



Innofactor Interim Report Q1/2020

May 5, 2020
Sami Ensio, CEO



Innofactor's Business

Driving the #ModernDigitalOrganization
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

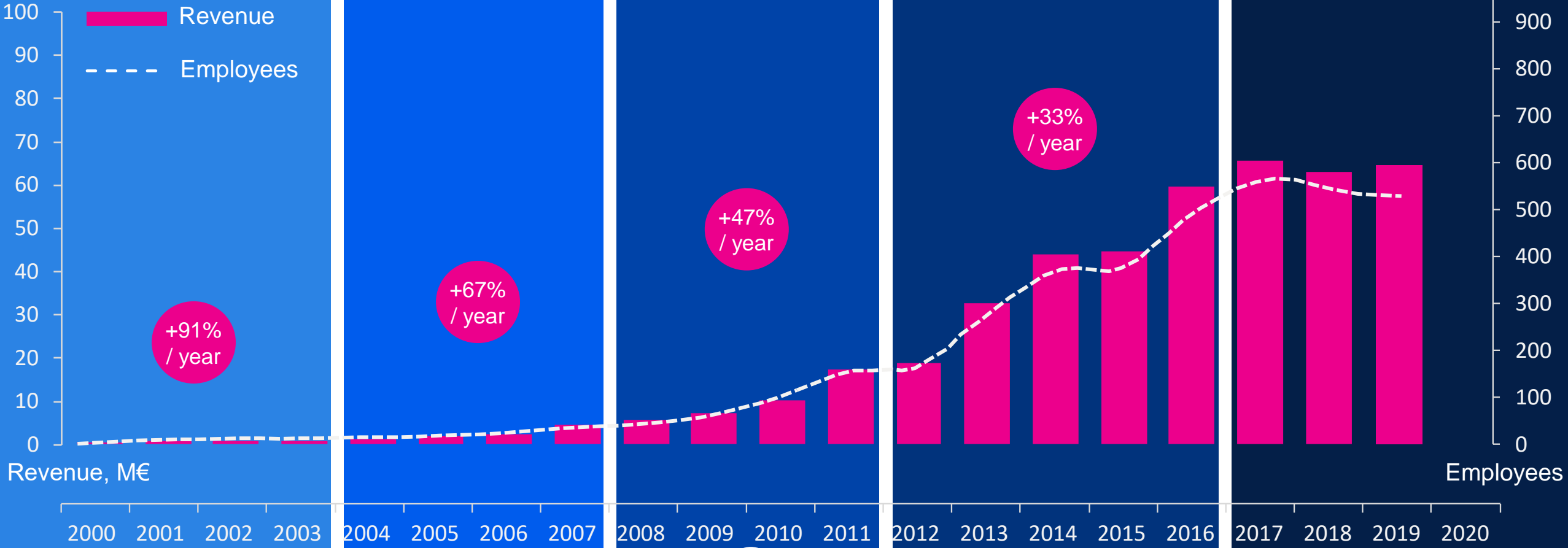
- CRM, BI and case management included in the offering
- Reverse IPO, NASDAQ Helsinki

#1 Microsoft-based Provider in the Nordics

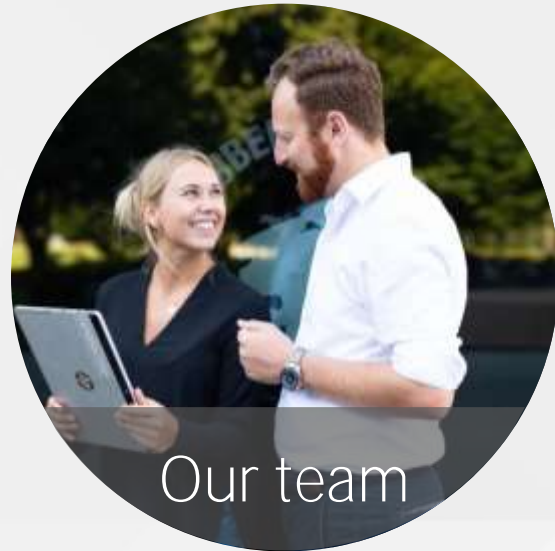
- Cloud transition
- Several acquisitions in the Nordic countries

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

- Harmonizing offering across the Nordics
- 20% growth and 20% EBITDA



Innofactor – Leading Nordic driver of Modern Digital Organization



Our team

- 500+ Nordic professionals
- 15 enterprise level Microsoft Gold competencies and 1,600+ MSFT certificates
- 9 Microsoft Most Valuable Professionals



Customers

- 1,500+ Nordic customers
- Strong industry knowledge in private, public and membership based organizations



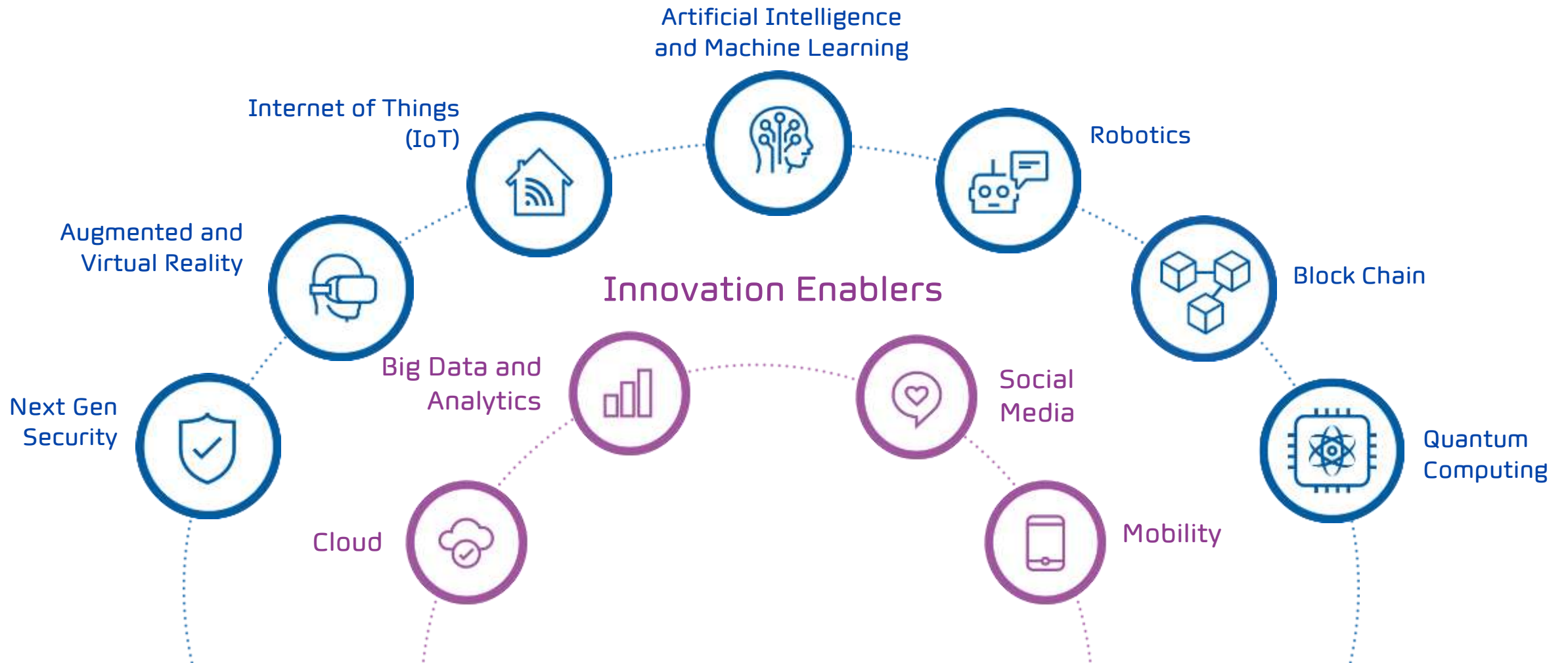
Company

- Revenue 64+ MEUR (2019)
- 14 offices in Nordic countries
- Listed in Helsinki Stock Exchange (NASDAQ Helsinki), 11 000+ shareholders

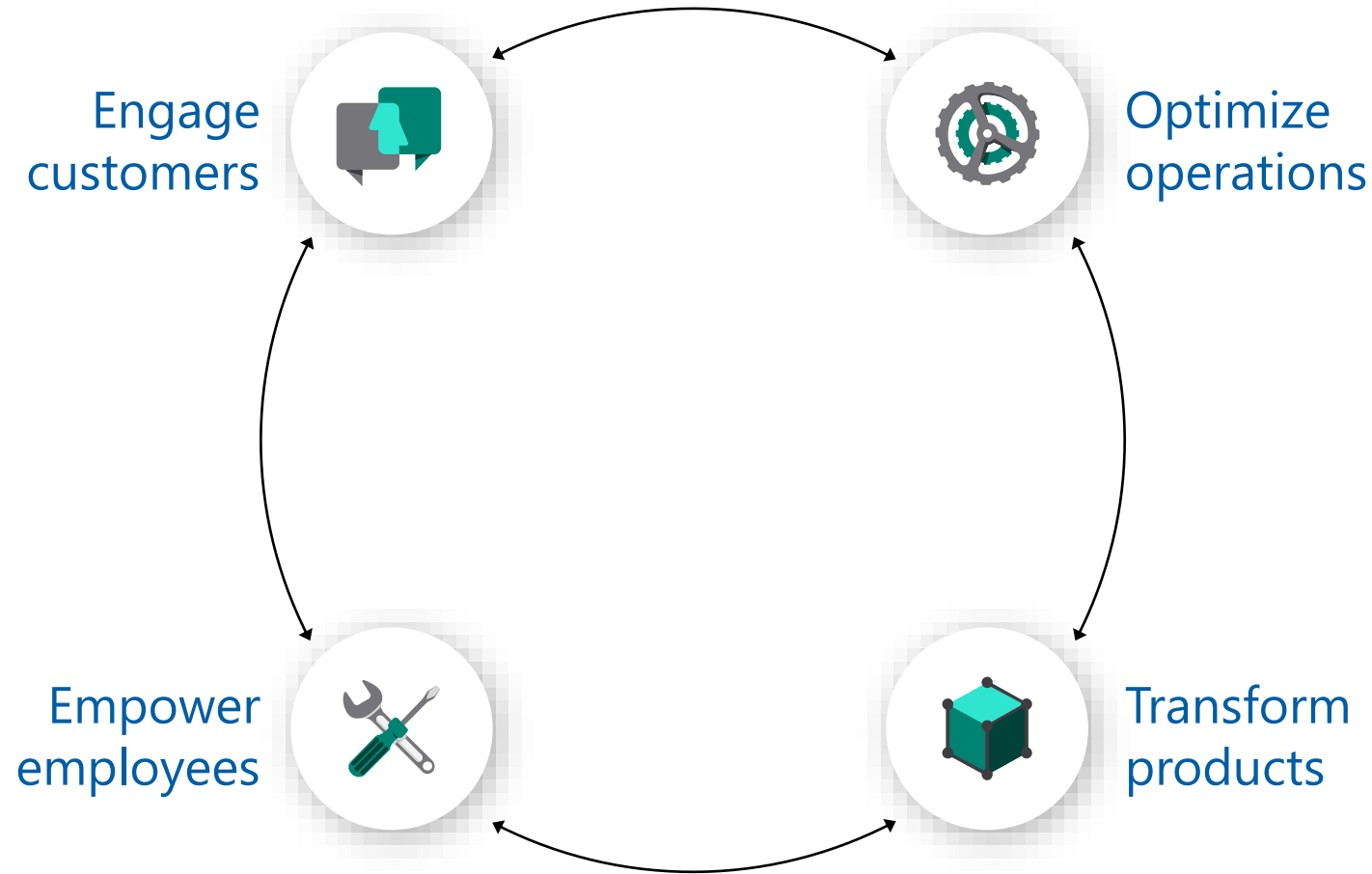


- Gold Application Development
- Gold Application Integration
- Gold Cloud Customer Relationship Management
- Gold Cloud Platform
- Gold Cloud Productivity
- Gold Collaboration and Content
- Gold Customer Relationship Management
- Gold Data Analytics
- Gold Data Platform
- Gold Datacenter
- Gold Enterprise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

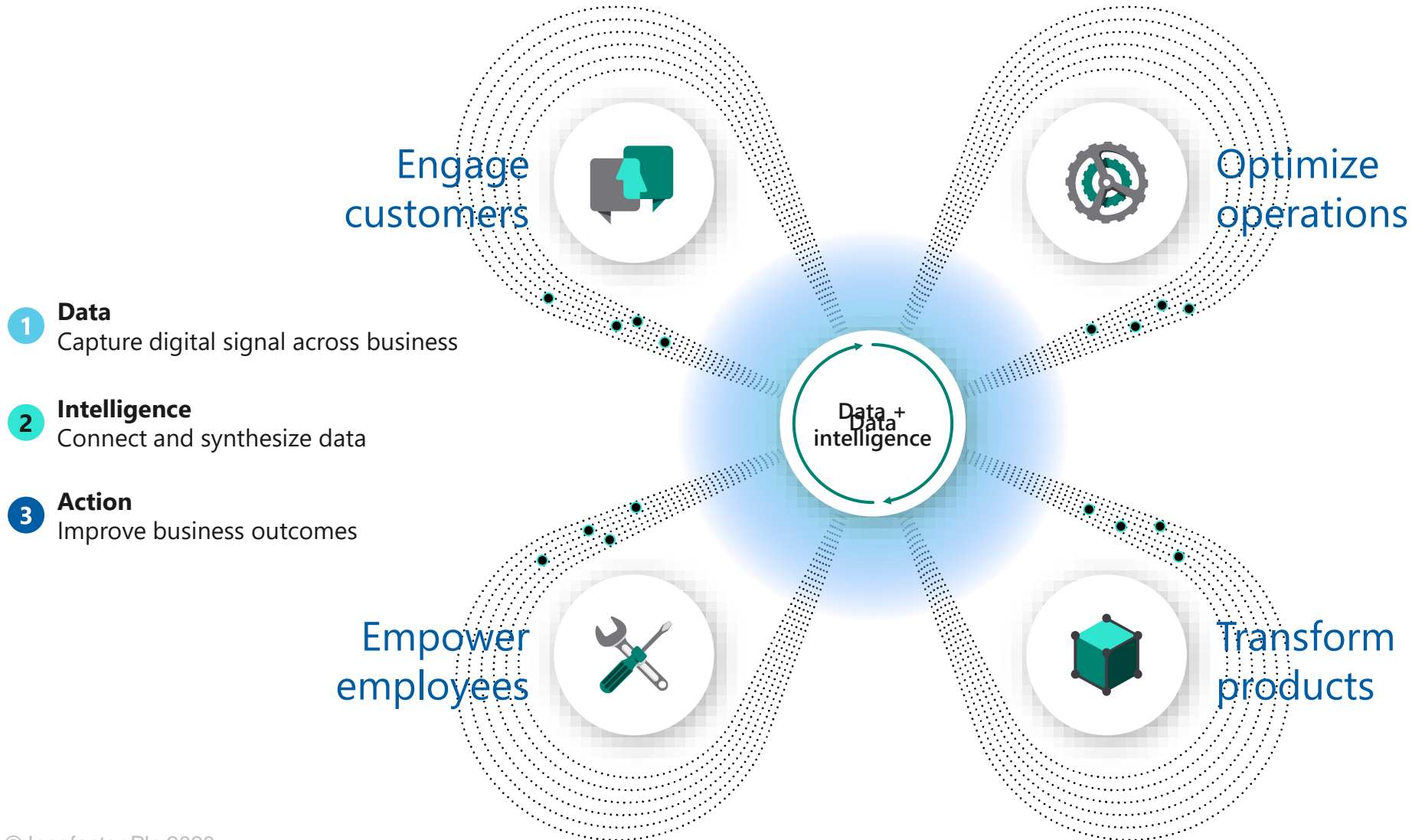
Key Trends Driving Innovation



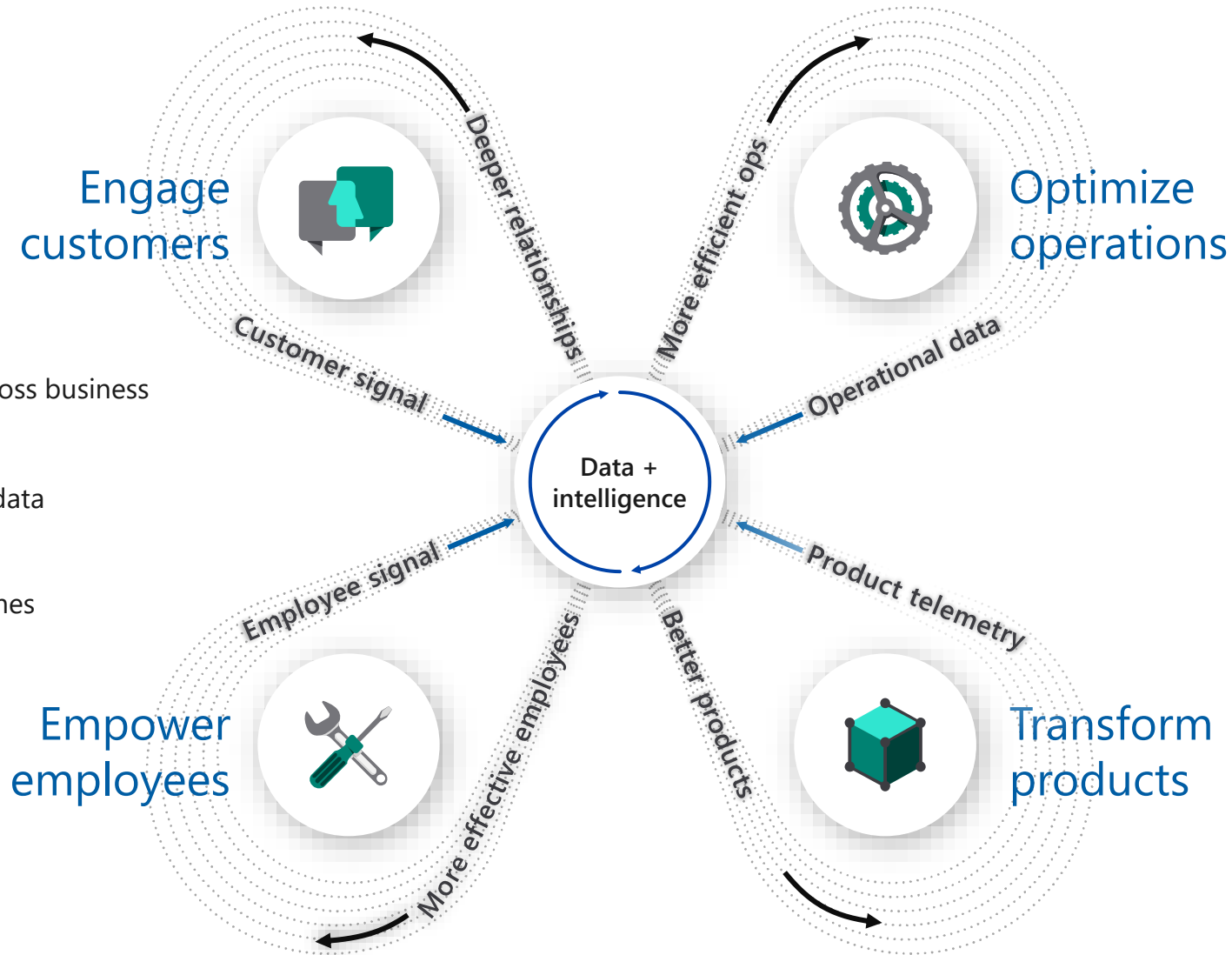
Key Stakeholders of B-to-B Digital Transformation



Digital Feedback Loop



Digital Feedback Loop



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

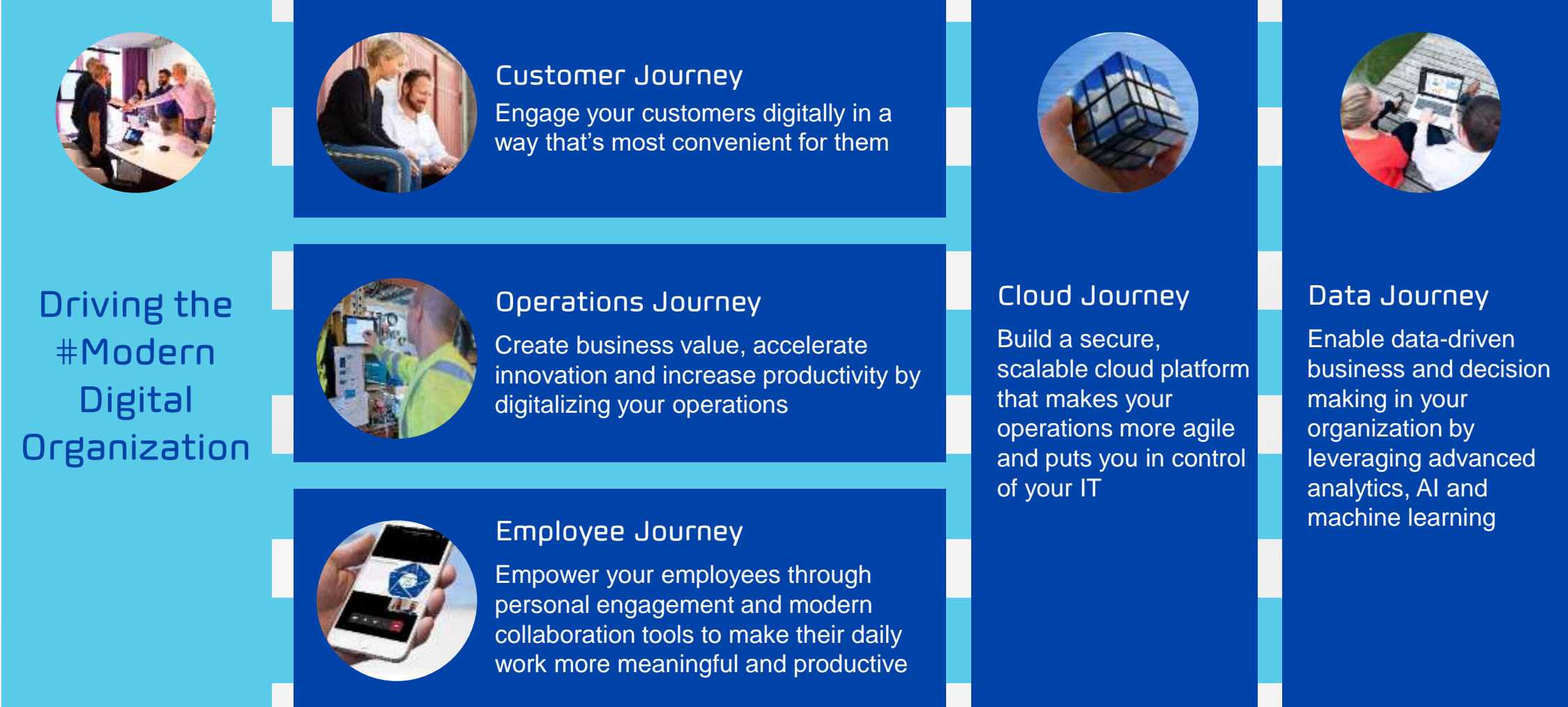
Our Mission: Driving the #ModernDigitalOrganization



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



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



Long Customer Relationships Reflect Trust and our Commitment to Improving our Customers' Operations

1,500+ Commercial, Public Sector and Membership-based Customers in the Nordics



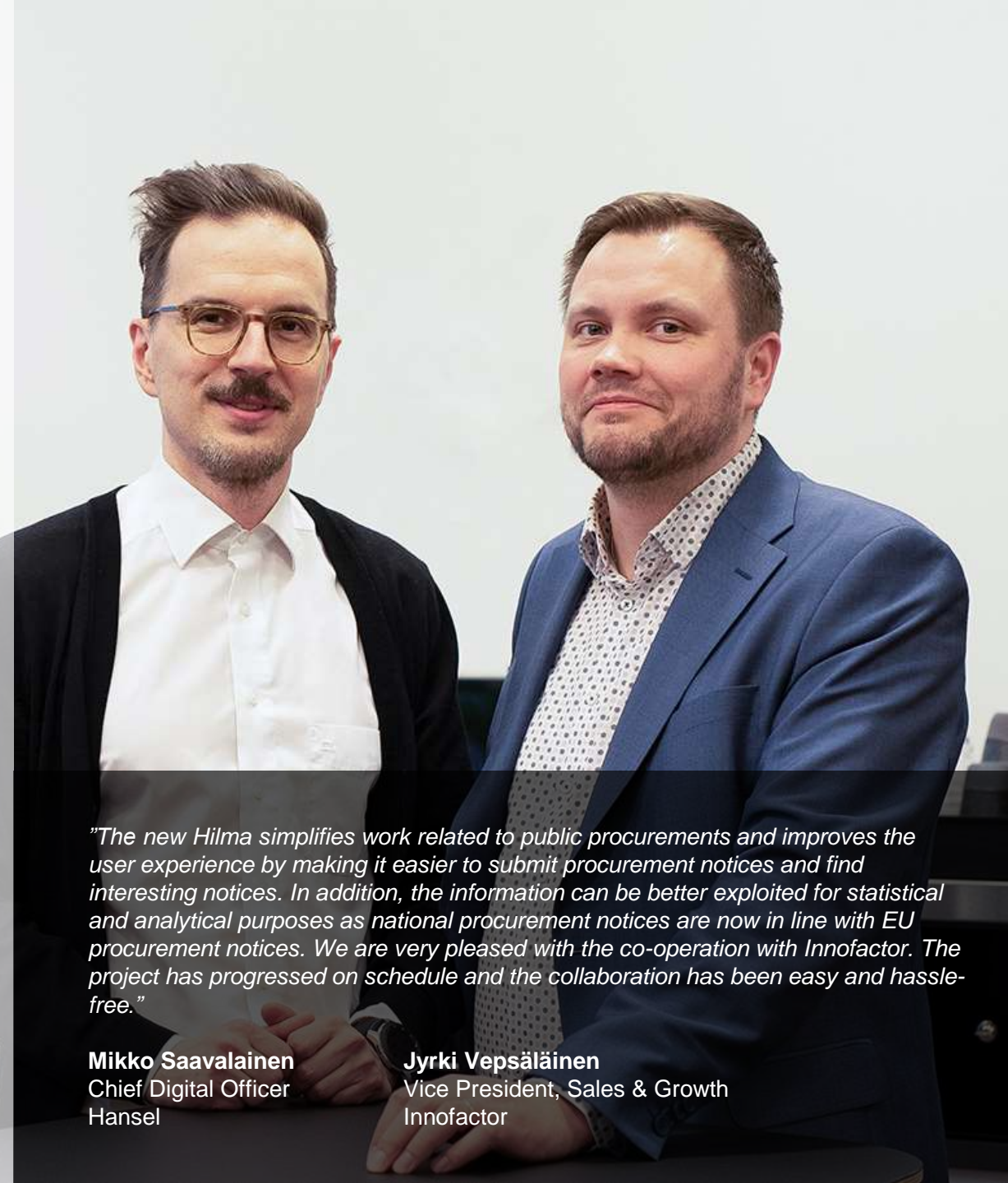
Hansel

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 fund 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

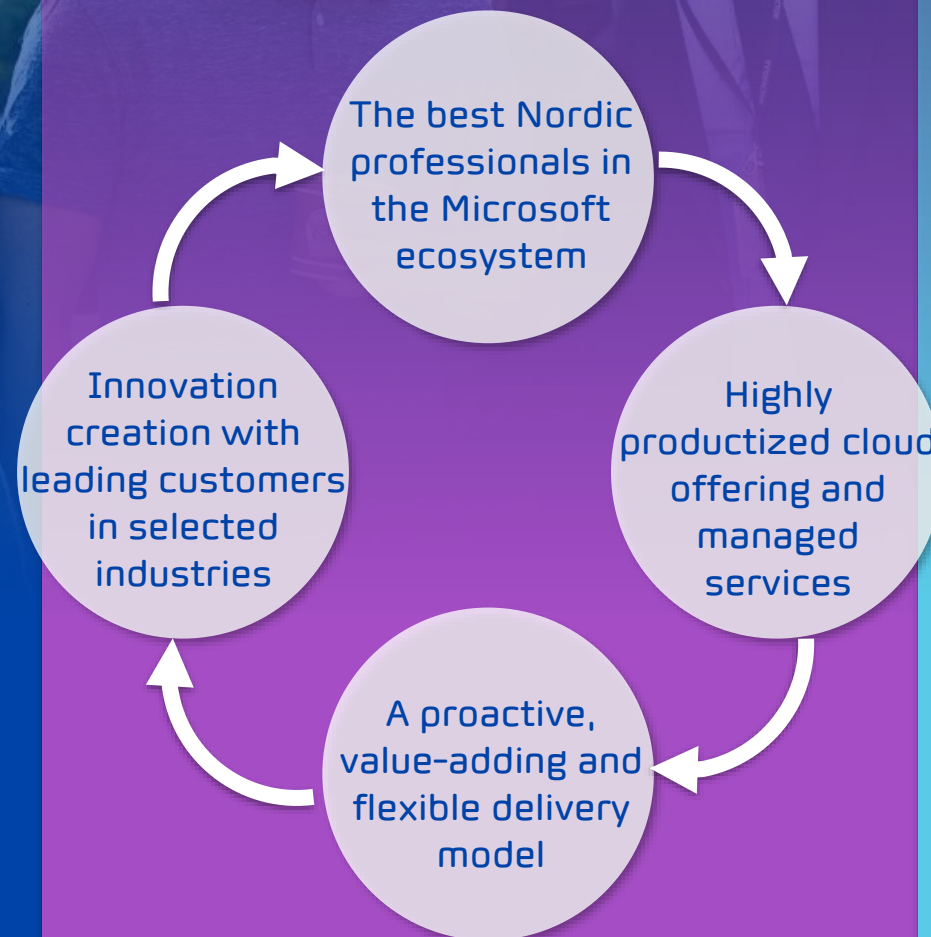
Our Mission:

Driving the
#ModernDigitalOrganization

Our Vision:

The leading provider of
organizations' digital
transformation in each of the
Nordic countries

Our Strategy:



Our long-term financial goal is to grow profitably:

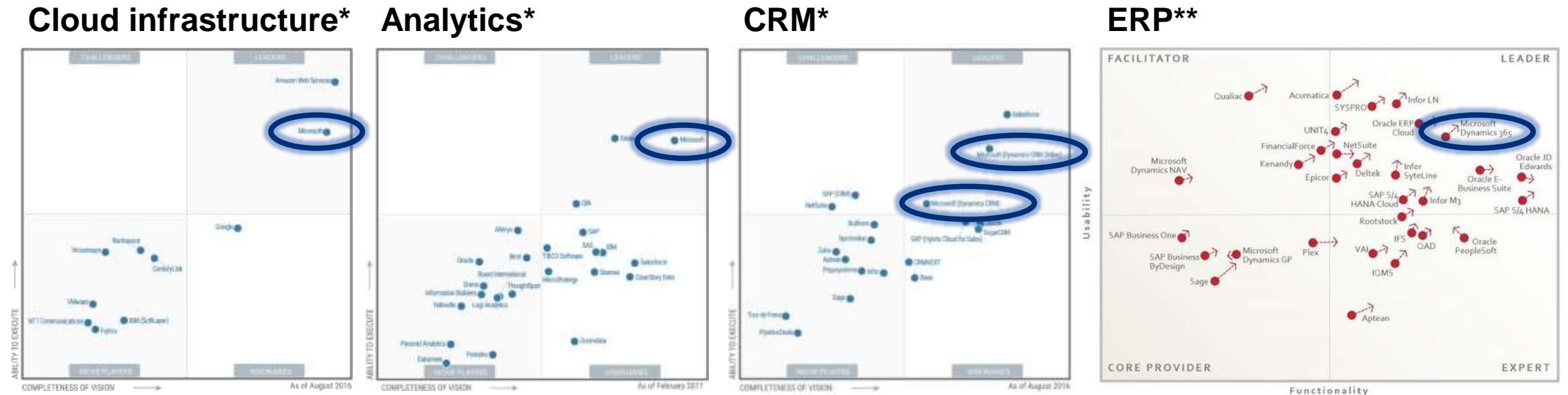
By achieving annual growth of about 20 percent, of which majority is intended to be achieved by organic growth

By achieving about 20 percent EBITDA in relation to the net sales

By keeping the cash flow positive and securing solid financial standing in all situations

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. Tieto, 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, Knowit and EG

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%

Organization

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

Sami Ensio
President and CEO

Markku Puolanne
CFO

Vesa Syrjäkari
EVP, Biz Dev and Oper Excellence

Sami Ensio
CTO (acting)

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
Tom Puusola
Vice President

Productized Solutions
Mikko Myllys
Vice President

Customers
Jarkko Lindroos, Vice President

Sales
Jyrki Vepsäläinen, Vice President

HR
Satu Hilli, Director

Board of Directors



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

Innofactor's founder and CEO since 2000. Member of the Microsoft Corporation's Partner Advisory Council since 2014. Several positions of trust in the Federation of Finnish Technology Industries and the Confederation of Finnish Industries since 2013. Ownership with related parties: 7,716,173 shares



Anna Lindén, Chairman
Born in 1973, M. Pol.Sc.

Board member since 2018. Ownership with related parties: 21,200 shares.



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

Board member since 2018. Ownership with related parties: 1,256,411 shares.



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

Board member since 2018. Ownership: 31,109 shares.



Heikki Nikku
Born in 1956, B.B.A.

Board member since 2020. Ownership: 0 shares.

Innofactor's Founder and CEO

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

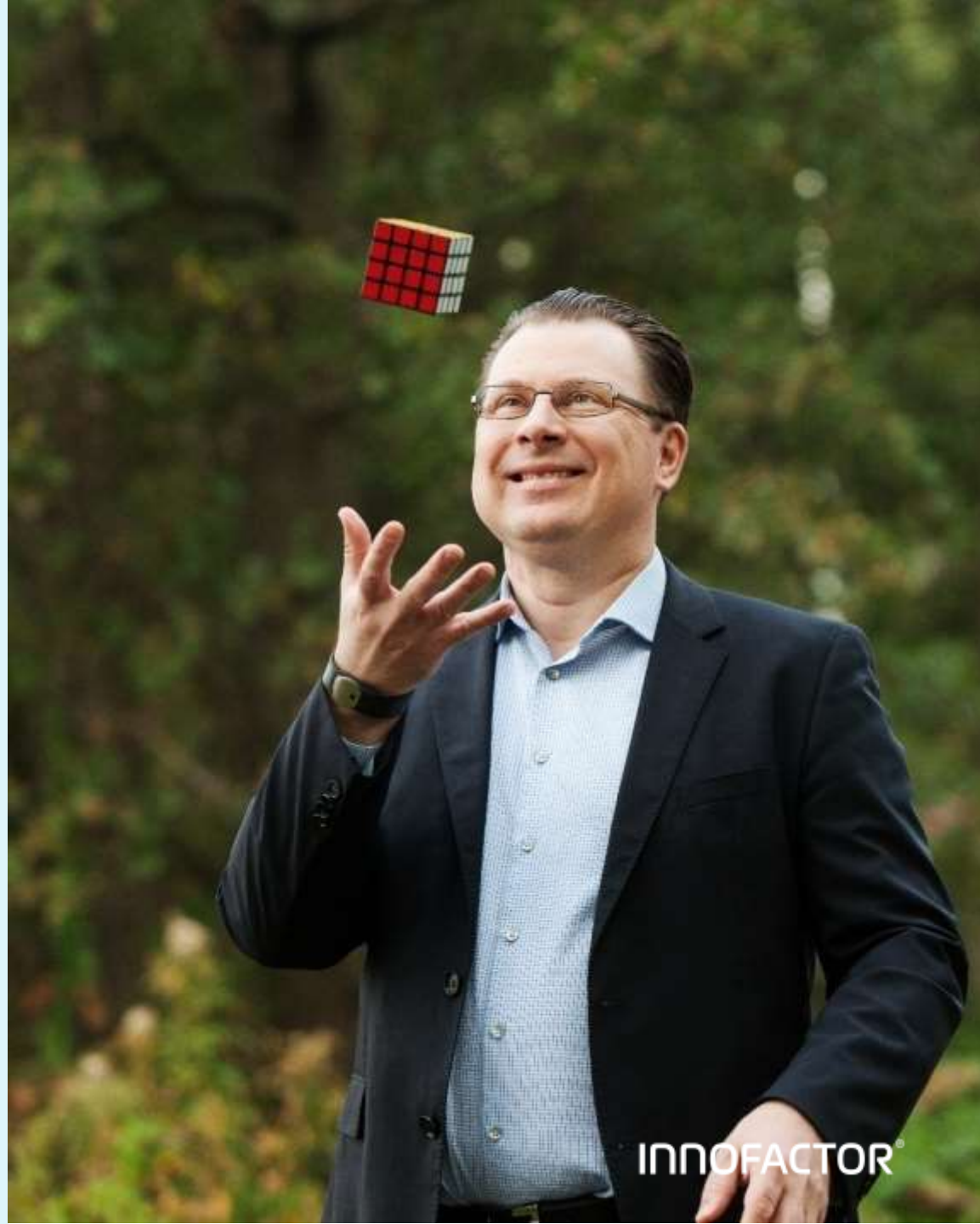
Founder and CEO of Innofactor. Previously member of the Omnitele Management Team. Several positions of trust in the Federation of Finnish Technology Industries and Confederation of Finnish Industries. Member of Partner Advisory Council in Microsoft Corporation.

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 7.7 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 and Denmark. 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 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.

Q1/2020 Results

Record EBITDA in the first quarter, revenue and order backlog increased

Innofactor's net sales increased in all the countries, although the exchange rate change of the SEK and NOK decreased the net sales by approximately EUR 0.2 million. The net sales per active employee were approximately EUR 31.7 thousand, which shows an increase of 6.8 percent.

EBITDA was clearly highest in Q1 ever and positive in all the countries.

In the first quarter, the Order Backlog grew to a record-breaking high. The order backlog doesn't include all the new major deals won in Q1.

Revenue

17.2 M€

Growth +6.2%
vs.
Q1/2019

EBITDA

11.4%
2.0 M€

Growth +125%
vs.
Q1/2019

Order backlog

54.1 M€

Growth +32%
vs.
Q1/2019

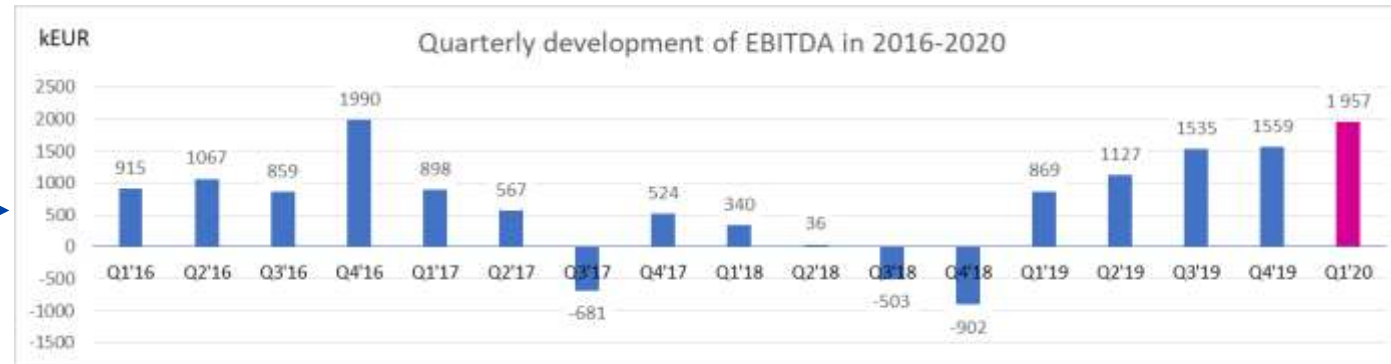
Q1/2020 Actuals

Selected Key Figures

	Q1 /2020	Q1 /2019	Change (%)	CEO's comment
Net Sales (kEUR)	17 152	16 148	+6.2%	<i>"Innofactor's net sales in January 1–March 31, 2020, were EUR 17,152 thousand (2019: 16,148), which shows an increase of 6.2 percent, although the exchange rate change of the Swedish krona and Norwegian krone decreased the net sales by approximately EUR 0.2 million. The net sales per active employee were approximately EUR 31.7 thousand (2019: 29.7), which shows an increase of 6.8 percent. We focus on continuing to increase the net sales per active employee."</i>
EBITDA (kEUR)	1 957	869	+125.2%	<i>"Innofactor's operating margin (EBITDA) in January 1–March 31, 2020, was EUR 1,957 thousand (2019: 869), which shows an increase of 125.4 percent. EBITDA accounted for 11.4 percent of the net sales (2019: 5.4%). Innofactor's operating margin was positive in all countries".</i>
Equity Ratio (%)	43.5% (48.5%)	40.0% (43.7%)		<i>"Innofactor's order backlog at the end of the review period was EUR 54,091 thousand (2019: 41,029), which shows an increase of 31.8%. The order backlog grew for example due to the following: the further development of the HAIPA project for the Legal Register Centre, approximately EUR 2.2 million, HUS Health Village approximately 2.0 million EUR, the Ullensaker municipality in Norway, approximately EUR 1.0 million, and a Finnish trading company, approximately EUR 0.7 million."</i> <i>"The improved financial situation can lead to an opportunity for inorganic growth. For that purposes Innofactor has acquired EUR 3.0 million senior loan from a Finnish pension insurance company."</i>

Quarterly Development of Innofactor Group Financials

Increased revenue is typically reflected immediately in EBITDA

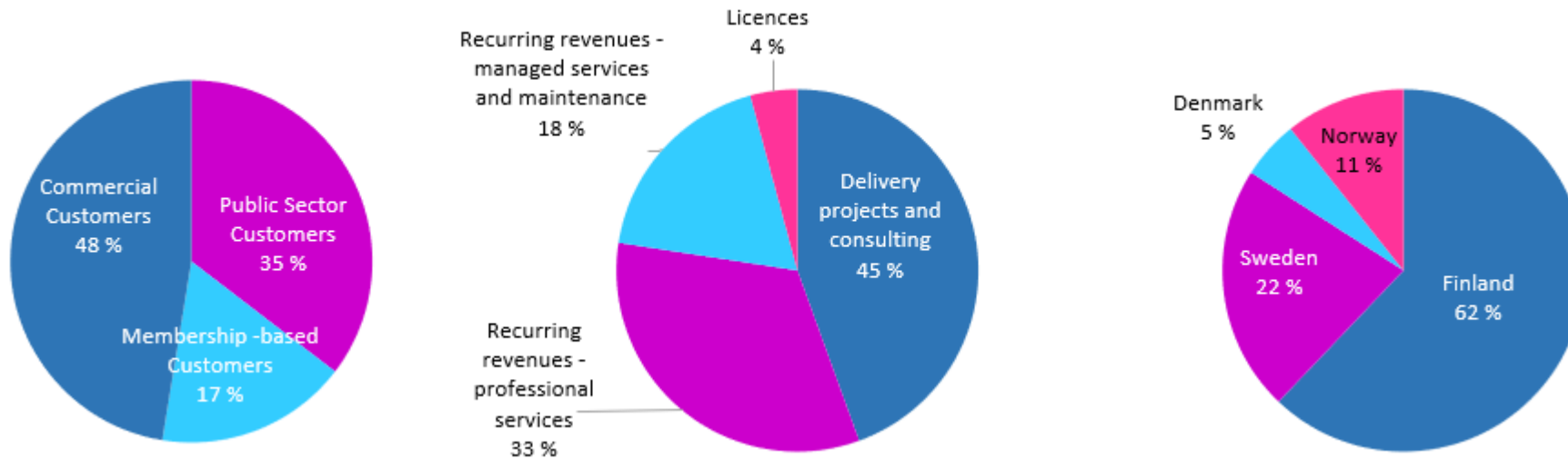


Increased order backlog effects the revenue typically with 1–2 quarter delay



Broad Customer Base, Long-term Contracts and Business Footprint in Nordic Countries Bring Stability (especially in exceptional circumstances)

Distribution of net sales January 1 to March 31, 2020



- Strong customers in both public and private sectors bring stability in economic fluctuations
- 10 largest customers account for approximately 29% 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

	Jan 1–March 31, 2020	Jan 1–March 31, 2019	Change
Net sales, EUR thousand	17,152	16,148	6.2%
Growth of net sales	6.2%	-2.0%	
Operating result before depreciation and amortization (EBITDA), EUR thousand*	1,957	869	125.2%
percentage of net sales*	11.4%	5.4%	
Operating profit/loss (EBIT), EUR thousand**	816	-90	1009.0%
percentage of net sales*	4.8%	-0.6%	
Earnings before taxes, EUR thousand***	-123	-197	37.2%
percentage of net sales*	-0.7%	-1.2%	
Earnings, EUR thousand*	204	-88	332.2%
percentage of net sales*	1.2%	-0.5%	
Order backlog	54,091	41,029	31.8%
Net gearing*	60.6%	89.2%	
Net gearing without IFRS 16	37.3%	65.6%	
Equity ratio***	43.5%	40.0%	
Equity ratio without IFRS 16	48.5%	43.7%	
Active personnel on average during the review period****	541	544	-0.6%
Active personnel on average at the end of the review period****	542	541	+0.2%
Earnings per share (EUR)	0.0054	-0.0024	324.7%

*) The handling of lease liabilities in accordance with IFRS 16 had a positive effect of EUR 504 (2019: 300) thousand in the operating margin (EBITDA) in January 1–March 31, 2020.


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

****) Exchange rate changes related to the Group's internal debts (due to the weakened rate of the Swedish krona and Norwegian krone in relation to euro) results in a exchange rate loss of EUR -859 thousand in accordance with IFRS, 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.

*****) 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

- Target 1: About 20 percent yearly growth, mainly organic growth
 - Growth was 6.2 percent compared to previous year and positive in all the countries
 - The record EUR 54.1 million order backlog supports the revenue growth target
 - We still need actions to reach the 20% growth, the corona epidemic and improved financial situation can offer new possibilities to inorganic growth
- Target 2: About 20 percent EBITDA
 - EBITDA was 11.4 percent of revenue, increasing 125.4 percent
 - Innofactor increased its profitability significantly but still some work needed to reach the 20% profitability target.
- Target 3: Positive cash flow and financial solidity in all situations
 - Innofactor operative was EUR 3.1 million (growth 101 %) and equity ratio at the end of review period was 43.5 percent (improved by 3.5 percentage points)
 - Strong operative cash flow supports the strategic growth target



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

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

- COVID-19 has so far had minimal impact to Innofactor's ability to provide services to its customers
 - Our employees have been working remotely since March 13, 2020
 - Work efficiency is on the same level as under normal circumstances and sick days have not increased
- We estimate that COVID-19 pandemic has minor impact to our revenue and profitability during the rest of the year
 - We expect that we will likely not reach similar growth and profitability during Q2'20 as we did during Q1'20
 - Growth and profitability during Q3'20 and Q4'20 will depend much on the schedule of the removal of COVID-19 related restrictions impacting the operations of organizations in the Nordic countries
 - We expect that the restrictions are removed at least to a large extent at latest in August, 2020



COVID-19 Will Negatively Affect Innofactor's Business Mainly if Our Customers Cancel or Postpone Their Purchases

We estimate that the negative effects of the COVID-19 epidemic on Innofactor's business will be minor for the following reasons

- A significant part of Innofactor's business (more than 50 percent) consists of continuous services, which are hardly affected by the change in customers' purchasing behavior
- We mainly offer systems that are critical to our customers' operations, which customers typically continue to develop and maintain even in exceptional circumstances
- About half of our customers are public and third sector customers, whose operations are affected more slowly by corona epidemic and who, on the other hand, make sense to continue their purchases
- Our corporate customers are mainly from industries, such as machine industry, which corona epidemic is not affected as strongly and quickly as some other industries
- Our order backlog is very strong, and we can transfer our staff between projects to some extent and speed up our deliveries if necessary
- We have been able to develop new services for our customers in a corona epidemic situation on a fast schedule, for example the Remote Work Acceleration Package (www.innofactor.com/remote-work)
- The societies in our countries of operation offer companies many reliefs, flexibility and support measures, which also helps Innofactor's profitability and financial situation

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 the 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 Q1 (1/2)

- On January 30, 2020, Innofactor announced in a stock exchange release that it will deliver a financial management system for a Finnish trading company. The value of the procurement is approximately EUR 0.65 million, which is estimated to be registered for 2020.
- On February 12, 2020, Innofactor announced in a stock exchange release that the Hospital District of Helsinki and Uusimaa (HUS) has selected Innofactor as the provider of ICT services related to the Health Village for a maximum amount of EUR 2,000,000. The services are estimated to be provided in 2020–2021.
- On February 13, 2020, Innofactor announced in a stock exchange release that the Legal Register Centre selected Innofactor as the provider of the further development stage of the HAIPA project, which is the ERP and document management system for administrative courts and special courts. The procurement consists of the specialist work related to the project as well as the implementation in the different agencies and possibly maintenance for the system. The contract period is estimated to start in March 2020 and will last until the end of 2020. Additionally, the customer reserves the right to two options for 2021 and 2022, which will be agreed on separately. The estimated total value (excluding VAT) stated by the customer in the procurement decision is EUR 2,157,000.

Stock Exchange Releases Q1 (1/2)

- On February 13, 2020, Innofactor announced in a stock exchange release that the Ullensaker municipality in Norway selected Innofactor as the provider of ICT consultancy services. The services consist of a comprehensive public cloud solution including the cloud infrastructure, identity and access, cloud security and modern employee experience. The consultancy services include architectural and system development, maintenance and other services for an estimated total amount of NOK 10,000,000 (approximately EUR 1,000,000), which are estimated to be provided during years 2020 and 2021. The customer also reserves an option of extending the service for two more years.
- On March 4, 2020, Innofactor announced in a stock exchange release that the Social Insurance Institution of Finland selected Innofactor as the provider of an administrative case management solution. The procurement includes the case management solution and its delivery, support services, and specialist work ordered separately. The system delivery and the related integrations are planned to be implemented during 2020–2021. The contract will be valid for four years to begin with, and after that, it will be valid until further notice. The estimated total value of the procurement during the contract period is approximately EUR 1,050,000.
- On March 24, 2020, Innofactor announced in a stock exchange release that the Legal Register Centre selected Innofactor as the provider of the bankruptcy and reorganization proceedings system (KOSTI). The procurement consists of the following for the KOSTI system: delivery and implementation projects, maintenance and support services, and specialist services for further development. The system delivery is planned to be implemented in stages during 2020–2021. The predicted total value (excluding VAT) stated by the Legal Register Centre in the procurement decision is EUR 2,247,000. The agreement will be valid until further notice.

Stock Exchange Releases after Q1

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

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

Innofactor acquired new senior financing which decreases the use of credit limit and enables growth

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

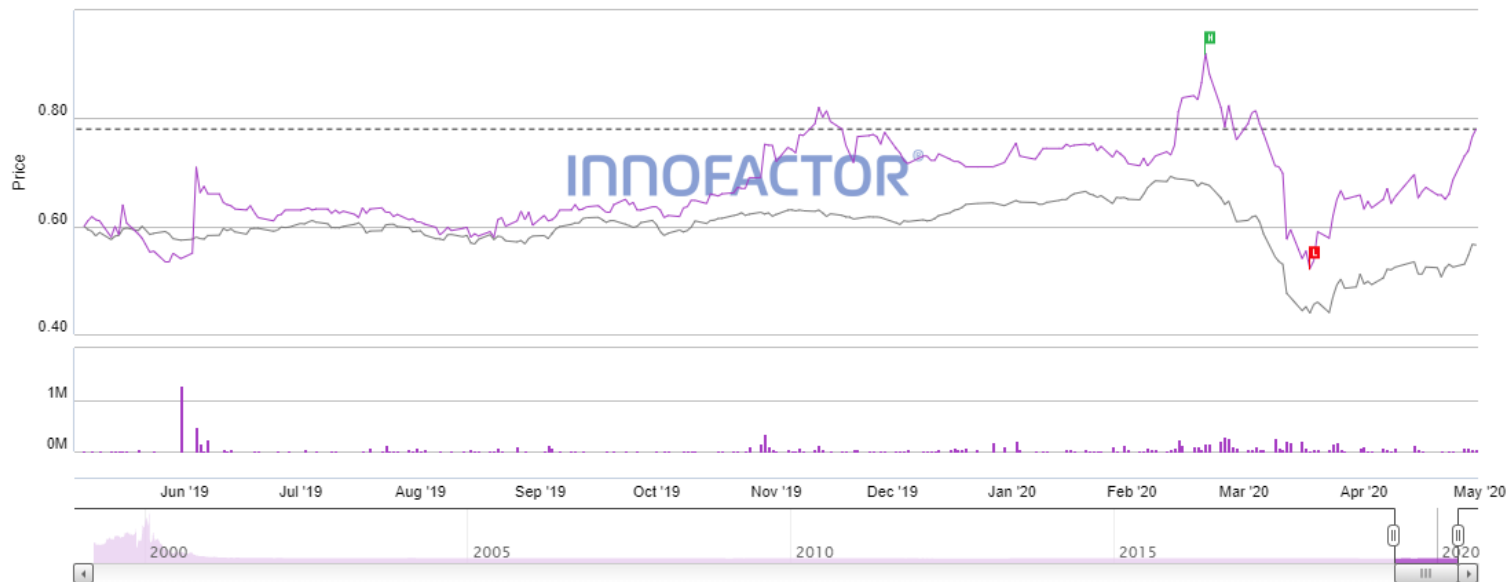
Key points from CEO's review

- **Net sales:** Net sales was EUR 17.2 million in first quarter of 2020 increasing 6.2 percent compared to previous year. Net sales grew in all countries. The net sales per active employee was about EUR 31.7 thousands increasing by 6.8 percent.
- **EBITDA:** EBITDA grew 125.4 percent from previous year being EUR 2.0 million which was 11.4 percent of the revenue. EBITDA was positive in all the countries.
- **Order backlog:** Order backlog grew to record high EUR 54.1 million at the end of first quarter increasing 31.8 percent compared to previous year.
- **Organization:** In April, Innofactor renewed the responsibility areas of the Executive Board so that as a CEO, I will also be the acting Chief Technology Officer until further notice. This will further speed up the decision-making, and we believe this will be of use in the business environment changes due to the Coronavirus epidemic, which require us to quickly renew our offering. The previous Chief Technology Officer Jufo Peltomaa will not continue in the company's service. I want to thank Jufo for his contribution in developing Innofactor's operation.

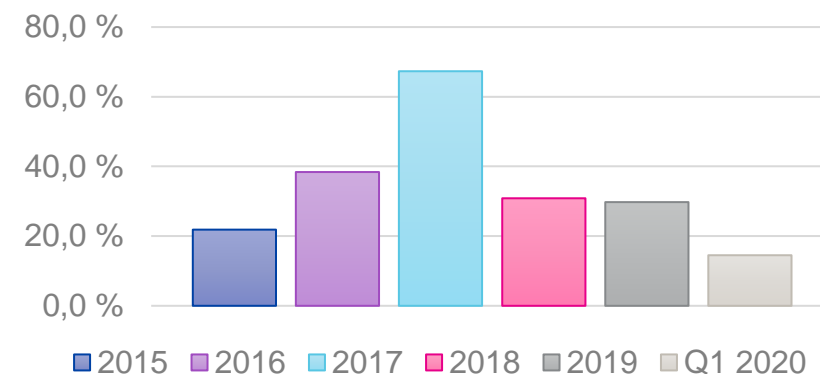
Largest shareholders March 31, 2020

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. Laiho Rami Tapani	1,262,159	3.38%
4. Linturi Kaija and Risto	1,256,411	3.36%
<i>R. Linturi Oyj</i>	489,107	1.31%
<i>Linturi Kaija Anneli</i>	430,000	1.15%
<i>Linturi Risto Erkki Olavi</i>	337,304	0.90%
5. Tilman Tuomo Tapani	1,020,397	2.73%
6. Ärje Matias Juhanpoika	882,065	2.36%
7. Mäki Antti-Jussi	847,192	2.27%
8. Saarelainen Mika Pekka	678,649	1.82%
9. Muukkonen Teemu Heikki	514,468	1.38%
10. Ingman Finance Oy Ab	500,000	1.34%
11. Järvenpää Janne-Olli	315,211	0.84%
12. Rausanne Oy	302,545	0.81%
13. Kukkonen Heikki-Harri	301,931	0.81%
14. Hellen Stefan Andreas	250,000	0.67%
15. Laiho Jari Olavi	235,000	0.63%
16. Mäkinen Antti Vilho Juhani	164,000	0.44%
17. Heikki Tervonen Oy	153,000	0.41%
18. Anttila Mikko Matias	139,808	0.37%
19. Heino Petri Juhani	137,467	0.37%

Innofactor Share Price Development and Turnover (Closing April 30th, 2020 at €0.78)



Turnover in % compared total amount of shares



Share Price Development

1 year change	+30.87%	Year highest	0.94 EUR
3 year change	-46.21%	Year lowest	0.51 EUR
5 year change	-25.71%		
10 year change	-35.00%		

In public trading in January 1–March 31, 2020, a total of 5,409,684 shares were traded (2019: 3,141,978 shares), which corresponds to 14.5 percent (2019: 8.7%) of the average number of shares on the said period. On January 1–March 31, 2020, there were 37,388,225 shares on the average (2019: 36,188,225). The share trading increased by 72.2 percent compared to the corresponding period in 2019.

Additional Information

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

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The screenshot shows the Innofactor website with a navigation bar at the top containing links for 'What We Do', 'Customers', 'What's New', 'Join Us', 'Invest in Us', and 'About Us'. The main content area features a large banner for 'Innofactor as an Investment' with a sub-headline: 'Innofactor Plc will publish its interim report for January–March 2020 on Tuesday, May 5, 2020, at approximately 9:00 am Finnish time. A video conference call for media, investors and analysts will be held in English on the same day beginning at 12:00 Finnish time.' Below this is a purple button labeled 'PUBLISHING OF INNOFACTOR'S INTERIM REPORT'. To the right, a stock price summary shows '€ 0.76' with a change of '-0.02' (-2.6%) and a high of '€ 0.77'. A section titled 'The Leading Driver of the Modern Digital Organization in the Nordic Countries' follows, with a brief description of the company's role. Below that is a 'Latest Stock Exchange Releases' section with three cards: 'VTT selects Innofactor as the provider of application management services', 'Publishing of Innofactor's Interim Report January–March 2020', and 'Decisions of Innofactor Plc's Annual General Meeting and the agenda...'. A link 'SEE ALL STOCK EXCHANGE RELEASES' is provided. The bottom section is titled 'Financial Statement 2019: Innofactor's operating margin and order backlog improved significantly from the previous year – also the net sales started to grow again after the dip in 2018' and includes a link for 'January–December 2019 in brief'.



Thank You.
Questions?

INNOFACTOR®