



Innofactor Interim Report Q4/2020

February 18, 2021 Sami Ensio, CEO

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Innofactor's Business

Driving the Modern Digital Organization
in the Nordic Countries

INNOFACTOR®

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

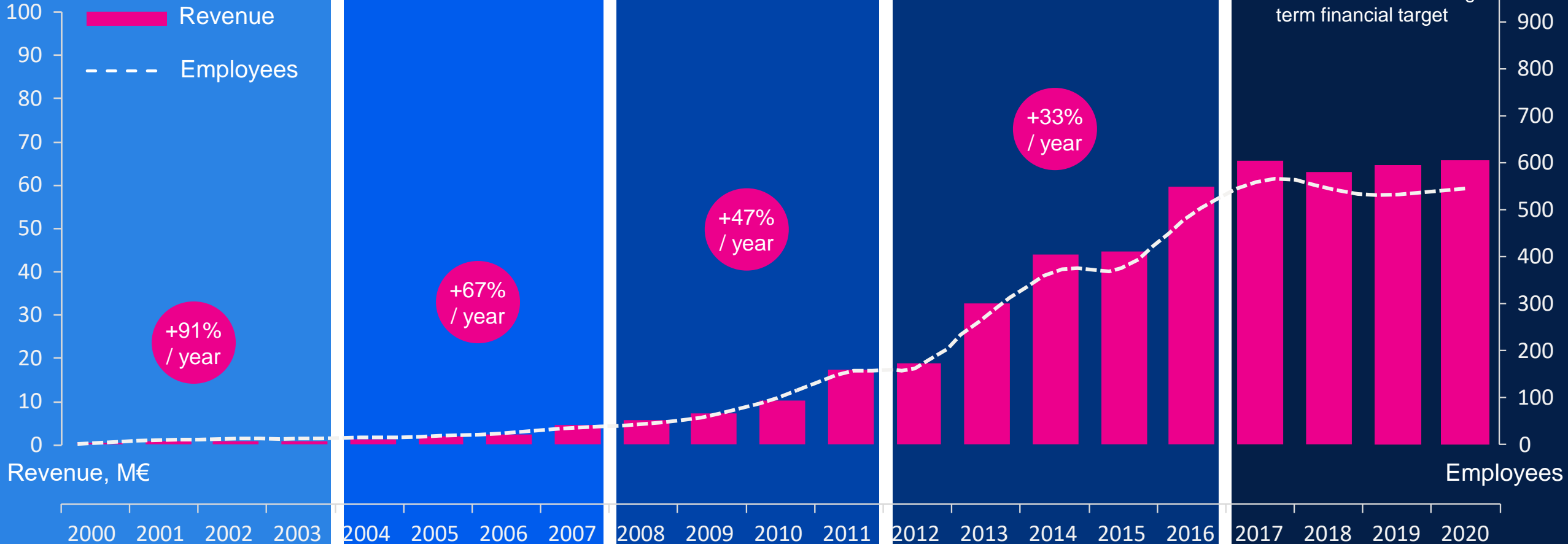
- CRM, BI and case management included in the offering
- Reverse IPO, NASDAQ Helsinki

#1 Microsoft-based Provider in the Nordics

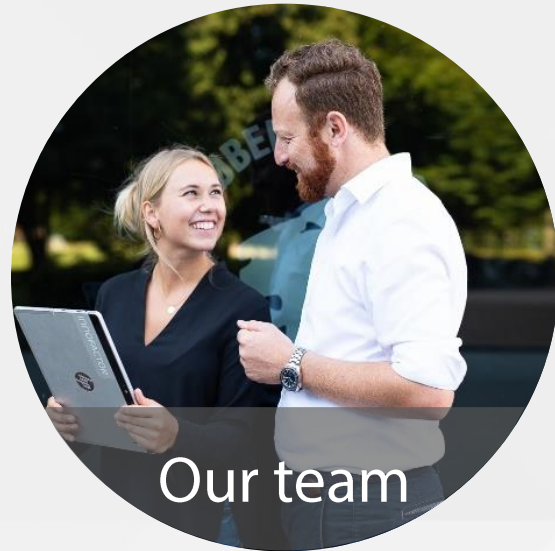
- Cloud transition
- Several acquisitions in the Nordic countries

#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

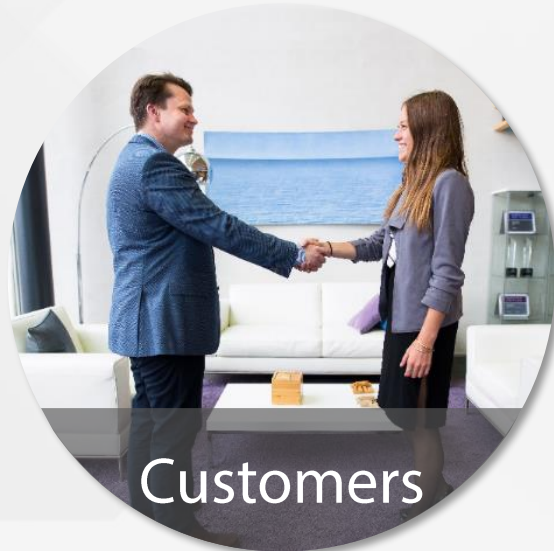


Innofactor – Leading Nordic driver of Modern Digital Organization



Our team

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



Customers

- 1000+ Nordic customers
- Strong industry knowledge in private, public and membership-based organizations



Company

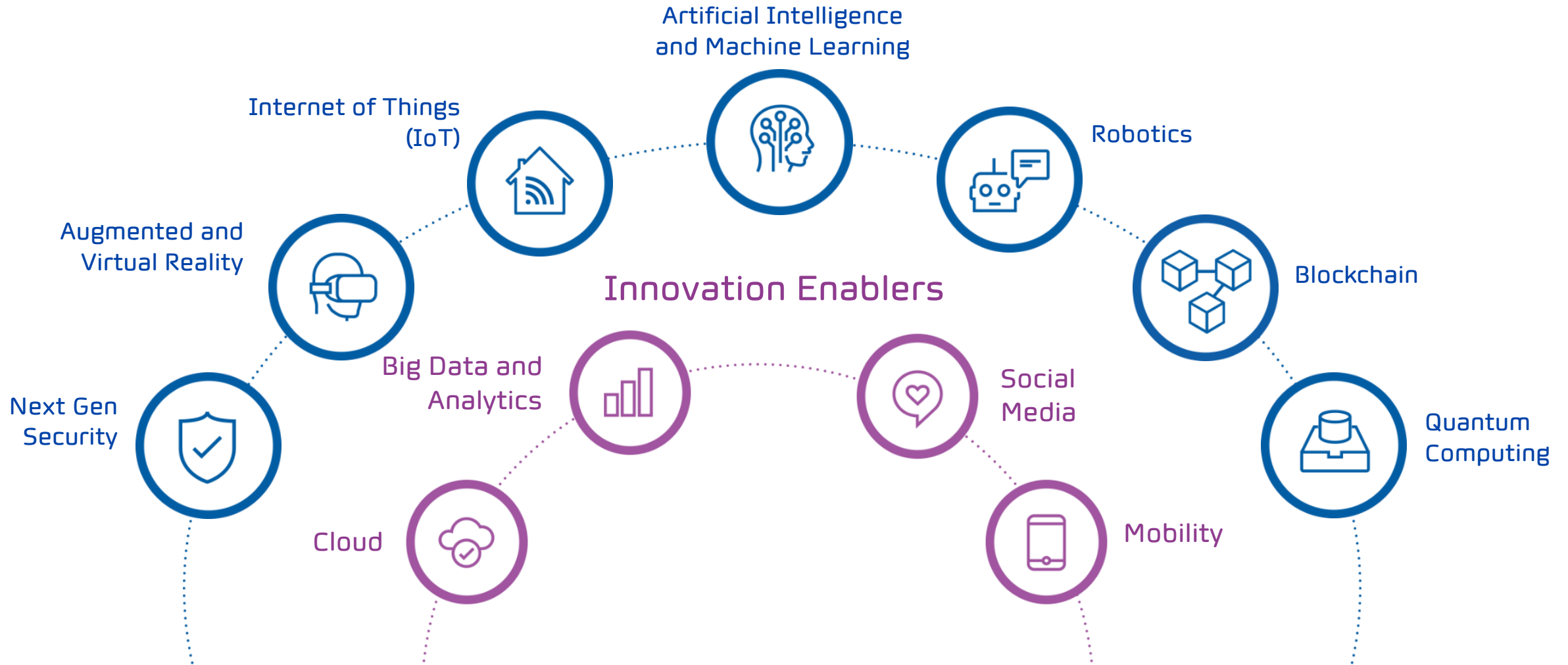
- Revenue 66+ MEUR and EBITDA 10+% (2020)
- 14 offices in Nordic countries
- Listed in Helsinki Stock Exchange (NASDAQ Helsinki), 11 000+ shareholders

Microsoft Partner

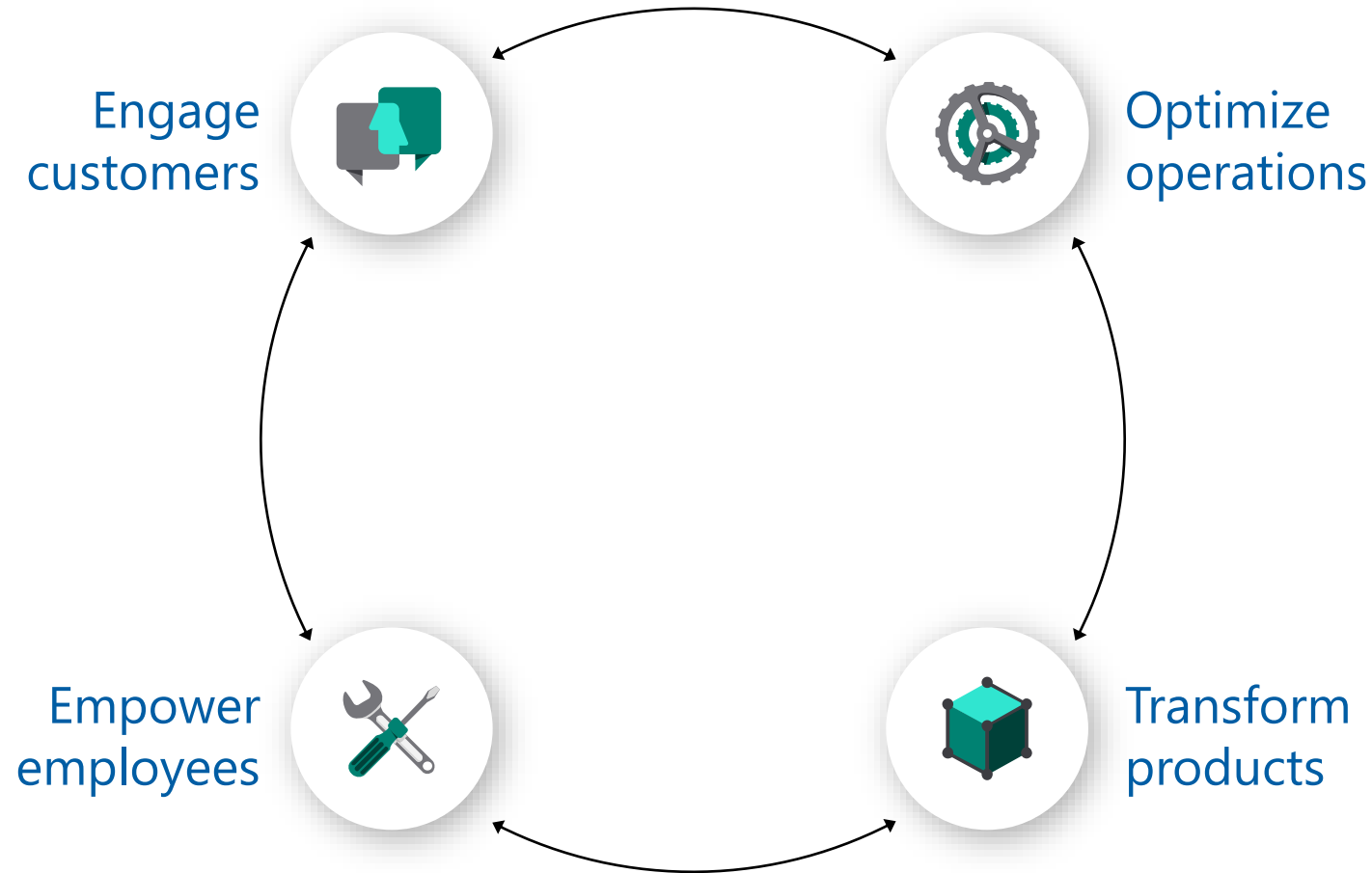


- Gold Application Development
- Gold Application Integration
- Gold Cloud Customer Relationship Management
- Gold Cloud Platform
- Gold Cloud Productivity
- Gold Collaboration and Content
- Gold Customer Relationship Management
- Gold Data Analytics
- Gold Data Platform
- Gold Datacenter
- Gold Enterprise Mobility Management
- Gold Enterprise Resource Planning
- Gold Identity and Access
- Gold Project and Portfolio Management
- Gold Windows and Devices

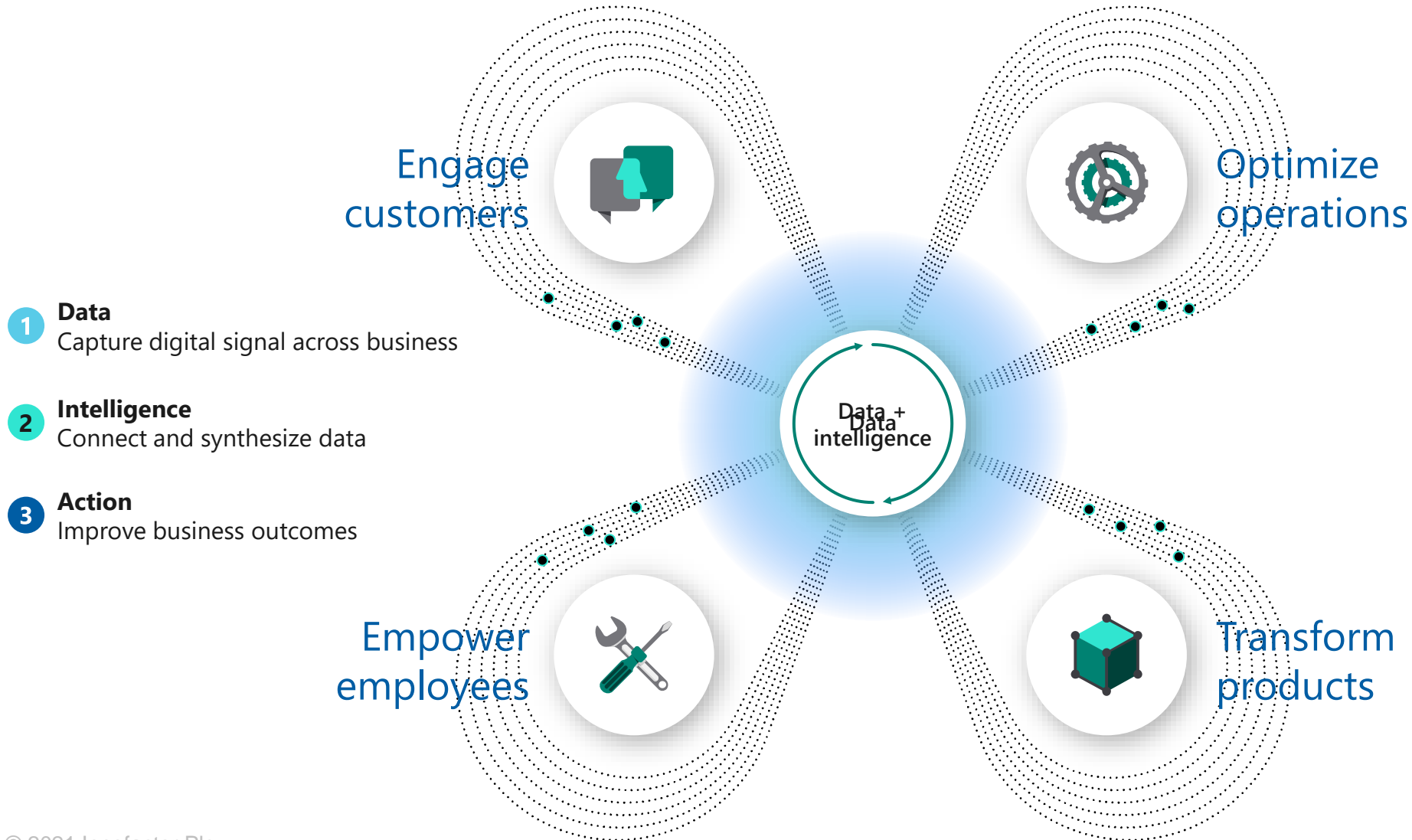
Key Trends Driving Innovation



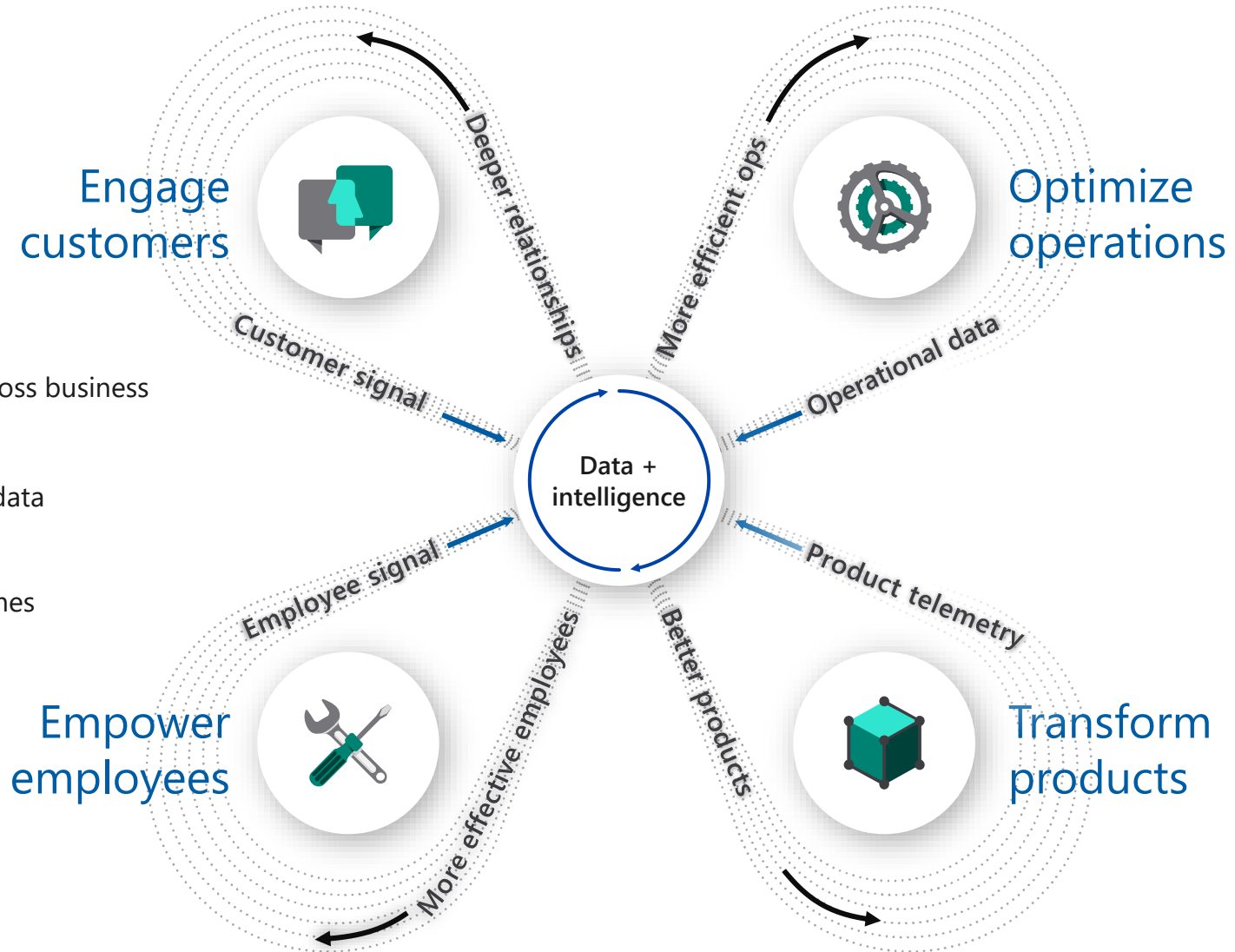
Key Stakeholders of B-to-B Digital Transformation



Digital Feedback Loop



Digital Feedback Loop



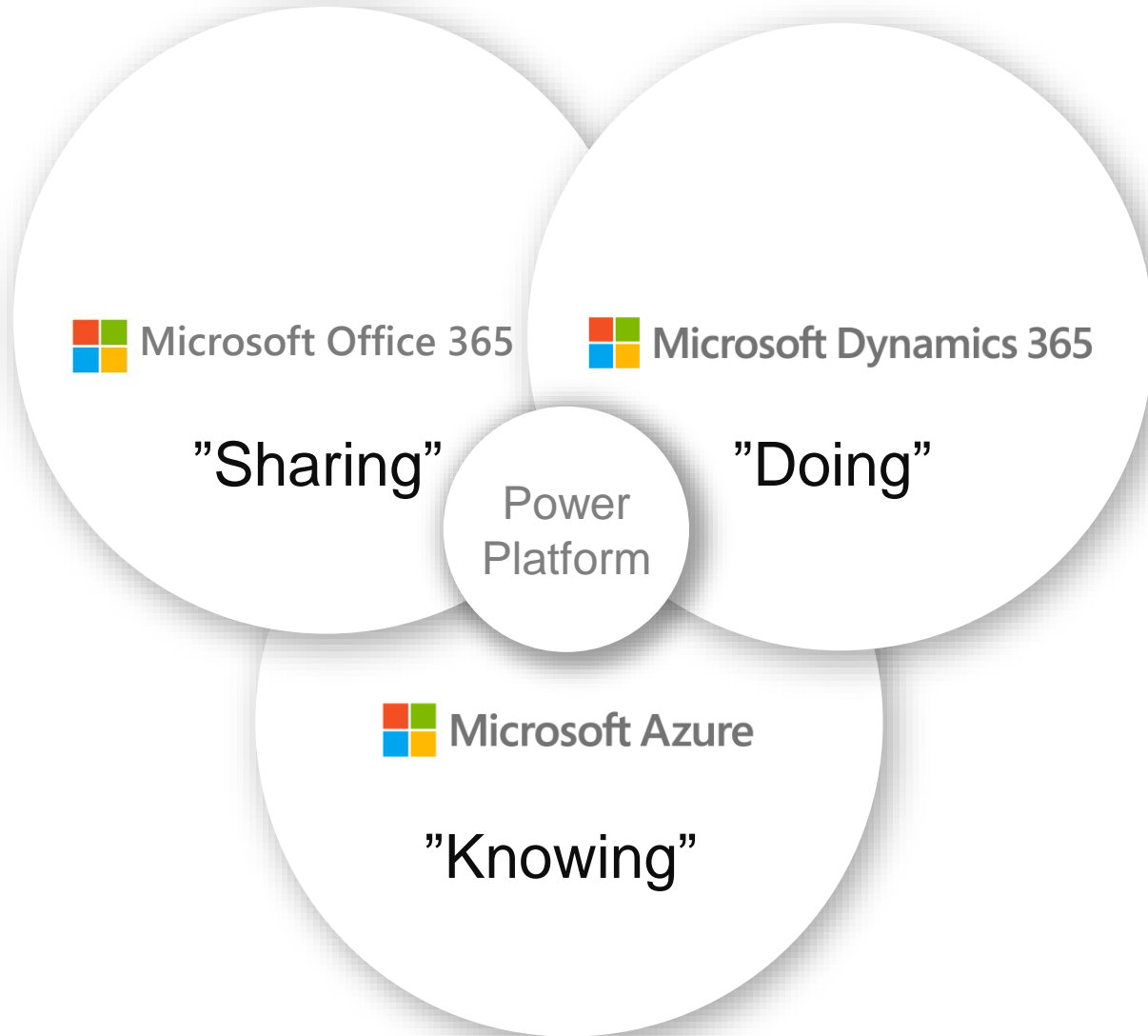
- 1 Data**
Capture digital signal across business
- 2 Intelligence**
Connect and synthesize data
- 3 Action**
Improve business outcomes

Everything Goes to Cloud

Intelligent business applications

Productivity and collaboration

Open, flexible, enterprise-grade cloud computing platform



Our Mission: Driving the Modern Digital Organization



Driving the
Modern
Digital
Organization



We Help Our Customers to Build a Modern Digital Organization



Our Solutions and Services for Building a Modern Digital Organization and Drive Customers' Growth



Our Delivery Model for Successful Design, Implementation and Adoption of Cloud Solutions to Maximize Customer Lifetime Value



Customer Experience Journey – Engage your customer digitally in a way that's most convenient for them

Digital Operations Journey – Create business value, accelerate innovation and increase productivity by digitalizing your operations

Employee Experience Journey – Empower your employees through personal engagement and modern collaboration tools

Secure Cloud Journey – Successfully design, implement and utilize cloud services and build a secure, scalable cloud platform

Data-Driven Business Journey – Empower your leadership and employees to make better decisions leveraging advanced analytics and AI

We Create Innovations with Our Leading Customers

1000+ Commercial, Public Sector and Membership-based Customers



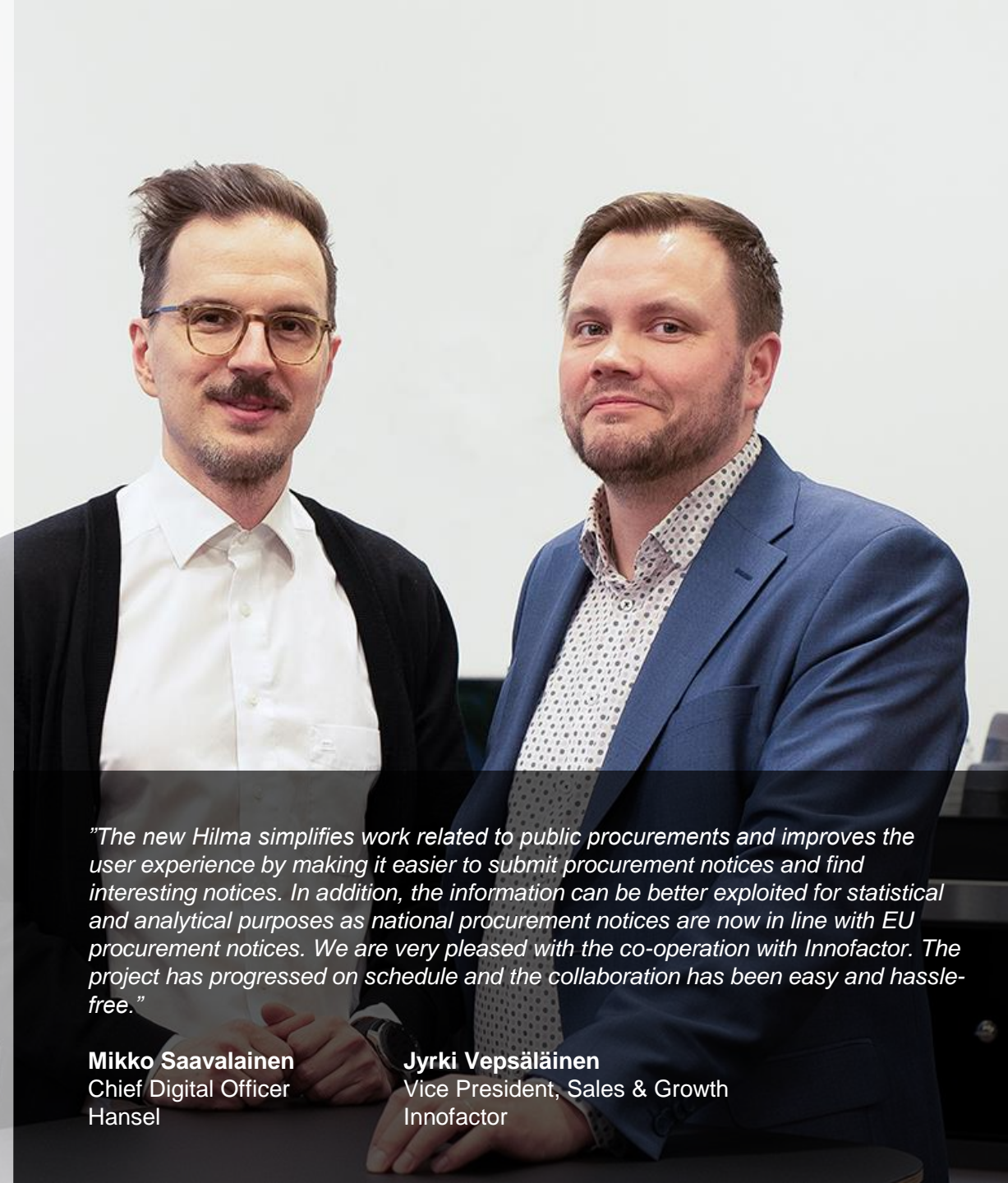
Hansel

Hilma, the Online Notices Channel for Public Procurement – a More User-Friendly Service for Both Procurers and Bidders

Hansel Oy is a joint public procurement unit responsible for tendering, making and maintaining comprehensive public procurement contracts in Finland. In addition, Hansel is responsible for marketing contracts to customers in co-operation with contracting suppliers. Hansel has a total of approximately 90 ongoing framework agreements and dynamic procurement systems, with approximately 500 contracting suppliers selected through competitive tendering. Since 2015, Hansel has been responsible for the government's e-tendering service. Hansel employs around 100 people.

Hilma (www.hankintailmoitukset.fi) is an online channel for notices on public procurement where procurement units publish notices on public tendering procedures. Companies get real-time information on ongoing tenders and advance information on upcoming tenders from Hilma. There was a need to overhaul the Hilma service, because the service, which has been in use since 2007, had become technically obsolete. In addition, the functions of the service needed to be modernized. Hansel has been commissioned by the Ministry of Finance to carry out the modernization of Hilma.

In December 2018, Hansel selected Innofactor as the supplier of the reform through a public procurement competition. Innofactor's agile solution is based entirely on modern Azure PaaS technologies and it was implemented using DevOps protocols. The new solution makes it easier than ever to publish new notices and find previously published ones. Help is available for choosing the right form, a previous notice can be selected as a template for a new notice and an already published notice can be edited. The bidder, on the other hand, can search for notices more conveniently and order notices matching their search criteria to be sent directly to their inbox. The service was launched in January 2020 and development is still ongoing.



"The new Hilma simplifies work related to public procurements and improves the user experience by making it easier to submit procurement notices and find interesting notices. In addition, the information can be better exploited for statistical and analytical purposes as national procurement notices are now in line with EU procurement notices. We are very pleased with the co-operation with Innofactor. The project has progressed on schedule and the collaboration has been easy and hassle-free."

Mikko Saavalainen
Chief Digital Officer
Hansel

Jyrki Vepsäläinen
Vice President, Sales & Growth
Innofactor

IF Metall

Process and System Improvement Using Microsoft Dynamics 365 with Azure

IF Metall is a union striving for gender equality with over 300,000 members working together for the right to a good and secure job. IF Metall operates in large parts of the Swedish industry, including the plastics, pharmaceutical, construction-material, steel, chemical and engineering industries. Almost 30 000 of the members are also elected as representatives, trade unionists, in the workplace. IF Metall consists of 35 departments to which members belong. A department is limited geographically by one or more municipalities and are locally supporting union activities. IF Metall works for the interests of its members and for a democratic and equal society.

Innofactor was selected by IF Metall to implement an optimal system solution for their membership management. Innofactor implemented a modern solution based on Innofactor-MMS (Member Management System) which is fundamentally based on Microsoft Dynamics technology. The solution is called FOKUS and has considerably improved their processes and gained maturity across the organization since it was implemented.

IF Metall wanted to streamline the handling of the members health and dental care fond module since it was conducted manually, in unsupported application and delivered by several suppliers. The new application should be able to seamlessly integrate to FOKUS and handle fund membership, fund fees, membership notification, fund payments and financial follow up. A key goal was to meet the needs of the various departments by creating parameter setting for each fund. The solution called FRISKUS was developed and implemented by Innofactor using Microsoft Dynamics 365 with Azure Service Bus and Azure Logic App. After customer acceptance, Innofactor carried out training sessions for the project reference group before Go-Live which was very appreciated by IF Metall. The FRISKUS application has initially been implemented at two departments and will be implemented in other departments according to a roll-out plan.

The project is considered to have been carried out in a very efficient way, meeting customer expectations, delivering on time, within budget targets and using the latest Microsoft Dynamics 365 technology. The FRISKUS solution does not only provide a flexible and general solution that meets current and future needs, but also has a major impact on the phase-out of legacy systems, consequently reducing IT-costs.



"FRISKUS is an important solution for IF Metall. We have now moved the administration of health and dental care into our core operations. We have simplified the process considerably and are now taking a first step into a cloud-based service. The collaboration with Innofactor worked very well, they were always close at hand when we were stuck or had questions."

Ronny Olsson
Process Owner
IF Metall

Tony Engvall
Project Manager
Innofactor

Wallenius Wilhelmsen

Wallenius Wilhelmsen ASA

Better Business Scalability with Microsoft Azure

Wallenius Wilhelmsen is a market leader in RoRo shipping and vehicle logistics, transporting cars, trucks, rolling equipment and breakbulk around the world. The company is up and running 24/7 and 365 days a year and it has 9500 employees in 29 countries. Wallenius Wilhelmsen ASA is listed on the Oslo Stock Exchange and it is headquartered in Lysaker, Norway.

As a global company, Wallenius Wilhelmsen needs to be able to scale their business geographically as well as volume-wise. The time to market is becoming critical as the time span is shifting from months and years to weeks and months. Wallenius Wilhelmsen wanted to modernize their application portfolio and its delivery platform to prepare for the future demands of the business. They see their Digital Transformation Program as a key lever of their business strategy in the up-coming years.

Wallenius Wilhelmsen chose Innofactor as their partner in the renewal process that has been worked on since 2015. Innofactor builds them a future proof digital platform, which works in Microsoft Azure. Six of Wallenius Wilhelmsen's physical data centers in UK, US and Singapore are transformed to Hyper Scale Cloud. Wallenius Wilhelmsen is currently undergoing a significant cloud transformation, but the benefits of it support the company's long-term goals. Cloud transformation enables faster market speed and better scalability in the future.

"We need a partner, who can design, implement and advise us throughout the entire process of moving to the cloud. Innofactor has helped them to be better prepared for the future IT requirements in the logistics business. The consultants at Innofactor are highly skilled, capable and easy to work with. In addition, they are very dynamic and flexible, if there are any last-minute changes from our side. Therefore, I would be pleased to serve as their reference."

Roopesh Das
SVP of Digital and IT
Wallenius Wilhelmsen ASA

Lars Løvf
Global Cloud Architect
Wallenius Wilhelmsen ASA

Our Purpose:

Innovating to make the world work better

Our Mission:

Driving the modern digital organization

Our Vision:

Leading Nordic digital transformation partner in the Microsoft ecosystem

Our Long-Term Financial Goals:

About 20% annual growth, about 20% EBITDA, positive cash flow and solid financial standing in all situations

Our Strategic Choices:



Our Values and Working Principle:



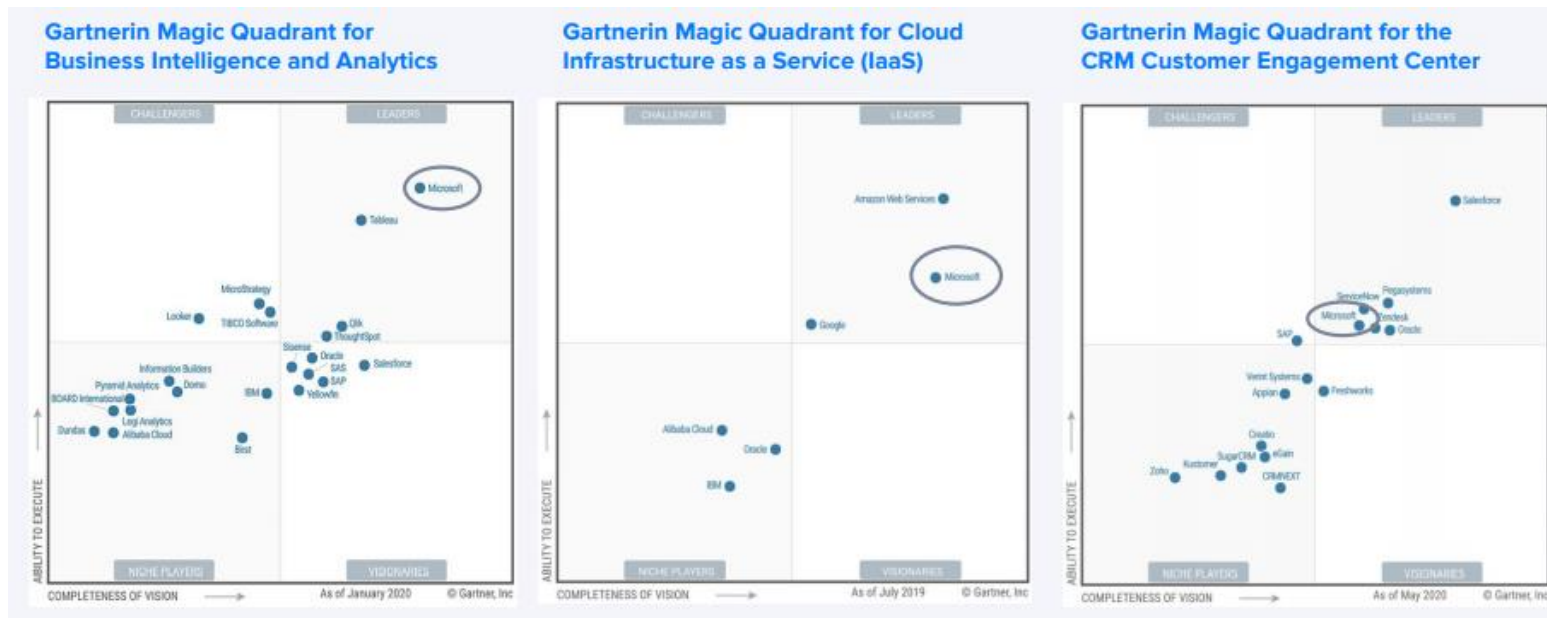
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Microsoft Has the Leading Ecosystem in Innofactor's Strategic Focus Areas

- 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, Cloudriven ja Proactive

* Source: IDC, internet

** Estimate Microsoft market share to approx. 40%

±0%

>0%

Organization

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

Sami Ensio
 President and CEO

Markku Puolanne
 CFO

Vesa Syrjäkari
 EVP, Biz Dev and Oper Excellence

N.N.
 Chief Innovation ja 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 Experience
Heikki-Harri Kukkonen
 Vice President

Business Productivity
Anu Pitkänen
 Vice President

Productized Solutions
Mikko Myllys
 Vice President

Customers
Jarkko Lindroos, Vice President

Sales
Jyrki Vepsäläinen, Vice President

HR
Anni Pokkinen, Acting

Board of Directors



Sami Ensio

Born in 1971, M.Sc. (Tech.)

Innofactor's founder and CEO since 2000. Several positions of trust in the Federation of Finnish Technology Industries and Confederation of Finnish Industries, e.g. Vice Chairman of the Federation of Finnish Technology Industries. Ownership with related parties: 7,880,237 shares.

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Anna Lindén, Chairman

Born in 1973, M. Pol.Sc.

VP of Enersense Plc since 2020. COO of Nokia's Mobile Networks business group until early 2019. Several management positions at Nokia since 1998. Extensive background in business leadership and information technology. Ownership with related parties: 66,906 shares.



Risto Linturi

Born in 1957, M.Sc. (Tech.)

Chairman of the Board of Sovolto. Programme Director of Aalto University's Radical innovations program 2004–2014. Previously Technology Director of Helsingin Puhelin (current Elisa). One of Finland's most prominent futurists. Ownership with related parties: 1,256,411 shares.



Pekka Eloholma,

Born in 1960, M.Sc. (Tech.)

CEO of Sitowise Oy as of August 15, 2019. CEO of Nebula 2014–2017 and CEO of Affecto 2006–2013. Former management positions in, for example, Setec, Siemens, FinnetCom, and Helsingin Puhelin (current Elisa). Chairman of the Board in LeaseGreen Group. Ownership: 83,589 shares.



Heikki Nikku

Born in 1956

President of CGI, Northern Europe Operations, in 2017–2019. Other management positions at CGI/Logica 2008–2017. Ownership: 14,000 shares.

Innofactor's Founder and CEO

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

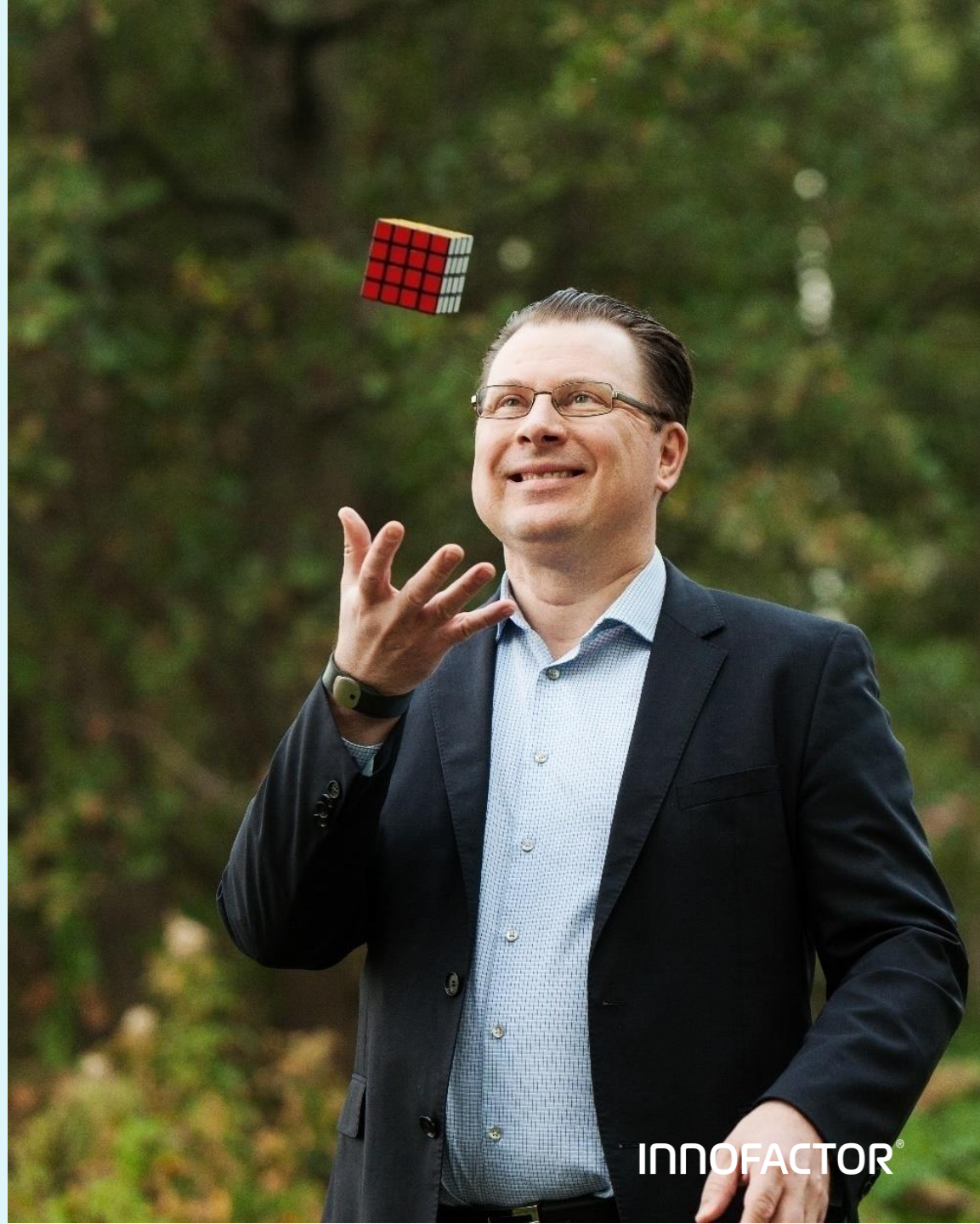
Founder and CEO of Innofactor. Previously member of the Omnitele Management Team. Several positions of trust in the Federation of Finnish Technology Industries and Confederation of Finnish Industries, for example, Vice Chairman of the Federation of Finnish Technology Industries.

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>



Group Executive Board



Sami Ensio, CEO

M. Sc. (Tech.) Founder, President and CEO, Country Manager, Finland, and board member. Born in 1971. Ownership with related parties: 7,880,237 shares.



Jørn Ellefsen

MBA. Managing Director, Country Manager, Norway. Employed by Innofactor since 2019. Born in 1971. Ownership: 75,000 shares.



Marcus Hasselblad

M.Sc. (Tech.) Managing Director, Country Manager. Employed by Innofactor since 2020. Born in 1968. Ownership: 0 shares.



Janne Heikkinen

M. Sc. (Tech.) EVP, Products and Services. Employed by Innofactor since 2015. Born in 1974. Ownership: 123,044 shares.



Markku Puolanne

B.Sc. CFO. Employed by Innofactor since August 2019. Born in 1973. Ownership: 10,000 shares.



Vesa Syrjäkari

M.Sc. EVP, Business Development and Operational Excellence. Employed by Innofactor since 2017. Born in 1960. Ownership: 60,000 shares.

Q4/2020 Results

Despite COVID-19 and an individual project write-down made in 2019, Innofactor achieved the highest net sales, EBITDA, and order backlog of its history in 2020

The net sales in the fourth quarter of 2020 were EUR 18.3 million, which shows an increase of 4.7 percent compared to the previous year. The net sales increased in Finland but continued to decrease in the other countries compared to the previous year, even though business in other countries did pick up towards the end of 2020.

In the last quarter of the year, the operating margin was subject to a final write-down and cost item of approximately EUR 1 million in total of a project conducted in Sweden in 2019, without which the operating margin would have been approximately EUR 8.1 million (12.3 percent of the net sales).

The order backlog grew to a new historic high, EUR 60.4 million, at the end of the quarter (2019: 49.8), which shows an increase of 21% compared to the same time in the previous year.

Revenue

18.3 M€

Growth +4.7%
vs.
Q4/2019

EBITDA

8.7% (14.0%)
1.6 M€ (2.6 M€)

Growth +1.7%
(+63.9 %) vs.
Q4/2019

Order backlog

60.4 M€

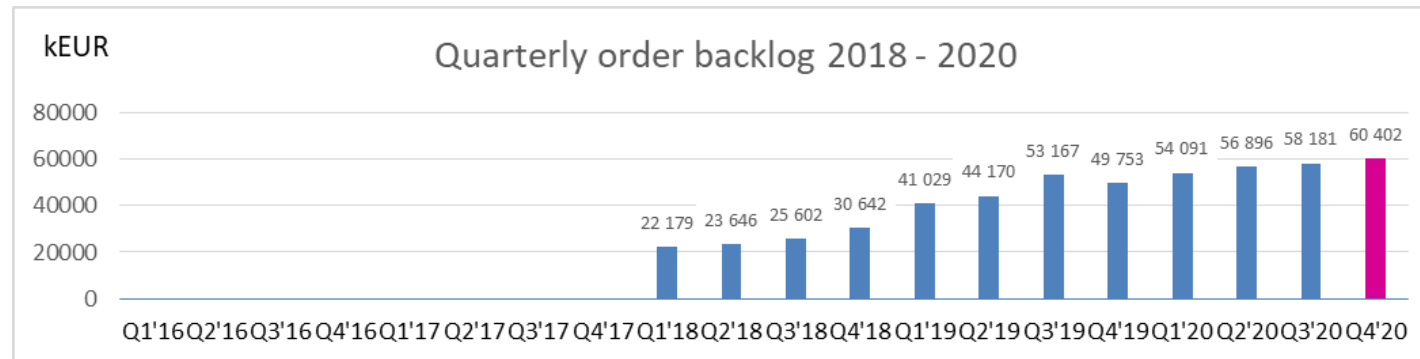
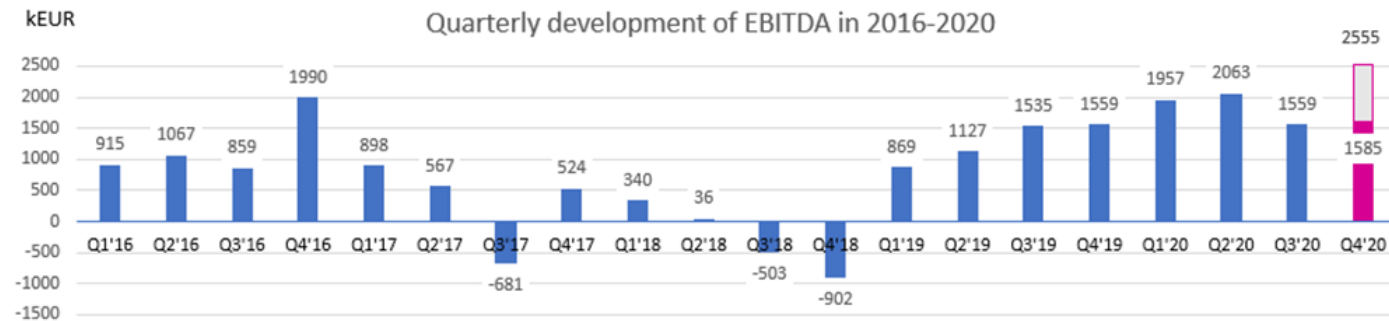
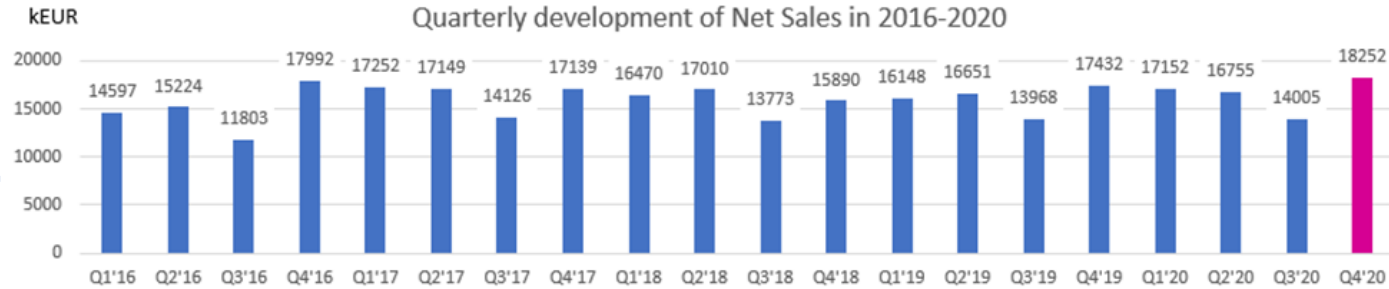
Growth +21.4%
vs.
Q4/2019

Q1-Q4/2020 Actuals

Selected Key Figures

	Q1-Q4 /2020	Q1-Q4 /2019	Change (%)	CEO's comment
Net Sales (kEUR)	66,146	64,198	+3.1%	<i>"The net sales in 2020 were a record-high EUR 66.2 million, which shows an increase of 3.1 percent compared to the previous year. The net sales per active employee were approximately EUR 121.6 thousand (2019: 120,2), which shows an increase of 1.2 percent."</i>
EBITDA (kEUR)	7,164 (8,134)	5,089	+40.8% (+59.8%)	<i>"The operating margin (EBITDA) improved by EUR 2.1 million from the previous year and was also a record-high figure, EUR 7.2 million (10.8 percent of the net sales). In the last quarter of the year, the operating margin was subject to a final write-down and cost item of approximately EUR 1 million in total of a project conducted in Sweden in 2019, without which the operating margin would have been approximately EUR 8.1 million (12.3 percent of the net sales).</i>
Order Backlog (kEUR)	60,402	49,753	+21.4%	<i>"The order backlog grew to a new historic high, EUR 60.4 million, at the end of the quarter (2019: 49.8), which shows an increase of 21% compared to the same time in the previous year.</i>
Equity Ratio (%)	42.2% (45.5%)	40.2% (44.0%)	+5.0%	<i>"The strong operating cash flow and financial position support Innofactor's strategic goal of profitable growth and securing solid financial standing in all situations, and makes acquisitions possible, if desired ."</i>

Quarterly Development of Innofactor Group Financials

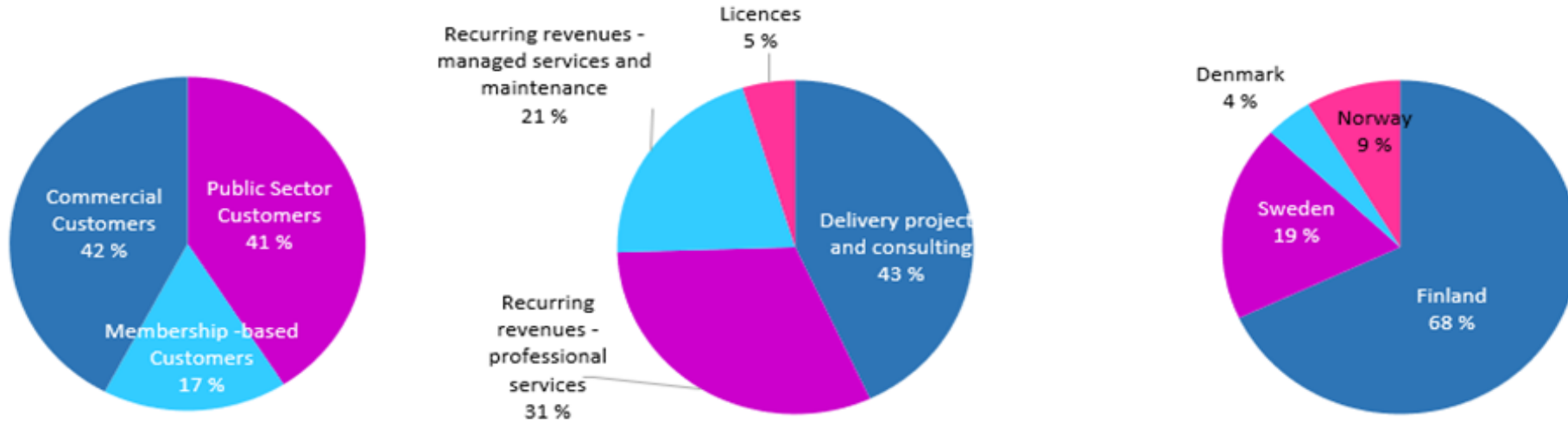


Increased revenue is typically reflected immediately in EBITDA

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

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

Distribution of net sales January 1 to December 31, 2020



- Strong customers in both public and private sectors bring stability in economic fluctuations
- 10 largest customers account for approximately 30% of net sales

- Recurring revenues from service agreements and license sales bring competitive advantage and business stability
- Sales of labor moving increasingly to frame agreements and continuous maintenance work

- 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

	Oct 1–Dec. 31, 2020	Oct 1–Dec 31, 2019	Change	Jan 1–Dec 31, 2020	Jan 1–Dec 31, 2019	Change
Net sales, EUR thousand	18,252	17,432	4.7%	66,164	64,198	3.1%
Growth of net sales	4.7%	9.7%		3.1%	1.7%	
Operating result before depreciation and amortization (EBITDA), EUR thousand*	1,585	1,559	1.7%	7,164	5,089	40.8%
percentage of net sales*	8.7%	8.9%		10.8%	7.9%	
Operating profit/loss (EBIT), EUR thousand*	404	480	-16.0%	2,501	795	214.4%
percentage of net sales*	2.2%	2.8%		3.8%	1.2%	
Earnings before taxes, EUR thousand*	951	271	251.1%	2,050	12	17,234.5%
percentage of net sales*	5.2%	1.6%		3.1%	0.0%	
Earnings, EUR thousand*	257	371	-30.8%	1,761	417	322.7%
percentage of net sales*	1.4%	2.1%		2.7%	0.6%	
Order backlog	60,402	49,753	21.4%	60,402	49,753	21.4%
Net gearing*	65.6%	71.8%		65.6%	71.8%	
Net gearing without IFRS 16	48.8%	49.9%		48.8%	49.9%	
Equity ratio	42.2%	40.2%		42.2%	40.2%	
Equity ratio without IFRS 16	41.4%	44.0%		41.4%	44.0%	
Active personnel on average during the review period****	543	538	0.9%	544	534	1.9%
Active personnel at the end of the review period****	541	538	0.6%	541	538	0.6%
Earnings per share (EUR)	0.0069	0.0099	-30.8%	0.0471	0.0113	316.1%

*) The handling of lease liabilities in accordance with IFRS 16 had a positive effect of EUR 493 thousand (2019: 411) in the operating margin (EBITDA) in October 1–December 31, 2020, and an effect of EUR 1,994 thousand (2019: 1,676) in the operating margin (EBITDA) in January 1–December 31, 2020.

**) In accordance with IFRS 3, the operating result in October 1–December 31, 2020, includes EUR 473 thousand (2019: 507) and in January 1–December 31, 2020, EUR 1,894 thousand (2019: 1,522) in depreciations related to acquisitions, consisting of allocations of the purchase price to intangible assets.

***) Exchange rate changes related to the Group's internal debts results in an exchange rate gain of EUR 211 thousand in accordance with IFRS in January 1–December 31, 2020, but this loss does not affect the cash flow, only the result for the financial period, the Group's balance sheet and the equity ratio. In October 1–December 31, 2020, an exchange rate gain of EUR 685 thousand occurred.

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


Realization of the strategy in the review period Q1-Q4

- Target 1: Ca 20 percent yearly growth, mainly organic growth
 - Growth was 3.1 percent compared to previous year and grew in Finland but decreased in other countries due to the effects of the coronavirus
 - The record EUR 60.4 million order backlog supports the revenue growth target
 - Innofactor has plans for actions to achieve the target in the next few years, for which the covid-19 situation and improved financial status can open new opportunities
- Target 2: Ca 20 percent EBITDA
 - EBITDA was 10.8 percent of revenue, increasing 37.7 percent
 - Innofactor increased its profitability significantly but still some work needed to reach the 20% profitability target.
 - Possibilities for improving profitability can be found especially outside of Finland, where there have been significant challenges to the profitability especially during the coronavirus epidemic
- Target 3: Positive cash flow and financial solidity in all situations
 - Innofactor operative was EUR 5.0 million decrease of 19.3 % and equity ratio at the end of review period was 42.2 percent (improved by 2.0 percentage points)
 - Strong operative cash flow supports the strategic growth target

Dividend Distribution 2020

- According to the renewed 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 EUR 0.02 per share as dividends
 - repayment of capital amounting to EUR 0.02 per share
 - total of **EUR 0.04** per share
- In addition, Board of Directors proposes that
 - the General Meeting authorizes the company's Board of Directors to decide on a potential extra dividend and repayment of capital of maximum EUR 1,639,529 (**EUR 0.04** per share taking into account the share issue authorization proposed to the Board of Directors)





Innofactor's net sales and EBITDA in 2021 is estimated to increase from 2020, during which the net sales were EUR 66.2 million and EBITDA was EUR 7.2 million.



The Impact of COVID-19 to Innofactor's Business Operations

Negative impacts of COVID-19 Innofactor's
business are evaluated to remain minor in 2021

The most significant negative effects of the coronavirus (COVID-19) on business are estimated to be over

- As a whole, the negative business effects due to the coronavirus in the fourth quarter 2020 were approximately as estimated
 - Significantly minor than in second and third quarter 2020
 - Business improved especially outside of Finland
- The coronavirus situation still did not affect Innofactor's ability to produce services for its customers
- Since the coronavirus situation got worse after the summer, our employees returned to mainly working remotely on August 7, 2020
- In the Nordic countries in 2020, Innofactor received a total of approximately EUR 0.7 million in support from the states due to the coronavirus
- Negative impacts of COVID-19 Innofactor's business are evaluated to remain minor in 2021

We Believe that The Coronavirus Will Change The World in The Future - Our Customers' Digital Leap Offers New Opportunities

- In the long run, we believe that the digital leap of society caused by the corona epidemic will increase Innofactor's opportunities to grow its business
 - The capabilities of a modern digital organization are even more important to our customers
 - It is possible that our customers will relocate some of their operations back to the Nordic countries
 - We also believe that Microsoft's position has been strengthened during the corona epidemic
 - We believe in our potential to increase our market share in the Nordic countries in the future
- Innofactor's vision is to be the leading provider of organizations' digital transformation in each of the Nordic countries
 - We believe even more in our chosen Nordic strategy and long-term goals in the post-coronary world
 - Innofactor continues to actively seek possible new strategic partnerships and our goal is to grow both organically and through acquisitions
 - The corona epidemic may offer new opportunities that require rapid action
 - We have drawn up a separate plan, started actively to monitor the situation and obtained additional EUR 3.0 million in senior funding at the end of April



Other Issues

Stock Exchange Releases Q4

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

Stock Exchange Releases after Q4

- On January 21, Innofactor announced in a stock exchange release that the Finnish Tax Administration has selected Innofactor in a public procurement competition as the primary provider of IT specialist services in the area of Azure programming. On the basis of the volume stated by the customer in connection with the procurement, the total value in this area is approximately EUR 15–25 million. The duration of the framework agreement is 6 years, and assignments started during the framework agreement period may continue 4 years after the expiration of the framework agreement.
- On January 29, 2021, Innofactor announced in a stock exchange release that Innofactor and a Norwegian financial services company have signed an agreement concerning the migration and implementation of services to Microsoft Azure. The solution will be built on the Innofactor Virtual Data Center solution. The value of the agreement (excluding VAT) is approximately EUR 500,000 and the services will be delivered during the year 2021.

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

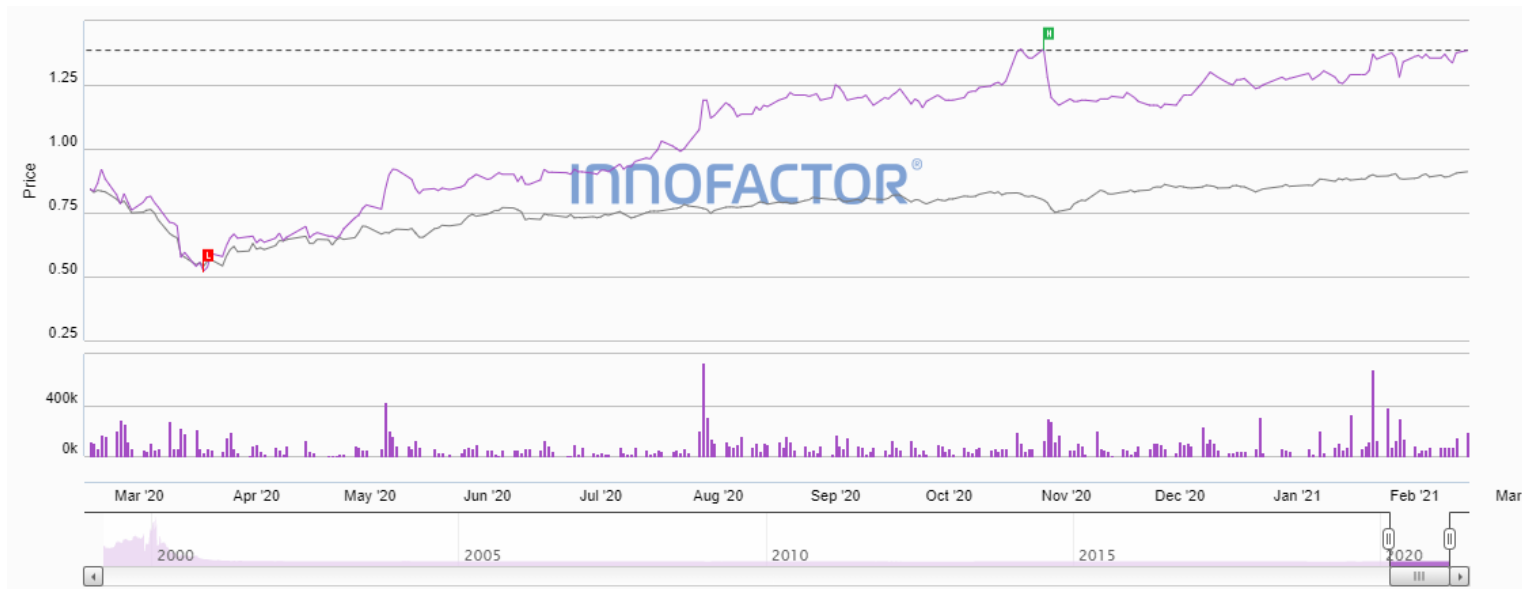
Key points from CEO's review

- **Net sales:** The net sales in 2020 were a record-high EUR 66.2 million, which shows an increase of 3.1 percent compared to the previous year.
- **EBITDA:** The operating margin (EBITDA) improved by EUR 2.1 million from the previous year and was also a record-high figure, EUR 7.2 million (10.8 percent of the net sales). In the last quarter of the year, the operating margin was subject to a final write-down and cost item of approximately EUR 1 million in total of a project conducted in Sweden in 2019, without which the operating margin would have been approximately EUR 8.1 million (12.3 percent of the net sales).
- **Order backlog:** The order backlog grew to a new historic high, EUR 60.4 million, at the end of the quarter (2019: 49.8), which shows an increase of 21% compared to the same time in the previous year.
- **Organization:** In 2021, Innofactor will pay special attention to management of growth, sales, expertise and resourcing, in connection with which we have revised our organization, among other measures. A Chief Innovation and Talent Officer will start as a new role in April 2021.

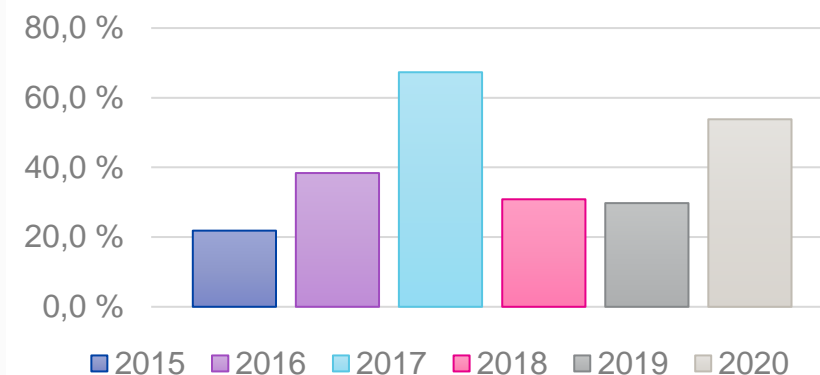
Largest shareholders December 31, 2020

Name	Number of shares	% of share capital
1. Ensio Sami	7,880,237	21.08%
<i>Ensio Sami</i>	5,706,477	15.26%
<i>Minor under guardianship</i>	724,588	1.94%
<i>Minor under guardianship</i>	724,586	1.94%
<i>Minor under guardianship</i>	724,586	1.94%
Ilmarinen Mutual Pension Insurance Company	1,800,000	4.81%
2. Hallikainen Jyrki	1,471,009	3.93%
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	0.90%
4. Laiho Rami Tapani	1,181,594	3.16%
5. Ärje Matias Juhanpoika	882,065	2.36%
6. Mäki Antti-Jussi	747,192	2.00%
7. Tilman Tuomo Tapani	733,397	1.96%
8. Saarelainen Mika Pekka	600,000	1.60%
9. Ingman Finance Oy Ab	500,000	1.34%
10. Muukkonen Teemu Heikki	473,818	1.27%
11. Järvenpää Janne-Olli	305,211	0.82%
12. Kukkonen Heikki-Harri	301,931	0.81%
13. Rausanne Oy	280,000	0.75%
14. Hellen Stefan Andreas	250,000	0.67%
15. Laiho Jari Olavi	235,000	0.63%
16. Puolakka Petri Yrjö Emil	202,511	0.54%
17. Mäkinen Antti Vilho Juhani	164,000	0.44%
18. Heikki Tervonen Oy	153,000	0.41%
Mandatum Life Insurance Company Limited	146,044	0.39%
19.		
20.		

Innofactor Share Price Development and Turnover (Closing February 16th, 2021 at €1.425)



Turnover in % compared total amount of shares



Share Price Development

Beginning of 2021	+11.76%		
1 year change	+70.05%	Year highest 2020	1.44 EUR
3 year change	+71.48%	Year lowest 2020	0.51 EUR
5 year change	+63.79%		
10 year change	-28.75%		

In public trading in January 1–December 31, 2020, a total of 20,099,421 shares were traded (2019: 10,919,321 shares), which corresponds to 53.8 percent (2019: 29.4%) of the average number of shares on the said period. In January 1–December 31, 2020, there were 37,388,225 shares on the average (2019: 36,806,307). The share trading increased by 84.2 percent compared to the corresponding period in 2019.

Additional Information

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

Sami Ensio

CEO

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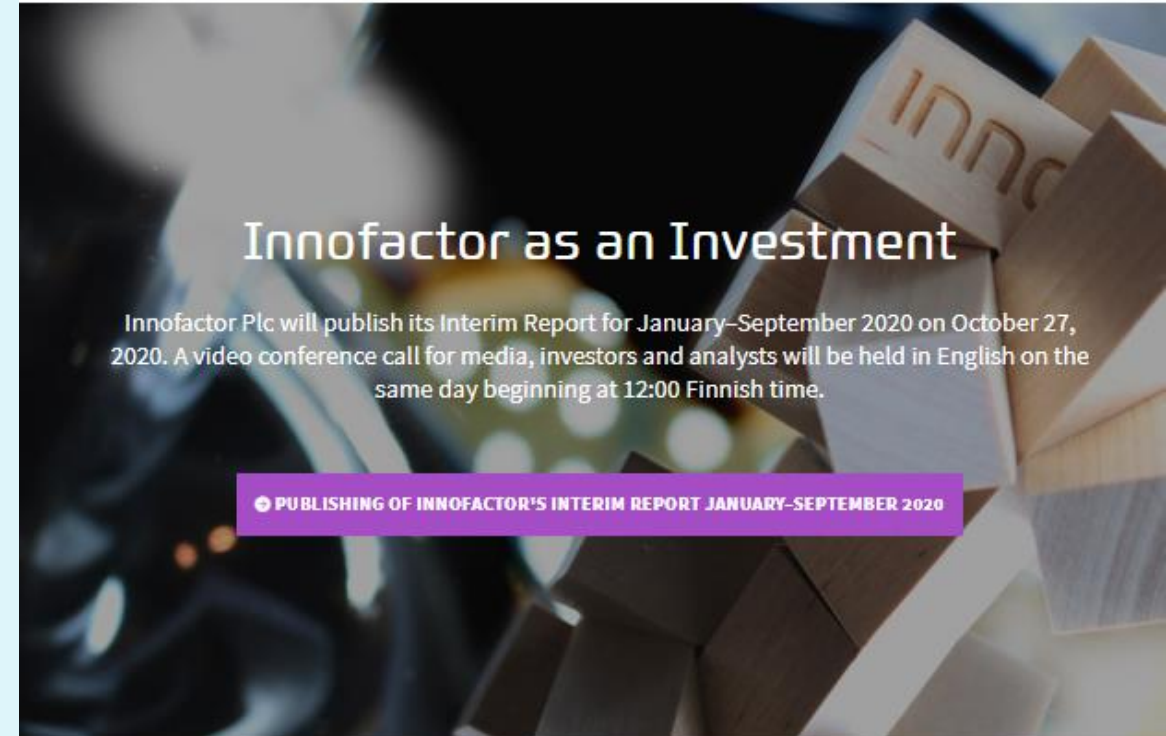
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Innofactor as an Investment

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 10:00 am EET

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, wearing a dark suit jacket over a light blue patterned shirt, is smiling and looking upwards. He is juggling a Rubik's cube. The background is a blurred green outdoor setting. A white outline of a large letter 'U' is visible on the right side of the image. A pink rectangular area is on the left side, containing the text 'Thank You. Questions?'.

Thank You.
Questions?

INNOFACTOR®