



Innofactor Interim Report H1/2021

July 22, 2021 Sami Ensio, CEO

#ModernDigitalOrganization | #PeopleFirst | #CreatingSmiles

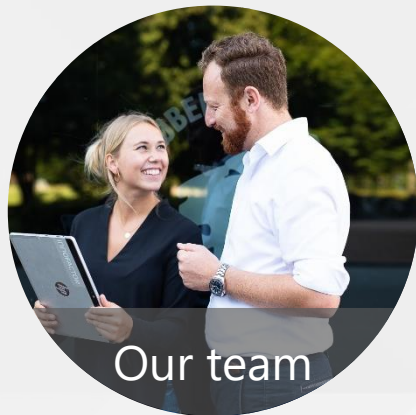


Innofactor's Business

Driving the Modern Digital Organization
in the Nordic Countries

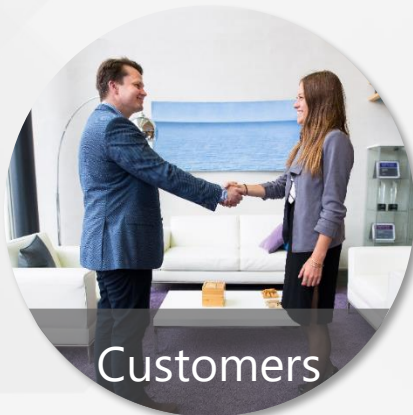
INNOFACTOR®

Innofactor – Leading Nordic driver of Modern Digital Organization



Our team

- 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

Microsoft
Partner



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

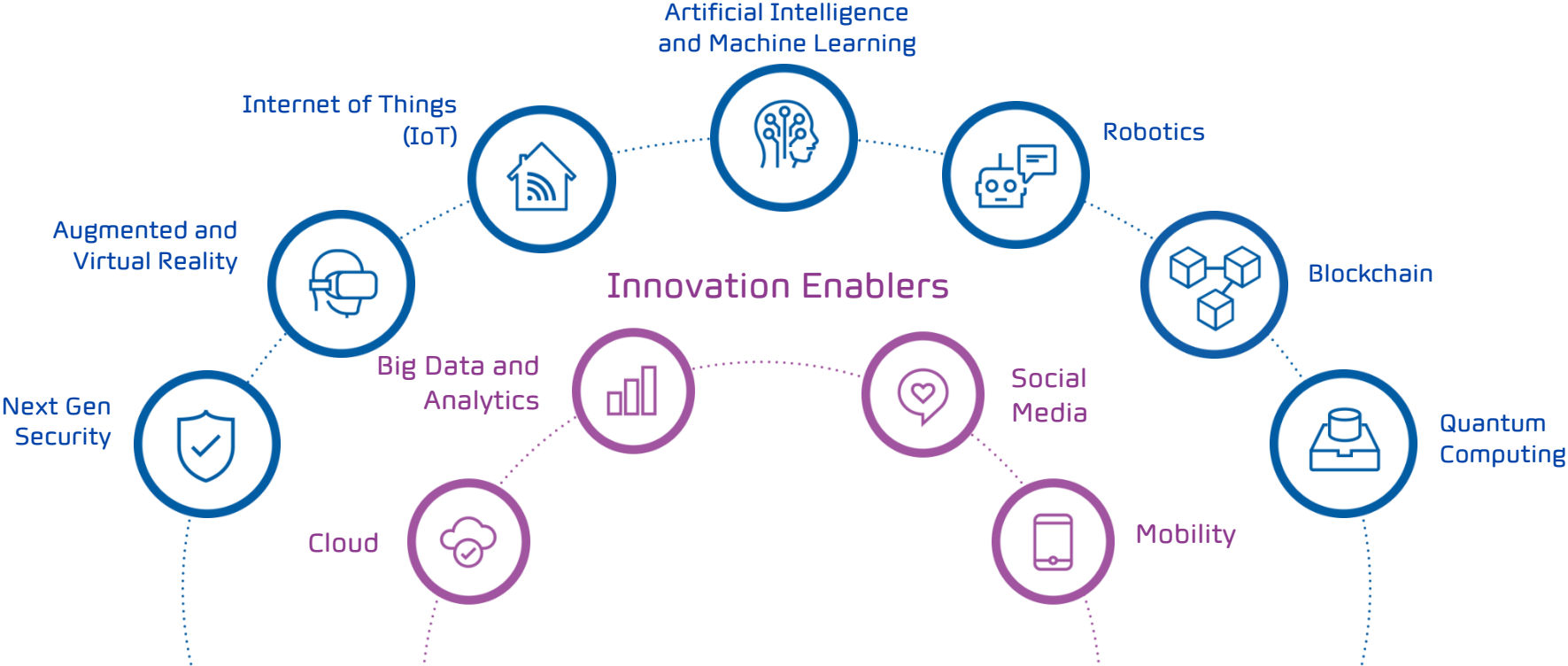
INNOFACTOR[®]

"Innovating to make
the world work
better."

Sami Ensio,
founder and CEO



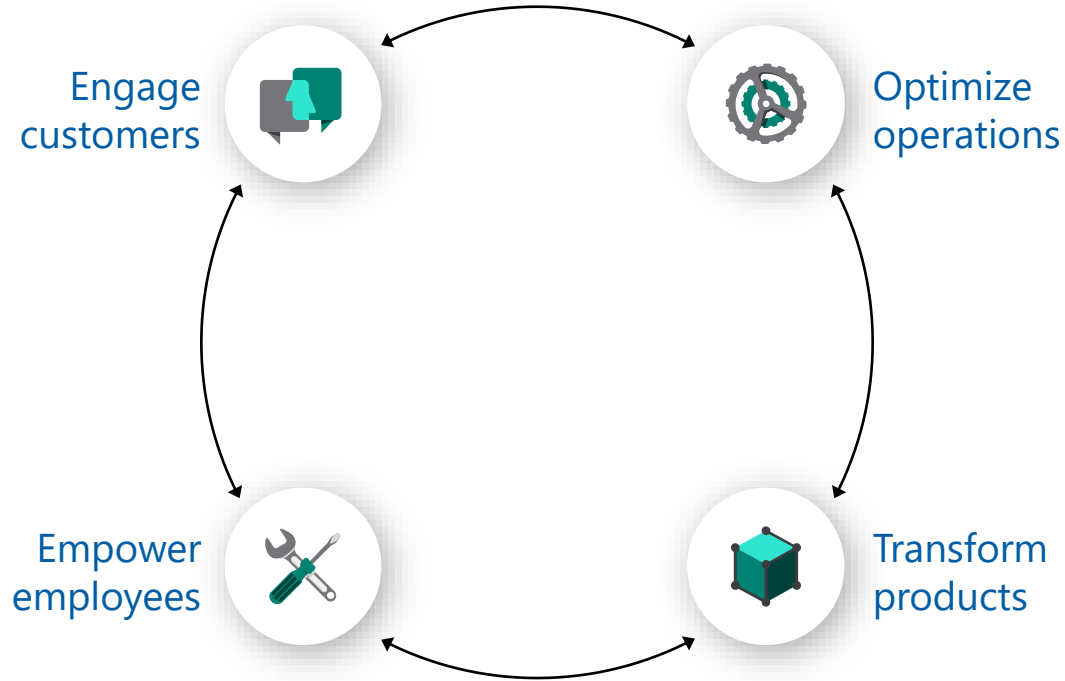
Key Trends Driving Innovation



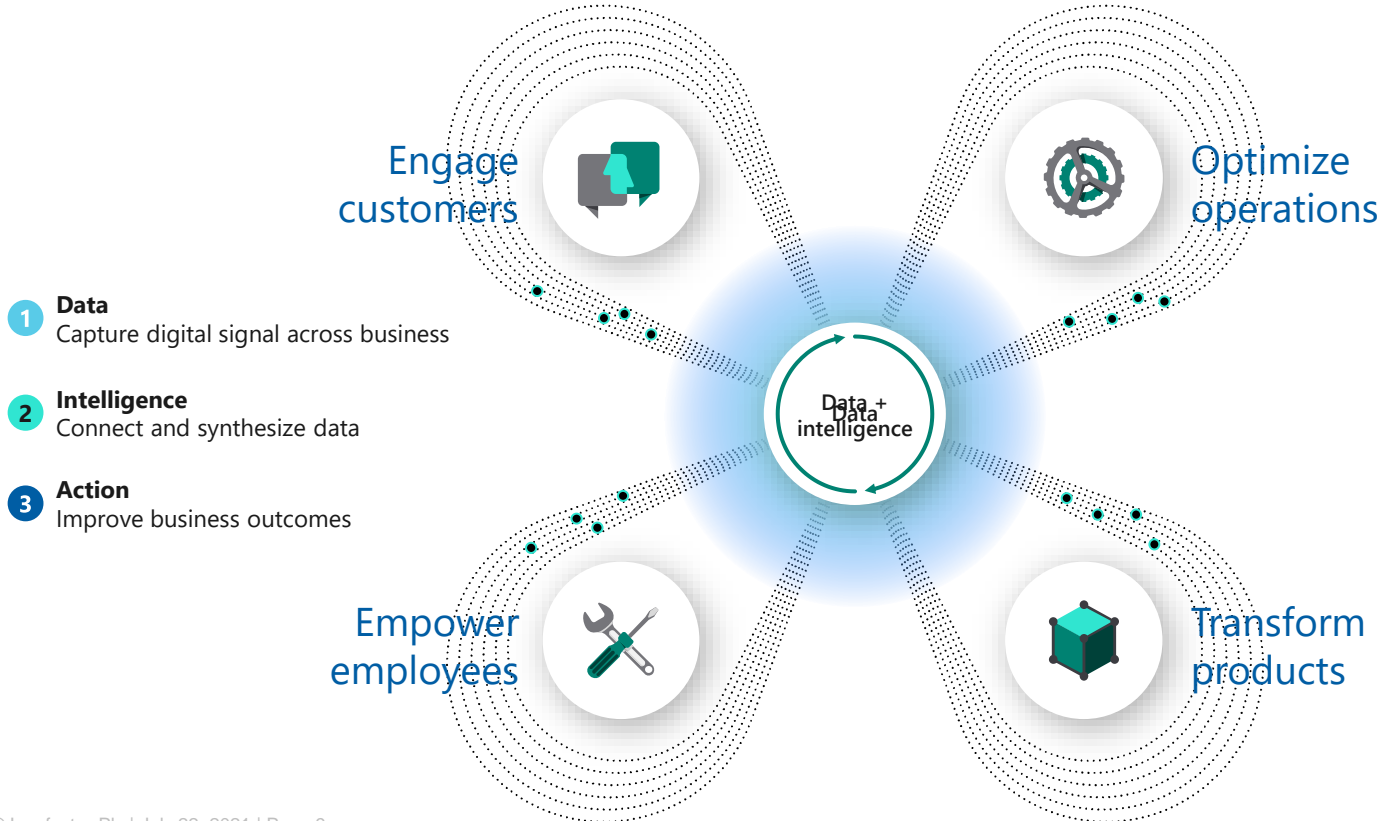
Our mission is to drive the modern digital organization.



Key Stakeholders of B-to-B Digital Transformation



Digital Feedback Loop



We Help Our Customers to Build a Modern Digital Organization

Driving the Modern Digital Organization



Customer Journey

Engage our customers' customers digitally in a way that's most convenient for them



Operations Journey

Create business value, accelerate innovation and increase productivity by digitalizing operations



Employee Journey

Empower your employees through personal engagement and modern collaboration tools solutions to make their daily work more meaningful and productive



Cloud Journey

Build a secure, scalable cloud platform that makes your operations more agile and puts you in control of your IT



Data Journey

Enable data-driven business and decision making in your organization by leveraging advanced analytics, AI, and machine learning.



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

Driving the Modern Digital Organization



Customer Journey

- Service Design
- Mobile Apps & Webservices
- Digital Customer Service & DevOps



Operations Journey

- Customer Relationship Management (CRM)
- Enterprise Resource Planning (ERP)
- Project & Portfolio management (PPM)
- Information & Case Management
- HR & Talent Management
- Customized Solutions



Employee Experience

- Operations Journey
- Customer Relationship Management (CRM)
- Enterprise Resource Planning (ERP)
- Project & Portfolio management (PPM)
- Information & Case Management
- HR & Talent Management
- Customized Solutions



Cloud Journey

- Cloud Infrastructure, Governance, Security & ePrivacy
- Identity management
- Integrations, Power Platform & PowerApps
- Managed Cloud Services



Data Journey

- Business Intelligence
- Advanced Analytics, Artificial Intelligence & Machine Learning
- Internet of Things (IoT) & Digital Twins



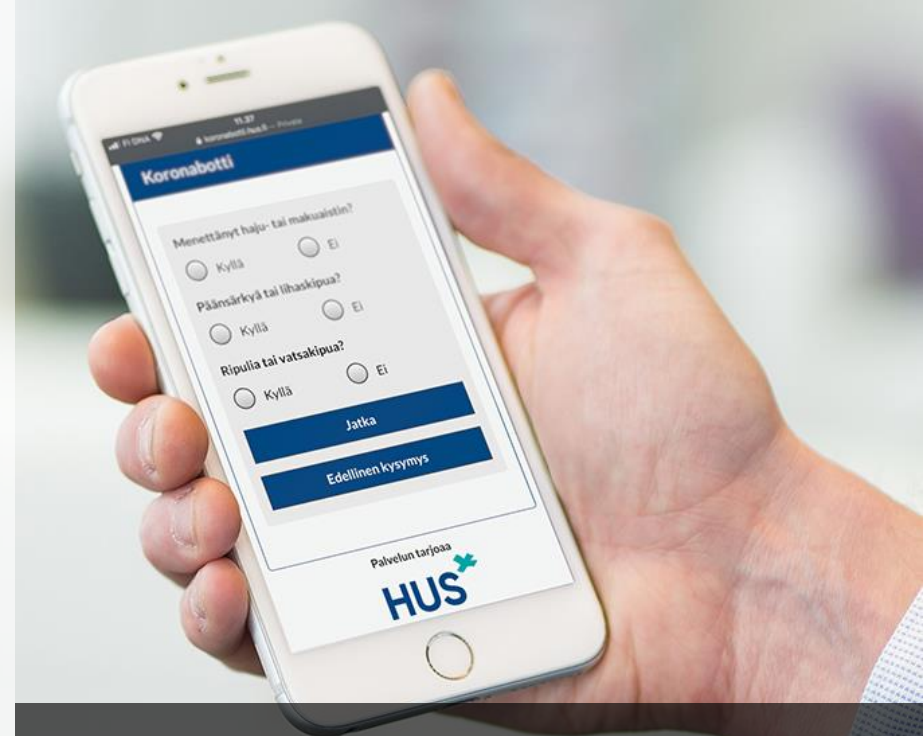
HUS

COVID-19 Apps Help Identify Infections and Trace Exposure

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

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

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



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

Sirpa Arvonen
Lead of eHealth Services
HUS IT Management, eHealth Services



"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

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.

Innofactor® TeamsMate™

More efficient and productive use of Microsoft Teams

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

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



Innofactor® DataSight™

Make decisions cost-effectively based on data instead of intuition

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

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

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

Innofactor® Dynasty™

Market leader in information and case management in Finland

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

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

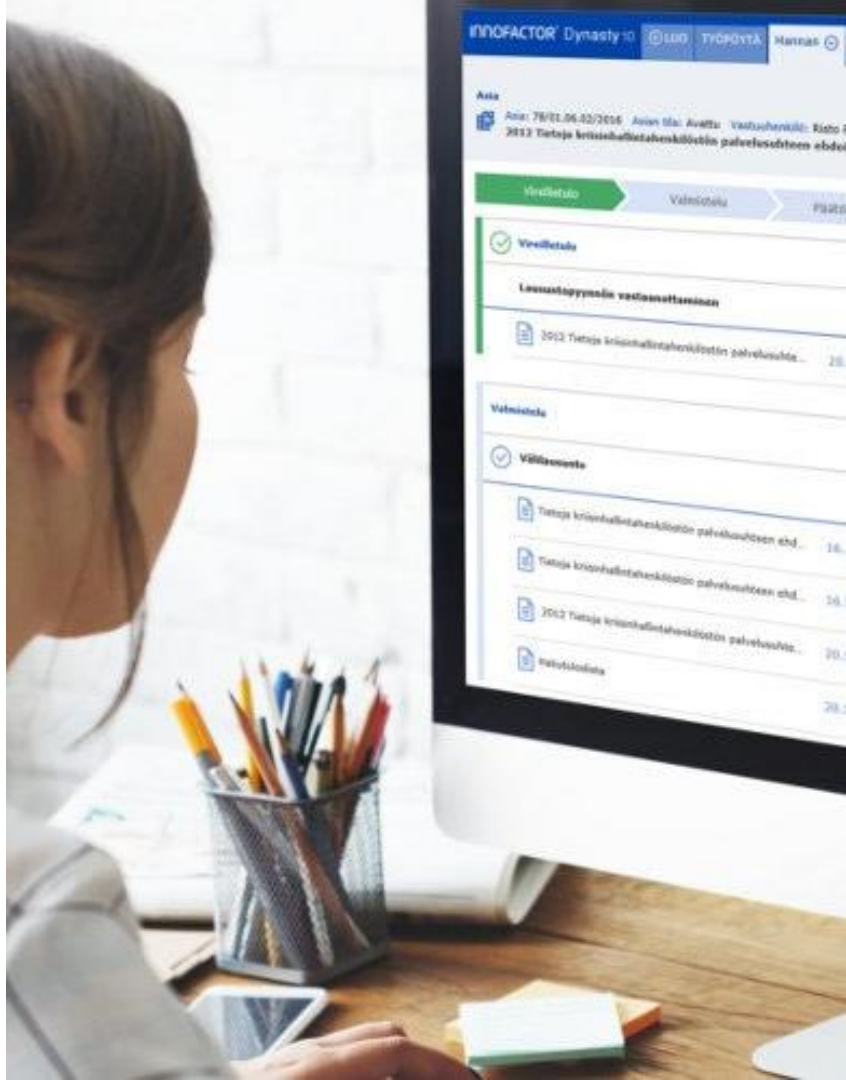
Dynasty's main functionalities include information and document management, case management, the management of agreements and decisions by office-holders and administrative bodies, meetings, contract management, transaction and publication services, electronic signature and archive.

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



THE NATIONAL ARCHIVES
OF FINLAND
SÄHKE2 certificate

eAMS-system
Operational information system
Archiving



We Create Innovations with Our Leading Customers

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





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

Microsoft
Partner



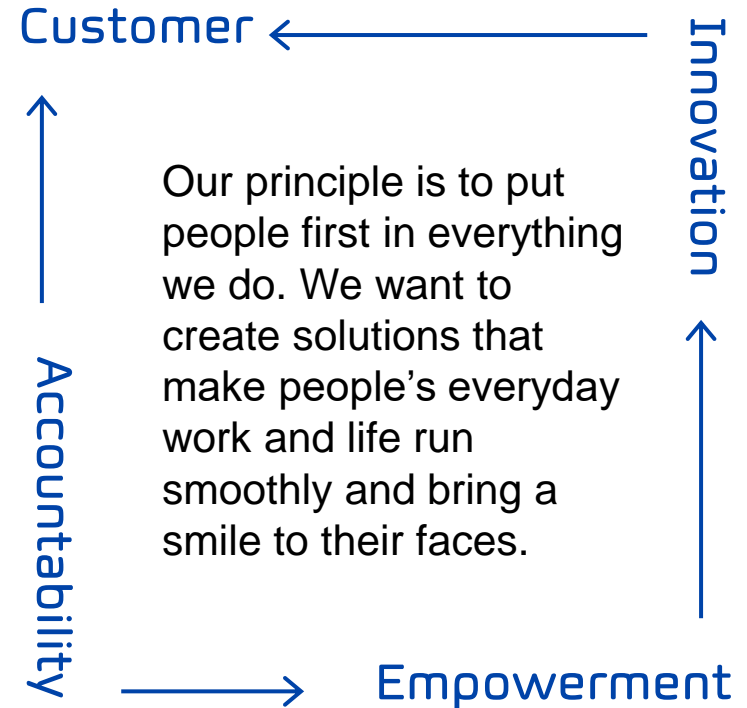
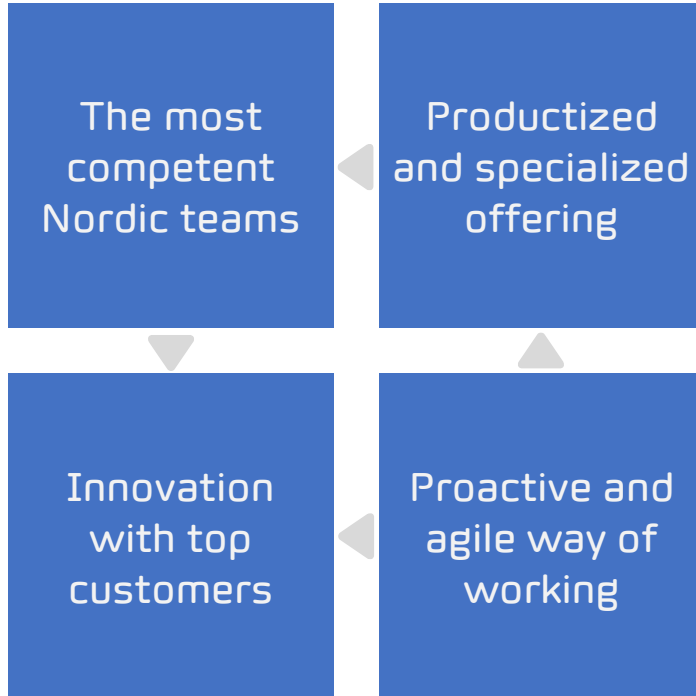
Gold Application Development
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Gold Enterprise Mobility Management

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



Strategic choices, working principle and values



Moving forward in a sustainable way by employing young people

- Innofactor is convinced that the long-term success is based on sustainable operations
- Our digital solutions are in key position in curbing climate change and promoting sustainable development
- We see employing young graduates as a key focus in our sustainable operations
- Innofactor recruited in Finland in 2021 14 graduate students in our DigiStar program



Executive Board of Innofactor Group

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Leave



Sami Ensio, CEO and Country Manager for Finland

M.Sc. Innofactor's founder, CEO and member of the Board of Directors since 2000. Born in 1971. Ownership 5,706,477 shares.



Jørn Ellefsen, Country Manager for Norway and Denmark

MBA. Employed by Innofactor since 2019. Born in 1971. Ownership 75,000 shares.



Marcus Hasselblad, Country Manager for Sweden

M.Sc. (Tech.). Employed by Innofactor since 2020. Born in 1968. Ownership 0 shares.



Janne Heikkinen, Executive Vice President, Products and Services

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



Markku Puolanne, CFO

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



Vesa Syrjäkari, EVP, Business Dev. and Operational Excellence

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



Martin Söderlind, Chief Innovation and Talent Officer

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

The Board of Directors of Innofactor Plc

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Leave



Anna Lindén, Chairman

M.Pol.Sc. Chairman of the Board since 2020 and member of the Board since 2018. Born in 1973. Ownership 66,906 shares.



Sami Ensio

M.Sc. (Tech.). Innofactor's founder, CEO and member of the Board of Directors since 2000. Born in 1971. Ownership 5,706,477 shares.



Risto Linturi

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



Heikki Nikku

BBA (not finished). Member of the Board of Directors since 2020. Born in 1956. Ownership 14,000 shares.

Organization

Board of Directors
Anna Lindén (Ch.) Sami Ensio
Risto Linturi 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	Business Productivity	Productized Solutions
Digital Experience Heikki-Harri Kukkonen Vice President			
Customers Jarkko Lindroos, Vice President			
Sales Jyrki Vepsäläinen, Vice President			
HR Anni Pokkinen, Acting			

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

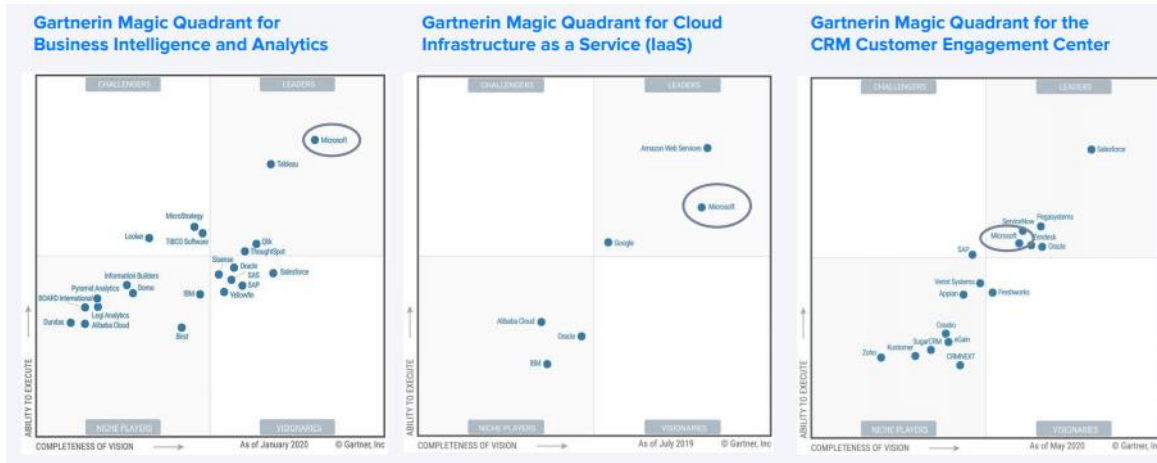


The elements of profitable growth



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

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



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

Nordic IT services market
25 billion euro*

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

±0%

Nordic Microsoft
IT-services market
10 billion euro**

>0%

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

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

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

INNOFACTOR®

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

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

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

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

* Source: IDC, internet

** Estimate Microsoft market share to approx. 40%



Financial Information

Q2/2021 Results

Innofactor achieved the best second quarter net sales and EBITDA in its history, as well as the highest order backlog ever

The net sales in the second quarter of 2021 were EUR 17.3 million, which shows an increase of 3.2 percent compared to the previous year. Excluding the Prime business sold on March 31, 2021, the comparable organic growth was 7.6% in the second quarter. The net sales grew in all countries.

The operating margin (EBITDA) grew by 1.6 percent from the previous year and was EUR 2.1 million (12.1 percent of the net sales). EBITDA was positive in Finland, Norway and Denmark.

In the second quarter, the order backlog once again grew to a record-breaking amount and was EUR 72.7 million at the end of the quarter, which shows an increase of 27.8 percent compared to the corresponding time in the previous year.

Revenue

17.3 M€

Growth +3.2%
(+7.6%) vs.
Q2/2020

EBITDA

12.1%

2.1 M€

Growth +1.6%
vs.
Q2/2020

Order Backlog

72.7 M€

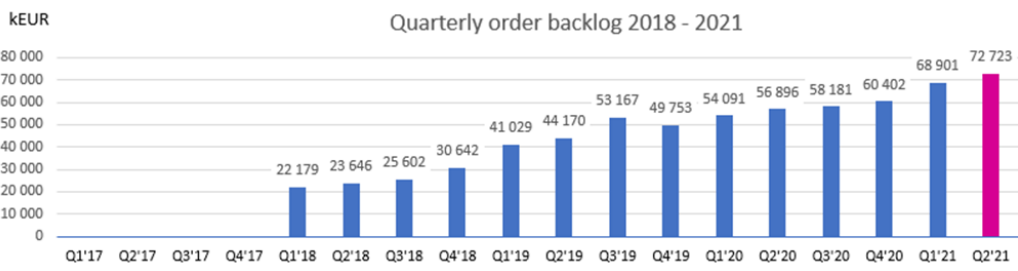
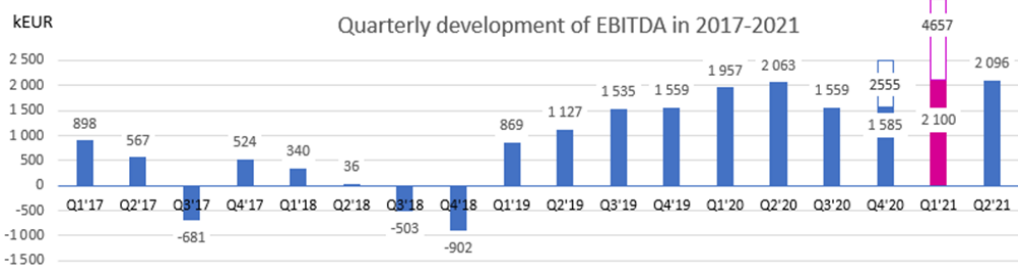
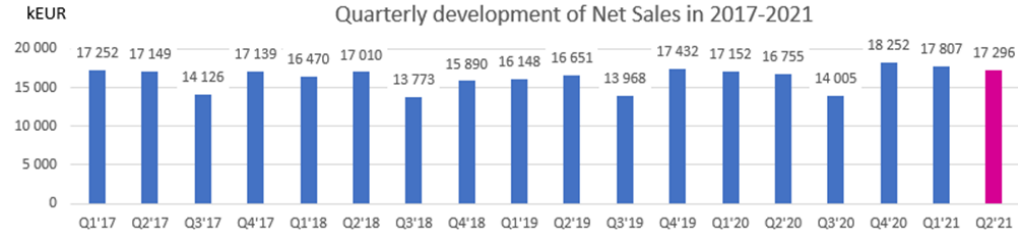
Growth +27.8%
vs.
Q2/2020

H1/2021 Actuals

Selected Key Figures

	H1 /2021	H1 /2020	Change (%)	CEO's comment
Net Sales (kEUR)	35,103	33,907	+3.5% (+5.6%)	<i>"The net sales in the first half of 2021 were EUR 35.1 million, which shows an increase of 3.5 percent compared to the previous year. Excluding the Prime business sold on March 31, 2021, the comparable organic growth as of April 1, 2021 was 5.6%."</i>
EBITDA (kEUR)	6,753 (4,196)	4,020	+68.0% (+4.4%)	<i>The operating margin (EBITDA) grew by 68.0 percent from the previous year and was EUR 6.8 million (19.2 percent of the net sales), of which the sale of the Prime business during the first quarter accounted for approximately EUR 2.6 million without which the operating margin would have been approximately EUR 4.2 million (2020: 4.0), which shows an increase of 4.4%.</i>
Order Backlog (kEUR)	72,723	56,896	+27.8%	<i>"The order backlog once again grew to a record-breaking amount and was EUR 72.7 million at the end of the quarter, which shows an increase of 27.8 percent compared to the corresponding time in the previous year."</i>
Equity Ratio (%)	49.9% (53.6%)	41.3% (45.2%)	+20.8%	<i>"Innofactor prematurely repaid approximately EUR 2.7 million of its loans to financial institutions using its cash assets. Innofactor's equity ratio increased to 49.9 percent (53.6% excluding the effects of IFRS16) and net gearing decreased to 30.5 percent (16.8% cent excluding the effects of IFRS16). The strengthened financial position will provide the company with additional room for maneuver in the restructuring of the industry."</i>

Quarterly Development of Innofactor Group Financials



Increased revenue is typically reflected immediately in EBITDA

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

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

Distribution of net sales January 1 to June 30, 2021



- Strong customers in public private and third 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, scalability and stability
- Sales of consultant's work moving increasingly to frame agreements and continuous development
- Sweden, Denmark and Norway represented a significant portion of Innofactor's revenues
- Innofactor's objective is to create a strong position in all Nordic countries

Innofactor Key Financials, IFRS

	Apr 1–Jun 30, 2021	Apr 1–Jun 30, 2020	Change	Jan 1–Jun 30, 2021	Jan 1–Jun 30, 2020	Change
Net sales, EUR thousand	17,296	16,755	3.2%	35,103	33,907	3.5%
Growth of net sales	3.2%	3.8%		3.5%	3.4%	
Operating result before depreciation and amortization (EBITDA), EUR thousand	2,096	2,063	1.6%	6,753	4,020	68.0%
percentage of net sales	12.1%	12.3%		19.2%	11.9%	
Operating profit/loss (EBIT), EUR thousand*	1,272	884	43.8%	5,081	1,700	198.8%
percentage of net sales*	7.4%	5.3%		14.5%	5.0%	
Earnings before taxes, EUR thousand*	1,287	1,196	7.6%	4,644	1,073	332.9%
percentage of net sales*	7.4%	7.1%		13.2%	3.2%	
Earnings, EUR thousand*	989	1,274	-22.4%	3,626	1,478	145.3%
percentage of net sales*	5.7%	7.6%		10.3%	4.4%	
Order backlog	72,723	56,896	27.8%	72,723	56,896	27.8%
Net gearing	30.5%	69.2%		30.5%	69.2%	
Net gearing without IFRS 16	16.8%	48.7%		16.8%	48.7%	
Equity ratio	49.9%	41.3%		49.9%	41.3%	
Equity ratio without IFRS 16	53.6%	45.2%		53.6%	45.2%	
Active personnel on average during the review period**	524	546	-4.0%	529	549	-3.6%
Active personnel at the end of the review period**	526	548	-4.0%	526	548	-4.0%
Earnings per share (EUR)	0.0265	0.0341	-22.4%	0.0970	0.0395	145.3%

*) In accordance with IFRS 3, the operating result for April 1–June 30, 2021, includes EUR 139 thousand (2020: 473) and for January 1–June 30, 2021, EUR 277 thousand (2020: 947) in depreciation related to acquisitions, consisting of allocations of the purchase price to intangible assets

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

Realization of the strategy in the review period (H1/2021)

- Target 1: Ca 20 percent yearly growth, mainly organic growth
 - Growth was 3.2 percent compared to previous year. Excluding the Prime business sold on March 31, 2021, the comparable organic growth as of April 1, 2021 was 5.6%. In first half revenue grew in Finland, Norway and Denmark, and in second quarter revenue grew in all countries.
 - The record EUR 72.7 million order backlog supports the revenue growth target.
- Target 2: Ca 20 percent EBITDA
 - EBITDA was 19.2 percent of revenue, increasing 68.0 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 4.2 million (12.0 percent of net sales and growth of 4.4 percent from the previous year).
 - Innofactor increased its profitability slightly (without Prime business) 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 6.9 million increase of 9.7 % and equity ratio at the end of review period was 49.9 percent (growth 20.8%).
 - Strong operative cash flow and good financial position support the strategic growth target securing solid financial standing in all situations.



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 Q2 (1/2)

- On April 6, 2021, Innofactor announced in a stock exchange release that the joint municipal authority for the county of Ostrobothnia has selected Innofactor in a public procurement competition as the supplier of case and document management solutions 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.
- On April 27, 2021, Innofactor announced in a stock exchange release that Kela has terminated the contract for the administrative case management solution for reasons not attributable to Innofactor. The termination is due to changes in Kela's internal cloud service policies. According to the new policies, Kela deems that it cannot transfer the planned amount of data into a cloud service. Due to Kela's termination decision, Innofactor estimates that out of the original estimated total value it will not receive approximately 0,5 MEUR from maintenance services. This does not affect Innofactor's guidance for the year 2021 or its long-term financial goals.

Stock Exchange Releases Q2 (2/2)

- On May 20, 2021, Innofactor announced in a stock exchange release that Metropolia University of Applied Sciences Ltd, Turku University of Applied Sciences Ltd, Haaga-Helia University of Applied Sciences Ltd, Novia University of Applied Sciences, Arcada University of Applied Sciences Ltd and Finnish University of Applied Sciences and Arts Ltd have selected Innofactor in a joint public procurement competition as the supplier of a case management solution. The public procurement competition was divided into SaaS and On-Premise areas, and Innofactor was selected as the supplier for both of these. The procurement consists of the delivery of Innofactor's Dynasty 10 system to these universities of applied sciences, support and maintenance services, specialist services, as well as integrations and migrations specific to each university of applied sciences. The agreement will be valid for a fixed period of four years after which it will be valid until further notice. The estimated total value of the procurement (excluding VAT) stated by the universities of applied sciences in the procurement decision for a period of four years is EUR 850,000.
- On May 31, 2021, Innofactor announced in a stock exchange release that the Finnish Forest Centre has selected Innofactor in a public procurement competition as the supplier of a case management application. The procurement includes the access rights to Innofactor's Dynasty product family's case management, archival and information management system, the delivery project, and support and maintenance. The total value of the procurement (excluding VAT) stated by the Finnish Forest Centre in the procurement decision for the four-year contract period is EUR 588,960. The customer also reserves an option for extending the service one year at a time.

Key points from CEO's review

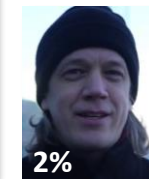
- **Net sales:** The net sales in the first half of 2021 were EUR 35.1 million, which shows an increase of 3.5 percent compared to the previous year. Excluding the Prime business sold on March 31, 2021, the comparable organic growth as of April 1, 2021 was 5.6%.

Innofactor's goal is to accelerate our growth further. We will update our strategy in this regard during the summer and expect to publish it at the end of August.

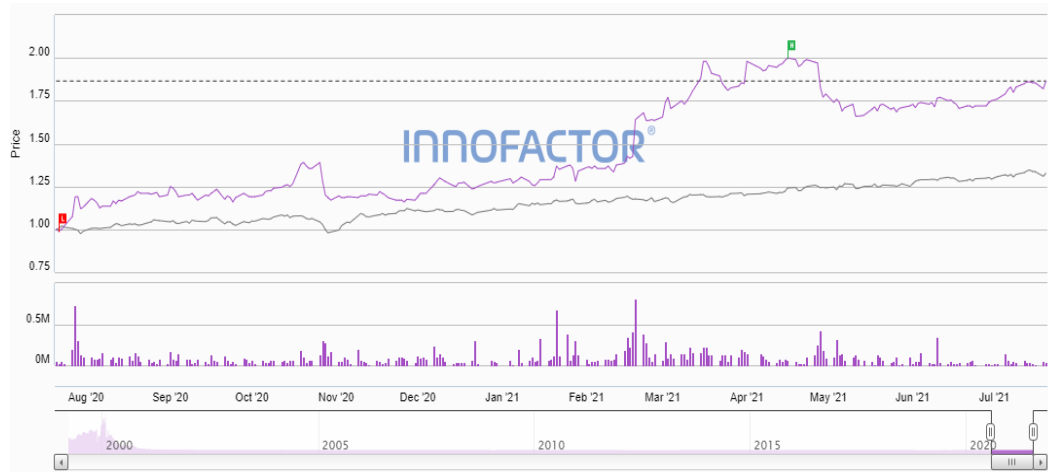
- **EBITDA:** The operating margin (EBITDA) grew by 68.0 percent from the previous year and was EUR 6.8 million (19.2 percent of the net sales), of which the sale of the Prime business during the first quarter accounted for approximately EUR 2.6 million.
- **Order backlog:** The order backlog once again grew to a record-breaking amount and was EUR 72.7 million at the end of the quarter, which shows an increase of 27.8 percent compared to the corresponding time in the previous year.
- **Organization:** The COVID-19 pandemic is not expected to cause significant harm to Innofactor's business in 2021. Innofactor has defined a new hybrid work model for the post-COVID-19 period, based significantly on the ability of employees to choose between office and remote work. The new hybrid work model will be adopted without delay after the summer, once the COVID-19 situation allows.

Largest shareholders June 30, 2021

Name	Number of shares	% of share capital
1. Ensio Sami	7,886,142	21.10%
<i>Ensio Sami</i>	5,712,382	15.28%
<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%
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	1,000,000	2.67%
6. Ärje Matias Juhanpoika	882,065	2.36%
7. Mäki Antti-Jussi	613,725	1.64%
8. Tilman Tuomo Tapani	563,538	1.51%
9. Hellen Stefan Andreas	486,000	1.30%
10. Ingman Finance Oy Ab	450,000	1.20%
11. Muukkonen Teemu Heikki	420,357	1.12%
12. Järvenpää Janne-Olli	289,586	0.77%
13. Rausanne Oy	270,000	0.72%
14. Kukkonen Heikki-Harri	243,606	0.65%
15. Laiho Jari Olavi	225,000	0.60%
16. Puolakka Petri Yrjö Emil	202,511	0.54%
17. Kannisto Jaakko Mikael	173,660	0.46%
18. Mäkinen Antti Vilho Juhani	164,000	0.44%
19. Heikki Tervonen Oy	153,000	0.41%
20. Mandatum Life Insurance Company Limited	133,489	0.36%
Total	18,371,784	49.12%



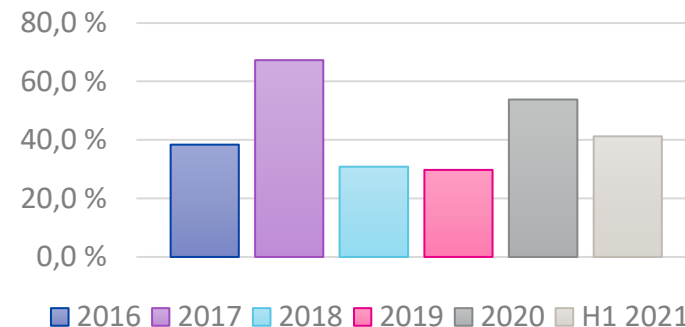
Innofactor Share Price Development and Turnover (Closing July 21th, 2021 at €1.905)



Share Price Development

Beginning of 2021	+49.41%	Year highest 2021	2.07 EUR
1 year change	+90.50%	Year lowest 2021	1.24 EUR
3 year change	+144.23%		
5 year change	+94.39%	Target price Inderes	2.00 EUR
10 year change	+116.48%	Target price Evli	2.20 EUR

Turnover in % compared total amount of shares



In public trading in January 1–June 30, 2021, a total of 15,407,731 shares were traded (2020: 9,150,940), which corresponds to 41.2 percent (2020: 24.5%) of the average number of shares in the said period. In January 1–June 30, 2021, there were 37,388,225 shares on the average (2020: 37,388,225). The share trading increased by 68.4 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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Innofactor as an Investment

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

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

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

€ 1.39

28.10.2020 09:55 AM CET

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

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

Latest Stock Exchange Releases

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

Thank You.
Questions?

INNOFACTOR®