

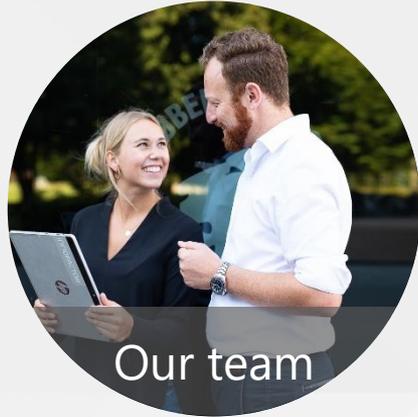


# Innofactor Financial Statement and Interim Report Q4/2023

February 8, 2024, Antti Rokala, CFO

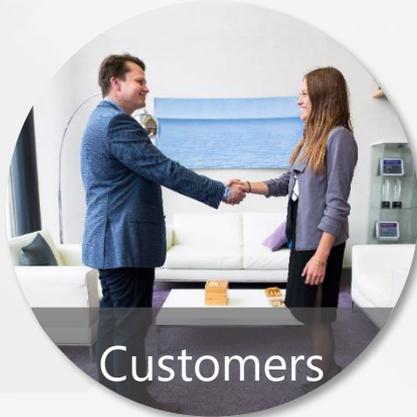
[#ModernDigitalOrganization](#) | [#HybridWork](#) | [#PeopleFirst](#) | [#CreatingSmiles](#)

# Innofactor – Leading Nordic Driver of Modern Digital Organization



Our team

- About 600 Nordic professionals
- All Microsoft Solution Partner designations
- 10+ Microsoft Partner Awards



Customers

- About 1,000 Nordic customers
- Strong industry knowledge in private and public sector

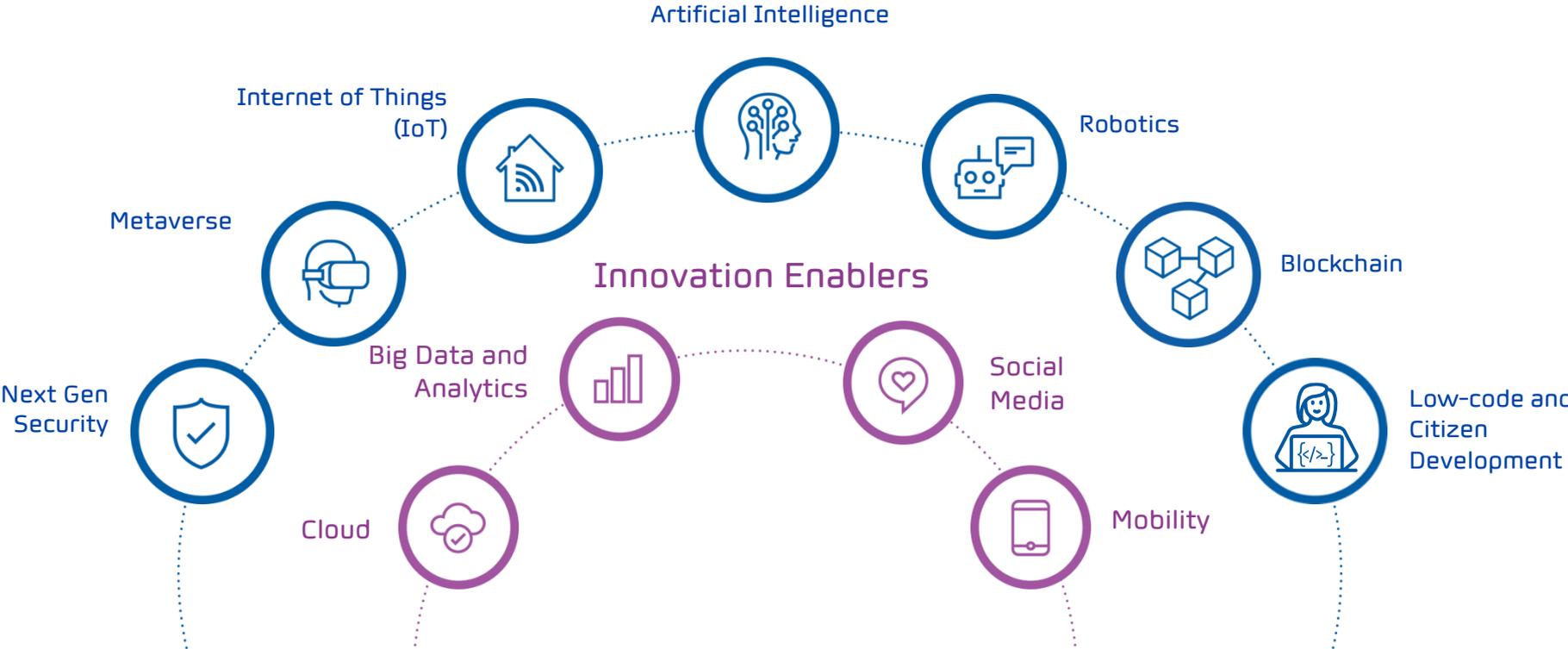


Company

- Revenue 80+ MEUR and EBITDA 11% (2023)
- 16 offices in Nordic countries
- Listed in Helsinki Stock Exchange (NASDAQ Helsinki), about 12,000 shareholders



# Key Trends Driving Innovation



Source: IDC eBook, sponsored by Microsoft, The Modern Microsoft Partner Series, Part 1: The Booming Cloud Opportunity, 2016



## Digital Services

Software Development and DevOps  
App and Data Modernization  
Low-code Development

## Cloud Infrastructure

Cloud Operations and DevOps  
Cloud Transformation  
Governance and Automation



## Business Solutions

Sales and Marketing | CRM  
Customer Service Enablement  
Finance and Operations | ERP  
Project and Membership Management

## Data, Analytics and AI

Data Platform  
Advanced Analytics and BI  
Master Data Management | MDM  
AI, Real-time Analytics and IoT



## Information and Case Management

Modern Work  
Document and Records Management  
Case and Decision Management  
Contract and Quality Management

## Cybersecurity

Cyber Security Assessments  
Hybrid Work Security  
Platform and App Security  
Identity and Access Management | IAM



#ModernDigitalOrganization

A group photograph of seven members of the Executive Board of the Innofactor Group. They are posed in two rows against a purple background. The front row consists of two people seated in a white armchair: a man on the left and a woman on the right. The back row consists of five people standing: three men in the center and two men on the far left and far right. All individuals are dressed in professional business attire, including suits and blouses.

## Executive Board of the Innofactor Group

**Antti Rokala,  
CFO**

M.Sc. (Econ.).  
Employed by  
Innofactor since  
2024. Born in  
1968. Ownership  
10,000 shares.

**Jørn Ellefsen,  
Country Manager for  
Norway and Denmark**

MBA. Employed by  
Innofactor since 2019.  
Born in 1971.  
Ownership 93,999  
shares.

**Martin Söderlind,  
Country Manager for  
Sweden**

B.Sc. (not finished)  
Employed by Innofactor  
since 2021. Born in 1971.  
Ownership 10,000  
shares.

**Anni Pokkinen,  
Chief People Officer**

M.Sc. (Econ.).  
Employed by  
Innofactor since 2015.  
Born in 1988.  
Ownership 32,296  
shares.

**Janne Heikkinen,  
Executive Vice  
President, Products  
and Services**

DI. M.Sc. (Tech.).  
Employed by Innofactor  
since 2015. Born in 1974.  
Ownership 136,543  
shares.

**Vesa Syrjäkäri,  
EVP, Business  
Development and  
Operational Excellence**  
M.Sc. (Econ.). Employed  
by Innofactor since 2017.  
Born in 1960. Ownership  
0 shares.

**Sami Ensio,  
CEO and Country Manager  
for Finland**

M.Sc. (Tech.). Innofactor's  
founder, CEO, and member  
of the Board of Directors  
since 2000. Born in 1971.  
Ownership 7,925,397 shares  
(under control)



## The Board of Directors of Innofactor Plc

**Heikki Nikku**

BBA (not finished). Member of the Board of Directors since 2020. Born in 1956. Ownership 41,488 shares.

**Risto Linturi**

M.Sc. (Tech.). Member of the Board of Directors since 2018. Born in 1957. Ownership 1,256,411 shares (under control).

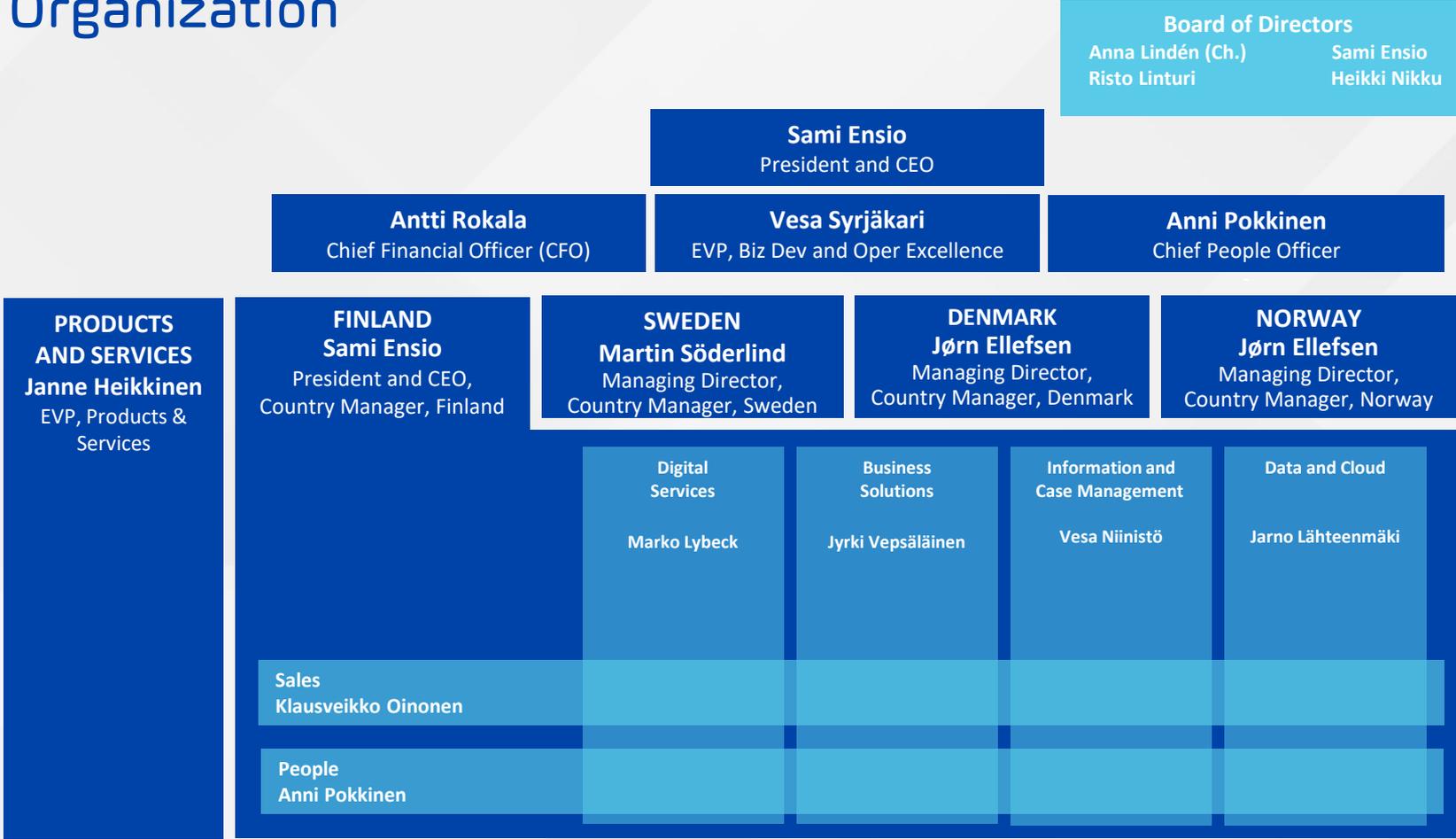
**Anna Lindén, Chairman**

M.Pol.Sc. Chairman of the Board since 2020 and member of the Board since 2018. Born in 1973. Ownership 121,851 shares.

**Sami Ensio**

M.Sc. (Tech.). Innofactor's founder, CEO, and member of the Board of Directors since 2000. Born in 1971. Ownership 7,925,397 shares (under control).

# Organization





Financial Information

# Q4/2023 Results

**Innofactor swam against the current in a challenging market and achieved a reasonable fourth quarter net sales and EBITDA.**

Net sales in the fourth quarter of 2023 amounted to EUR 21.9 million, representing year-on-year growth of 6.8 percent. The operating margin (EBITDA) increased by 10.2 percent year-on-year and was EUR 2.9 million (13.1 percent of net sales). Innofactor's net sales grew in Finland and Norway. EBITDA was positive in Finland but negative in other countries due to the challenging market situation.

Price competition in the markets remained intense in the fourth quarter. Despite the challenging competitive situation, in 2023 we were even able to slightly increase our average selling price compared to 2022. We expect that customer prices will continue to rise in 2024, although we estimate that the situation will continue to be challenging for at least the first half of the year.

Revenue

**21.9 M€**

Growth +6.8%  
versus  
Q4/2022

EBITDA

**13.1%**  
**2.9 M€**

Growth +10.2%  
versus  
Q4/2022

Order Backlog

**71.6 M€**

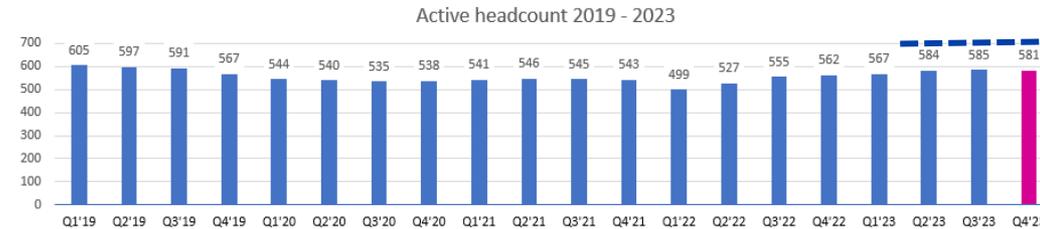
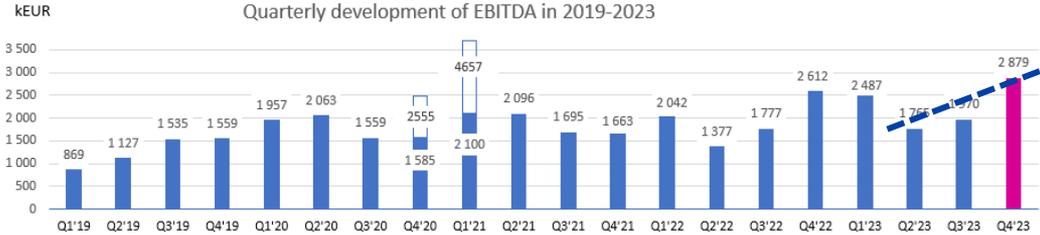
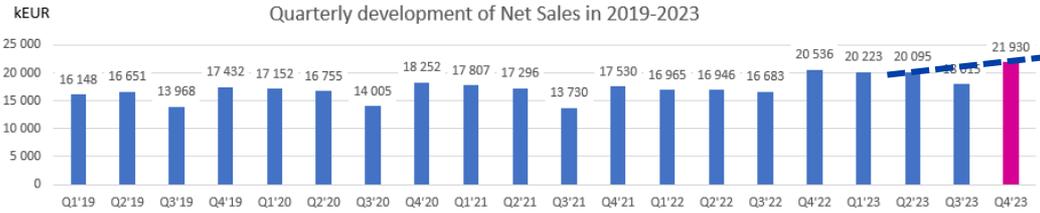
Decrease -5.6%  
versus  
Q4/2022

# Q1–Q4/2023 actuals

## Selected KPIs

|                                 | 1–12/<br>2023             | 1–12/<br>2022             | Change<br>(%)    | CEO's comment  |
|---------------------------------|---------------------------|---------------------------|------------------|--|
| <b>Net Sales<br/>(kEUR)</b>     | <b>80,262</b>             | <b>71,130</b>             | <b>+12.8%</b>    | <i>"Innofactor's net sales for the period January 1–December 31, 2023, amounted to EUR 80,262 thousand (2022: 71,130), representing growth of 12.8 percent. Net sales per active employee amounted to approximately EUR 138.9 thousand (2022: 132.7), representing an increase of 4.6 percent."</i>  |
| <b>EBITDA<br/>(kEUR)</b>        | <b>9,101</b>              | <b>7,808</b>              | <b>+16.6%</b>    | <i>"Innofactor's operating margin (EBITDA) for the period January 1–December 31, 2023, was EUR 9,101 thousand (2022: 7,808), which shows an increase of 16,6 percent. EBITDA represented 11.3 percent of net sales (2022: 11.0%). Innofactor's operating margin was positive in Finland and negative in Sweden, Norway and Denmark."</i>   |
| <b>Order Backlog<br/>(kEUR)</b> | <b>71,555</b>             | <b>75,831</b>             | <b>-5.6%</b>     | <i>"Innofactor's order backlog at the end of the review period was EUR 71,555 thousand (2022: 75,831), representing a decrease of 5.6 percent. Some parts of the orderbook as of 2022 were redefined as frame agreements. Innofactor received several significant orders in the last quarter"</i>  |
| <b>Equity Ratio<br/>(%)</b>     | <b>48.3%<br/>(51.5%)*</b> | <b>44.8%<br/>(49.2%)*</b> | <b>+3.5% ppt</b> | <i>"Innofactor's operating cash flow for the review period January 1–December 31, 2023, amounted to EUR 7.2 million (2022: EUR 6.7 million) and the equity ratio at the end of the review period was 48.3 percent (2022: 44.8 percent). Innofactor's strong operating cash flow supports the company's strategic goal of profitable growth and securing a solid financial standing in all situations."</i> |

Increased revenue is typically reflected immediately in EBITDA

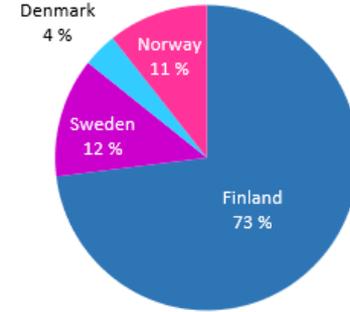
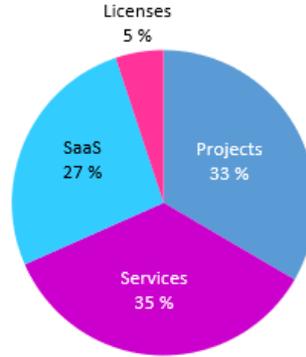
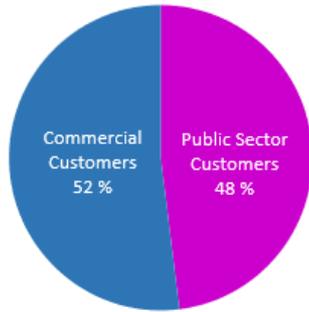


Increased order backlog effects the revenue typically with 1 to 2 quarter delay...

... and also requires the number of employees growing to deliver the new deals received

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

Distribution of net sales January 1 to December 31, 2023



- Strong customers in public and private sectors bring stability in economic fluctuations
- 10 largest customers account for approximately 32% of net sales
- SaaS and license revenue bring competitive advantage, scalability, stability and profitability
- Sales of consultant's work moving increasingly to frame agreements and continuous development
- Sweden, Denmark and Norway represented 27% of Innofactor's revenues
- Innofactor's objective is to create a strong position in all Nordic countries

# Innofactor Key Financials, IFRS

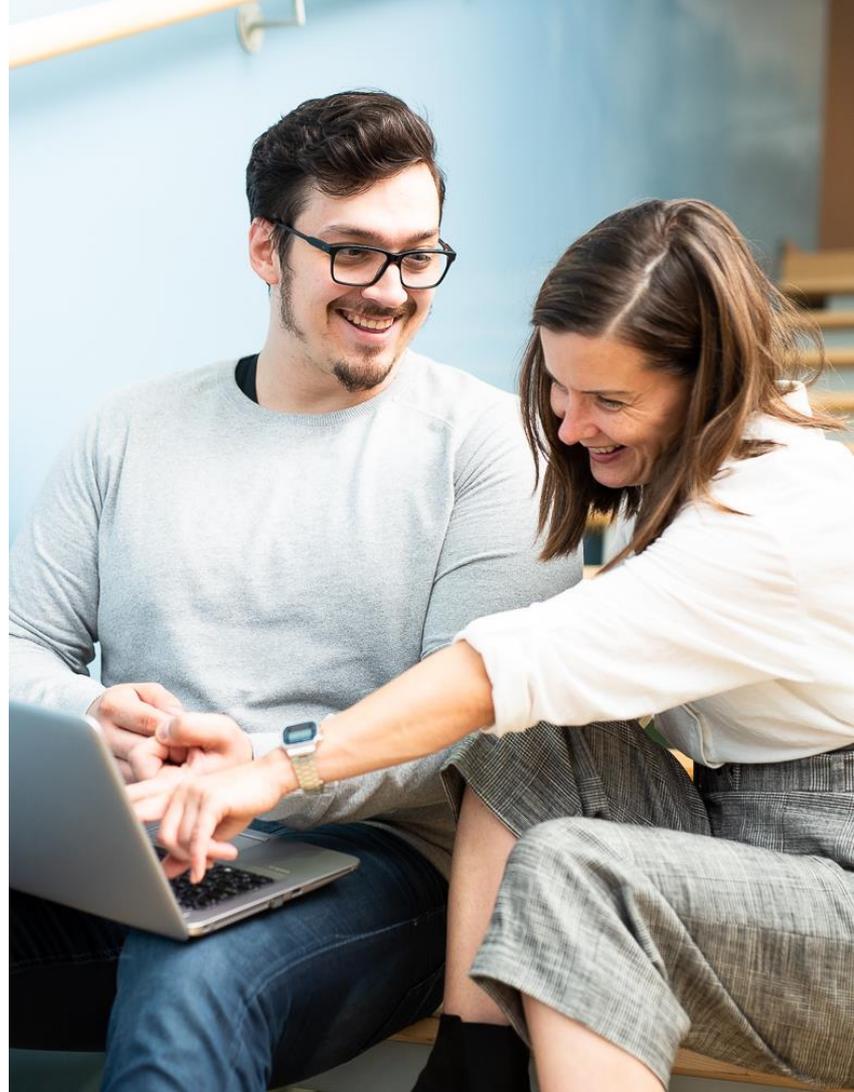
|  | Oct 1–Dec 31,<br>2023 | Oct 1–Dec 31,<br>2022 | Change  | Jan 1–Dec 31,<br>2023 | Jan 1–Dec 31,<br>2022 | Change  |
|--|-----------------------|-----------------------|---------|-----------------------|-----------------------|---------|
| Net sales, EUR thousand  | 21 930                | 20 536                | 6.8 %   | 80 263                | 71 130                | 12.8 %  |
| Growth of net sales  | 6.8 %                 | 17.1 %                | -10.3 % | 12.8 %                | 7.2 %                 | 5.6 %   |
| Operating result before depreciation and amortization (EBITDA), EUR thousand | 2 879                 | 2 612                 | 10.2 %  | 9 101                 | 7 808                 | 16.6 %  |
| percentage of net sales  | 13.1 %                | 12.7 %                | 0.4 %   | 11.3 %                | 11.0 %                | 0.3 %   |
| Operating profit/loss (EBIT), EUR thousand*                                  | 1 931                 | 1 805                 | 7.0 %   | 5 835                 | 4 751                 | 22.8 %  |
| percentage of net sales  | 8.8 %                 | 8.8 %                 | 0.0 %   | 7.3 %                 | 6.7 %                 | 0.6 %   |
| Earnings before taxes, EUR thousand*   | 1 623                 | 1 678                 | -3.3 %  | 5 174                 | 4 178                 | 23.9 %  |
| percentage of net sales  | 7.4 %                 | 8.2 %                 | -0.8 %  | 6.4 %                 | 5.9 %                 | 0.5 %   |
| Earnings, EUR thousand*  | 878                   | 1 328                 | -33.9 % | 3 438                 | 3 320                 | 3.6 %   |
| percentage of net sales  | 4.0 %                 | 6.5 %                 | -2.5 %  | 4.3 %                 | 4.7 %                 | -0.4 %  |
| Order backlog  | 71 555                | 75 831                | -5.6 %  | 71 555                | 75 831                | -5.6 %  |
| Net gearing*   | 36.1 %                | 50.0 %                | -13.9 % | 36.1 %                | 50.0 %                | -13.9 % |
| Net gearing without IFRS 16  | 23.1 %                | 30.0 %                | -6.9 %  | 23.1 %                | 30.0 %                | -6.9 %  |
| Equity ratio   | 48.3 %                | 44.8 %                | 3.5 %   | 48.3 %                | 44.8 %                | 3.5 %   |
| Equity ratio without IFRS 16   | 51.5 %                | 49.2 %                | 2.3 %   | 51.5 %                | 49.2 %                | 2.3 %   |
| Active personnel on average during the review period*                        | 581                   | 562                   | 3.4 %   | 578                   | 536                   | 7.8 %   |
| Active personnel at the end of the review period*                            | 581                   | 564                   | 3.0 %   | 581                   | 564                   | 3.0 %   |
| Earnings per share (EUR)   | 0.02                  | 0.04                  | -33.9 % | 0.09                  | 0.09                  | 3.6 %   |

\*) The Innofactor Group monitors the number of active personnel. The number of active personnel does not include employees who are on leave for more than 3 months.

## KPI by solution area

| <b>Jan 1–Dec 31, 2023</b><br><b>EUR thousand</b>     | <b>Digital<br/>Services</b> | <b>Business<br/>Solutions</b> | <b>Information<br/>and Case<br/>Management</b> | <b>Cloud, Data,<br/>Modern<br/>Work and<br/>Data Security</b> | <b>Total</b>  |
|--|-----------------------------|-------------------------------|--|---|---------------|
| SaaS net sales                                       | 1,846                       | 5,253                         | 9,519  | 4,654   | 21,272        |
| License net sales                                    | 168                         | 423                           | 2,305  | 1,204   | 4,100         |
| Project net sales                                    | 7,433                       | 6,166                         | 4,281  | 8,923   | 26,803        |
| Service net sales                                    | 9,584                       | 6,024                         | 3,425  | 9,055   | 28,088        |
| <b>Total net sales</b>                               | <b>19,031</b>               | <b>17,866</b>                 | <b>19,530</b>                                  | <b>23,836</b>   | <b>80,263</b> |
| Growth, %  | 17.9%                       | 0.5%                          | 27.9%  | 8.6%  | 12.8%         |
| <b>EBITDA</b>  | <b>3,159</b>                | <b>-364</b>                   | <b>4,733</b>                                   | <b>1,572</b>  | <b>9,101</b>  |
| % of net sales                                       | 16.6%                       | -2.0%                         | 24.2%  | 6.6%  | 11.3%         |
| <b>Order backlog</b>                                 | <b>15,938</b>               | <b>14,373</b>                 | <b>23,147</b>                                  | <b>18,097</b>   | <b>71,555</b> |
| % of net sales                                       | 84%                         | 80%                           | 119%   | 76%   | 89%           |
| <b>Research and product<br/>development expenses</b> | <b>0</b>                    | <b>502</b>                    | <b>4,043</b>                                   | <b>564</b>  | <b>5,108</b>  |
| % of net sales                                       | 0                           | 2.8%                          | 20.7%  | 2.4%  | 6.4%          |

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.



# Realization of the strategy in the review period 2023

- Target 1: Ca 20 percent yearly growth, mainly organic growth
  - Net sales increased by 12.8 percent compared to the previous year. Organic growth was 9.1%, excluding the Invenco business acquired in June 2022
  - Our goal is also to increase the number of billable personnel.
  - We also look for acquisition targets.
- Target 2: Ca 20 percent EBITDA
  - EBITDA was 11.3 percent of revenue, increasing by 16.6 percent in value. Still some work needed to reach the 20% profitability target.
  - We aim to further enhance our operational efficiency to improve profitability
- Target 3: Positive cash flow and financial solidity in all situations
  - Innofactor operative cash flow was EUR 7.2 million, increase of 7.8 % and equity ratio at the end of review period was 48.7 percent.
  - Strong operative cash flow and good financial position support the strategic growth target securing solid financial standing in all situations.

# The key actions to be taken to achieve growth of approximately 20 percent and EBITDA of approximately 20 percent

- 1. We will improve the efficiency of our operations and increase our invoicing rate** by five percentage points. This will be achieved by, for example, strengthening sales, improving the management of project and service contracts, enhancing the cross-resourcing of personnel between countries and units, reducing employee turnover and developing our self-organized team models.
- 2. We will increase the share of licenses and SaaS services** to over 33 percent of net sales from the current level of approximately 31.5 percent. This will be achieved by, for example, developing our offering and by focusing our sales efforts on customers and solution areas with the highest growth potential and that present the best opportunities for scaling our existing offering in each of the Nordic countries.
- 3. We will increase the number of employees engaged in invoiced services.** This will be achieved by, for example, increasing recruitment of new university graduates, concentrating the recruitment of senior professionals to our Nordic recruitment team, increasing the competence of our employees through certifications, reducing employee turnover, improving the efficiency of subcontracting and investing in the development of our employer brand.
- 4. We will become an even more proactive player in the Nordic M&A field.** This will be achieved by, for example, through the internal reorganization of operations, emphasizing the role of country directors in actively seeking new potential acquisition targets in their respective countries.



## Dividend Distribution

- According to the 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
- The Board of directors proposes
  - To distribute repayment of capital amounting to **EUR 0.07** per share
- In addition, the Board of directors proposes
  - To authorize the company's Board of Directors to decide on a potential extra dividend and repayment of capital of maximum EUR 2,544,058 (**EUR 0.07** per share taking into account the share issue authorization proposed to the Board of Directors)



Innofactor's net sales and operating margin (EBITDA) in 2024 are estimated to increase from 2023, during which net sales were EUR 80.3 million and operating margin was EUR 9.1 million.



Other Issues

## Stock Exchange Releases in Q4/2023

- On December 15, 2023 Innofactor issued a stock exchange release announcing that Innofactor Plc has now completed the share buy-back program. The repurchases of the shares began on July 24, 2023 and ended on December 15, 2023. During that period, Innofactor repurchased 600,000 of its own shares for an average price per share EUR 1.1243. The shares were acquired to the current market price in the public trading arranged by NASDAQ Helsinki Ltd.
- On December 13, 2023 Innofactor issued a stock exchange release announcing that the Swedish labor union Industriarbetarförbundet Metall (IF Metall) has selected Innofactor to continue the development, maintenance and support of a membership management system. The system has been provided earlier by Innofactor, and it is based on Microsoft's Dynamics CRM and Innofactor's own IPs. The contract period is 2,5 years. Innofactor's estimate of the total value of the procurement is approximately EUR 1.6 million.
- On October 31, 2023 Innofactor issued a stock exchange release announcing that Innofactor provides a comprehensive system delivery to Tampereen Infra Oy. The system will be based on Microsoft's D365 Business Central ERP solution, complemented by the Power PPM project vertical extension, and the Kiho equipment management and work scheduling solution. Innofactor acts as the responsible supplier of the solution under the dynamic procurement system framework tendered by Kuntien Tiera Oy. The agreement period is four years. Innofactor's estimate of the total value of the procurement is approximately EUR 1.6 million.

## Key points from CEO's review

- Price competition in the markets remained intense in the fourth quarter. Despite the challenging competitive situation, in 2023 we were even able to slightly increase our average selling price compared to 2022. We expect that customer prices will continue to rise in 2024, although we estimate that the situation will continue to be challenging for at least the first half of the year.
- Innofactors sales performance was excellent in the fourth quarter. Innofactor was able to even slightly increase our average selling price in 2023 compared to 2022.
- In 2023, Innofactor managed to increase the share of SaaS and licenses to approximately 31.5 percent of net sales, compared to approximately 27.3 percent in the previous year. Increasing the share of SaaS and licenses is one of our key strategic objectives, and the target is to increase it to over 33 percent in the long term.
- At the end of 2023, we established a personnel bonus fund. Our employees can transfer their performance bonuses to the fund, and bonuses transferred to the fund are subject to increases. In accordance with its rules, the fund invests in Innofactor Plc's shares.

# Largest shareholders September 30, 2023

| Name  | Number of shares  | % of share capital |
|---|-------------------|--------------------|
| 1. Ensio Sami                                 | 7,925,397         | 21.81%             |
| <i>Sami Ensio</i>                             | 5,751,637         | 15.83%             |
| <i>Minor under guardianship</i>               | 724,588           | 1.99%              |
| <i>Iiris Ensio</i>                            | 724,586           | 1.99%              |
| <i>Minor under guardianship</i>               | 724,586           | 1.99%              |
| 2. Ilmarinen Mutual Pension Insurance Company | 1,800,000         | 4.95%              |
| 3. Linturi Kaija and Risto                    | 1,256,411         | 3.46%              |
| <i>R. Linturi Oyj</i>                         | 489,107           | 1.35%              |
| <i>Linturi Kaija Anneli</i>                   | 430,000           | 1.18%              |
| <i>Linturi Risto Erkki Olavi</i>              | 337,304           | 0.93%              |
| 4. Mäki Antti-Jussi                           | 490,000           | 1.35%              |
| 5. Hellen Stefan Andreas                      | 486,000           | 1.34%              |
| 6. Ingman Finance Oy Ab                       | 450,000           | 1.24%              |
| 7. Laiho Rami Tapani                          | 425,113           | 1.17%              |
| 8. Muukkonen Teemu Heikki                     | 410,357           | 1.13%              |
| 9. Tilman Tuomo Tapani                        | 345,538           | 0.95%              |
| 10. Mandatum Life Insurance Company Limited   | 253,366           | 0.70%              |
| 11. Kannisto Jaakko Mikael                    | 226,533           | 0.62%              |
| 12. Kukkonen Heikki-Harri                     | 213,606           | 0.59%              |
| 13. Järvenpää Janne-Olli                      | 213,079           | 0.59%              |
| 14. Varsio Jussi Ilari                        | 190,000           | 0.52%              |
| 15. Mäkinen Antti Vilho Juhani                | 168,000           | 0.46%              |
| 16. Ärje Matias Juhanoika                     | 155,800           | 0.43%              |
| 17. Saarnio Mikko Markus                      | 138,000           | 0.38%              |
| 18. Heikkinen Janne Mikael                    | 136,543           | 0.38%              |
| 19. Pesonen Tuomo Sakari                      | 130,737           | 0.36%              |
| 20. Muurinen Hannu Olavi                      | 125,750           | 0.35%              |
| <b>Total</b>                                  | <b>15,540,230</b> | <b>42.76%</b>      |



# Innofactor Share Price Development and Turnover (Closing February 7<sup>th</sup>, 2024 at EUR 1.185)

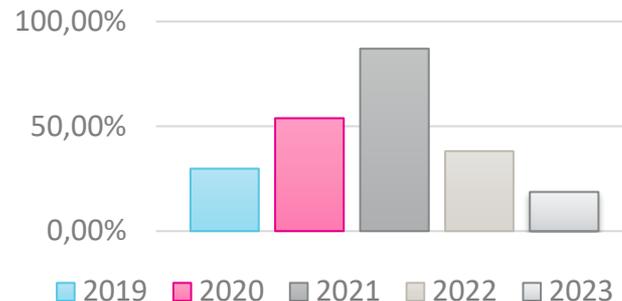
2.1.2023 - 1.1.2024



## Share Price Development

|                   |          |                      |           |
|-------------------|----------|----------------------|-----------|
| Beginning of 2024 | -6.12%   | Year highest 2023    | 1.340 EUR |
| 1 year change     | -2.38%   | Year lowest 2023     | 1.025 EUR |
| 3 year change     | -15.13%  |                      |           |
| 5 year change     | +168.38% | Target price Inderes | 1.35 EUR  |
| 10 year change    | -11.54%  | Target price Evli    | 1.40 EUR  |

Turnover in % compared total amount of shares



In public trading during the period October 1–December 31, 2023, a total of 1,601,762 shares were traded (2022: 2,561,360), which corresponds to 4.4 percent (2022: 7.1%) of the average number of shares in the said period. During the period October 1– December 31, 2023, the average number of shares was 36,343,691 (2022: 37,388,225). The share trading volume decreased by 39.6 percent when compared to the corresponding period in 2022.

In public trading during the period January 1–December 31, 2023, a total of 6,841,002 shares were traded (2022: 14,193,868), which corresponds to 18.6 percent (2022: 38%) of the average number of shares in the said period. During the period January 1– December 31, 2023, the average number of shares was 36,810,154 (2022: 37,388,225). The share trading volume decreased by 51.8 percent when compared to the corresponding period in 2022.

The market value of the stock at the closing price of 1.23 euros on 31 December 2023 was 45,092,439 euros (2022: 39,332,413), which was an increase of 14.6 percent.

# Additional Information

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

**Sami Ensio**

CEO

+358 50 584 2029

[sami.ensio@innofactor.com](mailto:sami.ensio@innofactor.com)

**Antti Rokala**

CFO

+358 40 480 2752

[antti.rokala@innofactor.com](mailto:antti.rokala@innofactor.com)

INNOFACTOR®

What We Do

Customers

What's New

Join Us

Invest in Us

About Us

Q

BLOG MEDIA CONTACT US CHOOSE LANGUAGE

## 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

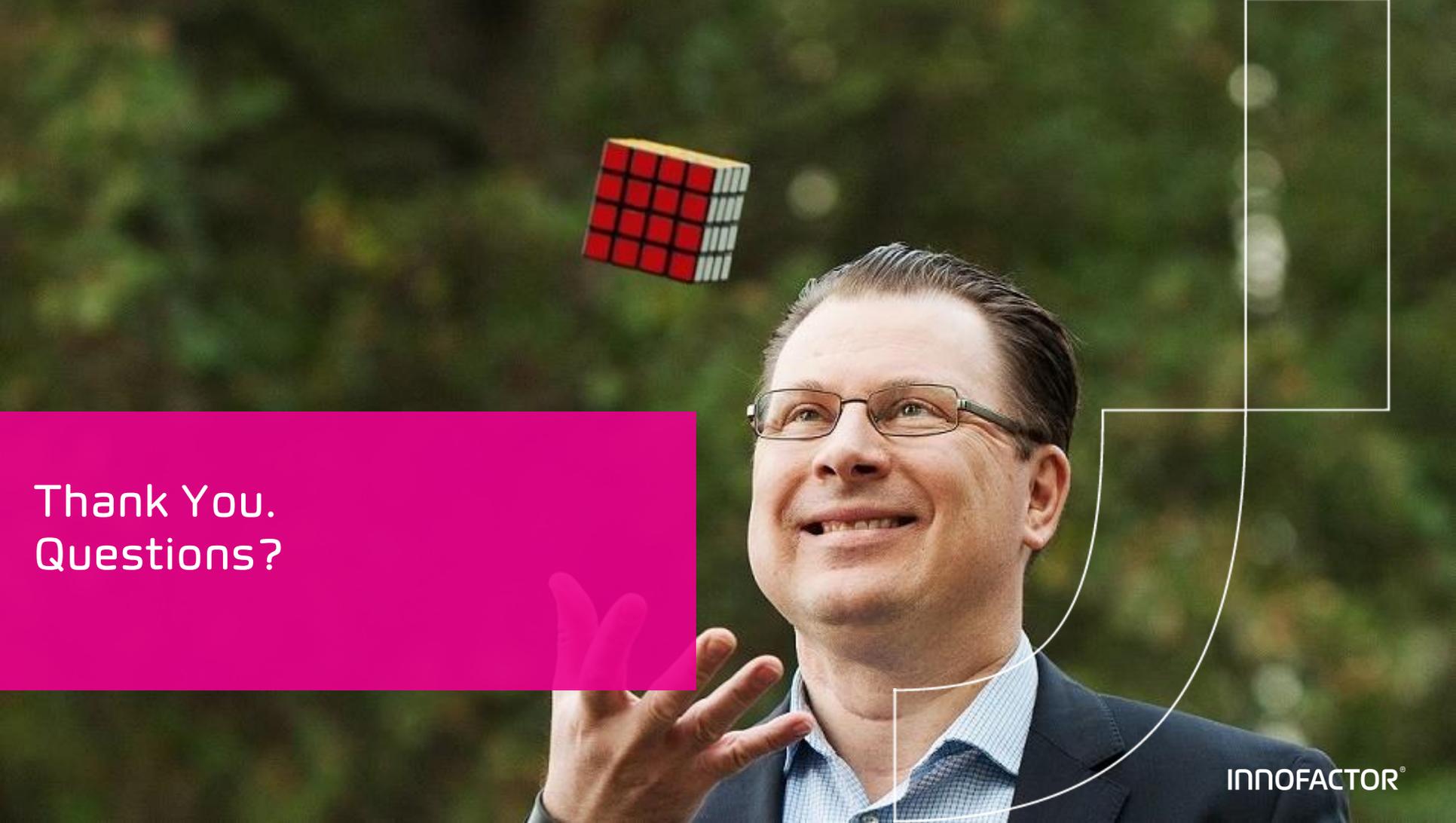
€ 1.39

28.10.2020 09:58 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 suspended in the air above his head. The background is a blurred green, suggesting an outdoor setting with trees. 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®