

Innofactor Plc Financial Statement February 17, 2022, at 9:00 Finnish time

Innofactor Plc Financial Statement 2021 (IFRS)

Innofactor achieved the highest-ever net sales, EBITDA, and order backlog in 2021

January–December 2021 in brief:

- Net sales were approximately EUR 66.4 million (2020: 66.2), which shows an increase of 0.3%
 - Excluding the Prime business sold on March 31, 2021, the comparable change would have been growth of 3.5%, which was entirely organic growth
- The operating margin was approximately EUR 10.1 million (2020: 7.2), which shows an increase of 41.1%
 - Excluding the Prime business sold on March 31, 2021, the comparable operating margin would have been EUR 7.5 million, which shows an increase of 5.4%
- Operating profit was EUR 6.5 million (2020: 2.5), which shows an increase of 160.7%
 - Excluding the Prime business sold on March 31, 2021, the comparable operating profit would have been EUR 3.9 million, which shows an increase of 58.4%

October–December 2021 in brief:

- Net sales were approximately EUR 17.5 million (2020: 18.3), representing a decrease of 4.0%
 - Excluding the Prime business sold on March 31, 2021, net sales were on a par with 2020
- The operating margin was approximately EUR 1.7 million (2020: 1.6), which shows an increase of 4.9%
- Operating profit was EUR 0.5 million (2020: 0.4), which shows an increase of 29.6%
- The order backlog at the end of the review period was EUR 72.8 million (2020: 60.4), which shows an increase of 20.6%
- Innofactor got several significant orders in the fourth quarter, for example,
 - digitalizing the quotation process for a large Finnish manufacturing industry company, approximately EUR 1.2 million

Key figures of the group, IFRS

	Oct 1–Dec 31, 2021	Oct 1–Dec 31, 2020	Change	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020	Change
Net sales, EUR thousand	17,530	18,252	-4.0%	66,364	66,164	0.3%
Growth of net sales	-4.0%	4.7%		0.3%	3.1%	
Operating result before depreciation and amortization (EBITDA), EUR thousand	1,663	1,585	4.9%	10,111	7,164	41.1%
percentage of net sales	9.5%	8.7%		15.2%	10.8%	
Operating profit/loss (EBIT), EUR thousand*	523	404	29.6%	6,519	2,501	160.7%
percentage of net sales*	3.0%	2.2%		9.8%	3.8%	
Earnings before taxes, EUR thousand*	330	951	-65.2%	5,730	2,050	179.5%
percentage of net sales*	1.9%	5.2%		8.6%	3.1%	
Earnings, EUR thousand*	297	257	15.6%	4,504	1,761	155.7%
percentage of net sales*	1.7%	1.4%		6.8%	2.7%	
Order backlog	72,837	60,402	20.6%	72,837	60,402	20.6%
Net gearing*	30.9%	52.5%		30.9%	52.5%	
Net gearing without IFRS 16	18.1%	35.7%		18.1%	35.7%	
Equity ratio	51.1%	42.2%		51.1%	42.2%	
Equity ratio without IFRS 16	54.7%	41.4%		54.7%	41.4%	
Active personnel on average during the review period**	495	543	-8.8%	516	544	-5.1%
Active personnel at the end of the review period**	500	541	-7.6%	500	541	-7.6%
Earnings per share (EUR)	0.0080	0.0069	16.8%	0.1208	0.0471	156.4%

*) In accordance with IFRS 3, the operating result for October 1–December 31, 2021, includes EUR 74 thousand (2020: 473) and in January 1–December 31, 2021, EUR 464 thousand (2020: 1,894) in depreciation related to acquisitions, consisting of allocations of the purchase price to intangible assets.

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

Innofactor's future outlook for 2022

Innofactor's net sales and operating margin (EBITDA) in 2022 are estimated to increase from 2021, during which net sales were EUR 66.4 million. Innofactor's operating margin (EBITDA) for 2022 is estimated to increase from EUR 7.5 million, which would have been the operating margin for 2021 without the proceeds of EUR 2.6 million from the sale of the Prime business.

CEO Sami Ensio's review: We expect our new offering and organization in line with the strategy to strengthen organic growth in 2022

Innofactor revised its strategy in 2021 to provide even stronger support for growth. In our strategy work, we defined the areas in which we see the strongest growth potential regarding our business and Microsoft's solution offering. Innofactor tightened its offering according to the growth areas in question. The new offering is built around six spearheads: Digital Services, Business Solutions, Information and Case Management, Cloud Infrastructure, Data and Analytics, and Cybersecurity. The organizational structure in Finland was changed accordingly, effective from October 1, 2021. As part of the revising of its offering, Innofactor divested the Prime business on April 1, 2021. The Prime business was mainly targeted at parishes in Finland. With the help of our new strategy, we believe that we will be able to further strengthen our organic growth in 2022.

Net sales in 2021 were a record-high EUR 66.4 million, which shows an increase of 0.3 percent compared to the previous year. The operating margin (EBITDA) improved by EUR 2.9 million from the previous year and was also a record-high figure, EUR 10.1 million (15.2 percent of net sales). The operating margin includes a sales gain of approximately EUR 2.6 million from the sale of the Prime business, without which the operating margin would have been approximately EUR 7.5 million (2020: 7.2), representing an increase of 5.4 percent.

The transition to the new organizational structure led to an unfortunate deterioration of net sales and profitability in the Finnish business during the second half of the year. The COVID-19 pandemic and organizational changes together led to Innofactor's highest-ever rate of employee turnover in the third quarter, which had a negative effect on net sales throughout the remainder of the year. Employee turnover returned to normal in the fourth quarter and the number of personnel began to grow again thanks to successful recruitment.

Net sales in the fourth quarter of 2021 were EUR 17.5 million, which shows a decrease of 4.0 percent compared to the previous year. Excluding the Prime business sold on March 31, 2021, net sales were on a par with 2020. Net sales increased in Norway and Denmark but decreased in Finland and Sweden compared to the previous year, even though business in Sweden improved towards the end of 2021. Net sales per employee grew 5.4% from the previous year.

The operating margin (EBITDA) grew by 4.9 percent year-on-year and came to EUR 1.7 million (9.5 percent of net sales). In the final quarter of 2021, EBITDA was positive by a clear margin in all of Innofactor's operating countries.

The order backlog grew to a new historic high, EUR 72.8 million, at the end of the quarter (2020: 60.2), which shows an increase of 21 percent compared to the same time in the previous year.

We deepened our co-operation with customers further in 2021. We received a record-high number of new orders during the year, including Azure programming for the Finnish Tax Administration, an ERP system for the Finnish Institute of Occupational Health, a case

management system for Metsähallitus, a cloud solution for a Norwegian financial services company, case and document management solutions for the joint municipal authority for the county of Ostrobothnia, a case management solution for six universities, a case management application for the Finnish Forest Centre, the digitalization of the bidding process for a large Finnish manufacturing company, and several other significant projects in Finland, Sweden, Denmark, and Norway. I would like to thank our customers and partners for the trust you have shown in Innofactor. I also want to extend special thanks to our Finnish parish customers, who were passed on to capable new hands following the divestment of the Prime business.

Innofactor's aim is to be the leading provider of organizations' digital transformation in each of the Nordic countries. We believe in our chosen Nordic strategy and in reaching our long-term goals. This requires perseverance and determination from the company's management and employees as well as investors. Innofactor is still actively looking for new strategic partnerships in the Nordic countries. The Group's goal is to grow both organically and through acquisitions.

I am also pleased that we can distribute assets of EUR 0.08 per share (2021: EUR 0.04 per share) to our shareholders in accordance with our dividend distribution policy. I want to take this opportunity to thank our customers, partners, employees, and investors for the year 2021.

Strategy and its realization in the review period

Innofactor's strategy comprises our purpose, mission, vision, strategic choices, values, working principle, and long-term financial goals.

Our purpose: Innovating to make the world work better

Our mission: Driving the modern digital organization

Our vision: Leading Nordic digital transformation partner in the Microsoft ecosystem

Our strategic choices:

- The most competent Nordic teams
- Productized and specialized offering
- Proactive and agile way of working
- Innovation with top customers

Our values:

- Accountability
- Empowerment
- Innovation
- Customer

Our working principle: Our principle is to put people first in everything we do. We want to provide solutions that make our customers' everyday work and life run smoothly and bring a smile to their faces.

Our long-term financial goals:

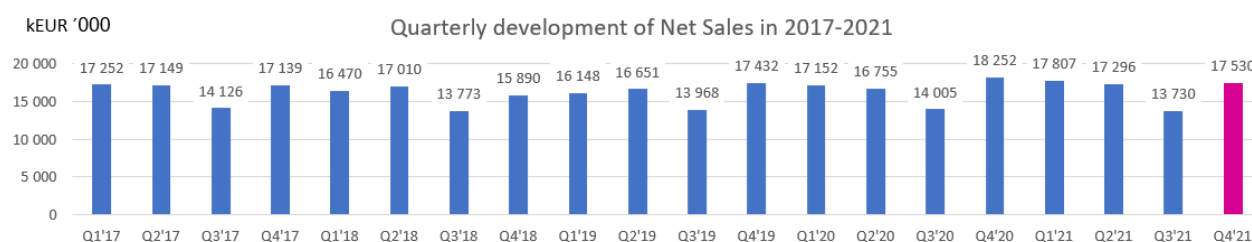
- To achieve annual growth of about 20 percent, the majority of which is intended to be achieved by organic growth
- To achieve about 20 percent EBITDA in relation to the net sales
- To keep the cash flow positive and secure good financial standing in all situations.

Innofactor's net sales in the review period of January 1–December 31, 2021, were EUR 66.4 million (2020: 66.2), representing year-on-year growth of 0.3 percent. Excluding the Prime business sold on March 31, 2021, the comparable change would have been growth of 3.5 percent, which was entirely organic growth. The strategic goal of getting net sales to grow is also supported by the favorably developed order backlog of EUR 72.8 million (2020: 60.2). As a result of thorough strategy work in 2021, we decided to revise our offering and organizational structure to focus on six spearheads and revise our operating models to provide stronger support for growth from 2022 onwards.

The operating margin (EBITDA) grew in the review period of January 1–December 31, 2021, from EUR 7.2 million in the same period the previous year to EUR 10.1 million (15.2 percent of the net sales), which includes proceeds of EUR 2.6 million from the sale of the Prime business. As regards profitability, Innofactor was able to further improve its performance substantially. However, a significant amount of management effort and work are still needed in order to reach the long-term goal of approximately 20 percent. The required actions are clear and known, so we believe that reaching this goal is entirely possible.

Innofactor's operating cash flow in the review period of January 1–December 31, 2021, was EUR 8.9 million (2020: EUR 5.0 million) and the equity ratio at the end of the review period was 51.1 percent (2020: 42.2%). The strong operating cash flow supports Innofactor's strategic goal of profitable growth and securing solid financial standing in all situations.

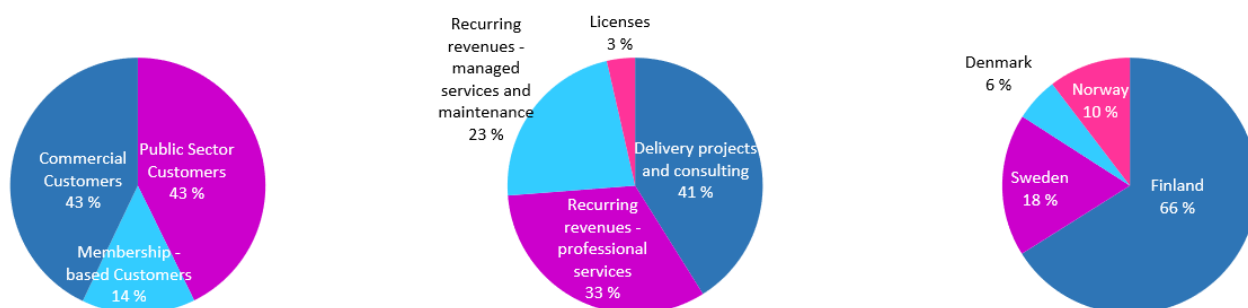
Innofactor's net sales and net sales per employee increased from the comparison period



Innofactor's net sales in October 1–December 31, 2021, were EUR 17,530 thousand (2020: 18,252), representing a decrease of 4.0 percent. Net sales per active employee amounted to approximately EUR 35.4 thousand (2020: 33.6), representing an increase of 5.4 percent.

Innofactor's net sales in January 1–December 31, 2021, were EUR 66,364 thousand (2020: 66,164), representing growth of 0.3 percent. Net sales per active employee amounted to approximately EUR 128.6 thousand (2020: 121.6), representing an increase of 5.7 percent. We focus on continuing to increase net sales per active employee in 2022 as well.

Distribution of net sales in January 1–December 31, 2021



Innofactor's business operations were focused on Finland, Sweden, Denmark and Norway. Approximately 66 percent of net sales came from Finland, approximately 18 percent from Sweden, approximately 10 percent from Norway, and approximately 6 percent from Denmark in January 1–December 31, 2021. Net sales decreased in Finland and Sweden, but increased in Denmark and Norway. Net sales also decreased in Finland and Sweden in the fourth quarter of 2021, but increased in Denmark and Norway.

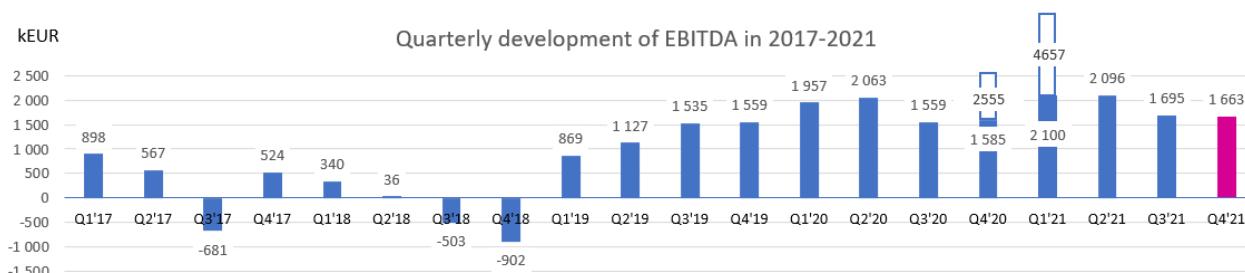
Of net sales for the period January 1–December 31, 2021, approximately 43 percent came from commercial clients, approximately 43 percent from public sector clients and approximately 14 percent from third sector clients.

Innofactor's net sales for the review period of January 1–December 31, 2021, came from the following sources:

- approximately 3 percent from licenses, of which the share of licensing income to third parties was approximately 3 percent of net sales
- approximately 23 percent from services based on recurring service contracts, such as SaaS, cloud and hosting services, and from software maintenance
- approximately 33 percent from specialist work based on recurring service contracts, such as smaller customer-specific changes and further development of IT systems
- approximately 41 percent from IT system delivery projects and consulting

Innofactor's 10 largest clients accounted for approximately 28.2 percent of net sales during the review period January 1–December 31, 2021.

Innofactor's operating margin was higher than in the comparison period



Innofactor's operating margin (EBITDA) for the period October 1–December 31, 2021, was EUR 1,663 thousand (2020: 1,585), representing growth of 4.9 percent. EBITDA represented 9.5 percent of net sales (2020: 8.7%).

Innofactor's operating margin (EBITDA) for the period January 1–December 31, 2021, was EUR 10,111 thousand (2020: 7,164), representing growth of 41.1 percent. EBITDA represented 15.2 percent of net sales (2020: 10.8%). The operating margin includes proceeds of approximately EUR 2.6 million from the sale of the Prime business.

Innofactor's operating profit for the period October 1–December 31, 2021, was EUR 523 thousand (2020: 404), representing an increase of 29.6 percent. Operating profit represented 3.0 percent of net sales (2020: 2.2%).

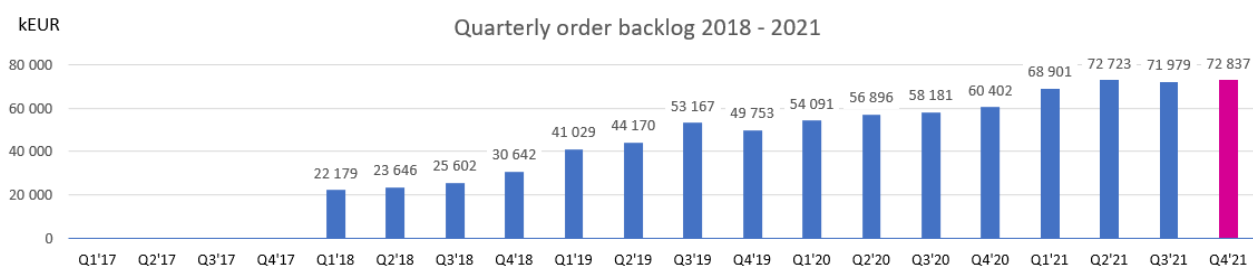
Innofactor's operating profit for the period January 1–December 31, 2021, amounted to EUR 6,519 thousand (2020: 2,501), representing growth of 160.7 percent. Operating profit represented 9.8 percent of net sales (2020: 3.8%). Operating profit includes proceeds of approximately EUR 2.6 million from the sale of the Prime business.

Acquisitions have been a central part of Innofactor's strategy. Depreciations of intangible rights resulting from acquisitions vary greatly depending on how valuable the customer contracts and technology of the acquired company are estimated to be and also in what kind of schedule the resulting intangible rights will be depreciated. For this reason, the company's view is that instead of operating profit, the primary measure for profitability should be the operating margin (EBITDA), because it is not affected by the said depreciation.

In accordance with IFRS 3, the operating result for October 1–December 31, 2021, includes EUR 74 thousand (2020: 473) and for January 1–December 31, 2021, EUR 464 thousand (2020: 1,894) in depreciation related to acquisitions, consisting of allocations of the purchase price to intangible

assets. Adjusted for said depreciation, Innofactor's operative business profit for the review period of October 1–December 31, 2021 would have been EUR 597 thousand (2020: 877), which shows a decrease of 31.9 percent. In January 1–December 31, 2021, Innofactor's operating profit would have been EUR 6,983 thousand (2020: 4,395), representing growth of 58.9 percent.

Innofactor's order backlog grew further to a record-high level



Innofactor's order backlog at the end of the review period amounted to EUR 72,837 thousand (2020: 60,402), which shows an increase of 20.6 percent. The growth in the order backlog was due to the follow-up process of digitalizing the quotation process for a large Finnish manufacturing industry company, with a value of approximately EUR 1.2 million, and several other deals.

Innofactor's operating cash flow in the review period continued to be strong

Innofactor's balance sheet total at the end of the review period was EUR 51,057 thousand (2020: 56,607). The Group's liquid assets totaled EUR 1,963 thousand (2020: 3,066), consisting entirely of cash funds.

The operating cash flow for the review period of January 1–December 31, 2021 was EUR 8,855 thousand (2020: 5,010). The cash flow from investing activities was EUR -643 thousand (2020: -89).

The equity ratio at the end of the review period was 51.1 percent (2020: 42.2%) and net gearing was 30.9 percent (2020: 52.5%).

At the end of the review period, the company had EUR 1,873 thousand in current interest-bearing liabilities to financial institutions (2020: 2,540) and EUR 4,683 thousand in non-current interest bearing liabilities to financial institutions (2020: 8,890). The company had lease liabilities in accordance with IFRS 16 (leases for the duration of fixed-term leases) EUR 3,261 thousand (2020: 3,956) of which EUR 1,603 thousand in current leases (2020: 1,738) and EUR 1,658 thousand in non-current leases (2020: 2,218). The total amount of interest-bearing liabilities was EUR 9,818 thousand (2020: 15,386).

The return on investment for the period January 1–December 31, 2021, improved year-on-year and was 20.6 percent (2020: 11.1%). The return on equity for the period January 1–December 31, 2021, improved year-on-year and was 18.4 percent (2020: 7.7%).

The non-current assets on Innofactor's balance sheet at the end of the review period totaled EUR 35,691 thousand.

Innofactor's gross investments in tangible and intangible assets during the review period of January 1–December 31, 2021, came to EUR 402 thousand (2020: 311), consisting of normal additional and replacement investments required by growth.

Innofactor's research and product development investments decreased slightly from 2020

In the product development during the review period, focus was on renewing existing products and services and continuous further development in order to support the growth of product-based business.

Innofactor's research and development costs recognized in profit or loss for January 1–December 31, 2021, were approximately EUR 3,504 thousand (2020: 3,618), representing 5.3 percent of net sales (2020: 5.5%).

Innofactor's number of employees decreased from the comparison period, but nevertheless increased in the last quarter from the previous quarter

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

The average number of active personnel during the period October 1–December 31, 2021, was 495 (2020: 543), representing a decrease of 8.8 percent, which was in part attributable to the sale of the Prime business. The average number of active personnel during the period January 1–December 31, 2021, was 516 (2020: 544), representing a decrease of 5.1 percent. At the end of review period, the number of active personnel was 500 (2020: 541), representing a decrease of 7.6 percent.

At the end of the review period, the average age of the personnel was 42.5 years (2020: 41.4). Women accounted for 27 percent (2020: 27%) of the personnel. Men accounted for 73 percent (2020: 73%) of the personnel.

Other events in the review period

On January 21, 2021, Innofactor announced in a stock exchange release that the Finnish Tax Administration selected Innofactor as the primary provider of IT specialist services in the area of

Azure programming. The procurement consists of project manager and ICT specialist resources to support the project management, defining, programming, management and service design of the Tax Administration's systems and other technical know-how to support the Tax Administration's ICT. On the basis of the volume stated by the customer in connection with the procurement, the total value in this area is approximately EUR 15–25 million. The duration of the framework agreement is 6 years, and assignments started during the framework agreement period may continue 4 years after the expiration of the framework agreement.

On January 29, 2021, Innofactor announced in a stock exchange release that Innofactor and a Norwegian financial services company have signed an agreement concerning the migration and implementation of services to Microsoft Azure. The solution will be built on the Innofactor Virtual Data Center solution. The value of the agreement (excluding VAT) is approximately EUR 500,000 and the services will be delivered during the year 2021.

On March 11, 2021, Innofactor announced in a stock exchange release that the Finnish Institute of Occupational Health had selected Innofactor as the provider for the renewal of the enterprise resource planning system. The procurement covers the delivery, implementation, and maintenance of the information system. The system is based on Microsoft Dynamics 365 for Finance & Supply Chain Management. Innofactor estimates the total value of the procurement to be approximately EUR 1,600,000.

On March 30, 2021, Innofactor announced in a stock exchange release that Metsähallitus had selected Innofactor as its case management system provider as SaaS. The procurement comprises of the delivery of the case management system, as well as support and maintenance services. The system will be based on Innofactor's Dynasty 10 solution. The service agreement related to the procurement will be valid for fixed period of four years after which it will be valid until further notice. The agreement value is approximately EUR 700,000.

On April 6, 2021, Innofactor announced in a stock exchange release that the joint municipal authority for the county of Ostrobothnia has selected Innofactor in a public procurement competition as the supplier of case and document management solutions as SaaS. The procurement consists of the delivery of the case and document management solutions, as well as support and maintenance services. The system suite will be based on Innofactor's Dynasty 10 solution. The total value of the procurement (excluding VAT) stated by the joint municipal authority for the county of Ostrobothnia in the procurement decision for a period of four years is EUR 860,240.

On April 27, 2021, Innofactor announced in a stock exchange release that Kela has terminated the contract for the administrative case management solution for reasons not attributable to Innofactor. The termination is due to changes in Kela's internal cloud service policies. According to the new policies, Kela deems that it cannot transfer the planned amount of data into a cloud service. Due to Kela's termination decision, Innofactor estimates that out of the original estimated

total value it will not receive approximately 0,5 MEUR from maintenance services. This does not affect Innofactor's guidance for the year 2021 or its long-term financial goals.

On May 20, 2021, Innofactor announced in a stock exchange release that Metropolia University of Applied Sciences Ltd, Turku University of Applied Sciences Ltd, Haaga-Helia University of Applied Sciences Ltd, Novia University of Applied Sciences, Arcada University of Applied Sciences Ltd and Finnish University of Applied Sciences and Arts Ltd have selected Innofactor in a joint public procurement competition as the supplier of a case management solution. The public procurement competition was divided into SaaS and On-Premise areas, and Innofactor was selected as the supplier for both of these. The procurement consists of the delivery of Innofactor's Dynasty 10 system to these universities of applied sciences, support and maintenance services, specialist services, as well as integrations and migrations specific to each university of applied sciences. The agreement will be valid for a fixed period of four years after which it will be valid until further notice. The estimated total value of the procurement (excluding VAT) stated by the universities of applied sciences in the procurement decision for a period of four years is EUR 850,000.

On May 31, 2021, Innofactor announced in a stock exchange release that the Finnish Forest Centre has selected Innofactor in a public procurement competition as the supplier of a case management application. The procurement includes the access rights to Innofactor's Dynasty product family's case management, archival and information management system, the delivery project, and support and maintenance. The total value of the procurement (excluding VAT) stated by the Finnish Forest Centre in the procurement decision for the four-year contract period is EUR 588,960. The customer also reserves an option for extending the service one year at a time.

On September 7, 2021, Innofactor issued a stock exchange release after Rimonne Baltic OÜ informed Innofactor Plc that its holdings of Innofactor's shares and voting rights fell below the 5% disclosure limit on September 6, 2021.

On October 5, 2021, Innofactor issued a stock exchange release announcing that, at its meeting on October 4, 2021, the Board of Directors of Innofactor Plc had decided to commence the acquisition of the company's own shares for the purpose of developing the company's capital structure. The company will acquire a maximum of 800,000 shares, which corresponds to approximately 2.2% of the total number of shares. The maximum amount to be used for the acquisition of shares is EUR 1,600,000. The decision was made on the basis of the authorization given by Innofactor Plc's Annual General Meeting on March 30, 2021, to acquire a maximum of 3,600,000 shares. The repurchase of shares will commence on October 5, 2021, at the earliest and will end at the latest on March 31, 2022, or at an earlier Annual General Meeting.

On November 11, 2021, Innofactor issued a stock exchange release announcing that Innofactor Plc had been granted approximately EUR 2.3 million in damages in Stockholm Chamber of Commerce (SCC) arbitration proceedings for breach of contract. The damages relate to the purchase of Lumagate in 2016, as part of which Innofactor had agreed on an option to acquire Ironstone companies. Due to the uncertainty of recovery related to the damages, the receivable from the

damages is not recognized as a receivable at this stage and has no immediate effect on profit and loss. The damages will be recognized as income when and to the extent that the claim can be recovered.

On December 17, 2021, Innofactor announced in a stock exchange release that Innofactor and a large Finnish globally operating manufacturing industry company have signed a contract for the further development work of digitizing the company's quotation process. Innofactor will continue the development work that began in 2020, aiming to 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 agreement (excluding VAT) is approximately EUR 1,200,000 and the services will be delivered during the year 2022.

Share and shareholders

At the end of the review period, Innofactor Plc's share capital was EUR 2,100,000.00 and the total number of shares was 37,388,225. Innofactor Plc has one series of shares. Each share confers one vote.

During the period October 1–December 31, 2021, the highest price of the company's share was EUR 1.65 (2020: 1.44), the lowest price was EUR 1.39 (2020: 1.15) and the average price was EUR 1.51 (2020: 1.24).

During the period January 1–December 31, 2021, the highest price of the company's share was EUR 2.07 (2020: 1.44), the lowest price was EUR 1.24 (2020: 0.51), and the average price was EUR 1.61 (2020: 1.00). The closing price for the review period on December 31, 2021, was EUR 1.52 (2020: 1.28).

In public trading during the period of January 1–December 31, 2021, a total of 9,778,622 shares were traded (2020: 5,357,986), which corresponds to 26.2 percent (2020: 14.3%) of the average number of shares in the said period. In October 1–December 31, 2021, there were 37,388,225 shares on the average (2020: 37,388,225). The share trading volume increased by 82.5 percent compared to the corresponding period in 2020.

In public trading during the period of January 1–December 31, 2021, a total of 32,546,031 shares were traded (2020: 20,099,421), which corresponds to 87.0 percent (2020: 53.8%) of the average number of shares in the said period. In January 1–December 31, 2021, there were 37,388,225 shares on the average (2020: 37,388,225). The share trading increased by 61.9 percent compared to the corresponding period in 2020.

The market value of the share capital at the closing price of EUR 1.51 on December 31, 2021, was EUR 55,305,600 (2020: 47,669,987), which shows an increase of 16.0 percent.

On December 31, 2021, the company had a total of 12,343 shareholders (2020: 11,456), including nominee-registered shares.

On December 31, 2021, the company held 762,0000 treasury shares.

The Board of Directors has been given the following authorizations:

- Until June 30, 2021, to decide on a share issue and granting of special rights entitling to shares, concerning a maximum of 3,600,000 new shares (decided by the General Meeting of March 31, 2021); the authorization has not been used.
- Until June 30, 2021, to decide on the acquisition of a maximum of 3,600,000 treasury shares (decided by the General Meeting of March 31, 2021); the Board of Directors decided on October 4, 2021, to commence repurchases of company shares. The repurchase program was completed on January 5, 2022. During the repurchase program, Innofactor repurchased 800,000 shares held by the company.

Decisions of the Annual General Meeting

On March 30, 2021, the Annual General Meeting decided, in accordance with the proposal of the Board of Directors that for the financial period of 2020 a dividend of EUR 0.02 per share and repayment of capital of EUR 0.02 per share be paid. The dividend and repayment of capital were paid to shareholders who on the record date of the dividend payment and capital repayment on April 1, 2021 were recorded in the company's shareholders' register held by Euroclear Finland Oy. The dividend and repayment of capital were paid on April 12, 2021.

The Annual General Meeting of March 30, 2021, decided that the Board of Directors shall have four members. Mr. Sami Ensio, Ms. Anna Lindén and Mr. Risto Linturi and Mr. Heikki Nikku were re-elected as members to the Board of Directors. At the organizing meeting held after the General Meeting, the Board of Directors elected Anna Lindén as the Chairman of the Board.

The General Meeting approved the proposal to appoint Ernst & Young Oy, an auditing firm authorized by the Central Chamber of Commerce, again as the auditor for the company, with Juha Hilmola as the main responsible auditor.

The Board of Directors has been given the following authorizations:

- Until June 30, 2022, to decide on a share issue and granting of special rights entitling to shares, concerning a maximum of 3,600,000 new shares (decided by the General Meeting of March 30, 2021); the authorization has not been used.
- Until June 30, 2022, to decide on a transfer of a maximum of 3,600,000 treasury shares (decided by the General Meeting of March 30, 2021); the authorization has not been used.

- Until the next Annual General Meeting, to distribute assets to shareholders as dividends or as repayment of capital totaling a maximum of EUR 1,639,529, which allows the distribution of assets up to a maximum of EUR 0.04 per share

Management of the company

Innofactor Plc complies with the recommendations of the Corporate Governance Code 2020 for Finnish listed companies, published by the Securities Market Association.

Innofactor has drawn up a separate Corporate Governance Statement for the financial period of 2021.

Innofactor Plc's entire Corporate Governance policy and statements are available on the company's web site at: <https://www.innofactor.com/invest-in-us/corporate-governance/>

Related party transactions

The company's managers considered to be related parties have EUR 96 thousand of liabilities from the company's personnel issues to the company. The loan period is five years and the loan is repaid in fixed monthly installments. The interest rate is the 12-month Euribor 360 interest rate. However, the interest rate is always 0% at a minimum. The accrued interest is paid monthly to the company. The company does not have any other major related party transactions.

Market outlook and business environment: We estimate that growth in the Nordic IT services market will continue in 2022 but, because of the COVID-19 situation, we cannot give a more detailed estimate.

The key innovation trends and drivers of change in the market include augmented reality, virtual reality, Internet of Things (IoT), artificial intelligence, robotics, blockchains, and quantum computing, with facilitating roles being played by software moving to the cloud, data analytics, social media, and the use of mobile devices. Combating climate change is placing new demands on both societies and organizations, creating new business opportunities and accelerating innovation. The purchasing behavior of our customers has evolved as part of this business transformation. Our customers' expectations for their IT partner are characterized by a greater focus on business benefits rather than technological benefits. Our customers are looking for more out-of-the-box solutions that do not require extensive customer-specific customization. In addition, customers are increasingly seeking continuous services instead of large one-time projects.

We estimate that the IT service market in the Nordic countries grew by a few percent in 2021. We estimate that growth in the Nordic IT services market will continue in 2022, but because of the

uncertain COVID-19 situation, we cannot give a more detailed estimate. Our estimate is based on research institutes' forecasts and our own outlook on markets.

In the long term, we believe that the digital leap of society in response to the COVID-19 pandemic will increase Innofactor's possibilities to grow its business operations. The abilities of a modern digital organization will be even more important for our customers in the future. It is also possible that some of our customers will transfer some of their operations back to the Nordic countries in order to be closer to their customers. This would have a favorable effect as regards the business model of Innofactor's chosen strategy based on Nordic specialists. We also believe that Microsoft's position has strengthened during the COVID-19 pandemic. We believe in our chances of increasing our market share in the Nordic countries.

The competition in Microsoft-based solutions in the Nordic countries is fragmented. The first group of competitors consists of large enterprises that operate in all of the Nordic countries. These competitors provide a wide range of IT solutions that are needed by various organizations and use several competing technologies, one of which is the Microsoft ecosystem. The second group consists of medium-sized companies that focus on a niche solution area at the Nordic level, also using several different technologies. The third group consists of medium-sized companies operating mainly in a single country, typically providing a broad range of solutions based on several competing technologies. The fourth group consists of small companies that only operate in their domestic market focusing on certain clearly defined solution areas, technologies, and industries.

Microsoft's fragmented Nordic partner network, which consists of small and medium-sized IT companies, continues to offer interesting acquisition opportunities for us. In the future, our acquisition strategy will likely be focused on medium-sized companies that operate in a single country. This will help us expand our offering at the country-specific level as well as potentially acquire additional cloud-based product and service business. Good reputation, fast and profitable growth, successful acquisitions, and entrepreneurial spirit will make us an attractive partner for reorganizations in the field.

Short term risks and uncertainty factors

Innofactor's operations and finances involve risks that may be significant for the company and its share value. These risks are assessed by Innofactor Plc's Board of Directors four times a year as part of the strategy and business planning process. The risks are published in their entirety in the financial statement and in the Annual Report of the Board of Directors. The interim reports only present the changes in short-term risks.

Risks related to operations

The risks related to the operation of the Innofactor Group are primarily business risks related to the group companies that carry on its business operations.

Skilled personnel and its availability: The development of Innofactor's operations and deliveries depends greatly on the Group having skilled personnel and being able to replace persons, who are leaving, with properly skilled persons. In Innofactor's field of business, there is a lack of and competition for certain personnel resources, which may lead to short employment relationships and high personnel turnover. If Innofactor fails at motivating its personnel, keeping the personnel's skills on a high level and keeping the personnel in its service, that could cause problems for the Group's business operations. The success of the Group depends heavily on the employed personnel and their success in their work. Innofactor invests in the continuous development of its personnel and in high personnel satisfaction, a good employer image, efficient recruitment and, if necessary, the use of subcontracting.

Increase in personnel costs: The main part of Innofactor's costs consists of salaries and other personnel costs (in 2021, about 69% of the all costs, including depreciations). Currently, all of Innofactor's own employees work in the Nordic countries, whereas some competitors rely heavily on workforce in countries with cheap labor. If the personnel costs continue rising in the Nordic countries at the same rate as before, it will create a risk for Innofactor, if the prices paid for IT services will not rise correspondingly. Innofactor is monitoring the situation constantly and strives to affect the moderate development of personnel costs via interest groups. It also aims at increasing the share of work done by subcontractors and abroad, when it makes sense from the point of view of business operations, for example, in large product development projects.

Profitability of projects: A Significant part of Innofactor's net sales comes from project business. Profitable implementation of Innofactor's delivery projects requires that project calculation and planning before submitting a tender are done successfully as regards the amount of work and the delivery schedule, and also that the deliveries can be made in a cost-effective manner. It is possible that Innofactor fails at correctly estimating the profitability of a project and, thus, the delivery could cause losses to the company. Correspondingly, it is possible that projects may have to be sold cheaper because of competition, which leads to lower profit margins. Innofactor pays special attention to the profitability of project business and has included it as a central part of the monitored key performance indicators. The relative share of project business has decreased and it will be further decreased, which reduces the risks associated to project business.

Competition: Innofactor's main competitors are companies offering traditional information technology services and software in the Nordic countries. Some competitors have larger financial resources, wider product selection, cheaper workforce and larger existing customer base than Innofactor does and also notable legal resources, and they can use these when competing with Innofactor for the same deliveries. Additionally, new startup companies increase competition in certain deliveries. The price competition in the field is expected to remain tough. If the

competition becomes tougher, it may have an adverse effect on Innofactor's business, operating result and financial position. Innofactor continuously strives to improve its competitiveness.

Research and product development: In Innofactor's operation, research and product development play a central role. In 2021, approximately 5.3% of net sales was used for it. Each research and product development project carries the risk that the end results are not as successful financially as planned and that the investment in the project does not pay itself back. By constantly updating its offering and organizing its operations, Innofactor aims at minimizing the risks inherent in research and product development.

Changes in the technology and field of business: Fast development is characteristic for Innofactor's field of business. There can be quick changes in the customers' requirements and choices concerning software technology. Important changes under way include, for example, the transfer of software into cloud technologies, digitalization, artificial intelligence, blockchain and Internet of Things (IoT). If Innofactor cannot react to these changes, it may have an adverse effect on Innofactor's business, operating result and financial position. Innofactor strives to actively invest in new technologies and central areas of know-how and agree on customer deliveries in new areas.

Information security and data protection From the point of view of Innofactor's business, it is important to ensure adequate data security and data protection for customers. The realization of the risks relating to data security and data protection may lead to losses in net sales or, in the worst case, penalties imposed by a supervisory authority. Innofactor has acknowledged the risks related to data security and data protection, on the basis of which the company has implemented standard-based data security and data protection management processes. Innofactor has a data security policy approved by the management, defining Innofactor's key data security objectives and means of implementation, as well as the organization of data security and related responsibilities. The data security policy is written in accordance with the ISO 27001 data security standard and legislation.

Risk of a pandemic: An epidemic spreading into a global pandemic may hinder Innofactor's business operations. If there is no significant pandemic in Innofactor's operating area in the Nordic countries, the detriment will be limited mostly to a decrease in the availability of tools, especially computers, which are needed in Innofactor's business operations. If there is a significant pandemic also in Innofactor's operating area in the Nordic countries, it could mean introducing remote work, either for a part of or the entire personnel, a temporary decrease in customers' purchases, and delays in some customer deliveries, increasing absence rates connected directly to the disease caused by the pandemic, quarantine or mental symptoms caused indirectly by isolation and increased personnel turnover due to remote work.

The risk of a pandemic materialized with the coronavirus (COVID-19) in 2020 and 2021, and the pandemic continues in 2022. It is estimated that it has been possible to perform over 98 percent of tasks remotely at Innofactor, when necessary. As concerns some customers, a decrease of deliveries and purchases or delaying them until a later date has been observed. This has so far had

a minor effect on Innofactor's business. In 2021, absence increased to some extent, particularly with regard to the indirect effects of the pandemic. The pandemic is also estimated to have caused an increase in personnel turnover after the summer in 2021. The planning of our current operation is based on the presupposition that the effects of the COVID-19 pandemic on Innofactor's business operations will remain minor in 2022 as well.

Reaching the growth goals: Realizing the desired growth requires a growth rate that is clearly faster than the growth in the IT market in general. This has the risk that it cannot be realized in the future, although it has been done often in the past. Also, it is possible that the IT market in Innofactor's market area will not grow or may even shrink. Ensuring growth has a central part in planning Innofactor's operations and setting its goals. Innofactor strives to lessen this operational risk by focusing on the growing Microsoft solution areas, which grow faster than the IT market in general, and by focusing on sales to keep the order backlog on a sufficient level as regards the business operations.

Globalization: In accordance with its strategy, Innofactor is seeking for more growth also in the global markets, outside of Finland, especially in the Nordic countries. Global operations typically always involve higher risks than operation at home. Innofactor strives to make sure that the investments in becoming a global player will not be so great that it would jeopardize the Group's ability to make profit and to grow. Additionally, the company strives to create a management model, common processes and systems that will decrease the risks in global operations.

Uncertainties and risks related to acquisitions: The growth has partly been based on acquisitions. With acquisitions, there are uncertainties about finding suitable companies to acquire and in making the acquisitions at the desired price level and schedule. If acquisitions cannot be made as planned, the growth goal may be jeopardized. In acquisitions, Innofactor focuses on high-level know-how and good processes. Each acquisition, after it has been made, also carries some risks, which include the success of the integration, the stability of the key personnel, formation of the business value, and possible related needs for depreciations. Innofactor's strategy is primarily based on integrating the acquired companies in a fast schedule as part of the whole in the country in question. Innofactor invests in the integration process.

Success of the organizational changes: Rapid growth may occasionally require making significant changes in the organization. Starting a new organization typically includes challenges before the desired improvement in operation can be achieved. Typically, the operation can be at least restored to the previous level of efficiency within a few months from starting the new organization. If the improvement in operation for some parts does not take place within the planned schedule, there is a risk that it will not happen at all or that the delay may lead to extra costs or loss of net sales. The reasons for this include, for example, incorrect planning in placing units and personnel. Innofactor strives to pay attention to controlling organization changes and to prepare for them also financially.

Financial risks

General financial uncertainty and changes in the customers' financial situations affect customers' investment decisions and purchasing policies. It is possible that changes in the general financial situation will be reflected in Innofactor's customers' software purchases by delaying the decision-making or timing of purchases.

Financing risks: In its normal business operations, the Innofactor Group is susceptible to normal financing risks. In total at the end of the review period, Innofactor had approximately EUR 6.6 million in interest bearing debts to financial institutions, which have been taken out to finance acquisitions and working capital. Of the debts, approximately EUR 4.7 million is non-current and approximately EUR 1.9 million current liabilities. Additionally, the company had lease liabilities in accordance with the IFRS 16 standard (leases for the duration of fixed-term leases) for EUR 3.3 million, of which EUR 1.7 million was current and EUR 1.6 million non-current. The total of interest-bearing liabilities was EUR 9.8 million. Innofactor is committed to the following covenants: Equity ratio calculated every 6 months is at least 38% until June 30, 2022 and 40% afterwards; interest bearing liabilities calculated every 6 months divided by the 12-month operating margin (EBITDA) is a maximum of 2.75 until June 30, 2022, and 2.5 afterwards; and certain other normal conditions for loans. The goal of managing the financing risks is to minimize the negative effects of the changes in the financial markets to the result of the Group. Financing risk management has been centralized to the CFO, who is responsible for the Group's financing and regularly reports to the company's Executive Board, CEO, and Board of Directors. It is possible that, in the future, the Group will not get the financing it needs and this would have a negative effect on the Group's business and its development, especially on making acquisitions.

Interest risk: An interest risk is mainly due to the Group's short-term and long-term loans and the derivatives used for protecting them. Loans with fluctuating rates pose an interest risk to the Group's cash flow. This risk is decreased, for example, by using interest rate swap agreements.

Exchange rate risk: The Innofactor Group operates globally and is susceptible to risks related to the currencies of the countries in which it operates. Changes in exchange rates, especially the rates of Swedish krona and Norwegian krone, affect the Group's net sales and profitability as Innofactor has significant operations based on Swedish krona and Norwegian krone. The exchange rate risk is mainly due to the assets and liabilities registered in the balance sheet and the net investments made in the subsidiaries abroad. Also, the business contracts made by subsidiaries pose an exchange rate risk, although these contracts are mainly made in the currency the business unit uses in its operation. The management of exchange rate risks in the Group aims at minimizing the uncertainty that changes in exchange rates cause in the result through cash flows and assessment of receivables and liabilities.

Risks related to the cash position: The Innofactor Group handles management of liquid assets with the help of centralized payments and cash management. The Group strives for continuous monitoring and assessment of the needed business financing in order to ensure that the Group

has enough liquid assets in its use. Additionally, the Group has checking account limits with an overdraft facility in order to cover any seasonal variations in liquid assets. Excess cash balance is placed on savings accounts or funds with capital guarantee.

Risks related to receivables from projects: A large part of Innofactor's net sales comes from project business. A significant part of projects consists of long-term projects in which scheduled payments and their terms may be agreed on with the customer beforehand. When Innofactor performs work in customer projects, which is scheduled to be invoiced afterwards, project receivables are accrued. Especially in public administration projects, scheduled payments often take place nearer to the end of the project, which means increased project receivables and related risks. In customer negotiations, Innofactor pays special attention to scheduling the payments and the size of payments, and in customer projects, to project management and steering in accordance with the scheduled payments. Project receivables are monitored regularly.

Credit risk: Credit decisions related to sales receivables are monitored centrally by the Group's management. Large part of Innofactor's cash flow comes through established customer relationships as payments from the public sector and financially sound companies, which have not presented essential credit risks in the past, and the Group has not suffered any significant credit losses. Should credit risks realize, it would weaken the Group's financial standing and liquidity. Sales receivables are monitored regularly.

Risks related to deferred tax assets: Innofactor's balance sheet includes deferred tax assets that are based on previous financial periods. Should the company's profitability decrease significantly in the long run, it is possible that the Group would not be able to utilize in full the receivables currently activated in the balance sheet.

Acquisitions and changes in the Group structure

There were no changes in the group structure during the review period.

Events after the review period

On January 4, 2022, Innofactor announced in a stock exchange release that it had completed the share repurchase program. Repurchases of treasury shares began on October 26, 2021, and ended on January 5, 2022. During this period, Innofactor acquired 800,000 treasury shares at an average price of EUR 1.5045. The shares were acquired at the current market price in public trading arranged by Nasdaq Helsinki Ltd.

On January 18, 2022, Innofactor announced in a stock exchange release that the Ministry of Social Affairs and Health selected Innofactor in a public procurement competition as the provider of the Case Management, Document Management, Services and Reference Price Information System and the related maintenance and further development tasks of the Pharmaceuticals Pricing Board. The

total value of the procurement (excluding VAT) stated by the Ministry of Social Affairs and Health in the procurement decision for the four-year contract period is approximately EUR 1,190,000.

On January 20, 2022, Innofactor announced in a stock exchange release that the Housing Finance and Development Centre of Finland (ARA) had selected Innofactor in a public procurement competition as the supplier of the Sequence Number Register. The procurement includes the planning and implementation of the Sequence Number Register, the support, maintenance and further development services for the implemented solution, as well as system operation and control. The solution is based on Microsoft Azure cloud services. Innofactor's share of the total value of the procurement is approximately EUR 680,000. The minimum agreement period is three years.

On February 16, 2022, Innofactor announced in a stock exchange release that The Finnish Safety and Chemicals Agency (Tukes) selected Innofactor in a public procurement competition as a supplier of the "Agile development of services, servicing and maintenance" section of the framework agreement on IT system development and maintenance. The framework agreement includes three sections, for which a total of four framework agreement suppliers were selected. For the section "Agile development of services, servicing and maintenance", a total of two framework agreement suppliers were selected. The Agile development of services, servicing and maintenance section focuses on the implementation of Tukes' systems in accordance with an agile approach, service validation, the servicing and maintenance of applications, and processing and repair of disruptions. The anticipated total value of the procurement (excluding VAT) indicated by Tukes in the procurement decision for all three sections of the frame agreement is approximately EUR 6.8 million. The duration of the framework agreement is four years, plus an option for two additional years.

Innofactor had no other significant events after the end of the review period.

Board of Directors' Proposal on the Distribution of Profits

Innofactor is a growing company and intends to use its operating profit on actions promoting growth, for example, on realizing mergers. According to the dividend policy, Innofactor aims to pay a dividend regularly each year. The target is 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. For 2021, the Group's result for the financial period was EUR 4,295,020.95. In making the proposal on the dividend, the Board of Directors takes into account the company's financial situation, profitability and near-term outlook.

At the end of the financial period 2021, the distributable assets of the Group's parent company amounted to EUR 27,016,921.29.

The Board of Directors proposes that Innofactor Plc distributes EUR 0.08 per share as a repayment of capital.

The Board of Directors further proposes that the Annual General Meeting authorize the Board to decide on a repayment of capital amounting to a maximum of EUR 3,279,058 (EUR 0.08 per share, taking into account the share issue authorization proposed to the Board of Directors).

Espoo, February 17, 2022

INNOFACTOR PLC

Board of Directors

Additional information:

CEO Sami Ensio, Innofactor Plc

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Briefings concerning the financial statement of January 1–December 31, 2021

Innofactor Plc will publish its 2021 Financial Statements Bulletin and Interim Report October–December 2021 (Q4) on Thursday, February 17, 2022, at approximately 9:00 am Finnish time.

A video conference call for media, investors and analysts will be held in Finnish on the same day beginning at 10:00. The corresponding video conference in English will be held at noon Finnish time. The report will be presented by CEO Sami Ensio and CFO Markku Puolanne.

Please register for the conferences beforehand by sending email to ir@innofactor.com. The participation link will be sent via e-mail to the registered participants the day before the conference.

Presentation materials will be available on Innofactor website after the conferences.

Financial releases in 2022

The annual report for 2021 will be published on the company's website on Thursday, March 10, 2022.

The Annual General Meeting will be held on Thursday, March 31, 2022, at 9:00 Finnish time.

The schedule for financial releases in 2022 is as follows:

- Interim report January–March 2022 (Q1) on Tuesday, April 26, 2022
- Half-Yearly Report January–June 2022 (Q2) on Thursday, July 21, 2022
- Interim report January–September 2022 (Q3) on Tuesday, October 25, 2022

Distribution:
 NASDAQ Helsinki
 Main media
www.innofactor.com

Financial statement summary and notes January 1–December 31, 2021 (IFRS)

Accounting policies

Innofactor operates on a single segment, offering software, systems and related services.

This financial statement has been drafted in accordance with the IAS 34 Interim financial reporting standard.

The financial statement adheres to the same accounting policies and calculation methods as the last annual financial statement 2020. However, as of January 1, 2021, the Group has introduced the new or renewed IFRS standards and IFRIC interpretations published by IASB as mentioned in the accounting policies section of the financial report 2020. The principles for calculating the key figures and the calculation formulas have not been changed, and they have been presented in an appendix to this report.

In addition to the IFRS key figures, Innofactor publishes certain alternative key figures in order to present the financial development of the actual business operations and to improve comparisons between different periods. Acquisitions are a central part of Innofactor's strategy. Depreciations of intangible rights resulting from acquisitions vary greatly depending on how valuable the customer contracts and technology of the acquired company are estimated to be and also in what kind of schedule the resulting intangible rights will be depreciated. For this reason, the company's view is that instead of operating profit, the primary measure for profitability should be the operating margin (EBITDA), because it is not affected by the said depreciation. In addition to the operating margin, the company also publishes the following figures adjusted for the above-mentioned depreciations: the operative business result, operative business result before taxes, operative result, and operative result per share. Depreciations related to acquisitions, adjusted from the above-mentioned key figures, in the period January 1–December 31, 2021, were EUR 464 thousand (2020: 1,894).

Other alternative key figures used by Innofactor are equity ratio, net gearing, return on investment, return on equity, and net sales per person. The formulas for calculating the other alternative key figures are presented at the end of this report.

Drafting a financial statement in accordance with the IFRS standards requires the management of Innofactor to use estimates and presuppositions, which affect the amounts of assets and debts at the time of drafting the balance sheet and the amounts of earnings and costs for the review period. The application of the accounting policies also requires judgment. As estimates and presuppositions are based on the views held at the time of drafting the statement, they contain risks and uncertainty factors. The actual figures may deviate from the estimates and presuppositions. The figures of the profit and loss statement and the balance sheet are figures for the Group. The figures of the statement have been rounded, so the sum of individual figures may differ from the sum presented.

The figures in the financial statement have not been audited.

Comprehensive consolidated profit and loss statement, IFRS

EUR thousand	Oct 1–Dec 31, 2021	Oct 1–Dec 31, 2020	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Net sales	17,530	18,252	66,364	66,164
Other operating income	91	87	2,681	282
Materials (–)	-2,298	-1,703	-8,874	-6,214
Employee benefit expenses (–)	-11,457	-11,895	-43,453	-43,551
Depreciation (–)	-1,139	-1,181	-3,592	-4,663
Other operating expenses (–)	-2,203	-3,156	-6,607	-9,518
Operating profit/loss	523	404	6,519	2,501
Financial income	-1	766	359	1,329
Financial expenses (–)	-191	-219	-1,148	-1,780
Profit/loss before taxes	330	951	5,730	2,050
Income taxes	-34	-694	-1,226	-288
Profit/loss for the financial period	297	257	4,504	1,761
Distribution of the result				
To shareholders of the parent company	297	257	4,504	1,761
To non-controlling interests	0	0	0	0
Other comprehensive income				
Items that may be later recognized in profit or loss:				
Exchange differences	39	-319	97	-462
Total comprehensive income	336	-62	4,601	1,299
Distribution of the comprehensive income				
To shareholders of the parent company	336	-62	4,601	1,299
To non-controlling interests	0	0	0	0
Earnings per share calculated from the profit attributable to equity holders of the parent:				
basic earnings per share (EUR)	0.0080	0.0069	0.1208	0.0471

Consolidated balance sheet, IFRS

ASSETS

EUR thousand	Dec 31, 2021	Dec 31, 2020
Non-current assets		
Tangible assets	535	473
Right-of-use assets	3,166	3,865
Goodwill	26,393	26,531
Other intangible assets	633	2,084
Shares and holdings	5	5
Receivables	129	245
Deferred tax assets	4,830	6,413
Non-current assets	35,691	39,616
Current assets		
Trade and other receivables	13,403	13,925
Cash and cash equivalents	1,963	3,066
Current assets	15,366	16,991
TOTAL ASSETS	51,057	56,607

Shareholders' equity and liabilities

EUR thousand	Dec 31, 2021	Dec 31, 2020
Share capital	2,100	2,100
Share premium reserve	72	72
Other reserves (+/-)	59	59
Fund for invested unrestricted equity	20,174	20,921
Retained earnings	5 496	1 739
Own shares	-1,146	0
Exchange differences	-1,351	-1,448
Equity attributable to the shareholders of the parent company	25,404	23,444
Non-controlling interest	0	0
Total shareholders' equity	25,404	23,444
 Non-current liabilities		
Loans from financial institutions	4,683	8,890
Lease liabilities	1,658	2,218
Deferred tax liabilities	1,487	1,824
Long-term liabilities total	7,828	12,933
 Current liabilities		
Loans from financial institutions	1,873	2,540
Lease liabilities	1,603	1,738
Trade and other payables	14,349	15,953
Current liabilities total	17,825	20,230
 Total liabilities	25,653	33,163
 TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	51,057	56,607

Consolidated Profit and Loss Statement by Quarter, IFRS

EUR thousand	Jan 1–Mar 31, 2021	Apr 1–Jun 30, 2021	Jul 1–Sep 30, 2021	Oct 1–Dec 31, 2021	Jan 1– Mar 31, 2020	Apr 1–Jun 30, 2020	Jul 1–Sep 30, 2020	Oct 1–Dec 31, 2020
Net sales	17,807	17,296	13,730	17,530	17,152	16,755	14,005	18,252
Other operating income	2,569	10	11	91	5	73	117	87
Materials (–)	-2,233	-2,292	-2,050	-2,298	-1,463	-1,664	-1,384	-1,703
Employee benefit expenses (–)	-12,008	-11,387	-8,600	-11,457	-11,395	-11,229	-9,032	-11,895
Depreciation (–)	-848	-824	-780	-1,139	-1,141	-1,179	-1,162	-1,181
Other operating expenses (–)	-1,477	-1,532	-1,395	-2,203	-2,342	-1,873	-2,147	-3,156
Operating profit/loss	3,809	1,272	915	523	816	884	397	404
Financial income	13	344	4	-1	92	273	198	766
Financial expenses (–)	-465	-329	-163	-191	-1,032	39	-569	-219
Profit/loss before taxes	3,357	1,287	755	330	-123	1,196	26	951
Income taxes	-721	-298	-174	-34	327	78	0	-694
Profit/loss for the financial period	2,637	989	581	297	204	1,274	27	257
 EBITDA	 4,657	 2,096	 1,695	 1,663	 1,957	 2,063	 1,559	 1,585

Statement of change in shareholders' equity, IFRS

EUR thousand	Share capital	Share premium reserve	Reserve fund	Fund for invested unrestricted equity	Own shares	Retained earnings	Exchange differences	Total shareholders' equity of the parent company	Total shareholders' equity
Shareholders' equity									
Jan 1, 2021	2,100	72	59	20,921	0	1,739	-1,447	23,444	23,444
Comprehensive income									
Result for the financial period						4,504		4,504	4,504
Other comprehensive income:									
Exchange differences							97	97	97
Total comprehensive income						4,504	97	4,601	4,601
Dividend distribution						-748		-748	-748
Repayment of capital				-748				-748	-748
Purchase of own shares					-1,146			-1,146	-1,146
Shareholders' equity									
December 31, 2021	2,100	72	59	20,174	-1,146	5,495	-1,351	25,404	25,404

EUR thousand	Share capital	Share premium reserve	Reserve fund	Fund for invested unrestricted equity	Own shares	Retained earnings	Exchange differences	Total shareholders' equity of the parent company	Total shareholders' equity
Shareholders' equity									
Jan 1, 2020	2,100	72	59	20,921	0	-22	-985	22,145	22,145
Comprehensive income									
Result for the financial period						1,761		1,761	1,761
Adjustments for previous financial periods						0		0	0
Other comprehensive income:						0		0	0
Exchange differences							-462	-462	-462
Comprehensive income				0	0	1,761	-462	1,299	1,299
Shareholders' equity									
Dec 31, 2020	2,100	72	59	20,921	0	1,739	-1,447	23,444	23,444

Consolidated Cash Flow Statement, IFRS

EUR thousand	Jan 1–Dec 31, 2021	Jan 1–Dec 31, 2020
Cash flow from operating activities		
Operating profit	6,485	2,501
Adjustments:		0
Depreciation	3,592	4,663
Other transactions with no related cash flow:	-108	-683
Operating profit before change in working capital	9,968	6,481
Change in trade and other receivables (+/–)	554	-9
Change in trade and other payables (+/–)	-1,244	-813
Change in working capital	-690	-822
Cash flow from operating activities before financing and income taxes paid	9,278	5,659
Interest received	6	43
Interest paid (–)	-430	-682
Taxes paid	0	-10
Net cash flow from operating activities	8,855	5,010
Investment cash flow		
Acquisition of subsidiaries	0	-97
Investments in intangible and tangible assets (–)	-402	-311
Receivables from sales	-400	0
Loan receivables repaid	159	319
Net cash flow from investments	-643	-89
Cash flow from financing		
Loans withdrawn	0	3,000
Loans paid	-4,873	-3,965
Lease liability payments	-1,801	-1,853
Payments of dividend and capital repayment	-1,496	0
Purchase of own shares	-1,146	0
Net cash flow from financing	-9,316	-2,818
Change in cash and cash equivalents (+/–)	-1,104	2,103
Cash and cash equivalents, opening balance	3,066	963
Cash and cash equivalents, closing balance	1,963	3,066

Group's commitments and contingent liabilities

EUR thousand	Dec 31, 2021	Dec 31, 2020
Collateral given for own commitments		
Lease collateral	126	156
Mortgages on company assets	16,350	17,017
Bank guarantees	310	296
Other own liabilities		
Lease liabilities		
Current lease liabilities	43	15
Lease liabilities maturing in 1–5 years	25	8
Total	68	23
Lease liabilities		
Total	0	0
Other own liabilities total	68	23

Largest shareholders

According to the share register maintained by Euroclear Finland Oy, the share ownership of the 20 largest Innofactor Plc shareowners at the end of the review period on December 31, 2021, was as follows.

Name	Number of shares	% of share capital
1. Ensio Sami	7,886,142	21.10%
<i>Ensio Sami</i>	5,712,382	15.28%
<i>Minor under guardianship</i>	724,588	1.94%
<i>Minor under guardianship</i>	724,586	1.94%
<i>Minor under guardianship</i>	724,586	1.94%
2. Ilmarinen Mutual Pension Insurance Company	1,800,000	4.81%
3. Linturi Kaija and Risto	1,256,411	3.36%
<i>R. Linturi Oyj</i>	489,107	1.31%
<i>Linturi Kaija Anneli</i>	430,000	1.15%
<i>Linturi Risto Erkki Olavi</i>	337,304	0.90%
4. Laiho Rami Tapani	1,158,694	3.10%
5. Ärje Matias Juhanpoika	854,253	2.28%
6. Mäki Antti-Jussi	613,725	1.64%
7. Tilman Tuomo Tapani	563,538	1.51%
8. Hellen Stefan Andreas	486,000	1.30%
9. Ingman Finance Oy Ab	450,000	1.20%
10. Muukkonen Teemu Heikki	410,357	1.10%
11. Järvenpää Janne-Olli	289,586	0.77%
12. Rausanne Oy	270,000	0.72%
13. Kukkonen Heikki-Harri	213,606	0.57%
14. Puolakka Petri Yrjö Emil	202,511	0.54%
15. Laiho Jari Olavi	200,371	0.54%
16. Varsio Jussi Ilari	190,000	0.51%
17. Kannisto Jaakko Mikael	183,051	0.49%
18. Mäkinen Antti Vilho Juhani	164,000	0.44%
19. Heikki Tervonen Oy	150,000	0.40%
Mandatum Life Insurance Company		
20. Limited	149,027	0.40%
TOTAL	17,491,272	46.78%

Formulas for calculating the key figures

Operating margin (EBITDA):

Operating profit/loss - Depreciations

Order backlog:

Received license and project orders - realized net sales related to the order + net sales from recurring agreements for the next 12 months (does not include expected purchase activity not based on agreement, so called Run Rate)

Net sales/employee:

Net sales

Active personnel on average during the review period

Percentage of return on equity:

Profit/loss for the financial period

Shareholders' equity

Percentage of return on investment:

Profit or loss before taxes + Interest and other financial expenses

Shareholders' equity + Interest bearing financial liabilities

Net gearing:

Interest bearing liabilities - Cash funds

Shareholders' equity

Equity ratio, (%):

Shareholders' equity

Balance sheet total - Received advances

Result/share:

Profit before taxes attributable to equity holders of the parent - Taxes

Average number of shares on the financial period adjusted after the share issue

Shareholders' Equity/Share:

Equity attributable to the shareholders of the parent company

Undiluted number of shares on the date of the financial statement