



Innofactor Financial Statement and Interim Report Q4/2022

February 9, 2023, Markku Puolanne, CFO

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

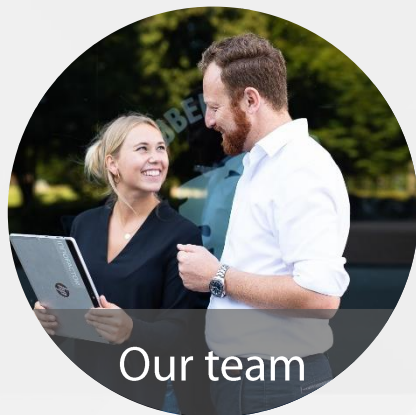


Innofactor's Business

Driving the Modern Digital Organization
in the Nordic Countries

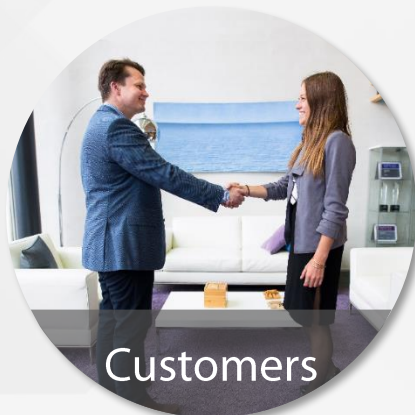
INNOFACTOR®

Innofactor – Leading Nordic driver of Modern Digital Organization



Our team

- Over 500 Nordic professionals
- 5 Microsoft Solution Partner designations
- 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)
- 16 offices in Nordic countries
- Listed on Helsinki Stock Exchange (NASDAQ Helsinki), 12 000+ shareholders

 Microsoft
Solutions Partner
Infrastructure
Azure

 Microsoft
Solutions Partner
Digital & App Innovation
Azure

 Microsoft
Solutions Partner
Data & AI
Azure

 Microsoft
Solutions Partner
Security

 Microsoft
Solutions Partner
Modern Work

Windows and SQL Server Migration to Microsoft Azure Advanced Specialization
Modernization of Web Applications to Microsoft Azure Advanced Specialization
Microsoft Modern Work Adoption and Change Management Advanced Specialization
Microsoft Identity and Access Management Advanced Specialization

Leading Advisor in Microsoft Cloud



Infrastructure
Azure



Digital & App Innovation
Azure



Data & AI
Azure



Security



Modern Work

Infra and Database Migration to Microsoft
Azure Specialization

Modernization of Web Applications to
Microsoft Azure Specialization

Microsoft Modern Work Adoption and Change
Management Specialization

Microsoft Identity and Access Management
Specialization

Start Up – Everything for Everyone

- Innofactor founded by Sami Ensio in Jan 2000
- Innofactor's first Microsoft-based product "Prime" released

#1 in Selected Micro Segments

- Microsoft SharePoint pioneer
- First M&A activities

#1 Microsoft-based Provider in Finland

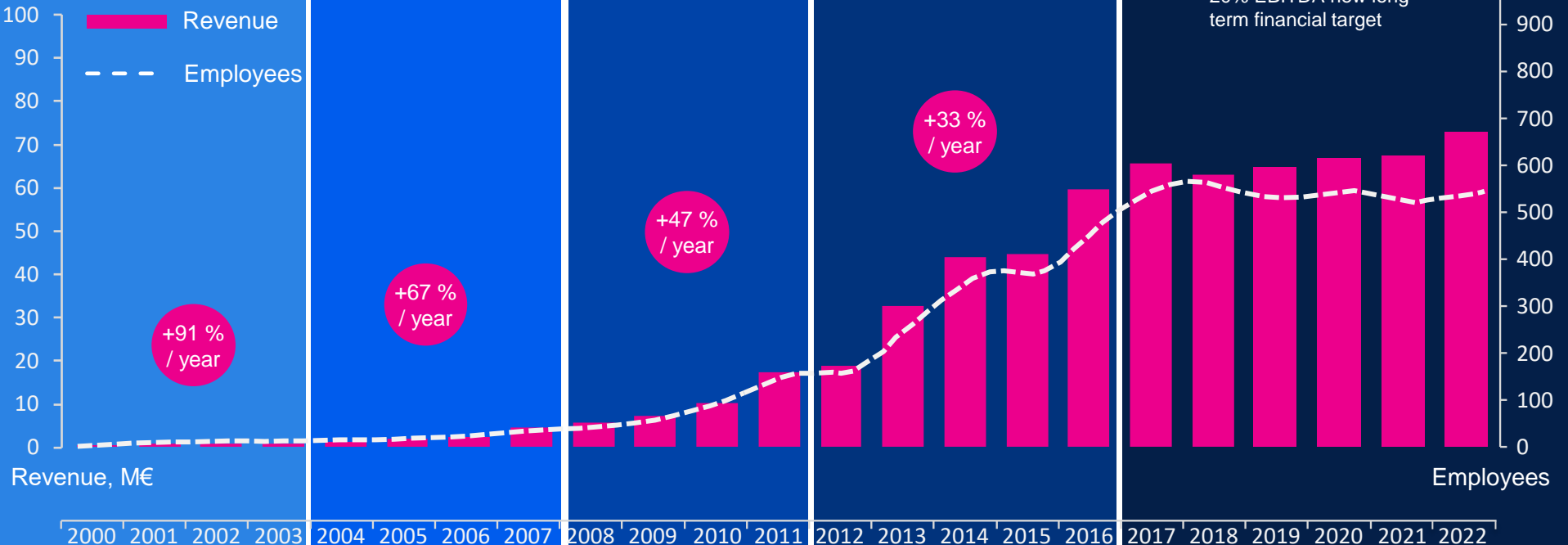
- CRM, BI and case management included in the offering
- Reverse IPO, NASDAQ Helsinki

#1 Microsoft-based Provider in the Nordics

- Cloud transition
- Several acquisitions in the Nordic countries

#1 Provider of Cloud Solutions and Digital Transformation in the Nordics

- Harmonizing offering across the Nordics
- 20% growth and 20% EBITDA new long-term financial target



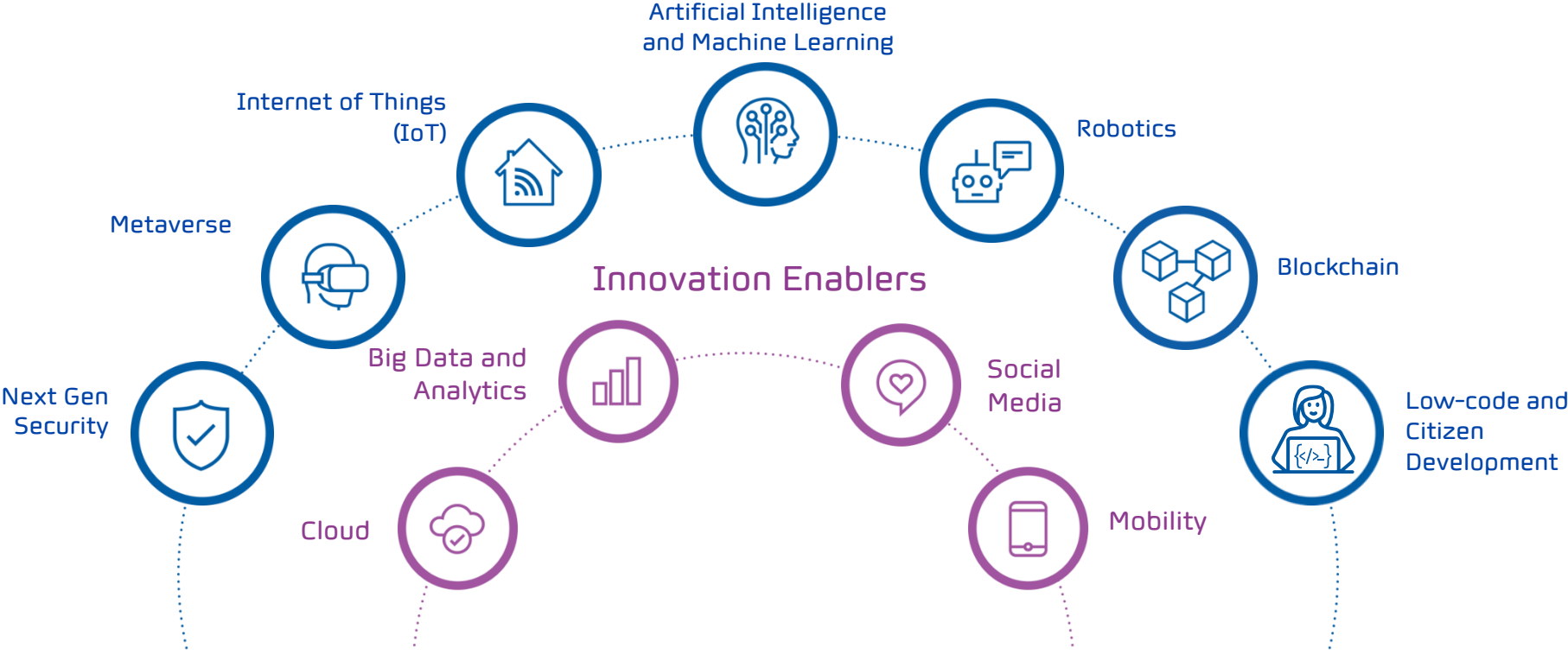
INNOFACTOR[®]

"Innovating to make
the world work
better."

Sami Ensio,
founder and CEO



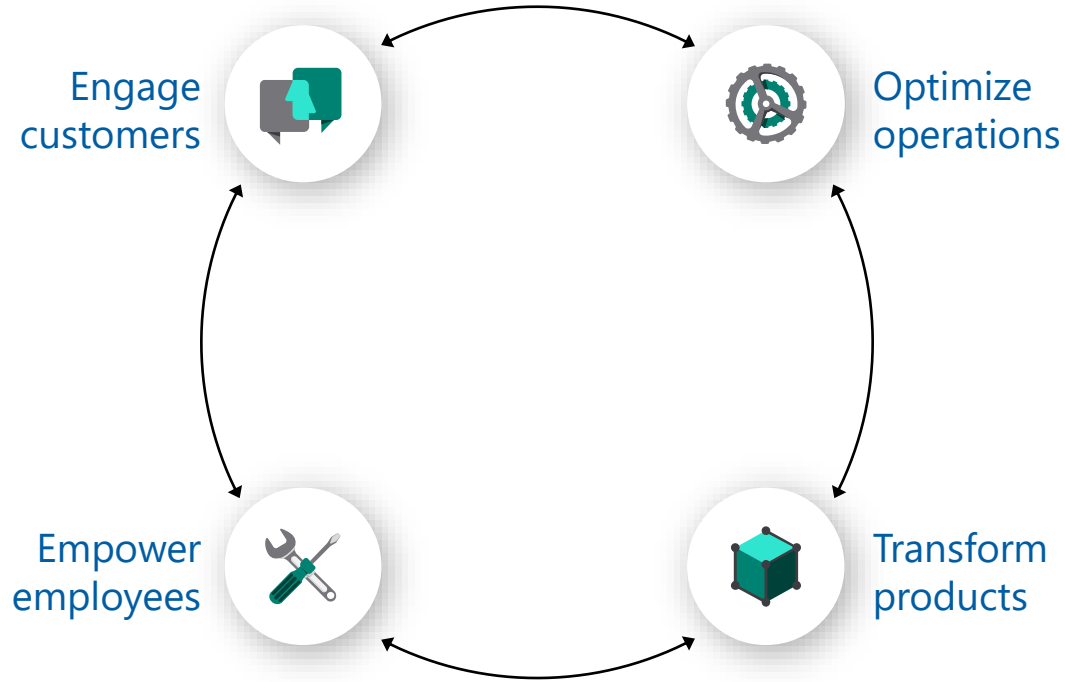
Key Trends Driving Innovation



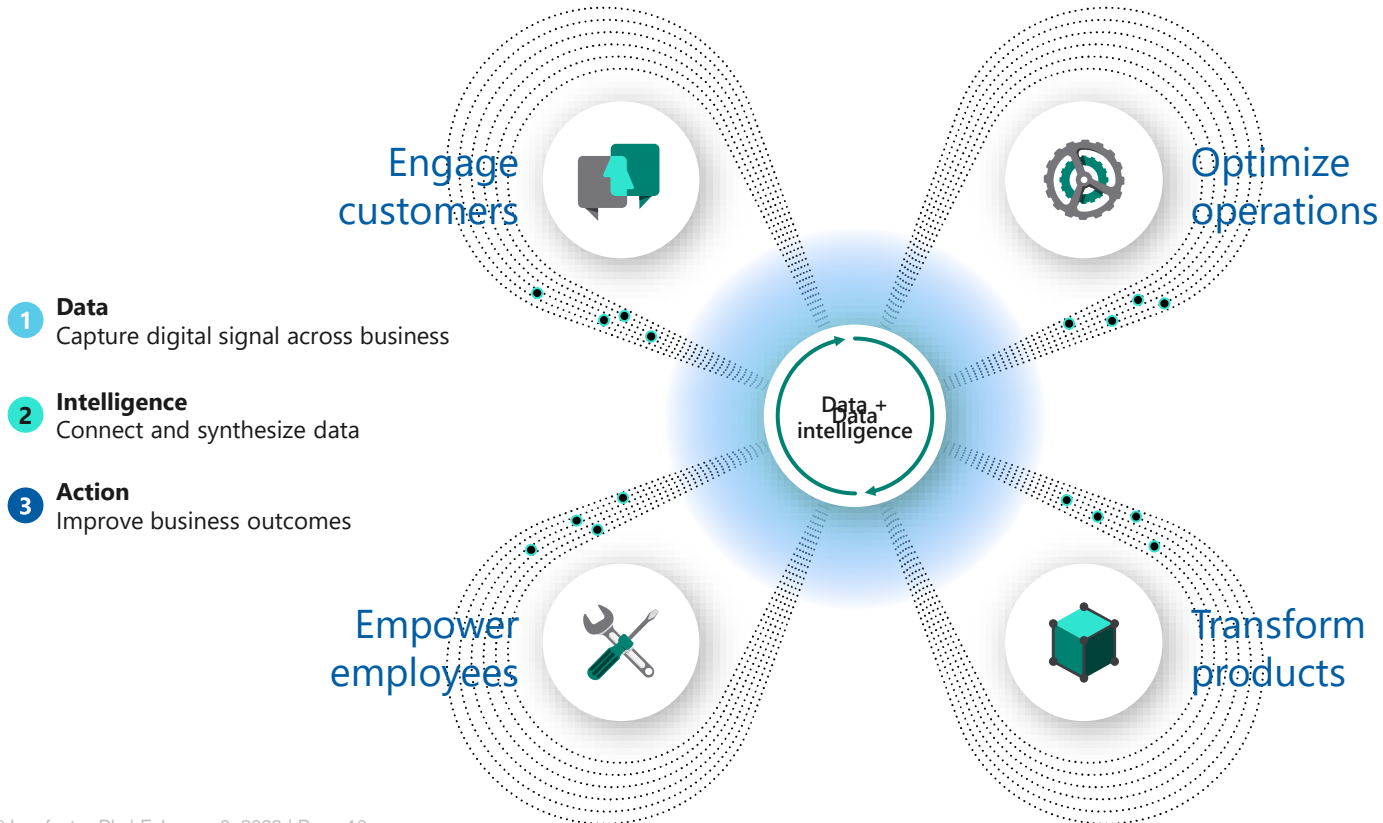
Our mission is to drive the modern digital organization.



Key Stakeholders of B-to-B Digital Transformation



Digital Feedback Loop



Innofactor Solution Offering

Modern Digital Organization
Framework and Innofactor's
6 solution areas

Microsoft Solutions Partner
Infrastructure
Azure

Microsoft Solutions Partner
Digital & App Innovation
Azure

Microsoft Solutions Partner
Data & AI
Azure

Microsoft Solutions Partner
Security

Microsoft Solutions Partner
Modern Work

- Windows and SQL Server Migration to Microsoft Azure Advanced Specialization
- Modernization of Web Applications to Microsoft Azure Advanced Specialization
- Microsoft Modern Work Adoption and Change Management Advanced Specialization
- Microsoft Identity and Access Management Advanced Specialization

Digital Services

We enable you to turn business models and processes into easy-to-use digital services and provide you with continuous agile development capabilities through a long-term partnership

Cloud Infrastructure

We help you to design, implement and operate secure and scalable cloud platforms to grow your digital business.

Business Solutions

We help you build business agility by optimizing your digital business capabilities with intelligent business applications.

Data and Analytics

We help you to build a scalable data platform that enables data-driven decision-making leveraging AI, Advanced Analytics, BI, Master Data Management, Real-time Analytics and IoT.

Information and Case Management

We help you with information work and document management in the hybrid world, ranging from formal and standardized case and records management to informal teamwork and collaboration

Cybersecurity

We help you adapt to the fast-changing cybersecurity landscape and proactively build trust to make the benefits of a digital world available for everyone.

#ModernDigitalOrganization

Innofactor Solution Offering

Modern Digital Organization Framework and Innofactor's 6 solution areas

We've built a framework for a modern digital organization. We use it to help our customers build clarity and determine their current state and then form a vision and roadmap for their next steps in digitalization and new technology adoption based on their objectives.

Our framework covers all aspects of digitalization and is split in six solution areas.

We help our customers to successfully plan, deploy and implement new business models, processes and solutions in each area to move forward on their journey to becoming a modern digital organization.

We focus on the Microsoft ecosystem's Business-to-Business solutions whose markets are growing faster than the IT market on average.

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 and Project Management

Data and Analytics

Data Platform
Analytics and BI
Enterprise Performance Management
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 Assessments
Cloud Security Consultancy
Identity and Access Management | IAM
Detect and Respond

#ModernDigitalOrganization



The background image shows three people in an office environment. On the left, a man with glasses and a blue patterned shirt is looking towards the center. In the middle, a man with a beard and a blue patterned shirt is looking at a laptop. On the right, a woman with brown hair is smiling and looking towards the center. A white process flow diagram is overlaid on the image, consisting of five white boxes with blue text and arrows pointing from left to right. The boxes are titled 'Storyboard', 'Foundation', 'Implementation and Delivery', 'Adoption', and 'Managed Services and Continuous Development'. Each box contains a brief description of the corresponding stage.

Storyboard

Evaluating the customer's current state and helping them shape the digital vision for their organization

Foundation

Defining the structure and governance needed to implement new solutions

Implementation and Delivery

Developing, tailoring and deploying the solution based on proven concepts and platforms

Adoption

Focusing on ensuring that the organization and users adopt the new solution so that its benefits are fully realized

Managed Services and Continuous Development

Ensuring the solution is continuously managed and developed and meets the organization's future needs

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, an IT architect at Alecta. He is a middle-aged man with short, graying hair and a beard, wearing glasses, a light purple button-down shirt, and a dark grey suit jacket. 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



"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

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.



HUS

COVID-19 Apps Help Identify Infections and Trace Exposure

The Hospital District of Helsinki and Uusimaa (HUS) is the largest health care operator and the second largest employer in Finland. HUS has 24 member municipalities and consists of five hospital areas: Helsinki University Central Hospital, Hyvinkää, Lohja, Porvoo and West Uusimaa. HUS is responsible for the most challenging specialized medical care in Finland and in charge of the nationwide treatment and research of a number of rare and severe illnesses. HUS employs about 27,000 professionals.

Since 2015, Innofactor has been involved in the Health Village project coordinated by HUS. The Health Village is a public online service for specialized medical care, produced in cooperation with specialists, in other words HUS personnel and solution suppliers, as well as patients. The service makes health care services available to anyone, regardless of their place of residence. The project has been developed in cooperation with all the university hospital districts of Finland, and since early 2021 the insight accrued in the project has also been used in an international EU project.

In 2020, the significance of digital services in health care increased even more due to the COVID-19 pandemic, and the demand for e-consultations, chatbots and chat services grew considerably. Innofactor has been involved in projects such as the development of a Coronabot for the Health Village online service, helping users identify symptoms, assess the likelihood of a COVID-19 infection and find a testing location, if necessary. The bot offers easy assistance to citizens who are worried about their symptoms. Consultations at HUS can be carried out remotely, offering the patients treatment despite COVID-19. In addition to developing the Coronabot and solutions for tracing those exposed to COVID-19, Innofactor maintains a COVID-19 vaccination appointment app and a digital FINENTRY service that makes it easier for those arriving in Finland to get tested for COVID-19.



“The COVID-19 pandemic has provided unprecedented proof of the importance of functional, digital solutions in health care. The COVID-19 apps have made it easier for patients to seek treatment and for our professionals to more efficiently help our patients. HUS wants to be at the forefront of development, and this development is enabled by our IT partners, such as Innofactor.”

Sirpa Arvonen

Lead of eHealth Services
HUS IT Management, eHealth Services



Ullensaker Municipality

A Cloud Platform for a Modern Municipality

The Norwegian Municipality of Ullensaker has more than 40,000 inhabitants with approximately 21% of the population born outside of Norway. Norway's most important and largest international airport is also located in the municipality. Ullensaker is the fastest-growing municipality in Norway, which has brought certain challenges. The rapidly growing young population expected to see more modern digital services and the municipality had to respond to this by quickly improving and developing its social infrastructure.

Wanting to take a novel approach, Ullensaker municipality decided to establish an innovation and digitalization unit. After a comprehensive assessment of the needs and opportunities as well as decisions made by other municipalities, Ullensaker made a bold choice on its new IT strategy in June 2019. It decided to build all of its future IT services in the cloud to avoid the burden associated with the use of old technologies. This enables a futureproof IT environment that is seamlessly integrated into the development and delivery of the municipality's services. During the process, it became clear that the execution of the chosen strategy would require updating the organization's internal knowhow as well as external cloud expertise. In February 2020, Ullensaker chose Innofactor as its project implementation partner based on the company's extensive experience with Microsoft technologies and cloud services.

The Innofactor Virtual Data Center (VDC) concept, which takes advantage of Microsoft Azure cloud services and the latest IaC (Infrastructure as Code) practices, provided Ullensaker with a solid foundation for the development of its new cloud platform. The Innofactor Virtual Data Center (VDC) concept provided Ullensaker with a solid foundation for the development of its cloud platform. Ullensaker and Innofactor started a partnership to develop reference architecture that features data protection, identity management and unit processing practices tailored specifically to the needs of the local government sector. By early 2021, Innofactor was already in the process of moving the existing platform and applications to the cloud platform.

"Transitioning to the cloud helps our innovation efforts and makes us sleep better at night. I was also impressed by the comprehensive documentation of all decisions, Innofactor's unique cloud expertise and, last but not least, the speed of implementation. We could never have achieved this so quickly without Innofactor's help."

Camilla Ukkestad
Project Manager
Ullensaker Municipality

Innofactor® TeamsMate™

More efficient and productive use of Microsoft Teams

Many organizations have been forced to quickly move to a state of wide-spread remote work. At the same time, the use of collaboration solutions has increased. Unfortunately, the rapid rate of change has also led to a lack of control and collectively agreed-upon usage practices.

Innofactor TeamsMate makes using Microsoft Teams easier and allows IT departments to manage it effectively. The SaaS solution includes features that make it possible to automatically create teams based on the organization's naming practices as well as functionality related to team lifecycle management, for example. Launched at the beginning of 2021, the solution is continuously developing and new useful features are added all the time.



Innofactor® DataSight™

Make decisions cost-effectively based on data instead of intuition

Most organizations feel that they are not adequately using all of the data that is of central significance to their operations. At the same time, the amount of data available in internal, external, and open sources continues to grow.

Innofactor DataSight is a cost-effective packaged analytics solution that enables data-driven decision-making for the entire organization through clear reports and real-time data compiled from key sources.

It is based on more than three years of development as well as our understanding of the analytics needs of multinational service business. Significant focus has been placed on the usability of reports to ensure that key conclusions based on data are quickly accessible to the management. Our strong expertise in Microsoft platforms enables the quick deployment of the solution in organizations that use Microsoft Dynamics 365 based CRM and ERP solutions, for example. The solution will be available throughout the Nordic region in 2021.

Innofactor® Dynasty™

Market leader in information and case management in Finland

Dynasty 10 is a versatile software suite for information management processes of any size. Processes can be flexibly modified to meet the needs of different fields of operations, which makes Dynasty a suitable case management tool for both municipal and state administration.

During its 30 years of existence, Dynasty has been continuously developed to match the customers' needs. In the new Dynasty 10, the experience and competence that Innofactor has acquired from its 300+ customers in municipal and state administration comes together with modern user-oriented software design.

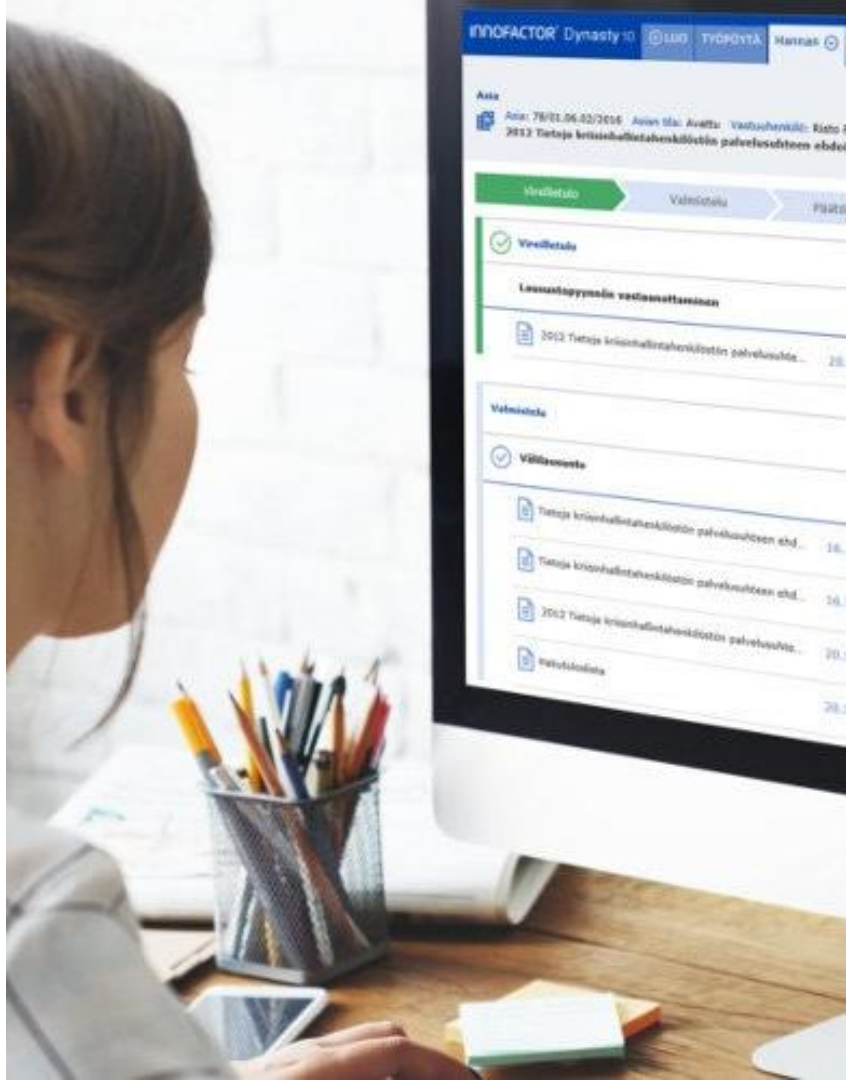
Dynasty's main functionalities include information and document management, case management, the management of agreements and decisions by office-holders and administrative bodies, meetings, contract management, transaction and publication services, electronic signature and archive.

Microsoft awarded Innofactor as ISV Partner of the Year 2021 in Finland. The award focused on Innofactor Dynasty it is a demonstration of Innofactor's long-term software development and comprehensive work to promote the digitalization of Finnish organizations.



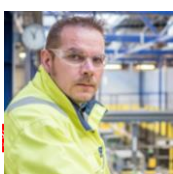
THE NATIONAL ARCHIVES
OF FINLAND
SÄHKE2 certificate

eAMS-system
Operational information system
Archiving



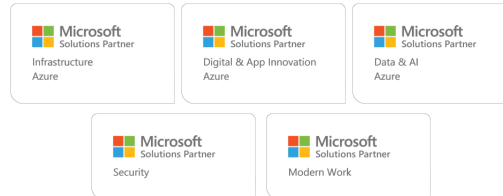
We Create Innovations with Our Leading Customers

Over 1,000 Commercial and Public Sector Customers

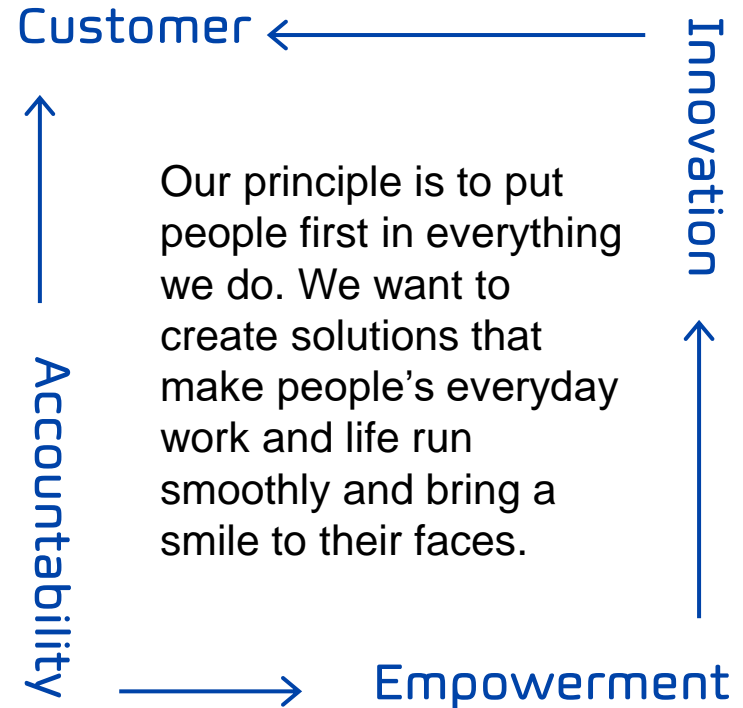
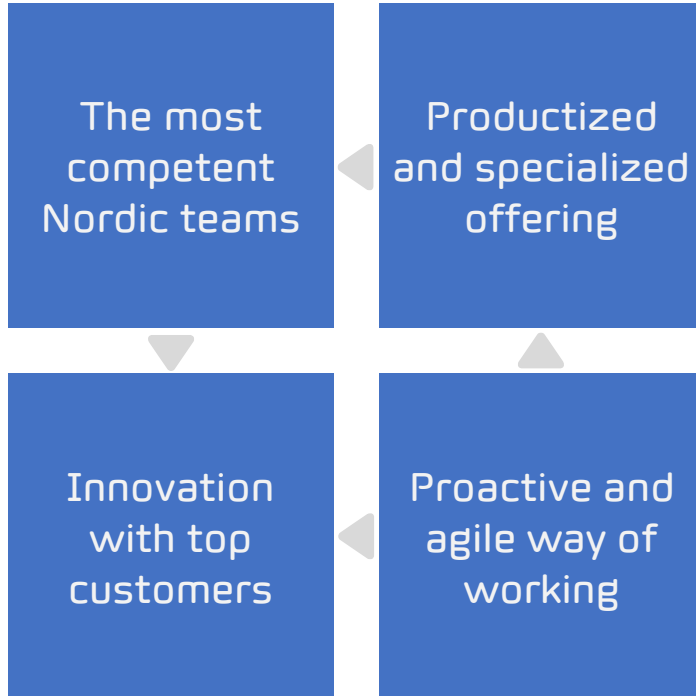




Our aim is to become the leading Nordic digital transformation partner in the Microsoft ecosystem.



Strategic choices, working principle and values



Executive Board of Innofactor Group



Jørn Ellefsen, Country Manager for Norway and Denmark

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

Vesa Syrjäkäri, EVP, Business Dev. and Operational Excellence

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

Martin Söderlind, Country Manager for Sweden

B.Sc.(Not finished). Employed by Innofactor as of April 1, 2021. Born in 1971. Ownership 10,000 shares.

Anni Pokkinen, Chief People Officer

M.Sc. (Econ.) Employed by Innofactor since 2015. Born in 1988. Ownership 21,000 shares.

Markku Puolanne, CFO

B.Sc. (Econ.). Employed by Innofactor since 2019. Born in 1973. Ownership 30,000 shares.

Janne Heikkinen, Executive Vice President, Products and Services

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

The Board of Directors of Innofactor Plc



Heikki Nikku

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

Risto Linturi

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

DI. Innofactorin perustaja, toimitusjohtaja ja hallituksen jäsen vuodesta 2000. Syntynyt 1971. Omistus 5 722 013 osaketta.

Innofactor's Founder and CEO

Sami Ensio, born 1971, M.Sc. (Tech.)

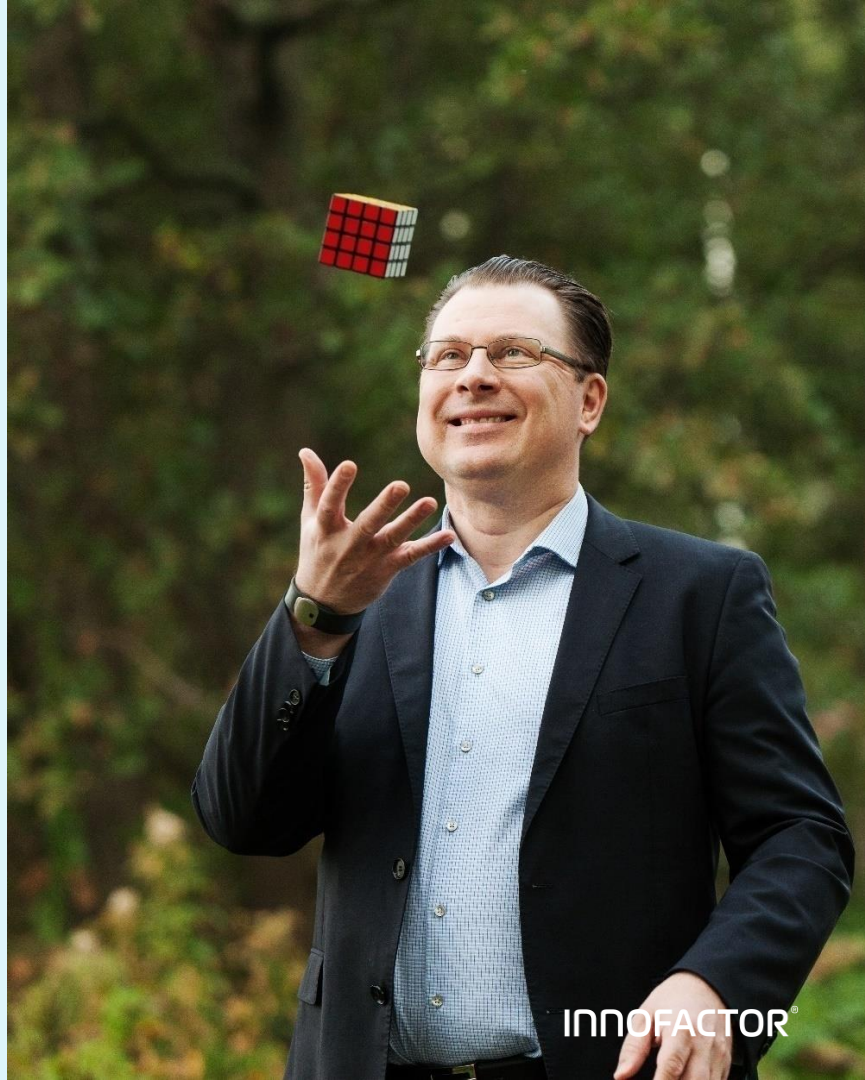
Founder and CEO of Innofactor. Previously member of the Omnitele Management Team. Several positions of trust in the Federation of Finnish Technology Industries and Confederation of Finnish Industries, for example, Vice Chairman of the Federation of Finnish Technology Industries.

Sami Ensio's specialties include solid and comprehensive know-how of the software industry as well as strategic and operational leadership and managing profitable growth. Sami Ensio was, for example, selected Software Entrepreneur of the year by the Finnish Software Entrepreneurs Association.

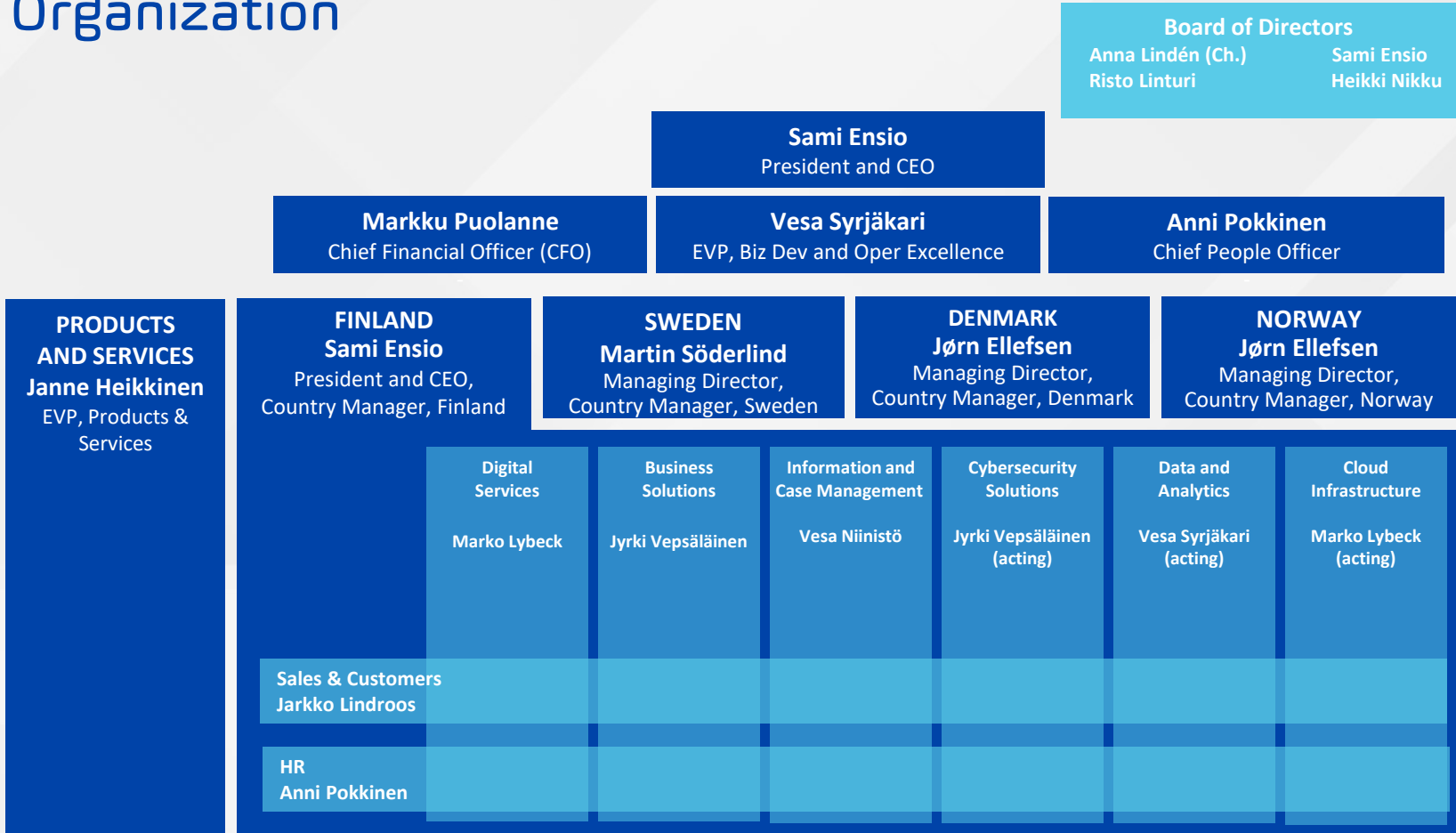
Education: Master of Science (Technology), technical physics, Helsinki University of Technology (Aalto University), legal studies at the University of Helsinki and general business studies at University of California, Los Angeles UCLA.

Shareholding: about 7.9 million shares (circa 21%)

More information: <https://fi.linkedin.com/in/ensio>

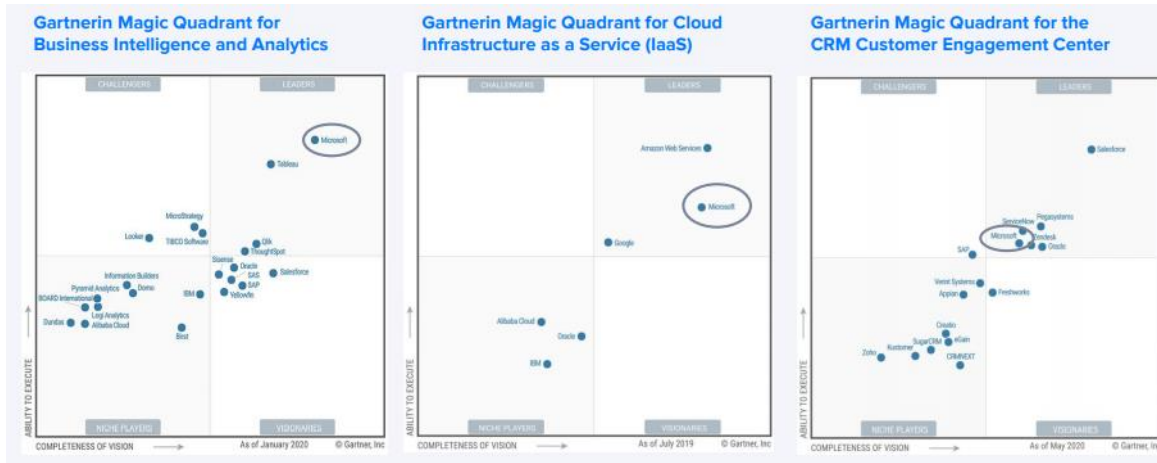


Organization



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.

Kasvaa kokonaismarkkinaa nopeammin

>0%

>0%

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%



Financial Information

INNOFACTOR®

Q4/2022 Results

Innofactor's Q4 net sales grew by 17.1 percent and exceeded EUR 20 million for a single quarter for the first time in the company's history

Net sales in the fourth quarter of 2022 were a record-high EUR 20.5 million, representing year-on-year growth of 17.1 percent. Net sales increased in Finland (in spite of a non-recurring deduction of approximately EUR 0.4 million recognized in the net sales of Q4/2022 due to uncertainty concerning receivables related to previously recognized net sales).

The operating margin (EBITDA) grew by 57.1 percent year-on-year and came to EUR 2.6 million (12.7 percent of net sales). In the fourth quarter of 2022, EBITDA was positive in all of Innofactor's operating countries.

The order backlog at the end of the quarter was EUR 75.8 million (2021: 72.8), representing an increase of 4.1 percent compared to the same time in the previous year.

Revenue

20.5 M€

Growth +17,1%
vs.
Q4/2021

EBITDA

12.7%
2,6 M€

Growth +57,1%
vs.
Q4/2021

Order Backlog

75.8 M€

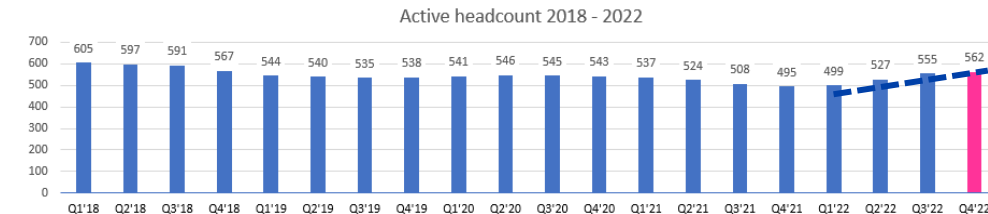
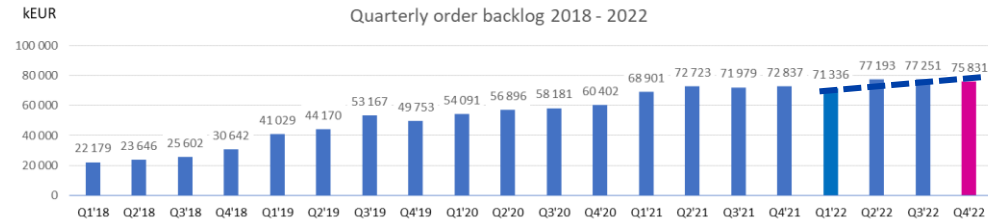
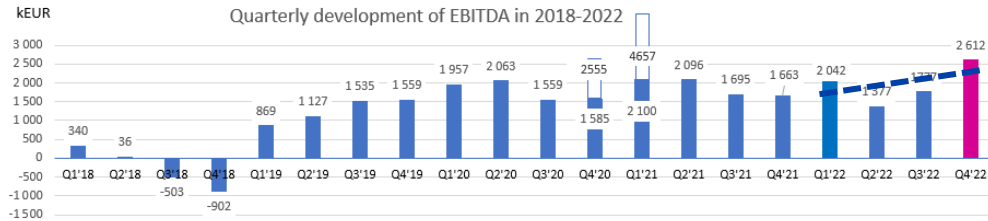
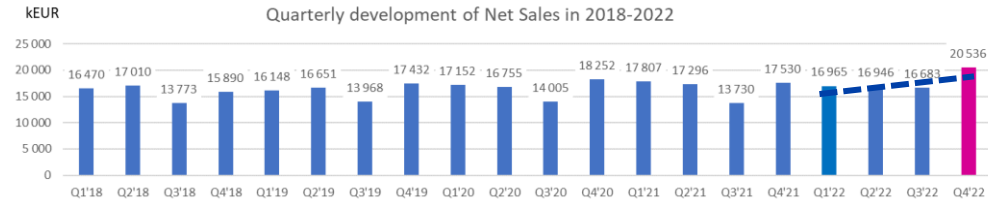
Growth +4.1%
vs.
Q4/2021

2022 actuals

Selected KPIs

	2022	2021	Change (%)	CEO's comment
Net Sales (kEUR)	71,130	66,634	+7.2 %	<i>" Net sales for the full year 2022 reached a record high of EUR 71.1 million, representing year-on-year growth of 7.2 percent. Of the growth, approximately EUR 3.0 million (4.6%) was organic, excluding the Invenco acquisition, net sales from the Prime business in 2021 and the non-recurring deduction of approximately EUR 0.4 million recognized in the net sales of Q4/2022 due to uncertainty concerning receivable in an individual project "</i>
EBITDA (kEUR)	7,808	10,111 (7,554)	-22.8% (+3.4%)	<i>"The operating margin (EBITDA) was EUR 7.8 million (11.0 percent of net sales). We achieved good business growth in Finland, Norway and Denmark in 2022, and profitability was also at a good level in those countries. Unfortunately, net sales in Sweden declined again in 2022 and profitability was in the negative, although the operating margin for the latter two quarters of the year was positive."</i>
Order Backlog (kEUR)	75,831	72,837	+4.1 %	<i>" The order backlog at the end of the quarter was EUR 75.8 million (2021: 72.8), representing an increase of 4.1 percent compared to the same time in the previous year."</i>
Equity Ratio (%)	44.8 % (49.2 %)*	51.1 % (54.7%)*	-12.3 %	<i>"Innofactor's operating cash flow for the review period January 1–December 31, 2022, amounted to EUR 6.7 million (2021: EUR 8.9 million). Cash flow in 2021 was increased by the capital gain of approximately EUR 2.6 million from the sale of the Prime business. The equity ratio in 2022 was reduced by a loan of approximately EUR 2.5 million taken in relation to the Invenco Ltd acquisition. Innofactor's strong operating cash flow supports the company's strategic goal of profitable growth and securing a solid financial standing in all situations."</i>

Increased revenue is typically reflected immediately in EBITDA

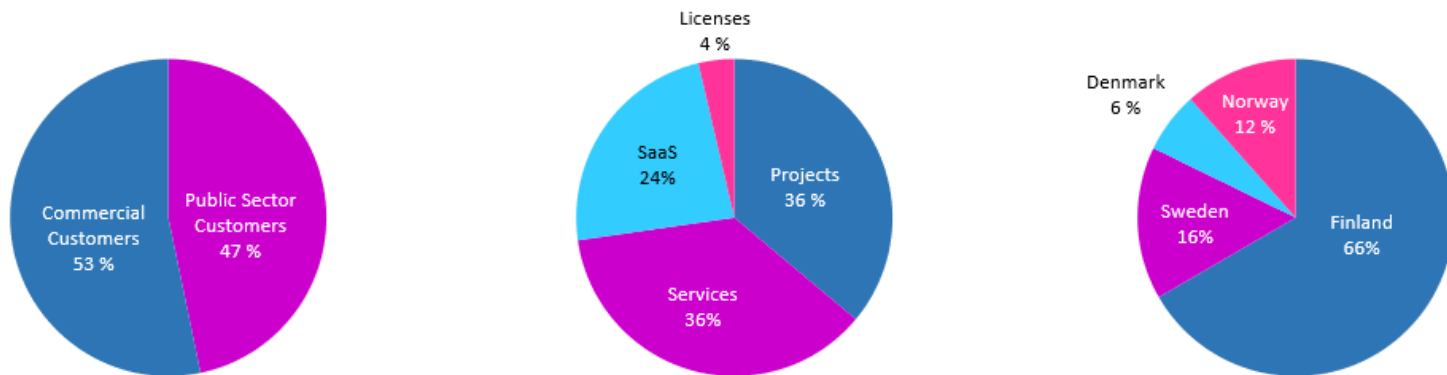


Increased order backlog effects the revenue typically with 1 to 2 quarter delay...

... and also requires the number of employees growing to deliver the new deals received

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

Distribution of net sales January 1 to December 31, 2022



- Strong customers in public and private sectors bring stability in economic fluctuations
- 10 largest customers account for approximately 27% of net sales
- SaaS and license revenue bring competitive advantage, scalability, stability and profitability
- 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	Oct 1–Dec 31, 2022	Oct 1–Dec 31, 2021	Change	Jan 1–Dec 31, 2022	Jan 1–Dec 31, 2021	Change
Net sales, EUR thousand	20,536	17,530	17.1%	71,130	66,364	7.2%
Growth of net sales	17.1%	-4.0%		7.2%	0.3%	
Operating result before depreciation and amortization (EBITDA), EUR thousand	2,612	1,663	57.1%	7,808	10,111	-22.8%
percentage of net sales	12.7%	9.5%		11.0%	15.2%	
Operating profit/loss (EBIT), EUR thousand*	1,805	523	244.9%	4,751	6,519	-27.1%
percentage of net sales*	8.8%	3.0%		6.7%	9.8%	
Earnings before taxes, EUR thousand*	1,678	330	407.7%	4,178	5,730	-27.1%
percentage of net sales*	8.2%	1.9%		5.9%	8.6%	
Earnings, EUR thousand*	1,328	297	347.3%	3,320	4,504	-26.3%
percentage of net sales*	6.5%	1.7%		4.7%	6.8%	
Order backlog	75,831	72,837	4.1%	75,831	72,837	4.1%
Net gearing	50.0%	30.9%		50.0%	30.9%	
Net gearing without IFRS 16	30.0%	18.1%		30.0%	18.1%	
Equity ratio	44.8%	51.1%		44.8%	51.1%	-12.3%
Equity ratio without IFRS 16	49.2%	54.7%		49.2%	54.7%	
Active personnel on average during the review period**	562	495	13.5%	536	516	3.9%
Active personnel at the end of the review period**	564	500	12.8%	564	500	12.8%
Earnings per share (EUR)	0.0363	0.0080	352.3%	0.0907	0.1208	-24.9%

*) In accordance with IFRS 3, the operating result for October 1–December 31, 2022, includes EUR 55 thousand (2021: 74) and in January 1–December 31, EUR 277 thousand (2021: 464) in depreciation related to acquisitions, consisting of allocations of the purchase price to intangible assets.

***) The 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.

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.



Realization of the strategy in the review period 2022

- Target 1: Ca 20 percent yearly growth, mainly organic growth
 - Net sales increased by 7.2 percent compared to the previous year. Organic growth was 4,6% (excluding the Invenco acquisition, net sales from the Prime business in 2021 and the non-recurring deduction of approximately EUR 0.4 million recognized in the net sales of Q4/2022 due to uncertainty concerning receivable in an individual project). H2/2022 growth was 19.1%.
 - The EUR 75.8 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 year 2023.
- Target 2: Ca 20 percent EBITDA
 - EBITDA was 11.0 percent of revenue, decreasing by 22.8 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 increase would have been 3.4 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 6.7 million, decrease of 24.3 % and equity ratio at the end of review period was 44.8 percent (decrease 12.3%).
 - 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.


The key actions to be taken to achieve growth of approximately 20 percent and EBITDA of approximately 20 percent

- 1. We will improve the efficiency of our operations and increase our invoicing rate by five percentage points.** This will be achieved by, for example, improving the management of project and service contracts, enhancing the cross-resourcing of personnel between countries and units, reducing employee turnover and developing our self-directed team models.
- 2. We will increase the share of licenses and SaaS services to over 33 percent of net sales from the current level of approximately 28 percent.** This will be achieved by, for example, developing our offering, such as the new MDRaaS service (CSOC) and by focusing our sales efforts on customers and solution areas with the highest growth potential and that present the best opportunities for scaling our existing offering in each of the Nordic countries.
- 3. We will increase the number of employees engaged in invoiced services.** This will be achieved by, for example, doubling our recruitment of new university graduates to over 60 employees in 2023, concentrating the recruitment of senior professionals to our Nordic recruitment team, increasing the competence of our employees through certifications, reducing employee turnover, improving the efficiency of subcontracting and investing in the development of our employer brand.
- 4. We will become an even more proactive player in the Nordic M&A field.** This will be achieved by, for example, through the internal reorganization of operations, emphasizing the role of country directors in actively seeking new potential acquisition targets in their respective countries.



Dividend Distribution

- According to the policy, the aim of the Board of Directors is
 - to pay a dividend regularly each year
 - 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
- Board of directors proposes that
 - distribute repayment of capital amounting to **EUR 0.06** per share
- In addition Board of directors proposes that
 - To authorize the company's Board of Directors to decide on a potential extra dividend and repayment of capital of maximum EUR 2,459,293 (**EUR 0.06** per share taking into account the share issue authorization proposed to the Board of Directors)



Innofactor's net sales and operating margin (EBITDA) in 2023 are estimated to increase from 2022, during which net sales were EUR 71.1 million and operating margin was EUR 7.8 million.



Other Issues

Stock Exchange Releases in Q4/2022

- On December 7, 2022, Innofactor issued a stock exchange release announcing that the Board of Directors of Innofactor Plc had, on the date in question, **decided on a directed share issue for the company's management. The directed share issue is carried out with the shares held by the company.** The decision on the transfer of the shares has been made on the basis of the authorization given by the General Meeting of Innofactor Plc on 31 March 2022. The share issue deviates from the shareholder's pre-emptive subscription right. The share issue is carried out in order to engage the commitment of the company's management, which means that there is an important financial reason for the deviation. **A total of 50,000 shares held by the company will be transferred to the company's management at the price of EUR 1.00 per share.** The basis for determining the transfer price is the volume-weighted average share price in October 2022 in public trading organized by NASDAQ Helsinki Oy. After the transfer, Innofactor Plc will hold 1,073,045 of its own shares.
- On 22 December 2022, Innofactor issued a stock exchange release announcing that the **Finnish Defence Forces Logistics Command** has selected Innofactor in a public procurement competition as the provider of an **information management system solution (PVASIA) and related services. The system will be based on Innofactor's Dynasty product family.** The procurement comprises an integrated solution of information management, task management, case management, document management, electronic signature and information search services. The service agreement will be valid for six years, after which the maintenance agreement can be continued with four two-year options for a maximum of eight years. According to the release published on the website of the Ministry of Defence, **the total value of the procurement, excluding VAT, is EUR 22 million.**

Key points from CEO's review

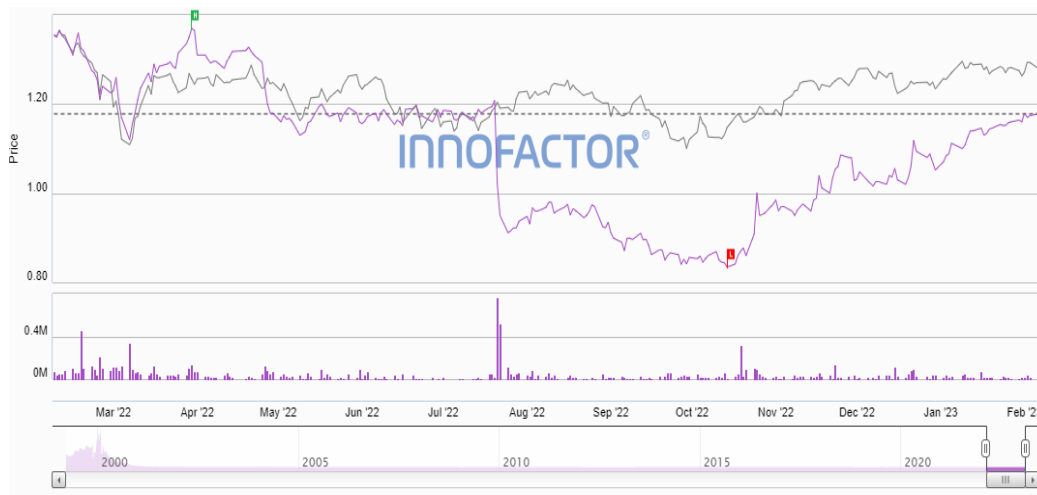
- **Net sales:** Net sales in the fourth quarter of 2022 were a record-high EUR 20.5 million, representing year-on-year growth of 17.1 percent. Net sales for the full year 2022 reached a record high of EUR 71.1 million, representing year-on-year growth of 7.2 percent.
- **EBITDA:** . In the fourth quarter of 2022 the operating margin (EBITDA) grew by 57.1 percent year-on-year and came to EUR 2.6 million (12.7 percent of net sales)., EBITDA was positive in all of Innofactor's operating countries.
- **Order backlog:** The order backlog at the end of the quarter was EUR 75.8 million (2021: 72.8), representing an increase of 4.1 percent compared to the same time in the previous year.
- **Acquisition:** In June 2022, Innofactor acquired Invenco Ltd, a company that specializes in data and analytics. We see significant growth opportunities in the area of data and analytics in Finland, and we now pursue these opportunities together with the leading professionals who joined us as part of the Invenco acquisition. Invenco was a long-term Microsoft partner with approximately 50 employees, of whom 35 are senior data professionals. Invenco's annual net sales were approximately EUR 6 million and its EBITDA was approximately 5 percent of net sales.

Largest shareholders December 31, 2022

Name	Number of shares	% of share capital
1. Ensio Sami	7,895,773	21.12%
<i>Sami Ensio</i>	<i>5,722,013</i>	<i>15.30%</i>
<i>Minor under guardianship</i>	<i>724,588</i>	<i>1.94%</i>
<i>Iiris Ensio</i>	<i>724,586</i>	<i>1.94%</i>
<i>Minor under guardianship</i>	<i>724,586</i>	<i>1.94%</i>
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>	<i>489,107</i>	<i>1.31%</i>
<i>Linturi Kaija Anneli</i>	<i>430,000</i>	<i>1.15%</i>
<i>Linturi Risto Erkki Olavi</i>	<i>337,304</i>	<i>0.90%</i>
4. Laiho Rami Tapani	875,406	2.34%
5. Ärje Matias Juhanpoika	854,253	2.28%
6. Mäki Antti-Jussi	613,725	1.64%
7. Tilman Tuomo Tapani	538,538	1.44%
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. Mandatum Life Insurance Company Limited	247,104	0.66%
13. Kukkonen Heikki-Harri	218,606	0.58%
14. Puolakka Petri Yrjö Emil	202,511	0.54%
15. Laiho Jari Olavi	200,371	0.54%
16. Kannisto Jaakko Mikael	193,281	0.52%
17. Varsio Jussi Ilari	190,000	0.51%
18. Mäkinen Antti Vilho Juhani	168,000	0.45%
19. Saarnio Mikko Markus	138,000	0.37%
20. <u>Muurinen Hannu Olavi</u>	<u>125,750</u>	<u>0.34%</u>
Total	17,130,483	45.81%



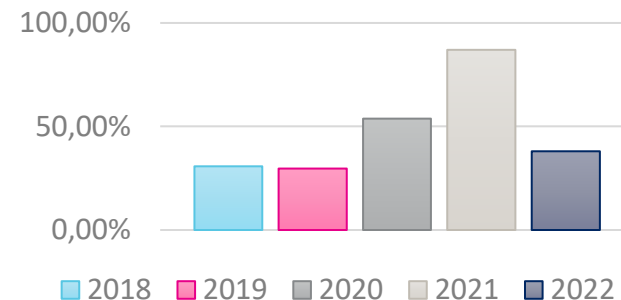
Innofactor Share Price Development and Turnover (Closing Feb 7th, 2023 at €1.18)



Share Price Development

Beginning of 2022	+12,17%	Year highest 2022	1.54 EUR
1 year change	- 12,92%	Year lowest 2022	0.83 EUR
3 year change	+61,64%		
5 year change	+38,82%	Target price Inderes	1.00 EUR
10 year change	+145,83%	Target price Evli	1.25 EUR

Turnover in % compared total amount of shares



In public trading during the period of January 1–December 31, 2022, a total of 14,193,868 shares were traded (2021: 32,546,031), which corresponds to 38.0 percent (2021: 87,0%) of the average number of shares in the said period. During the period January 1–December 31, 2022, there were 37,388,225 shares on average (2021: 37,388,225). The share trading volume decreased by 56.4 percent compared to the corresponding period in 2021.

Additional Information

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

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INNOFACTOR®

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Q

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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®