management and course management. The system is based on the Microsoft Dynamics 365 software and Innofactor's Membership Management System MMS. The project delivery is planned to start in July 2020 and end in June 2021. The value (excluding VAT) of the project is approximately EUR 1,000,000.

On June 16, 2020, Innofactor announced in a stock exchange release that the Employment Fund has selected Innofactor in a public procurement competition as its primary framework agreement supplier of maintenance and development of information systems. The procurement comprises IT specialist services and software for maintenance and development of the information systems. The specialist services can be utilized for maintenance, development and support as needed. Work can be agreed on as individual tasks, projects or continuous services. The deliveries may include software and software components. The framework agreement will be valid until further notice with a maximum duration of four years. According to the priority principle, Innofactor is also granted a contract regarding the delivery of an application maintenance and development team in addition to the framework agreement. Innofactor estimates the value of the framework agreement to be between EUR 3 and 5 million during the four-year contract period.

On July 10, 2020, Innofactor announced in a stock exchange release that the Finnish Transport and Communications Agency Traficom has selected Innofactor in a public procurement competition as the provider of a document management system. The procurement consists of a document management solution and maintenance and consulting support for the solution. The goal of the solution is a common, centralized and secure document management with clear and effective information processing. The aim is to unify the document management in the agency and enhance the findability and availability of the information. The system to be provided by Innofactor will be based on Innofactor's Dynasty product family. The estimated total value (excluding VAT) stated by the customer in the procurement decision for the next four years is EUR 950,000.

On September 1, 2020, Innofactor announced in a stock exchange release that Innofactor Plc's Board of Directors has confirmed the company's updated dividend distribution policy on August 31, 2020 as a part of the yearly strategy process. According to the renewed policy, the aim of the Board of Directors is to pay a dividend regularly each year. The goal is to pay about half of the result for the financial period in dividends, taking into account the company's financial position, possible corporate reorganizations and other development needs.

On September 8, 2020, Innofactor announced in a stock exchange release that Senate Properties has selected Innofactor as the provider of consulting and maintenance services in a dynamic purchasing system. The procurement consists of consulting, development, support and maintenance services for a Microsoft Dynamics 365 CRM solution and a ClickDimensions

marketing automation solution. The contract will first be valid until June 30, 2023, after which it will be valid until June 30, 2025, unless the customer issues a notice of the termination of the contract period before the end of the primary contract period. Innofactor estimates the total value (excluding VAT) of the procurement to be approximately EUR 1,000,000.

On September 29, 2020, Innofactor announced in a stock exchange release that Tampereen korkeakoulusäätiö selected Innofactor in a public procurement competition to provide a case management system as SaaS. The procurement consists of user rights to the case management and information management system of the Innofactor Dynasty product family, the delivery of the systems, and support and maintenance. The solution comprises of case management, document management, information management, meeting management, contract management, decision management, and the functions/modules for signing. The total value of the procurement (excluding VAT), stated by Tampereen korkeakoulusäätiö in the procurement decision, is EUR 696,420.

### Share and shareowners

At the end of the review period, Innofactor Plc's share capital was EUR 2,100,000.00 and the total number of shares was 37,388,225. Innofactor Plc has one series of shares. Each share is entitled to one vote.

In July 1–September 30, 2020, the highest price of the company share was EUR 1.27 (2019: EUR 0.65), the lowest price was EUR 0.90 (2019: 0.56), and the average price was EUR 1.15 (2019: EUR 0.61).

In January 1–September 30, 2020, the highest price of the company share was EUR 1.27 (2019: 0.72), the lowest price was EUR 0.51 (2019: 0.36), and the average price was EUR 0.92 (2019: 0.55).

The closing price for the review period on September 30, 2019, was EUR 1.19 (2019: EUR 0.64).

In public trading in July 1–September 30, 2020, a total of 5,590,495 shares were traded (2019: 1,709,401 shares), which corresponds to 15.0 percent (2019: 4.6%) of the average number of shares on the said period. In July 1–September 30, 2020, there were 37,388,225 shares on the average (2019: 37,288,225). The share trading increased by 227.0 percent compared to the corresponding period in 2019.

In public trading in January 1–September 30, 2020, a total of 14,741,435 shares were traded (2019: 8,135,687 shares), which corresponds to 39.4 percent (2019: 22.2%) of the average number of shares on the said period. In January 1–September 30, 2020, there were 37,388,225 shares on the average (2019: 36,610,203). The share trading increased by 81.2 percent compared to the corresponding period in 2019.

The market value of the share capital at the closing price of EUR 1.19, on September 30, 2020, was EUR 44,492 thousand (2019: 23,779), which shows an increase of 87.1 percent.

On September 30, 2020, the company had a total of 11,654 shareowners (2019: 11,126), including administrative registers.

The Board of Directors has been given the following authorizations:

- Until June 30, 2021, to decide on a share issue and granting of special rights entitling to shares, concerning a maximum of 3,600,000 new shares (decided by the General Meeting of March 31, 2020); the authorization has not been used.
- Until June 30, 2021, to decide on a transfer of a maximum of 3,600,000 treasury shares (decided by the General Meeting of March 31, 2020); the authorization has not been used.

### **Own shares**

The General Meeting of March 31, 2020, authorized the Board of Directors to decide on acquiring of a maximum of 3,600,000 of company's own shares in one or several parts with the company's unrestricted equity. The authorization entitles the Board to deviate from the shareholders' proportional shareholdings (directed acquisition). Own shares may be acquired at the purchase price formed for them in public trading at the day of purchase or at another market price. The number of treasury shares at a time may be, at the maximum, one tenth of the total number of shares in the company. Shares may be purchased to be used in company acquisitions or implementing other arrangements relating to the company's business operations, improving the company's capital or financing structure, as a part of the company's incentive system, or otherwise to be handed over or voided. In connection with the share repurchase, ordinary derivative, stock lending and other agreements may be made in the market in accordance with the laws and regulations. The authorization includes the right of the Board of Directors to decide on all other matters related to the acquisition of shares. The authorization will be valid until June 30, 2021. This authorization replaces the Board's earlier authorizations concerning share repurchase.

The authorization has not been used. At the end of the review period, the company had no treasury shares.

### **Management of the company**

Innofactor Plc complies with the recommendations of the Corporate Governance Code 2020 for Finnish listed companies, published by the Securities Market Association.

The General Meeting of March 31, 2020, decided that the number of Board members is five. Previous members Pekka Eloholma, Sami Ensio, Anna Lindén and Risto Linturi, were re-elected as members of the Board of Directors. Heikki Nikku was elected as a new member. In their organizing

meeting held immediately after the General Meeting, the Board of Directors elected Anna Lindén as the Chairman of the Board.

The General Meeting approved the proposal to appoint Ernst & Young Oy, an auditing firm authorized by the Central Chamber of Commerce, as the auditor for the company, with Juha Hilmola as the main responsible auditor.

Innofactor has drawn up a separate Corporate Governance Statement for the financial period of 2019.

Innofactor Plc's entire Corporate Governance and statements are available on the company's web site at: [www.innofactor.com/invest-in-us/corporate-governance/](http://www.innofactor.com/invest-in-us/corporate-governance/)

**Market outlook and business environment: We believe the markets will grow in long term – due to the coronavirus, the markets are not expected to grow in 2020**

Main forces affecting market changes and main trends of innovation are, for example, augmented and virtual reality, Internet of Things (IoT), artificial intelligence, robotics, blockchains, and quantum computing. Factors enabling these include transfer of software into the cloud, data analytics, social media, and mobility. Prevention of the climate change sets new requirements for both societies and organizations, but it also creates new business opportunities and speeds up innovation. The purchase habits of customers have changed as these business changes are taking place. Our customers expect their IT partner to focus more on business benefits instead of technology benefits. They want to get solutions that are ready for use without a need to make major customer-specific changes. Additionally, customers increasingly expect to purchase continuous services instead of large one-off projects.

We estimate that the IT service market in the Nordic countries grew by approximately 3–5 percent in 2019. We estimate that the IT service market will not grow in the Nordic countries in 2020 due to the financial hardships caused by the coronavirus epidemic. Our estimate is based on research institutes' forecasts and our own outlook on markets.

In the long term, we believe that the digital step the society is taking due to the coronavirus epidemic will increase Innofactor's possibilities to grow its business operations. The abilities of a modern digital organization will be even more important for our customers in the future. It is also possible that some of our customers will transfer some of their operations back to the Nordic countries in order to be closer to their customers. This would have a favorable effect as regards the business model of Innofactor's chosen strategy based on Nordic specialists. We also believe that Microsoft's position has strengthened during the coronavirus epidemic. We believe in our chances of increasing our market share.

The competition in Microsoft-based solutions in the Nordic countries is fragmented. The first competitor group consists of large companies operating in all Nordic countries. These competitors



sell a wide variety of IT solutions that corporations and organizations need, and they offer several competing technologies of which the Microsoft technology is one. The second competitor group consists of mid-sized companies that focus on a narrower solution area in the Nordic level and also offer several different technologies. The third competitor group consists of mid-sized companies operating mainly in a specific country and typically offering a wide variety of solutions using several competing technologies. The third competitor group consists of small companies operating only in their own country and focusing on a clearly defined solution area, technology and field of business.

Microsoft's fragmented partner network consisting of small and mid-sized companies offers us interesting possibilities for acquisitions. In acquisitions, we will probably focus on mid-sized companies operating in one country. With these, we will aim at expanding the coverage of our offering in a specific country and also possibly acquiring more cloud-based product and service business. Good reputation, fast and profitable growth, successful acquisitions, and entrepreneurial spirit will make us an attractive partner for reorganizations in the field. The coronavirus epidemic will probably increase reorganizations, if small and mid-sized IT service companies end up in financial trouble.

### Short term risks and uncertainty factors

Innofactor's operations and finances involve risks that may be significant for the company and its share value. These risks are assessed by Innofactor Plc's Board of Directors four times a year as part of the strategy and business planning process. The risks are published in their entirety in the financial statement and in the Annual Report of the Board of Directors. The interim reports only present the changes in short-term risks.

**Risk of a pandemic:** An epidemic spreading into a global pandemic could hinder Innofactor's business operations. If there were no significant epidemic in Innofactor's operating area in the Nordic countries, the detriment would be limited mostly to a decrease in availability of tools, especially computers, needed in Innofactor's business operations. Should there be a significant epidemic also in Innofactor's operating area in the Nordic countries, it could mean introducing remote work, either for a part of or the entire personnel, as well as temporary decrease in customers' purchases and delays in some customer deliveries.

The risk of a pandemic has realized in the form of the coronavirus (COVID-19), and the epidemic is present in significant amounts in Innofactor's operating area in the Nordic countries. All Nordic countries introduced restrictions, and the operational preconditions for several companies weakened significantly. Innofactor had prepared for the risk of a pandemic by giving the employees instructions concerning traveling and especially any symptoms after it, by purchasing a larger than normal stock of computers, and by making a separate plan for getting all personnel to work remotely, if necessary. In accordance with the plan, it was recommended that the entire personnel work remotely in March 12–June 25, 2020, and again starting from August 7, 2020.

It is estimated that it has been possible to perform over 98% of tasks in Innofactor remotely. As concerns some customers, a decrease of deliveries and purchases or delaying them until a later date has been observed. This has so far had a minor effect on Innofactor's business. In Sweden, Norway and Denmark, the net sales have decreased and minor adjustments have been made, for example, some employees are working shorter hours. The planning of our current operation is based on the presupposition that the effects of the second wave of the coronavirus epidemic on Innofactor's business operations will remain minor.

**Financing risks:** In its normal business operations, the Innofactor Group is susceptible to normal financing risks. In total at the end of the review period, Innofactor had approximately EUR 11.4 million in interest bearing debts to financial institutions, which have been taken out to finance acquisitions and working capital. Of the debts, approximately EUR 10.2 million is non-current and approximately EUR 1.3 million current liabilities. Additionally, the company had lease liabilities in accordance with the IFRS 16 standard (leases for the duration of fixed-term leases) for EUR 4.4 million, of which EUR 1.8 million was current and EUR 2.6 million non-current. The total of interest-bearing liabilities was EUR 15.8 million.

In the review period, Innofactor acquired EUR 3.0 million in new additional financing in the form of a senior loan from a major Finnish pension insurance company to support growth projects and renegotiated loan terms with the bank. From now on, Innofactor is committed to the following covenants common to both financiers: Equity ratio calculated every 6 months is at least 36% until June 30, 2021, 38% until December 31, 2022, and 40% afterwards; interest bearing liabilities calculated every 6 months divided by the 12-month operating margin (EBITDA) is a maximum of 3.5 until December 31, 2020, 3.25 until June 30, 2021, 3.0 until December 31, 2021, 2.75 until June 30, 2022, and 2.5 afterwards; and certain other normal conditions for loans. Additionally, due to the coronavirus epidemic, we have agreed that installments for the new and current loans will be paid for the first/next time in April 2021.

The goal of managing the financing risks is to minimize the negative effects of the changes in the financial markets to the result of the Group. Financing risk management has been centralized to the CFO, who is responsible for the Group's financing and regularly reports to the company's Executive Board, CEO, and Board of Directors. It is possible that, in the future, the Group will not get the financing it needs and this would have a negative effect on the Group's business and its development, especially on making acquisitions.

There have been no other significant changes in Innofactor's short-term risks and uncertainty factors during the review period nor can any other significant changes be seen.

### **Acquisitions and changes in the Group structure**

During the first quarter, Innofactor increased its ownership of Arc Technology Oy by 26.94 percent. At the end of the review period, Innofactor's share of ownership in the company was

45.13 percent. Starting from the Q2/2020 interim report, Arc Technology Oy is reported as a subsidiary, because Innofactor assumed the control in the Board of Directors in April 2020. Additionally, Innofactor has signed a binding contract to buy the entire share capital of Arc Technology by the end of 2020. The increase in the ownership of Arc Technology Oy had no significant effect in the result, and the effect on the result for 2020 is not estimated to be significant. For 2020, Arc Technology Oy is estimated to increase Innofactor's net sales approximately by EUR 1 million.

Innofactor has started measures for simplifying the group structure. The goal is to realize the following arrangements for the 100% owned companies by the end of 2020: Merging Innofactor Business Solutions Oy into Innofactor Software Oy, merging Lumagate Holding AB into Innofactor Holding AB, and dissolving Innofactor CS Oy (the company's entire business operations have been transferred into Innofactor Software Oy by means of a business acquisition, and the company is not needed anymore).

There were no other changes in the group structure during the review period.

#### **Events after the review period**

On October 15, Innofactor published a flagging announcement pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act, stating that Rimonne Baltic OÜ has crossed above the 5% disclosure limit on Innofactor shares and voting rights on October 15, 2020. According to Rimonne OÜ's statement, its share of the shares and voting rights after exceeding the disclosure limit is 5.01% (1,872,000 shares).

There are no other significant events in Innofactor after the review period.

Espoo, October 27, 2020

INNOFACTOR PLC

Board of Directors

Additional information:

CEO Sami Ensio, Innofactor Plc

Tel. +358 50 584 2029

[sami.ensio@innofactor.com](mailto:sami.ensio@innofactor.com)

**Briefings concerning the Interim Report January 1–September 30, 2020**

Innofactor will publish the half-yearly report for January–September on Tuesday, October 27, 2020, at around 9:00 Finnish time.

A video conference in Finnish concerning the interim report will be held for media, investors and analysts on the same day at 10:00 Finnish time. The corresponding video conference in English will be held at 12:00 Finnish time. The report will be presented by CEO Sami Ensio and CFO Markku Puolanne.

Please register for the conferences beforehand by sending email to [ir@innofactor.com](mailto:ir@innofactor.com). The link for participating will be sent to the registered persons on the previous day.

The presentations will be available on Innofactor's web site after the conferences.

Distribution:  
NASDAQ Helsinki  
Main media  
[www.innofactor.com](http://www.innofactor.com)

## Financial statement summary and appendixes January 1–September 30, 2020 (IFRS)

### Accounting policies

Innofactor operates on a single segment, offering software, systems and related services. This interim report has been drafted in accordance with the IAS 34 Interim financial reporting standard.

The interim report adheres to the same accounting policies and calculation methods as the last annual financial statement 2019. However, as of January 1, 2020, the Group has introduced the new or renewed IFRS standards and IFRIC interpretations published by IASB and mentioned in the accounting policies section of the financial report 2019. The principles for calculating the key figures and the calculation formulas have not been changed, and they have been presented in an appendix to this report.

In addition to the IFRS key figures, Innofactor publishes certain alternative key figures in order to present the financial development of the actual business operations and to improve comparisons between different periods. Acquisitions have been a central part of Innofactor's strategy. Depreciations of intangible rights resulting from acquisitions vary greatly depending on how valuable the customer contracts and technology of the acquired company are estimated to be and also in what kind of schedule the resulting intangible rights will be depreciated. For this reason, the company's view is that instead of the operating profit, the primary measure for profitability should be the operating margin (EBITDA), because it is not affected by the said depreciations. In addition to the operating margin, the company also publishes the following figures adjusted for the above-mentioned depreciations: the operative business result, operative business result before taxes, operative result, and operative result per share. Depreciations related to acquisitions, adjusted from the above-mentioned key figures, in the period January 1–September 30, 2020, were EUR 1,420 thousand (2019: 1,522).

Other alternative key figures used by Innofactor are order backlog, equity ratio, net gearing, return on investment, return on equity, and net sales per person. The equity ratio and net gearing have also been presented without the effect of the IFRS 16 standard in order to enable comparisons with earlier periods. The formulas for calculating the other alternative key figures are presented at the end of this report.

Drafting a financial statement in accordance with the IFRS standards requires the management of Innofactor to use estimates and presuppositions, which affect the amounts of assets and debts at the time of drafting the balance sheet and the amounts of earnings and costs for the review period. The application of the accounting policies also requires judgment. As estimates and presuppositions are based on the views held at the time of drafting the statement, they contain risks and uncertainty factors. The actual figures may deviate from the estimates and

presuppositions. The figures of the profit and loss statement and the balance sheet are figures for the Group. The figures of the statement have been rounded, so the sum of individual figures may differ from the sum presented.

The figures in this interim report have not been audited.

## Comprehensive consolidated profit and loss statement, IFRS

EUR thousand	Jul 1–Sep 30, 2020	Jul 1–Sep 30, 2019	Jan 1–Sep 30, 2020	Jan 1–Sep 30, 2019
Net sales	14,005	13,968	47,913	46,767
Other operating income	117	-13	195	29
Materials (–)	-1,384	-1,376	-4,511	-4,353
Employee benefits/expenses (–)	-9,032	-9,194	-31,655	-32,425
Depreciation (–)	-1,162	-1,283	-3,482	-3,216
Other operating expenses (–)	-2,147	-1,850	-6,362	-6,487
<b>Operating profit/loss</b>	<b>397</b>	<b>252</b>	<b>2,097</b>	<b>315</b>
Financial income	198	5	563	13
Financial expenses (–)	-569	-215	-1,561	-587
<b>Profit/loss before taxes</b>	<b>26</b>	<b>42</b>	<b>1,099</b>	<b>-259</b>
Income taxes	0	90	405	305
<b>Profit/loss for the financial period</b>	<b>27</b>	<b>132</b>	<b>1,505</b>	<b>46</b>
<b>Distribution of the result</b>				
<b>To shareholders of the parent company</b>	<b>-33</b>	<b>132</b>	<b>1,445</b>	<b>46</b>
<b>To owners with no control</b>	<b>59</b>	<b>0</b>	<b>59</b>	<b>0</b>
Other comprehensive income				
Items that may be later recognized in profit or loss:				
Exchange differences	-52	-39	-143	242
<b>Total comprehensive income</b>	<b>-26</b>	<b>93</b>	<b>1,362</b>	<b>288</b>
<b>Distribution of the comprehensive income</b>				
<b>To shareholders of the parent company</b>	<b>-85</b>	<b>93</b>	<b>1,302</b>	<b>288</b>
<b>To owners with no control</b>	<b>59</b>	<b>0</b>	<b>59</b>	<b>0</b>

\*) Exchange rate changes related to the Group's internal debts (due to the weakened rates of the Swedish krona and Norwegian krone in relation to euro) results in an exchange rate loss of EUR -474 thousand in accordance with IFRS in January 1–September 30, 2020, but this loss does not affect the cash flow, only the result for the financial period, the Group's balance sheet and the equity ratio. In July 1–September 30, 2020, an exchange rate loss of EUR -177 thousand occurred.

**Consolidated Balance Sheet, IFRS**
**ASSETS**

EUR thousand	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
<b>Non-current assets</b>			
Tangible assets	4,787	5,683	5,290
Goodwill	26,195	25,858	26,003
Other intangible assets	2,559	4,130	3,745
Shares and holdings	8	78	79
Receivables	330	649	629
Deferred tax assets	5,754	5,602	5,602
<b>Non-current assets</b>	<b>39,633</b>	<b>42,000</b>	<b>41,347</b>
<b>Current assets</b>			
Trade and other receivables	13,502	12,474	13,409
Cash and cash equivalents	3,194	230	963
<b>Current assets</b>	<b>16,696</b>	<b>12,704</b>	<b>14,373</b>
<b>TOTAL ASSETS</b>	<b>56,329</b>	<b>54,703</b>	<b>55,720</b>

**SHAREHOLDERS' EQUITY AND LIABILITIES**

<b>EUR thousand</b>	<b>Sep 30, 2020</b>	<b>Sep 30, 2019</b>	<b>Dec 31, 2019</b>
Share capital	2,100	2,100	2,100
Share premium reserve	72	72	72
Other reserves (+/-)	59	59	59
Fund for invested unrestricted equity	20,921	20,921	20,921
Retained earnings	600	-1,577	-1,008
<b>Equity attributable to the shareholders of the parent company</b>	<b>23,753</b>	<b>21,576</b>	<b>22,145</b>
Share of the owners with no control	0	0	0
<b>Total shareholders' equity</b>	<b>23,753</b>	<b>21,576</b>	<b>22,145</b>
<b>Non-current liabilities</b>			
Loans from financial institutions	10,160	4,134	3,684
Lease liabilities	2,644	3,649	3,269
Deferred tax liabilities	506	886	813
<b>Long-term liabilities total</b>	<b>13,309</b>	<b>8,669</b>	<b>7,767</b>
<b>Current liabilities</b>			
Loans from financial institutions	1,270	9,150	8,334
Lease liabilities	1,775	1,540	1,566
Trade and other payables:*	16,222	13,769	15,909
<b>Current liabilities total</b>	<b>19,267</b>	<b>24,459</b>	<b>25,808</b>
<b>Total liabilities</b>	<b>32,576</b>	<b>33,128</b>	<b>33,575</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>56,329</b>	<b>54,703</b>	<b>55,720</b>

\*) Includes approximately EUR 1.8 million in pension insurance and governmental charges deferred due to the coronavirus situation.



**Statement of change in shareholders' equity, IFRS**

EUR thousand	Share capital	Share premium reserve	Reserve fund	Fund for invested unrestricted equity	Own shares	Retained earnings	Exchange difference	Total	Non-controlling interest	Total shareholders' equity
Shareholders' equity Jan 1, 2020	2 100	72	59	20 921	0	-22	-985	22 145	0	22 145
Comprehensive income										
Result for the financial period						1 445		1 445	59	1 505
Changes to previous years						246		246		246
Other changes						85		85	-85	0
Exchange differences							-143	-143		-143
Total comprehensive income						1 776	-143	1 633	-25	1 608
Shareholders' equity Jun 30, 2020	2 100	72	59	20 921	0	1 754	-1 128	23 778	-25	23 753

EUR thousand	Share capital	Share premium reserve	Reserve fund	Fund for invested unrestricted equity	Own shares	Retained earnings	Exchange difference	Total	Non-controlling interest	Total shareholders' equity
Shareholders' equity Jan 1, 2019	2 100	72	59	20 321	0	-212	-1 037	21 303		21 303
Issue of shares				600				600		0
Result for the financial period						46		46		46
Exchange differences							-229	-229		-229
Total comprehensive income				0		-98	-229	-327		-327
Shareholders' equity Jun 30, 2019	2 100	72	59	20 921		-309	-1 267	21 576		21 576

**Consolidated Cash Flow Statement, IFRS**

EUR thousand	Jan 1–Sep 30, 2020	Jan 1–Sep 30, 2019
<b>Cash flow from operating activities</b>		
Operating profit	2,097	315
Adjustments:	0	0
Depreciation *)	3,482	3,216
<b>Operating profit before a change in working capital</b>	<b>5,579</b>	<b>3,532</b>
Change in trade and other receivables (+/–)	343	535
Change in trade and other payables (+/–)	-168	-195
Other adjustments	-410	14
<b>Change in working capital</b>	<b>-235</b>	<b>354</b>
<b>Cash flow from operating activities before financing and income taxes paid</b>	<b>5,344</b>	<b>3,885</b>
Interests received	29	13
Interests paid (–)	-501	-471
<b>Net cash flow from operating activities</b>	<b>4,873</b>	<b>3,428</b>
<b>Investment cash flow</b>		
Acquisition of subsidiaries	0	-49
Investments in intangible and tangible assets (–)	-473	-216
Loan receivables paid back	305	64
Shares and holdings	0	0
<b>Net cash flow from investments</b>	<b>-168</b>	<b>-202</b>
<b>Cash flow from financing</b>		
Loans withdrawn	7,083	838
Loans paid	-8,055	-2,972
Lease liability payments	-1,501	-1,213
Payments received from share issue	0	93
<b>Net cash flow from financing</b>	<b>-2,474</b>	<b>-3,255</b>
<b>Change in cash and cash equivalents (+/–)</b>	<b>2,230</b>	<b>-29</b>
Cash and cash equivalents, opening balance	963	258
Cash and cash equivalents, closing balance	3,194	230

**Consolidated Profit and Loss Statement by Quarter, IFRS**

EUR thousand	Jan 1–Mar 31, 2020	Apr 1–Jun 30, 2020	Jul 1–Sep 30, 2020	Jan 1–Mar 31, 2019	Apr 1–Jun 30, 2019	Jul 1–Sep 30, 2019	Oct 1–Dec 31, 2019
<b>Net sales</b>	<b>17,152</b>	<b>16,755</b>	<b>14,005</b>	<b>16,148</b>	<b>16,651</b>	<b>13,968</b>	<b>17,432</b>
Other operating income	5	73	117	10	33	-13	15
Materials (-)	-1,463	-1,664	-1,384	-1,478	-1,499	-1,376	-1,720
Employee benefits/expenses (-)	-11,395	-11,229	-9,032	-11,597	-11,634	-9,194	-11,377
Depreciation (-)	-1,141	-1,179	-1,162	-959	-975	-1,283	-1,078
Other operating expenses (-)	-2,342	-1,873	-2,147	-2,213	-2,424	-1,850	-2,791
<b>Operating profit/loss</b>	<b>816</b>	<b>884</b>	<b>397</b>	<b>-90</b>	<b>153</b>	<b>252</b>	<b>480</b>
Financial income	92	273	198	4	5	5	10
Financial expenses (-)	-1,032	39	-569	-111	-262	-215	-219
<b>Profit/loss before taxes</b>	<b>-123</b>	<b>1,196</b>	<b>26</b>	<b>-197</b>	<b>-104</b>	<b>42</b>	<b>271</b>
Income taxes	327	78	0	109	106	90	101
<b>Profit/loss for the financial period</b>	<b>204</b>	<b>1,274</b>	<b>27</b>	<b>-88</b>	<b>2</b>	<b>132</b>	<b>371</b>
EBITDA	1,957	2,063	1,559	868	1,127	1,535	1,559

**Group's commitments and contingent liabilities**

EUR thousand	Sep 30, 2020	Sep 30, 2019
<b>Collateral given for own commitments</b>		
Lease collateral	20	228
Mortgages on company assets	16,526	16,942
Bank guarantees	296	303
<b>Other own liabilities</b>		
Lease liabilities		
Current lease liabilities	15	147
Lease liabilities maturing in 1-5 years	8	16
<b>Total</b>	<b>23</b>	<b>163</b>
<b>Lease liabilities*</b>		
Current lease liabilities	0	88
Lease liabilities maturing in 1-5 years	0	0
<b>Total</b>	<b>0</b>	<b>88</b>
<b>Other own liabilities total</b>	<b>23</b>	<b>251</b>

\* The change is due to the implementation of the IFRS 16 standard

**Largest shareholders**

According to the share register maintained by Euroclear Finland Oy, the share ownership of the 20 largest Innofactor Plc shareowners at the end of the review period on September 30, 2020, was as follows.

Name	Number of shares	% of share capital
1. Ensio Sami	7,880,237	21.08%
<i>Ensio Sami</i>	5,706,477	15.26%
<i>Minor under guardianship</i>	724,588	1.94%
<i>Minor under guardianship</i>	724,586	1.94%
<i>Minor under guardianship</i>	724,586	1.94%
Ilmarinen Mutual Pension Insurance Company		4.81%
2. Company	1,800,000	
3. Hallikainen Jyrki	1,471,009	3.93%
4. Linturi Kaija and Risto	1,256,411	3.36%
<i>R. Linturi Oyj</i>	489,107	1.31%
<i>Linturi Kaija Anneli</i>	430,000	1.15%
<i>Linturi Risto Erkki Olavi</i>	337,304	0.90%
5. Laiho Rami Tapani	1,195,594	3.20%
6. Ärje Matias Juhanpoika	882,065	2.36%
7. Mäki Antti-Jussi	821,972	2.20%
8. Tilman Tuomo Tapani	763,397	2.04%
9. Saarelainen Mika Pekka	631,993	1.69%
10. Ingman Finance Oy Ab	500,000	1.34%
11. Muukkonen Teemu Heikki	484,868	1.30%
12. Järvenpää Janne-Olli	315,211	0.84%
13. Kukkonen Heikki-Harri	301,931	0.81%
14. Rausanne Oy	280,000	0.75%
15. Hellen Stefan Andreas	250,000	0.67%
16. Laiho Jari Olavi	235,000	0.63%
17. Mäkinen Antti Vilho Juhani	164,000	0.44%
18. Heikki Tervonen Oy	153,000	0.41%
19. Kyröläinen Mika Antero	135,745	0.36%
20. Muurinen Hannu Olavi	125,750	0.34%

**Formulas for calculating the key figures**

**Operating margin (EBITDA):**

Operating profit/loss - Depreciations

**Order backlog:**

Received license and project orders - realized net sales related to the order + net sales from recurring agreements for the next 12 months (does not include expected purchase activity not based on agreement, so called Run Rate)

**Net sales / employee:**

Net sales

Active personnel on average during the review period

**Percentage of return on equity:**

Profit/loss for the financial period

Shareholders' equity

**Percentage of return on investment:**

Profit or loss before taxes + Interest and other financial expenses

Shareholders' equity + Interest bearing financial liabilities

**Net gearing:**

Interest bearing liabilities - Cash funds

Shareholders' equity

**Equity ratio, (%):**

Shareholders' equity

Balance sheet total - Received advances

**Result/share:**

Profit before taxes attributable to equity holders of the parent - Taxes

Average number of shares on the financial period adjusted after the share issue