



Innofactor Interim Report Q2/2020

July 28, 2020
Sami Ensio, CEO



Innofactor's Business

Driving the #ModernDigitalOrganization
in the Nordic Countries

INNOFACTOR®

Start Up – Everything for Everyone

- Innofactor founded by Sami Ensio in Jan 2000
- Innofactor's first Microsoft-based product "Prime" released

#1 in Selected Micro Segments

- Microsoft SharePoint pioneer
- First M&A activities

#1 Microsoft-based Provider in Finland

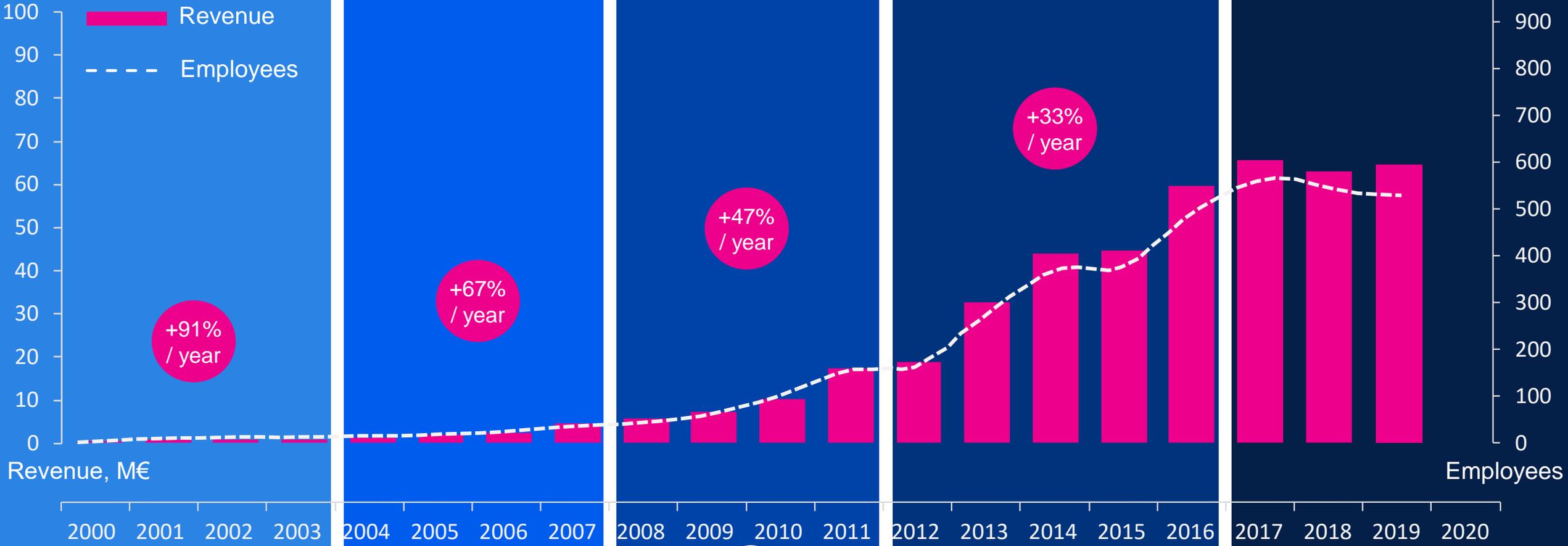
- CRM, BI and case management included in the offering
- Reverse IPO, NASDAQ Helsinki

#1 Microsoft-based Provider in the Nordics

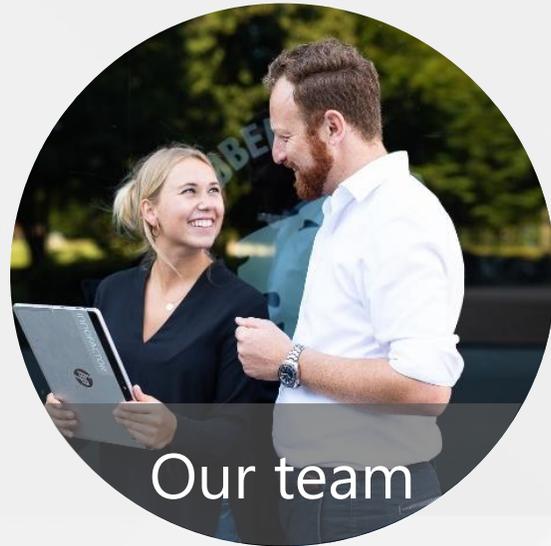
- Cloud transition
- Several acquisitions in the Nordic countries

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

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



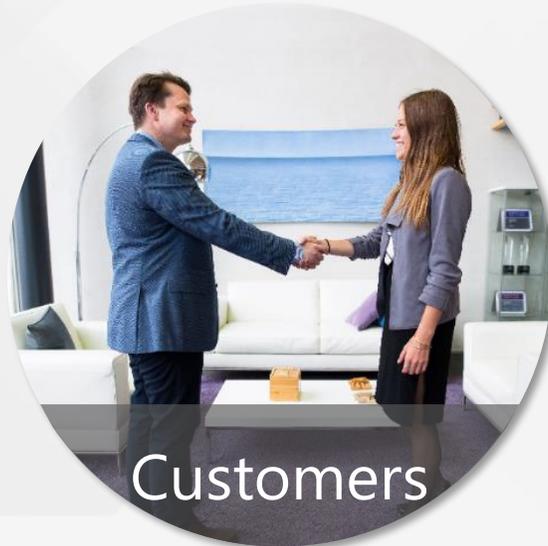
Innofactor – Leading Nordic driver of Modern Digital Organization



Our team

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

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Customers

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



Company

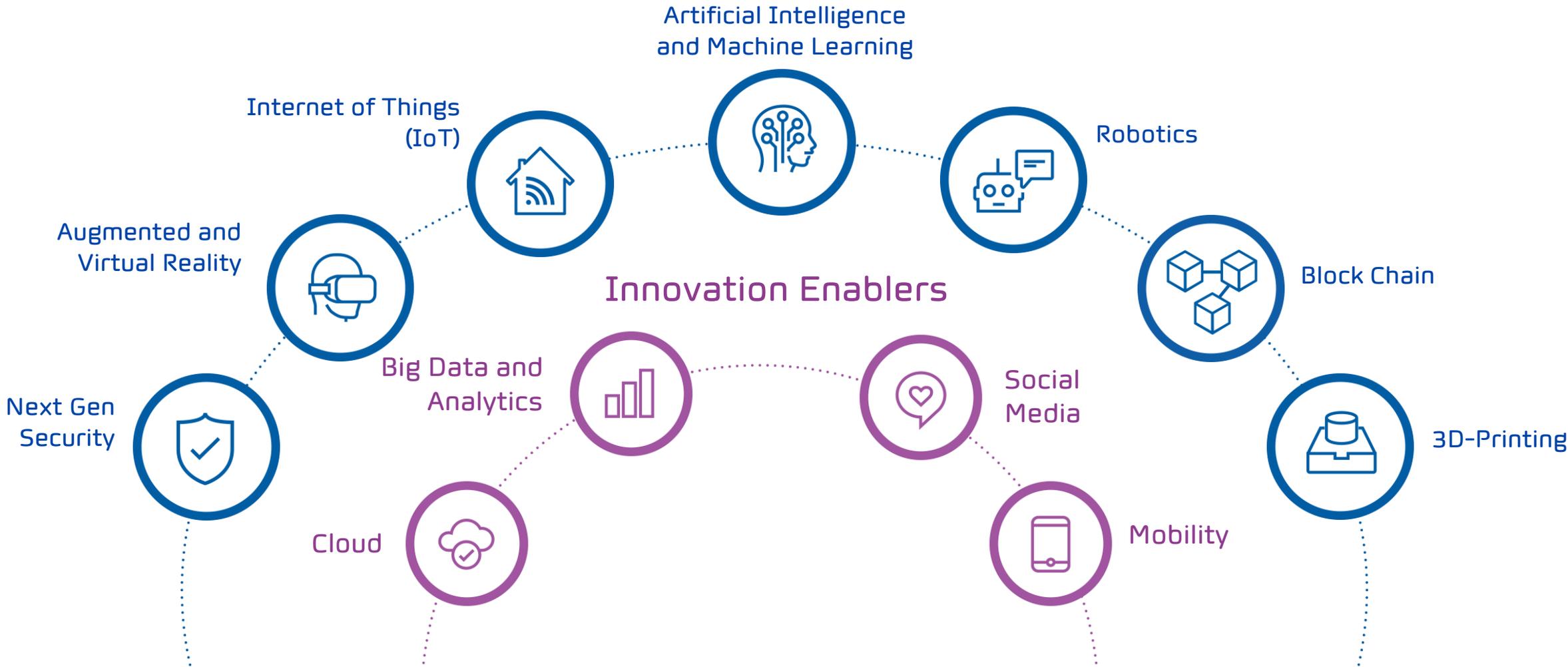
- Revenue 63 MEUR (2018)
- 14 offices in Nordic countries
- Listed in Helsinki Stock Exchange (NASDAQ Helsinki), over 11 000 shareholders

Microsoft
Partner

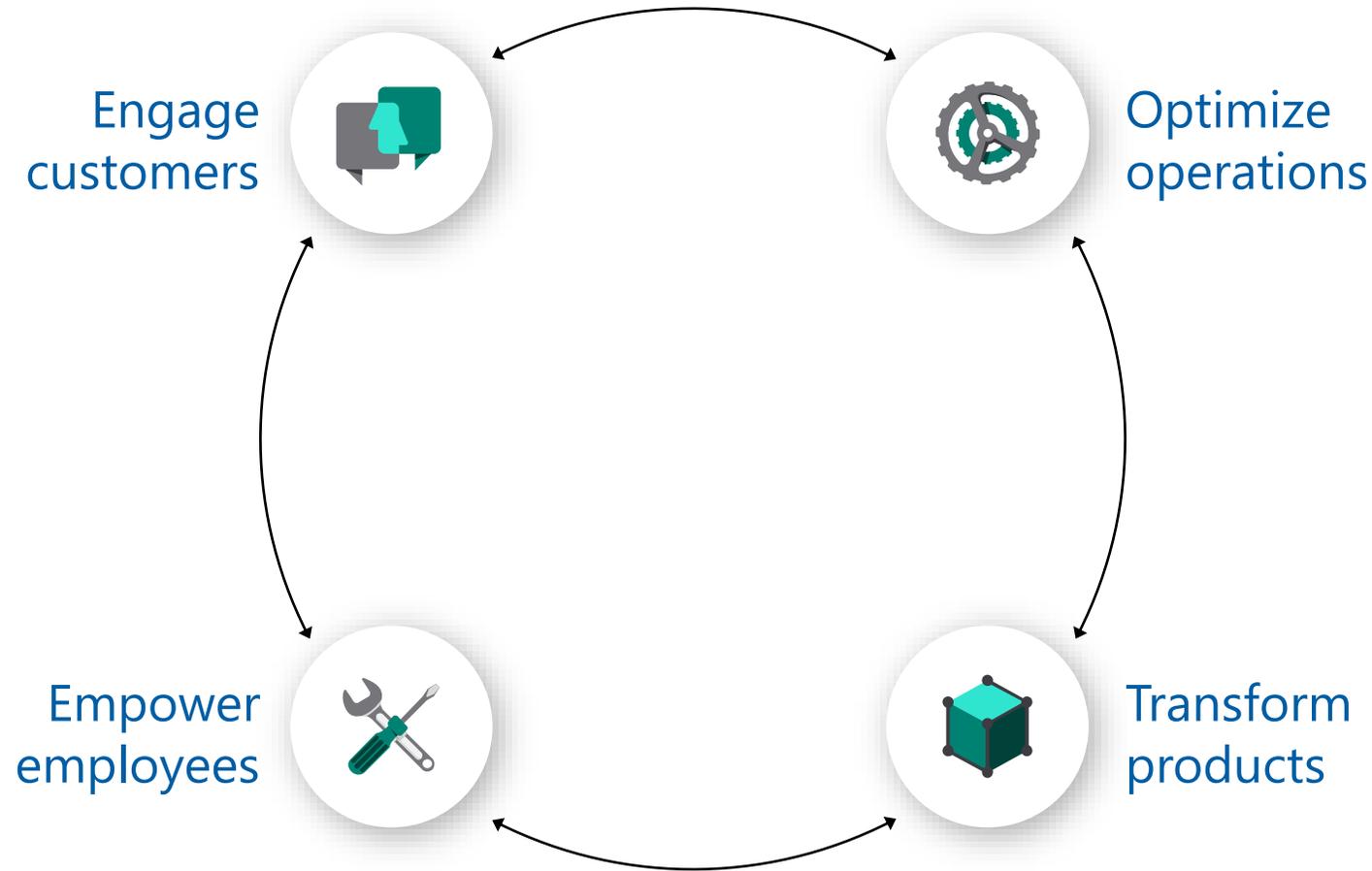


Gold Application Development
Gold Application Integration
Gold Cloud Customer Relationship Management
Gold Cloud Platform
Gold Cloud Productivity
Gold Collaboration and Content
Gold Customer Relationship Management
Gold Data Analytics
Gold Data Platform
Gold Datacenter
Gold Enterprise Mobility Management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

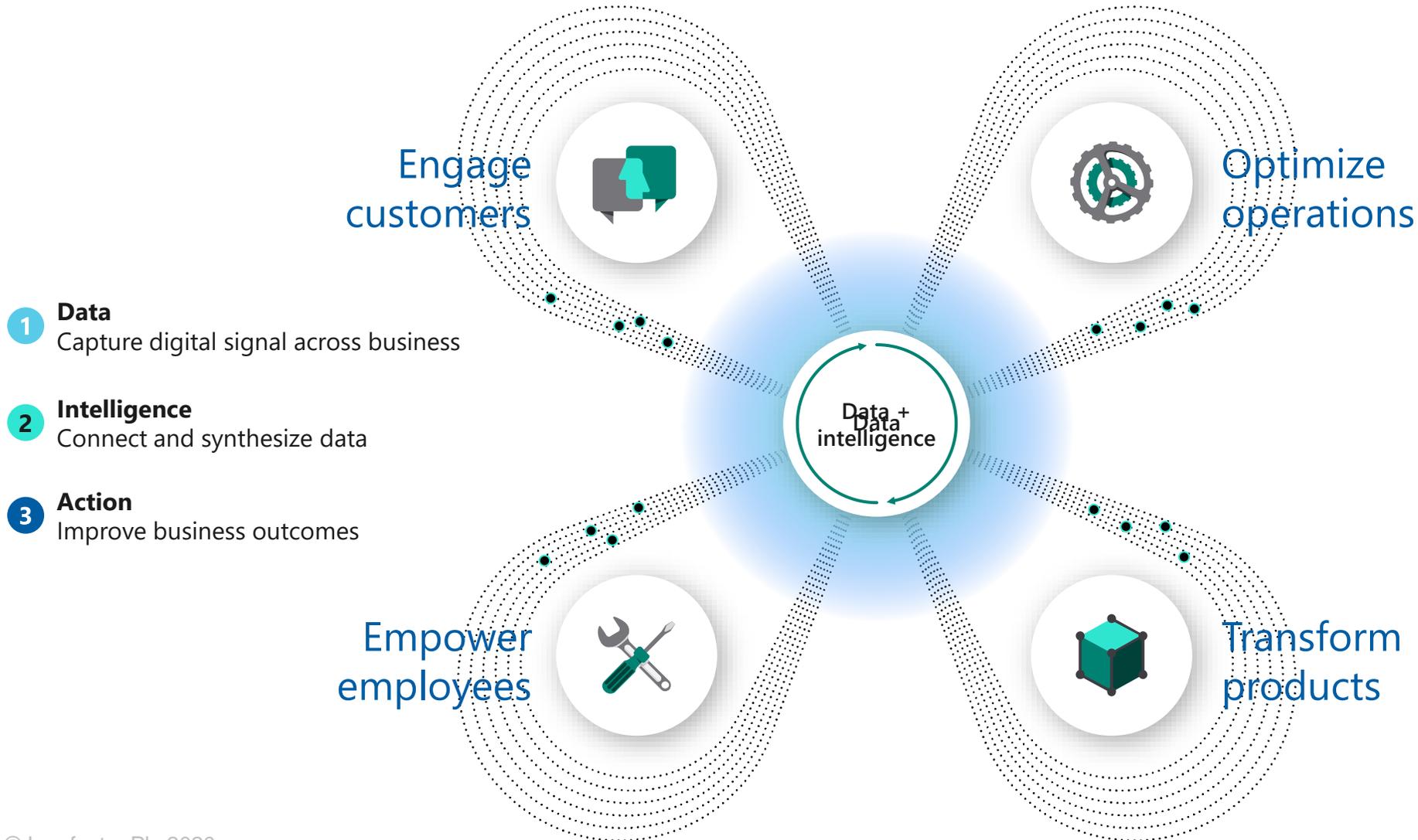
Key Trends Driving Innovation



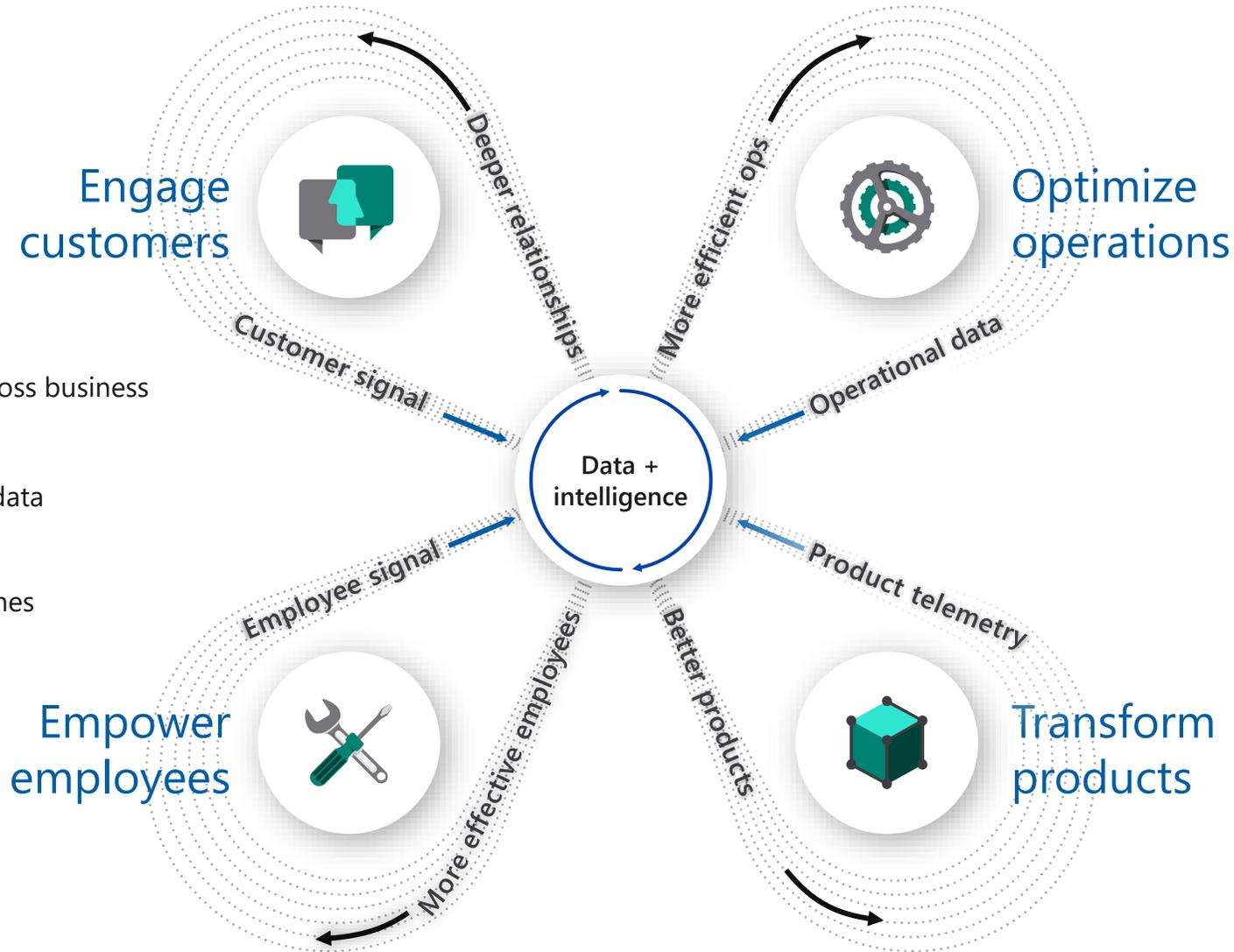
Key Stakeholders of B-to-B Digital Transformation



Digital Feedback Loop



Digital Feedback Loop



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

Our Mission: Driving the #ModernDigitalOrganization



Driving the
#Modern
Digital
Organization



We Fulfill It Every Day by Empowering Our Customers



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



Build a secure, scalable cloud platform for our customers' organizations



Make better decisions leveraging advanced analytics, AI and machine learning

Driving the #Modern Digital Organization



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



Make our customers' employees' daily work more meaningful and productive through personal engagement and modern collaboration

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

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



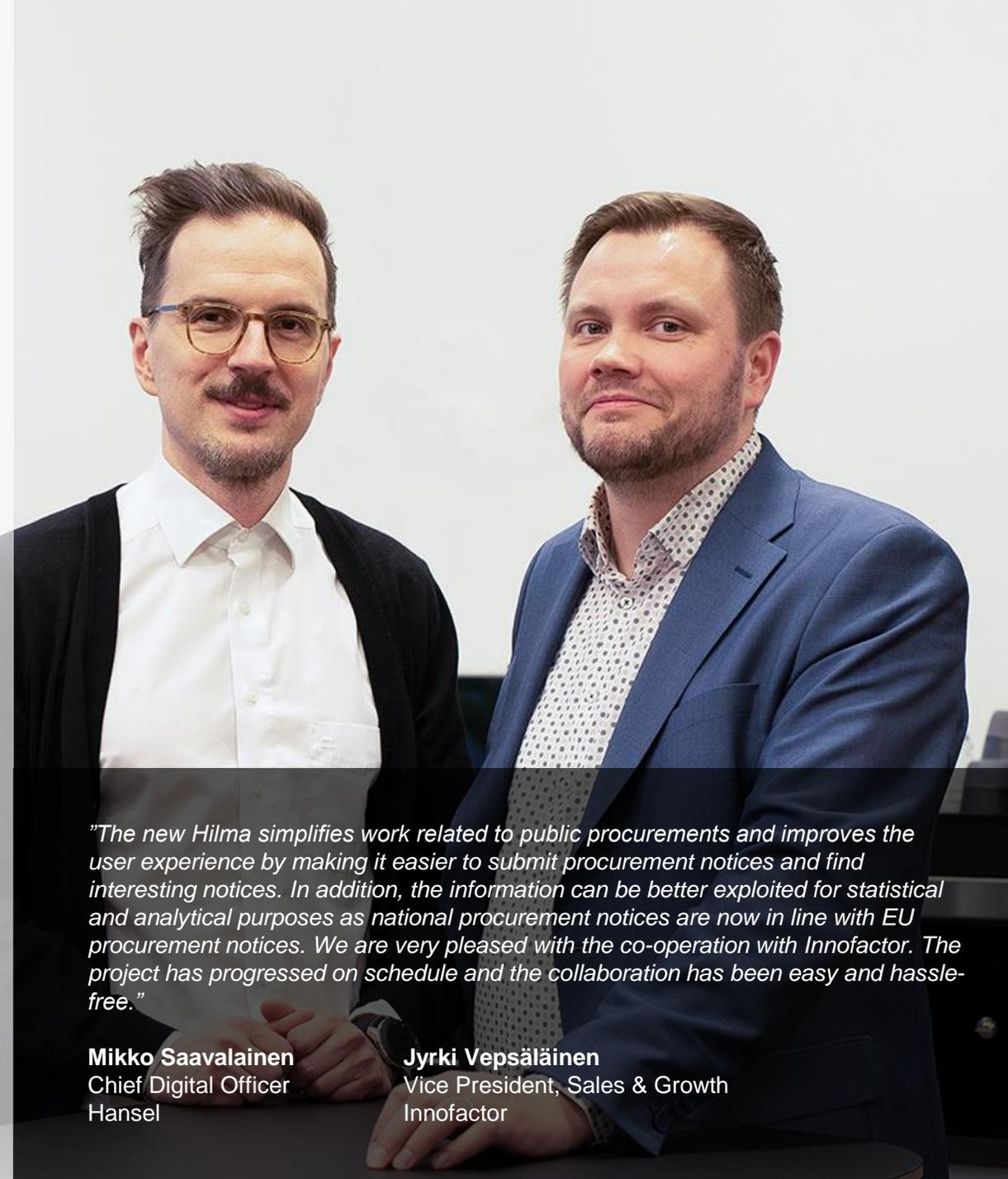
Hansel

Hilma, the Online Notices Channel for Public Procurement – a More User-Friendly Service for Both Procurers and Bidders

Hansel Oy is a joint public procurement unit responsible for tendering, making and maintaining comprehensive public procurement contracts in Finland. In addition, Hansel is responsible for marketing contracts to customers in co-operation with contracting suppliers. Hansel has a total of approximately 90 ongoing framework agreements and dynamic procurement systems, with approximately 500 contracting suppliers selected through competitive tendering. Since 2015, Hansel has been responsible for the government's e-tendering service. Hansel employs around 100 people.

Hilma (www.hankintailmoitukset.fi) is an online channel for notices on public procurement where procurement units publish notices on public tendering procedures. Companies get real-time information on ongoing tenders and advance information on upcoming tenders from Hilma. There was a need to overhaul the Hilma service, because the service, which has been in use since 2007, had become technically obsolete. In addition, the functions of the service needed to be modernized. Hansel has been commissioned by the Ministry of Finance to carry out the modernization of Hilma.

In December 2018, Hansel selected Innofactor as the supplier of the reform through a public procurement competition. Innofactor's agile solution is based entirely on modern Azure PaaS technologies and it was implemented using DevOps protocols. The new solution makes it easier than ever to publish new notices and find previously published ones. Help is available for choosing the right form, a previous notice can be selected as a template for a new notice and an already published notice can be edited. The bidder, on the other hand, can search for notices more conveniently and order notices matching their search criteria to be sent directly to their inbox. The service was launched in January 2020 and development is still ongoing.



"The new Hilma simplifies work related to public procurements and improves the user experience by making it easier to submit procurement notices and find interesting notices. In addition, the information can be better exploited for statistical and analytical purposes as national procurement notices are now in line with EU procurement notices. We are very pleased with the co-operation with Innofactor. The project has progressed on schedule and the collaboration has been easy and hassle-free."

Mikko Saavalainen
Chief Digital Officer
Hansel

Jyrki Vepsäläinen
Vice President, Sales & Growth
Innofactor

IF Metall

Process and System Improvement Using Microsoft Dynamics 365 with Azure

IF Metall is a union striving for gender equality with over 300,000 members working together for the right to a good and secure job. IF Metall operates in large parts of the Swedish industry, including the plastics, pharmaceutical, construction-material, steel, chemical and engineering industries. Almost 30 000 of the members are also elected as representatives, trade unionists, in the workplace. IF Metall consists of 35 departments to which members belong. A department is limited geographically by one or more municipalities and are locally supporting union activities. IF Metall works for the interests of its members and for a democratic and equal society.

Innofactor was selected by IF Metall to implement an optimal system solution for their membership management. Innofactor implemented a modern solution based on Innofactor-MMS (Member Management System) which is fundamentally based on Microsoft Dynamics technology. The solution is called FOKUS and has considerably improved their processes and gained maturity across the organization since it was implemented.

IF Metall wanted to streamline the handling of the members health and dental care fond module since it was conducted manually, in unsupported application and delivered by several suppliers. The new application should be able to seamlessly integrate to FOKUS and handle fund membership, fund fees, membership notification, fund payments and financial follow up. A key goal was to meet the needs of the various departments by creating parameter setting for each fund. The solution called FRISKUS was developed and implemented by Innofactor using Microsoft Dynamics 365 with Azure Service Bus and Azure Logic App. After customer acceptance, Innofactor carried out training sessions for the project reference group before Go-Live which was very appreciated by IF Metall. The FRISKUS application has initially been implemented at two departments and will be implemented in other departments according to a roll-out plan.

The project is considered to have been carried out in a very efficient way, meeting customer expectations, delivering on time, within budget targets and using the latest Microsoft Dynamics 365 technology. The FRISKUS solution does not only provide a flexible and general solution that meets current and future needs, but also has a major impact on the phase-out of legacy systems, consequently reducing IT-costs.



"FRISKUS is an important solution for IF Metall. We have now moved the administration of health and dental care into our core operations. We have simplified the process considerably and are now taking a first step into a cloud-based service. The collaboration with Innofactor worked very well, they were always close at hand when we were stuck or had questions."

Ronny Olsson
Process Owner
IF Metall

Tony Engvall
Project Manager
Innofactor

Wallenius Wilhelmsen

Wallenius Wilhelmsen ASA

Better Business Scalability with Microsoft Azure

Wallenius Wilhelmsen is a market leader in RoRo shipping and vehicle logistics, transporting cars, trucks, rolling equipment and breakbulk around the world. The company is up and running 24/7 and 365 days a year and it has 9500 employees in 29 countries. Wallenius Wilhelmsen ASA is listed on the Oslo Stock Exchange and it is headquartered in Lysaker, Norway.

As a global company, Wallenius Wilhelmsen needs to be able to scale their business geographically as well as volume-wise. The time to market is becoming critical as the time span is shifting from months and years to weeks and months. Wallenius Wilhelmsen wanted to modernize their application portfolio and its delivery platform to prepare for the future demands of the business. They see their Digital Transformation Program as a key lever of their business strategy in the up-coming years.

Wallenius Wilhelmsen chose Innofactor as their partner in the renewal process that has been worked on since 2015. Innofactor builds them a future proof digital platform, which works in Microsoft Azure. Six of Wallenius Wilhelmsen's physical data centers in UK, US and Singapore are transformed to Hyper Scale Cloud. Wallenius Wilhelmsen is currently undergoing a significant cloud transformation, but the benefits of it support the company's long-term goals. Cloud transformation enables faster market speed and better scalability in the future.

"We need a partner, who can design, implement and advise us throughout the entire process of moving to the cloud. Innofactor has helped them to be better prepared for the future IT requirements in the logistics business. The consultants at Innofactor are highly skilled, capable and easy to work with. In addition, they are very dynamic and flexible, if there are any last-minute changes from our side. Therefore, I would be pleased to serve as their reference."

Roopesh Das

SVP of Digital and IT
Wallenius Wilhelmsen ASA

Lars Løvf

Global Cloud Architect
Wallenius Wilhelmsen ASA

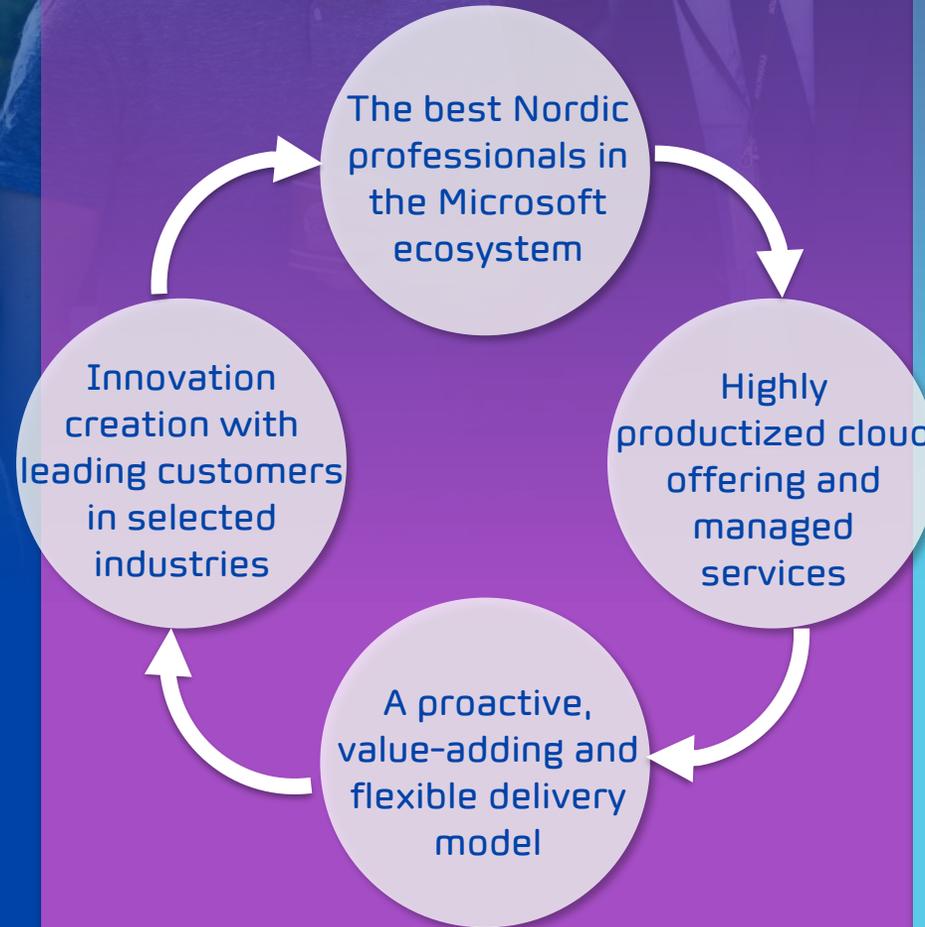
Our Mission:

Driving the
#ModernDigitalOrganization

Our Vision:

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

Our Strategy:



Our long-term financial goal is to grow profitably:

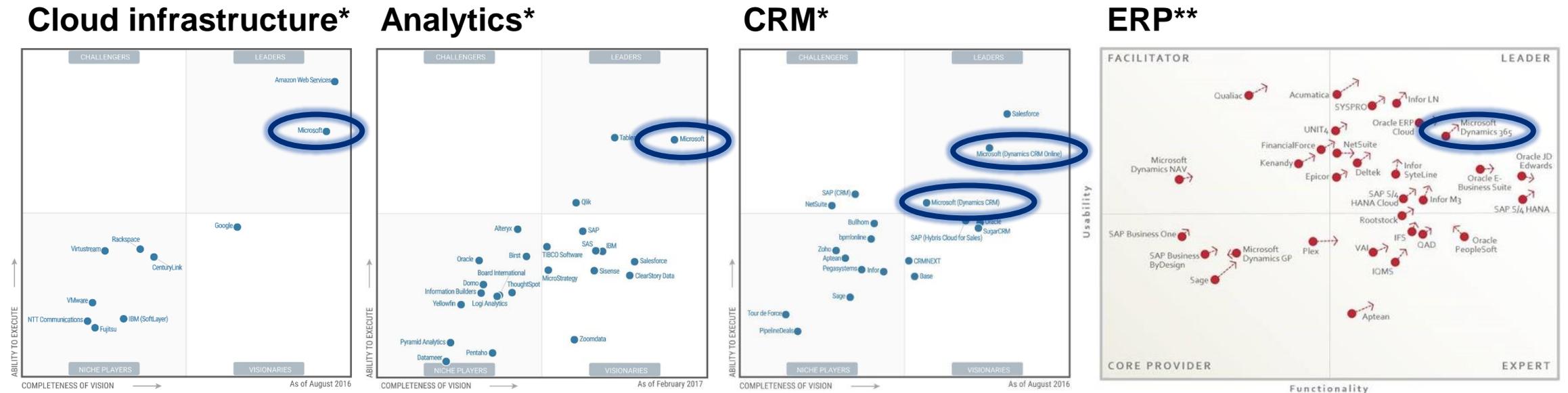
By achieving annual growth of about 20 percent, of which majority is intended to be achieved by organic growth

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

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

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

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



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

Nordic IT services market
25 billion euro*

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

Nordic Microsoft
IT-services market
10 billion euro**

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

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

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

INNOFACTOR®

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

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

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

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

>+5%

+3–5%

* Source: IDC, internet

** Estimate Microsoft market share to approx. 40%

Organization

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

Sami Ensio
President and CEO

Markku Puolanne
CFO

Vesa Syrjäkari
EVP, Biz Dev and Oper Excellence

Sami Ensio
CTO (acting)

PRODUCTS AND SERVICES
Janne Heikkinen
EVP, Products & Services

FINLAND
Sami Ensio
President and CEO,
Country Manager, Finland

SWEDEN
Marcus Hasselblad
Managing Director,
Country Manager, Sweden

DENMARK
Jørn Ellefsen
Managing Director,
Country Manager, Denmark

NORWAY
Jørn Ellefsen
Managing Director,
Country Manager, Norway

Digital Experience
Heikki-Harri Kukkonen
Vice President

Business Productivity
Tom Puusola
Vice President

Productized Solutions
Mikko Myllys
Vice President

Customers
Jarkko Lindroos, Vice President

Sales
Jyrki Vepsäläinen, Vice President

HR
Satu Hilli, Director

Board of Directors



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

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

Anna Lindén
Born in 1973, M. Pol.Sc.

COO of Nokia's Mobile Networks business group until early 2019. Several management positions at Nokia since 1998. Extensive background in business leadership and information technology. Ownership with related parties: 21,200 shares.

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

Chairman of the Board of Sovelto. Programme Director of Aalto University's Radical innovations program 2004–2014. Previously Technology Director of Helsingin Puhelin (current Elisa). One of Finland's most prominent futurists. Ownership with related parties: 1,256,411 shares.

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

CEO of Nebula 2014–2017. CEO of Affecto 2006–2013. Former management positions in, for example, Setec, Siemens, FinnetCom, and Helsingin Puhelin (current Elisa). Chairman of the Board in LeaseGreen Group and Sitowise. Ownership: 31,109 shares.

Innofactor's Founder and CEO

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

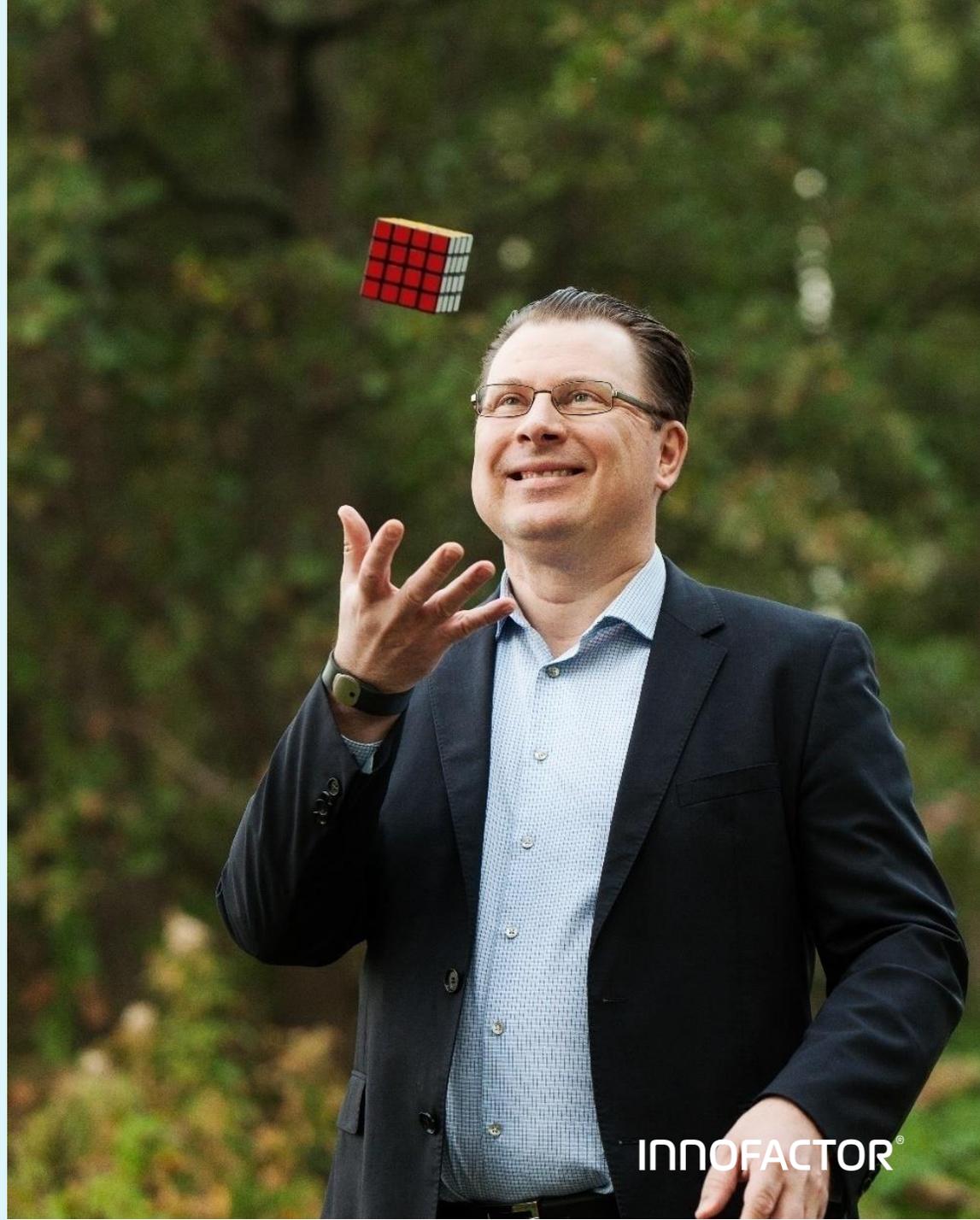
Founder and CEO of Innofactor. Previously member of the Omnitele Management Team. Several positions of trust in the Federation of Finnish Technology Industries and Confederation of Finnish Industries. Member of Partner Advisory Council in Microsoft Corporation.

Sami Ensio's specialties include solid and comprehensive know-how of the software industry as well as strategic and operational leadership and managing profitable growth. Sami Ensio was, for example, selected Software Entrepreneur of the year by the Finnish Software Entrepreneurs Association.

Education: Master of Science (Technology), technical physics, Helsinki University of Technology (Aalto University), legal studies at the University of Helsinki and general business studies at University of California, Los Angeles UCLA.

Shareholding: about 7.7 million shares (circa 21%)

More information: <https://fi.linkedin.com/in/ensio>



Group Executive Board



Sami Ensio, CEO

M. Sc. (Tech.) Founder, President and CEO, Country Manager, Finland, and board member. Born in 1971. Ownership with related parties: 7,880,237 shares.



Jørn Ellefsen

MBA. Managing Director, Country Manager, Norway. Employed by Innofactor since 2019. Born in 1971. Ownership: 75,000 shares.



Marcus Hasselblad

M.Sc. (Tech.) Managing Director, Country Manager. Employed by Innofactor since 2020. Born in 1968. Ownership: 0 shares.



Janne Heikkinen

M. Sc. (Tech.) EVP, Products and Services. Employed by Innofactor since 2015. Born in 1974. Ownership: 123,044 shares.



Markku Puolanne

B.Sc. CFO. Employed by Innofactor since August 2019. Born in 1973. Ownership: 10,000 shares.



Vesa Syrjäkari

M.Sc. EVP, Business Development and Operational Excellence. Employed by Innofactor since 2017. Born in 1960. Ownership: 60,000 shares.

Q2/2020 Results

Revenue grew Q2 and H1 and EBITDA reached all-time high

Innofactor's H1 net sales increased in Finland, stayed at the last year level in Norway and Denmark and decreased in Sweden due to corona effects.

EBITDA grew significantly and was at the all-time high level in Q2 and H1.

Order Backlog continued to grow and was record-breaking high 56.9 M€ at the end of Q2. The order backlog doesn't include all the new major deals won in Q2.

Revenue

16.8 M€

Growth +0.6%
vs.
Q2/2019

EBITDA

12.3%
2.1 M€

Growth +83%
vs.
Q2/2019

Order backlog

56.9 M€

Growth +29%
vs.
Q2/2019

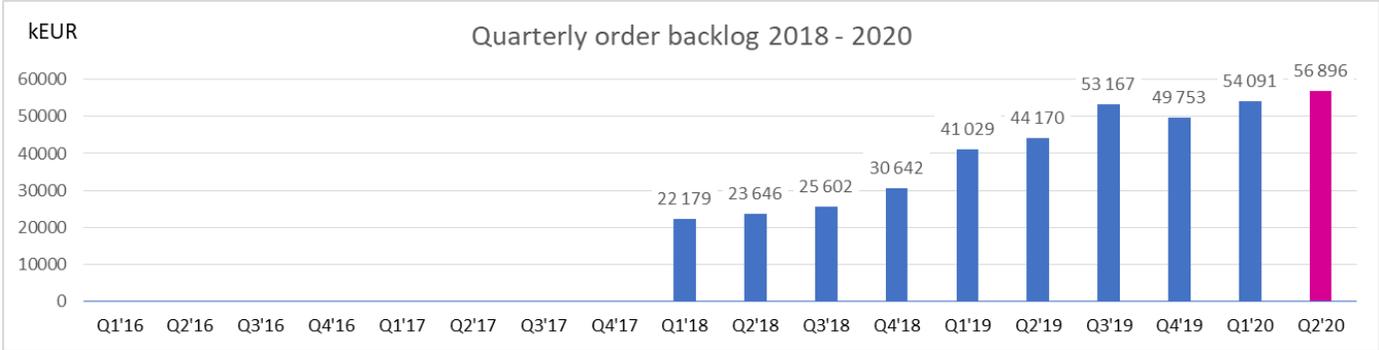
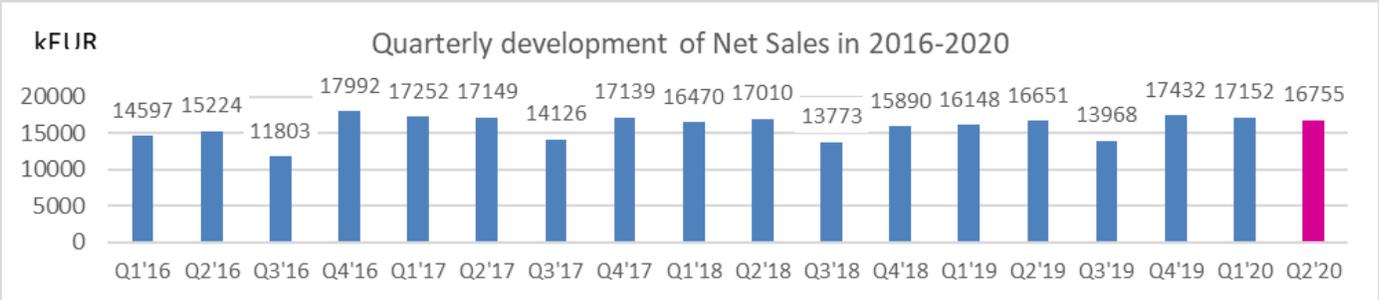
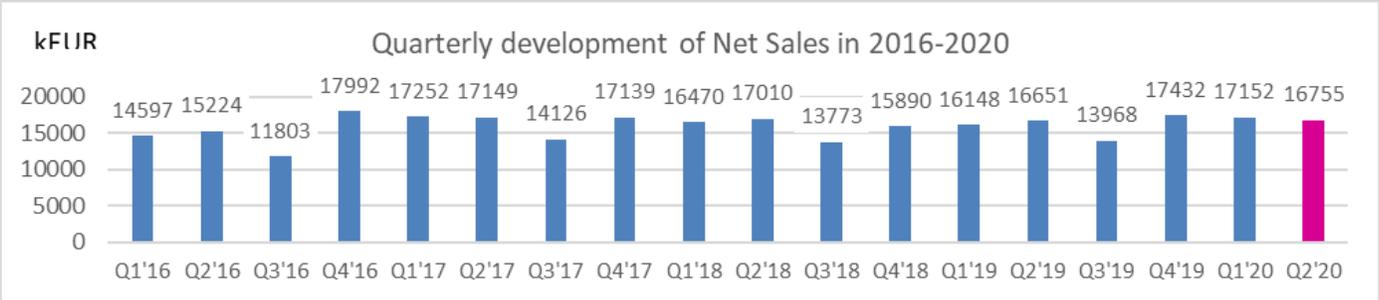
H1/2020 Actuals

Selected Key Figures

	H1 /2020	H1 /2019	Change (%)	CEO's comment
Net Sales (kEUR)	33 907	32 799	+3.4%	<i>"Innofactor's net sales in January 1–June 30, 2020, were EUR 33,907 thousand (2019: 32,799), which shows an increase of 3.4 percent. The net sales grew in Finland, remained approximately on last year's level in Norway and Denmark, and decreased in Sweden. The net sales per active employee were approximately EUR 61.8 thousand (2019: 60.5), which shows an increase of 2.1 percent."</i>
EBITDA (kEUR)	4 020	1 997	+101.4%	<i>"Innofactor's operating margin (EBITDA) in January 1–June 30, 2020, was EUR 4,020 thousand (2019: 1 997), which shows an increase of 101.4 percent. EBITDA accounted for 11.9 percent of the net sales (2019: 6.1%). Innofactor's operating margin was clearly positive in Finland and Norway somewhat negative in Denmark and Sweden because of the smaller than estimated net sales due to the coronavirus epidemic."</i>
Order Backlog (kEUR)	56 896	44 170	+28.8%	<i>"Innofactor's order backlog at the end of the review period was EUR 56,896 thousand (2019: 44,170), which shows an increase of 28.8%. . The order backlog grew for example due to the following: the Microsoft Office 365 and Microsoft SharePoint application management services for VTT, approximately EUR 2.5 million; digitalizing the quotation process for a large manufacturing industry company, approximately EUR 1.7 million; the KOSTI project of the Legal Register Centre, approximately EUR 2.2 million; and the case management solution for KELA, approximately EUR 1.1 million."</i>
Equity Ratio (%)	41.3% (45.2%)	39.7% (43.1%)		<i>"The improved financial situation can lead to an opportunity for unorganic growth. For that purposes Innofactor has acquired EUR 3.0 million senior loan from a finnish pension insurance company."</i>

Quarterly Development of Innofactor Group Financials

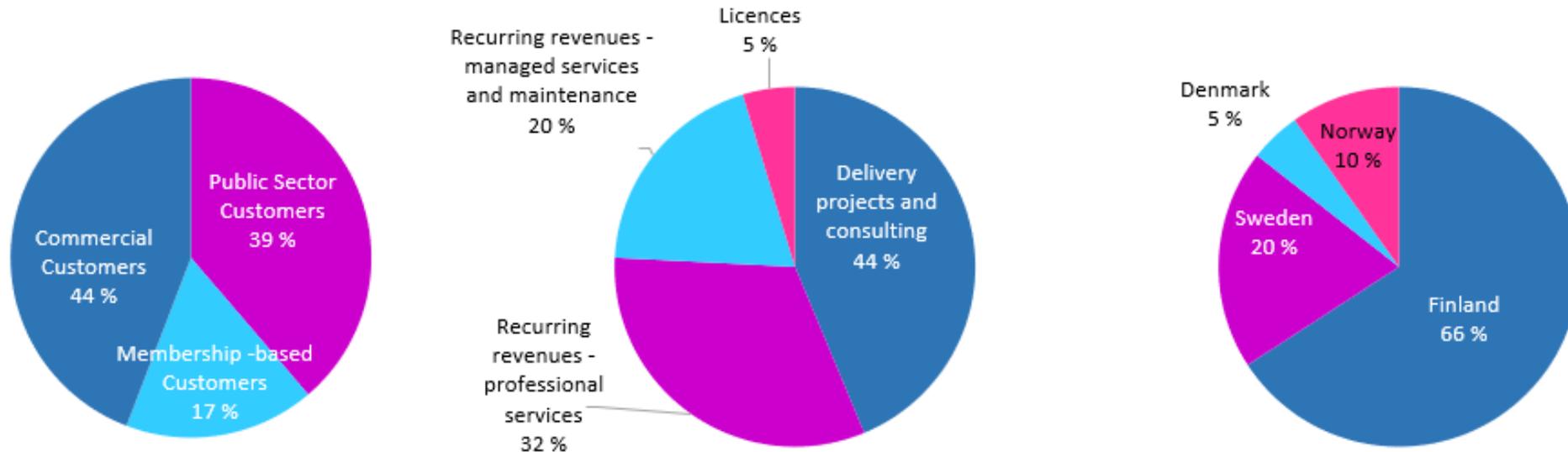
Increased revenue is typically reflected immediately in EBITDA



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

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

Distribution of net sales January 1 to June 30, 2020



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

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

- Sweden, Denmark and Norway represented a significant portion of Innofactor's revenues.
- Innofactor's objective is to create a strong position in all Nordic countries

Innofactor Key Financials, IFRS

	Apr 1–Jun 30, 2020	Apr 1–Jun 30, 2019	Change	Jan 1–Jun 30, 2020	Jan 1–Jun 30, 2019	Change
Net sales, EUR thousand	16,755	16,651	0.6%	33,907	32,799	3.4%
Growth of net sales	0.6%	-2.1%		3.4%	-2.0%	
Operating result before depreciation and amortization (EBITDA), EUR thousand*	2,063	1,127	83.1%	4,020	1,997	101.4%
percentage of net sales*	12.3%	6.8%		11.9%	6.1%	
Operating profit/loss (EBIT), EUR thousand*	884	153	479.1%	1,700	63	2,602.3%
percentage of net sales*	5.3%	0.9%		5.0%	0.2%	
Earnings before taxes, EUR thousand*	1,196	-104	1,247.2%	1,073	-301	456.7%
percentage of net sales*	7.1%	-0.6%		3.2%	-0.9%	
Earnings, EUR thousand*	1,274	2	76,015.7%	1,478	-86	1,817.2%
percentage of net sales*	7.6%	0.0%		4.4%	-0.3%	
Order backlog	56,896	44,170	28.8%	56,896	44,170	28.8%
Net gearing*	69.2%	85.0%		69.2%	85.0%	
Net gearing without IFRS 16	48.7%	63.3%		48.7%	63.3%	
Equity ratio	41.3%	39.7%		41.3%	39.7%	
Equity ratio without IFRS 16	45.2%	43.1%		45.2%	43.1%	
Active personnel on average during the review period****	546	540	1.1%	549	542	1.3%
Active personnel on average at the end of the review period****	548	538	1.9%	548	538	1.9%
Earnings per share (EUR)	0.0341	0.0000	76,015.7%	0.0395	-0.0023	1,817.2%

*) The handling of lease liabilities in accordance with IFRS 16 had a positive effect of EUR 504 (2019: 320) thousand in the operating margin (EBITDA) in April 1–June 30, 2020, and an effect of EUR 1,009 (2019: 620) thousand in the operating margin (EBITDA) in January 1–June 30, 2020.

**) In accordance with IFRS 3, the operating result in April 1–June 30, 2020, includes EUR 473 thousand (2019: 507) and in January 1–June 30, 2020, EUR 947 thousand (2019: 1,015) in depreciations related to acquisitions, consisting of allocations of the purchase price to intangible assets

***) Exchange rate changes related to the Group's internal debts (due to the weakened rate of the Swedish krona and Norwegian krone in relation to euro) results in an exchange rate loss of EUR -297 thousand in accordance with IFRS in January 1–June 30, 2020, 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. In April 1–June 30, 2020, there occurred an exchange rate profit of EUR 562 thousand as these currencies strengthened against euro.

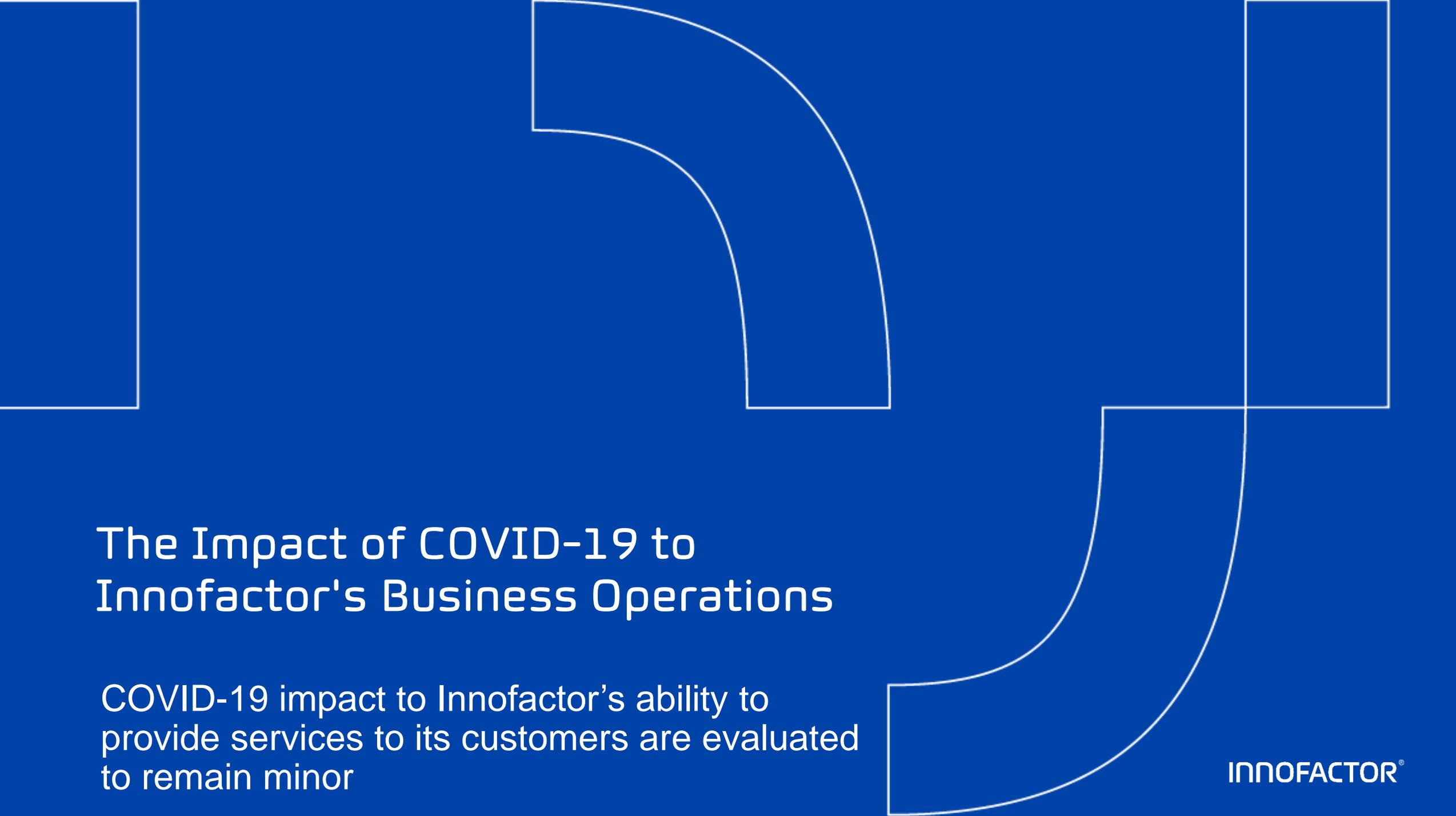
****) The Innofactor Group monitors the number of active personnel. The number of active personnel does not include employees who are on a leave of over 3 months

Realization of the strategy in the review period H1

- Target 1: Ca 20 percent yearly growth, mainly organic growth
 - Growth was 3.4 percent compared to previous year and grew in Finland, remained approximately on last year's level in Norway and Denmark, and decreased in Sweden
 - The record EUR 56.9 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 11.9 percent of revenue, increasing 101.4 percent
 - Innofactor increased its profitability significantly but still some work needed to reach the 20% profitability target.
- Target 3: Positive cash flow and financial solidity in all situations
 - Innofactor operative was EUR 6.3 million growth 204 % and equity ratio at the end of review period was 41.3 percent (improved by 1.6 percentage points)
 - Strong operative cash flow supports the strategic growth target



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



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

COVID-19 impact to Innofactor's ability to provide services to its customers are evaluated to remain minor

INNOFACTOR®

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

- The negative effects of the coronavirus epidemic remained smaller than estimated in the second quarter.
 - Our employees were working remotely from March 12 to June 25, 2020
 - The coronavirus situation did not affect Innofactor's ability to produce services for its customer's. On the contrary, the productivity of the employees partly even improved due to fewer sick leaves.
 - The corona epidemic lowered the net sales of the second half in Sweden, Norway and Denmark.
- We estimate that COVID-19 pandemic has minor impact to our revenue and profitability during the rest of the year
 - We expect that we will likely not reach similar growth and profitability during Q3'20 as we did during Q1'20 and Q2'20
 - The growth and profitability in the fourth quarter are largely based on whether there will be a second wave of the coronavirus epidemic in Finland, Norway and Denmark, how the coronavirus epidemic can be managed in Sweden, and what kind of effects the epidemic will have on companies' willingness to invest in IT services near the end of 2020.



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

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

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

We Believe that The Coronavirus Will Change The World in The Future - Our Customers' Digital Leap Offers New Opportunities

- In the long run, we believe that the digital leap of society caused by the corona epidemic will increase Innofactor's opportunities to grow its business
 - The capabilities of a modern digital organization are even more important to our customers
 - It is possible that our customers will relocate some of their operations back to the Nordic countries
 - We also believe that Microsoft's position has been strengthened during the corona epidemic
 - We believe in our potential to increase our market share in the Nordic countries in the future
- Innofactor's vision is to be the leading provider of organizations' digital transformation in each of the Nordic countries
 - We believe even more in our chosen Nordic strategy and long-term goals in the post-coronary world
 - Innofactor continues to actively seek possible new strategic partnerships and the our goal is to grow both organically and through acquisitions
 - The corona epidemic may offer new opportunities that require rapid action
 - We have drawn up a separate plan, started actively to monitor the situation and obtained additional EUR 3.0 million in senior funding at the end of April



Other Issues

Stock Exchange Releases Q2 (1/2)

- On April 27, 2020, Innofactor announced in a stock exchange release that VTT Technical Research Centre of Finland Ltd has selected Innofactor in a public procurement competition as the provider of application management services for Microsoft Office 365 and Microsoft SharePoint environments. The procurement consists of application management tasks and services related to maintenance and development of an O365 cloud environment and on-premise SharePoint 2019 environment. The length of the agreement period is three years. Additionally, the customer reserves an option for continuing the agreement for two (2) years, one year at a time. The procurement's estimated total value (excluding VAT) for the agreement period is EUR 2,500,000.
- On June 10, 2020, Innofactor announced in a stock exchange release that Innofactor and a large Finnish globally operating manufacturing industry company have signed a contract for the digitalization of a quotation process. According to the contract, Innofactor will design and implement, using agile methods, a cloud-based solution for managing the quotation process and handling and storing related information and documents. The solution is implemented using Microsoft Azure PaaS cloud services. The value of the contract (excluding VAT) is approximately EUR 1,700,000. The project will be implemented during 2020 and 2021.

Stock Exchange Releases Q2 (2/2)

- On June 15, 2020, Innofactor announced in a stock exchange release that a Swedish trade union has decided to continue the collaboration with Innofactor for the further development of their membership management solution, focusing on leads, ticket management and course management. The system is based on the Microsoft Dynamics 365 software and Innofactor's Membership Management System MMS. The project delivery is planned to start in July 2020 and end in June 2021. The value (excluding VAT) of the project is approximately EUR 1,000,000.
- On June 16, 2020, Innofactor announced in a stock exchange release that the Employment Fund has selected Innofactor in a public procurement competition as its primary framework agreement supplier of maintenance and development of information systems. The procurement comprises IT specialist services and software for maintenance and development of the information systems. The specialist services can be utilized for maintenance, development and support as needed. Work can be agreed on as individual tasks, projects or continuous services. The deliveries may include software and software components. The framework agreement will be valid until further notice with a maximum duration of four years. According to the priority principle, Innofactor is also granted a contract regarding the delivery of an application maintenance and development team in addition to the framework agreement. Innofactor estimates the value of the framework agreement to be between EUR 3 and 5 million during the four-year contract period.

Stock Exchange Releases after Q2

- On July 10, 2020, Innofactor announced in a stock exchange release that the Finnish Transport and Communications Agency Traficom has selected Innofactor in a public procurement competition as the provider of a document management system. The procurement consists of a document management solution and maintenance and consulting support for the solution. The goal of the solution is a common, centralized and secure document management with clear and effective information processing. The aim is to unify the document management in the agency and enhance the findability and availability of the information. The system to be provided by Innofactor will be based on Innofactor's Dynasty product family. The estimated total value (excluding VAT) stated by the customer in the procurement decision for the next four years is EUR 950,000.

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

Innofactor acquired EUR 3.0 million in new additional financing in the form of a senior loan which decreases the use of credit limit and enables growth

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

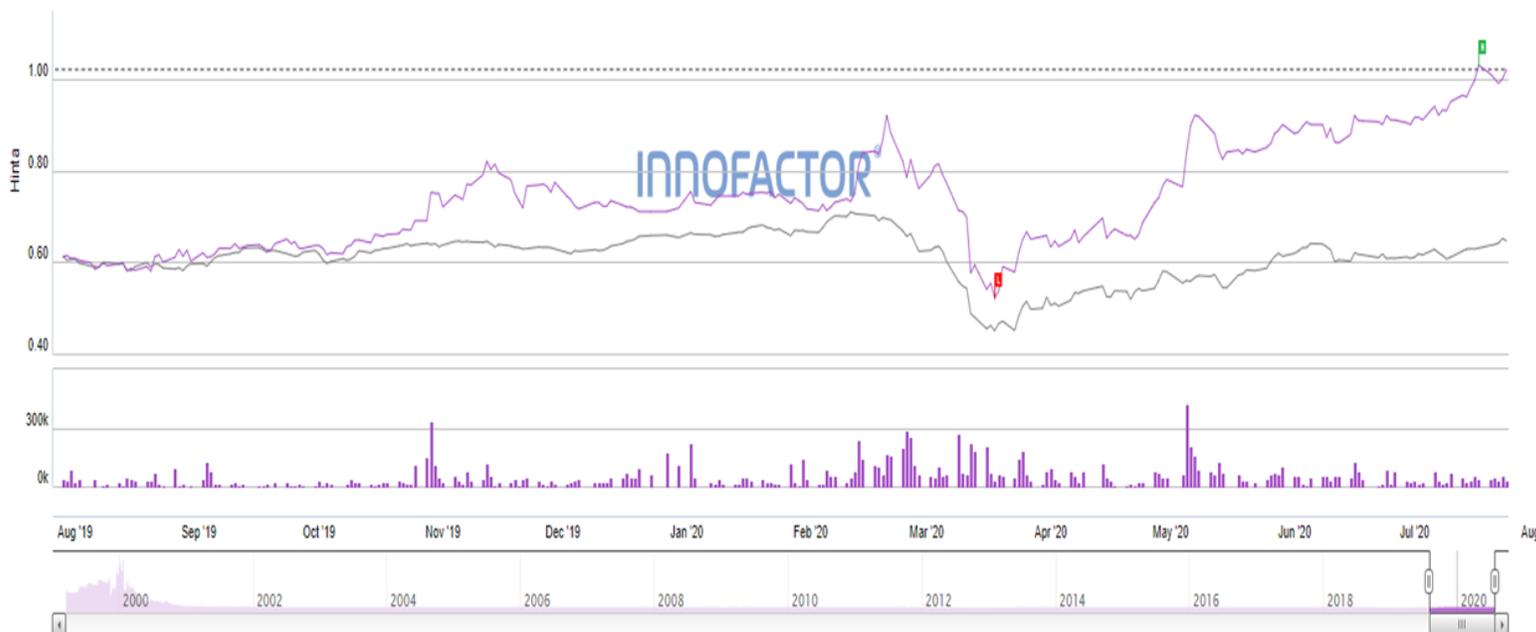
Key points from CEO's review

- **Net sales:** Innofactor's net sales in the first half of the year were EUR 33.9 million (2019: 32.8), which shows an increase of 3.4 percent compared to the previous year. The net sales grew in Finland, remained approximately on last year's level in Norway and Denmark, and decreased in Sweden. The growth of the net sales was limited by the coronavirus epidemic, especially outside of Finland. The net sales per active employee were approximately EUR 61.8 thousand which shows an increase of 2.1 percent.
- **EBITDA:** EBITDA grew 101.4 percent from previous year being EUR 4.0 million which was 11.9 percent of the revenue. EBITDA was clearly positive in Finland and Norway and somewhat negative in Denmark and Sweden because of the smaller than estimated net sales due to the coronavirus epidemic.
- **Order backlog:** Innofactor's order backlog at the end of the review period was EUR 56,896 thousand which shows an increase of 28.8 percent.
- **Organization:** In May, Innofactor made an agreement with the current owners of Arc Technology Oy concerning an arrangement in which Innofactor will increase its ownership in the HRM system provider Arc Technology Oy to 100 percent by the end of 2020. Currently Innofactor owns 45.13 percent of the company and has control over the company. After the signing of the agreement, the operative functions of Arc Technology have been integrated alongside Innofactor's functions in whole during the review period.

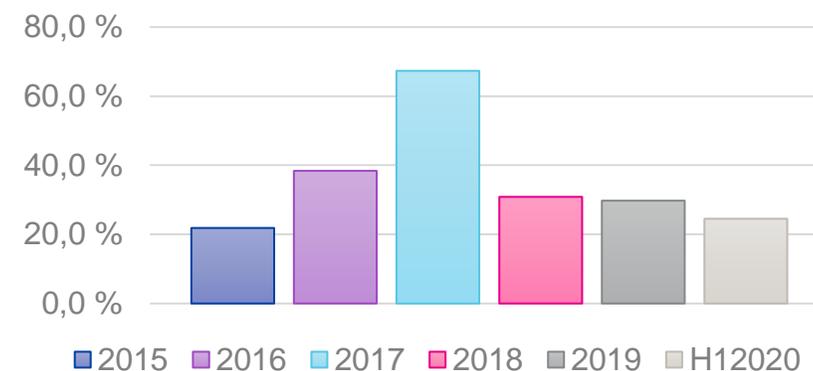
Largest shareholders June 30, 2020

Name	Number of shares	% of share capital
1. Ensio Sami	7,880,237	21.08%
<i>Ensio Sami</i>	5,706,477	15.26%
<i>Minor under guardianship</i>	724,588	1.94%
<i>Minor under guardianship</i>	724,586	1.94%
<i>Minor under guardianship</i>	724,586	1.94%
2. Ilmarinen Mutual Pension Insurance Company	1,800,000	4.81%
3. Hallikainen Jyrki	1,471,009	3.93%
4. Laiho Rami Tapani	1,262,159	3.38%
5. 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%
6. Tilman Tuomo Tapani	900,397	2.41%
7. Ärje Matias Juhanpoika	882,065	2.36%
8. Mäki Antti-Jussi	847,192	2.27%
9. Saarelainen Mika Pekka	678,649	1.82%
10. Muukkonen Teemu Heikki	501,468	1.34%
11. Ingman Finance Oy Ab	500,000	1.34%
12. Järvenpää Janne-Olli	315,211	0.84%
13. Rausanne Oy	302,545	0.81%
14. Kukkonen Heikki-Harri	301,931	0.81%
15. Hellen Stefan Andreas	250,000	0.67%
16. Laiho Jari Olavi	235,000	0.63%
17. Mäkinen Antti Vilho Juhani	164,000	0.44%
18. Heikki Tervonen Oy	153,000	0.41%
19. Kyröläinen Mika Antero	130,782	0.35%
20. Muurinen Hannu Olavi	125,750	0.34%

Innofactor Share Price Development and Turnover (Closing July 27th, 2020 at €1.075)



Turnover in % compared total amount of shares



Share Price Development

Beginning of 2020	+49.72%		
1 year change	+72.93%	Year highest	1,075 EUR
3 year change	-34.85%	Year lowest	0,51 EUR
5 year change	+21.47%		
10 year change	7.50%		

In public trading on January 1– June 30, 2020, a total of 9 150 940 shares were traded (2019: 6 426 286 shares), which corresponds to 24,5 percent (2019: 17,7) of the average number of shares on the said period. On January 1–June 30, 2020, there were 37,388,225 shares on the average (2019: 36,214,744). The share trading increased by 42.4 percent compared to the corresponding period in 2019.

Additional Information

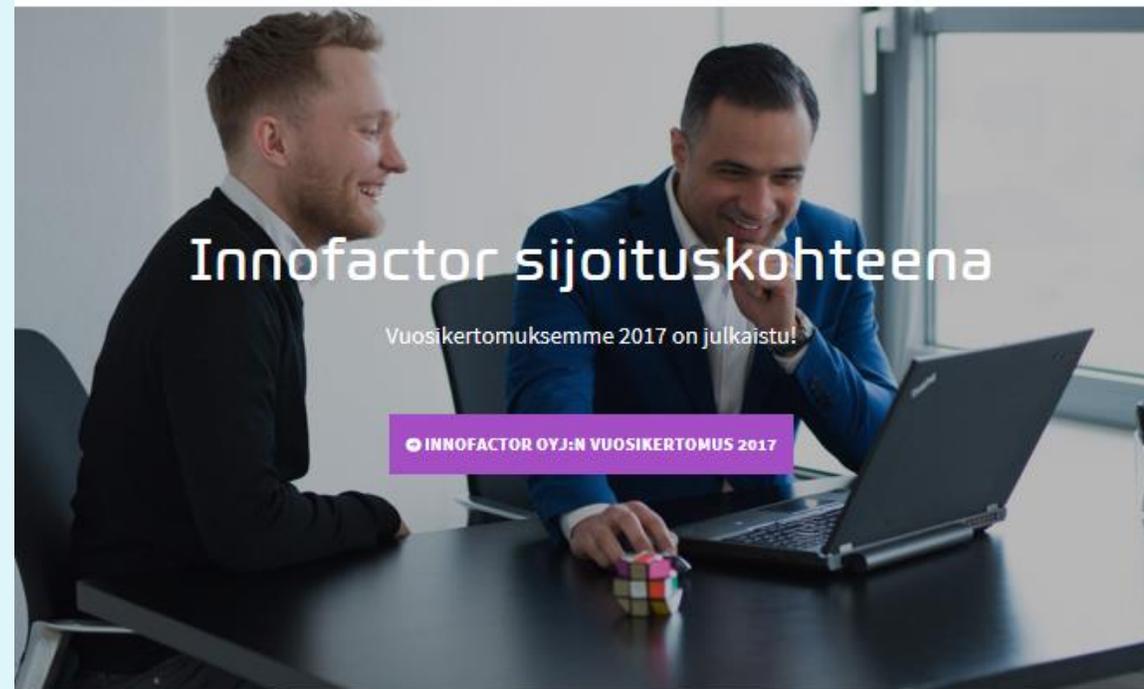
<https://www.innofactor.com/invest-in-us/innofactor-as-an-investment/>

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Innofactor sijoituskohteena

Vuosikertomuksemme 2017 on julkaistu!

INNFACTOR OYJ:N VUOSIKERTOMUS 2017

Johtava pilviratkaisujen ja digitalisaation toteuttaja Pohjoismaissa

€ 0,85

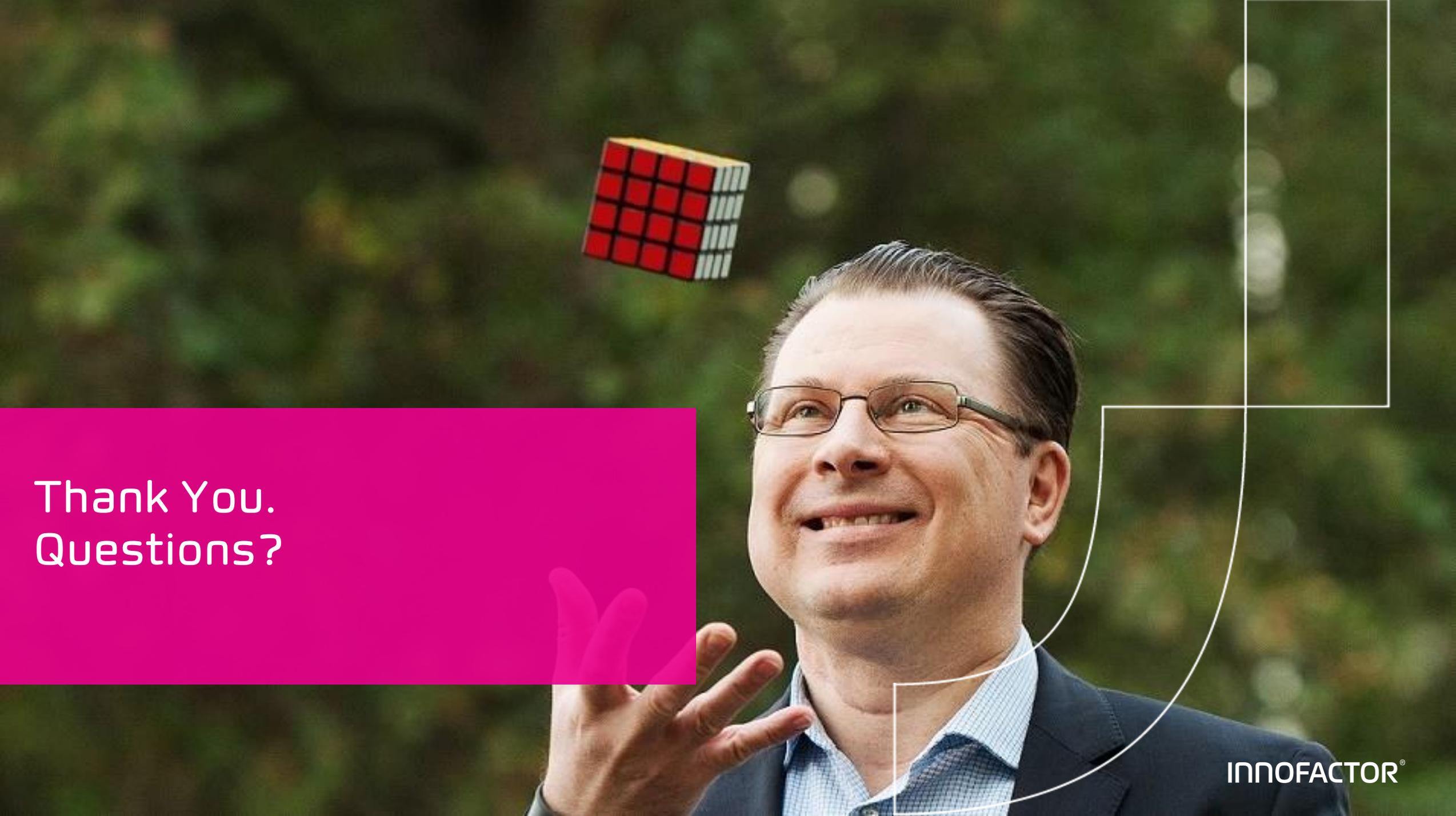
04.03.2018 17:10 EET

Muutos	%	Ylin	Alin
€ +0,00	+0,12%	€ 0,85	€ 0,85

Innofactor on johtava digitalisaation ja pilviratkaisujen toteuttaja Pohjoismaissa. Meillä on Pohjoismaiden laajin Microsoft-ekosysteemin ratkaisutarjonta, johtava osaaminen ja yli 600 innostunutta ja motivoitunutta huippuasiantuntijaa Suomessa, Ruotsissa, Tanskassa ja Norjassa. Asiakkainamme on yli 1 500 yritystä, julkishallinnon ja kolmannen sektorin organisaatiota. Vuosina 2013–2017 liikevaihtomme vuotuinen kasvu on ollut keskimäärin yli 20 %. Innofactor Oyj:n osake on noteerattu NASDAQ Helsinki Oy:n päälistalla toimialalla teknologia.

Uusimmat pörssitiedotteet

<p>24.04.2018</p> <p>Innofactorin tammi-maaliskuun 2018 osavuosisikatsauksen julkaiseminen</p>	<p>04.04.2018</p> <p>Innofactor Oyj: Johtohenkilöiden liiketoimet – Per Bendix Olsen</p>	<p>04.04.2018</p> <p>Innofactor Oyj:n uusi hallitus ja järjestäytymiskokous</p> <p>LUE LISÄÄ</p>
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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®