



Innofactor Interim Report Q1/2021

April 27, 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

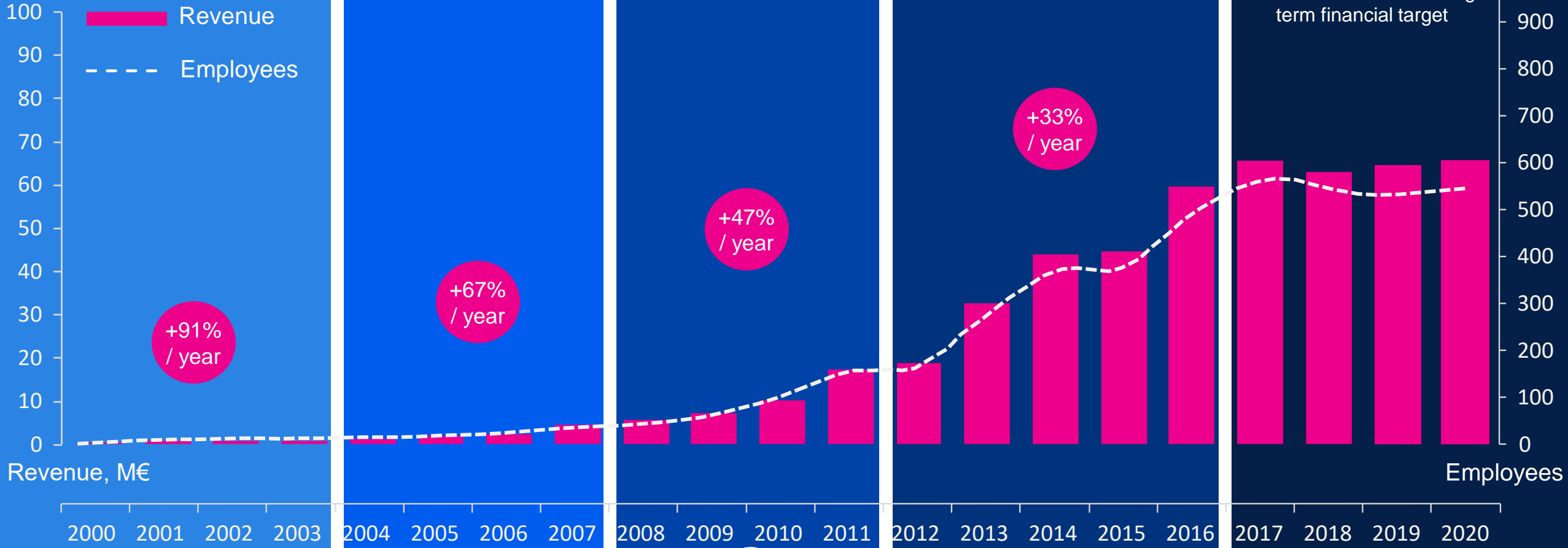
- CRM, BI and case management included in the offering
- Reverse IPO, NASDAQ Helsinki

#1 Microsoft-based Provider in the Nordics

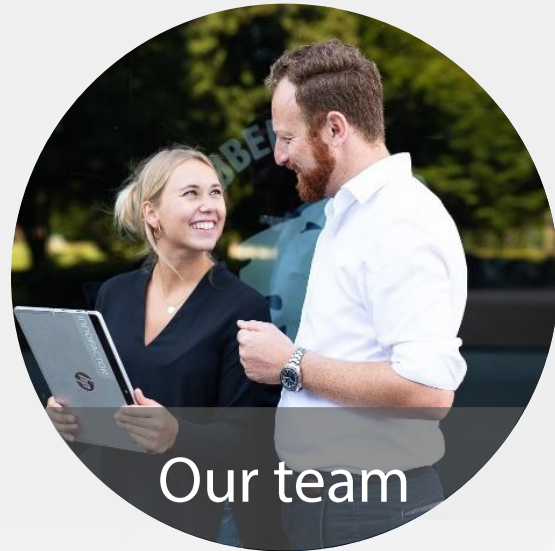
- Cloud transition
- Several acquisitions in the Nordic countries

#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

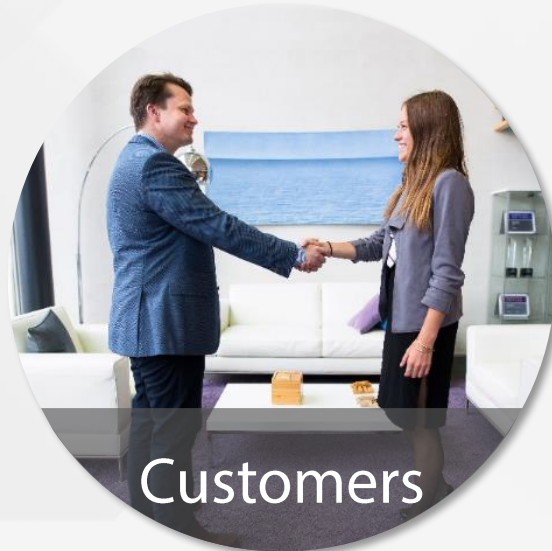


Innofactor – Leading Nordic driver of Modern Digital Organization



Our team

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



Customers

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



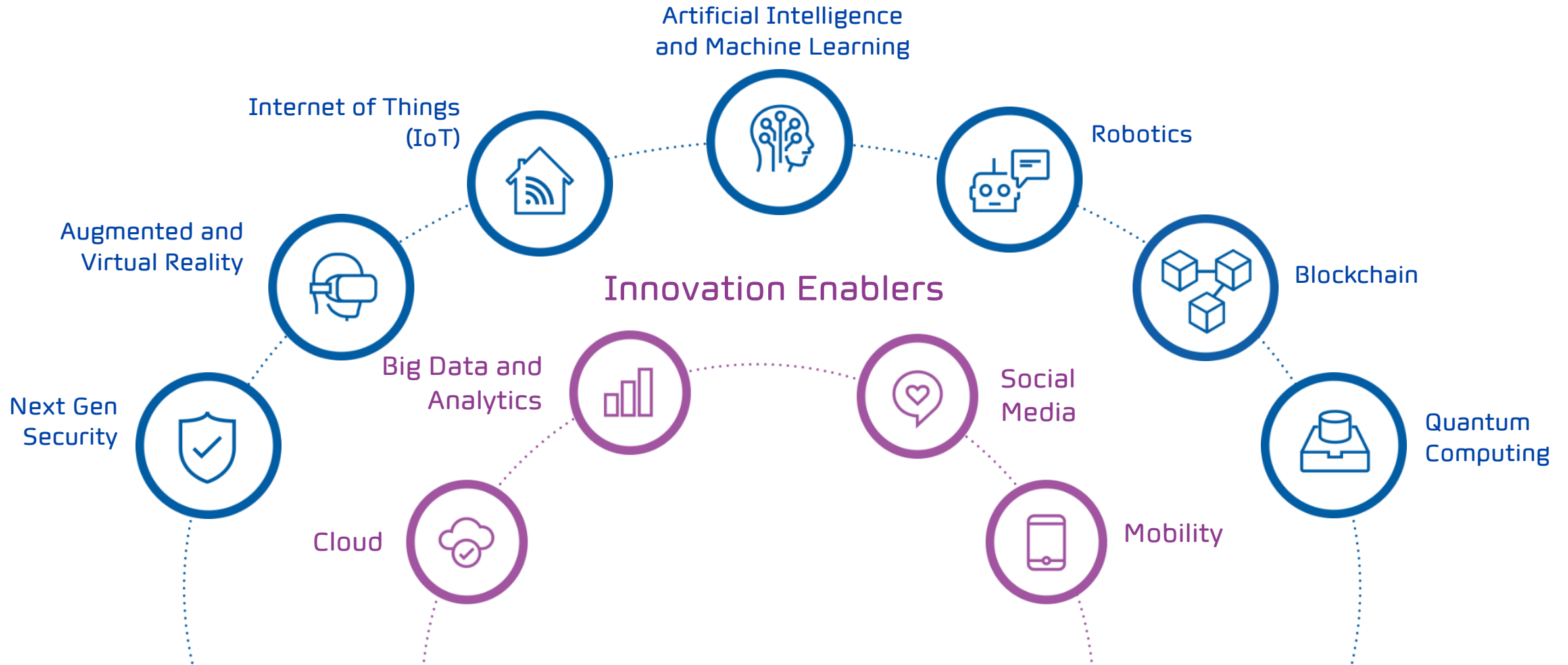
Company

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

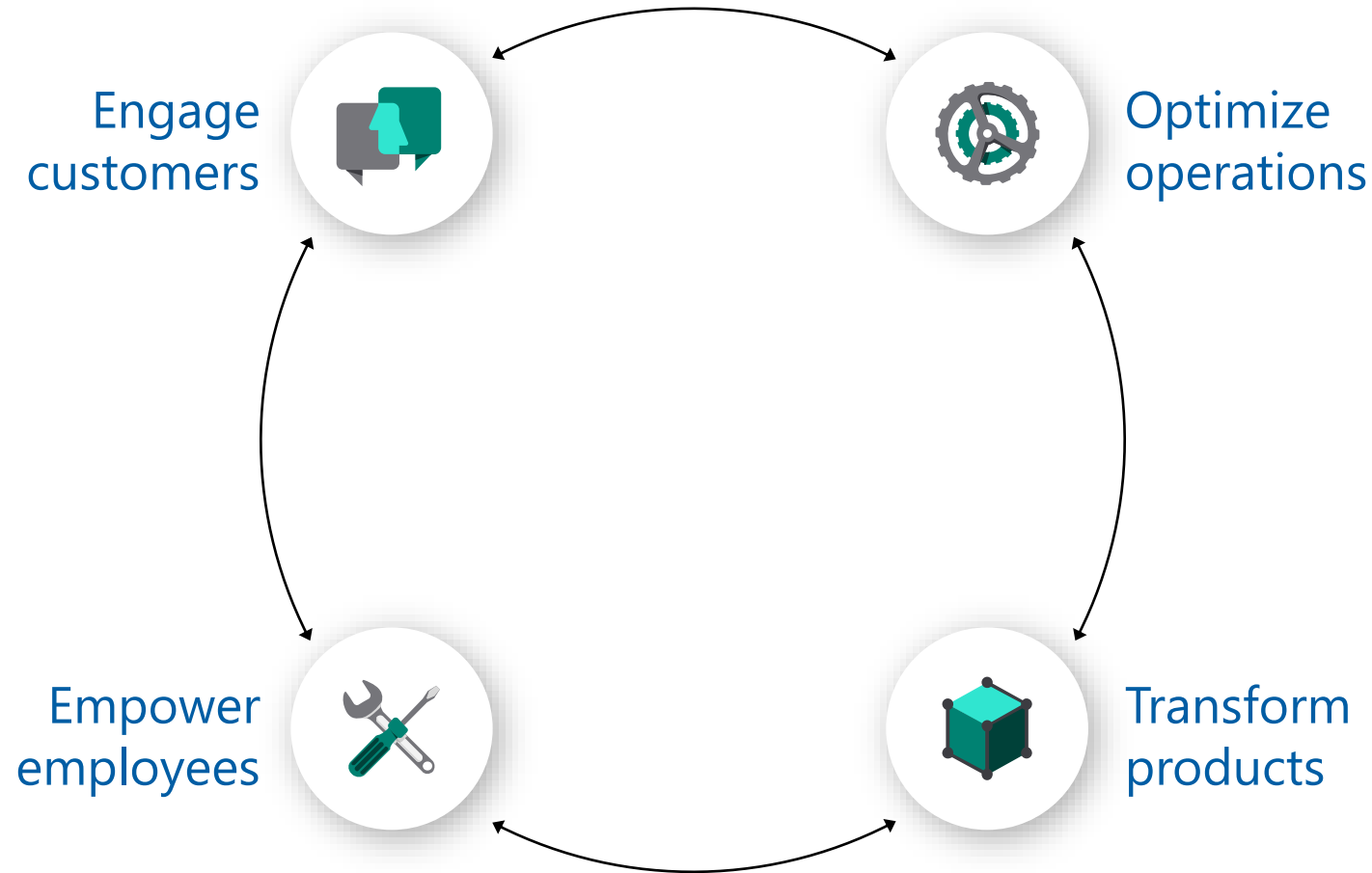


- Gold Application Development
- Gold Application Integration
- Gold Cloud Business Applications
- Gold Cloud Platform
- Gold Cloud Productivity
- Gold Collaboration and Content
- Gold Data Analytics
- Gold Data Platform
- Gold Datacenter
- Gold DevOps
- Gold Enterprise Mobility Management
- Gold Enterprise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

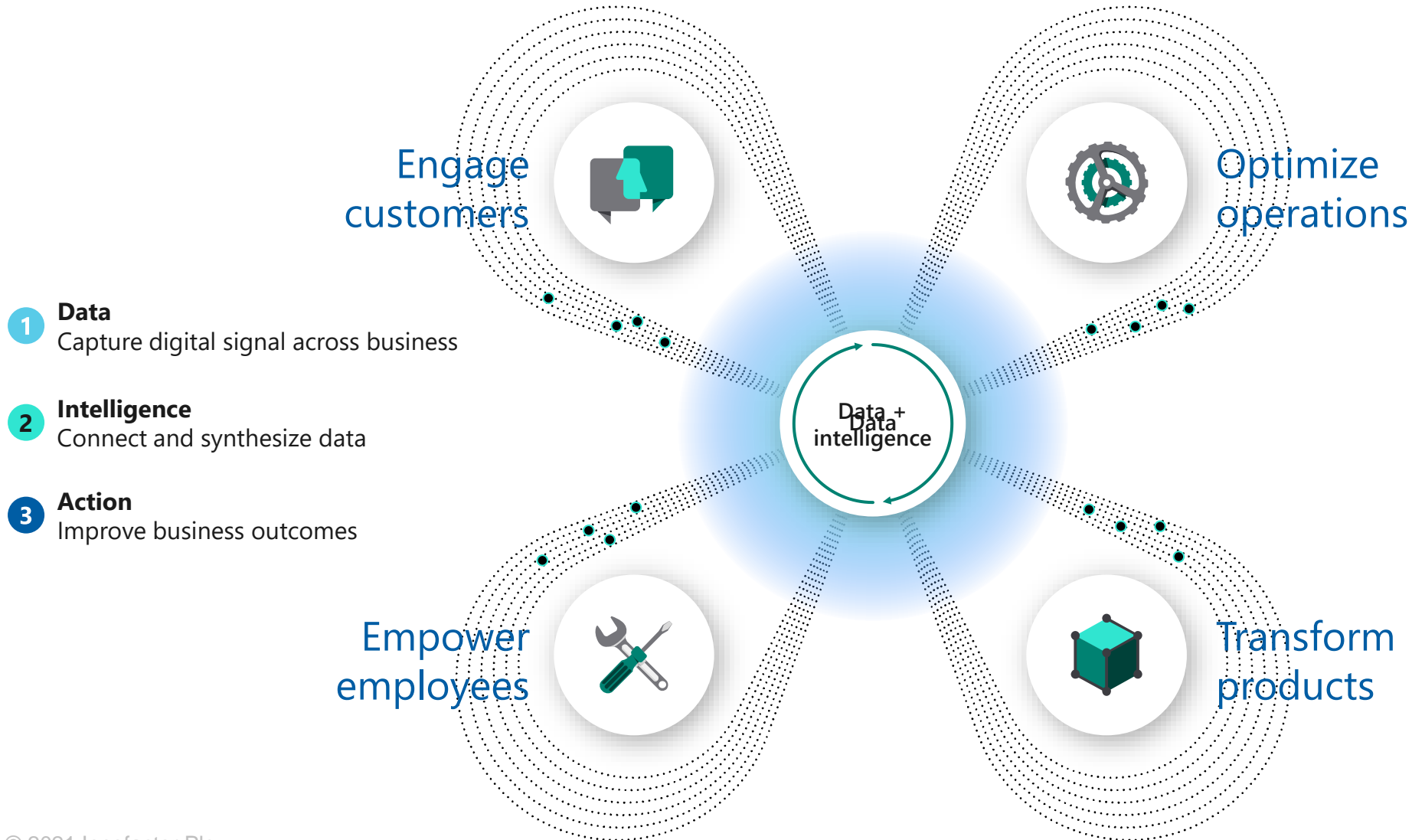
Key Trends Driving Innovation



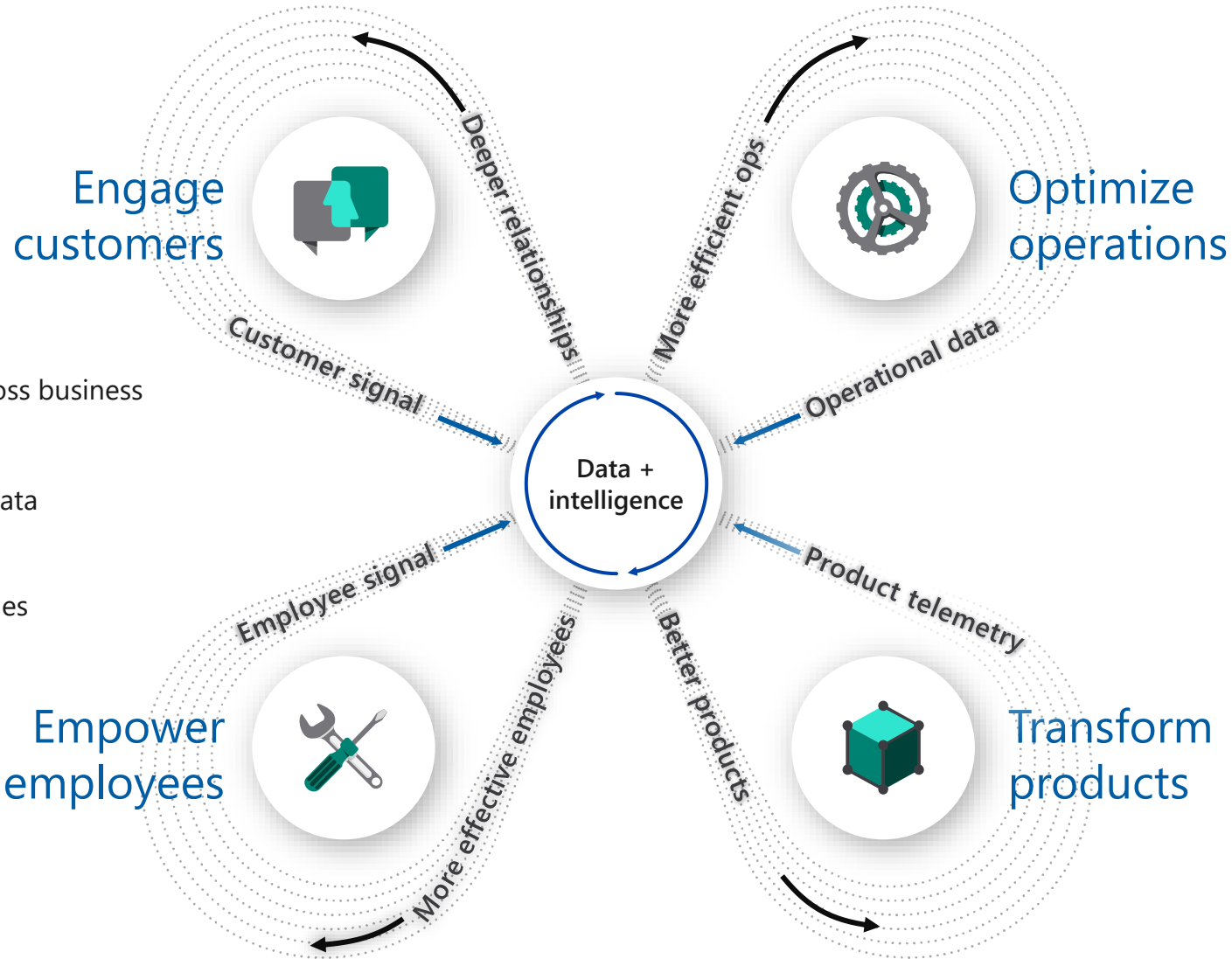
Key Stakeholders of B-to-B Digital Transformation



Digital Feedback Loop



Digital Feedback Loop



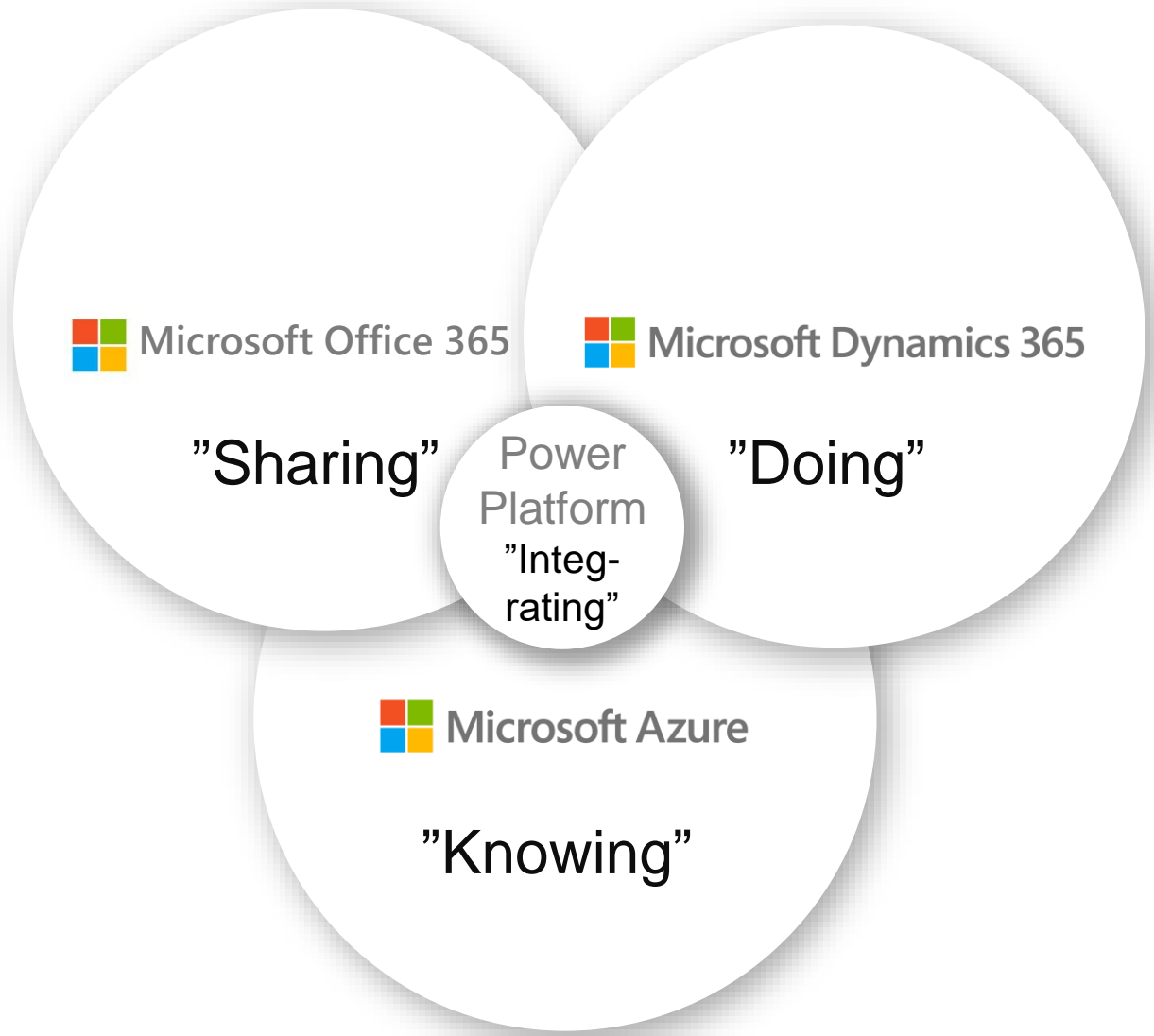
- 1 Data**
Capture digital signal across business
- 2 Intelligence**
Connect and synthesize data
- 3 Action**
Improve business outcomes

Everything Goes to Cloud

Intelligent business applications

Productivity and collaboration

Open, flexible, enterprise-grade cloud computing platform



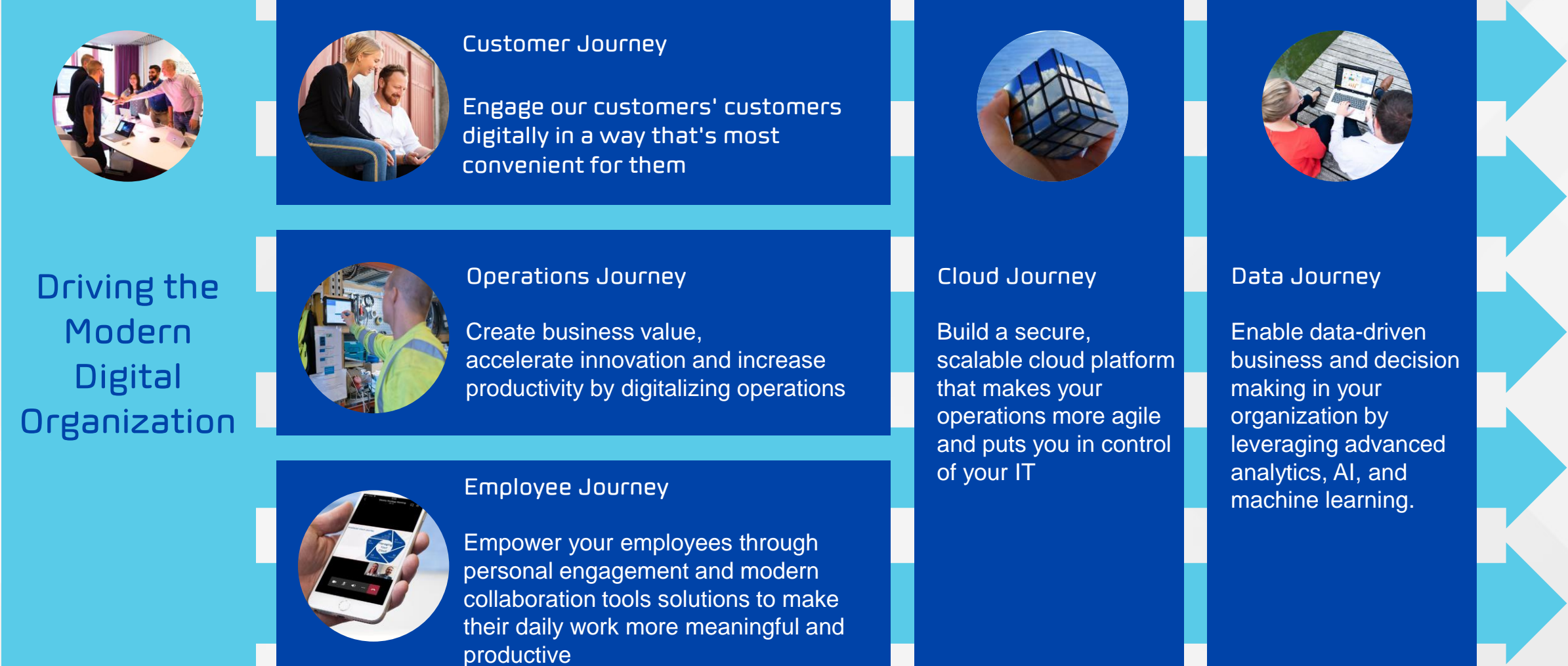
Our Mission: Driving the Modern Digital Organization



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



We Create Innovations with Our Leading Customers

Approx. 1,000 Commercial, Public Sector and Membership-based Customers



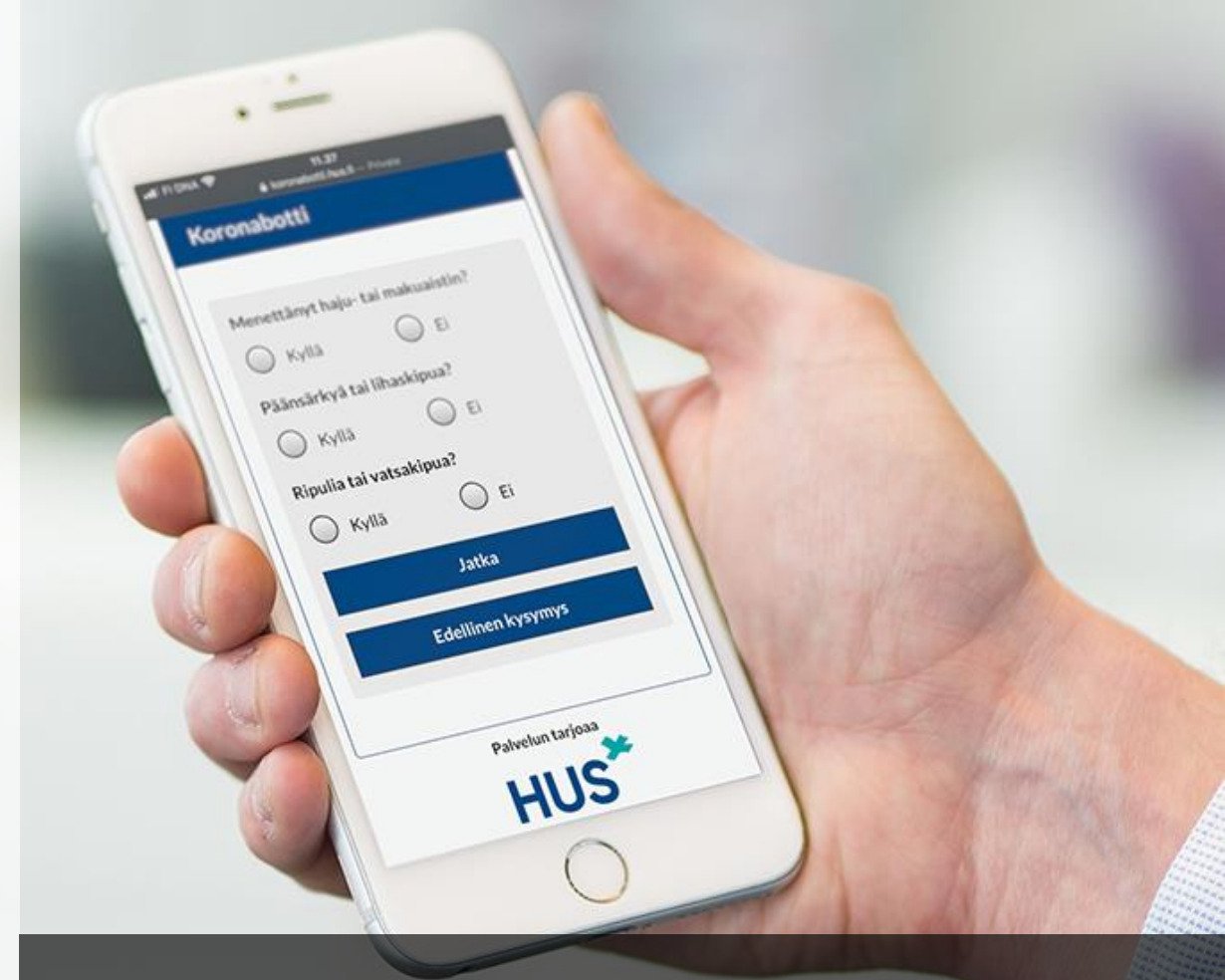
HUS

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 Arvonon

Lead of eHealth Services

HUS IT Management, eHealth Services

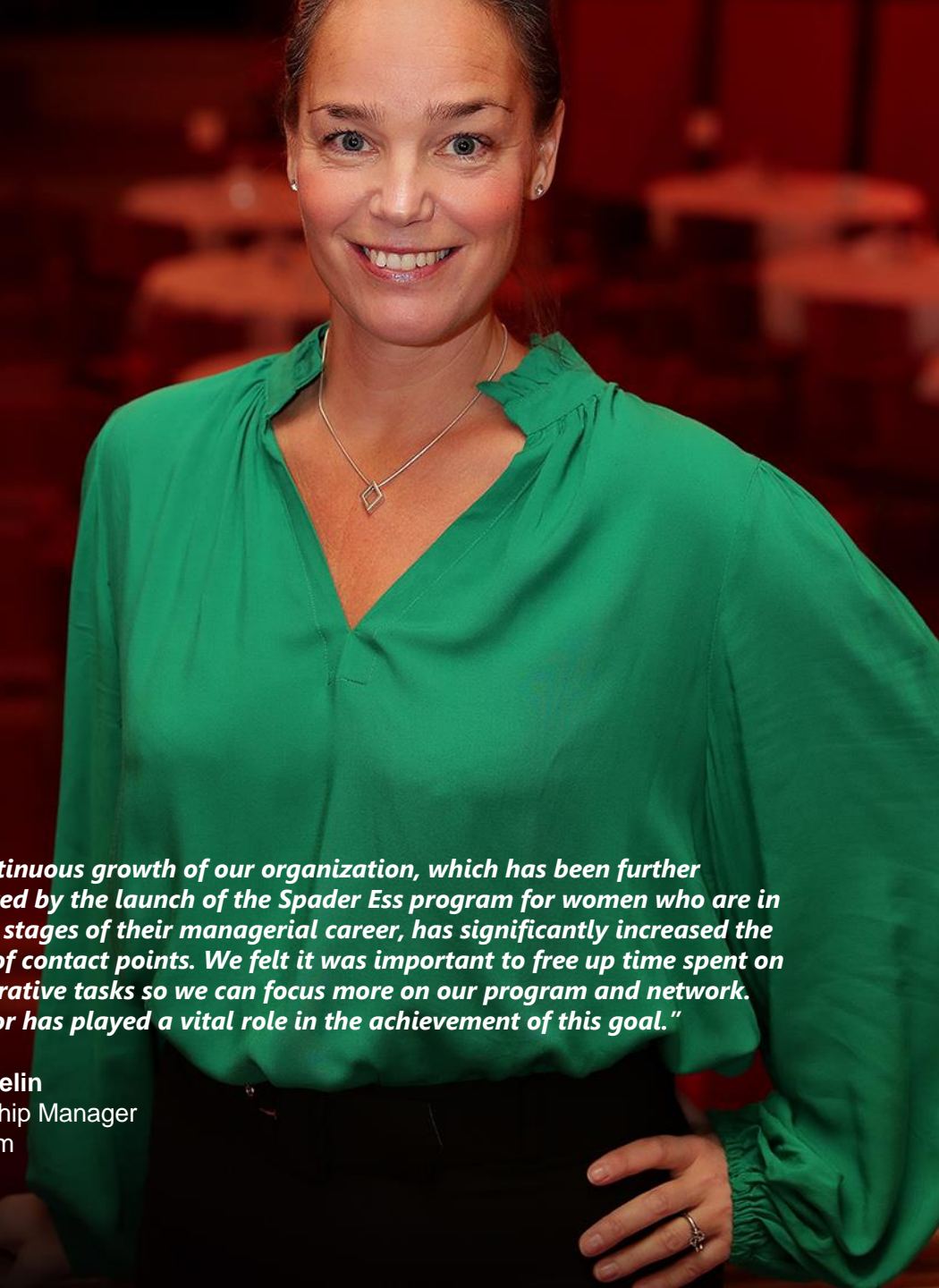
Ruter Dam

Decreased Administrative Work and Increased Focus on Network Activities with Microsoft Dynamics 365

Ruter Dam, founded in 1987, is a Swedish membership organization that offers an Executive Development and Mentoring Program for female senior leaders. Its goal is to help female managers reach high-level positions in business. When the Ruter Dam program was launched, few women held high-level leadership positions. Today, the situation is quite different. Approximately 1,300 women have completed the Ruter Dam program to date, and many of them now hold key leadership positions in the Swedish business sector. After completing the one-year program, the participants are invited to join Ruter Dam's Business Network, a vibrant platform where members actively interact and exchange ideas.

For a long time, Ruter Dam had considered that increasing digitalization could benefit its membership management. Manual processes became very time-consuming as the organization grew. The deployment of the new solution was accelerated by the COVID-19 pandemic and the resulting need to organize digital meetings. Ruter Dam wanted to use Microsoft applications and it saw long-term potential in Teams channels that allow members to maintain contact with each other. Ruter Dam decided to take the crucial step of building a sustainable membership solution that enables better communication, information security and administration.

Ruter Dam chose Innofactor as its implementation partner. Innofactor proposed a solution based on Microsoft Dynamics 365 that can also be integrated with third-party applications. The solution delivered by Innofactor has three primary advantages. Firstly, it improves the management of data and requires less administrative work, which ensures that the process does not depend on any single individual. Secondly, it improves interaction between members by enabling communication via Teams. Thirdly, it improves management between third-party applications such as Eventbrite and Mailchimp. The project began in summer 2020 and the new membership solution has been gradually deployed since December 2020.



"The continuous growth of our organization, which has been further accelerated by the launch of the Spader Ess program for women who are in the early stages of their managerial career, has significantly increased the number of contact points. We felt it was important to free up time spent on administrative tasks so we can focus more on our program and network. Innofactor has played a vital role in the achievement of this goal."

Helena Velin
Membership Manager
Ruter Dam

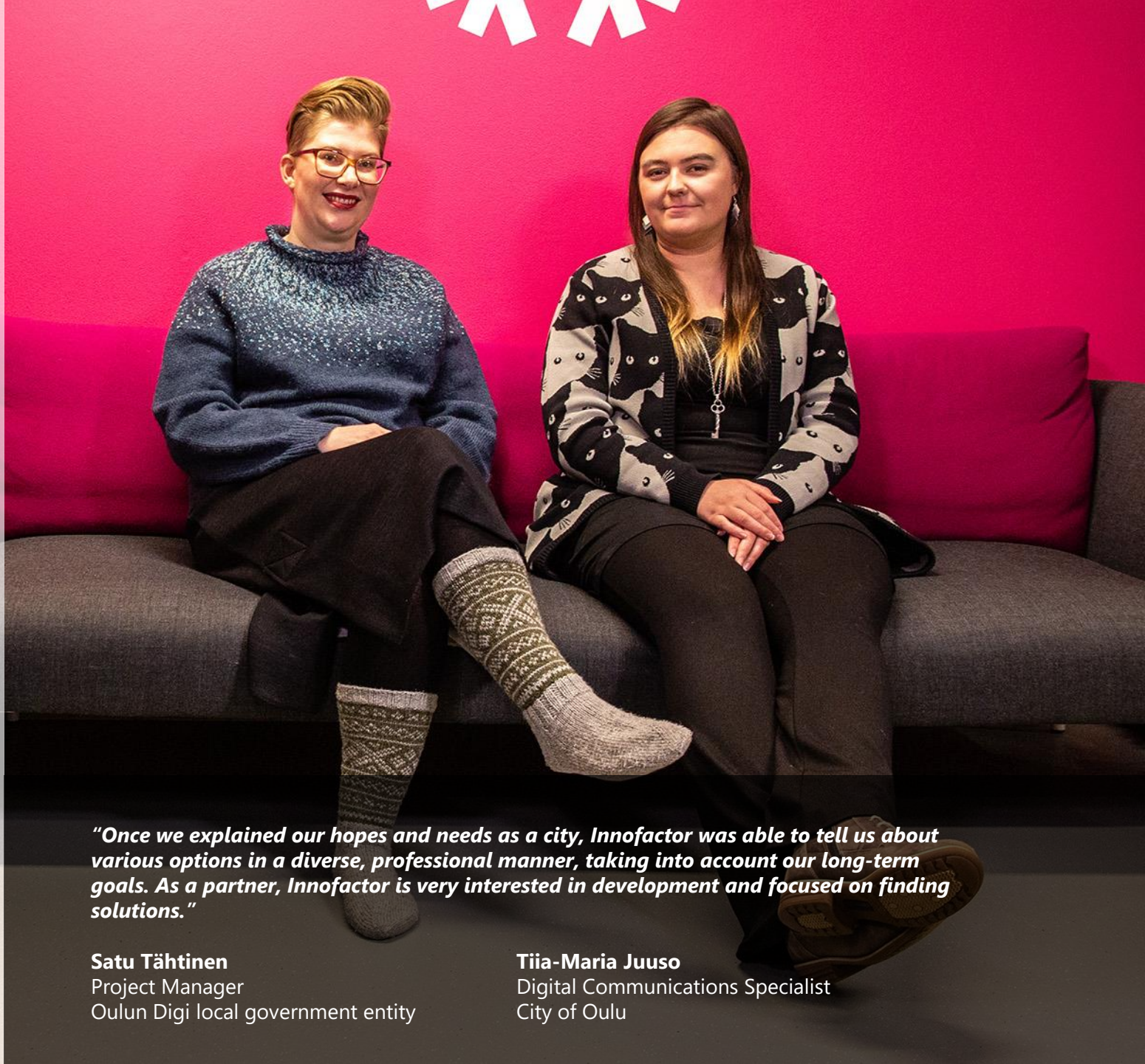
City of Oulu

New Intranet Brings the City's Employees Together

The City of Oulu is the fifth largest city in Finland and the largest employer in Northern Finland. The City employs a total of about 11,000 people.

The City of Oulu wanted to redesign its intranet and group work. For the redesign project, the City wanted to find a partner that could introduce new, fresh ideas and offer know-how outside of the City's scope of expertise. The new intranet was built in cooperation with Innofactor. Both current and future needs were optimally considered in the design and the execution.

The intranet was designed to utilize Microsoft Office 365 services. The result is a state-of-the-art intranet that also allows a better grasp of group work. The new intranet is now used by the City's 11,000 employees. As one of the key results of the project, about 3,000 education workers now use the same solution. The modern intranet and its deployment have been successful and the users have given very positive feedback. The cooperation between the City of Oulu and Innofactor continues, and Innofactor will offer development and administration services to the City of Oulu in the future as well.



"Once we explained our hopes and needs as a city, Innofactor was able to tell us about various options in a diverse, professional manner, taking into account our long-term goals. As a partner, Innofactor is very interested in development and focused on finding solutions."

Satu Tähtinen
Project Manager
Oulun Digi local government entity

Tiia-Maria Juuso
Digital Communications Specialist
City of Oulu



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

danbolig

More agility and better analytics through a Modern Data Warehouse in Microsoft Azure

danbolig is a leading chain of real estate agencies in Denmark. It has more than 150 independent branches throughout the country. With over 30 years of experience in the real estate market and the strong local expertise of its real estate agents, danbolig provides its customers with a customized service experience regardless of where they live or where they are moving to.

The extensive use of data plays a central role in danbolig's operations. The company takes a data-driven approach to its decision-making processes at the tactical and strategic levels. Consequently, it is essential for danbolig to have an agile, quick and stable Business Intelligence value chain.

Based on its cloud strategy, danbolig has put its Business Intelligence architecture in the cloud with a focus on agility, scalability and information security. Innofactor provided the company with a cloud-based business intelligence infrastructure that enables danbolig to establish a better overall understanding of the customer data, financial data and employee data of individual branches, for example. The transition to Microsoft Azure has provided danbolig with a flexible infrastructure that enables strong analytical insight, a better customer experience, and more effective comparisons and sharing of information.

"Innofactor has supported us throughout the process – from counseling related to architecture all the way to the choice of methods and implementation. This was important for us, since we needed consistent and comprehensive assistance ranging from preliminary descriptions to real-life implementation in a complex user environment."

Anne Mette Koch
CCO/CIO
danbolig



Our Purpose:

Innovating to make the world work better

Our Mission:

Driving the modern digital organization

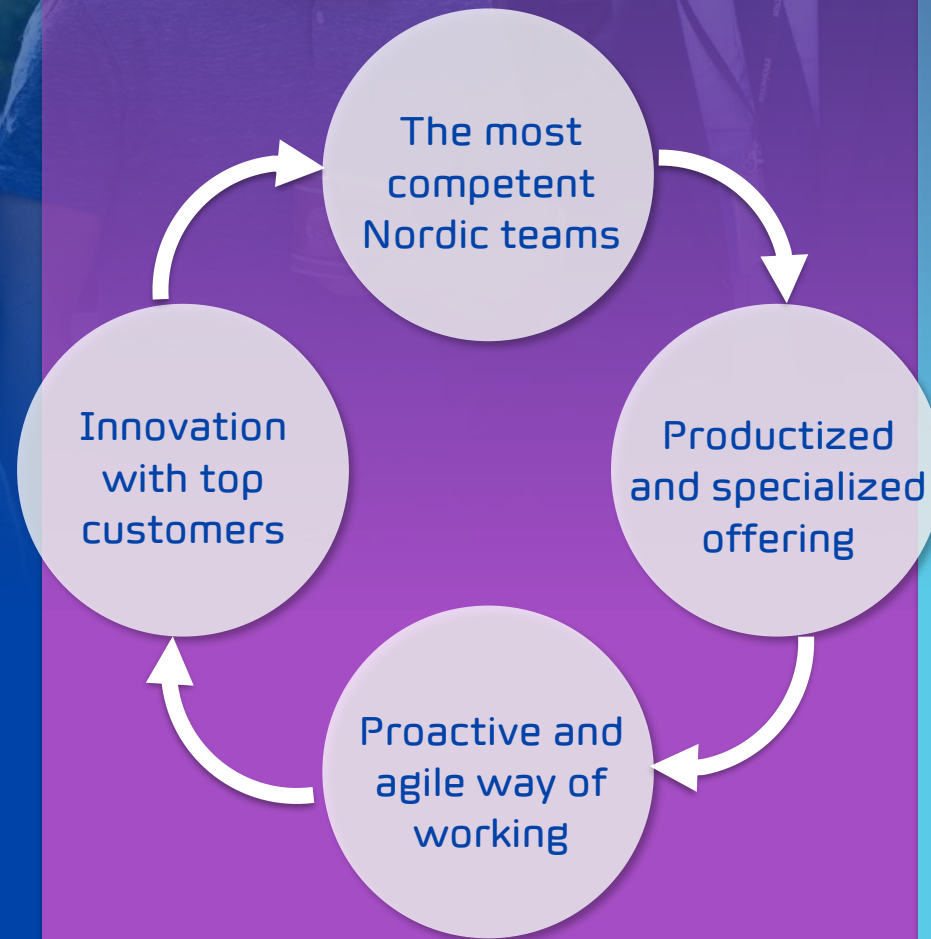
Our Vision:

Leading Nordic digital transformation partner in the Microsoft ecosystem

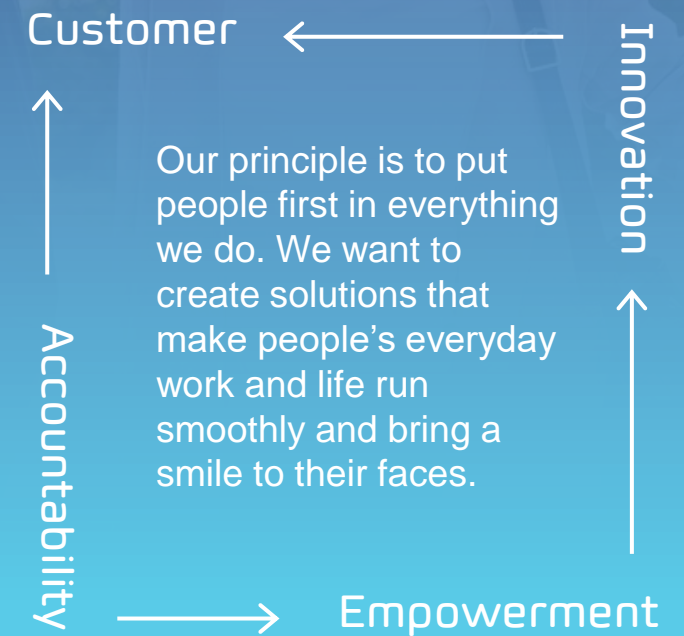
Our Long-Term Financial Goals:

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

Our Strategic Choices:



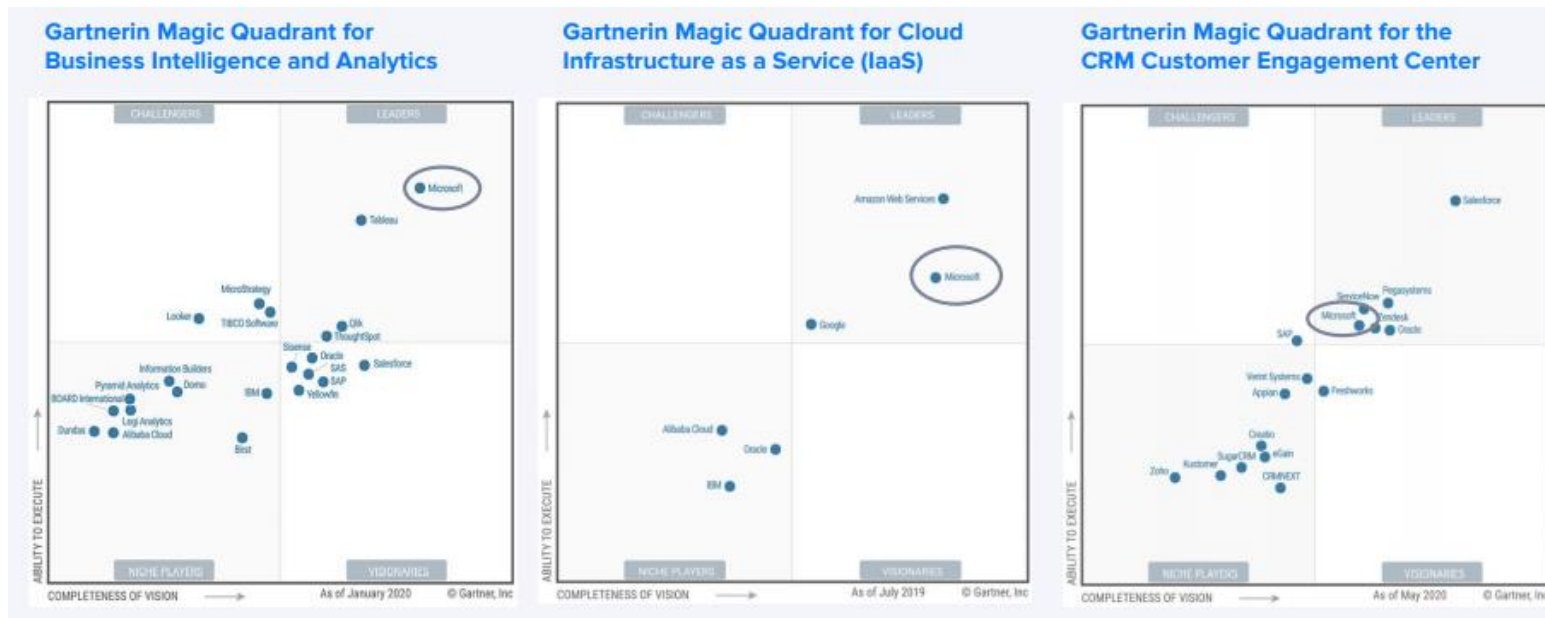
Our Values and Working Principle:



#ModernDigitalOrganization
#PeopleFirst
#CreatingSmiles

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.)
 Risto Linturi
 Sami Ensio
 Heikki Nikku

Sami Ensio
 President and CEO

Markku Puolanne
 CFO

Vesa Syrjäkari
 EVP, Biz Dev and Oper Excellence

Martin Söderlind
 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 Sami Ensio (Acting)
Customers Jarkko Lindroos, Vice President			
Sales Jyrki Vepsäläinen, Vice President			
HR Anni Pokkinen, Acting			

The Board of Directors of Innofactor Plc



Innofactor's Founder and CEO

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

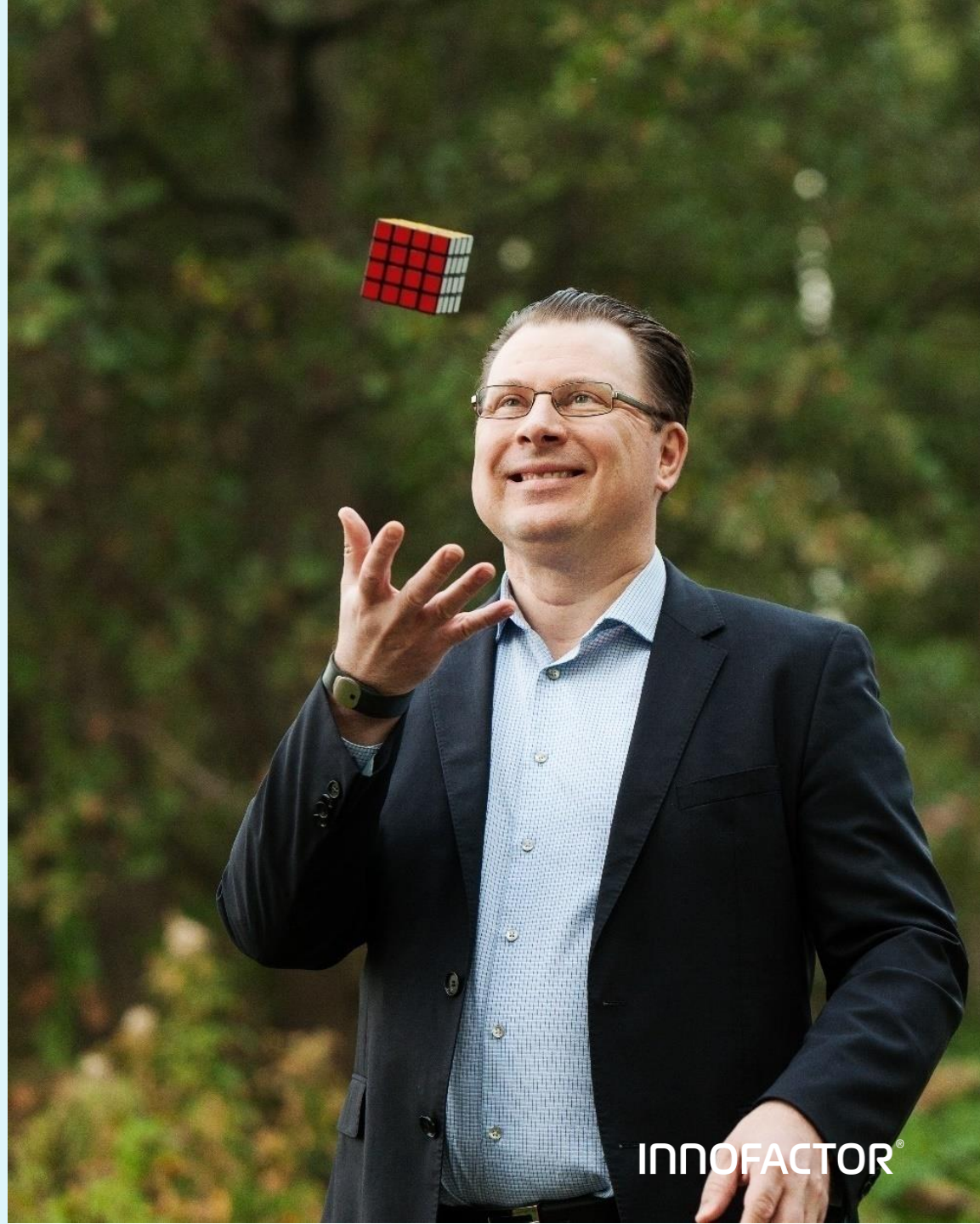
Founder and CEO of Innofactor. Previously member of the Omnitele Management Team. Several positions of trust in the Federation of Finnish Technology Industries and Confederation of Finnish Industries, for example, Vice Chairman of the Federation of Finnish Technology Industries.

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>



Executive Board of Innofactor Group



Q1/2021 Results

Innofactor sold the Prime business and reached the best first quarter net sales, operating margin and order backlog in its history – also without the additional operating margin of EUR 2.6 million brought by the transaction

The net sales in the first quarter of 2021 were EUR 17.8 million, which shows an increase of 3.8 percent compared to the previous year. During the first quarter, Finland accounted for all of the growth, but starting from the second quarter, we expect to also achieve growth outside Finland, where COVID-19 had a negative impact on net sales in 2020.

The operating margin (EBITDA) grew 138.0 percent from the previous year and was EUR 4.7 million (26.2 percent of the net sales), and it was positive in all countries except for Sweden, where the first quarter was subject to costs associated with the reorganization of business operations. The operating margin includes a sales gain of approximately EUR 2.6 million from the sale of the Prime business, without which the operating margin would have been approximately EUR 2.1 million

The order backlog grew to a record-breaking amount and was EUR 68.9 million at the end of the quarter, which shows an increase of 27.4 percent compared to the corresponding time in the previous year.

Revenue

17.8 M€

Growth +3.8%
vs.
Q1/2020

EBITDA

**26.2% (11.8%)
4.7 M€ (2.1 M€)**

Growth +138.0%
(+7.3 %) vs.
Q1/2020

Order backlog

68.9 M€

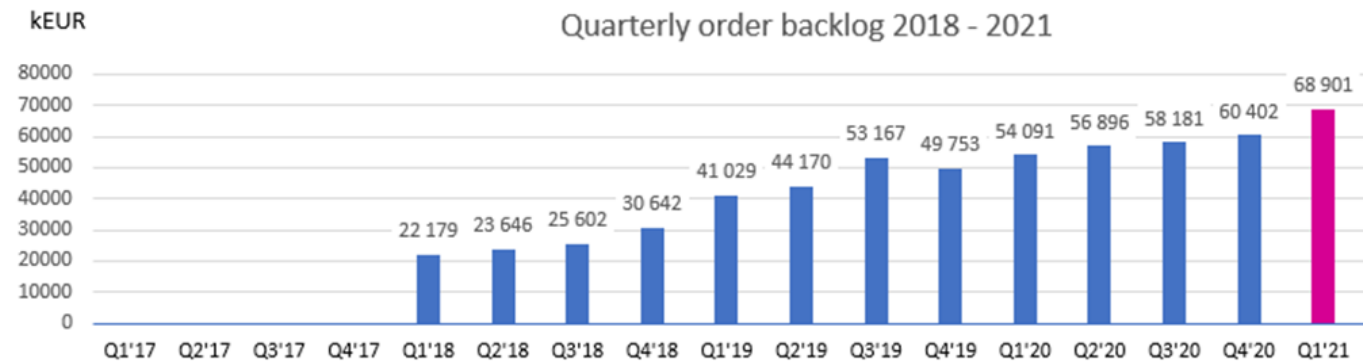
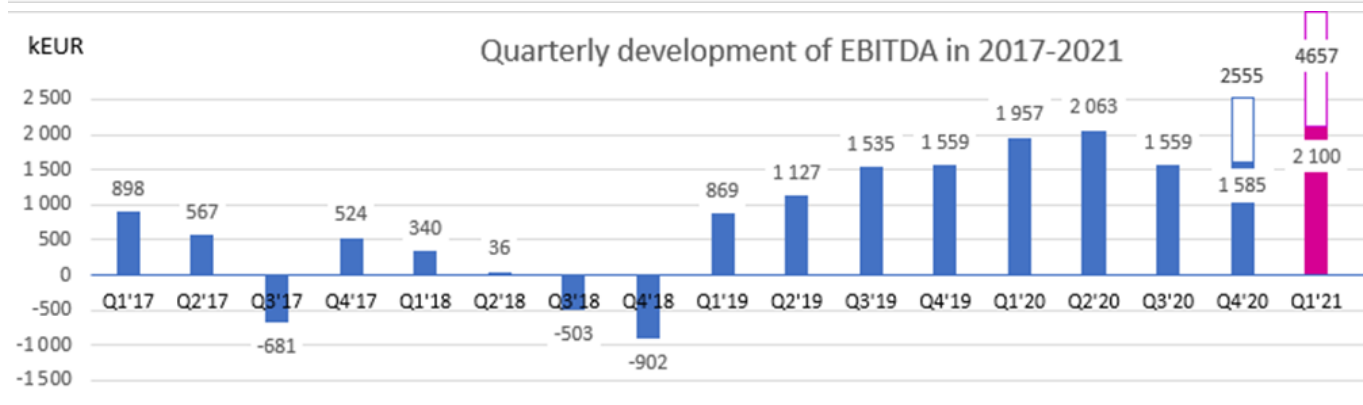
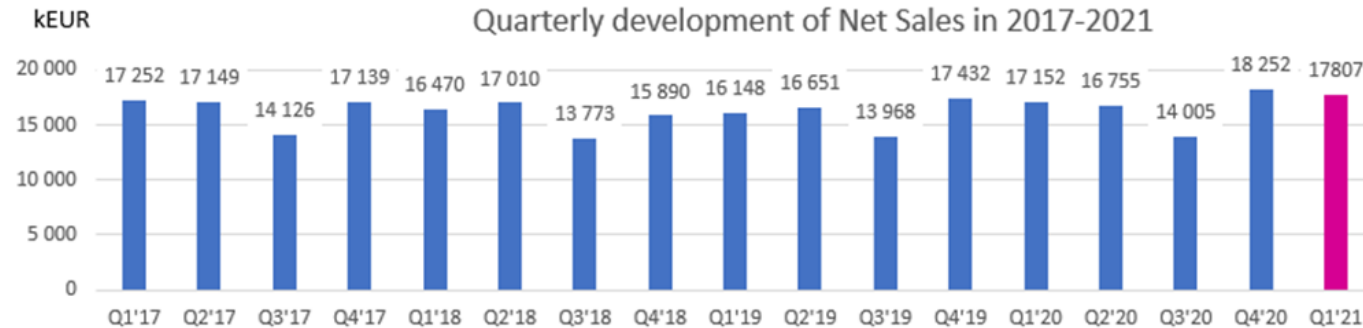
Growth +27.4%
vs.
Q1/2020

Q1/2021 Actuals

Selected Key Figures

	Q1 /2021	Q1 /2020	Change (%)	CEO's comment
Net Sales (kEUR)	17,807	17,152	+3.8%	<i>"The net sales in the first quarter of 2021 were EUR 17.8 million, which shows an increase of 3.8 percent compared to the previous year. During the first quarter, Finland accounted for all of the growth, but starting from the second quarter, we expect to also achieve growth outside Finland, where COVID-19 had a negative impact on net sales in 2020."</i>
EBITDA (kEUR)	4,657 (2,100)	1,957	+138.0% (+7.3%)	<i>"The operating margin (EBITDA) grew 138.0 percent from the previous year and was EUR 4.7 million (26.2 percent of the net sales), and it was positive in all countries except for Sweden, where the first quarter was subject to costs associated with the reorganization of business operations. The operating margin includes a sales gain of approximately EUR 2.6 million from the sale of the Prime business, without which the operating margin would have been approximately EUR 2.1 million (11.8 percent of net sales and growth of 7.3 percent from the previous year)."</i>
Order Backlog (kEUR)	68,901	54,091	+27.4%	<i>"The order backlog grew to a record-breaking amount and was EUR 68.9 million at the end of the quarter, which shows an increase of 27.4 percent compared to the corresponding time in the previous year."</i>
Equity Ratio (%)	46.6%	43.5%	+7.1%	<i>"The cash flow does not include the income from the Prime divestment, which will be recognized for the second quarter. The strong operating cash flow supports Innofactor's strategic goal of profitable growth and securing solid financial standing in all situations."</i>

Quarterly Development of Innofactor Group Financials

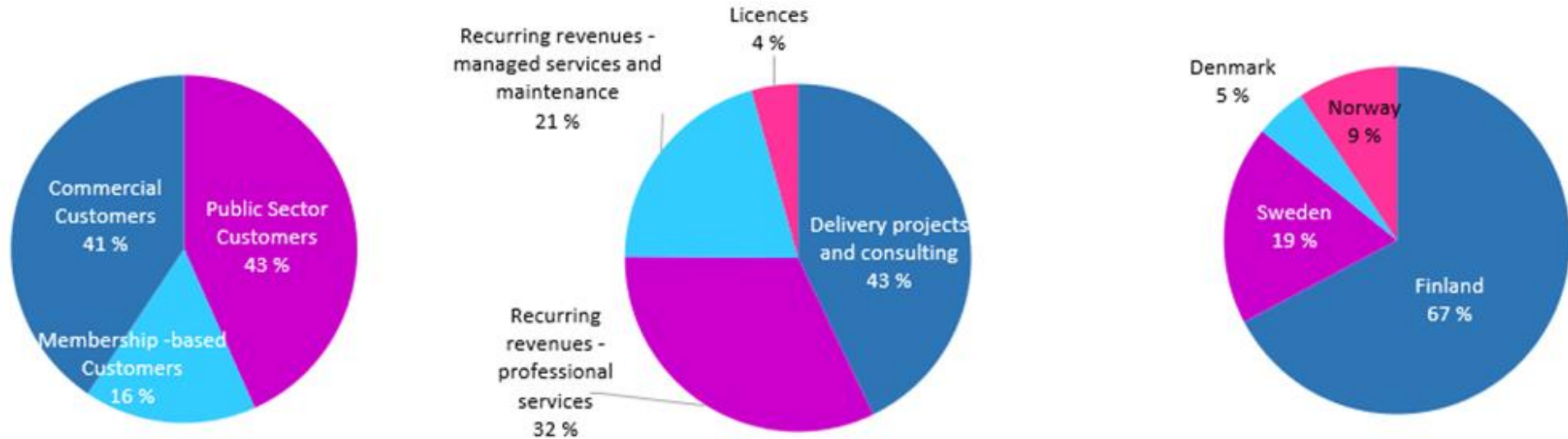


Increased revenue is typically reflected immediately in EBITDA

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

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

Distribution of net sales January 1 to March 31, 2021



- Strong customers in both public and private sectors bring stability in economic fluctuations
- 10 largest customers account for approximately 31% 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, 2021	Jan 1– March 31, 2020	Change
Net sales, EUR thousand	17,807	17,152	3.8%
Growth of net sales	3.8%	6.2%	
Operating result before depreciation and amortization (EBITDA), EUR thousand*	4,657	1,957	138.0%
percentage of net sales*	26.2%	11.4%	
Operating profit/loss (EBIT), EUR thousand*	3,809	816	366.8%
percentage of net sales*	21.4%	4.8%	
Earnings before taxes, EUR thousand*	3,357	-123	2,819.3%
percentage of net sales*	18.9%	-0.7%	
Earnings, EUR thousand*	2,637	204	1,194.2%
percentage of net sales*	14.8%	1.2%	
Order backlog	68,901	54,091	27.4%
Net gearing*	56.9%	60.6%	
Net gearing without IFRS 16	43.6%	37.3%	
Equity ratio	46.6%	43.5%	
Equity ratio without IFRS 16	44.0%	48.5%	
Active personnel on average during the review period****	537	541	-0.7%
Active personnel at the end of the review period****	536	542	-1.1%
Earnings per share (EUR)	0.0705	0.0054	1,194.2%

*) The handling of lease liabilities in accordance with IFRS 16 had a positive effect of EUR 479 (2020: 504) 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 139 thousand (2020: 473) 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 changed rate of the Swedish krona and Norwegian krone in relation to euro) results in a exchange rate loss of EUR -282 (2020: -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: Ca 20 percent yearly growth, mainly organic growth
 - Growth was 3.8 percent compared to previous year and grew in Finland but decreased in other countries
 - The record EUR 68.9 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 26.2 percent of revenue, increasing 138.0 percent. The EBITDA includes a sales gain of approximately EUR 2.6 million from the sale of the Prime business, without which the operating margin would have been approximately EUR 2.1 million (11.8 percent of net sales and growth of 7.3 percent from the previous year).
 - 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 3.6 million increase of 15.3 % and equity ratio at the end of review period was 46.6 percent (improved by 3.1 percentage points)
 - Strong operative cash flow supports the strategic growth target

Dividend Distribution

- 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
- General meeting decided
 - 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
- General meeting decided
 - To authorize 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.



Other Issues

Stock Exchange Releases Q1 (1/2)

- On January 21, 2021, Innofactor announced in a stock exchange release that the Finnish Tax Administration selected Innofactor as the primary provider of IT specialist services in the area of Azure programming. The procurement consists of project manager and ICT specialist resources to support the project management, defining, programming, management and service design of the Tax Administration's systems and other technical know-how to support the Tax Administration's ICT. Based on 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.

Stock Exchange Releases Q1 (2/2)

- On March 11, 2021, Innofactor announced in a stock exchange release that the Finnish Institute of Occupational Health had selected Innofactor as the provider for the renewal of the enterprise resource planning system. The procurement covers the delivery, implementation, and maintenance of the information system. The system is based on Microsoft Dynamics 365 for Finance & Supply Chain Management. Innofactor estimates the total value of the procurement to be approximately EUR 1,600,000.
- On March 30, 2021, Innofactor announced in a stock exchange release that Metsähallitus had selected Innofactor's as its case management system provider as SaaS. The procurement comprises of the delivery of the case management system, as well as support and maintenance services. The system will be based on Innofactor's Dynasty 10 solution. The service agreement related to the procurement will be valid for fixed period of four years after which it will be valid until further notice. The agreement value is approximately EUR 700,000.

Stock Exchange Releases after Q1

- On April 6, 2021, announced in a stock exchange release that the joint municipal authority for the wellbeing services county of Ostrobothnia has selected Innofactor in a public procurement competition as the supplier of a case and document management as SaaS. The procurement consists of the delivery of the case and document management solutions, as well as support and maintenance services. The system suite will be based on Innofactor's Dynasty 10 solution. The total value of the procurement (excluding VAT) stated by the joint municipal authority for the county of Ostrobothnia in the procurement decision for a period of four years is EUR 860,240.

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

Key points from CEO's review

- **Net sales:** The net sales in the first quarter of 2021 were EUR 17.8 million, which shows an increase of 3.8 percent compared to the previous year.
- **EBITDA:** The operating margin (EBITDA) grew 138.0 percent from the previous year and was EUR 4.7 million (26.2 percent of the net sales), and it was positive in all countries except for Sweden, where the first quarter was subject to costs associated with the reorganization of business operations. The operating margin includes a sales gain of approximately EUR 2.6 million from the sale of the Prime business, without which the operating margin would have been approximately EUR 2.1 million (11.8 percent of net sales and growth of 7.3 percent from the previous year).
- **Order backlog:** The order backlog grew to a record-breaking amount and was EUR 68.9 million at the end of the quarter, which shows an increase of 27.4 percent compared to the corresponding time in the previous year.
- **Organization:** Innofactor sold its resource management software solution business, Innofactor Prime, in Finland to Total Specific Solutions. The transaction took effect on April 1, 2021. Innofactor appointed Martin Söderlind to the new Chief Innovation and Talent Officer role as of April 1, 2021. Martin is responsible for Innofactor's operations regarding offering and talent development. Söderlind is a member of the Executive Board, reporting to the CEO, Sami Ensio, and working at Innofactor's Stockholm office. Martin Söderlind has more than 20 years of experience in leadership positions in the ICT industry and development of international business.

Largest shareholders March 31, 2021

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%
2. Ilmarinen Mutual Pension Insurance Company	1,800,000	4.81%
3. Linturi Kaija and Risto	1,256,411	3.36%
<i>R. Linturi Oyj</i>	489,107	1.31%
<i>Linturi Kaija Anneli</i>	430,000	1.15%
<i>Linturi Risto Erkki Olavi</i>	337,304	0.90%
4. Laiho Rami Tapani	1,158,694	3.10%
5. Hallikainen Jyrki	1,129,821	3.02%
6. Ärje Matias Juhanoika	882,065	2.36%
7. Mäki Antti-Jussi	745,020	1.99%
8. Tilman Tuomo Tapani	703,397	1.88%
9. Hellen Stefan Andreas	486,000	1.30%
10. Ingman Finance Oy Ab	450,000	1.20%
11. Muukkonen Teemu Heikki	446,841	1.20%
12. Järvenpää Janne-Olli	305,211	0.82%
13. Kukkonen Heikki-Harri	274,106	0.73%
14. Rausanne Oy	270,000	0.72%
15. Laiho Jari Olavi	230,000	0.62%
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%
19. Kannisto Jaakko Mikael	148,503	0.40%
20. Mandatum Life Insurance Company Limited	128,089	0.34%
Total	18,813,906	50.32%

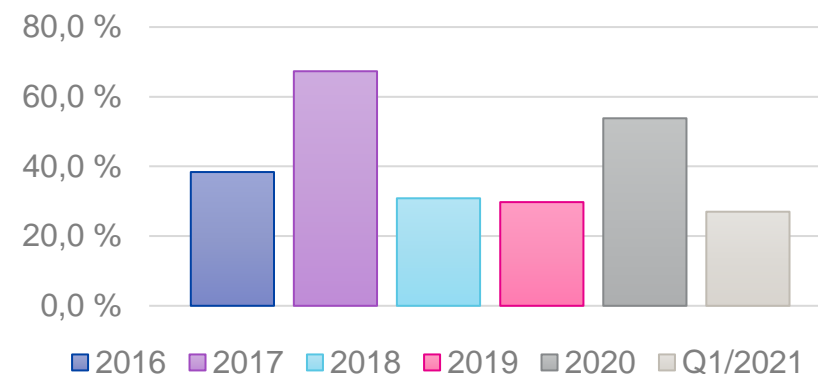
Innofactor Share Price Development and Turnover (Closing April 26th, 2021 at €1.975)



Share Price Development

Beginning of 2021	+54.90%		
1 year change	+187.90%	Year highest 2021	2.07 EUR
3 year change	+134.84%	Year lowest 2021	1.24 EUR
5 year change	+110.11%		
10 year change	+41.07%		

Turnover in % compared total amount of shares



In public trading in January 1–March 31, 2021, a total of 10,096,022 shares were traded (2020: 5,409,684), which corresponds to 27.0 percent (2020: 14.5%) of the average number of shares in the said period. In January 1–March 31, 2021, there were 37,388,225 shares on the average (2020: 37,188,225). The share trading increased by 86.6 percent compared to the corresponding period in 2020.

Additional Information

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

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CEO

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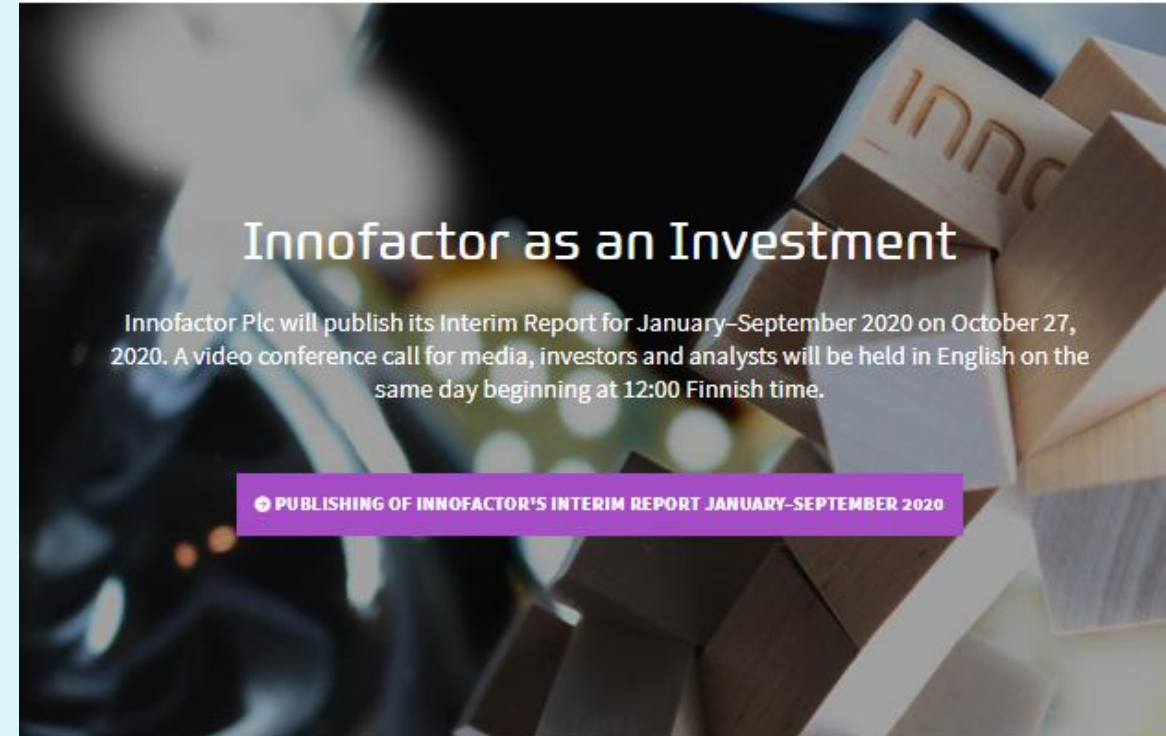
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Innofactor as an Investment

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 checkered 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®