

INNOFACTOR®

Innofactor Plc Financial Statement 2016

March 7, 2017, Sami Ensio, CEO and
Patrik Pehrsson, CFO

**Microsoft
Partner**

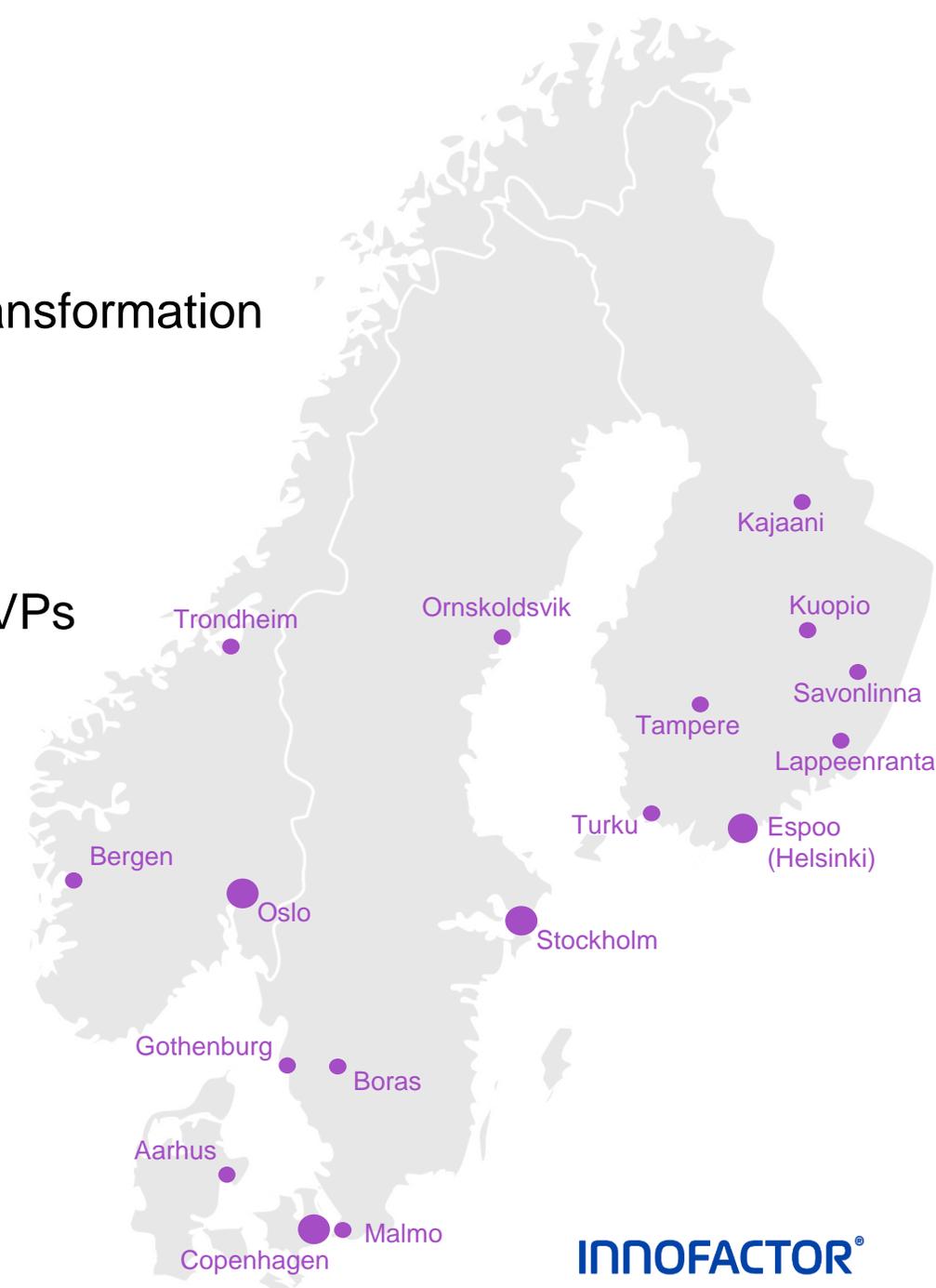


- Gold Application Development
- Gold Application Integration
- Gold Cloud Customer Relationship Management
- Gold Cloud Platform
- Gold Cloud Productivity
- Gold Collaboration and Content
- Gold Customer Relationship Management
- Gold Data Analytics
- Gold Datacenter
- Gold Data Platform
- Gold Devices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



Innofactor in Brief

- Leading Nordic provider of cloud solutions and digital transformation
- 1,500+ customers from commercial, public sector and membership-based organizations
- 15 enterprise-level Microsoft Gold Competencies
- 600+ professionals, 1600+ Microsoft certificates, 10+ MVPs
- Revenue EUR 60M (2016), growth 28+% and EBITDA 8+% (2012 to 2016 CAGR)
- Listed in NASDAQ Helsinki, 10,000+ shareholders

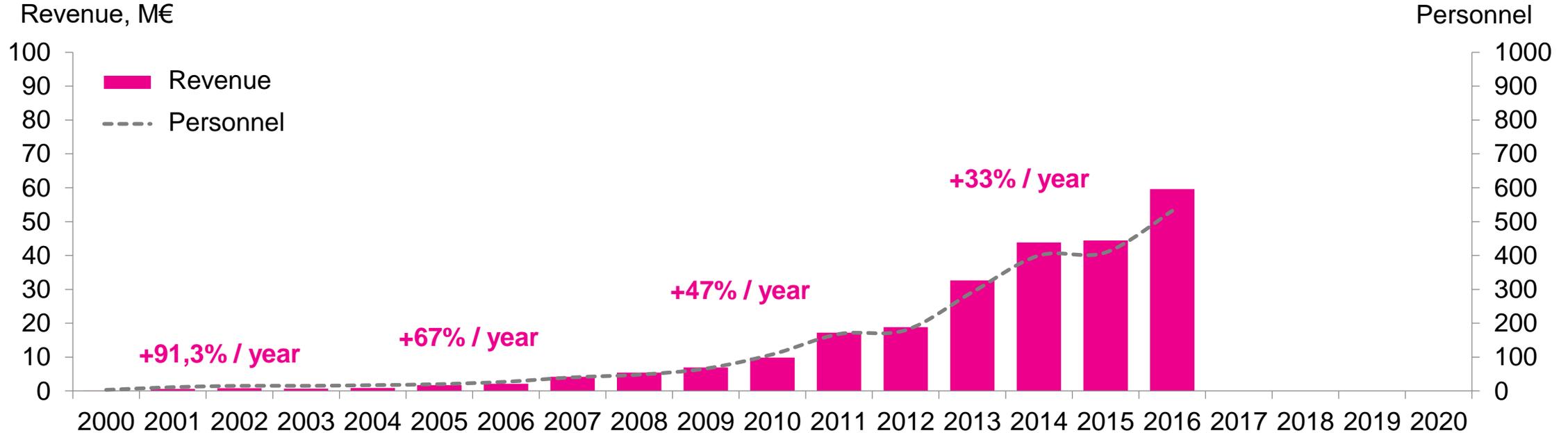


Microsoft Partner

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Systematic Growth from Year 2000



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 Nordic Countries

- Become leading provider of cloud solutions and digital transformation for Nordic organizations
- Organization change to support growth and internationalization
- Several acquisitions in the Nordic Countries

#1 Nordic Provider of Cloud Solutions and digitalization

- Harmonization of offering
- 20% organic growth and 20% EBITDA in the year 2020

Our Mission:

We empower organizations and people to make a difference in the digital world.

Our Vision:

We are the leading provider of cloud solutions and digital transformation in each of the Nordic Countries.

Our Long-term Financial Objective Is to Grow Profitably:

- To achieve annual organic growth of approximately 20 percent in 2020 at the latest
- To achieve approximately 20 percent EBITDA in relation to the net sales in 2020 at the latest
- To keep the cash flow positive and to secure solid financial standing in all situations.

Our Strategy:



How We Achieve Our 2020 Goals

We believe that we can achieve the 20% organic growth by following means:

- In the Nordic Countries, we will focus on those fields and customer segments, which have great growth potential in digitalization and implementing cloud services. Social services and healthcare along with wellbeing services are an example of a field in which we will focus strongly in 2017 and coming years.
- We will improve sales of our products and services to existing customers in order to compete for an increasing share of the budget the customers are using for digitalization and to develop customer relationships in long term.
- We will invest in using modern digital marketing methods to improve acquiring of new customers and to strengthen the customers' image of Innofactor as the leading Nordic implementer of digitalization and cloud services, as well as to improve our sales.

In addition to what was presented above, we believe that we can achieve the 20% operating margin by following means:

- We will move the focus in our offering more and more to our own products and productized services, which ease our customers' transfer to cloud services and maintenance. Thus, we can continue to offer our customers better services and greater added value, while strengthening long-term customer relationships.
- We will improve the skills of our own specialists, so that our customers will see significant added value in their know-how as compared to our competitors and will be willing to pay a rate that is higher than the field's average.
- We will develop our flexible delivery model, which enables fast added value, in such a way that it will further improve customer satisfaction. In the development of our delivery model, we will focus on as efficient planning of the work as possible, while minimizing unnecessary work that will not provide added value to the customer. At the same time, our invoicing rate will improve.
- In the Nordic level, we will focus on gaining synergies that provide cost savings, for example, by implementing in 2017–2018 the cloud-based Nordic Microsoft Dynamics 365 for Operations ERP system.

Best Nordic Professionals in Microsoft Ecosystem

Our People Make the Difference

Dynamic atmosphere with 600+ professionals

Best colleagues and team spirit

1600+ Microsoft certificates and 10+ MVPs

Top-notch projects, interesting customers and continuous learning together

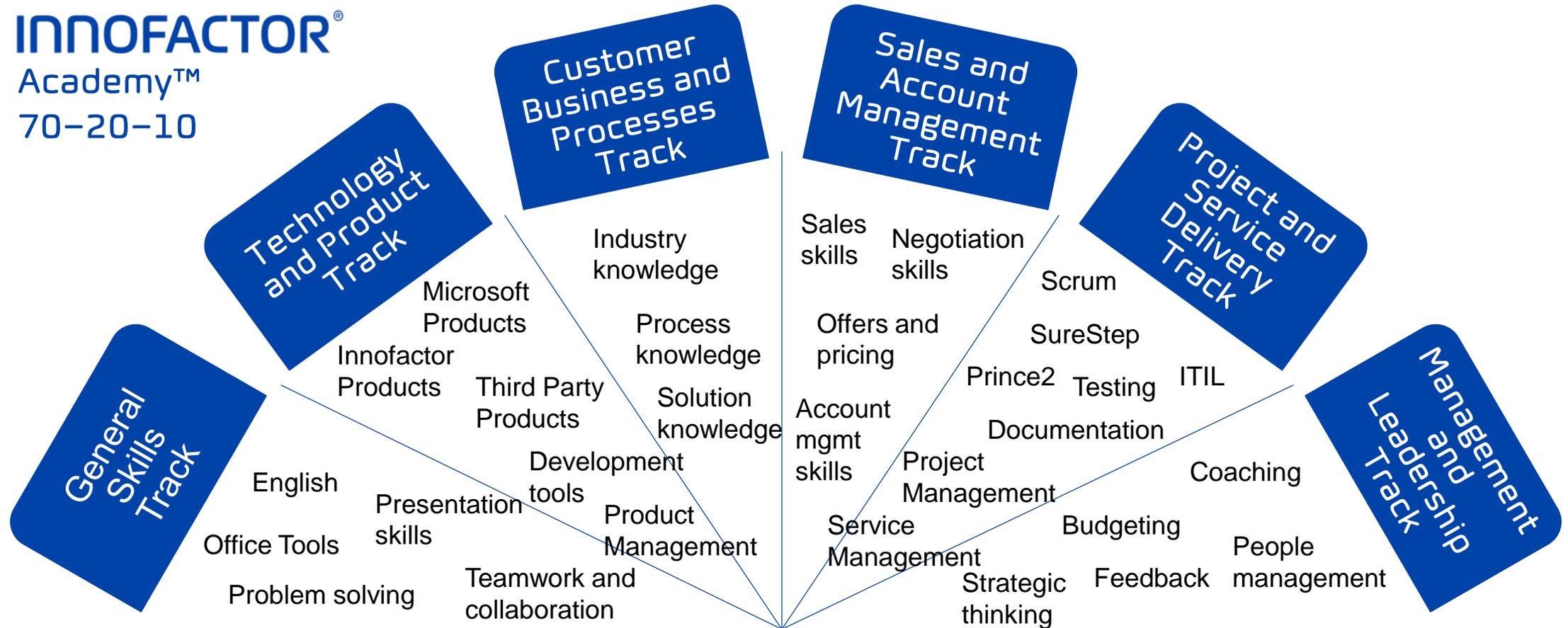
Unique winning culture, in which work is done with high professionalism, with a twist of fun

Innofactor's growth and development is only possible with our excellent personnel



Continuous Competence Development and Training

INNOFACTOR[®]
Academy™
70-20-10



Top Nordic customers: 1500+ Commercial, Public Sector and Membership-based Customers



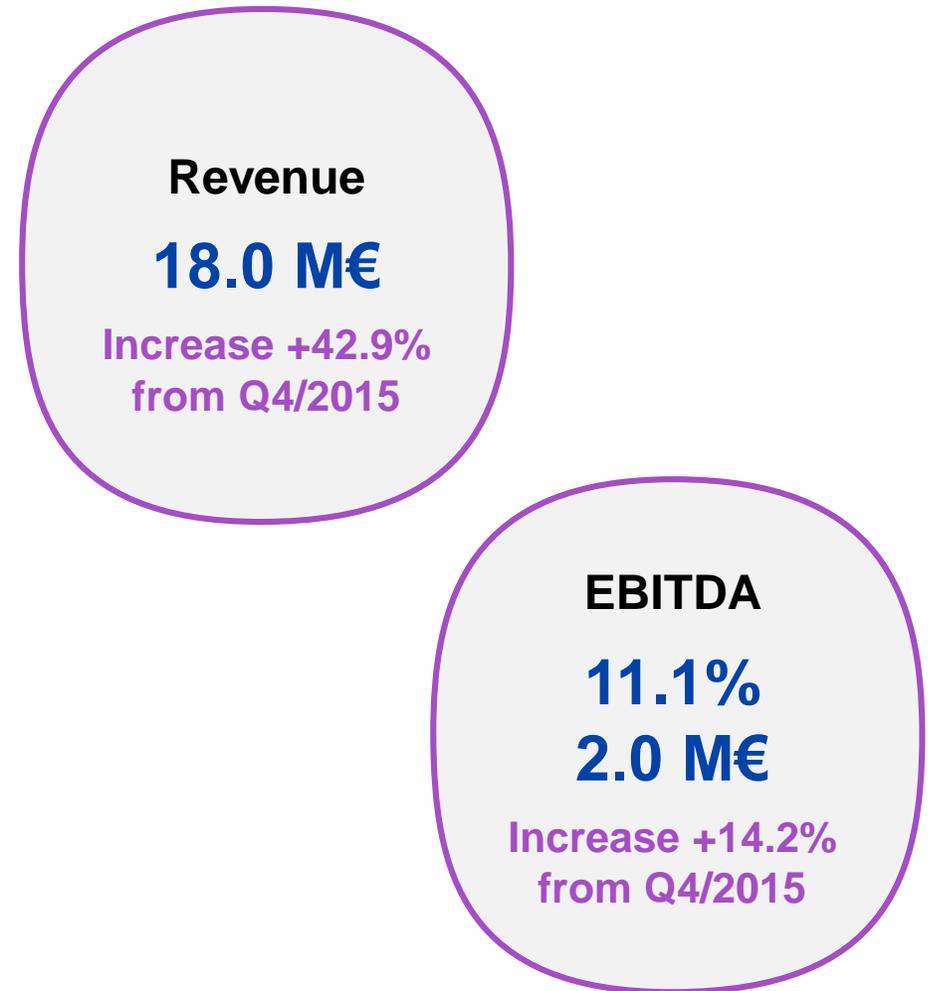
Q4/2016 Results

”The maximum purchase price of the Lumagate acquisition reduced by EUR 3.7M as Lumagate EBITDA Q4/2016 was weaker than forecasted”

Revenue and operating margin were the highest in our history.

However, Lumagate's EBITDA Q4/2017 were significantly weaker than the estimates, and maximum purchase price decrease EUR 3.7M

Revenue grew +42.9% and EBITDA +14.2%.



Lumagate – actions to improve profitability

- Innofactor integration on an accelerated schedule
- Organization streamlined for cost efficiency and performance
 - Norway – organization was renewed during February 2017
 - Sweden – reorganization during March 2017
 - Denmark – Lumagate organization merged with Innofactor starting April 2017
 - Lumagate central functions combined with Innofactor's to gain cost synergies
- Lumagate has very skilled employees, leading knowledge relating to Cloud technologies, great customers and advanced solutions.
- Lumagate still considered a very good acquisition
- We believe that with the changes discussed above we can improve Lumagate profitability to approximately match the overall profitability of the company.

Q1-Q4/2016 Actuals and 2017 Outlook

Selected Key Figures

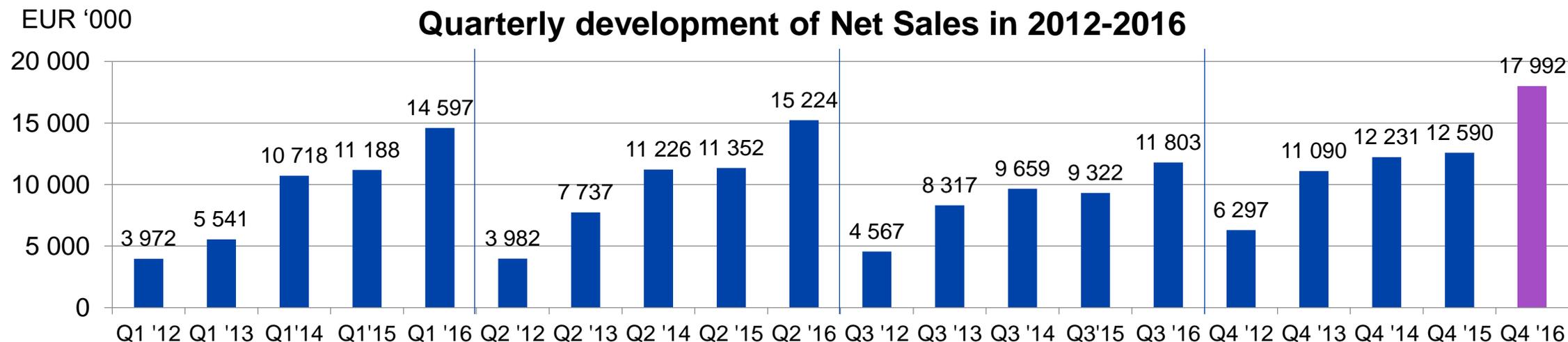
	Q1-Q4 /2016	Q1-Q4 /2015	Change (%)	CEO's comment
Net Sales (kEUR)	59,616	44,452	+34.1%	<i>"The revenue grew in line with our strategic targets of 25-35%, which is satisfactory. A significant part of the growth was achieved as a result of the Cinteros AB and the Lumagate Group acquisition."</i>
EBITDA (kEUR)	4,831	3,705	+30.4%	<i>"The EBITDA increased from previous year. The EBITDA was somewhat impacted by costs relating to acquisitions, and especially due to Lumagate's EBITDA being significantly lower than in estimates at Q4/2016"</i>
Equity Ratio (%)	35.8%	56.9%		<i>"Innofactor redeemed the EUR 3.2 million hybrid loan, and acquired Cinteros and Lumagate, which decreased the equity ratio. Operating cash flow remained strong and was EUR +3.1 million."</i>

Guidance for 2017

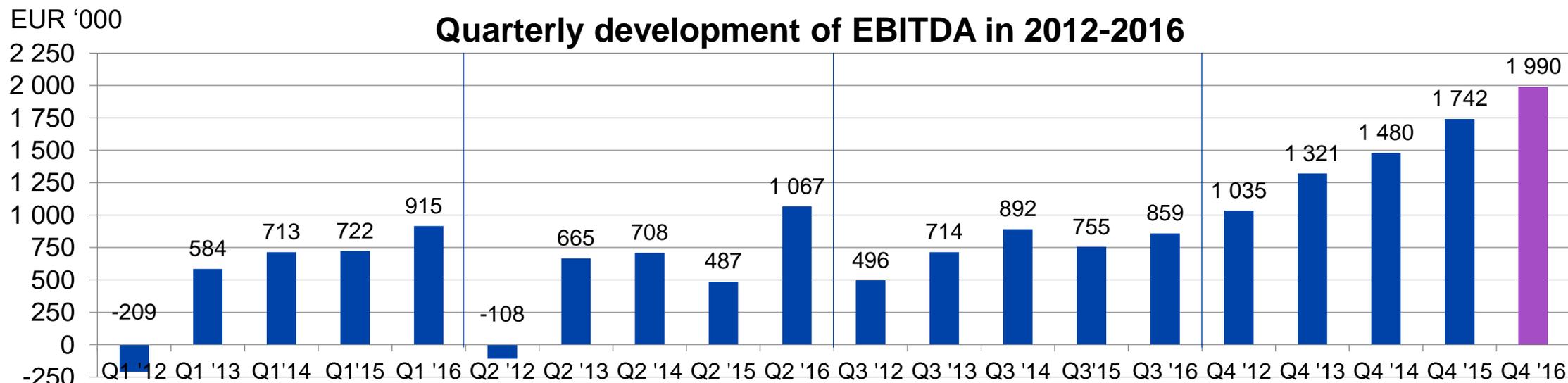
- Innofactor's revenue and EBITDA in 2017 is estimated to increase from 2016, during which the revenue was EUR 59.6 million and EBITDA was EUR 4.8 million.

Quarterly Development of Innofactor Group Financials

Quarterly development of Net Sales in 2012-2016

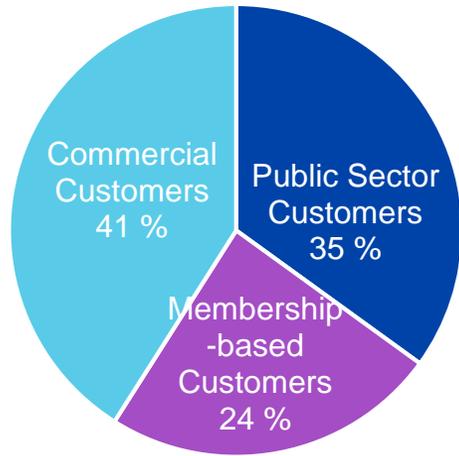


Quarterly development of EBITDA in 2012-2016

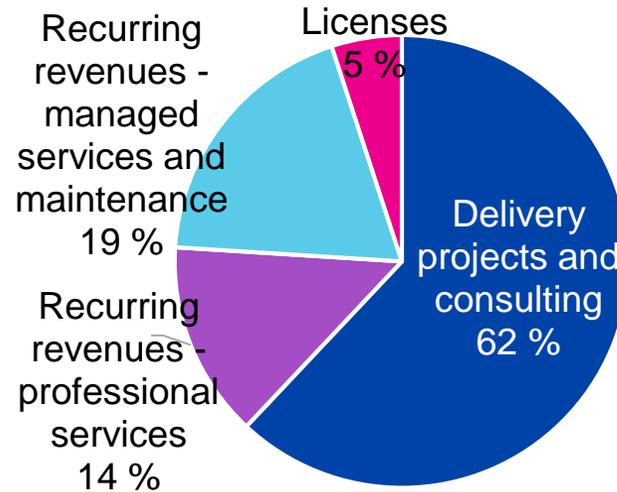


Customer Base and Long Term Contracts Bring Stability

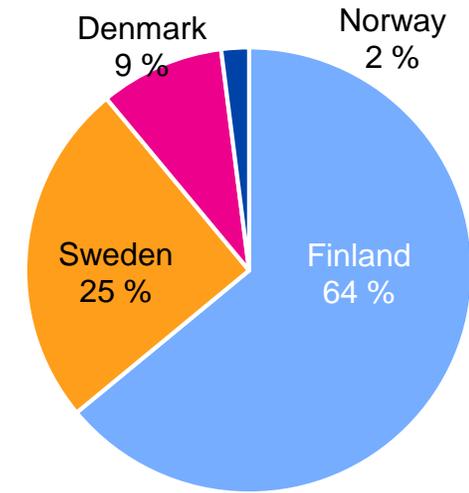
Distribution of net sales 1.1.–31.12.2016



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

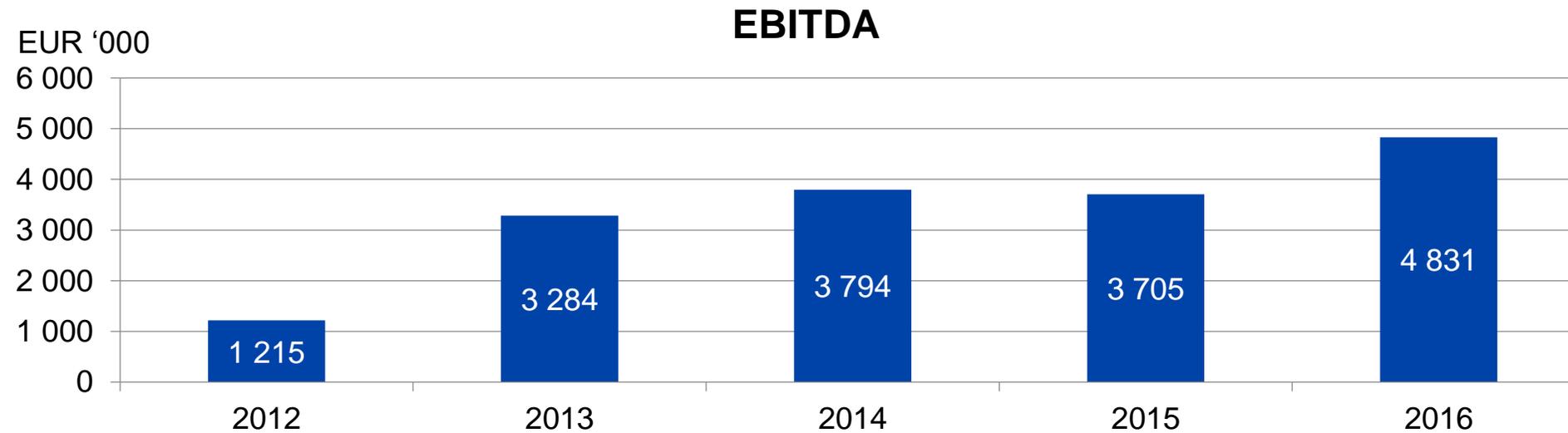
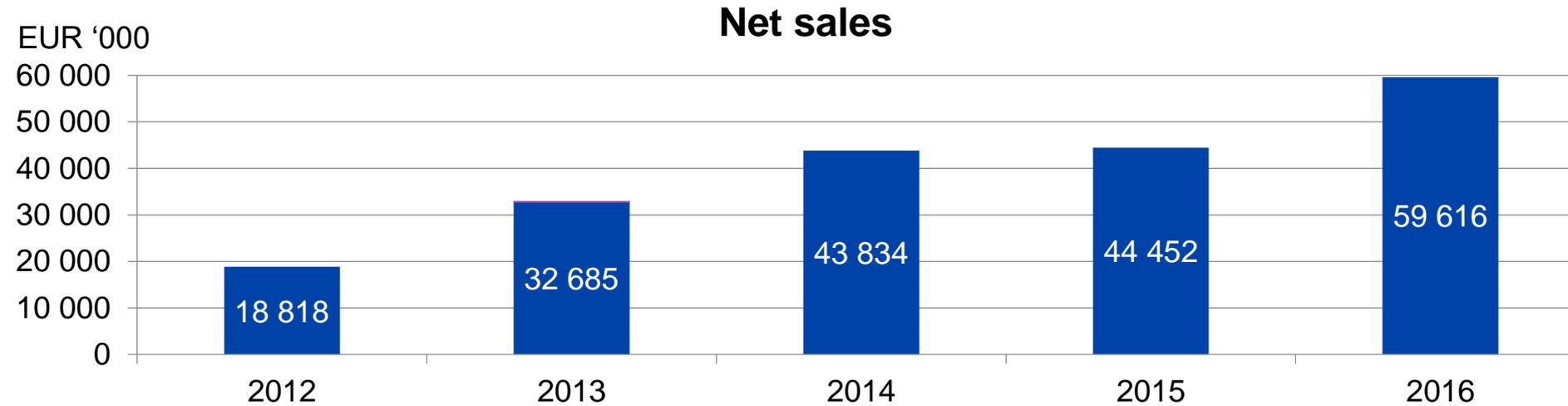


- Recurring revenues from service agreements and license sales bring competitive advantage and business stability
- Sales of labor moving increasingly to frame agreements and continuous maintenance work



- Sweden, Denmark and Norway represented a significant portion of Innofactor's revenues (Lumagate only Q4/2016)
- Innofactor's objective is to create a strong position in all Nordic countries

Business Improvement 2012–2016



Innofactor Key Financials, IFRS

	1.10.– 31.12.2016	1.10.– 31.12.2015	Muutos	1.1.– 31.12.2016	1.1.– 31.12.2015	Muutos
Net sales, EUR thousand	17 992	12 590	42,9 %	59 616	44 452	34,1 %
Net sales, previous period	12 590	12 231		44 452	43 834	
Growth of net sales	42,9 %	2,9 %		34,1 %	1,4 %	
Operating margin (EBITDA), EUR thousand*	1 990	1 742	14,2 %	4 831	3 705	30,4 %
percentage of net sales*	11,1 %	13,8 %		8,1 %	8,3 %	
Operating profit/loss (EBIT), EUR thousand* ***	1 326	1 470	-9,8 %	2 332	2 542	-8,3 %
percentage of net sales	7,4 %	11,7 %		3,9 %	5,7 %	
Earnings before taxes, EUR thousand** ***	1 196	1 395	14,3 %	1 920	1 935	-0,8 %
percentage of net sales	6,6 %	11,1 %		3,2 %	4,4 %	
Earnings, EUR thousand** ***	957	1 116	-14,2 %	1 536	1 548	-0,8 %
percentage of net sales	5,3 %	8,9 %		2,6 %	3,5 %	
Shareholders' equity, EUR thousand	22 501	24 534	-8,3 %	22 501	24 534	-8,3 %
Return on equity****	5,4 %	18,4 %		6,5 %	6,6 %	
Interest bearing liabilities, EUR thousand	16 701	9 219	81,2 %	16 701	9 219	81,2 %
Cash and cash equivalents, EUR thousand	902	843	7,0 %	902	843	7,0 %
Deferred tax assets, EUR thousand	5 760	6 704	-14,1 %	5 760	6 704	-14,1 %
Return on investment****	4,9 %	17,6 %		6,4 %	7,6 %	
Net Gearing	70,2 %	34,1 %		70,2 %	34,1 %	
Equity ratio	35,8 %	56,9 %		35,8 %	56,9 %	
Balance sheet total, EUR thousand	63 587	43 983	44,6 %	63 587	43 983	44,6 %
Research and product development EUR thousand	889	886	0,3 %	3 394	2 495	36,0 %
percentage of net sales	4,9 %	7,0 %		5,7 %	5,6 %	
Active personnel on average during the review period*****	589	416	41,6 %	532	409	
Active personnel on average at the end of the review period*****	591	415	42,4 %	591	415	30,1 %
Number of shares at the end of the review period	32 901 377	33 453 737	-1,7 %	32 901 377	33 453 737	42,4 %
Earnings per share (EUR)	0,0292	0,0334	-12,5 %	0,0467	0,0475	-1,7 %
Shareholders' equity per share (EUR)	0,684	0,733	-6,7 %	0,684	0,733	-1,6 %

*) During the third quarter of 2015, an error in the assessment of projects was detected in the Group company concerning the period of January 1–June 30, 2015, for the year 2015 and only the last quarter of 2014 for the previous financial periods. The assessment error has been corrected for the above-mentioned periods in accordance with IAS 8: 41–42. The total effect of the error on the net sales for January 1–September 30, 2015, and for the net sales of the entire year 2015 was a decrease of approximately EUR -238 thousand in the operating margin and operating profit. Adjustments and their effects on the Group figures are described in more detail in the attachment to the interim report for January 1–September 30, 2015, which was published on October 20, 2015.

***) In accordance with IFRS 3, the operating profit for October 1–December 31, 2016, includes EUR 518 thousand (2015: 120) in depreciations related to acquisitions, consisting of allocations of the purchase price to intangible assets. Adjusted for the said depreciations, Innofactor's operative business profit for the review period of October 1–December 31, 2016, would have been EUR 1,844 thousand (2015: 1,590), the operative business result before taxes EUR 1,714 thousand (2015: 1,515), the operative business result EUR 1,371 thousand (2015: 1,212), and the operative business result per share EUR 0.0419 (2015: 0.0375). The business result of the review period January 1–December 31, 2016, includes EUR 1,884 thousand (2015: 480) in depreciations related to acquisitions, consisting of allocations of the purchase price to intangible assets. Adjusted for the said depreciations, Innofactor's operative business profit for the review period of January 1–December 31, 2016, would have been EUR 4,216 thousand (2015: 3,022), the operative business result before taxes EUR 3,804 thousand (2015: 1,935), the operative business result EUR 3,043 thousand (2015: 148), and the operative business result per share EUR 0.0926 (2015: 0.0471).

****) 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

Key Stock Exchange Releases in Q4/2016 and After

- On October 10, 2016, Innofactor announced in a stock exchange release that Innofactor will acquire Lumagate.
- On October 10, 2016, Innofactor announced in a stock exchange release that it will renew its vision and long-term financial goals.
- On December 21, 2016, Innofactor announced in a stock exchange release that Innofactor's General Counsel has resigned.
- On February 17, 2017, Innofactor announced in a stock exchange release that Anna-Maria Palmroos has been appointed as Innofactor's General Counsel.

Board of Directors' Proposal on the Dividend

- Innofactor is a growing company and intends to use its operating profit on actions promoting growth, for example, on realizing mergers. Innofactor has defined a dividend distribution policy according to which the aim of the Board of Directors is to provide an opportunity for the shareholders to distribute, from the part of the operating margin (EBITDA) that exceeds 10%, the maximum dividend allowed by the state of the business. For 2016, the operating margin (EBITDA) was 8.1% of the net sales. In making the proposal on the dividend, the Board of Directors takes into account the company's financial situation, profitability and near-term outlook.
- At the end of the financial period of 2016, the distributable assets of the Group's parent company were EUR 41,020,610.27.
- The Board of Directors proposes that no dividend be distributed for the financial period of 2016.

Largest shareholders as of December 31, 2016

Name	Number of shares	% of share capital
1. Ensio Sami*	7 460 715	22,68 %
<i>Ensio Sami</i>	5 286 955	16,07 %
<i>Alaikäinen vajaanvaltainen</i>	724 588	2,20 %
<i>Alaikäinen vajaanvaltainen</i>	724 586	2,20 %
<i>Alaikäinen vajaanvaltainen</i>	724 586	2,20 %
2. Tilman Tuomo Tapani	2 747 492	8,35 %
3. Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1 550 000	4,71 %
4. Laiho Rami Tapani	1 392 519	4,23 %
5. Linturi Kaija ja Risto*	1 266 411	3,85 %
<i>R. Linturi Oyj</i>	499 107	1,52 %
<i>Linturi Kaija Anneli</i>	430 000	1,31 %
<i>Linturi Risto Erkki Olavi</i>	337 304	1,03 %
6. Ärje Matias Juhanpoika	933 278	2,84 %
7. Mäki Antti-Jussi	930 201	2,83 %
8. Muukkonen Teemu	522 230	1,59 %
9. Lampi Mikko Olavi	508 579	1,55 %
10. Kukkonen Heikki-Harri	326 021	0,99 %
11. Järvenpää Janne-Olli	322 804	0,98 %
12. Laiho Jari Olavi	270 000	0,82 %
13. Rausanne Oy	245 000	0,74 %
14. Damen Klaus Antero	210 001	0,64 %
15. Karppinen Antti Sakari	200 000	0,61 %
16. Hellen Stefan Andreas	180 000	0,55 %
17. Martola Janne Matti Juhani	170 000	0,52 %
18. Innofactor Oyj	163 839	0,50 %
19. Vakuutusosakeyhtiö Henki-Fennia	150 000	0,46 %
20. Mäkinen Antti Vilho Juhani	140 000	0,43 %

*) Direct or indirect

Innofactor Share Price Development Compared to Nasdaq Helsinki Index (Closing March 6, 2017 at €1.40)



Share price development

Beginning of 2016 **+21.74%**

1 year change **+49.73%**

2 year change **+26.13%**

3 year change **+2.19%**

5 year change **+129.51%**

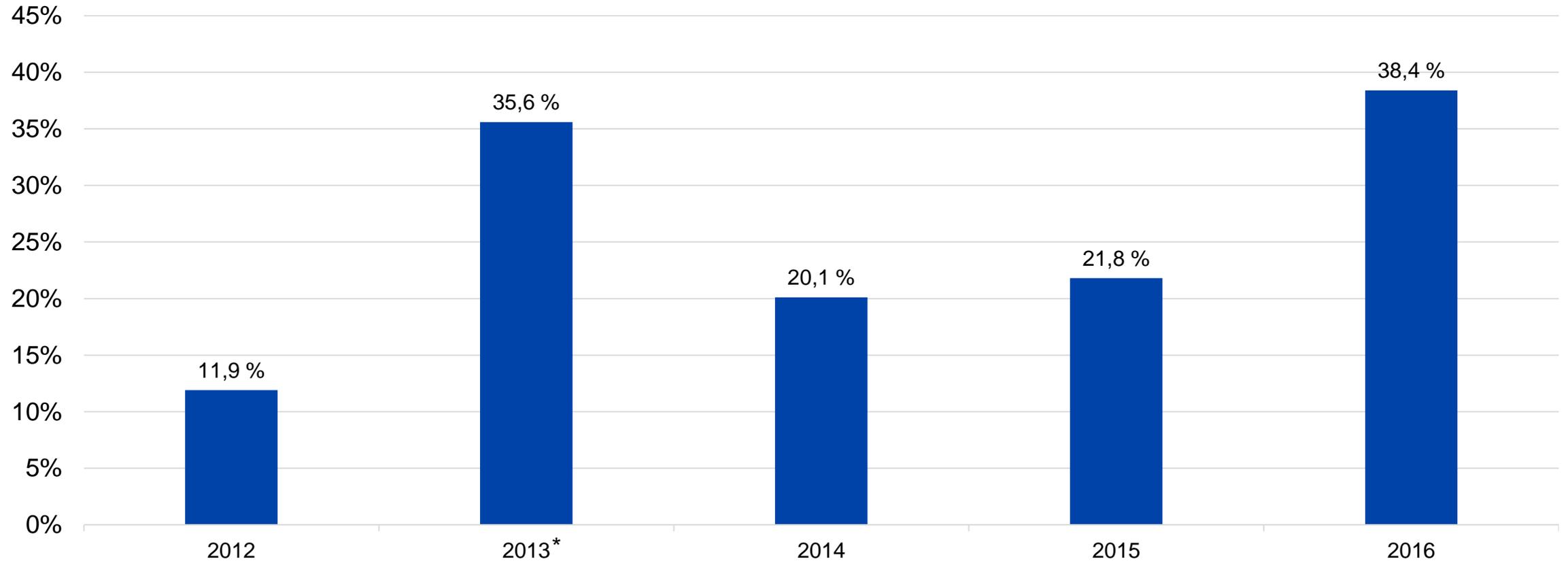
Year highest 1.41EUR

Year lowest 1.13EUR

12 month highest 1.41EUR

12 month lowest 0.75EUR

Share Turnover Trend 2012–2016



* The high turnover in 2013 is due to the atBusiness acquisition and an option relating to this where Innofactor purchased approx. 4.7 million of its own shares. This constitutes approx. 29 percent of the share turnover in 2013

For more information

<http://www.innofactor.com/investors>

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Prosessien innovointi

Parempi liiketoimintaprosessi

[Lue lisää](#)

INNOFACTOR	RATKAISUT	TYÖPAIKAT	MEDIA	SIOITTAJAT	YHTEYSTIEDOT
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Innofactor sijoituskohteena

- Toimitusjohtajan katsaus
- Missio ja visio
- Konsernin keskeiset tunnusluvut
- Kasvu ja taloudelliset tavoitteet
- Liiketoimintaympäristö ja strategia
- Asiakkaat
- Henkilöstö
- Tarjottavat ratkaisut
- Yrityskaupat
- Yritysvastuu
- Tulevaisuudennäkymät (markkinaohjaus)

Osaketietoa

Hallinto ja johtaminen

Tiedotteet, julkaisut ja selvitykset

Analytiikat

Sijoittajan kalenteri

Yhtiökokous

Sijoittajayhteydet

Sijoittajat > Innofactor sijoituskohteena

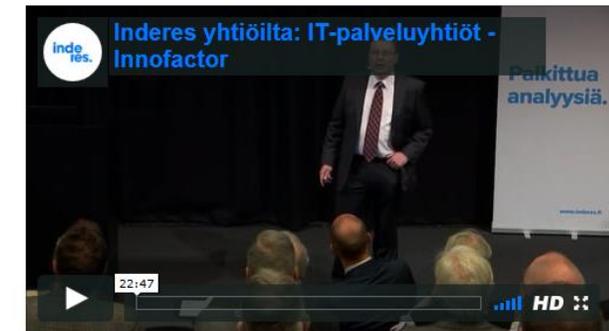
Innofactor sijoituskohteena

Johtava pilviratkaisujen ja digitalisaation toteuttaja Pohjoismaissa

Innofactor on johtava pilviratkaisujen ja digitalisaation toteuttaja Pohjoismaissa. Innofactorilla on Pohjoismaiden laajin Microsoft-ekosysteemin ratkaisutarjonta ja johtava osaaminen. Innofactorissa työskentelee yli 600 innostunutta ja motivoitunutta huippuasiantuntijaa Suomessa, Ruotsissa, Tanskassa ja Norjassa. Innofactorin asiakkaina on yli 1 500 yritystä, julkishallinnon ja kolmannen sektorin organisaatiota. Vuosina 2011–2015 Innofactorin liikevaihdon vuotuinen kasvu on ollut keskimäärin 35 %. Innofactor Oyj:n osake on noteerattu NASDAQ Helsinki Oy:n päälistalla toimialalla teknologia.

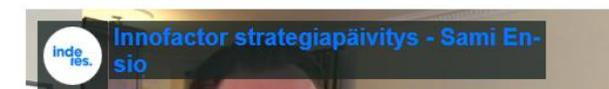
Sijoittajatalenteita

22.11.2016 Inderes yhtiöilta: IT-palveluyhtiöt - Innofactor



Inderes yhtiöilta: IT-palveluyhtiöt - Innofactor from Inderes.fi on Vimeo.

10.10.2016: Innofactorin strategiapäivitys



€ 1,40

06.03.2017 18:23 EET

Muutos % Ylin Alin
€ +0,03 +2,19% € 1,40 € 1,38

Pörsstitiedotteet

21.02.2017

Innofactorin vuoden 2016

tiinpäätöstiedotteen

julkaiseminen

17.02.2017

Anna-Maria Palmroos nimitetty

Innofactorin lakiasiaintohtajaksi

[► NÄYTÄ KAIKKI](#)

Uutiset

17.02.2017

Anna-Maria Palmroos nimitetty

Innofactorin lakiasiaintohtajaksi

12.01.2017

Innofactor toteutti Kevan

verkkosivu-uudistuksen

[► NÄYTÄ KAIKKI](#)



You're aiming
for profit?

We focus 100%
on growth.