



# Innofactor Interim Report Q2/2022

July 21, 2022, Markku Puolanne, CFO

[#ModernDigitalOrganization](#) | [#HybridWork](#) | [#PeopleFirst](#) | [#CreatingSmiles](#)

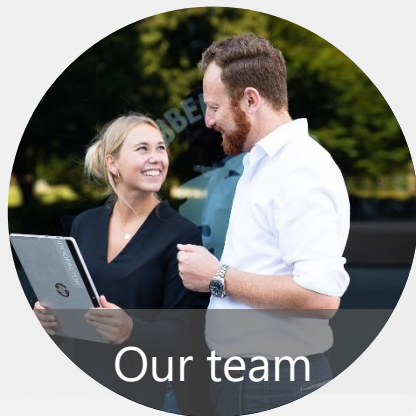


# Innofactor's Business

Driving the Modern Digital Organization  
in the Nordic Countries

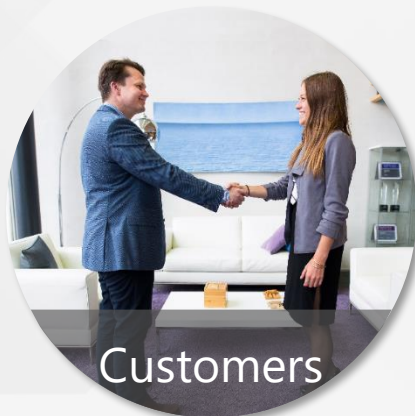
INNOFACTOR®

# Innofactor – Leading Nordic driver of Modern Digital Organization



Our team

- Over 500 Nordic professionals
- 16 enterprise level Microsoft Gold competencies
- 10+ Microsoft Partner Awards



Customers

- Over 1,000 Nordic customers
- Strong industry knowledge in private, public and membership-based organizations



Company

- Revenue 66+ MEUR and EBITDA 15+% (2021)
- 15 offices in Nordic countries
- Listed in Helsinki Stock Exchange (NASDAQ Helsinki), 12 000+ shareholders

Microsoft  
Partner



Gold Application Development  
Gold Application Integration  
Gold Cloud Business Applications  
Gold Cloud Platform  
Gold Cloud Productivity  
Gold Collaboration and Content  
Gold Data Analytics  
Gold Data Platform  
Gold Datacenter  
Gold DevOps  
Gold Enterprise Mobility Management  
Gold Enterprise Resource Planning  
Gold Project and Portfolio Management  
Gold Security  
Gold Small and Midmarket Cloud Solutions  
Gold Windows and Devices

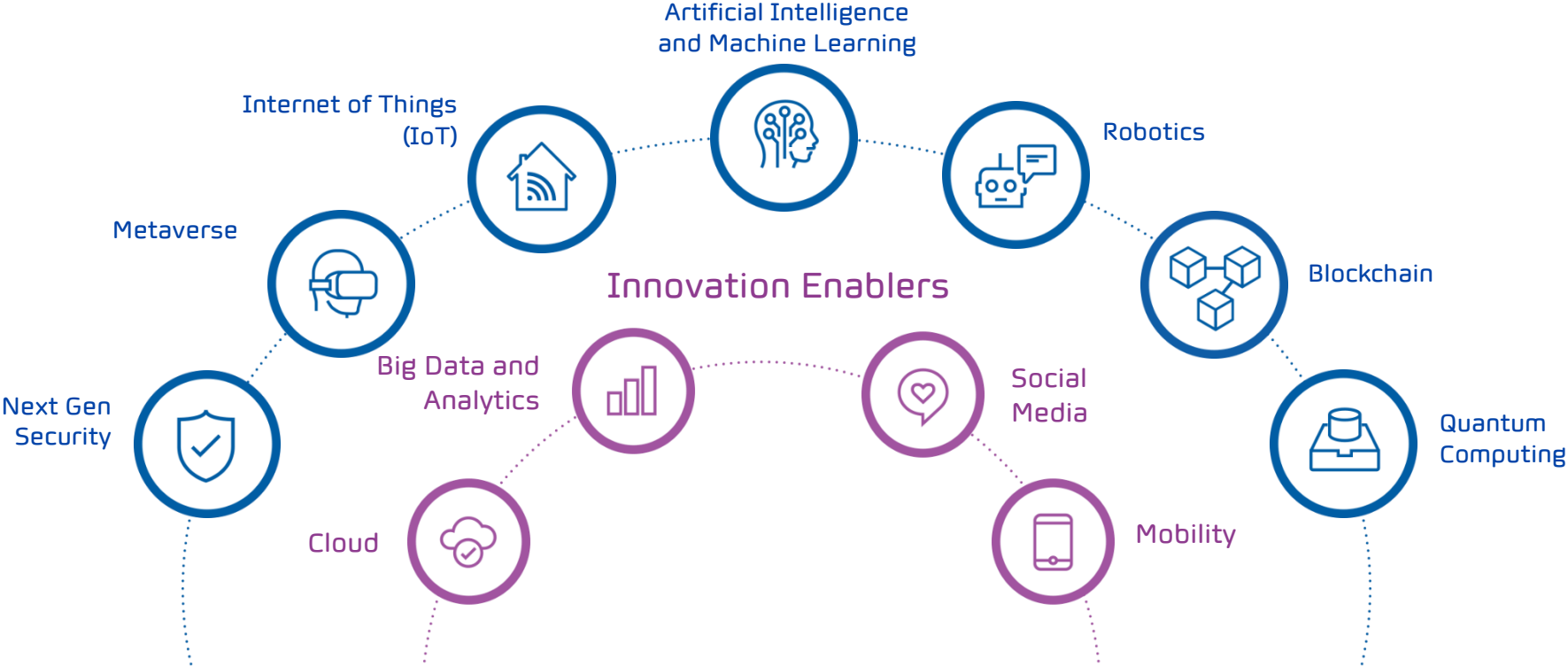
# INNOFACTOR<sup>®</sup>

"Innovating to make  
the world work  
better."

Sami Ensio,  
founder and CEO



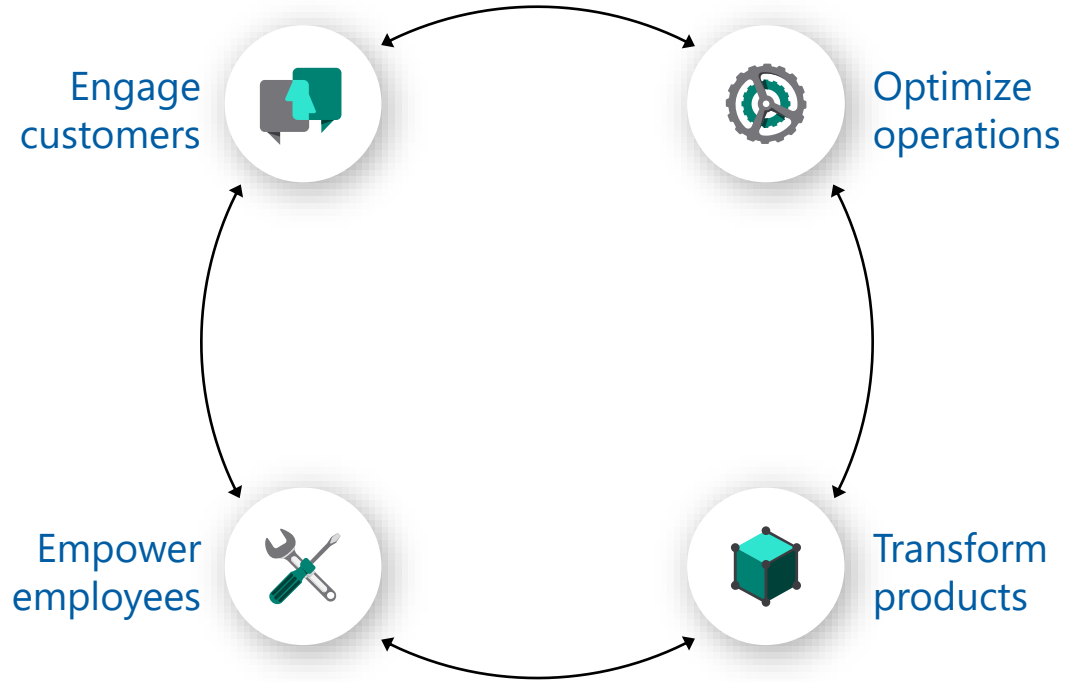
# Key Trends Driving Innovation



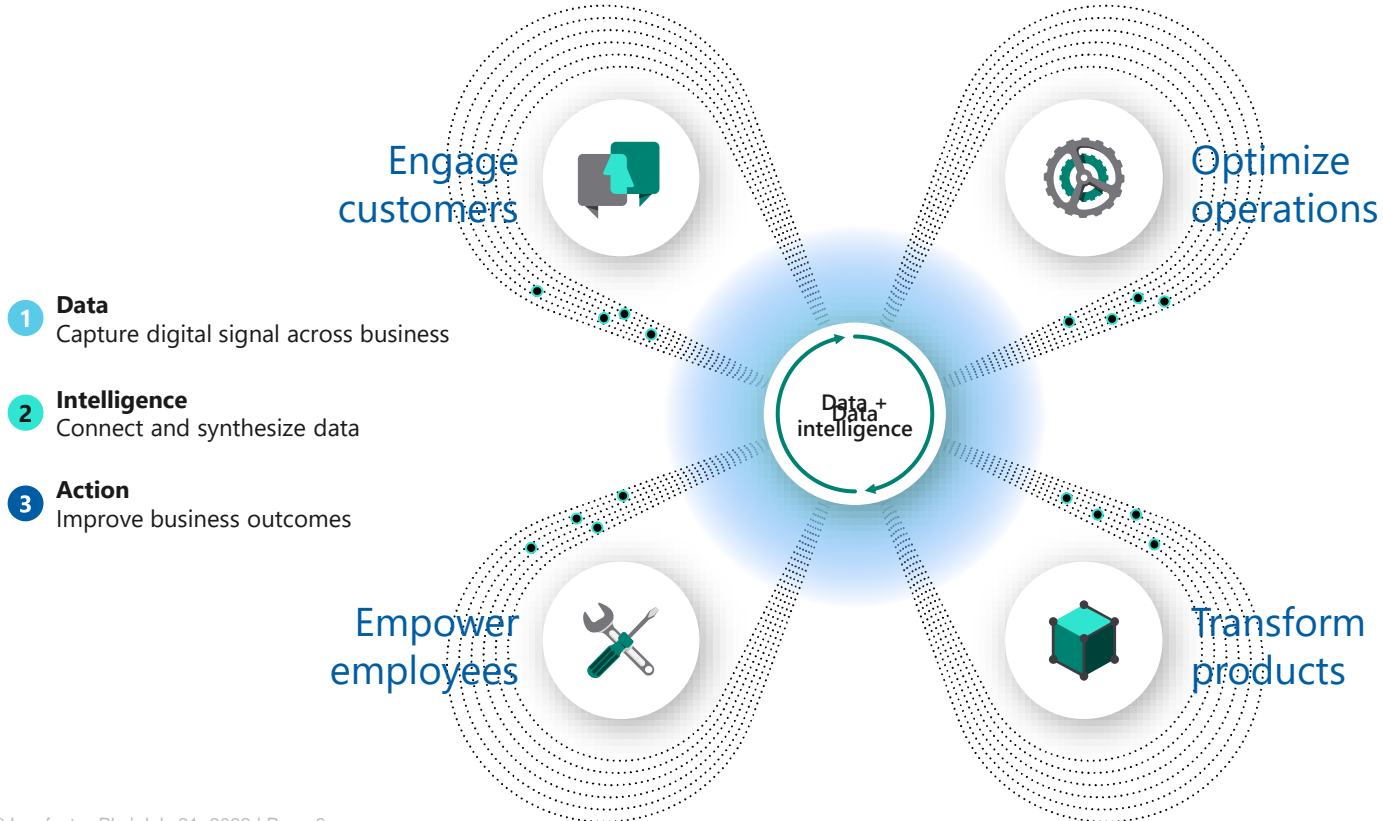
Our mission is to drive the modern digital organization.



# Key Stakeholders of B-to-B Digital Transformation



# Digital Feedback Loop





# Innofactor Solution Offering

Modern Digital Organization  
Framework and Innofactor's  
6 solution areas

## Digital Services

Software Development and DevOps  
App and Data Modernization  
Process Digitalization  
Low-code Development

## Cloud Infrastructure

Managed Operations and DevOps  
Cloud Transformation  
Governance and Automation  
Migrations

## Business Solutions

Sales and Marketing | CRM  
Customer Service Enablement  
Finance and Operations | ERP  
Membership Management

## Data and Analytics

Data Platform  
Advanced Analytics and BI  
Master Data Management | MDM  
AI, Real-time Analytics and IoT

## Information and Case Management

Collaboration and Intranets  
Document and Records Management  
Case and Decision Management  
Contract and Quality Management

## Cybersecurity

Security Assessment  
Hybrid Work Security  
Platform Security  
Identity and Access Management | IAM

#ModernDigitalOrganization

# Traficom

## Agile Development and Customized Digital Services for over a Decade

The Finnish Transport and Communications Agency Traficom is an authority in permit, license, registration, approval, safety and security matters for traffic and communications. It employs approximately 900 people in 15 locations. Traficom promotes the functionality and safety of traffic and expedites the development of a digital society. Traficom supports sustainable development and ensures that high-quality, safe and reasonably priced communications connections and services are available in Finland.

Innofactor has been a digital services development partner for Traficom for over a decade. As a concrete outcome of this long partnership, a comprehensive digital services platform has been developed for the customer. Dozens of solutions that support Traficom's competence areas have already been implemented on the platform. The agile development model is applied in practical development work for Traficom, with Innofactor's expert team taking care of the production of new digital services as well as the continuous development and maintenance of services. The domain.fi service, for example, was implemented in accordance with this model.

Over the course of the long-term partnership, Innofactor's team has become intimately familiar with Traficom's operating environment, architecture and operating practices, which makes it possible to implement solutions to address the agency's needs, even on short notice. As an experienced partner, Innofactor is also able to challenge and consult Traficom on the direction of the future development of the architecture, service roadmap and user experience.

The partnership with Innofactor is valuable and convenient for Traficom in that the agency is provided with maintenance for existing services as well as the development of new services by the same partner. Traficom sees particular value in Innofactor's extensive expertise in technology, service design and user interface design. Thanks to this wide-ranging competence, the agency can expect the services delivered to be of high quality and compatible with the existing set of solutions.



***"Innofactor is a reliable and highly capable partner that challenges our agency's entrenched paradigms. Over the years, we have taken our development efforts to a new level, both in terms of operating practices and the results we have achieved together and at a brisk pace."***

**Kirsi Jäntere**  
Development Manager  
Traficom



# Atea Finland

## Business Insight is the Key to Successful ERP Co-Operation

Atea is a comprehensive IT service provider and the leading IT infrastructure provider in the Nordic region and the Baltic countries. In Finland, Atea has 12 offices in different parts of the country. The company's offices in Finland have approximately 450 employees, while Atea Group as a whole employs about 7,000 people internationally.

Innofactor has been a strategic partner for Atea Finland for several years now. The co-operation with Innofactor has included many different projects related to Microsoft products, for example. The maintenance of back-end systems is very important for Atea, as they help serve customers more efficiently, more ethically and in an eco-friendly manner. Atea's approach is to be an agile, responsible and comprehensive partner for its customers.

The co-operation began in 2014 with a version update to Microsoft SharePoint. The partnership was subsequently expanded over the years by a Microsoft Dynamics 365 project and various development projects. Most recently, the two companies worked together on an enterprise resource planning system update, which involved updating the previous ERP version to Microsoft Dynamics Business Central. Innofactor is a highly strategic partner for Atea Finland. New projects are always proactively planned so that they support Atea's strategic goals.

***"Working with Innofactor has been easy because the company has a very high level of professional expertise in these areas. They also understand Atea's business very well, which is the key to effective co-operation."***

**Petra Berg**  
Chief Information Officer  
Atea Finland


# City of Lahti

## New Case Management System Made Day-to-Day Operations Smoother for the City of Lahti

Known for sports, Lahti is one of the largest cities in Finland with a population of 120,000. The city is also known internationally for its environmental and design expertise as well as high-quality culture services. Lahti was the European Green Capital 2021 and it is also the most recent university city in Finland.

City of Lahti wanted to streamline decision-making with a new case management system and selected Innofactor's Dynasty 10 as the new case management solution in a tendering process. Dynasty scored the highest points in the assessment of usability. The new case management system has a particular emphasis on ease of use, which has reduced time spent on training and made it possible to engage the users to the organization's common operating practices.

The new case management system's integrations with several other information systems reduce manual work and extend fully digital processes. Lahti has focused process modeling for decades, which is reflected in streamlined decision-making workflows. Dynasty 10 takes the individual needs of the city's employees into account by allowing each user to customize their desktop view to suit their job tasks. Lahti chose the Microsoft Azure cloud as the platform for case management. Azure's high level of data security, scalability in response to changes in capacity, seamless integration with Microsoft productivity tools and the opportunity to take advantage of Azure services, such as machine-learning automation solutions, ensure the ability to respond to changing challenges in the future.



***"We have achieved our goal of having a single user interface by migrating from separate systems to a single system. Decision-making workflows, communications, contract management and the electronic lifecycle management of data all take place in the same system. Decision-makers and those who prepare matters for decisions benefit from single sign-on, which is both secure and convenient."***

**Marko Monni**  
Chief Information Officer  
City of Lahti

# Alecta


## Efficient and Secure Management and Deployment of the Microsoft Azure Cloud Platform with Innofactor Virtual Data Center

Alecta is the company ensuring that 2.6 million private individuals and 35,000 companies around Sweden have employment pensions. The insurance branch of the business requires numerous difficult mathematical calculations, using enormous volumes of data. However, Alecta's various business areas have differing IT requirements, as each area needs their own installations and complies with different regulations. Despite these differences, Alecta can achieve significant economies of scale by leveraging a unified core infrastructure and data pools.

Some time ago the pension company realized that the critical calculations required more computing power than what a traditional data center was able to provide. Hence, Alecta began planning to take advantage of cloud services, particularly Microsoft Azure. The goal was to find a ready-made solution for deploying Microsoft Azure as efficiently as possible and allowing automation to manage the environment and update the settings.

After discussing with Innofactor, Alecta decided to implement its Azure environment with Innofactor Virtual Data Center (VDC). VDC leverages code deployed in Azure, automating many of the key steps in maintenance and administration in line with Microsoft's best practices for cloud services. As a result, Alecta can manage its cloud services independently using customized code that is owned by the company itself.

As a Microsoft expert in cloud infrastructure management, Innofactor supports the customer by providing all the necessary updates to the codebase. This, in turn, allows Alecta's experienced team of experts to contribute to the company's core business by focusing on application development and data processing. The VDC solution gives Alecta access to all the benefits of Microsoft cloud and analytics solutions such as Power BI without having to hire its own Azure architecture experts.

A portrait of Fredric Adell, a middle-aged man with short grey hair and glasses, wearing a dark grey suit jacket over a light purple button-down shirt. He is smiling slightly and looking towards the camera. The background is a blurred indoor setting.

***"Previously, we weren't able to do certain calculations at all, and others took forever to complete. Now, we can perform a calculation that used to take several hours or days in just a few minutes."***

**Fredric Adell**  
IT architect  
Alecta



# Seure

## A Customized Reporting Solution Implemented with a Dynamics 365 Integration

Employee leasing company Seure provides personnel services for municipalities and joint municipal authorities in the Helsinki metropolitan area. Seure's biggest clients are the cities of Helsinki, Espoo, and Vantaa as well as The Hospital District of Helsinki and Uusimaa (HUS).

Seure needed a CRM system and wanted a partner to customize Microsoft Dynamics 365 according to the company's needs. In order to find a suitable partner, Seure organized a tender, which was decided in favor of Innofactor due to its references and a good project plan as well as an exceptionally solid competency in Microsoft Dynamics 365 and Power Platform. Innofactor has supported Seure in developing the company's internal reports as well as the reports that are used by and delivered to Seure's customers. These latter types of reports are mainly created on top of the data layer provided by the Snowflake system. However, the Dynamics 365 solutions developed by Innofactor make an exception to this, as their additional reporting has been implemented with a direct Dynamics 365 integration.

All in all, Seure has been very satisfied with the cooperation with Innofactor. What has been particularly impressive is the level of commitment that Innofactor's experts have shown. During the cooperation, both parties developed into a unified team as they kept learning new ways of working regarding both remote working and agile methods.

***"I can truly recommend Innofactor. Their employees are very nice and professional and committed to our common project."***

**Antti Nummiranta**

Acting CEO, Director, Technology & Development  
Seure



## Bjørnafjorden

### A New Identity Solution Gave Bjørnafjorden Control after the Municipal Merger

Bjørnafjorden municipality saw the light of day in January 2020, when the municipalities Os and Fusa were merged. The municipality has just under 25,000 inhabitants and around 1,800 employees. Prior to the merge, the two municipalities agreed that it was necessary to implement a proper solution for identity and access management. The municipalities therefore began to look at different identity solutions, and eventually chose One Identity, a solution based on Microsoft Identity Manager (MIM).

Consultants from Innofactor have worked with Bjørnafjorden to set up the new ID solution, in addition to a new e-mail solution based on Exchange Online. The MIM solution is connected to Microsoft Azure AD (Active Directory), so that access to file areas and other network resources can be controlled based on which groups in AD employees are members of. Now

Bjørnafjorden has much better control of onboarding and offboarding, and new employees are registered in AD via personnel notification.

The Norwegian National Security Authority (NSM) states in its 2021 report on the National Risks that there is a very high risk that Norwegian companies will be exposed to ransomware viruses during 2022. This is a threat the IT department in Bjørnafjorden municipality is acutely aware of, not least since there have recently been examples of ransomware attacks that have had serious consequences for other municipalities. Therefore, Bjørnafjorden received assistance from Innofactor to conduct a safety audit. Although the review proved that much was already in good order, it was very useful. Based on the audit, Bjørnafjorden received a lot of specific tips on what they could improve.

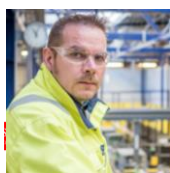
*"Identity management was an area of expertise we lacked at the time. We don't have the resources and capacity to do this ourselves, so we preferred to buy this as a service from Innofactor. Our experience is that Innofactor has very good expertise and skilled people. This was also important to us when selecting a supplier."*

**Espen Harald Haga**  
Head of the IT department  
Bjørnafjorden



# We Create Innovations with Our Leading Customers

Over 1,000 Commercial, Public Sector and Membership-based Customers







Our aim is to become the leading Nordic digital transformation partner in the Microsoft ecosystem.

Microsoft  
Partner



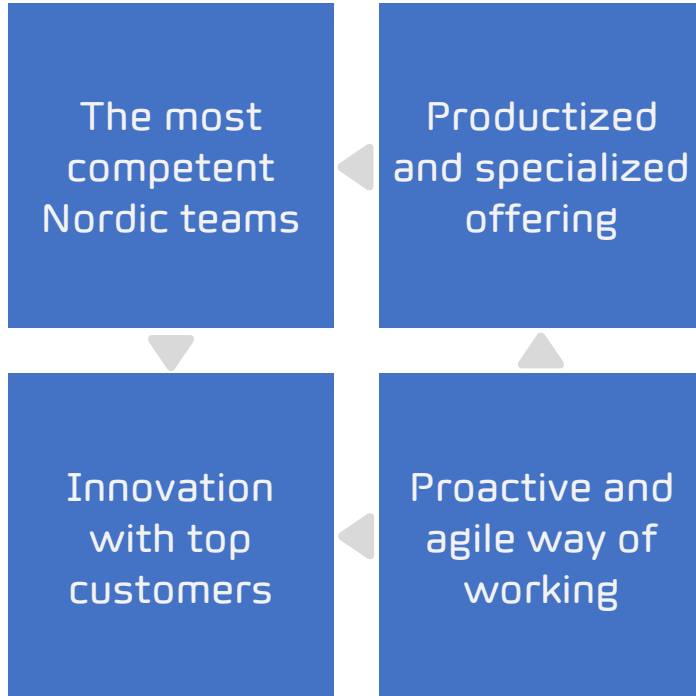
Gold Application Development  
Gold Application Integration  
Gold Cloud Business Applications  
Gold Cloud Platform  
Gold Cloud Productivity  
Gold Collaboration and Content

Gold Data Analytics  
Gold Data Platform  
Gold Datacenter  
Gold DevOps  
Gold Enterprise Mobility Management

Gold Enterprise Resource Planning  
Gold Project and Portfolio Management  
Gold Security  
Gold Small and Midmarket Cloud Solutions  
Gold Windows and Devices



# Strategic choices, working principle and values



# Moving forward in a sustainable way by employing young people

- Innofactor is convinced that the long-term success is based on sustainable operations
- Our digital solutions are in key position in curbing climate change and promoting sustainable development
- We see employing young graduates as a key focus in our sustainable operations
- Innofactor recruited in the Nordic countries in 2022 29 graduate students in our DigiStar program



# Executive Board of Innofactor Group



**Markku Puolanne, CFO**

B.Sc. (Econ.). Employed by Innofactor since 2019. Born in 1973. Ownership 10,000 shares.

**Vesa Syrjäkari, EVP, Business Dev. and Operational Excellence**

M.Sc. (Econ.). Employed by Innofactor since 2017. Born in 1960. Ownership 60,000 shares.

**Martin Söderlind, Chief Innovation and Talent Officer**

B.Sc.(Not finished). Employed by Innofactor as of April 1, 2021. Born in 1971. Ownership 0 shares.

**Jørn Ellefsen, Country Manager for Norway and Denmark**

MBA. Employed by Innofactor since 2019. Born in 1971. Ownership 80,500 shares.

**Sami Ensio, CEO and Country Manager for Finland**

M.Sc. Innofactor's founder, CEO and member of the Board of Directors since 2000. Born in 1971. Ownership 5,722,013 shares.

**Marcus Hasselblad, Country Manager for Sweden**

M.Sc. (Tech.). Employed by Innofactor since 2020. Born in 1968. Ownership 8,300 shares.

**Janne Heikkinen, Executive Vice President, Products and Services**

M.Sc. Employed by Innofactor since 2015. Born in 1974. Ownership 123,044 shares.

# The Board of Directors of Innofactor Plc



**Risto Linturi**

M.Sc. (Tech.). Member of the Board of Directors since 2018. Born in 1957. Ownership 826,411 shares.



**Heikki Nikku**

BBA (not finished). Member of the Board of Directors since 2020. Born in 1956. Ownership 29,769 shares.



**Anna Lindén, Chairman**

M.Pol.Sc. Chairman of the Board since 2020 and member of the Board since 2018. Born in 1973. Ownership 98,413 shares.



**Sami Ensio**

M.Sc. (Tech.). Innofactor's founder, CEO and member of the Board of Directors since 2000. Born in 1971. Ownership 5,722,013 shares.

# Organization

**Board of Directors**  
 Anna Lindén (Ch.)      Sami Ensio  
 Risto Linturi            Heikki Nikku

**Sami Ensio**  
 President and CEO

**Markku Puolanne**  
 Chief Financial Officer (CFO)

**Vesa Syrjäkari**  
 EVP, Biz Dev and Oper Excellence

**Martin Söderlind**  
 Chief Innovation & Talent Officer

**PRODUCTS AND SERVICES**  
**Janne Heikkinen**  
 EVP, Products & Services

**FINLAND**  
**Sami Ensio**  
 President and CEO,  
 Country Manager, Finland

**SWEDEN**  
**Marcus Hasselblad**  
 Managing Director,  
 Country Manager, Sweden

**DENMARK**  
**Jørn Ellefsen**  
 Managing Director,  
 Country Manager, Denmark

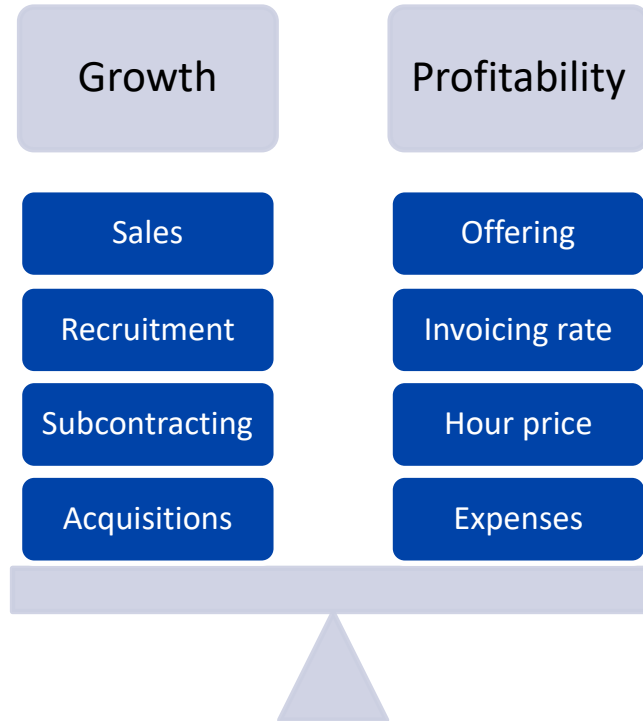
**NORWAY**  
**Jørn Ellefsen**  
 Managing Director,  
 Country Manager, Norway

	Digital Services Heikki-Harri Kukkonen	Business Solutions Jyrki Vepsäläinen	Information and Case Management Vesa Niinistö	Cybersecurity Solutions Jarno Limnell	Data and Analytics Stella Diesen	Cloud Infrastructure Marko Lybeck
Sales & Customers Jarkko Lindroos						
HR Riikka Hägg						

Our long-term financial goals are annual growth of about 20 percent, approximately 20 percent EBITDA in relation to net sales, and maintaining positive cash flow and a solid financial standing in all situations.



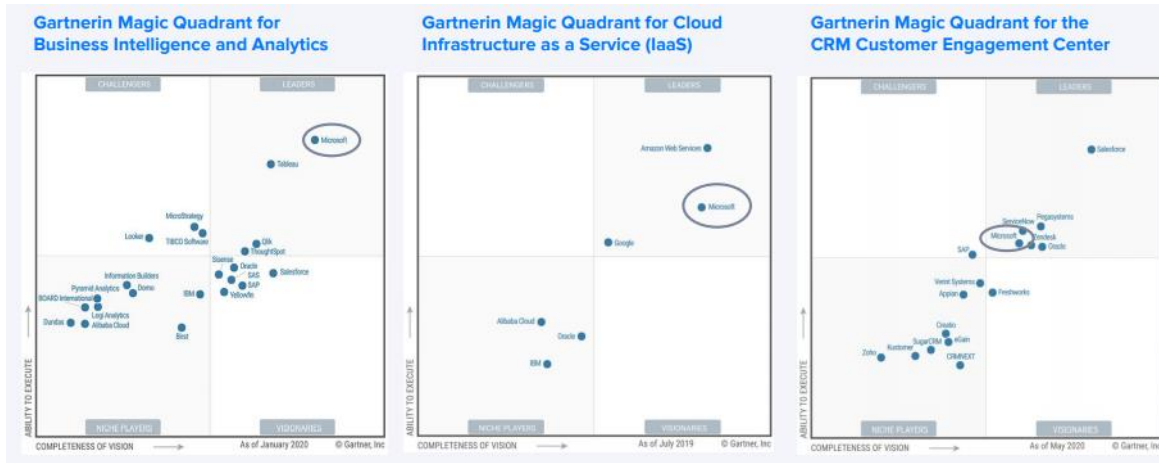
# The elements of profitable growth





# Microsoft Has the Leading Ecosystem in Innofactor's Strategic Focus Areas

- Microsoft is the leading global provider in Innofactor's strategic focus areas
- By focusing on the Microsoft ecosystem Innofactor can attract the best talent and know-how and have close relations to Microsoft
- If Microsoft were to lose its leading position in some areas Innofactor could transition to other partners in these areas



# Innofactor Competitive Positioning in the Nordic EUR 10 Billion Microsoft IT Services Market

Nordic IT services market  
25 billion euro\*

**Large companies, in every Nordic Country,  
all solution areas, and several technologies**  
- E.g. TietoEvry, CGI and Fujitsu

Nordic Microsoft  
IT-services market  
10 billion euro\*\*

**Mid-sized, not  
in all Nordic  
Countries,  
several  
technologies**  
- E.g. Siili, Solita,  
Digia,  
Netcompany and  
Precio

**Our Competitive  
Advantage:**  
- leading know-  
how in Microsoft-  
based solutions  
- productized  
offering

**Our Competitive Advantage:**  
- more skilled local professionals  
- better productized offering  
- more flexible mode of operation

**INNOFACTOR®**

**Our Competitive Advantage:**  
- Trustworthiness of a listed company  
- Established processes  
- Strong customer references.

**Our Competitive  
Advantage:**  
- leading know-how  
in Microsoft-based  
solutions  
- stronger industry  
focus & knowledge  
- Broader offering

**Mid-sized, in  
every Nordic  
Country,  
focusing on  
specific  
solutions**  
- E.g. Atea, HiQ,  
and Knowit

**Small companies, usually only in home  
market, one solution or one technology**  
- E.g. Sulava, Clouddriven ja Proactive

\* Source: IDC, internet

\*\* Estimate Microsoft market share to approx. 40%

>0%

>0%



Financial Information

## Q2/2022 Results

### The second quarter was challenging, but we hold the market guidance for 2022

Net sales in the second quarter of 2022 were EUR 16.9 million, representing a year-on-year decrease of 2.0 percent. Net sales in Denmark and Norway increased in the second quarter, but net sales in Finland and Sweden decreased due to the weakened invoicing ratio and challenges in individual project deliveries.

The operating margin (EBITDA) decreased by 34.3 percent year-on-year and was EUR 1.4 million (8.1 percent of net sales). EBITDA was positive in all countries except Sweden. The decrease in EBITDA was mainly attributable to lower net sales.

The order backlog was EUR 77.2 million at the end of the quarter, which shows a year-on-year increase of 6.1 percent and is the highest in Innofactor's history.

Innofactor acquired Invenco Ltd, a Finnish company specialized in data and analytics with approximately 50 employees and net sales of approximately EUR 6 million

Revenue

**16.9 M€**

Decrease -2.0%  
vs.  
Q2/2021

EBITDA

**8.1%**  
**1.4 M€**

Decrease -34.3%  
vs.  
Q2/2021

Order Backlog

**77.2 M€**

Growth +6.1%  
vs.  
Q2/2021

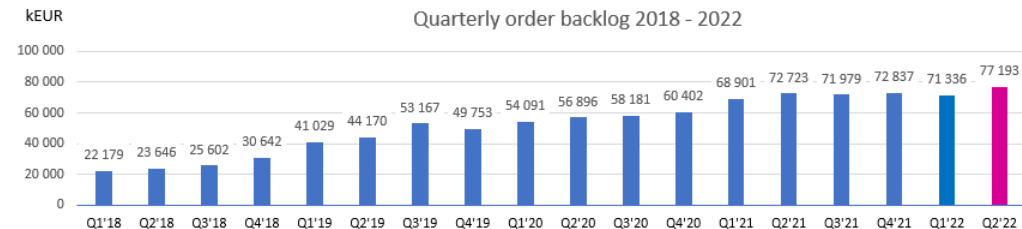
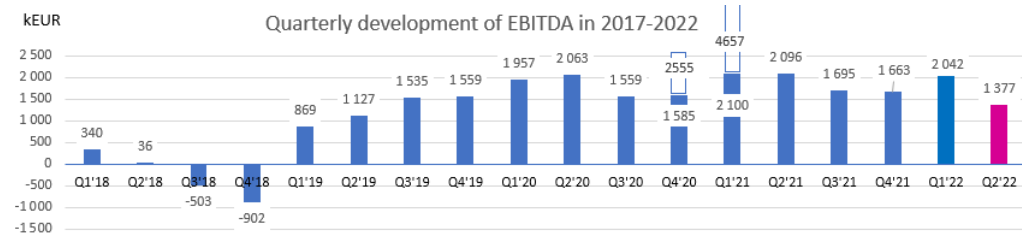
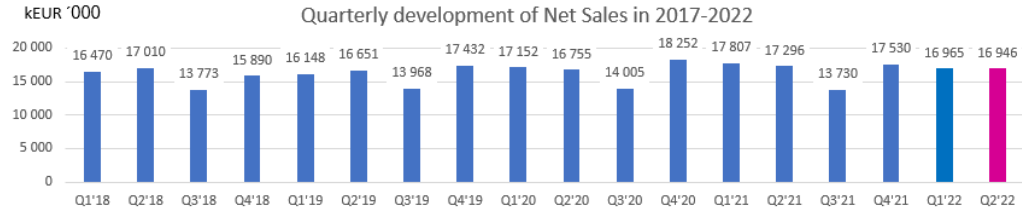
# H1/2022 actuals

## Valitut tunnusluvut

	Q2 2022	Q2 2021	Change (%)	CEO's comment
<b>Net Sales (kEUR)</b>	<b>33,911</b>	<b>35,103</b>	<b>-3.4 %</b>	<i>"Net sales in the first half of 2022 were EUR 33.9 million, representing a year-on-year decrease of 3.4 percent. Taking the sale of the Prime business in 2021 into consideration, comparable net sales decreased by 1.8 percent. In the first half of the year, net sales increased in Denmark and Norway."</i>
<b>EBITDA (kEUR)</b>	<b>3,419</b>	<b>6,753 (4,196)</b>	<b>-49.4% (-18.5%)</b>	<i>"The operating margin (EBITDA) decreased by 49.4 percent year-on-year and was EUR 3.4 million (10.1 percent of net sales). The operating margin in 2021 included a capital gain of approximately EUR 2.6 million from the sale of the Prime business, without which the comparable change would have been a decrease of 18.5 percent."</i>
<b>Order Backlog (kEUR)</b>	<b>77,193</b>	<b>72,723</b>	<b>+6.1 %</b>	<i>"Innofactor's order backlog reached an all-time high. The order backlog was EUR 77.2 million at the end of the quarter, which shows a year-on-year increase of 6.1 percent and is the highest in Innofactor's history."</i>
<b>Equity Ratio (%)</b>	<b>41.1 % (44.1 %)*</b>	<b>49.9 % (53.6%)*</b>	<b>-18.2 %</b>	<i>"Innofactor's operating cash flow in the review period of January 1–June 30, 2022, was EUR 3.6 million. The strong operating cash flow and financial position support Innofactor's strategic goal of profitable growth and securing solid financial standing in all situations."</i>

# Quarterly Development of Innofactor Group Financials

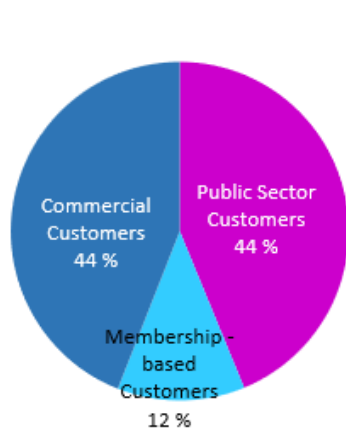
Increased revenue is typically reflected immediately in EBITDA



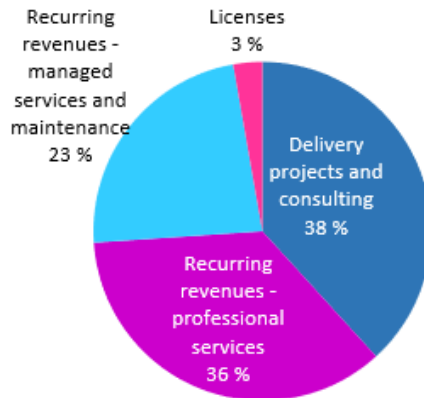
Increased order backlog effects the revenue typically with 1 to 2 quarter delay

# Broad Customer Base, Long-term Contracts and Business Footprint in The Nordic Countries Bring Scalability and Stability

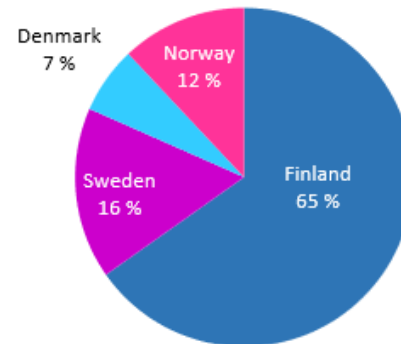
Distribution of net sales January 1 to June 30, 2022



- Strong customers in public private and third sectors bring stability in economic fluctuations
- 10 largest customers account for approximately 28% of net sales



- Recurring revenues from service agreements and license sales bring competitive advantage, scalability and stability
- Sales of consultant's work moving increasingly to frame agreements and continuous development



- Sweden, Denmark and Norway represented a significant portion of Innofactor's revenues
- Innofactor's objective is to create a strong position in all Nordic countries

# Innofactor Key Financials, IFRS

## Key figures of the group, IFRS

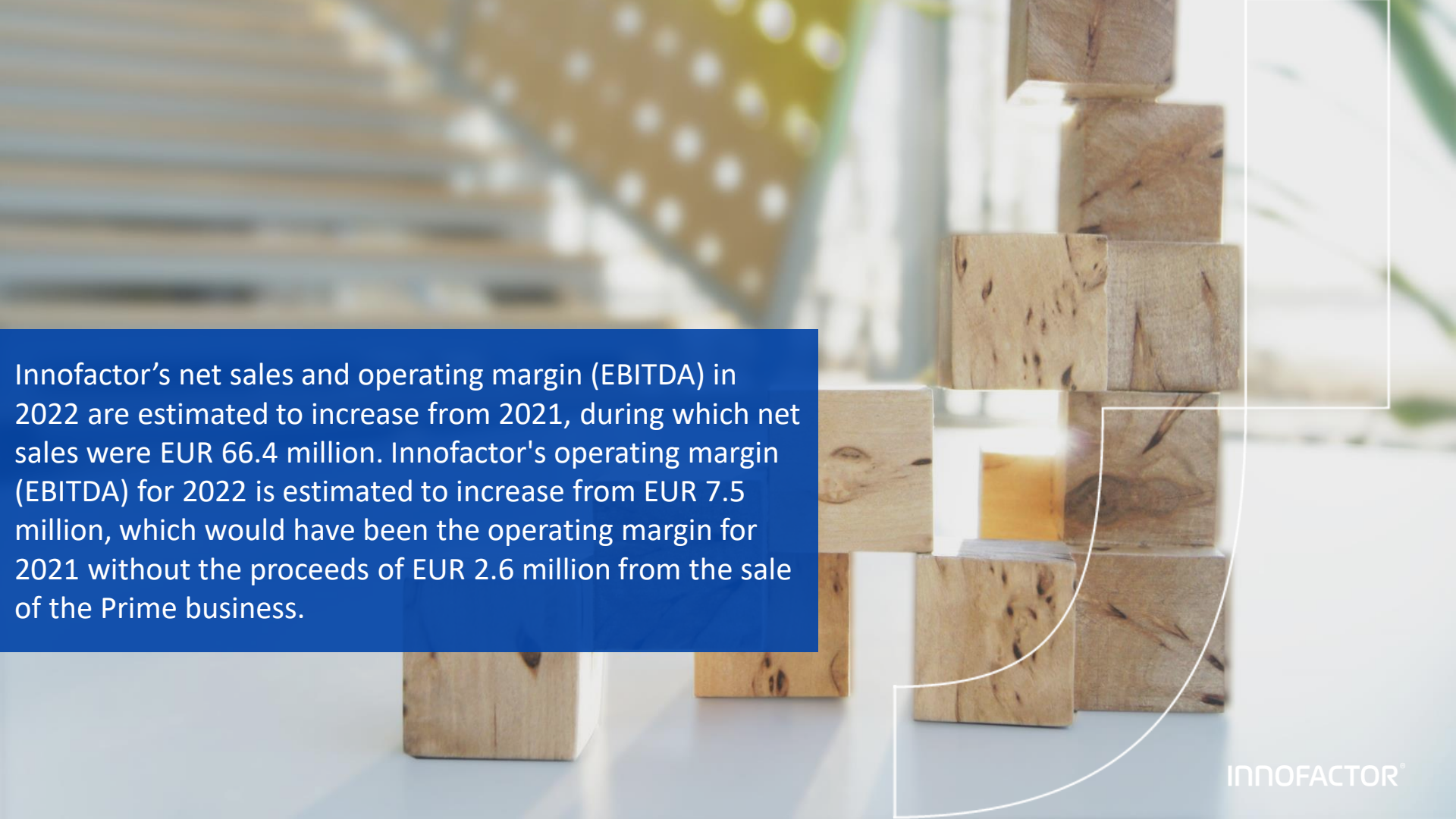
	Apr 1–Jun 30, 2022	Apr 1–Jun 30, 2021	Change	Jan 1–Jun 30, 2022	Jan 1–Jun 30, 2021	Change
Net sales, EUR thousand	16,946	17,296	-2.0%	33,911	35,103	-3.4%
Growth of net sales	-2.0%	3.2%		-3.4%	3.5%	
Operating result before depreciation and amortization (EBITDA), EUR thousand	1,377	2,096	-34.3%	3,419	6,753	-49.4%
percentage of net sales	8.1%	12.1%		10.1%	19.2%	
Operating profit/loss (EBIT), EUR thousand	668	1,272	-47.5%	1,987	5,081	-60.9%
percentage of net sales	3.9%	7.4%		5.9%	14.5%	
Earnings before taxes, EUR thousand	639	1,287	-50.4%	1,741	4,644	-62.5%
percentage of net sales	3.8%	7.4%		5.1%	13.2%	
Earnings, EUR thousand	547	989	-44.7%	1,393	3,626	-61.6%
percentage of net sales	3.2%	5.7%		4.1%	10.3%	
Order backlog	77,193	72,723	6.1%	75,193	72,723	3.4%
Net gearing	53.3%	30.5%		53.3%	30.5%	
Net gearing without IFRS 16	35.6%	16.8%		35.6%	16.8%	
Equity ratio	41.1%	49.9%		41.1%	49.9%	-17.6%
Equity ratio without IFRS 16	44.4%	53.6%		44.4%	53.6%	
Active personnel on average during the review period*	527	524	0.6%	513	529	-3.0%
Active personnel at the end of the review period*	557	526	5.9%	557	526	5.9%
Earnings per share (EUR)	0.0150	0.0265	-43.5%	0.0381	0.0970	-60.7%

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



# Realization of the strategy in the review period H1 2022

- Target 1: Ca 20 percent yearly growth, mainly organic growth
  - Net sales decreased by 3.4 percent compared to the previous year. Without the Prime business sold in the first quarter of 2021, the comparable change would have been a decrease of 1.8 percent.
  - The EUR 77.2 million order backlog supports the revenue growth target.
  - The acquisition of Invenco will bring us unorganic growth. We have initiated measures to improve our performance in Finland and Sweden, and these measures will continue throughout the second half of the year.
- Target 2: Ca 20 percent EBITDA
  - EBITDA was 10.1 percent of revenue, decreasing by 49.4 percent. The EBITDA Q1 2021 included a sales gain of approximately EUR 2.6 million from the sale of the Prime business, without which the decrease would have been 18.5 percent
  - Still some work needed to reach the 20% profitability target.
  - Actions to improve our performance and revenue will also increase our EBITDA
- Target 3: Positive cash flow and financial solidity in all situations
  - Innofactor operative cash flow was EUR 3.6 million, decrease of 47.7 % and equity ratio at the end of review period was 41.1 percent (decrease 17.6%).
  - In connection with the Invenco acquisition, Innofactor took out a bank loan of EUR 2.5 million. The bank loan and the effect of consolidating Invenco into Innofactor's balance sheet on June 30, 2022, reduced the equity ratio.
  - Strong operative cash flow and good financial position support the strategic growth target securing solid financial standing in all situations.



Innofactor's net sales and operating margin (EBITDA) in 2022 are estimated to increase from 2021, during which net sales were EUR 66.4 million. Innofactor's operating margin (EBITDA) for 2022 is estimated to increase from EUR 7.5 million, which would have been the operating margin for 2021 without the proceeds of EUR 2.6 million from the sale of the Prime business.



Other Issues

## Stock Exchange Releases in Q2/2022 (1/3)

- On April 12, 2022, Innofactor announced in a stock exchange release that **Senate Properties** has selected Innofactor in a public procurement competition as the provider of a case and document management system as well as the related maintenance and further development tasks. The system will be based on Innofactor's Dynasty 10 solution. Delivery of the system is scheduled to take place within the 2022–2023 period, after which the delivery comprises maintenance and further development services. The total value of the procurement (excluding VAT) quoted by Senate Properties in its procurement decision is approximately **EUR 2.2 million**. The agreement will be valid for fixed period of two (2) years from delivery, after which the agreement will be valid until further notice.
- On May 12, 2022, Innofactor announced in a stock exchange release that Innofactor and a **Danish pharmaceutical company** have signed an agreement concerning the delivery of managed cloud services supporting a data integration platform. The services are implemented by using Microsoft Azure PaaS cloud services. The value (excluding VAT) of the agreement is approximately **EUR 2.1 million**. The agreement is valid until further notice.

## Stock Exchange Releases in Q2/2022 (2/3)

- On May 17, 2022, Innofactor announced in a stock exchange release that **the State Treasury of Finland** has selected Innofactor in a dynamic purchasing system to provide IT expert services to support the development and maintenance of a Microsoft Dynamics 365 CRM system. The tasks of the experts include the development, maintenance and support services of the CRM system that is already in use in the State Treasury. The development will be carried out mainly with agile methods according to the operating models of the State Treasury. Based on the assessment of the yearly work under the agreement provided by the State Treasury, Innofactor estimates the net sales derived from the agreement to amount to at least **EUR 5.0 million**. The agreement period is eight years.
- On June 3, 2022, Innofactor announced in a stock exchange release that **the Funding Centre for Social Welfare and Health Organisations (STEA)** has selected Innofactor in a public procurement competition to continue the maintenance and development of a grant and case management system. The work will be carried out with agile methods. Innofactor's estimate of the value of the procurement for the three-year contract period is approximately **EUR 1.8 million**.

## Stock Exchange Releases in Q2/2022 (3/3)

- On June 8, 2022, Innofactor announced in a stock exchange release that the Greater Stockholm Fire Brigade (Storstockholms brandförsvär) has selected Innofactor in a public procurement competition to provide a case and document management system, as well as maintenance and support services related to it. The system will be based on the Innofactor Dynasty information and case management solution. Innofactor's reference price for a contract period of eight years stated by the client in the procurement decision is approximately EUR 0.35 million.
- On June 20, 2022, Innofactor issued a stock exchange release to announce that Innofactor Plc has signed an agreement on June 20, 2022, on **acquiring the entire share capital of the privately owned company Invenco Ltd**. Invenco Ltd is a company that specializes in data and analytics. Invenco is a long-term Microsoft partner. Invenco has approximately 50 employees, of whom 35 are senior data professionals. The company has four offices in Finland: Vantaa, Oulu, Tampere and Kuopio.

# Stock Exchange Releases after Q2/2022

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

## 2003

founded

## 6M

net sales €

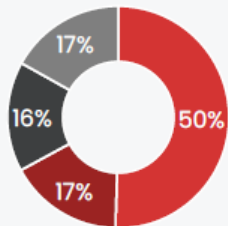
## 50

professionals

## 100

yearly customers

### Business split (FY2021)



**75%**  
Project revenue

**25%**  
Recurring revenue



### Clientele examples



**FINNAIR**



**nokian®  
TYRES**

**uponor**

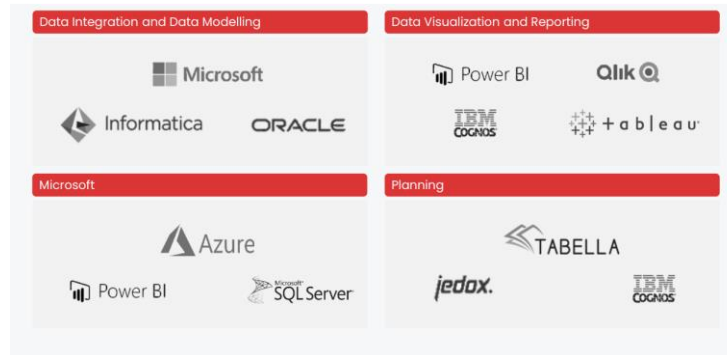
**CRAMO**

**Fira**

**SAMLINK**



# INVENCO'S SERVICES

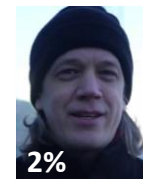


## Key points from CEO's review

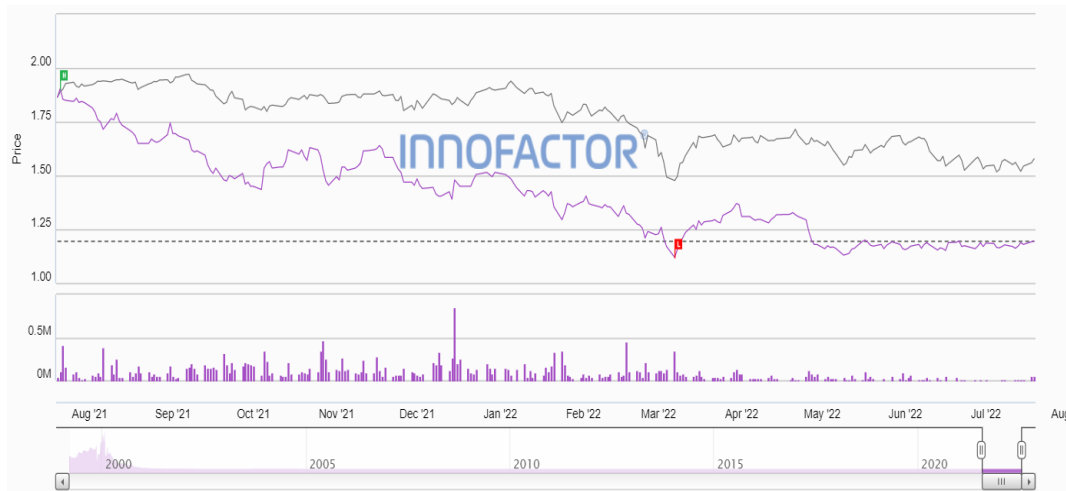
- **Net sales:** Net sales in the second quarter of 2022 were EUR 16.9 million, representing a year-on-year decrease of 2.0 percent. Net sales in Denmark and Norway increased in the second quarter, but net sales in Finland and Sweden decreased due to the weakened invoicing ratio and challenges in individual project deliveries.
- **EBITDA:** The operating margin (EBITDA) decreased by 34.3 percent year-on-year and was EUR 1.4 million (8.1 percent of net sales). EBITDA was positive in all countries except Sweden. The decrease in EBITDA was mainly attributable to lower net sales.
- 
- **Order backlog:** The order backlog was EUR 77.2 million at the end of the quarter, which shows a year-on-year increase of 6.1 percent and is the highest in Innofactor's history.
- **Acquisition:** In June, Innofactor acquired Invenco Ltd, a company that specializes in data and analytics. Invenco is a long-term Microsoft partner. Invenco has approximately 50 employees, of whom 35 are senior data professionals. The purchase price (Enterprise Value, EV) consists of a fixed purchase price of EUR 3.0 million and an additional purchase price tied to three years' net sales growth, which will amount to EUR 3.75 million at a maximum. We see significant growth opportunities in the area of data and analytics, and we will pursue these opportunities together with the professionals we acquired as part of the Invenco acquisition.

# Largest shareholders June 30, 2022

Name	Number of shares	% of share capital
1. Ensio Sami	7,895,773	21.10%
<i>Sami Ensio</i>	5,722,013	15.28%
<i>Minor under guardianship</i>	724,588	1.94%
<i>Iiris Ensio</i>	724,586	1.94%
<i>Minor under guardianship</i>	724,586	1.94%
2. Ilmarinen Mutual Pension Insurance Company	1,800,000	4.81%
3. 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	0.97%
4. Laiho Rami Tapani	1,155,316	3.09%
5. Ärje Matias Juhanpoika	854,253	2.28%
6. Mäki Antti-Jussi	613,725	1.64%
7. Tilman Tuomo Tapani	563,538	1.51%
8. Hellen Stefan Andreas	486,000	1.30%
9. Ingman Finance Oy Ab	450,000	1.20%
10. Muukkonen Teemu Heikki	410,357	1.10%
11. Järvenpää Janne-Olli	266,397	0.71%
12. Rausanne Oy	230,000	0.67%
13. Mandatum Life Insurance Company Limited	219,445	0.58%
14. Kukkonen Heikki-Harri	218,606	0.54%
15. Puolakka Petri Yrjö Emil	202,511	0.54%
16. Laiho Jari Olavi	200,371	0.53%
17. Varsio Jussi Ilari	190,000	0.51%
18. Kannisto Jaakko Mikael	188,281	0.51%
19. Mäkinen Antti Vilho Juhani	164,000	0.44%
20. Muurinen Hannu Olavi	125,750	0.41%
<b>Total</b>	<b>17,490,734</b>	<b>46.90%</b>



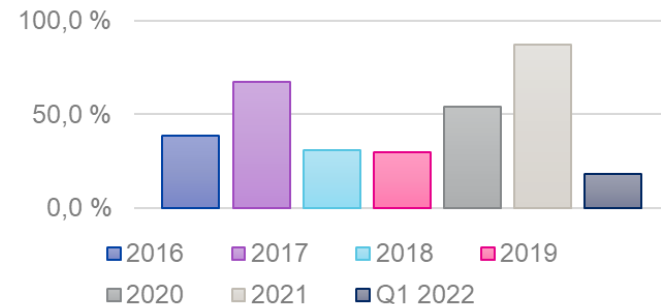
# Innofactor Share Price Development and Turnover (Closing July 20th, 2022 at €1.208)



## Share Price Development

Beginning of 2022	-20,26%	Year highest 2022	1.54 EUR
1 year change	-35,23%	Year lowest 2022	1,07 EUR
3 year change	+91.14%		
5 year change	-25,89%	Target price Inderes	1.35 EUR
10 year change	+168,44%	Target price Evli	1.60 EUR

## Turnover in % compared total amount of shares



During the period January 1–June 30, 2022, a total of 6,074,368 shares were traded (2021: 15,407,731), which corresponds to 16.6 percent (2021: 41.2%) of the average number of shares in the said period. During the period January 1–June 30, 2022, the average number of shares was 37,388,225 (2021: 37,388,225). The share trading volume decreased by 62.4 percent compared to the corresponding period in 2021.

# Additional Information

<https://www.innofactor.com/invest-in-us/innofactor-as-an-investment/>

**Sami Ensio**

CEO

+358 50 584 2029

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

**Markku Puolanne**

CFO

+358 400 694 114

[markku.puolanne@innofactor.com](mailto:markku.puolanne@innofactor.com)

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## Innofactor as an Investment

Innofactor Plc will publish its Interim Report for January–September 2020 on October 27, 2020. A video conference call for media, investors and analysts will be held in English on the same day beginning at 12:00 Finnish time.

● PUBLISHING OF INNOFACTOR'S INTERIM REPORT JANUARY–SEPTEMBER 2020

The Leading Driver of the Modern Digital Organization in the Nordic Countries

€ 1.39

28.10.2020 09:55 AM CET

Change	%	High	Low
€ +0.03	+2.58%	€ 1.42	€ 1.36

Innofactor is the leading driver of the modern digital organization in the Nordic Countries for its over 1,500 customers in commercial, public and third sector. Innofactor has the widest solution offering and leading know-how in the Microsoft ecosystem in the Nordics. Innofactor has over 500 enthusiastic and motivated top specialists in Finland, Sweden, Denmark and Norway. In 2015–2019, the annual growth of Innofactor's net sales has been approximately 10%. The Innofactor Plc share is listed in the technology section of the main list of NASDAQ Helsinki Oy. #ModernDigitalOrganization #PeopleFirst #CreatingSmiles

Latest Stock Exchange Releases

A man with glasses and a dark suit over a light blue shirt is smiling and looking upwards. He is juggling a Rubik's cube, which is captured in mid-air above his head. The background is a blurred green, suggesting an outdoor setting. A white outline of a large question mark is visible on the right side of the image. A pink rectangular box is overlaid on the left side, containing the text 'Thank You. Questions?'.

Thank You.  
Questions?

INNOFACTOR®