

A man with a shaved head, wearing a light blue button-down shirt, is sitting in a green office chair. He is smiling broadly and looking towards the right. He is holding several wooden blocks in his hands. The background is a bright, out-of-focus office space with large windows. A white line graphic, resembling a stylized 'U' or a bracket, is overlaid on the right side of the image.

Innofactor Plc Interim Report for Q1 2017

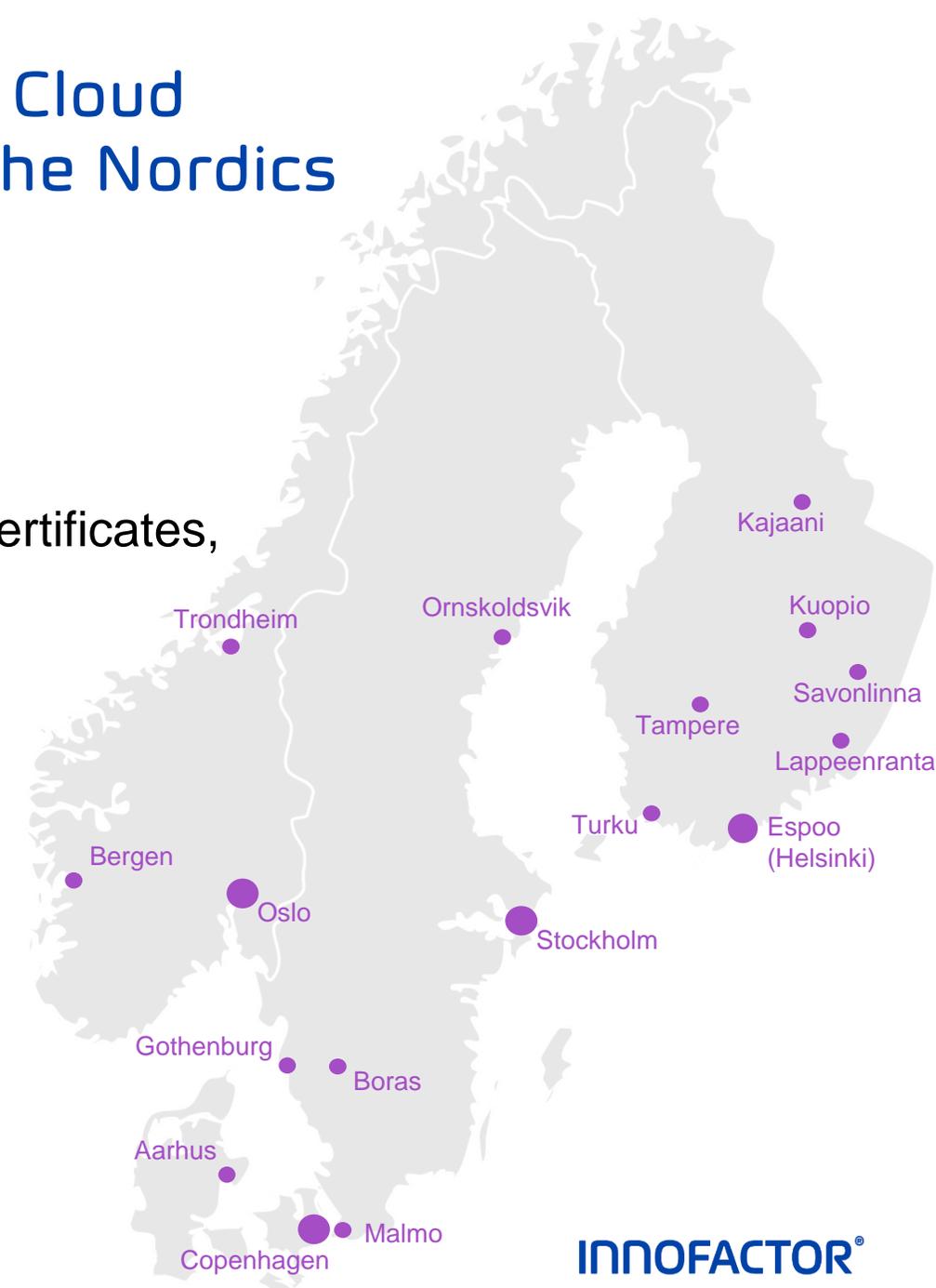
May 3, 2017

Sami Ensio, CEO

Patrik Pehrsson, CFO

Innofactor in Brief – Leading Provider of Cloud Solutions and Digital Transformation in the Nordics

- 1,500+ customers from commercial, public sector and membership-based organizations
- 15 enterprise-level Microsoft Gold Competencies
- 600+ professionals (350+ in Finland), 1600+ Microsoft certificates, 10+ MVPs
- Revenue EUR 59.6M (2016)
- Growth 28+% and EBITDA 8+% (2012 to 2016 average)
- Listed in NASDAQ Helsinki, 10,000+ shareholders

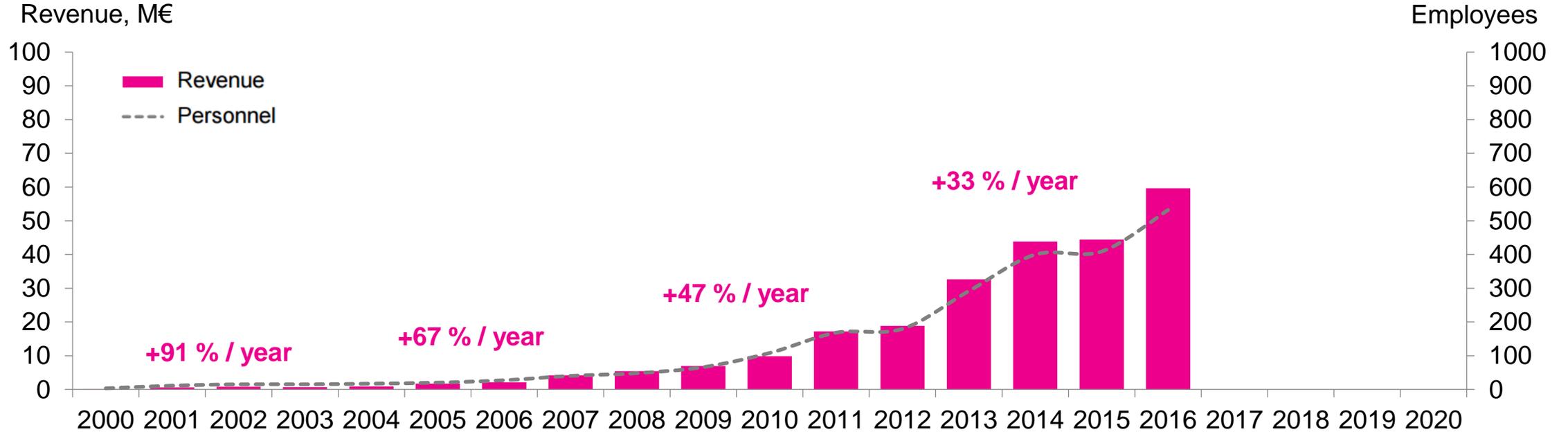


Microsoft Partner

- Gold Application Development
- Gold Application Integration
- Gold Cloud Customer Relationship Management
- Gold Cloud Platform
- Gold Cloud Productivity
- Gold Collaboration and Content
- Gold Customer Relationship Management
- Gold Data Analytics
- Gold 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



Systematic Growth since 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 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 % 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 the Nordics

Long-term financial goals by 2020:

- Achieve annual organic growth of about 20 percent
- Achieve about 20 percent EBITDA in relation to Net Sales
- Keep Cash Flow positive and secure solid financial standing in all situations

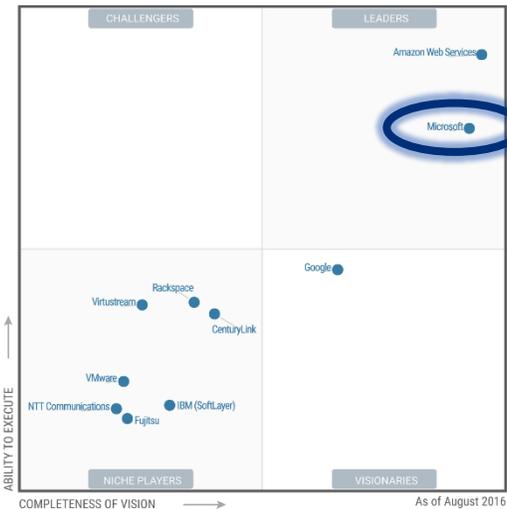
Our Strategy:



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

Cloud infrastructure*



Analytics*



CRM*



ERP**



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

Nordic IT services market
25 billion euro*

Nordic Microsoft
IT-services market
10 billion euro**

Large companies, in every nordic market

- Broad offering of IT-solutions
- Several competing technologies
- E.g. Tieto, CGI, Fujitsu and Accenture

Mid-sized, only in some countries

- Broad or more narrow offering
- Several competing technologies
- E.g. Siili, Solita, Digia, Net-company and Precio

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

Competition based on low price (Off-shoring) where our competitive advantages are **more skilled local professionals, a productized offering and more flexible mode of operation**

INNOFACTOR®

Competitive Advantage vs. Start Ups: **The trustworthiness of a publicly listed company, established processes and strong customer references.**

Our Competitive Advantage: **Best skills in Microsoft-solutions, strongest industry knowledge and broader offering.**

Mid-sized, every Nordic market

- Often focusing on specific offering
- Several competing technologies
- E.g. Affecto, Atea, HiQ, Knowit and EG

Small companies, usually only in home market

- Very specific offering
- Usually single technology
- E.g. Sulava, Cloudriven ja Proactive

* Source: IDC, internet

** Estimate Microsoft market share to approx. 40 %

The Best Microsoft-professionals Enable Innofactor's Development and Growth



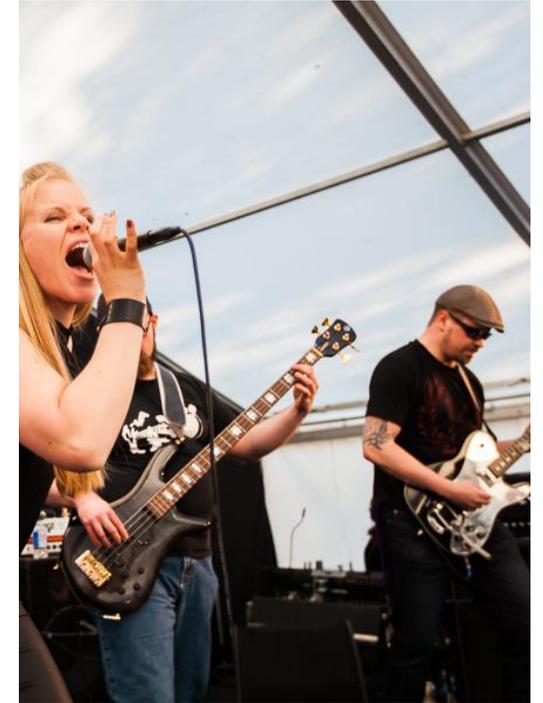
Dynamic community of 600+ leading professionals



1600+ Microsoft certificates



10+ Microsoft Most Valuable Professionals



Inspiring work environment and a culture of winning

20% Organic Growth:

Focus on industries that provide the highest growth opportunities and allow us best to scale existing offering in the Nordics, e.g. healthcare

Focus on current customers and cross sales getting bigger share of wallet of customer's digital transformation budget

Improving modern digital marketing and sales skill to achieve better and more cost-effective sales results

2020 Goals

20% EBITDA:

Shifting revenues from projects and professional services toward products, IP-based and continuously managed services

Getting increasing hour price because of the best Nordic professionals (seniors and juniors) and leading offering

Continuously improving our flexible value-adding delivery model minimizing number of non-invoiced hours and maximizing customer satisfaction

Creating operative Nordic synergies and cost savings, e.g. Nordic ERP

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Our Strategy:

Best Nordic professionals in the Microsoft ecosystem

Visionary Nordic customers in defined industries

Leading offering in cloud solutions and digital transformation

Proactive, value-adding and flexible delivery model

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Q1/2017 Results

A strong start in 2017

Best first quarter in history, measured in Revenue and EBITDA

The restructuring relating to Lumagate has had a positive impact on revenue, EBITDA and cash flow since March 2017, although the restructuring resulted in some extra costs in March

Several significant new orders during Q1 and April

Revenue

17.5 M€

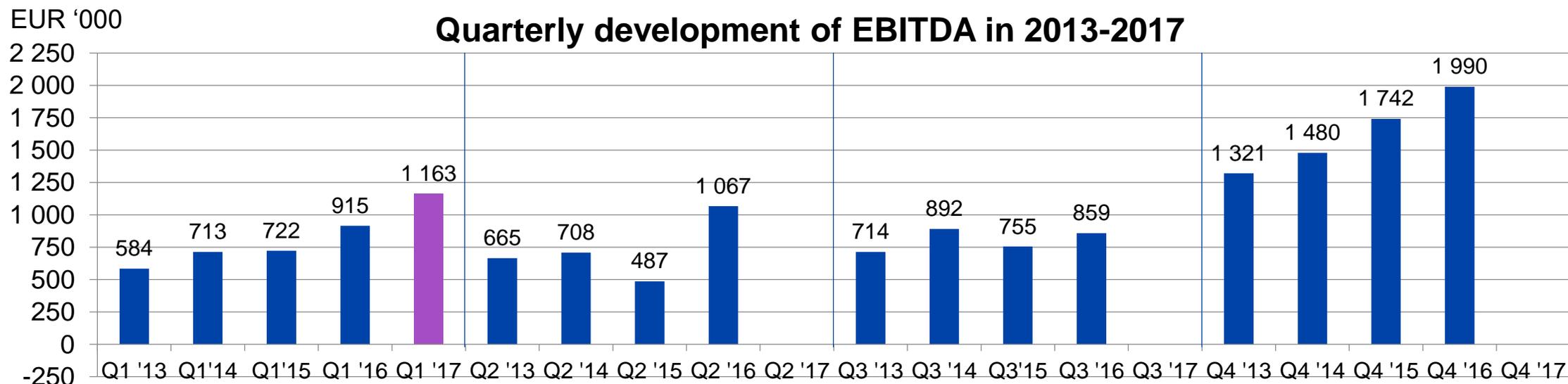
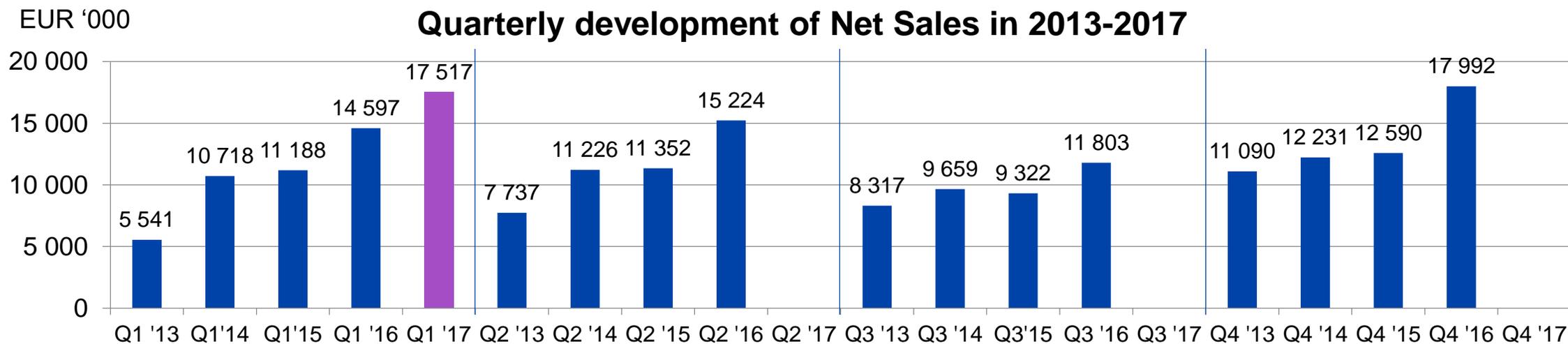
+20.0% vs.
Q1/2016

EBITDA

6,6 %
1.2 M€

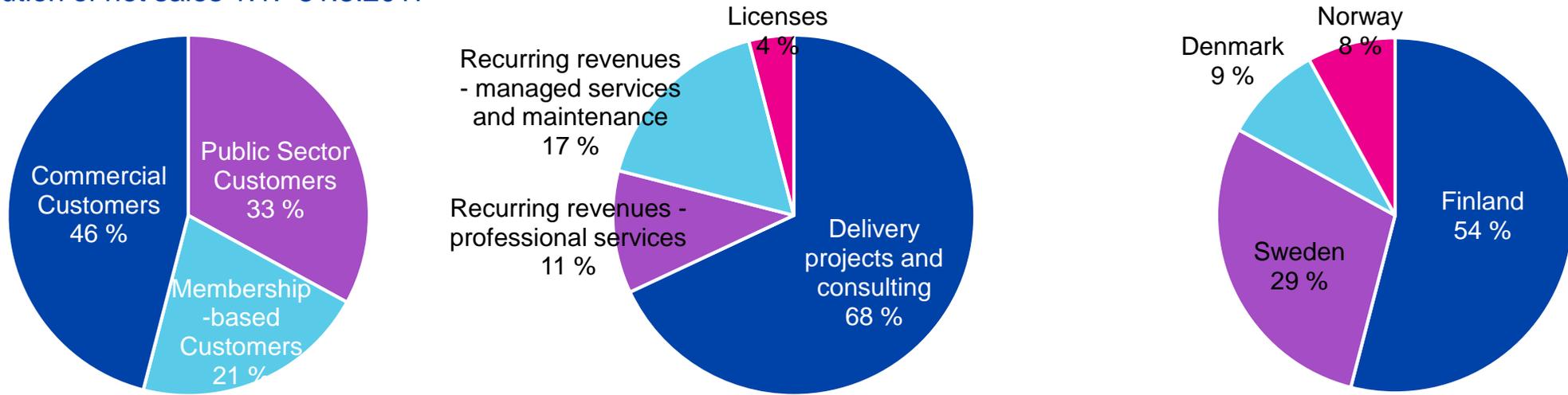
+27,1%
vs.
Q1/2016

Quarterly development of Innofactor Group financials



Customer Base and Long Term Contracts Bring Stability

Distribution of net sales 1.1.–31.3.2017



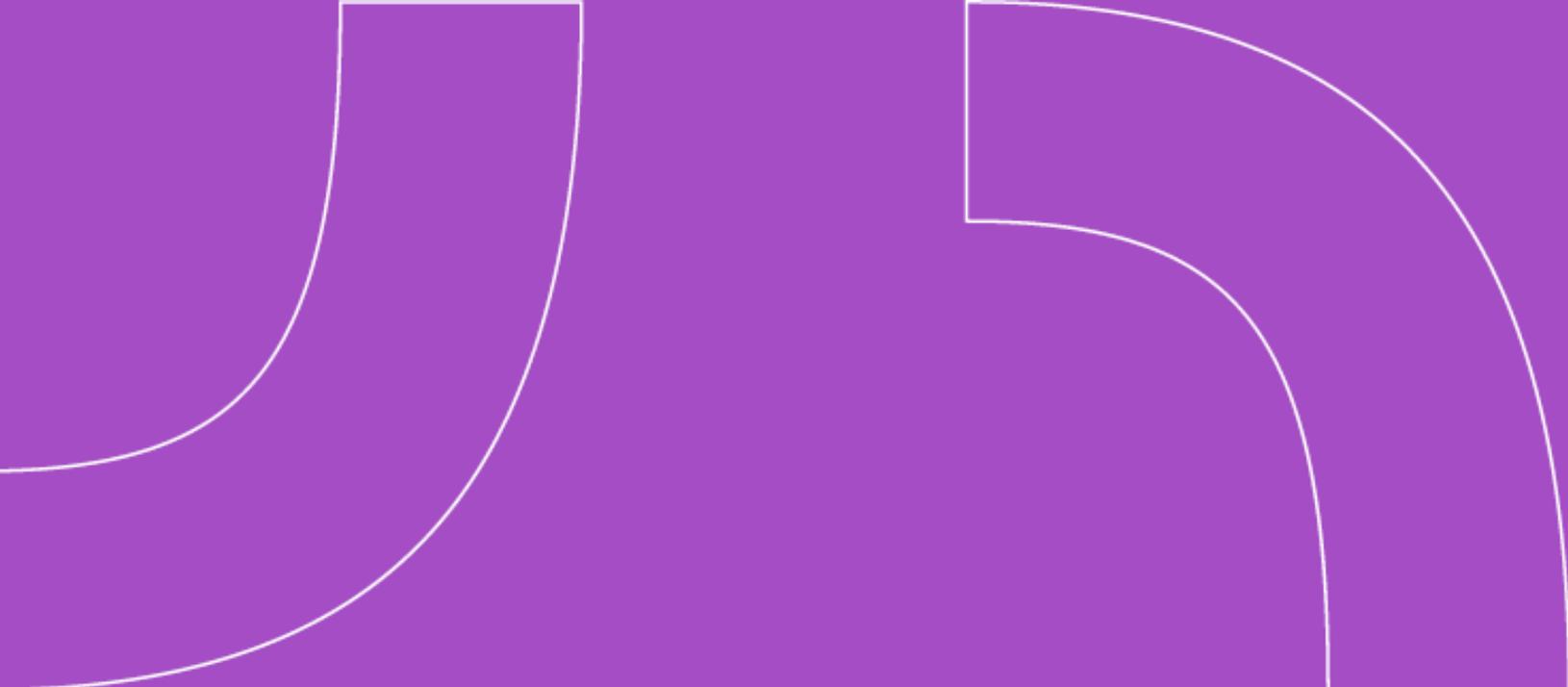
- Strong customers in both public and private sectors bring stability in economic fluctuations
- 10 largest customers account for approximately 27 % of net sales
- Recurring revenues from service agreements and license sales bring competitive advantage and business stability
- Sales of labor moving increasingly 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

	1.1.–31.3. 2017	1.1.–31.3. 2016	Change	1.1.–31.12. 2016
Net sales, EUR thousand	17 517	14 597	20,0 %	59 616
Operating margin (EBITDA), EUR thousand	1 163	915	27,1 %	4 831
percentage of net sales	6,6 %	6,3 %		8,1 %
Operating profit/loss (EBIT), EUR thousand	487	306	59,2 %	2 332
percentage of net sales	2,8 %	2,1 %		3,9 %
Earnings before taxes, EUR thousand	346	171	102,3 %	1 920
percentage of net sales	2,0 %	1,2 %		3,2 %
Earnings, EUR thousand	281	142	97,9 %	1 516
percentage of net sales	1,6 %	1,0 %		2,5 %
Net Gearing	52,9 %	49,6 %		70,2 %
Equity ratio	43,2 %	50,5 %		35,9 %
Average active personnel during the review period	596	500	19,2 %	427
Earnings per share (EUR)	0,0085	0,0041	104,3 %	0,0467



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.



Other Events

Other events during the review period

- On February 17, 2017, Innofactor announced in a stock exchange release that Anna-Maria Palmroos has been appointed as Innofactor's General Counsel.
- On March 8, 2017, Innofactor announced in a stock exchange release that Innofactor paid the 2016 adjustment payment of Cinteros AB deal partly with new company shares.
- On March 8, 2017, Innofactor announced in a stock exchange release that the share repurchase program started on July 7, 2016, has ended.
- On March 21, 2017, Innofactor announced in a stock exchange release that Innofactor was selected as the provider of IT specialist services for the Unemployment Insurance Fund (TVR) and that the value of deal will be approximately EUR 1.0 million during 2017–2019.
- On March 27, 2017, Innofactor announced in a stock exchange release that Innofactor Plc had conveyed some of its own shares to Svalroma Consulting AB as part of Cinteros AB's purchase price.
- On March 27, 2017, Innofactor announced in a stock exchange release that the new Innofactor Plc shares, related to the payment of the Cinteros AB's additional purchase price, had been registered in the Trade Register.
- On March 28, 2017, Innofactor published a flagging announcement pursuant to Chapter 9, Section 5 of the Finnish Securities Markets Act, stating that Svalroma Consulting AB's ownership of the Innofactor Plc votes and shares exceeds five percent (5%) due to receipt of the company shares as purchase price for Cinteros AB.

Significant events after Q1

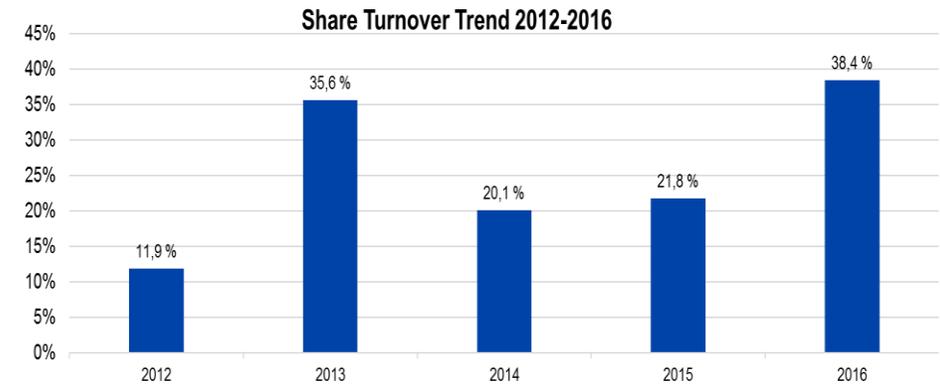
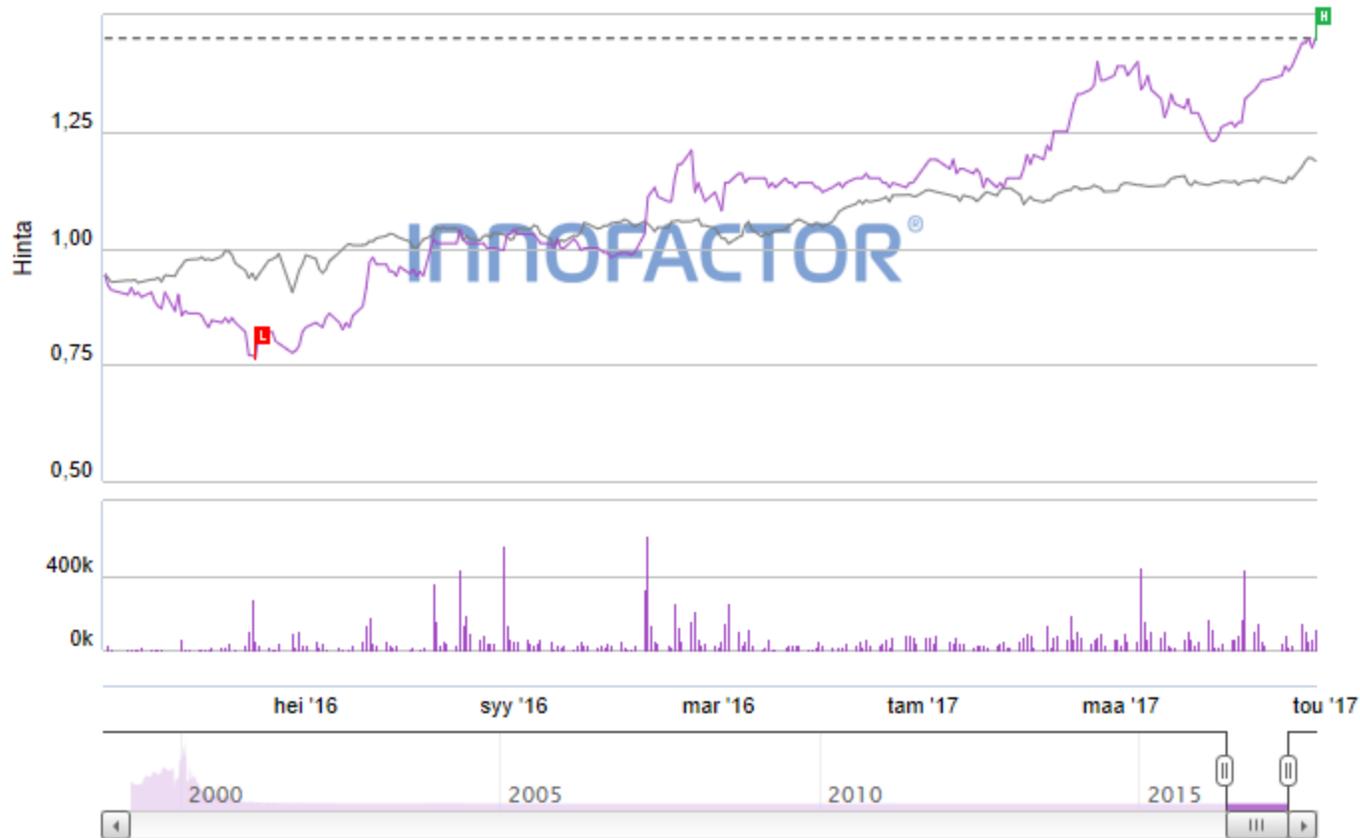
- On April 6, 2017, Innofactor announced in a stock exchange release that the Hospital District of Helsinki and Uusimaa (HUS) has selected Innofactor as the developer of the Terveyskylä applications. The value of the deal during the contract period is approximately EUR 1.8 million, which is estimated to be contributed to 2017.
- On April 10, 2017, Innofactor announced in a stock exchange release that IF Metall in Sweden selected Innofactor as the provider of the further development and support of IF Metall's membership management system and that the value of the deal is approximately EUR 0,6 million and EUR 4 million at the maximum in 2017–2020.
- On May 3, 2017, Innofactor announced in a stock exchange release that the Board of Directors of Innofactor Plc has in its meeting on May 2, 2017 established a Remuneration Committee.
- On May 3, 2017, Innofactor announced in a stock exchange release that its market maker agreement will end on May 31, 2017.

Largest shareholders March 31, 2017

Nimi	Määrä	Prosenttiosuus
1. Ensio Sami*	7 460 715	20,62 %
<i>Ensio Sami</i>	5 286 955	14,61 %
<i>Alaikäinen vajaanvaltainen</i>	724 588	2,00 %
<i>Alaikäinen vajaanvaltainen</i>	724 586	2,00 %
<i>Alaikäinen vajaanvaltainen</i>	724 586	2,00 %
2. Tilman Tuomo Tapani	2 747 492	7,59 %
3. Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1 550 000	4,28 %
4. Laiho Rami Tapani	1 355 019	3,74 %
5. Linturi Kaija ja Risto*	1 261 411	3,49 %
<i>R. Linturi Oyj</i>	494 107	1,37 %
<i>Linturi Kaija Anneli</i>	430 000	1,19 %
<i>Linturi Risto Erkki Olavi</i>	337 304	0,93 %
6. Ärje Matias Juhanoika	923 278	2,55 %
7. Mäki Antti-Jussi	897 233	2,48 %
8. Muukkonen Teemu	522 230	1,44 %
9. Järvenpää Janne-Olli	322 804	0,89 %
10. Kukkonen Heikki-Harri	316 021	0,87 %
11. Lampi Mikko Olavi	276 891	0,77 %
12. Laiho Jari Olavi	270 000	0,75 %
13. Rausanne Oy	241 220	0,67 %
14. Karppinen Antti Sakari	200 000	0,55 %
15. Hellen Stefan Andreas	180 000	0,50 %
16. Mäkinen Antti Vilho Juhani	140 000	0,39 %
17. Salmela Alpo Jalmari	126 000	0,35 %
18. Muurinen Hannu Olavi	125 750	0,35 %
19. Tiirikainen Vesa Martti	120 750	0,33 %
20. Martola Janne Matti Juhani	112 488	0,31 %

*) Direct or indirect

Innofactor Share Price Development Compared to Nasdaq Helsinki Index (Closing May 2 at €1.44)



* 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.

Share Price Development

Beginning of 2017	+25.22%
1 year change	+52.38%
2 year change	+37.14%
3 year change	+16.13%
5 year change	+157.14%
Year highest	1.46EUR
Year lowest	1.13EUR

For more information

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

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INNOFACTOR® OY YHTEYTTÄ ASIAKASTUKI EKSTRANET TEKSTIVERSIO IN ENGLISH | PÅ SVENSKA | PÅ DANSK

Haku 🔍

Prosessien innovointi

Parempi liiketoimintaprosessi

[Lue lisää](#)

INNOFACTOR RATKAISUT TYÖPAIKAT MEDIA **SIOITTAJAT** YHTEYSTIEDOT

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 Oy:n osake on noteerattu NASDAQ Helsinki Oy:n päälistalla toimialalla teknologia.

Sijoittajatalenteita

22.11.2016 Inderes yhtiöilta: IT-palveluyhtiöt - Innofactor

€ 1,40
06.03.2017 18:23 EET

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

Pörssitiedotteet

21.02.2017
Innofactorin vuoden 2016 tilinpäätöstiedotteen 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

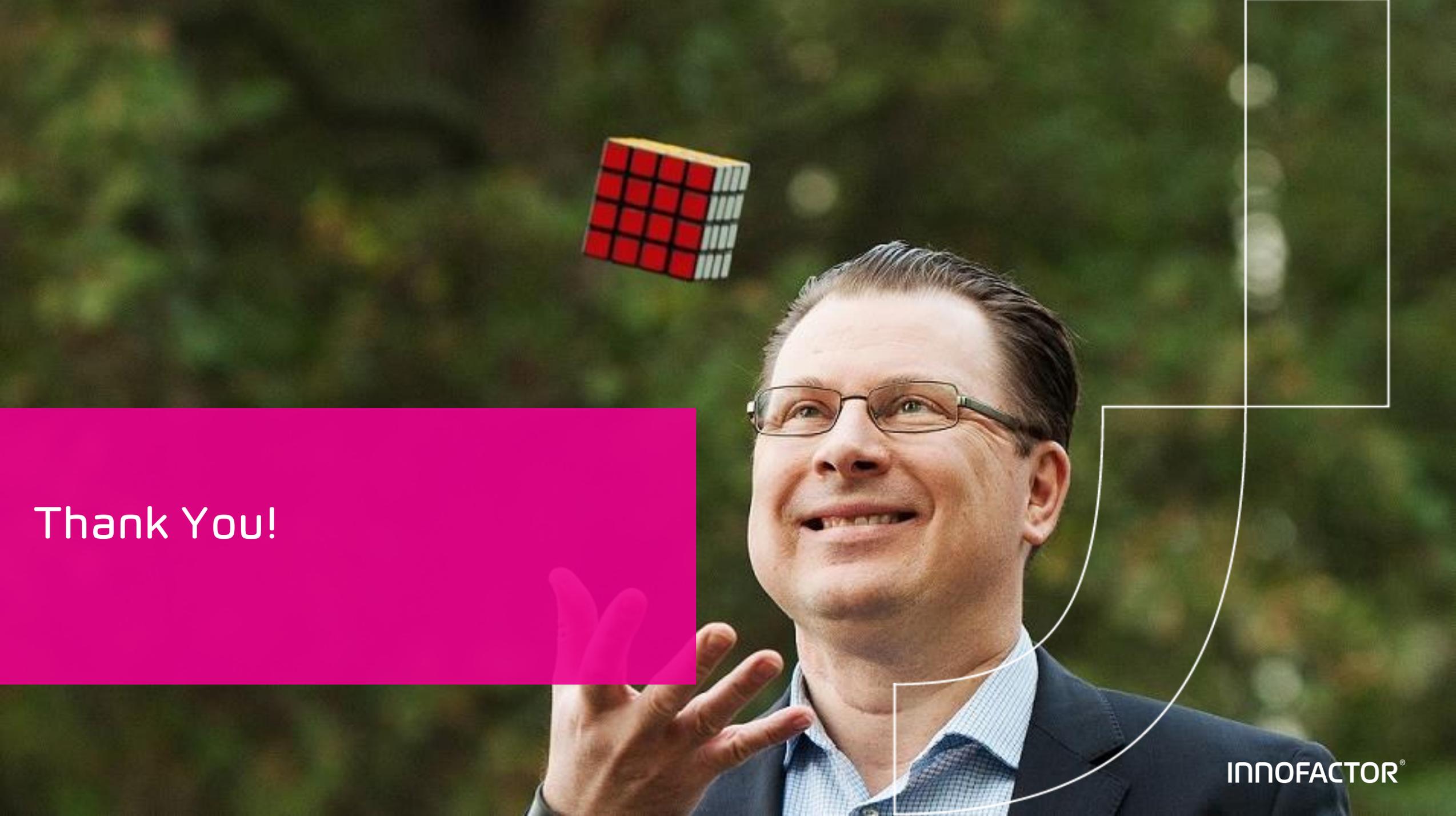
[▶ NÄYTÄ KAIKKI](#)

Inderes yhtiöilta: IT-palveluyhtiöt - Innofactor

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

10.10.2016: Innofactorin strategiapäivitys

Innofactor strategiapäivitys - Sami Ensio

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 forest. A white outline of a large letter 'U' is superimposed on the right side of the image. A bright pink rectangular area is on the left side, containing the text 'Thank You!'.

Thank You!

INNOFACTOR®



Appendix

INNOFACTOR®

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.