INNOFACTOR

Annual Report 2024

Innofactor Plc Annual Report January 1 to December 31, 2024

Innofactor in Brief

Innofactor's purpose is to innovate to make the world work better. We are driven by a mission to help our customers succeed by modernizing and digitalizing their organizations. Our working principle is to put people first in everything we do. We want to create solutions that make people's everyday work and life run smoothly.

We focus on the Microsoft ecosystem's Business-to-Business solutions, whose markets are growing faster than the IT market on average. We offer our customers planning services for business-critical IT solutions, project deliveries, implementation support and maintenance services, and develop our own software and services.

Our solutions are used by approximately 1,000 organizations in the private and public sectors in the Nordic countries. We are a strong and valued partner. Our long-term customer relationships are evidence of our customers' trust in Innofactor. We utilize a proactive and flexible delivery model that creates added value and helps us establish a superior position in the market.

Innofactor employs approximately 600 enthusiastic and motivated top professionals in Finland, Sweden, Norway and Denmark. We are united by our desire to work on the front line of innovation and new technology. We take pride in our highly competent professionals and significantly invest in competence development. Our employees maintain and improve their skills by acquiring technological qualifications, such as Microsoft Certified Professional, and by participating in training provided by our own Innofactor Academy. Their high level of expertise is evidenced by Innofactor having achieved all seven Microsoft Solutions Partner designations and five Microsoft Advanced Specializations, for example. In accordance with our PeopleFirst principle, we put people first in everything we do. In line with our Employee Value Proposition, "Be the Real You", at Innofactor everyone can be exactly who they are.

Our net sales in 2024 amounted to EUR 77.6 million, which shows a decrease of 3.3 percent from the previous year. Our operating margin (EBITDA) was EUR 6.3 million, corresponding to 8.2 percent of net sales.

Contents

The Year 2024 Was a Challenging Period for the Entire IT Industry – Including Innofactor

Innofactor updated its strategy and organizational structure in 2024, implementing the changes at the beginning of 2025. Going forward, our business will be divided into four main business areas: Platforms, Solutions, Code, and Dynasty, which have been incorporated into separate companies. We believe that this enables us to offer even clearer, higher-quality and more cost-effective solutions and services to our customers. In our operations, we focus on developing our customers' utilization of artificial intelligence, particularly in a process- and function-oriented manner, by utilizing AI agents.

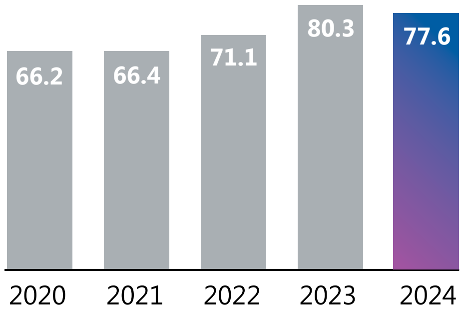
In 2024, Innofactor's business was affected by a number of extraordinary factors, including measures and costs related to the public tender offer and unforeseen legal costs related to an individual acquisition, as well as the preparation of the Group's updated strategy and the related changes in the organizational and corporate structure. Due to these factors and the challenging market situation in the IT industry, we were not able to achieve the targets we had set for our business for 2024.

Net sales for the year 2024 totaled EUR 77.6 million, representing a year-on-year decrease of 3.3 percent. The operating margin (EBITDA) was EUR 6.3 million (8.2 percent of net sales).

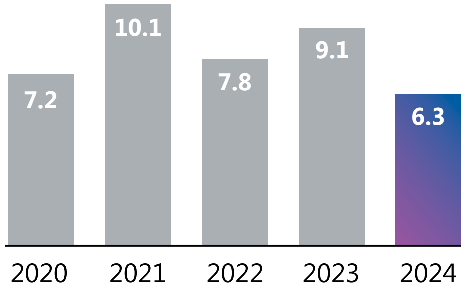
As part of the renewal of the company's organizational structure, Innofactor made changes to its Executive Board effective from the beginning of 2025:

- **Sami Ensio**, Chief Executive Officer
- **Anni Wahlroos**, Chief People Officer and Deputy CEO
- **Aki Rahunen**, Chief Financial Officer (appointed on February 7, 2025, took up his post on March 24, 2025)
- **Martin Söderlind**, Chief Strategy Implementation Officer (until March 31, 2025)
- **Jørn Ellefsen**, Managing Director, Innofactor Platforms
- **Jyrki Vepsäläinen**, Managing Director, Innofactor Solutions
- **Marko Lybeck**, Managing Director, Innofactor Code
- **Vesa Niinistö**, Managing Director, Innofactor Dynasty

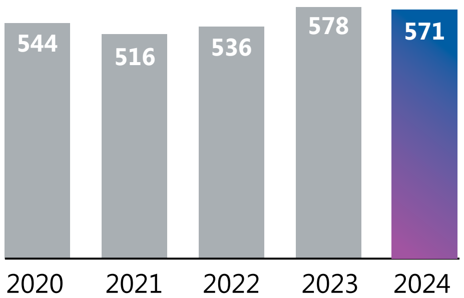
NET SALES
EUR million



EBITDA
EUR million



NUMBER OF PERSONNEL
average



Financial Performance and Position	2024	2023	2022	2021	2020
Net sales, EUR thousand	77,576	80,263	71,130	66,364	66,164
Operating profit before depreciation and amortization (EBITDA), EUR thousand	6,338	9,101	7,808	10,111*	7,164
percentage of net sales	8.2%	11.3%	11.0%	15.2%	10.8%
Operating profit (EBIT), EUR thousand	3,386	5,835	4,751	6,519	2,501
percentage of net sales	4.4%	7.3%	6.7%	9.8%	3.8%
Earnings before taxes, EUR thousand	2,940	5,174	4,178	5,730	2,050
percentage of net sales	3.8%	6.4%	5.9%	8.6%	3.1%
Earnings, EUR thousand	263	3,438	3,320	4,504	1,761
percentage of net sales	0.3%	4.3%	4.7%	6.8%	2.7%
Shareholders’ equity, EUR thousand	23,195	25,483	24,799	25,404	23,444
Interest bearing liabilities, EUR thousand	4,342	6,325	14,349	9,818	15,386
Cash and cash equivalents, EUR thousand	1,502	425	1,956	1,963	3,066
Deferred tax assets, EUR thousand	293	2,415	4,090	4,830	6,413
Return on equity	1.1%	13.7%	13.2%	18.4%	7.7%
Return on investment	11.6%	18.0%	14.5%	20.6%	11.1%
Net Gearing	30.1%	36.1%	50.0%	30.9%	52.5%
Equity ratio	46.8%	48.3%	44.8%	51.1%	42.2%
Balance sheet total, EUR thousand	50,703	54,451	55,815	51,057	56,607
Research and development, EUR thousand	5,558	5,108	4,153	3,504	3,618
percentage of net sales	7.2%	6.4%	5.8%	5.3%	5.5%
Personnel on average during the year	571	578	536	516	544
Personnel at the end of the year	546	581	564	500	541
Number of shares at the end of the year	35,789,319	36,343,691	37,388,225	37,388,225	37,388,225
Earnings per share (EUR)	0.0	0.09	0.09	0.12	0.05
Shareholders’ equity per share (EUR)	0.6	0.70	0.68	0.68	0.63

* The operating margin in 2021 included a capital gain of approximately EUR 2.6 million from the sale of the Prime business.

Innofactor Celebrates Its 25th Anniversary – Our Goal is to Take Our Customers' Use of AI to the Next Level

I founded Innofactor 25 years ago. The journey from a one-person business to a leading Microsoft solutions provider with approximately 600 employees in the Nordic countries has been full of twists and turns, but we have always made systematic progress. I am very lucky to have had the opportunity to work with incredible people: customers, partners, colleagues, and investors. You can read more about Innofactor's 25-year journey in our anniversary book at **www.innofactor.com/25**.

The year 2025 is our jubilee year, during which I hope to celebrate our shared achievements with as many of you as possible!

We are starting 2025 with an updated strategy, which emphasizes the utilization of AI in everything we do, along with an even stronger customer orientation and our Nordic expertise. We restructured our offering and organization around four main areas: Platforms, Solutions, Code, and Dynasty. We believe that this enables us to offer even clearer, higher-quality and more cost-effective solutions and services to our customers. We focus on developing our customers' utilization of artificial intelligence, particularly in a process- and function-oriented manner, using AI agents. We are incorporating AI into our own products, especially Dynasty.

I want to thank all of our customers for joining us on this historic journey to make the most of innovation.

Sami Ensio
Innofactor's
founder and CEO

Our strategy is focused on the Microsoft offering and Microsoft platforms. As the markets are changing, Microsoft and its partners are growing much faster than the IT market on average. In particular, Microsoft's investment in OpenAI and subsequent market leadership in generative AI will boost Innofactor's ability to serve our customers. Our partnership with Microsoft is very strong. This is evidenced by Innofactor having achieved all seven Microsoft Solutions Partner designations, five Microsoft Specializations and, in 2024, the Microsoft Breakthrough Business Case Partner of the Year award, as well as the Partner Ecosystem Award, which was awarded to me personally. I would like to thank Microsoft and our other partners in the Microsoft ecosystem for their trust in Innofactor.

Innofactor's strength lies in our highly competent and motivated personnel. We were successful in our recruitment activities in 2024 and managed to maintain our number of personnel at the previous year's level in spite of the challenging market situation. We strengthened our team, trained our personnel, completed certifications and developed our organization and management style. We want to do everything we can to ensure our continued success in the future. I am proud of our employees' enthusiasm toward driving the organization in the same direction and finding new ways to innovate solutions, improve customer satisfaction continuously, work more efficiently, and increase productivity. For that, I am grateful to all of you.

At Innofactor, we consider sustainability as one of the cornerstones of our long-term success. Our digital solutions play an important role in curbing climate change and promoting sustainable development. We see sustainability not only as a prerequisite for business continuity but also as an opportunity for innovation and building a modern digital organization. People play a key role in the success of our business, which is why the importance of social responsibility is emphasized. We put people first, invest in well-being at work and competence development, and we are fair, diverse and inclusive. More information on our social responsibility is provided in our first Sustainability report, which you can find at the end of the Report of the Board of Directors.

Our anniversary year in 2025 will also be bittersweet in a sense. Innofactor's 14-year journey as a listed company is very likely to conclude this year as a result of the public tender offer that was carried out in 2024 and the subsequent redemption proceedings concerning the remaining shares. During our time as a listed company, we achieved strong growth in the Nordic countries in line with our strategy, using our listed share as a means of payment for acquisitions, and Kauppalehti ranked Innofactor as the most successful listed company in Finland in 2013. Of course, the years also included more challenging times, such as the financial crisis, the integration of acquired companies and the COVID-19 pandemic.

Delisting the company is not an easy decision for me, personally. However, I am confident that, in the present moment, it is unquestionably the best move with regard to the company's success, customers, employees and investors. I want to take this opportunity to thank all of the investors and partners who have been part of our journey, and I wish you all success in the future.

We work together with our customers, partners and employees to continuously innovate solutions that help our customers and society as a whole to function even more effectively. We are moving forward with enthusiasm and confidence.

> *"In 2025, we will focus on developing our customers' utilization of artificial intelligence, particularly in a process- and function-oriented manner, using AI agents. At the same time, we will celebrate Innofactor's tremendous 25-year journey together."*

Sami Ensio
Innofactor's founder, major owner, and CEO

Innovating to Make the World Work Better

Innofactor's purpose is to innovate to make the world work better. Our purpose is based on the idea that technology can be used to promote good. We believe that, together with our personnel, partners and customers, we can make lives better, make work more efficient and meaningful, streamline operations, and drive growth and innovation across industries.

In 2024, we updated our strategy for 2025–2030. According to the updated strategy, our offering is divided into four main areas.

Innofactor Platforms

Leading platforms and experts for cloud infrastructure, data and analytics, as well as modern work and security solutions. The solutions are implemented using technologies such as Microsoft Azure, M365 and Copilot.

Innofactor's top Nordic expertise helps organizations unlock their full potential. We work with the customer to select the digital platforms that best suit their activities and are scalable to support changes in the organization's operations.

Innofactor Solutions

The best solutions and experts to support sales, financial management and operational activities. The solutions are implemented using technologies such as Microsoft Dynamics, Power Platform and Copilot, as well as Jedox.

Innofactor has deep industry expertise in manufacturing, construction, finance and public administration. With our expertise and modular Microsoft-based solutions, we turn strategies into tangible benefits, focusing on high-ROI changes to address each organization's most impactful challenges.

Innofactor Code

The most effective agile teams to implement customized solutions for process digitalization, integrations and low-code application management. The solutions are implemented using Microsoft Azure, Power Platform and Copilot, for example.

We offer customized AI-powered solutions for complex customer needs. Our solutions help organizations save time, reduce costs, improve the customer experience and deliver products and services faster.

Innofactor Dynasty

The most desired AI-powered solutions and expertise for document and records management, case and decision management, and contract and quality management. These solutions are available from Microsoft's Azure cloud on a SaaS basis or can be installed on the customers' own servers. The solutions are compatible with Microsoft M365 and Copilot.

The versatile Innofactor Dynasty product family is backed by over 30 years of development and has a strong focus on user-friendliness, functionality and data security, among other things.

STRATEGY AND OFFERING

Market Outlook and Business Environment

We expect that the growth rate of the Nordic IT services market will be positive in 2025, but due to the geopolitical situation and the general economic downturn, we are not able to provide a more accurate estimate. Our growth target is to surpass the market growth rate.

The price competition that began in the market in 2023 remained intense and, in our assessment, the weighted average prices of new contracts stayed at a low level until the end of the year, particularly in the case of public sector customers, in spite of a slight increase during the year. We estimate that the IT services market in the Nordic countries did not grow in 2024. We expect the average prices of new contracts to continue to increase in 2025. We estimate that the Nordic IT services market will grow slightly in 2025, but because of the uncertain economic and security policy situation, we cannot give a more detailed estimate of the rate of growth. Our estimate is based on research institutes' forecasts and our own outlook on markets.

Generative AI has attracted a great deal of interest in the market. Generative AI presents significant opportunities for our customers and Innofactor to improve operational efficiency. Above all, it opens up significant new business opportunities, for which we offer solutions developed by Microsoft as well as our own solutions. However, AI projects in the first phase have, in many cases, remained at the stage of experimentation in organizations. We believe that, during 2025, our customer base will continue to develop AI projects, especially agent-based solutions for certain processes and functions that are significant for each organization. Innofactor sees a significant role for itself in this trend. In 2025, we will also continue to develop the AI capabilities of our own products, especially Dynasty.

Climate change mitigation and the geopolitical situation place new demands on both societies and organizations, creating new business opportunities and accelerating innovation. The abilities of a modern digital organization will be even more important for our customers in the future. It is also likely 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 could have a favorable effect as regards the business model of Innofactor's chosen strategy based on Nordic specialists. Microsoft's position has also strengthened in recent years as a market leader in generative AI, among other things. We believe in our chances of increasing our market share in the Nordic countries.

Microsoft Partnership

The partnership between Innofactor and Microsoft has been a key factor in Innofactor's success. Microsoft's advanced AI solutions and cloud technologies have helped us stay competitive and innovative in a rapidly changing market. The partnership has provided significant added value for our customers, and Microsoft's solutions and technologies will continue to be at the core of Innofactor's offering. This partnership has been a story of shared success for over 25 years, and we look forward to the coming decades together with Microsoft.

Microsoft Solutions Partner
Microsoft Cloud

Microsoft Solutions Partner
Data & AI
Azure

Microsoft Solutions Partner
Digital & App Innovation
Azure

Microsoft Solutions Partner
Infrastructure
Azure
Specialist
Azure Virtual Desktop
Infra and Database Migration

Microsoft Solutions Partner
Security
Specialist
Cloud Security
Identity and Access Management
Threat Protection

Microsoft Solutions Partner
Modern Work

Microsoft Solutions Partner
Business Applications

Our Purpose
Innovating to make the world work better

Our Mission
Driving the modern digital organization

Our Vision
The most-wanted Nordic IT and AI partner specializing in Microsoft

Our Strategic Choices

1. #AIDriven in Everything We Do

We are constantly learning to use AI in our work, offerings and products and services to deliver even more added value to our customers.

2. Customer Mindset and Advisory

Our goal is to become an even more customer-driven and advisory-oriented organization in all functions and roles.

3. Clear, Differentiated Offerings

We make our offerings clearer and easier to understand for all our customers across the Nordic region, streamlining the buying process and eliminating unnecessary complexity.

4. Utilizing Nordic Strengths

We utilize our Nordic strengths and expertise to always provide the best service to customers in all countries.

Our Values and our Employee Value Proposition

Customer → Innovation

Accountability → Empowerment

Be the Real You – In our supportive and inclusive work environment, we encourage collaboration and personal growth within a people-oriented Nordic company culture.

Our Sustainability Strategy

We Innovate for Good
Promoting sustainable innovation

We Put People First
Promoting well-being and personal development

We Are Fair
Promoting diversity, equality and inclusion

We Build Trust
Promoting good governance and responsible use of data and AI

The Board of Directors of Innofactor Plc

Timo Larjomaa
M.Sc. (Econ.), LLM.
Member of the Board
of Directors since 2024.

Antti Kummu
M.Sc. (Econ.).
Chairman of the
Board since 2024.

Sami Ensio
M.Sc. (Tech.). Innofactor's
founder, CEO and member of the
Board of Directors since 2000.

Risto Linturi
M.Sc. (Tech.). Member
of the Board of Directors
since 2018.

Executive Board of the Innofactor Group

Martin Söderlind
Strategy Implementation Officer
B.Sc. (not finished). Employed by Innofactor since 2021.

Jørn Ellefsen
Managing Director, Innofactor Platforms
MBA. Employed by Innofactor since 2019.

Vesa Niinistö
Managin Director, Innofactor Dynasty.
B.Eng. (Automation Technology). Employed by Innofactor since 2022.

Marko Lybeck
Managing Director, Innofactor Code.
B.Eng. (Information Technology). Employed by Innofactor since 2010.

Jyrki Vepsäläinen
Managing Director, Innofactor Solutions.
B.Sc. (not finished).
Employed by Innofactor since 2007.

Anni Wahlroos
Chief People Officer and Deputy CEO.
M.Sc. (Econ.). Employed by Innofactor since 2015.

Sami Ensio
CEO. M.Sc. (Tech.).
Innofactor's founder, CEO and member of the Board of Directors since 2000.

Innofactor Plc

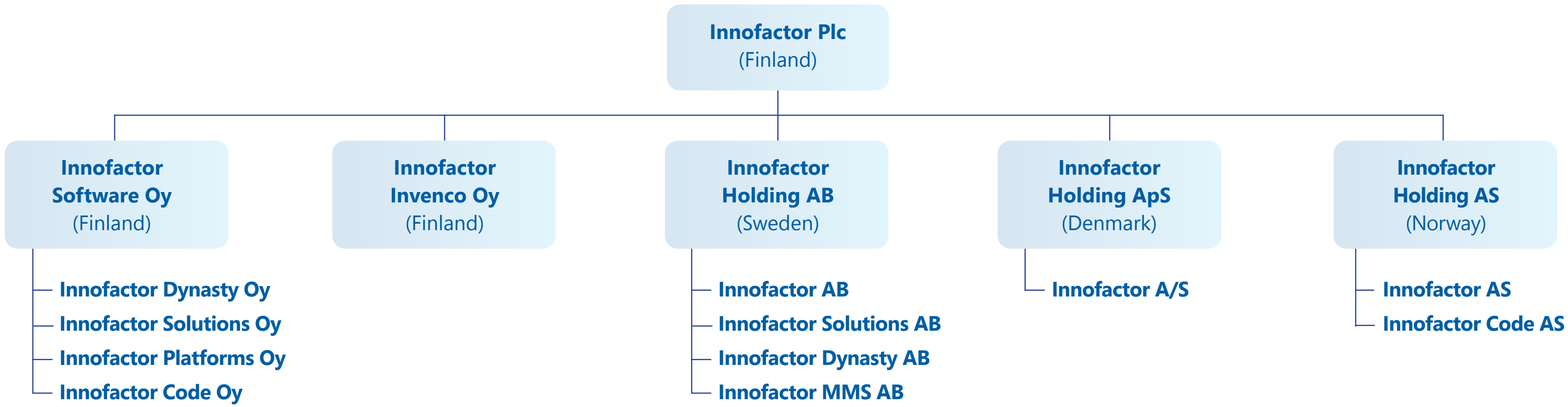
Annual Report and Financial Statement

Financial period January 1–December 31, 2024

Report of Innofactor Plc's Board of Directors for 2024

Innofactor Group

Innofactor is one of the leading software providers focused on Microsoft solutions in the Nordic countries. Innofactor delivers to its customers IT projects as a system integrator and develops its own software products and services. The focus of Innofactor's product development is on cloud solutions for Microsoft and its ecosystem. Innofactor's customers include approximately 1,000 private and public sector organizations in the Nordic countries. In its operations, Innofactor strives for long-term customer relationships. Innofactor has approximately 600 motivated and skilled employees in approximately 16 locations in Finland, Sweden, Denmark and Norway. The structure of the Innofactor Group at the end of the financial period 2024 is presented below.



At the end of the financial period, the Innofactor Group included the following companies:

- Innofactor Plc, Finland (parent company)
- Innofactor Software Oy, Finland, 100%
  - IInnofactor Dynasty Oy, Finland, 100%*
  - Innofactor Solutions Oy, Finland, 100%*
  - Innofactor Platforms Oy, Finland, 100%*
  - Innofactor Code Oy, Finland 100%*
- Innofactor Invenco Oy, Finland, 100%
- Innofactor Holding AB, Sweden, 100%
  - Innofactor AB, Sweden, 100%
  - Innofactor Solutions AB, Sweden, 100%*
  - Innofactor Dynasty AB, Sweden, 100%*
  - Innofactor MMS AB, Sweden, 100%*
- Innofactor Holding ApS, Denmark, 100%
  - Innofactor A/S, Denmark, 100%
- Innofactor Holding AS, Norway, 100%
  - Innofactor AS, Norway, 100%
  - Innofactor Code AS, Norway, 100%*

** No operations in 2024.*

Financial Performance and Position

	2024	2023	2022	2021	2020
Net sales, EUR thousand	77,576	80,263	71,130	66,364	66,164
Operating profit before depreciation and amortization (EBITDA), EUR thousand	6,338	9,101	7,808	10,111*	7,164
percentage of net sales	8.2%	11.3%	11.0%	15.2%	10.8%
Operating profit (EBIT), EUR thousand	3,386	5,835	4,751	6,519	2,501
percentage of net sales	4.4%	7.3%	6.7%	9.8%	3.8%
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percentage of net sales	3.8%	6.4%	5.9%	8.6%	3.1%
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Shareholders’ equity, EUR thousand	23,195	25,483	24,799	25,404	23,444
Interest bearing liabilities, EUR thousand	4,342	6,325	14,349	9,818	15,386
Cash and cash equivalents, EUR thousand	1,502	425	1,956	1,963	3,066
Deferred tax assets, EUR thousand	293	2,415	4,090	4,830	6,413
Return on equity	1.1%	13.7%	13.2%	18.4%	7.7%
Return on investment	11.6%	18.0%	14.5%	20.6%	11.1%
Net Gearing	30.1%	36.1%	50.0%	30.9%	52.5%
Equity ratio	46.8%	48.3%	44.8%	51.1%	42.2%
Balance sheet total, EUR thousand	50,703	54,451	55,815	51,057	56,607
Research and development, EUR thousand	5,558	5,108	4,153	3,504	3,618
percentage of net sales	7.2%	6.4%	5.8%	5.3%	5.5%
Personnel on average during the year	571	578	536	516	544
Personnel at the end of the year	546	581	564	500	541
Number of shares at the end of the year	35,789,319	36,343,691	37,388,225	37,388,225	37,388,225
Earnings per share (EUR)	0.0	0.09	0.09	0.12	0.05
Shareholders’ equity per share (EUR)	0.6	0.70	0.68	0.68	0.63

* The operating margin in 2021 included a capital gain of approximately EUR 2.6 million from the sale of the Prime business.

Net Sales

Innofactor's net sales in 2024 were EUR 77,576 thousand (2023: 80,263), representing a decrease of 3.3 percent.

Financial Performance

Innofactor's operating margin (EBITDA) in 2024 was EUR 6,338 thousand (2023: 9,101), representing a decrease of 30.4 percent. EBITDA was 8.2 percent of net sales (2023: 11.3%).

Innofactor's operating profit in 2024 was EUR 3,386 thousand (2023: 5,835), representing a decrease of 42.0 percent. Operating profit was 4.4 percent of net sales (2023: 7.3%).

Financial Position, Liquidity and Investments

Innofactor's balance sheet total at the end of the review period was EUR 50,703 thousand (2023: 54,451). The Group's liquid assets totaled EUR 1,502 thousand (2023: 425), consisting entirely of cash funds.

The operating cash flow for the review period January 1–December 31, 2024, was EUR 8,094 thousand (2023: 7,229). Cash flow from investing activities was EUR -386 thousand (2023: -533).

The equity ratio at the end of the review period was 46.8 percent (2023: 48.3%) and net gearing was 30.1 percent (2023: 36.1%).

At the end of the review period, the company had EUR 1,542 thousand in current interest-bearing liabilities to financial institutions (2023: 4,555) and EUR 2,800 thousand in non-current interest-bearing liabilities to financial institutions (2023: 1,770). The company had IFRS 16 lease liabilities (leases for the duration of fixed-term leases) of EUR 4,140 thousand (2023: 3,291) of which EUR 1,782 thousand in current leases (2023: 1,996) and EUR 2,357 thousand in non-current leases (2023: 1,295). The total amount of interest-bearing liabilities was EUR 8,481 thousand (2023: 9,616).

The return on investment for the period January 1–December 31, 2024, decreased year-on-year and was 11.6 percent (2023: 18.0%). The return on equity for the period January 1–December 31, 2024, decreased year-on-year and was 1.1 percent (2023: 13.7%).

The non-current assets on Innofactor's balance sheet at the end the review period were EUR 33,540 thousand in total and consisted of the following items:

- tangible assets and right-of-use assets totaling EUR 4,890 thousand
- goodwill EUR 26,640 thousand*
- other intangible assets EUR 1,619 thousand*
- Shares and holdings EUR 98 thousand
- deferred tax assets EUR 293 thousand

Innofactor's gross investments in tangible and intangible assets during the review period of January 1–December 31, 2024, came to EUR 472 thousand (2023: 714), consisting of normal additional and replacement investments required by growth. Write-offs on intangible assets amounted to EUR 310 thousand (2023: 512).

* Goodwill and intangible assets arising from acquiring foreign companies are considered as assets of the foreign unit, and they are converted at the closing date's rate. The resulting exchange differences are recognized in comprehensive income.

Mergers, Acquisitions and Changes in Group Structure

Following the public tender offer described below under "Major Events in the Financial Period" and market purchases, Onni Bidco Oy owned 95.71 percent of Innofactor Plc at the end of the review period. Consequently, the Innofactor Group is part of the Onni Bidco Group.

Onni Bidco Oy is 100% owned by Onni Midco Oy, which in turn is 100% owned by Onni Topco Oy. Onni Topco Oy's largest shareholders are Ensio Investment Group Oy, controlled by CEO Sami Ensio, and CapMan Growth Equity Fund III Ky.

The business of Innofactor Invenco Oy, a 100%-owned subsidiary of Innofactor, was sold to Innofactor Software Oy, another 100%-owned subsidiary of Innofactor, on December 31, 2024.

In addition, to execute for the renewal of the Group's strategy, Innofactor established the new subsidiaries Innofactor Dynasty Oy, Innofactor Solutions Oy, Innofactor Platforms Oy, Innofactor Code Oy, Innofactor Dynasty AB, Innofactor Solutions AB, Innofactor MMS AB and Innofactor Code AS. These subsidiaries did not engage in any operational activities in 2024.

Personnel

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

The average number of active personnel during the period January 1–December 31, 2024, was 571 (2023: 578), representing a decrease of 1.2 percent. At the end of the review period, the number of active personnel was 546 (2023: 581), representing a decrease of 6.0 percent.

At the end of the review period, the average age of the personnel was 42.1 years (2023: 42.1). Women accounted for 26 percent (2023: 26%) of the personnel. Men accounted for 74 percent (2023: 74%) of the personnel.

Strategy

Innofactor's strategy consists of the Group's purpose, mission, vision, strategic priorities for achieving growth, values, sustainability and employee value proposition, among other things.

Our purpose: Innovating to make the world work better

Our mission: Driving the modern digital organization

Our vision: The Most-wanted Nordic IT and AI Partner Specializing in Microsoft

Strategic priorities for achieving growth:

- AI as a part of all activities
- Customer orientation — a trusted sparring partner
- Clear and distinctive offerings
- Leveraging Nordic strengths

Our values:

- Accountability
- Empowerment
- Innovation
- Customer

Sustainability:

- We innovate for good
- We are fair
- We put people first
- We build trust

Employee value proposition:

Be the Real You

Business Operations

Innofactor focuses on the Microsoft ecosystem in its business operations. Innofactor both operates as a system integrator and develops its own software products and services, which offers Innofactor a significant competitive edge and synergy benefits. System integrator operation increases Innofactor's understanding of the customers' product and service needs and also acts as a delivery channel for its own products and services. Focusing on the Microsoft ecosystem creates insurmountable know-how for Innofactor and also makes it the most desirable partner in the Nordic Countries for Microsoft, which helps Innofactor to get the best deals.

Innofactor's offering is divided into the following areas:

1. Innofactor Platforms: Leading platforms and experts for cloud infrastructure, data and analytics, as well as modern work and security solutions. The solutions are implemented using Microsoft Azure, M365 and Copilot, for example.

2. Innofactor Solutions: The best solutions and experts to support sales, financial management and operational activities. The solutions are implemented using Microsoft Dynamics, Power Platform and Copilot, as well as Jedox, for example.

3. Innofactor Code: The most effective agile teams to implement customized solutions for process digitalization, integrations and low-code application management. The solutions are implemented using Microsoft Azure, Power Platform and Copilot, for example.

4. Innofactor Dynasty: The most desired AI-powered solutions and expertise for document and records management, case and decision management, and contract and quality management. The solutions are available from Microsoft's Azure cloud on a SaaS basis, or they can be installed on the customers' own servers. The solutions are compatible with Microsoft M365 and Copilot.

Major Events in the Financial Period

On May 2, 2024, Innofactor issued a stock exchange release to disclose that Innofactor Plc had transferred a total of 45,628 of its own shares held by the company to the members of the Board of Directors as part of their remuneration in accordance with the decision made at the Annual General Meeting held on March 27, 2024. The share-based board member incentive was paid using the closing price of the share on the publication date of the interim report for January 1–March 31, 2024, which was April 23, 2024. As a result of these transfers, the share-based board member incentive was fully paid off. Following the transfers, Innofactor holds 554,372 of its own shares.

On May 22, 2024, Innofactor issued a stock exchange release to disclose that Keva has chosen Innofactor to provide expert work and support services related to the development of their Microsoft Dynamics 365 services.

On July 3, 2024, Innofactor issued a stock exchange release concerning the damages of approximately EUR 2.3 million that had been awarded to Innofactor in arbitration proceedings at the Stockholm Chamber of Commerce (SCC), which were originally announced on November 11, 2021. The damages were related to the 2016 Lumagate acquisition and the subsequent breach of contract by the counterparty. Following the SCC's arbitration award, the counterparty of the Lumagate acquisition has gone bankrupt. Following the bankruptcy, Innofactor Plc has continued to pursue damages in the SCC's arbitration on behalf of the counterparty's bankruptcy estate.The subsequent claim is against the legal counsel, which was the counterparty's advisor during the Lumagate acquisition. On July 3, 2024, the arbitration tribunal has awarded the case for the benefit of the defendant. As a result, Innofactor Plc will not receive the previously awarded damages to the full extent, but the distribution share shall be EUR 1.0 million at the maximum. In addition to this, Innofactor Plc will bear its own costs of approximately EUR 309,000, the opposing party's costs of approximately EUR 310,000 and the costs for the arbitration, EUR 166,150.

On July 22, 2024, Innofactor announced that a fund managed by the investment company CapMan Growth and Sami Ensio, through the holding company Ensio Investment Group Oy controlled by him, have formed a consortium for the purposes of the voluntary recommended public cash tender offer by Onni Bidco Oy for all the issued and outstanding shares in Innofactor Plc. Osprey Capital Oy is part of the consortium as a co-investor. The consortium believes that a private setting and the experience and diverse resources of the leading Finnish growth investor CapMan Growth, together with the founder, long-time CEO and board member of Innofactor Plc, Sami Ensio, will provide the target company with the best possible basis for further business development. The consortium believes that the announced cash tender offer provides the shareholders of Innofactor Plc the opportunity to realize the future potential of their holdings at an attractive premium without the uncertainties and risks associated with growth and market conditions. Following the successful completion of the tender offer, Innofactor Plc would continue to operate as an unlisted company, allowing for a greater focus on customers, innovation and execution of the growth strategy, as well as more flexible financing and M&A possibilities. On July 22, 2024, the Offeror and Innofactor entered into a combination agreement, pursuant to which the Offeror will make a Tender Offer for all the shares in Innofactor. The offer price is EUR 1.68 in cash for each share validly tendered in the Tender Offer. The Tender Offer values Innofactor's total equity at approximately EUR 60.1 million. The Board of Directors of Innofactor, represented by a quorum comprising the non-conflicted members of the Board of Directors who are not members of the Consortium, has unanimously decided to recommend that the shareholders of Innofactor accept the Tender Offer. The recommendation is supported by a fairness opinion provided by HLP Corporate Finance Oy.

On August 1, 2024, the Board of Directors of Innofactor, represented by a quorum comprising the non-conflicted members of the Board of Directors who are not members of the Consortium and thus without the participation of Sami Ensio in the evaluation or decision-making process, announced that it had unanimously decided to issue a statement on the Tender Offer pursuant to chapter 11, section 13 of the Finnish Securities Markets Act (746/2012, as amended).

On August 2, 2024, the company announced that the Finnish Financial Supervisory Authority had approved the Finnish tender document concerning the Purchase Offer on the date in question. The offer period for the Tender Offer would commence on August 5, 2024, at 9:30 a.m. (Finnish time) and expire on September 16, 2024, at 4:00 p.m. (Finnish time), unless the offer period is extended as described in the terms and conditions of the Tender Offer.

On September 11, 2024, the company issued a release stating that the Offeror announces that the Finnish Competition and Consumer Authority has issued a merger control clearance decision concerning the Tender Offer, and thus the Offeror has received all necessary regulatory approvals for the completion of the Tender Offer.

On September 17, 2024, the company announced that, based on the preliminary result of the Tender Offer, the 18,341,539 shares tendered (including the tenderable shares held and controlled by Sami Ensio) represent approximately 51.25 percent of the shares and voting rights in Innofactor, which together with the 10,699,427 shares otherwise acquired by the Offeror prior to or during the offer period, represent in aggregate approximately 81.14 percent of the shares and voting rights in Innofactor. Based on the preliminary result of the Tender Offer, the Offeror has decided that it will waive the Minimum Acceptance Condition.

On September 19, 2024, the company announced that, according to the final result of the Tender Offer, the 18,288,674 shares tendered (including tendered shares held and controlled by Sami Ensio) represent approximately 51.10 percent of the shares and voting rights in Innofactor, which together with the 10,699,427 shares otherwise acquired by the Offeror prior to or during the offer period, represent in aggregate approximately 81.00 percent of the shares and voting rights in Innofactor. As the Minimum Acceptance Condition has been waived and all other conditions to completion of the Tender Offer have been fulfilled, the Offeror will complete the Tender Offer in accordance with its terms and conditions. In order to provide those shareholders of Innofactor who have not yet accepted the Tender Offer with a further possibility to accept the Tender Offer, the Offeror has decided to commence a subsequent offer period. The subsequent offer period would commence on September 19, 2024, at 9:30 (Finnish time) and expire on October 3, 2024, at 16:00 (Finnish time).

On September 19, 2024, Innofactor announced it is changing its financial reporting practice and will in the future only publish semi-annual reports and annual financial statements. Therefore, Innofactor would not publish the interim report for January–September 2024 on October 22, 2024, as previously announced.

On September 19, 2024, Innofactor lowered its financial guidance for 2024 net sales and operating margin (EBITDA). Innofactor estimated that the full-year 2024 net sales and operating margin would be lower than in 2023. The previous guidance for the current year was that net sales and operating margin (EBITDA) in 2024 were estimated to increase from 2023, during which net sales were EUR 80.3 million and the operating margin (EBITDA) was EUR 9.1 million. The change in the financial guidance was influenced by the challenging market situation, which the company had previously mentioned in its announcements, as well as the company's advisors' costs related to the voluntary public tender offer made by Onni Bidco Oy for Innofactor.

On September 19, 2024, Innofactor gave notice to shareholders to attend an Extraordinary General Meeting to be held on Friday, October 11, 2024. The Offeror and Innofactor had agreed in the combination agreement that the Board of Directors of Innofactor would resolve to convene an Extraordinary General Meeting at the request of the Offeror after the Offeror has confirmed that it will complete the Tender Offer. This notice, including the resolution proposals to be considered at the Extraordinary General Meeting, is based upon that request by the Offeror.

October 4, 2024 Based on the preliminary result of the Subsequent Offer Period, the 913,100 shares tendered during the Subsequent Offer Period represent approximately 2.55 percent of the shares and voting rights in Innofactor. Together with the shares validly accepted during the Original Offer Period and the shares otherwise acquired by the Offeror, the shares tendered during the Subsequent Offer Period represent preliminarily approximately 84.62 percent of the shares and voting rights in Innofactor.

ctober 8, 2024 Based on the final result of the Subsequent Offer Period, the 914,649 shares tendered during the Subsequent Offer Period represent approximately 2.56 percent of the shares and voting rights in Innofactor. Together with the shares validly accepted during the Original Offer Period and the shares otherwise acquired or to be acquired by the Offeror (comprising 148,127 Shares that Sami Ensio has received as board remuneration), the shares tendered during the Subsequent Offer Period represent approximately 85.05 percent of the shares and voting rights in Innofactor.

On October 11, 2024, the company announced the decisions of the Extraordinary General Meeting. In previous Annual General Meetings, Innofactor has approved decisions regarding the remuneration of the Board of Directors. It has been decided that Innofactor requires Board Members to hold the shares they receive as annual compensation for the duration of their Board Membership. This means that there is a restriction on the transfer of these shares during their tenure. According to the proposal presented in the meeting invitation, the General Meeting decided to remove all transfer restrictions on all shares received as compensation by the Board Members elected at Innofactor Plc's Annual General Meeting on March 27, 2024, prior to the date of the Extraordinary General Meeting.

The General Meeting decided that the remuneration for the Chairman of the Board and Board Members will remain unchanged, in accordance with the decision made at Innofactor's Annual General Meeting on March 27, 2024. However, for the Board Members elected at the Extraordinary General

Meeting, the remuneration will be paid entirely in cash, proportionate to the length of their term, taking into account any remuneration already paid to the continuing Board Members. Therefore, the General Meeting decided to pay the Chairman of the Board 5,000 euros per month and Board Members 2,500 euros per month for the duration of their term, with the monthly cash remuneration for continuing Board Members reduced by 50 percent if they have already received a share-based remuneration. No separate meeting fees will be paid. Additionally, the General Meeting decided that the remuneration already paid to the Board Members in accordance with the decision made at Innofactor's Annual General Meeting on March 27, 2024, will be paid in full, and no repayment of the already paid remuneration will be required based on the length of their term. The General Meeting decided that for those Board Members who were not re-elected and whose term ended at the conclusion of the Extraordinary General Meeting, the monthly cash remuneration, as determined by the decision of the Annual General Meeting, will be paid until the date of the Extraordinary General Meeting.

The General Meeting decided that the Board of Directors shall have four members. Mr. Sami Ensio and Mr. Risto Linturi were re-elected as members to the Board of Directors, and Mr. Antti Kummu and Mr. Timo Larjomaa were elected as new members of the Board of Directors for a term that begins at the conclusion of the Extraordinary General Meeting and ends at the conclusion of the next Annual General Meeting. The term of those Innofactor Board Members who were not re-elected ended at the conclusion of the Extraordinary General Meeting. At the organizing meeting held after the Extraordinary General Meeting, Mr. Antti Kummu was elected as Chairman of the Board. The Board elected Mr. Antti Kummu as the chairman of the remuneration committee and Mr. Timo Larjomaa and Mr. Risto Linturi as its members.

October 22, 2024 The Board of Directors of Innofactor Plc has decided to cancel a total of 554,372 Innofactor shares currently owned by the Company. The treasury shares to be cancelled were acquired within the Company's acquisition of own shares announced by the Company on July 20, 2023. Prior to the cancellation of the own shares, there are in total 36,343,691 registered shares in Innofactor. After the cancellation has been registered in the trade register, the total number of shares in Innofactor is 35,789,319 and the total number of votes attached to the shares is 35,789,319. After the cancellation, Innofactor Plc does not hold any shares in the Company. The cancellation of the shares has no effect on the share capital of Innofactor Plc.

October 29, 2024 Innofactor announced that CFO Antti Rokala has resigned from his position. During his notice period, Rokala will not have any work obligations. Innofactor has initiated actions to hire a new CFO. In the interim, CEO Sami Ensio will assume the responsibilities of the CFO.

November 15, 2024 Innofactor Plc has on November 15, 2024, received a notification from Onni Bidco under Chapter 9, Section 5 of the Finnish Securities Markets Act, according to which Onni Bidco Oy's direct holding in Innofactor's shares increased above the 90 percent threshold.

November 25, 2024 Onni Bidco announced that it has decided to exercise its redemption right pursuant to the Finnish Companies Act and to redeem all the shares held by all other remaining shareholders in Innofactor. To implement the redemption of the remaining shares, Onni Bidco will initiate redemption proceedings, as provided in the Finnish Companies Act, as soon as possible.

November 25, 2024 Innofactor Plc's Board of Directors appointed Anni Wahlroos as Deputy CEO for Innofactor Group. She will continue as the Chief People Officer of the Innofactor Group and as a member of the Group's Executive Board, reporting to CEO Sami Ensio. Wahlroos has been with Innofactor since 2015 and has been a member of the Group's Executive Board since 2022.

November 25, 2024 Innofactor announced it will postpone the Annual General Meeting of 2025 to be held on June 25, 2025. Contrary to the previously announced preliminary date, the Annual General Meeting will not be held on April 23, 2025.

November 28, 2024 Innofactor announced that the cancellation of shares has been registered in the trade register maintained by the Finnish Patent and Registration Office. After the registration, Innofactor Plc has a total of 35,789,319 shares and the total number of votes attached to the shares is 35,789,319. After the cancellation, Innofactor Plc does not hold any shares in the Company. The cancellation of the shares has no effect on the share capital of Innofactor Plc.

Major Events After the Financial Period

On January 1, 2025, the Group carried out internal restructuring that led to the businesses being incorporated into separate companies.

On January 2, 2025, the company announced that the Redemption Board of the Finland Chamber of Commerce has petitioned the District Court of Länsi-Uusimaa for the appointment of a trustee to supervise the interests of Innofactor's minority shareholders during the redemption process. The Redemption Board of the Finland Chamber of Commerce has notified Onni Bidco that the District Court of Länsi-Uusimaa has, with its decision given on December 30, 2024, appointed professor Kari Hoppu to act as such trustee.

February 7, 2025 Innofactor's Board of Directors appointed Aki Rahunen as the CFO for Innofactor Group, and he will assume the position no later than May 8, 2025. Rahunen is currently serving as the CFO of Avidly. Previously, Rahunen has held the position of CFO at Fluido, among others. M.Sc. (Econ.) Rahunen will become a member of Innofactor's Executive Board in his role as the CFO and will report to the Group's CEO Sami Ensio.

February 12, 2025 Innofactor Plc's Board of Directors has confirmed the company's updated Dividend Distribution Policy on February 12, 2025. According to the renewed policy, the company will generally not pay dividends in the future but will instead use the retained earnings for growth-enhancing measures.

On February 13, 2025, the company announced that the Redemption Board of the Finland Chamber of Commerce has appointed an arbitral tribunal consisting of three members for the arbitration proceedings concerning the redemption of the minority shares in Innofactor. The arbitral tribunal consists of Independent Arbitrator Heidi Merikalla-Teir (chair), Professor Emeritus, LL.D., Trained on the bench Raimo Immonen and D.Sc. (Econ.), CVA Harri Seppänen.

On March 31, 2025, The Board of Directors of Innofactor has resolved to submit an application to Nasdaq Helsinki for the termination of public trading and for the delisting of the Innofactor shares. In the application, it is requested that the delisting in respect of the Innofactor shares admitted to trading on the official list of Nasdaq Helsinki would become effective as soon as possible upon Onni Bidco having gained title to all the shares in Innofactor in the pending redemption proceedings under Chapter 18 of the Finnish Companies Act.

Future Outlook

Innofactor's business is expected to continue as normal in 2025. Innofactor is in redemption proceedings concerning all shares in the company. The redemption proceedings are expected to be completed during the financial year, and the company will not issue more detailed financial guidance for the financial year 2025.

Major Risks and Uncertainties

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 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 half-yearly report only presents 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: A majority of Innofactor's costs consists of salaries and other personnel costs (in 2024, about 67% of all costs, including depreciation). 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 is still derived from the project business. The 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 the project business has decreased and the company aims to decrease it further, 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 workforces and larger existing customer bases 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 intense. 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 2024, approximately 7.2 percent of net sales was used on research and product development. 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. The most significant ongoing change is the transition to making extensive use of artificial intelligence. 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. We have paid special attention to developing our offering related to artificial intelligence.

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 and 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.

Compliance: It is important for Innofactor to comply with the laws and regulations applicable to Innofactor's business activities, and to conduct business ethically. Violations of laws and regulations may lead to administrative fines, penalties, criminal proceedings and liability, and claims for damages. The materialization of this risk may also have an adverse impact on Innofactor's reputation and lead to the loss of business opportunities. Innofactor has internal procedures and processes to ensure compliance in day-to-day business operations. Innofactor's Code of Conduct lays out ethical guidelines and standards for Innofactor and its subcontractors. Innofactor has an internal whistleblowing channel.

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 customer 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.

Reaching the growth targets: Realizing the desired growth requires a growth rate that is 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, going forward, 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 operation 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 seeks 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: Innofactor's growth has been partially driven by acquisitions, and this may also be the case in the future. 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 also prepare for them 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. At the end of the review period, Innofactor had a total of approximately EUR 2.8 million in loans from financial institutions and a credit limit of approximately EUR 5.0 million, of which approximately EUR 1.5 million was in use. Innofactor has committed to the following covenants: the Group's ratio of net debt to adjusted EBITDA, calculated on a quarterly months, is a maximum of 4.0, and the ratio of adjusted EBITDA to the Group's net financial expenses, calculated on a quarterly basis, is at least 2.5, 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 on 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 in 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 the Swedish krona and Norwegian krone, affect the Group's net sales and profitability as Innofactor has significant operations based on the 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 overdraft facilities to cover any seasonal variations in liquid assets. Excess cash balance is placed in 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, on a monthly basis.

Credit risk: Credit decisions related to sales receivables are monitored centrally by the Group's management. A 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.

Corporate Governance Report

Innofactor Plc complies with the recommendations of the Corporate Governance Code 2025 for Finnish listed companies, published by the Securities Market Association.

The Annual General Meeting of March 27, 2024, decided that the Board of Directors shall have four members. Mr. Sami Ensio, Ms. Anna Lindén, Mr. Risto Linturi, and Mr. Heikki Nikku were re-elected as members to the Board of Directors. At the organizing meeting held after the Annual General Meeting, the Board of Directors elected Anna Lindén as the Chairman of the Board.

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

The Extraordinary General Meeting of October 11, 2024, decided that the Board of Directors shall have four members. Mr. Sami Ensio and Mr. Risto Linturi were re-elected as members to the Board of Directors, and Mr. Antti Kummu and Mr. Timo Larjomaa were elected as new members of the Board of Directors for a term that begins at the conclusion of the Extraordinary General Meeting and ends at the conclusion of the next Annual General Meeting. The term of those Innofactor Board Members who were not re-elected ended at the conclusion of the Extraordinary General Meeting. At the organizing meeting held after the Extraordinary General Meeting, Mr. Antti Kummu was elected as Chairman of the Board.

Innofactor has drawn up a separate Corporate Governance Statement for the financial period 2024.

Innofactor Plc's corporate governance principles and statements are available in their entirety on the company's website at: **www.innofactor.com/invest-in-us/corporate-governance/**

Research and Product Development

During the review period, the focus of product development was on the renewal of existing products and services as well as continuous further development in order to support the growth of product-based business. Most of the product development was focused on the Innofactor Dynasty product.

Innofactor's research and development costs recognized in profit or loss for January 1–December 31, 2024, amounted to approximately EUR 5,558 thousand (2023: 5,108), representing 7.2 percent of net sales (2023: 6.4%).

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 35,789,319. Innofactor Plc has one series of shares. Each share confers one vote.

During the period January 1–December 31, 2024, the highest price of the company's share was EUR 1.76 (2023: 1.34), the lowest price was EUR 1.07 (2023: 1.03), and the average price was EUR 1.63 (2023: 1.18). The closing price for the review period on December 31, 2024, was EUR 1.69 (2023: 1.23).

In public trading during the period January 1–December 31, 2024, a total of 41,834,903 shares were traded (2023: 6,841,002), which corresponds to 116.9 percent (2023: 18.6%) of the average number of shares in the said period. During the period January 1–December 31, 2024, the average number of shares was 36,292,051 (2023: 36,810,154). The share trading volume increased by 511.5 percent when compared to the corresponding period in 2023.

The market value of the share capital at the closing price of EUR 1.69 on December 31, 2024 was EUR 61,333,566 (2023: 45,092,439), which shows an increase of 36.0 percent.

On December 31, 2024, the company had a total of 4,649 shareholders (2023: 11,633), including nominee-registered shares.

The company held no treasury shares on December 31, 2024.

The Board of Directors has been given the following authorizations:

- Until June 30, 2025, 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 Annual General Meeting of March 27, 2024); the authorization has not been used.
- Until June 30, 2025, to decide on an acquisition of a maximum of 3,600,000 treasury shares (decided by the Annual General Meeting of March 27, 2024); the authorization has not been used.
- Until the next Annual General Meeting, to distribute assets to shareholders as repayment of capital totaling a maximum of EUR 2,544,058, which allows the distribution of assets up to a maximum of EUR 0.07 per share; the authorization has not been used.

Own Shares

The General Meeting of March 27, 2024, authorized the Board of Directors to decide on acquiring a maximum of 3,600,000 of the company's own shares in one or several parts with the company's unrestricted equity. The authorization entitles the Board to deviate from the shareholders' proportional shareholdings (directed acquisition). Own shares may be acquired at the purchase price formed for them in public trading on the day of purchase or at another market price. The number of treasury shares at a time may be, at the maximum, one tenth of the total number of shares in the company. Shares may be purchased to be used in company acquisitions or implementing other arrangements relating to the company's business operations, improving the company's capital or financing structure, as a part of the company's incentive system, or otherwise to be handed over or voided. In connection with the share repurchase, ordinary derivative, stock lending and other agreements may be made in the market in accordance with the laws and regulations. The authorization includes the right of the Board of Directors to decide on all other matters related to the acquisition of shares. The authorization will be valid until June 30, 2025. This authorization replaces the Board's earlier authorizations concerning share repurchase.

The authorization has not been used.

Shareholdings of the Management

Shareholdings of the Board of Directors on December 31, 2024:

- Under indirect control of Sami Ensio, 34,253,409 shares, 95.71% *
- Antti Kummu, 0 shares, 0%
- Timo Larjomaa, 0 shares, 0% **
- Risto Linturi, 0 shares, 0%

Shareholdings of the CEO on December 31, 2024:

- Under indirect control of Sami Ensio, 34,253,409 shares, 95.71% *

Shareholdings of the Other Members of the Executive Board on December 31, 2024:

- Anni Wahlroos, 0 shares, 0%
- Martin Söderlind, 0 shares, 0%
- Jørn Ellefsen, 0 shares, 0%
- Jyrki Vepsäläinen, 0 shares, 0%
- Marko Lybeck, 0 shares, 0%
- Vesa Niinistö, 0 shares, 0%

*) Includes the shareholdings of Onni Bidco Oy. Onni Bidco Oy is indirectly under joint control of Sami Ensio and Capman Growth Equity Fund III Ky.

**) Osprey Capital Oy, an entity controlled by Timo Larjomaa, is a co-investor in a consortium that indirectly owns Onni Bidco Oy. Osprey Capital Oy does not exercise control over Onni Bidco Oy.

Largest Shareholders

According to the share register maintained by Euroclear Finland Oy, the share ownership of the 20 largest Innofactor Plc shareholders at the end of the year, on December 31, 2024, was as follows.

Name	Number of shares	% of share capital
1. Onni Bidco Oy	34,253,409	95.71%
2. Pakarinen Janne	89,520	0.25%
3. Lauren Karri-Pekka	62,701	0.18%
4. Suutari Pekka Johannes	41,272	0.12%
5. Kukkaniemi Marko Jaani	40,000	0.11%
6. Finnish Foundation for Share Promotion	35,800	0.10%
7. LocalTapiola Mutual Life Insurance Company	30,000	0.08%
8. Laakso Harri Einari	24,800	0.07%
9. Supersorsa Investment Oy	24,179	0.07%
10. Santala Matti Kaarlo Pellervo	20,000	0.06%
11. Savikurki Silke Helena	19,974	0.06%
12. Puustinen Hymy Tuija Hillevi	15,000	0.04%
13. Santala-Mäkinen Silja Kaarina	15,000	0.04%
14. Håkan Hjerpe Oy	15,000	0.04%
15. Stenmark Ove Peter	14,823	0.04%
16. Anttila Joel Matias	13,833	0.04%
17. Haarala Juuso Heikki Matias	11,589	0.03%
18. Molatii Oy	11,000	0.03%
19. Muuttomiehet K Niskanen Oy	10,485	0.03%
20. Liukkonen Anssi Kyösti Mikael	10,000	0.03%
Total	**34,758,385**	**97.12%**

Board of Directors and the Company's Management

Board of Directors

In 2024, the members of Innofactor Plc's Board of Directors were:

- Sami Ensio
- Antti Kummu, Chairman of the Board from October 11 to December 31, 2024
- Anna Lindén, Chairman of the Board from January 1 to October 11, 2024
- Timo Larjomaa from October 11 to December 31, 2024
- Risto Linturi
- Heikki Nikku from January 1 to October 11, 2024

The Chairman of the boards of directors of Innofactor Plc's group companies was Group CEO Sami Ensio, and Deputy CEO Anni Wahlroos was an ordinary member of the boards of directors of all of the companies. In addition, depending on the company, General Counsel Eija Theis, Senior Legal Counsel Teemu Pitkäniemi, Country Manager for Sweden Martin Söderlind, and Country Manager for Norway and Denmark Jørn Ellefsen served as ordinary and/or deputy members.

CEO

Innofactor Plc's CEO is Sami Ensio. Mr. Ensio also acts as the CEO of the Innofactor Plc's Finnish group companies. In Sweden, Denmark, and Norway, the local Country Managers act as the CEOs of the operative companies.

Executive Board
In 2024, Innofactor Group's Executive Board consisted of:

- Sami Ensio, CEO, Country Manager Finland, Chairman of the Executive Board and CFO for the period October 29–December 31, 2024.
- Anni Wahlroos, Chief People Officer, and Deputy CEO effective from November 25, 2024
- Antti Rokala, CFO for the period January 1–October 29, 2024
- Jørn Ellefsen, Country Manager, Norway and Denmark
- Martin Söderlind, Country Manager, Sweden
- Janne Heikkinen, Executive Vice President, Products and Services
- Vesa Syrjäkari, Executive Vice President, Business Development and Operational Excellence until September 30, 2024

Loans of Related Parties
Innofactor Plc's total loan receivables from subsidiaries amount to EUR 11.7 million. The company does not have any other major related party transactions.

Auditor
The auditor of Innofactor Plc was Ernst & Young Oy Authorized Public Accounting Firm, with Juha Hilmola (APA) as the auditor with principal responsibility.

Board of Directors' Proposal on the Distribution of Profits

According to the dividend distribution policy, Innofactor will generally not pay dividends in the future but will instead use the retained earnings for growth-enhancing measures.

For 2024, the Group's result for the financial period was EUR 263,161.73. 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 year 2024, the distributable assets of the Group's parent company amounted to EUR 7,949,235.09.

The Board of Directors proposes that no dividend be distributed for the financial period of January 1–December 31, 2024.

Sustainability Report

Innofactor Plc's Sustainability Report 2024

Content

Changes in Reporting

Innofactor publishes its first Sustainability Report in accordance with the Corporate Sustainability Reporting Directive and chapter 7 of the Finnish Accounting Act with regard to information on the year 2024. Where applicable, the report also includes comparison data for 2023. The metrics used in the report have not been subject to verification other than the assurance required by the Accounting Act.

Sustainability at Innofactor

Innofactor's Double Materiality Assessment and Information to be Reported

Innofactor has assessed the most significant sustainability themes for its operations in accordance with the principle of double materiality. Innofactor's first double materiality assessment was mainly carried out in 2023, and it consisted of stakeholder identification, an extensive stakeholder survey with approximately 120 responses, a survey for the Executive Board, an Executive Board workshop and the continuous work of the sustainability steering group. The Executive Board workshop discussed the results of the surveys mentioned and various sustainability themes in the context of Innofactor's operations. External sustainability specialists have been partially used to support the work on the assessment.

Based on the double materiality assessment and the sustainability strategy approved by the Board of Directors, Innofactor includes the following standards in its reporting:

- ESRS 2 General disclosures
- ESRS E1 Climate change
- ESRS S1 Own workforce
- ESRS S2 Workers in the value chain (Innofactor applies the transitional provision, not included in the reporting on 2024)
- G1 Business conduct

In addition to the ESRS standards, Innofactor has identified the significance of data security and data protection as part of sustainable business development in the IT sector.

Innofactor's sustainability efforts are guided by the approved strategies concerning the company's business operations and sustainability, as well as the ISO 9001, ISO 27001, ISO 13485 and AQAP-2110 standards and related processes and guidelines. Innofactor is also committed to complying with the ILO Declaration on Fundamental Principles and Rights at Work, UN Universal Declaration of Human Rights, UN Sustainable Development Goals, and the principles of the ICC Business Charter for Sustainable Development.

Innofactor is committed to supporting the achievement of the UN Sustainable Development Goals (SDGs) by 2030. We have identified the most relevant SDGs from the perspective of our business operations: SDG 8 Decent work and economic growth, SDG 5 Gender equality, and SDG 3 Good health and well-being. The standards taken into account in this Sustainability Report are aligned with these goals.

Innofactor's Sustainability Strategy

Our sustainability vision is: We promote sustainable innovation, equality, well-being and integrity to build a better future.

Our sustainability strategy is divided into four areas:

- We innovate for good
- We are fair
- We put people first
- We build trust

The areas and objectives of the strategy are based on the results of our stakeholder survey and internal workshops, and approved by the Board of Directors. The sustainability strategy is aligned with Innofactor's strategy, mission, values, employee value proposition and working principles.

ESRS 2 – General Disclosures

BP-1 General Basis for Preparation of Sustainability Statements

Innofactor's sustainability report consists of the entities included in Innofactor Plc's consolidated financial statements. The scope of consolidation of the report is the same as for the company's financial statements.

With regard to the value chain, the report includes information on Innofactor's own personnel and operations. From the value chain, suppliers of IT equipment and cloud capacity have been included in emissions calculations. In other respects, the value chain participants have not been considered material, with the preliminary exception of value chain workers, with regard to whom Innofactor applies the transitional provision as described below. The value chain is described in more detail below in the paragraph *SBM-1 Strategy, Business Model and Value Chain*.

In this report, Innofactor has not used the option to omit information corresponding to intellectual property, know-how, the results of innovation, impending negotiations or matters in the course of negotiation.

BP-2 Disclosures in Relation to Specific Circumstances

Innofactor applies the definitions of short-, medium- and long-term time horizons provided in the ESRS standards. Innofactor has partially used indirect sources in its GHG emissions calculations. GHG emissions calculation is described in paragraph *E1-6 Gross Scopes 1, 2, 3 and Total GHG Emissions*. In other respects, the reported information has been obtained directly from the systems concerning the data in question.

Innofactor is publishing its Sustainability Report for 2024 for the first time with this scope, so the report is not directly comparable with the previously reported data in all respects. In the future, potential changes from previous reporting periods will be described in the report in accordance with the requirements of the ESRS standards (such as comparative figures, their differences and potential errors). Innofactor has not identified any errors in the information reported on the year 2023.

According to Innofactor's assessment, the reported quantitative metrics do not involve significant uncertainty.

Use of Transitional Provisions

Innofactor applies a transitional provision in the disclosure of information required by the standard ESRS S2 Workers in the value chain, which has been assessed as material on a preliminary basis. In addition, according to transitional provisions, Innofactor's reporting on 2024 does not include Disclosure Requirement E1-9 "Anticipated financial effects from material physical and transition risks and potential climate-related opportunities" under the E1 Climate change standard.

Taking into account the sizes of Innofactor, its customers, partners and subcontractors as well as their geographical scope of operation, Innofactor has, at this stage, assessed working conditions and equal treatment as relevant sub-topics with regard to value chain workers. The practices applied so far in relation to Innofactor's partners and subcontractors to take into account potential negative impacts in the value chain are described below in the paragraph *G1-2 Management Of Relationships With Suppliers*. Innofactor does not apply separate metrics with regard to value chain workers, and has yet to set targets concerning value chain workers. Reporting, targets, metrics and methods of influence concerning value chain workers will be assessed in more detail during the transition period.

GOV-1 The Role of the Administrative, Management and Supervisory Bodies

Innofactor's key bodies with regard to sustainable development consist of the Board of Directors, the Group Executive Board, the sustainability steering group and the sustainability committee. Innofactor also uses external sustainability consultants when necessary. Innofactor's corporate governance system is also described in a separate Corporate Governance Statement. In addition to the bodies described below, the bodies that play a key role with regard to sustainable development also include Innofactor's centralized HR function and the data security group, which are represented in the sustainability steering group.

Innofactor's sustainability management model is presented in the figure below.

Sustainability Management at Innofactor

Body	
Board of Directors	**Members**: In 2024, the Board of Directors consisted of Anna Lindén (chair), Sami Ensio, Risto Linturi, and Heikki Nikku until October 11, 2024. From October 11, 2024, onwards, the Board of Directors has consisted of Antti Kummu (chair), Sami Ensio, Timo Larjomaa and Risto Linturi. The Board of Directors confirms the setting of targets annually and monitors their progress at its meetings. Of the members of the Board of Directors, CEO Sami Ensio participates in the company's management as an executive. **Gender diversity**: Until October 11, 2024, the gender distribution of the Board of Directors was 25% women and 75% men. From October 11, 2024, onwards, there have been no female members on the Board of Directors. **Responsibilities**: The Board of Directors has overall responsibility for sustainability reporting and resource allocation. The Board of Directors approves the sustainability strategy and the company's risk management principles. **Independence**: Until October 11, 2024, 75% of the members of the Board of Directors were independent of the company and its significant shareholders. During the period October 11–December 31, 2024, the proportion of Board members who were independent of the company and its significant shareholders was 50%.
Group Executive Board (CEO and CFO as part of the Executive Board)	**Members:** The Group Executive Board consists of Sami Ensio (CEO), Jørn Ellefsen (Country Manager, Norway and Denmark), Martin Söderlind (Country Manager, Sweden), Anni Wahlroos (CPO and Deputy CEO) and Janne Heikkinen (EVP, Products & Services). During 2024, the members of the Group Executive Board also included Antti Rokala (CFO) from January 1 to October 29, 2024, and Vesa Syrjäkari (Executive Vice President, Business Development and Operational Excellence) from January 1 to September 30, 2024. There were no employee representatives on the Executive Board. All members of the Executive Board have participated in the company's management as executives. **Gender diversity:** Until October 31, 2024, the gender distribution of the Executive Board was 14% women and 86% men. During the period November 1–December 31, 2024, the proportion of women on the Executive Board was 20%. **Responsibilities:** • Assesses the template and data points of the sustainability report and presents the report to the Board of Directors for approval. • Determines the resources available for sustainable development. • Reviews the sustainability strategy and presents it to the Board of Directors for approval. • Prepares annual sustainability targets and presents them to the Board of Directors for approval as part of the company's business targets. The Executive Board monitors progress towards the targets. • The CFO is responsible for annual sustainability reporting. • Ensures competence development related to sustainability matters.

Sustainability steering group Consists of representatives of Innofactor's functions that are material with respect to the sustainability themes, and process owners.	**Members:** In 2024, the sustainability steering group comprised seven members, representing the following support functions: HR, Communications, Legal and Finance. There were five employees in the steering group and two executive members of the Group's management. **Gender diversity:** In 2024, 57% of the members were women and 43% were men. **Responsibilities:** • Continuous assessment of impacts, risks and opportunities, as well as materiality, with regard to sustainability themes. • Regular engagement with stakeholders. • Each representative is in charge of the planning and implementation of sustainability-related measures and targets in their area of responsibility. • The sustainability steering group prepares and, if necessary, presents sustainability targets to the Executive Board.
Sustainability committee	• A voluntary committee consisting of Innofactor employees. • Implements actions related to sustainability targets and makes proposals for actions. • In 2024, Innofactor's resource allocation was focused on the preparation of reporting, and the committee did not meet at all. The plan is to restart the committee's operations in 2025.

In 2024, the Board of Directors included members who have familiarized themselves with sustainability matters that are relevant to Innofactor's business and operating environment. The members of the Board of Directors do not represent specific expertise or educational backgrounds related to sustainability. In its work, the Board of Directors utilizes the expertise of the Executive Board and the sustainability steering group, as well as external experts if necessary. The Board of Directors has broad expertise in, and understanding of, the IT business, the impacts of the technology transformation and taking them into account in business operations, and IT industry trends in the company's business areas in the Nordic countries.

The members of Innofactor's Executive Board represent all of the company's business areas. The Executive Board has members from Finland, Sweden and Norway. The Chief People Officer, who is part of the Executive Board, has strong expertise in sustainability matters concerning social responsibility and, in particular, the Group's own workforce.

The sustainability expertise of the sustainability steering group and the rest of the organization in relation to material impacts, risks and opportunities is available to the company's Board of Directors and the Executive Board. The members of the sustainability steering group have been selected on the basis of the identified material sustainability themes, in which each member has a relevant educational background and experience in their area of responsibility.

GOV-2 Information Provided to and Sustainability Matters Addressed by the Undertaking's Administrative, Management and Supervisory Bodies

The sustainability steering group regularly assesses the impacts, risks and opportunities related to sustainability matters in accordance with Innofactor's internal risk management principles, among other things. In accordance with the company's risk management process, Innofactor's Group management prepares a quarterly risk assessment for the company's Board of Directors and Executive Board, which included the following sustainability-related risks in 2023 and 2024:

- The availability of competent personnel
- Personnel turnover
- Risks related to data protection and data security
- Risks related to legal compliance (such as risks caused by corruption and anti-competitive behavior) and the resulting potential risk of exclusion from public procurement processes.

The risk assessment includes the status of each identified risk and a summary of the planned remedies if the threshold set for the risk has been exceeded. The Board of Directors uses the information provided by the risk assessment as a basis for decision-making.

During the reporting period, the Board of Directors approved Innofactor's sustainability strategy and, as part of the preparations for reporting, the sustainability steering group has addressed the matters described in paragraph *SBM-3 Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model* on an ongoing basis. In addition, as part of its normal work, the Board of Directors has been informed of figures related to employee satisfaction and the status of data security and data protection, among other matters. During the reporting period, the Executive Board indirectly addressed sustainability themes as part of Innofactor's strategy reform.

Risks are described in more detail in paragraph *SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model*, and the responsibilities of the governance bodies are described above in paragraph *GOV-1 The Role of the Administrative, Management and Supervisory Bodies*.

GOV-3 Integration of Sustainability-Related Performance in Incentive Schemes

At Innofactor, all employees are covered by an incentive scheme. The incentive scheme is approved annually by the company's Board of Directors on the basis of the proposals of the Remuneration Committee. The key elements of the incentive scheme common to all of the participants are growth and profitability. For customer-facing experts, the amount of customer work is also a factor.

For the management, sustainability-related performance is linked to the bonus scheme through customer satisfaction and employee satisfaction. If employee satisfaction or customer satisfaction decreases when compared to the preceding performance period or is below the target, it has a decreasing effect of 10 percent on the management's incentives for both variables. The management's incentives do not include climate-related targets, and they have not been considered relevant so far due to the nature of the company's operations.

GOV-4 Statement on Due Diligence

IInnofactor's operations are managed through pre-defined core processes and standards. Innofactor's quality system defines the company's business model and is divided into eight documented business processes and eight support service processes. The company's support service processes relating to risk management, legal issues and financial reporting, and business processes related to the personnel and resource allocation, define the main issues and procedures with regard to sustainability.

Innofactor does not have a separate due diligence process concerning sustainability. Instead, sustainability is taken into account in accordance with the established strategic priorities in each process that is relevant to a sustainability theme (e.g. personnel well-being in the HR process). Compliance with processes and their implementation is monitored through process metrics and internal audits, and each process has a designated owner.

GOV-5 Risk Management and Internal Controls over Sustainability Reporting

A general description of Innofactor's risk management is provided in paragraph *IRO-1 Description of the Processes to Identify and Assess Material Impacts, Risks and Opportunities*, and the same procedure also applies to risks related to sustainability reporting. Sustainability reporting is part of each applicable process (such as HR), and the reporting process can be audited internally as part of Innofactor's quality system audits. The report is audited annually in connection with the external verification of sustainability reporting.

Risks related to sustainability reporting are monitored as part of the company's ordinary monitoring in accordance with the risk management process. With regard to risks related to sustainability reporting, the sustainability steering group has identified personnel turnover concerning persons responsible for reporting and resource allocation as key short-term and medium-term risks, and access to reliable information on the value chain has been identified as a risk when the transition period ends. However, these risks have not been considered material for the time being.

SBM-1 Strategy, Business Model and Value Chain

Innofactor worked on updating its business strategy during the reporting period. Operations under the new strategy and organizational structure started on January 1, 2025. From the perspective of sustainability reporting and the double materiality assessment carried out by the company, the new strategy did not include any changes that would have significant impacts on Innofactor's business model, value chain, material sustainability themes or information to be reported.

The most significant product and service categories during the reporting period were:

- Digital Services
- Business Solutions
- Information and Case Management
- Cloud Infrastructure
- Data, Analytics and AI
- Cybersecurity

Innofactor's customer base consists of private, public and third-sector operators, and Innofactor's solutions are utilized by approximately 1,000 private and public sector organizations in the Nordic countries. In 2024, companies represented 51% of the customer base and the public administration (including the third sector) represented 49%. Innofactor does not disaggregate its net sales by industry, but has assessed that the key ESRS sectors for its operations are technology and telecommunications, industry and manufacturing, and health and well-being.

The number of employees in each operating country is reported in paragraph *S1-6 Characteristics of the Undertaking's Employees*.

As described below in paragraph *SBM-3 Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model,* Innofactor has identified an opportunity to have an impact on sustainability-related topics through its products and services, together with customers. However, Innofactor has not yet defined targets or metrics concerning these.

Innofactor's strategy during the reporting period and the company's new strategy focus on solutions that are implemented on, and take advantage of, Microsoft platforms. Innofactor focuses on implementing cloud solutions and digitalization as well as AI-driven solutions. Innofactor is a system integrator and software development company. Thus, the core of the business model and enabler of the company's growth is the competent personnel with the ability to advance.

Innofactor offers its customers planning services for business-critical IT solutions, project deliveries, implementation support and maintenance services, and develops its own software and services. With regard to Innofactor's business model, the key participants in the company's value chain consist of Innofactor's own personnel, technology partners, IT hardware suppliers and the end-users of Innofactor's solutions, including customers, customers' employees, customers' customers, and other stakeholders.

Innofactor's key production input is Innofactor's own personnel and, where necessary, subcontracting chains. Policies related to Innofactor's own personnel are described below in the report's section *ESRS S1 – Own Workforce*.

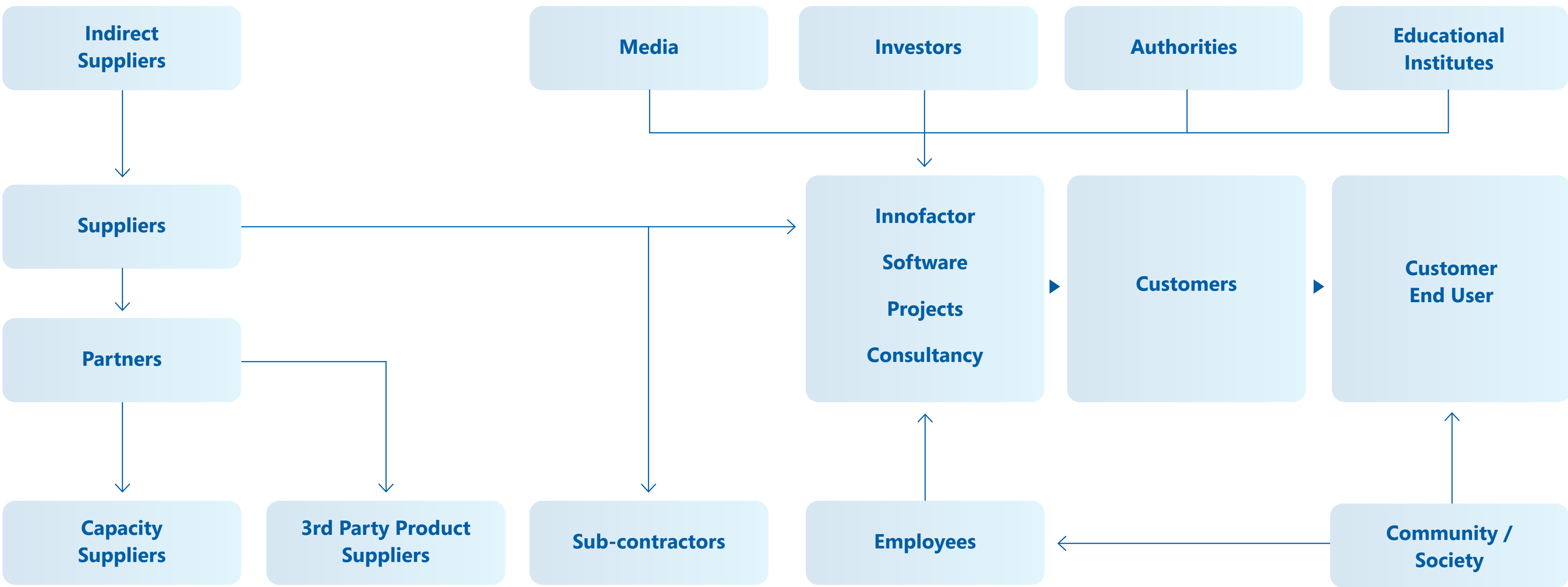


Image: Innofactor's value chain

SBM-2 Interests and Views of Stakeholders

Key stakeholders	Reasoning	Engagement
Customers	Innofactor's success is linked to its customers' success, which is why we aim to help our customers further develop their business.	As part of maintaining the customer relationship, for example, in the form of steering groups and follow-up meetings. A regular customer satisfaction survey.
Personnel	Innofactor's success depends to a significant degree on the company's personnel, their commitment and their competence, as well as their performance in their duties.	Described below in paragraph *S1-2 Processes for Engaging with Own Workers and Workers' Representatives About Impacts*.
Partners and subcontractors	The availability of partners and subcontractors and the success of co-operation have an impact on Innofactor's performance in helping its customers succeed.	As part of the normal maintenance of partner and subcontracting relationships, depending on the nature of the delivery.
Investors and analysts	Investors and analysts have a direct impact on the company's value and a view of the financial risks and opportunities in Innofactor's operations.	Through the regular provision of investor information, Innofactor aims to keep investors and analysts informed of the development of the company's operations.

In connection with the double materiality assessment, Innofactor has also identified other stakeholders relevant to its operations, such as the public authorities, local communities, educational institutions, researchers, and the media.

The key stakeholders participated in the 2023 stakeholder survey, the results of which were taken into account in the identification of material sustainability themes and defining the priorities of Innofactor's sustainability strategy. Innofactor's sustainability steering group continuously assesses who the company considers to be its key stakeholders, taking into account the nature of the business and the material sustainability themes, and the need to commission new stakeholder surveys.

In addition, the key stakeholders' views concerning sustainability themes are monitored as part of the ordinary course of business (for example, with the help of feedback received from customers or the personnel), and this feedback is also taken into account in the planning of the company's strategy and business operations. Innofactor also monitors potential assessments of the company presented by analysts. The new business strategy and organizational structure, which entered into effect on January 1, 2025, are expected to serve Innofactor's customers and personnel even better. The strategy reform is not expected to materially change relations with stakeholders or the views of stakeholders.

In 2025, Innofactor will assess the need for a regular stakeholder survey and its interval. Feedback from stakeholders is also communicated to the Group's management and Board of Directors as part of the normal work of the Executive Board and the Board of Directors, and normal business development processes.

SBM-3 Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model

Innofactor has described its material impacts, risks and opportunities in the table below. For each theme, the management measures related to the impacts, risks and opportunities are described in connection with each reported standard.

Sustainability theme	Negative impacts	Positive impacts	Risks	Opportunities
Environment and climate change Estimated time horizon of the impacts: medium-term and long-term.	GHG emissions caused by Innofactor's own operations and supply chain that warm the climate. Climate change mitigation measures may cause additional costs, but Innofactor has not yet estimated their magnitude in more detail.	The opportunity to support the achievement of customers' GHG emission reduction targets and to promote digitalization through solutions and services implemented by Innofactor.	Through Innofactor's value chain, climate change may have an impact on the availability of IT equipment and the price of purchased services if the partners' adaptation measures related to climate change mitigation lead to increasing costs (transition risk).	Innofactor has the opportunity to have a positive impact on the environment, for example, by promoting the use of digital and energy-efficient solutions with its customers and by favoring partnerships that support sustainability targets in its own operations. Digital solutions related to sustainability themes (such as sustainability data management) can create new business opportunities for Innofactor.

Sustainability theme	Negative impacts	Positive impacts	Risks	Opportunities
Own employees Covers the company's entire own workforce. Estimated time horizon of impacts: short-term and medium-term.	Employees with a high level of competence and well-being are at the core of Innofactor's business model. However, Innofactor's operations may have negative impacts with regard to the following personnel-related themes in particular: • Workload and work-life balance. • Equality and fair treatment of employees • Working conditions and terms of employment in general, such as adequate wages and the management of work. Challenges related to the aforementioned factors or the way employees perceive Innofactor's operations as an employer have a direct impact on the success of Innofactor's business and strategy.	In its own operations, Innofactor can contribute to the following positive impacts, among others: • competence through training, for example. • equality in recruitment and internal decision-making, • well-being at work by monitoring working times and providing meaningful work tasks.	The availability of highly competent professionals and employee turnover.	Increasing the number of personnel enables financial growth. Net sales growth and developing the competence of the personnel enables the expansion of the customer base, long-term customer relationships and ensuring the quality of deliveries. A responsible employer image supports successful recruitment, makes Innofactor attractive to IT professionals and enables the growth of the number of personnel. Ensuring equal treatment promotes the recruitment of the best talent.
Workers in the value chain For example, subcontractors' employees.	Indirectly, through business relationships, Innofactor has a similar impact on value chain workers as it has on its own employees. The impacts of operations on working conditions and the realization of human rights are emphasized in the value chain.	The opportunity to contribute to similar positive impacts as for the company's own personnel.	Risks related to working conditions, such as compliance with labor legislation and human rights among subcontracting partners, and potential reputational damage arising from these risks. The materiality of risks is significantly influenced by the nature and geographical scope of the value chain participant's operations.	Partners and customers may increasingly apply sustainability themes in their selection criteria or incorporate sustainability requirements into operations. Ensuring the sustainability of partners may also become a competitive advantage.

Sustainability theme	Negative impacts	Positive impacts	Risks	Opportunities
Business conduct (compliance) Estimated time horizon of the impacts: medium-term and long-term.	Transparent business in accordance with high ethical standards is the basis of Innofactor's operations. Innofactor's business conduct practices have an impact on Innofactor's ability to promote an open culture and prevent bribery, corruption and other misconduct. If Innofactor did not promote an open corporate culture, it could also lead to an atmosphere for employees in which suspected misconduct would not be reported. Potential incidents of bribery or competition law violations may also cause harm to Innofactor's business, customers and society in a broader sense.	Innofactor can contribute to legal compliance and the realization of its values in its own operations and in its value chain through business relationships. Appropriate practices, prompt investigation of reported incidents and promoting an ethical and sustainable corporate culture can be considered to have a positive impact on procurement processes and also make the company a more attractive supplier for private sector customers.	Innofactor's material risks related to business conduct mainly concern the consequences and reputational damage arising from legal non-compliance. Responding to increasing regulatory requirements also constitutes a financial risk insofar as the resulting costs increase faster than Innofactor's ability to incorporate the costs into its service pricing. A large part of Innofactor's customer base is made up of public procurement entities, which means that unethical conduct (such as violations of competition regulations) may lead to exclusion from procurement processes.	The reliability of operations and adherence to high ethical standards can make Innofactor a more attractive investment, employer and partner for customers. Digital solutions for incident reporting, for example, and the growing number of companies using high-quality management systems may present business opportunities.
Data Security and Data Protection	Depending on the nature of the delivery, Innofactor has a material impact on how data security and personal data protection are ensured in the solutions and services implemented by the company. Problems related to data security and data protection may lead to significant negative impacts in both Innofactor's own operations and among customers, and also in relation to Innofactor's own personnel.	Through its own actions, Innofactor can promote the realization of data security and data protection in its solutions. Managing these themes and demonstrating this to the customers increases trust and promotes the protection of customers' confidential data, Innofactor's confidential data and personal data, and reduces risks related to data security breaches.	The risks identified by Innofactor in relation to data security and data protection include unauthorized access that compromises data, leaks of insider information or Innofactor's business secrets, compromised personal data, unauthorized transfers of funds, or large-scale denial of service or ransomware attacks. The materialization of the risks may lead to loss of net sales, reputational damage, claims for damages and sanctions imposed by the supervisory authorities.	The increased importance of data security and data protection in society enables the provision of related digital solutions and may lead to an increase in the demand for data security services.

With the exception of data security and data protection, the material impacts, risks and opportunities identified by Innofactor are within the scope of the disclosure requirements stipulated by the ESRS standards. Data security and data protection are discussed in the section *Data Security and Sata Protection* of the report.

In the assessment of risks and opportunities, the time horizon applied to impacts is equal to the company's financial year. With regard to the environment, the time horizon of risks can be considered medium-term or long-term. The company has not conducted a climate resilience analysis on its strategy and business model.

During the reporting period 2024, Innofactor did not identify any material financial effects that would result from the materialization of identified risks or material opportunities. Innofactor regularly assesses the value of certain significant assets through separate impairment tests. The potential financial effects arising from impairment can be managed by the Group's internal arrangements.

Material risks, opportunities and impacts are reported in accordance with sustainability reporting regulations for the first time on the year 2024. However, risks, in particular, have also been assessed in previous reporting periods. The company's risk analysis takes into account the company's resilience and ability to address material impacts and risks by setting reference values for the identified risk factors. If these values are exceeded, the management is obliged to determine the appropriate remedies. These materialized risks and the related measures are presented to and addressed by the company's Board of Directors in accordance with Innofactor's risk management process.

IRO-1 Description of the Processes to Identify and Assess Material Impacts, Risks and Opportunities

Innofactor's sustainability steering group assesses, at least once per reporting year, the material sustainability-related impacts, risks and opportunities of the company's operations in relation to the sustainability themes in the following respects, for example:

- whether new risks, opportunities or impacts have been identified
- whether there is reason to propose new sustainability-related risks to be added to the risk register, or whether business development opportunities can be identified based on the identified risks
- assess the risks and opportunities arising from the (actual and potential) impacts of operations
- whether there is a need to commission a new stakeholder survey
- whether there is a need to consult an external expert to verify the assessments made.

An analysis of the resilience of the strategy and business model in relation to climate change is conducted as part of the assessment as necessary if any material risks related to climate change have been identified. This process also monitors the climate impacts of Innofactor's operations, such as GHG emissions, and ensures that the science-based emission reduction targets set for Innofactor's operations in 2025 are aligned with the goal of limiting global warming to 1.5°C. No physical climate-related risks were identified in 2024. Climate-related transition risks are addressed in paragraph *SBM-3 Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model*. A scenario analysis has not been used in assessing risks related to climate change.

Innofactor operates in the IT sector, and its locations are offices. Although climate change themes emerged in Innofactor's double materiality assessment, Innofactor has not considered environmental topics such as pollution, water and marine resources, resource use, circular economy, or biodiversity and ecosystems as material. Consequently, Innofactor has not assessed the locations of its offices, business operations, assets, or value chain in terms of risks, opportunities, and dependencies related to these topics. Innofactor has not considered it necessary to implement measures related to biodiversity or to organize separate consultations. Innofactor continuously monitors these topics as part of the sustainability themes evaluation described in this report and updates this assessment and its materiality analysis as necessary.

Innofactor applies a risk management process that is within the scope of ISO9001, ISO27001, AQAP2110 and ISO13485 certification and covers all of Innofactor's functions, and is not focused on specific functions, business relationships or geographical areas. The process takes into account the impacts the company is connected with through its own operations or business relationships. Feedback from stakeholders is also used as a basis for assessments.

For each risk or opportunity identified in accordance with the risk registers prepared for the core process of Innofactor's operations, Innofactor defines the category, likelihood, financial effect, owner, risk management measures or measures to realize opportunities. Risks may be prioritized according to their potential impacts. Innofactor does not prioritize sustainability-related risks. Instead, the same risk management processes is applied to all risks. In addition, as part of its double materiality assessment, Innofactor has assessed the likelihood, scope and nature of various impacts related to the sustainability themes at a general level.

Innofactor regularly reviews its Group-level risk register and the need to update it, taking into account the risks related to business operations and risks that may be caused by Innofactor's own operations. The materialization of risks is assessed, among other things, by means of internal audits that are part of the company's management system and the results of which can be utilized in risk assessments. The company's Board of Directors uses the risk assessment as part of its decision-making. The risk assessment process has not been changed from the previous reporting period. Risks, opportunities and impacts can also be identified as part of Innofactor's business development processes.

IRO-2 Disclosure Requirements in ESRS Covered by the Undertaking's Sustainability Statement

A list of reported disclosure requirements is included in the table of contents of this sustainability report, and a list of data points based on other EU legislation is available below in section *IRO-2 List of Datapoints Based on Other EU Legislation*.

ESRS E1 – Climate Change

Of the disclosure requirements under the E1 standard, disclosure requirement E1-8 Internal carbon pricing has been assessed to be non-material on the basis of Innofactor's double materiality assessment and business context, as Innofactor does not apply internal carbon pricing schemes.

EU Taxonomy Disclosures

Innofactor has reviewed its economic activities during the reporting period against the criteria set by the EU. Innofactor has not identified activities aligned with the environmental objectives of the taxonomy. Therefore, Innofactor's taxonomy-eligible activities account for 0 percent of the company's net sales and capital expenses.

Share of taxonomy-eligible activities

KPI	EUR thousand	Taxonomy-eligible, %	Non-taxonomy-eligible, %
Net sales	77,576	0.0	100.0
Capital expenditure*	472	0.0	100.0
Operating expenditure	8,706	0.0	100.0

* The Group's reported gross capital expenses including related advance payments.

Detailed information in accordance with the Taxonomy Regulation is presented in the tables *Taxonomy-Eligible Net Sales*, *Operating Expenses (OpEx)*, and *Capital Expenses (CapEx)*.

E1-1 Transition Plan for Climate Change Mitigation

Innofactor has started to work on its transition plan for climate change mitigation, and the aim is to report on the transition plan in the sustainability report concerning information on the year 2025.

Taxonomy-Eligible Net Sales

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")										
Economic activities (1)	Code (2)	Net Sales (3) MEUR	Proportion of Net Sales (4) %	Climate Change Mitigation (5) %	Climate change adaptation (6) %	Water (7) %	Pollution (8) %	Circular Economy (9) %	Biodiversity (10) %	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N	Minimum Safeguards (17) Y/N	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) net sales, 2024 (18) %	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) net sales, 2023 (19) %	Category enabling activity (20) M	Category transitional activity (21) S
A. Taxonomy-eligible activities																				
Net sales of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0 %	0 %	n.a.	n.a.
Net sales of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																	
Net sales of Taxonomy-eligible activities (A.1 + A.2)		**0**	**0%**																	
B. Taxonomy-non-eligible activities																				
Net sales of Taxonomy-non-eligible activities (B)		**77.6**	**100%**																	
Total (A + B)		**77.6**	**100%**																	

Operating Expenses (OpEx)

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")										
Economic activities (1)	Code (2)	OpEx (3) MEUR	Proportion of OpEx (4) %	Climate Change Mitigation (5) %	Climate change adaptation (6) %	Water (7) %	Pollution (8) %	Circular Economy (9) %	Biodiversity (10) %	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N	Minimum Safeguards (17) Y/N	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, 2024 (18) %	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, 2023 (19) %	Category enabling activity (20) M	Category transitional activity (21) S
A. Taxonomy-eligible activities																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																	
OpEx of Taxonomy-eligible activities (A.1 + A.2)		**0**	**0%**																	
B. Taxonomy-non-eligible activities																				
OpEx of Taxonomy-non-eligible activities (B)		**2.4**	**100%**																	
Total (A + B)		**2.4**	**100%**																	

Operating expenses included in the taxonomy assessment (2.4 million euros) cover direct non-capitalized costs related to research and development, building renovation measures, short-term lease, maintenance and repair, and all other direct expenses related to the maintenance of tangible fixed assets either performed by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets (2021/2178).

Innofactor's assessment includes operating expenses related to rental premises, maintenance of premises, and the operation of other fixed assets.

Capital Expenses (CapEx)

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")										
Economic activities (1)	Code (2)	CapEx (3) MEUR	Proportion of CapEx (4) %	Climate Change Mitigation (5) %	Climate change adaptation (6) %	Water (7) %	Pollution (8) %	Circular Economy (9) %	Biodiversity (10) %	Climate Change Mitigation (11) Y/N	Climate Change Adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N	Minimum Safeguards (17) Y/N	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2024 (18) %	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2023 (19) %	Category enabling activity (20) M	Category transitional activity (21) S
A. Taxonomy-eligible activities																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																	
CapEx of Taxonomy-eligible activities (A.1 + A.2)		**0**	**0%**																	
B. Taxonomy-non-eligible activities																				
CapEx of Taxonomy-non-eligible activities (B)		**0.5**	**100%**																	
Total (A + B)		**0.5**	**100%**																	

Capital expenses included in the taxonomy assessment are defined as additions of tangible and intangible assets during the financial year before depreciation, amortization, and revaluations, including revaluations due to changes in valuation and impairments during the financial year, excluding changes in fair value (2021/2178).

Innofactor’s capital costs (0.5 million euros) include activations of employee’s laptops and other equipment.

E1-2 Policies Related to Climate Change Mitigation And Adaptation

Innofactor adheres to its own environmental policy and recognizes the significance of climate change mitigation as part of its sustainability strategy.

Innofactor's environmental policy guides the measures aimed at responding to the challenges caused by climate change and reducing the adverse environmental impacts of the company's operations. The environmental policy defines the principles that are always observed in Innofactor's own operations and in the delivery of solutions to customers. The principles of Innofactor's environmental policy include continuous development, improvement of preventative actions, and reacting to the changing operating environment.

The energy consumption of Innofactor's offices is monitored regularly and reduced as much as possible. As Innofactor's premises are located in leased properties, we can only partially influence the electricity consumption of our offices. The company uses modern collaboration tools and favors online meetings over business travel. The environmental policy applies to the entire Innofactor Group and is available in its entirety on the Innofactor website and for internal stakeholders in the organization's own quality management system.

Innofactor's environmental policy will be updated in 2025. Going forward, it will also address the deployment of renewable energy in the organization. Some of Innofactor's premises are within the scope of renewable energy, and the share of renewable energy consumption of total energy consumption is reported on in paragraph *E1-5 Energy Consumption and Mix*.

Innofactor's sustainability steering group is responsible for the implementation and monitoring of the environmental policy. The company's management is represented in the sustainability steering group by the CFO and the Chief People Officer.

Innofactor does not have policies aimed at climate change adaptation.

E1-3 Actions And Resources In Relation To Climate Change Policies

Innofactor's key climate change mitigation measures and the resources allocated to their implementation during 2024 were as follows:

- A project focused on setting emission reduction targets and creating a transition plan for climate change mitigation, on which an estimated five person-days were used. The project concerns the entire Innofactor Group.
- Renewable district heat was used as the form of heating for the Espoo Campus for the first time. Switching the form of heating for the Campus to renewable energy reduced the emissions caused by the heating of the company's premises by 57% when compared to 2023.

The planned climate change mitigation measures for 2025 are as follows:

- Working on the transition plan for climate change mitigation. The transition plan will apply to the entire Innofactor Group.
- Setting Innofactor's emission reduction targets and having them validated by the *Science Based Targets Initiative (SBTi)* in 2025. As part of target-setting, Innofactor will also specify measures aimed at achieving the emission reduction targets within the specified time frame, as well as a plan for the implementation of the measures and the parties responsible for them. The emission reduction targets will apply to the entire Group.

The implemented and planned climate change mitigation measures did not require significant capital expenditures or operational expenditures during the reporting period and, according to the current estimate, they will not require significant capital expenditures or operational expenditures.

1-4 Targets Related to Climate Change Mitigation and Adaptation

The Science Based Targets Initiative (SBTi) is an international initiative aimed at promoting climate action in the private sector by supporting companies in setting science-based climate emission reduction targets for their operations. Innofactor joined the initiative in March 2025.

In 2024, Innofactor began to work on setting its own emission reduction targets. When the targets are completed, SBTi validation will be sought for them in 2025. Innofactor will disclose its emission reduction targets and the measures planned to promote their achievement, and the monitoring process, in its sustainability report on the year 2025.

In 2024, Innofactor did not separately monitor the effectiveness of its climate-related policies and actions in relation to the material climate-related impacts, risks or opportunities, and the company has not set targets related to climate change adaptation.

E1-5 Energy Consumption and Mix	**2024**
Total fossil energy consumption (MWh)	174.1
Share of fossil sources in total energy consumption (%)	9.1
Consumption from nuclear sources (MWh)	22.1
Share of consumption from nuclear sources in total energy consumption (%)	1.2
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	6.6
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	1,562.0
Consumption of self-generated non-fuel renewable	
energy (MWh)	0.9
Total renewable energy consumption (MWh)	1,569.5
Share of renewable sources in total energy consumption (%)	81.8
Total energy consumption (MWh)	1,917.5

Energy Intensity per Net Sales	**2024**
Total energy consumption from activities in high climate impact sectors per net sales from activities in high climate impact sectors (MWh/1,000 €)	0.025

Innofactor's energy intensity is calculated by dividing total energy consumption by the Group's net sales. The Group's net sales figure reported in the consolidated financial statements has been used to calculate the energy intensity.

E1-6 Gross Scopes 1, 2, 3 and Total GHG Emissions

The principles, requirements and guidelines set out in the *GHG Protocol Corporate Standard* have been taken into account in the calculation of Innofactor's GHG emissions. The emissions calculation has been carried out by an external service provider based on data collected by Innofactor's employees. The results are presented as carbon dioxide equivalents (CO2eq). Carbon dioxide equivalent refers to the standardized environmental impact of different GHG emissions.

The functional boundary for the calculation is based on emissions caused by operations that are under the company's control, and the value chain emissions that have been included are the emissions that are the most relevant to the company's operations. Of Scope 1 emissions, the calculation included emissions caused by the fuel consumption of vehicles leased by the company and emissions from the consumption of liquefied petroleum gas at one operating location. Of Scope 2 emissions, the calculation included emissions caused by the consumption of electricity, district heat and district cooling at our operating locations. The Scope 3 emissions calculation included procurement (IT procurement and the most significant cloud and data center services), waste generated in operations (waste by fraction and wastewater), business travel (travel by car, flights and hotel nights) and emissions arising from employee commuting.

In the category of procurement-related emissions, cloud and data center services were included in the calculation for the first time. Under IT procurement, phones and computers had already been taken into account previously, and the calculation was expanded in 2024 to also include purchased external displays. In the category of waste generated by the operating locations, only wastewater had been taken into account in previous years but, in 2024, the calculation was expanded to also include waste by fraction. The calculation covered 15 Innofactor Group sites: Espoo, Kuopio, Lappeenranta, Tampere, Turku, Kajaani, Oulu and Jyväskylä in Finland, Stockholm, Sundsvall and Gothenburg in Sweden, Oslo, Bergen and Trondheim in Norway, and Copenhagen in Denmark. Emissions caused by commuting have been calculated for the first time on the basis of a commuting survey sent out to Innofactor's entire personnel. The survey was conducted in February 2025 and the response rate was 34 percent of the entire personnel. In 2023, emissions from employee commuting were estimated on the basis of the results of the National Travel Survey carried out by the Finnish Transport and Communications Agency.

Information on the input data, boundaries, emission factors and their accuracy is provided in the table *Input Data, Boundaries and Emission Factors Used in GHG Emission Calculations*. Scope 3 emission sources excluded from the calculation are described in the table *Value Chain Emission Sources Excluded from the Calculation*.

Scope 1 GHG Emissions	2022	2023	**2024**
Gross Scope 1 GHG emissions (tCO2eq)	11.4	9.4	9.7
Own energy production	-	-	0.1
Vehicle fuels	11.4	9.4	9.7
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0

Scope 2 GHG Emissions			
Gross location-based Scope 2 GHG emissions (tCO2eq)	-	-	200.7
Gross market-based Scope 2 GHG emissions (tCO2eq)	184.3	187.8	80.5
Heating (location-based)	-	-	173.5
Heating (market-based)	174.9	176.6	35.3
Electricity (location-based)	-	-	27.2
Electricity (market-based)	9.4	11.2	45.2

Significant Scope 3 GHG Emissions			
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	187.6	246.7	370.4
1 Purchased goods and services	43.2	22.3	44.3
IT procurement	43.2	22.3	38.5

	2022	2023	**2024**
Cloud computing and data center services	-	-	5.9
5 Waste generated in operations	1.2	1.6	14.1
Waste	-	-	13.5
Wastewater	1.2	1.6	0.6
6 Business travel	143.2	166.3	155.5
Business travel by car	32.4	38	39.6
Flights	96.4	111.5	93.2
Hotel nights	14.4	16.8	22.6
7 Employee commuting	-	56.5*	156.5

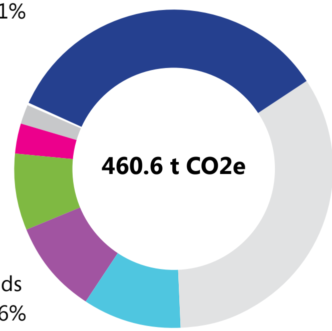
Total GHG Emissions

Total GHG emissions (location-based) (tCO2eq)	-	-	580.9
Total GHG emissions (market-based) (tCO2eq)	383.3	443.9*	460.6

* The total emissions for 2023 have been adjusted after the publication of the 2023 Annual Report to include an estimate of the Scope 3 GHG emissions caused by employee commuting. The estimate was based on the National Travel Survey carried out by the Finnish Transport and Communications Agency.

GHG Intensity per Net Sales	**2024**
Total GHG emissions (location-based) per net sales (tCO2eq/1,000 €)	0.007
Total GHG emissions (market-based) per net sales (tCO2eq/1,000 €)	0.006

Innofactor's GHG emissions intensity is calculated by dividing total location-based or market-based GHG emissions by the Group's consolidated net sales. The Group's net sales figure reported in the consolidated financial statements has been used to calculate the GHG emissions intensity.



Innofactor Group's location-based total carbon footprint for 2024 was 580.9 tCO2eq. Innofactor Group's market-based total carbon footprint for 2024 was 460.5 tCO2eq.

Total location-based GHG emissions per net sales came to 0.007 tCO2eq/1,000 €. Total market-based GHG emissions per net sales came to 0.006 tCO2eq/1,000 €.

E1-6 Input data, Boundaries and Emission Factors Used in GHG Emission Calculations

Scope	Emission source	Calculation method	Data source and boundaries	Accuracy of the data source	Source of the emission factor	Accuracy of the emission factor
Scope 1	Own energy production	Consumption-based (entire property)	Consumption data from the site, consumption apportioned from the entire property's consumption based on the floor area used by the company.	Fairly accurate: Secondary data, the emission source can only be measured indirectly or computationally.	Fuel Classification, Statistics Finland, 2024	Fairly accurate: Secondary data, the emission factor is based on common databases.
Scope 1	Vehicle fuels	Distance-based	The fuel consumption of vehicles under the company's control has been estimated based on kilometers driven and the reported consumption of each vehicle (l/100 km).	Fairly accurate: Secondary data, the emission source can only be measured indirectly or computationally.	Fuel Classification, Statistics Finland, 2024	Fairly accurate: Secondary data, the emission factor is based on common databases.
Scope 2	Electricity	Consumption-based (entire property), apportioned based on floor area	Site-specific consumption data from 13 sites, consumption apportioned from the entire property's consumption based on the floor area used by the company.	Fairly accurate: Secondary data, the emission source can only be measured indirectly or computationally.	Supplier-specific factors and country-specific residual mixes (market-based), and national averages (location-based)	Fairly accurate: Secondary data, the emission factor is based on common databases.
		Estimation based on the company's other sites	For two sites (Copenhagen and Trondheim), the consumption has been estimated using the average consumption of other sites (kWh/m2).	Fairly accurate: Secondary data, the emission source can only be measured indirectly or computationally.	Supplier-specific factors (market-based) and national averages (location-based)	Fairly accurate: Secondary data, the emission factor is based on common databases.
Scope 2	District heating and cooling	Consumption-based (entire property), apportioned based on floor area	Site-specific consumption data from 13 sites, consumption apportioned from the entire property's consumption based on the floor area used by the company.	Fairly accurate: Secondary data, the emission source can only be measured indirectly or computationally.	Supplier-specific factors (market-based) and national averages (location-based)	Fairly accurate: Secondary data, the emission factor is based on common databases.
		Estimation based on the company's other sites	For two sites (Copenhagen and Trondheim), the consumption has been estimated using the average consumption of other sites (kWh/m2).	Fairly accurate: Secondary data, the emission source can only be measured indirectly or computationally.	Supplier-specific factors (market-based) and national averages (location-based)	Fairly accurate: Secondary data, the emission factor is based on common databases.

Scope	Emission source	Calculation method	Data source and boundaries	Accuracy of the data source	Source of the emission factor	Accuracy of the emission factor
Scope 3, category 1	Procurement	Consumption-based	Number of IT procurements (number), cloud services (emissions report). Other procurements and services excluded because the data on them is inaccurate.	Accurate: Primary data, the emission source can be measured accurately.	The service provider's emissions report (11.8%), IT procurements Base Carbone (88.2%)	Fairly accurate: Secondary data, the emission factor is based on common databases.
Scope 3, category 5	Waste	Consumption-based (entire property), apportioned based on floor area	For Espoo, Kuopio, Lappeenranta, Oulu, Tampere, Oslo and Bergen, the waste volumes of the sites, broken down by waste fraction, for the entire property, apportioned on the basis of the floor area used by the company.	Fairly accurate: Secondary data, the emission source can only be measured indirectly or computationally.	Ecoinvent 3.10, WWF	Fairly accurate: Secondary data, the emission factor is based on common databases.
		Estimation based on the company's other sites	Estimate of waste volumes for the sites in Turku, Jyväskylä, Sundsvall, Gothenburg, Copenhagen and Trondheim. The estimate is based on the waste volumes of other sites (tonne of waste/m2).	Fairly accurate: Secondary data, the emission source can only be measured indirectly or computationally.	Ecoinvent 3.10, WWF	Fairly accurate: Secondary data, the emission factor is based on common databases.
	Wastewater	Consumption-based (entire property), apportioned based on floor area	For Espoo, Kuopio, Lappeenranta, Tampere, Turku (4–12/2024), Oulu, Jyväskylä, Stockholm, Sundsvall, Oslo and Bergen, water consumption data for the entire property. Consumption apportioned from the entire property's consumption based on the floor area used by the company. The assumption is that the amount of wastewater is equal to water consumption.	Fairly accurate: Secondary data, the emission source can only be measured indirectly or computationally.	Ecoinvent 3.10	Fairly accurate: Secondary data, the emission factor is based on common databases.
		Estimation based on the company's other sites	For Turku (1–3/2024), Gothenburg, Copenhagen and Trondheim, an estimate of water consumption. The estimate is based on the consumption of other sites (m3 of waste/m2).	Fairly accurate: Secondary data, the emission source can only be measured indirectly or computationally.	Ecoinvent 3.10	Fairly accurate: Secondary data, the emission factor is based on common databases.

Scope	Emission source	Calculation method	Data source and boundaries	Accuracy of the data source	Source of the emission factor	Accuracy of the emission factor
Scope 3, category 6	Business travel	Distance-based (cars, flights), cost-based (nights)	Journeys driven by car (kilometer allowances, EUR/DKK/NOK), flights (estimated distance according to departure and destination) and costs of hotel nights (EUR/NOK/DKK/SEK).	Fairly accurate: Secondary data, the emission source can only be measured indirectly or computationally.	Statistics Finland, Defra	Fairly accurate: Secondary data, the emission factor is based on common databases.
Scope 3, category 7	Employee commuting	Distance-based	Commuting survey for the personnel. Response rate 34%, the responses have been scaled to apply to the entire personnel. Data on kilometers traveled.	Inaccurate: The emission source is based on indicative literature or some other data source or assumption.	Defra, VTT Technical Research Centre of Finland	Fairly accurate: Secondary data, the emission factor is based on common databases.

Value Chain Emission Sources Excluded from the Calculation

Emission source	Grounds for exclusion
2 Capital goods	No significant emission sources
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	No significant emission sources
4 Upstream transportation and distribution	No emission sources
8 Upstream leased assets	No significant emission sources
9 Downstream transportation	No emission sources
10 Processing of sold products	No emission sources
11 Use of sold products	No emission sources
12 End-of-life treatment of sold products	No emission sources
13 Downstream leased assets	No emission sources
14 Franchises	No emission sources
15 Investments	No emission sources

E1-7 GHG Removals and GHG Mitigation Projects Financed through Carbon Credits

During the reporting period, Innofactor did not take measures to enhance natural sinks or apply technical solutions to remove GHGs from the atmosphere in its own operations or upstream and downstream value chain.

Innofactor finances carbon sequestration projects by purchasing carbon credits in certified GHG emission mitigation projects outside the company's value chain. In 2024, Innofactor purchased carbon credits corresponding to its 2023 GHG emissions, amounting to 444 tCO2eq (Resex Rio Redd+ Project, 222 tCO2eq and Safe Water Project, Uganda, 222 tCO2eq). Similarly, in 2025, Innofactor will purchase carbon credits corresponding to its market-based GHG emissions for 2024, amounting to 460.6 tCO2eq. A decision on the financing of carbon sequestration projects is made annually.

ESRS S1 – Own Workforce

S1-1 Policies Related to Own Workforce

Innofactor complies with local collective agreements and local legislation. Policies related to the personnel are documented in the HR policy process description. In addition to compliance with local legislation, Innofactor is committed to the ILO and UN principles and practices concerning human rights as applicable. The Chief People Officer has operational responsibility for implementing and developing personnel policies and generally considering social responsibility related to the workforce in Innofactor's operations.

KPIs have been documented for personnel-related risks, and they are monitored on a regular basis as part of HR and business processes. The KPIs are monitored at the level of the entire personnel, at the country-specific level, and at the level of the Group's different business areas. The reported figures have been calculated in accordance with the standard and, with regard to personnel, they are mainly based on data obtained from Innofactor's ERP system or employee satisfaction system and from the insurance company.

The key elements of Innofactor's corporate culture include a flat hierarchy, close communication and good co-operation with personnel representatives (e.g. shop steward and occupational safety delegate). Innofactor has an occupational health and safety action program that is focused on occupational safety aspects that are relevant to the company's operations, such as first aid skills, ergonomics and rescue drills. Innofactor prioritizes the well-being of its employees and their ability to manage work demands, as the most significant risks to work ability in expert roles are related to coping with these demands.

In accordance with Innofactor's HR policy, there is zero tolerance for discrimination, harassment and bullying. The personnel are committed to these policies as part of the induction training process. The HR function takes action to address all incidents of discrimination, harassment and bullying, and they are investigated on a case-by-case basis. Innofactor has not identified, based on employee characteristics, any employee groups in its own workforce that would be subject to different impacts or risks than the personnel as a whole. Innofactor's operating culture encourages everyone to "Be the Real You" and it is based on the "People First" principle.

Innofactor has also focused on the equal treatment of applicants in its recruitment process. For example, applicants are not asked about gender as part of the recruitment process. In accordance with the company's sustainability strategy, Innofactor aims to be inclusive and supervisors are trained on the theme of inclusivity. In line with Innofactor's Employee Value Proposition, "Be the Real You", everyone at Innofactor can be exactly who they are.

S1-2 Processes for Engaging with Own Workers and Workers' Representatives About Impacts

Innofactor has a culture of open dialogue that encourages feedback and the sharing of information. The company facilitates communication and the sharing of information by means of internal communications, news and briefings. Group-wide result briefings are organized on a quarterly basis, and country-specific and business-specific briefings are organized on a monthly basis to ensure that the personnel have as comprehensive a picture as possible of the situation of the business and current issues. The Chief People Officer is part of the Executive Board, which helps to ensure that the voice of the personnel is heard throughout the organizational hierarchy.

Innofactor conducts a weekly employee satisfaction survey that provides everyone with the opportunity to give anonymous feedback and discuss matters with their supervisor, business management and HR.

The shop steward and occupational safety delegate also serve as the mouthpiece of the personnel towards the employer. We always comply with the local legislation with regard to employee representation.

S1-3 Processes to Remediate Negative Impacts and Channels for Own Workers to Raise Concerns

In accordance with Innofactor's HR policy, there are several channels for giving feedback and raising concerns. Concerns can be expressed directly to one's supervisor, the HR function or personnel representatives, and they are handled in accordance with Innofactor's internal processes, depending on the nature of the matter and how it was raised. Concerns can be raised anonymously via the company's internal whistleblowing channel or the weekly employee satisfaction survey, which all employees can access through the devices they use for their work. The results of the employee satisfaction survey are reviewed on a monthly basis in personnel briefings. To ensure the anonymity of the employee satisfaction survey, the survey is carried out by a third party and the processing of the data is documented on the intranet. As part of the induction training process, each employee acknowledges in writing their commitment to zero tolerance and the obligation to report any observations of bullying, harassment and discrimination.

S1-4 Taking Action on Material Impacts on Own Workforce, and Approaches to Mitigating Material Risks and Pursuing Material Opportunities Related to Own Workforce, and Effectiveness of Those Actions

In accordance with Innofactor's sustainability strategy, the company puts people first in everything it does and supports the well-being and development of its personnel. Additionally, Innofactor is committed to fairness and promotes equality, diversity and inclusion. Maintaining a healthy work-life balance and the ability to cope with the demands of work are important aspects of Innofactor's culture, and the company aims to support these through flexible working conditions, comprehensive occupational health services and good leadership.

During the reporting period, measures taken in relation to these topics included reduced working time arrangements, training for managers, an early intervention model and close co-operation between occupational health, supervisors and the personnel (tripartite co-operation). Through these measures, Innofactor aims to, particularly in the short- and medium-term, minimize personnel turnover, promote the well-being of the personnel and take into consideration factors related to individual employees' ability to cope with the demands of work and factors related to their life circumstances. These measures are key aspects of Innofactor's policies related to social responsibility. Innofactor has planned similar measures for the next year as those implemented during the reporting period.

Innofactor provides ergonomic workstations at all its operating locations. The personnel have the right to take the necessary breaks during the workday. The personnel benefits support well-being and help employees cope with work demands. Innofactor aims for continuous improvement in workplace well-being and monitors progress through a weekly employee satisfaction survey. Each year, the company strives to develop its operations and adopt new practices and benefits based on employee feedback.

Impacts and measures that are significant with regard to the company's workforce are monitored and developed by the HR function, which employed an average of seven people in 2024. In Innofactor's organizational model, People Managers also play a key role with regard to personnel-related impacts. They work as full-time supervisors in the business units. In 2024, there were 10 People Managers. These functions are responsible for preventing negative impacts related to the company's own workforce and advancing positive impacts.

1-5 Targets Related to Managing Material Negative Impacts, Advancing Positive Impacts, and Managing Material Risks and Opportunities

Innofactor monitors employee satisfaction and the personnel's personal perceptions (weekly pulse), sickness-related absences, personnel turnover and the development of personnel competence. In 2024, Innofactor's employee satisfaction was at a good level at 7.5/10 (2023: 7.4/10). The company works continuously to ensure that Innofactor is the best possible workplace for its personnel. Therefore, the target is to maintain employee satisfaction above 7.5/10.

Innofactor monitors sickness-related absences as a percentage of total hours worked. Sickness-related absences at Innofactor are at a level that is typical for the industry. In 2024, the sickness-related absence rate was 2.8% (2023: 2.2%), and the target is to keep the rate of sickness-related absences low (less than 2.5%).

One occupational accident occurred at Innofactor in 2024. The incident did not lead to an absence or permanent harm or injuries.

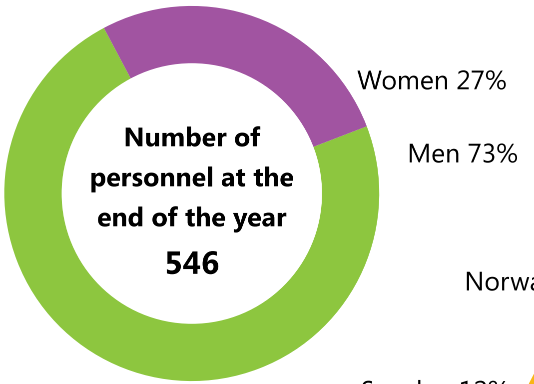
In 2024, personnel turnover was at a moderate level at 11.5% (2023: 15.1%), and the target is to keep personnel turnover at a moderate level going forward. Among Innofactor's active personnel, the average duration of employment was six years in 2024.

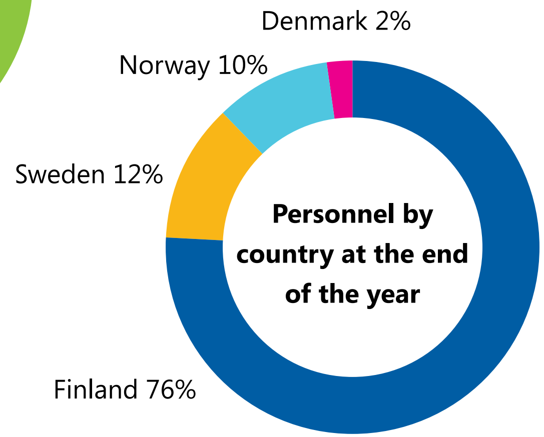
With regard to competence development, Innofactor does not measure hours spent on studying, as a large part of learning takes place as part of day-to-day work and challenging customer projects. The training metric monitored is the number of certificates among Innofactor's personnel engaged in customer work (such as Microsoft certificates, ITIL, PRINCE and SCRUM). In 2024, Innofactor employees had a total of 1,006 certificates relevant to their work. Innofactor has not set any specific targets for the number of certificates. Instead, certification is driven by the requirements of Microsoft and the company's customers.

The above-mentioned targets apply to the objectives of Innofactor's HR process and business operations, and they apply to the entire personnel. Targets are set annually and the development of the metrics is monitored and evaluated on an ongoing basis. The Chief People Officer participates in the setting of the targets with the business management. Targets and outcomes are openly reviewed with the personnel in personnel briefings. Target-setting takes into account feedback received during the previous year from the personnel, personnel representatives, and supervisors.

S1-6 Characteristics of the Undertaking's Employees

Innofactor monitors the number of active personnel. The number of active personnel does not include employees who are on an absence of more than three months. Personnel turnover in 2024 was 11.5% (2023: 15.1%). A total of 77 employees left Innofactor in 2024. The figures reported below with regard to employees reflect the situation on the last day of 2024.





REPORT OF THE BOARD OF DIRECTORS

	Personnel	Male	Female
All personnel	546	73%	27%
Finland	417	73%	27%
Sweden	68	72%	28%
Norway	52	75%	25%
Denmark	9	78%	22%
Permanent employees	541	73%	27%
Temporary	5	60%	40%
Hourly	5	40%	60%

S1-7 Characteristics of Non-Employee Workers in the Undertaking's Own Workforce

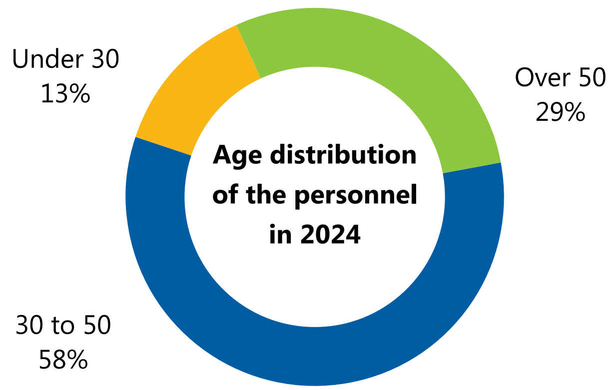
A total of 98 workers employed by subcontractors worked at Innofactor in 2024. The age and gender distribution of subcontractors' employees is not reported. Most of Innofactor's subcontracting agreements are flexible (hourly) and based on customer needs.

S1-8 Collective Bargaining Coverage and Social Dialogue

Innofactor's employees in Finland are subject to Innofactor's company-specific collective agreement, excluding the management (the coverage of the collective agreement is 94%). Only one collective agreement is applied to Innofactor's personnel in Finland. The personnel in Sweden are subject to a local collective agreement (96% coverage). The personnel in Norway and Denmark are not covered by a collective agreement. The collective agreement coverage for the entire personnel is 84%.

S1-9 Diversity Metrics

The gender diversity of the Executive Board is disclosed above in the paragraph *GOV-1 The Role of the Administrative, Management and Supervisory Bodies.*



S1-10 Adequate Wages

Innofactor pays all employees at least the minimum wage in accordance with the legislation of each country, as well as the minimum wage stipulated by the applicable collective agreements.

S1-11 Social Protection

Innofactor's employees reside in the European Economic Area and are subject to the applicable national legislation regarding social security. Innofactor has employees in Finland, Sweden, Norway and Denmark.

S1-12 Persons with Disabilities

Innofactor does not collect or process data on persons with disabilities for reporting purposes and does not consider the collection or processing of such data to satisfy the necessity requirement laid down in the Act on the Protection of Privacy in Working Life.

S1-13 Training and Skills Development Metrics

At Innofactor, learning takes place as part of day-to-day work, combined with self-study, training and certificates. Innofactor also focuses on high-quality induction training. In accordance with the annual calendar, supervisors hold quarterly feedback discussions to review targets and outcomes.

As part of the employee satisfaction survey, the personnel are asked about their perceptions regarding opportunities for personal development. The survey questions are "Do you feel that you have the opportunity to learn and develop your skills" and "Do you feel that you receive sufficient training and development opportunities to perform your work". In 2024, both of these metrics were at a good level at 7/10 (2023: 7/10).

S1-14 Health and Safety Metrics

Innofactor complies with local legislation and collective agreements regarding the organization of occupational safety and health. Healthcare is arranged in accordance with local practices and each employee is covered by healthcare services. Innofactor's operations consist of office work, which is why occupational accidents primarily occur in connection with commuting.

- In 2024, the number of fatalities as a result of work-related injuries and work-related ill health was 0 (2023: 0).
- In 2024, the number of occupational accidents was 1 (2023: 0). In 2024, the number of occupational accidents during commuting was 6 (2023: 3).
- In 2024, the number of incidents of work-related ill health (occupational diseases) was 0 (2023: 0).
- In 2024, the number of lost days due to fatalities resulting from occupational accidents, injuries or ill health was 0 (2023: 0).
- In 2024, the rate of work-related injuries was 1 (2023: 0).

S1-15 Work-Life Balance Metrics

All Innofactor employees are entitled to family-related leave in accordance with the social policy and/or applicable collective agreements. Persons on a director's contract are also entitled to family leave in accordance with the collective agreements.

In 2024, the percentage of the entire personnel of employees taking family leave was 9.7% (2023: 6.8%), of which 32% were women (2023: 33%) and 68% were men (2023: 67%).

In addition, under Innofactor's company-specific collective agreement, the first 36 days of the parental leave period after pregnancy leave are compensated equally for the non-birthing parent.

S1-16 Compensation Metrics (Pay Gap and Total Compensation)

Innofactor's pay policy is based on treating employees as equally as possible. Pay is influenced by the role and the demands of the job, as well as the person's experience and competence. Pay comparisons between the Nordic countries are challenging due to differences in currency and cost level. For this reason, only the figures for Innofactor's employees in Finland are reported in this section.

- Gender pay gap 2024: 6% (2023: 8%)
- The annual total remuneration ratio for Finland in 2024 was 38% (2023: 38%)

The CEO's remuneration is described in the annual remuneration report.

S1-17 Incidents, Complaints and Severe Human Rights Impacts
Innofactor has zero tolerance for bullying, harassment and discrimination. In 2024, there were no reported incidents of discrimination (including harassment) or human rights violations at Innofactor, and Innofactor was not subject to any fines, penalties or compensation for damages related to such incidents.

ESRS G1 – Business Conduct

Disclosure requirement G1-6 Payment practices has been assessed to be non-material on the basis of Innofactor's double materiality assessment.

G1-1 Business Conduct Policies and Corporate Culture
Transparent business in accordance with high ethical standards is the basis of all of Innofactor's operations. Guidelines on business conduct at Innofactor are available to the personnel via Innofactor's quality management system. Potential violations can be detected as part of internal quality audits and, in addition, Innofactor applies the following means and measures to implement policies related to business conduct:

- **The Code of Conduct** lays down the general principles and guidelines that all of our employees must commit to. A test on the Code of Conduct is mandatory for new employees. No separate Code of Conduct training was organized in 2024.
- **Anti-bribery and anti-corruption guidelines.** With regard to anti-bribery and anti-corruption activities, Innofactor has assessed that the largest risk group concerning bribery and corruption are the persons responsible for sales in the company.
- **Internal whistleblowing channel** for reporting any suspected misconduct or unethical activities. Reports can also be submitted anonymously. Whistleblower reports are processed by independent persons and always in compliance with the local legislation governing whistleblower protection. As a rule, whistleblower reports are processed without delay by the Group's lawyer, and the whistleblowing channel is accessible via Innofactor's intranet. If necessary, an independent committee is established to handle the matter, and external experts may be used.

The opportunities of the personnel to raise concerns are also described above in paragraph *S1-3 Processes to Remediate Negative Impacts and Channels for Own Workers to Raise Concerns*.

G1-2 Management Of Relationships With Suppliers
Innofactor has processes concerning partners and subcontracting. These processes set requirements for Innofactor's suppliers. Innofactor does not have separate guidelines concerning payments to small and medium-sized undertakings. Instead, Innofactor adheres to the terms of each agreement.

At the start of each procurement or partnership, each party approving the procurement at Innofactor is obligated to ensure that the selected partner is committed to Innofactor's Code of Conduct, or it has otherwise been ensured that the partner meets the standards of ethical business conduct that Innofactor requires from its partners (for example, through the partner's own Code of Conduct or similar policy).

Innofactor has not identified its subcontracting chains or technology partners as particularly at-risk, taking sustainability themes into account. However, Innofactor continuously evaluates this and reacts to deficiencies or risks observed in the partners' operations as necessary.

G1-3 Prevention and Detection of Corruption and Bribery
Innofactor has zero tolerance for bribery and corruption. Innofactor has an anti-corruption and anti-bribery policy that has been approved by the Board of Directors and supplements the Code of Conduct. In 2024, a concise briefing

was arranged for the sales organization regarding the policy. The topic is also included in the Code of Conduct training aimed at the entire personnel and the onboarding of new employees as part of induction training on the Code of Conduct. Innofactor does not separately monitor the number of regular participants in these training activities. In 2025, Innofactor will assess the need to target anti-corruption and anti-bribery training at separately identified risk groups.

G1-4 Confirmed Incidents of Corruption or Bribery

In 2024, Innofactor did not receive any reports of suspected incidents of corruption or bribery.

G1-5 Political Influence and Lobbying Activities

In 2024, Innofactor did not make any direct or indirect financial or in-kind contributions to political purposes or lobbying activities. During the reporting period, none of the members of Innofactor's Board of Directors or Executive Board had held a comparable position in public administration in the two years preceding their appointment.

Innofactor is registered in the EU Transparency Register (identification number 662561951167–22). Innofactor is a member of the following advocacy organizations:

- Software Finland Association
- Technology Industries of Finland

Data Security and Data Protection

Innofactor has identified the significance of data security and data protection as part of sustainable business in the IT sector and sustainability reporting. Innofactor will assess reporting related to data security and data protection in more detail in 2025.

Administrative sanctions are a metric that Innofactor has already considered to be important in previous years. In 2023 and 2024, the number of GDPR-related administrative sanctions on Innofactor was 0.

Innofactor's management has identified several critical cyber risk scenarios against which a company needs to protect itself. The company is committed to protecting its customers' and partners' information and systems and naturally, Innofactor as a company itself. In order to ensure the level of information security corresponding to the risks, Innofactor maintains a certified information security management system in accordance with the ISO27001 standard.

In its operations, Innofactor is committed to maintaining a high level of data protection and respects the privacy and rights of its personnel, customers and users. Through regular internal audits and the continuous development of data security, Innofactor develops its internal processes and practices related to data protection and data security.

Information security and data protection are mandatory parts of induction training in addition to continuous training on information security and data protection. The company's personnel are required to complete mandatory data security training once every two years. The content of the training is updated annually. Innofactor's information security group meets regularly to guide the development and implementation of information security and data protection at Innofactor. The company has a designated information security manager and a data protection officer.

IRO-2 List of Data Points Based on Other EU Regulation

Disclosure requirement	Data point	In the report	The sustainable finance disclosure regulation reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference
ESRS 2 GOV-1 Board's gender diversity	21 (d)	GOV-1 The role of the administrative, management and supervisory bodies	●		●	
ESRS 2 GOV-1 Percentage of board members who are independent	21 (e)	GOV-1 The role of the administrative, management and supervisory bodies			●	
ESRS 2 GOV-4 Statement on due diligence	30	GOV-4 Statement on due diligence	●			
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities	40 (d) i	Not included in the report – not material	●	●	●	
ESRS 2 SBM-1 Involvement in activities related to chemical production	40 (d) ii	Not included in the report – not material	●		●	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons	40 (d) iii	Not included in the report – not material	●		●	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco	40 (d) iv	Not included in the report – not material			●	
ESRS E1-1 Transition plan to reach climate neutrality by 2050	14	E1-1 Transition plan for climate change mitigation				●
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks	16 (g)	E1-1 Transition plan for climate change mitigation		●	●	
ESRS E1-4 GHG emission reduction targets	34	E1-4 Targets related to climate change mitigation and adaptation	●	●	●	
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	38	Not included in the report – not material	●			

Disclosure requirement	Data point	In the report	The sustainable finance disclosure regulation reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference
ESRS E1-5 Energy consumption and mix	37	E1-5 Energy consumption and mix	●			
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors	40-43	Not included in the report – not material	●			
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions	44	E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	●	●	●	
ESRS E1-6 Gross GHG emissions intensity	53–55	E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	●	●	●	
ESRS E1-7 GHG removals and carbon credits	56	E1-7 GHG removals and GHG mitigation projects financed through carbon credits				●
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks	66	Innofactor has omitted the disclosure requirement for the first year of the sustainability report			●	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66	66 (a)	Innofactor has omitted the disclosure requirement for the first year of the sustainability report		●		
ESRS E1-9 Location of significant assets at material physical risk	66 (c)	Innofactor has omitted the disclosure requirement for the first year of the sustainability report		●		
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes	67 (c)	Innofactor has omitted the disclosure requirement for the first year of the sustainability report		●		
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities	69	Innofactor has omitted the disclosure requirement for the first year of the sustainability report			●	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	28	Not included in the report – not material	●			

Disclosure requirement	Data point	In the report	The sustainable finance disclosure regulation reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference
ESRS E3-1 Water and marine resources	9	Not included in the report – not material	●			
ESRS E3-1 Dedicated policy	13	Not included in the report – not material	●			
ESRS E3-1 Sustainable oceans and seas	14	Not included in the report – not material	●			
ESRS E3-4 Total water recycled and reused	28 (c)	Not included in the report – not material	●			
ESRS E3-4 Total water consumption in m3 per net revenue on own operations	29	Not included in the report – not material	●			
ESRS 2 – IRO-1 – E4	16 (a) i	Not included in the report – not material	●			
ESRS 2 – IRO-1 – E4	16 (b)	Not included in the report – not material	●			
ESRS 2 – IRO-1 – E4	16 (c)	Not included in the report – not material	●			
ESRS E4-2 Sustainable land / agriculture practices or policies	24 (b)	Not included in the report – not material	●			
ESRS E4-2 Sustainable oceans / seas practices or policies	24 (c)	Not included in the report – not material	●			
ESRS E4-2 Policies to address deforestation	24 (d)	Not included in the report – not material	●			
ESRS E5-5 Non-recycled waste	37 (d)	Not included in the report – not material	●			
ESRS E5-5 Hazardous waste and radioactive waste	39	Not included in the report – not material	●			
ESRS 2 – SBM-3 – S1 Risk of incidents of forced labour	14 (f)	Not included in the report – not material	●			
ESRS 2 – SBM-3 – S1 Risk of incidents of child labour	14 (g)	Not included in the report – not material	●			

Disclosure requirement	Data point	In the report	The sustainable finance disclosure regulation reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference
ESRS S1-1 Human rights policy commitments	20	S1-1 Policies related to own workforce	●			
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	21	Not included in the report – not material			●	
ESRS S1-1 Processes and measures for preventing trafficking in human beings	22	Not included in the report – not material	●			
ESRS S1-1 Workplace accident prevention policy or management system	23	S1-1 Policies related to own workforce	●			
ESRS S1-3 Grievance/complaints handling mechanisms	32 (c)	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	●			
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph	88 (b), (c)	S1-14 Health and safety metricst	●		●	
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness	88 (e)	S1-14 Health and safety metrics	●			
ESRS S1-16 Unadjusted gender pay gap	97 (a)	S1-16 Compensation metrics (pay gap and total compensation)	●		●	
ESRS S1-16 Excessive CEO pay ratio	97 (b)	S1-16 Compensation metrics (pay gap and total compensation)	●			
ESRS S1-17 Incidents of discrimination	103 (a)	S1-17 Incidents, complaints and severe human rights impacts	●			
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD	104 (a)	S1-17 Incidents, complaints and severe human rights impacts	●		●	
ESRS 2 – SBM-3 – S2 Significant risk of child labour or forced labour in the value chain	11 (b)	Not included in the report – not material	●			

Disclosure requirement	Data point	In the report	The sustainable finance disclosure regulation reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference
ESRS S2-1 Human rights policy commitments	17	Innofactor has omitted the disclosure requirement for the first year of the sustainability report	●			
ESRS S2-1 Policies related to value chain workers	18	Innofactor has omitted the disclosure requirement for the first year of the sustainability report	●			
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	19	Innofactor has omitted the disclosure requirement for the first year of the sustainability report	●		●	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	19	Innofactor has omitted the disclosure requirement for the first year of the sustainability report			●	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain	36	Not included in the report – not material	●			
ESRS S3-1 Human rights policy commitments	16	Not included in the report – not material	●			
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	17	Not included in the report – not material	●		●	
ESRS S3-4 Human rights issues and incidents	36	Not included in the report – not material	●			
ESRS S4-1 Policies related to consumers and end-users	16	Not included in the report – not material	●			
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines	17	Not included in the report – not material	●		●	
ESRS S4-4 Human rights issues and incidents	35	Not included in the report – not material	●			

Disclosure requirement	Data point	In the report	The sustainable finance disclosure regulation reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference
ESRS G1-1 United Nations Convention against Corruption paragraph	10 (b)	G1-1 Business conduct policies and corporate culture	●			
ESRS G1-1 Protection of whistle-blowers	10 (d)	G1-1 Business conduct policies and corporate culture	●			
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws	24 (a)	G1-4 Confirmed incidents of corruption or bribery	●		●	
ESRS G1-4 Standards of anti-corruption and anti-bribery	24 (b)	G1-4 Confirmed incidents of corruption or bribery	●			

Consolidated Financial Statements

Comprehensive Consolidated Profit and Loss Statement, IFRS

EUR thousand	Note	2024	2023
Net sales	3	77,576	80,263
Other operating income	3	95	141
Materials and services		-13,114	-13,508
Employee benefits/expenses	6	-49,514	-50,784
Depreciation	5	-2,952	-3,266
Other operating expenses	4	-8,706	-7,011
Operating profit		**3,386**	**5,835**
Financial income	8	70	116
Financial expenses	9	-516	-777
Profit before taxes		**2,940**	**5,174**
Income taxes	10	-2,677	-1,736
Profit/loss for the period		**263**	**3,438**
Other comprehensive income			
Items that may be later recognized in profit or loss:			
Translation differences		-39	-49
Total comprehensive income		**224**	**3,389**
Distribution of the profit and comprehensive income			
To shareholders of the parent company		224	3,389
Earnings per share calculated from the profit attributable to equity holders of the parent:			
basic earnings per share (EUR)	11	0.01	0.09
diluted earnings per share (EUR)	11	0.01	0.09

Consolidated Balance Sheet, IFRS

EUR thousand	Note	Dec 31, 2024	Dec 31, 2023
ASSETS			
Non-current assets			
Tangible assets	12	849	1,080
Right-of-use assets	12	4,041	3,177
Goodwill	13	26,640	26,835
Other intangible assets	13	1,619	1,929
Shares and holdings		98	98
Non-current assets		0	44
Deferred tax assets	14	293	2,415
		33,540	**35,578**
Current assets			
Trade and other receivables	15, 19	15,661	18,449
Cash and cash equivalents	16	1,502	425
		17,163	**18,873**
TOTAL ASSETS		**50,703**	**54,451**

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet, IFRS

EUR thousand	Note	Dec 31, 2024	Dec 31, 2023
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent company			
Share capital	17	2,100	2,100
Share premium reserve	17	72	72
Reserve fund	17	59	59
Fund for invested unrestricted equity	17	12,567	15,069
Retained earnings		10,386	10,133
Translation differences		-1,989	-1,950
Total shareholders' equity		**23,195**	**25,483**
Non-current liabilities			
Loans from financial institutions	18, 22	2,800	1,770
Lease liabilities	20	2,357	1,295
Deferred tax liabilities	14	1,733	1,779
		6,890	**4,845**
Current liabilities			
Loans from financial institutions	18, 22	1,542	4,555
Lease liabilities	20	1,782	1,996
Trade and other payables	19	17,294	17,573
		20,618	**24,123**
Total liabilities		**27,508**	**28,968**
Total shareholders' equity and liabilities		**50,703**	**54,451**

Consolidated Cash Flow Statement, IFRS

EUR thousand	Note	2024	2023
Cash flow from operating activities			
Profit before taxes		2,940	5,174
Adjustments:			
Depreciation	5	2,952	3,266
Other transactions with no related cash flow:		426	143
Changes in working capital:			
Change in non-interest-bearing current receivables		2,746	-3,951
Change in non-interest-bearing current liabilities		-279	2,758
Interest paid		-221	-206
Interest received		66	46
Taxes paid		-536	0
Net cash flow from operating activities		**8,094**	**7,229**
Investment cash flow			
Acquisition of subsidiaries		0	200
Purchase of shares in associated companies		0	-93
Investments in intangible and tangible assets		-472	-714
Change in loan receivables		86	74
Net cash flow from investments		**-386**	**-533**
Cash flow from financing			
Loans paid		-1,983	-3,077
Lease liability payments		-2,146	-2,282
Payment of dividend and capital repayment		-2,502	-2,177
Purchase of own shares		0	-1,027
Transfer of own shares		0	336
Net cash flow from financing		**-6,631**	**-8,227**
Change in cash and cash equivalents		**1,078**	**-1,531**
Cash and cash equivalents, opening balance		425	1,956
Cash and cash equivalents, closing balance		**1,502**	**425**

Consolidated Statement of Change in Shareholders’ Equity, IFRS

		Equity attributable to the shareholders of the parent company							
EUR thousand	**Note 17**	**Share capital**	**Share premium reserve**	**Reserve fund**	**Fund for invested unrestricted equity**	**Own Shares**	**Retained earnings**	**Exchange differences**	**Total shareholders’ equity**
Shareholders’ equity Jan 1, 2024		2,100	72	59	15,069	-2,119	12,252	-1,950	25,483
Comprehensive income									
Result for the financial period							263		263
Other comprehensive income:									0
Translation differences								-39	-39
Total comprehensive income							262	-39	224
Repayment of capital					-2,502				-2,502
Change in treasury shares						-10			-10
Shareholders' equity Dec 31, 2023		**2,100**	**72**	**59**	**12,567**	**-2,129**	**12,514**	**-1,989**	**23,195**

		Equity attributable to the shareholders of the parent company							
EUR thousand	**Note 17**	**Share capital**	**Share premium reserve**	**Reserve fund**	**Fund for invested unrestricted equity**	**Own Shares**	**Retained earnings**	**Exchange differences**	**Total shareholders’ equity**
Shareholders’ equity Jan 1, 2024		2,100	72	59	17,247	-1,592	8,815	-1,902	24,799
Comprehensive income									
Result for the financial period							3,438		3,438
Other comprehensive income:							-1		-1
Translation differences								-49	-49
Total comprehensive income							3,437	-49	3,388
Repayment of capital					-2,177				-2,177
Change in treasury shares						-527			-527
Shareholders' equity Dec 31, 2023		**2,100**	**72**	**59**	**15,069**	**-2,119**	**12,252**	**-1,950**	**25,483**

Notes to the Consolidated Financial Statements (IFRS)

1. Basic Information on the Group

Innofactor Plc is a Finnish public company established in accordance with Finnish legislation. The domicile of the parent company is Espoo and its registered address is Keilaranta 9, 02150 Espoo. Innofactor Group is one of the leading software providers focused on Microsoft solutions in the Nordic countries. Innofactor delivers to its customers IT projects as a system integrator and develops its own software products and services. A copy of the consolidated financial statements is available at the company's Internet address www.innofactor.com or at the head office at Keilaranta 9, 02150 Espoo, Finland. Innofactor Plc's Board of Directors has approved these financial statements for publication in its meeting on March 31, 2025. According to the Finnish Companies Act, shareholders may approve or reject the financial statements at a General Meeting held after their publication. The Meeting may also decide to amend the financial statements.

2. Accounting Policies

Accounting Policies

Innofactor Plc's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), observing the IAS and IFRS standards as well as SIC and IFRIC interpretations valid on December 31, 2024. In the Finnish Accounting Act and provisions issued thereunder, International Financial Reporting Standards refer to standards and related interpretations approved for adoption within the EU in accordance with the procedure laid down in regulation (EC) No. 1606/2002. The notes to the consolidated financial statements also comply with the provisions of Finnish accounting and corporate legislation that supplement the IFRS provisions. The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated in the accounting policies. The consolidated financial statements are presented in thousands of euros unless otherwise stated. As the figures are presented in thousands of euros, rounding may cause differences.

Application of New and Amended IFRS Norms

Innofactor Group has applied the amendments and annual improvements to the IFRS standards that entered into force on January 1, 2024. The amendments and annual improvements to the standards have not had a material effect on the financial statements.

The Group applies new and amended standards from the date of their entry into force. Future IFRS standards or IFRIC interpretations that were known at the time of drawing up the financial statements are not expected to have a material effect on the consolidated financial statements.

Segment Structure

Innofactor Group provides comprehensive solutions in a Microsoft-based environment. The Group has one reportable segment. The operations are reviewed as a whole to estimate the profitability and to manage the resources.

Subsidiaries

Subsidiaries are companies over which the Group exercises control. This control arises from the Group holding more than half of the voting rights or otherwise being in a position to exercise control. The existence of potential control has also been taken into account in assessing the conditions under which control arises when instruments entitling to potential control are currently exercisable. Control refers to the right to stipulate the principles of the company's finances and business operations to gain from the operations.

Mutual holdings in the Group are eliminated using the acquisition cost method. The consideration transferred and the acquired company's identifiable assets and assumed liabilities are measured at fair value at the acquisition date. The acquisition costs, excluding the costs to issue debt or equity securities, have been recognized as a cost. The consideration transferred does not include transactions treated separately from the acquisition. The impact of these is recognized in profit or loss in connection with the acquisition. Possible contingent additional consideration has been measured at fair value at the acquisition date and has been classified as liability or equity. Contingent additional consideration classified as debt is measured at fair value at the closing date, and the gain or loss arising is recognized in profit or loss. Contingent additional consideration classified as equity is not remeasured.

The subsidiaries acquired are consolidated from the date when control commences, and the subsidiaries disposed of are included in the consolidated financial statements until control ceases. All internal transactions, receivables, liabilities and unrealized profits, as well as internal profit distribution are eliminated in the consolidated financial statements. In a phased acquisition, the previously held equity interest is measured at fair value, and the resulting gain or loss is recognized in profit or loss. If the Group no longer has a controlling stake in a subsidiary, the remaining asset is measured at fair value at the date the control is lost, and the resulting gain or loss is recognized in profit or loss.

Tangible Assets

Tangible assets have been measured at acquisition value less accumulated depreciation and impairment losses. If an item of tangible assets consists of several parts with economic lives of different lengths, the parts are treated as separate assets. When a part is renewed, the costs are capitalized and the possible remaining carrying amount is written off. In other cases, subsequent costs are included in the carrying amount of the item of tangible assets only when it is probable that the future economic benefits that are attributable to it will flow to the Group and the acquisition cost of the item can be determined reliably. Other repair and maintenance costs are recognized in profit or loss as incurred. Depreciation of assets is calculated using the straight-line method over the estimated useful lives. The estimated useful lives are as follows:

Machinery and equipment 2–10 years

The residual values and useful lives of assets are reviewed at the end of each financial period and, if necessary, adjusted to reflect the changes in the expected economic benefits. The sales gains or losses from the sale or disposition of items of tangible assets are recognized in profit or loss under other operating income or expenses. The sales profit is defined as the difference between the sales price and the remaining purchase price.

Government Grants

Government grants received for realized costs are recognized in profit or loss as income for the period that the grant becomes receivable. These grants are recognized in other income.

Intangible Assets

Goodwill

Goodwill arising in business combinations is recognized at the amount exceeding the Group's share of the fair value of the net assets of the acquired company at the time of acquisition.

Goodwill is not subject to depreciation, but it is tested annually for impairment. If the net present value of the expected cash flows was lower than the depreciated book value of consolidated goodwill, the difference would be booked as impairment. Goodwill is measured at original acquisition cost less impairment losses.

Research and Development Costs

Research and development costs are recognized as costs in profit or loss.

The development costs incurred by the design of new or advanced products are capitalized in the balance sheet as intangible assets from the date on which the product is regarded as technically feasible, commercially utilizable and able to generate future economic benefits. Capitalized development costs include the material, work and testing expenses that result directly from completing an asset for the intended purpose. The development costs recognized as expenses are not capitalized later.

Depreciation is recognized from the date the asset is ready for use. An asset which is not ready for use is tested annually for impairment. After initial recognition, capitalized development costs are measured at cost less accumulated depreciation and impairment losses. The useful life of capitalized development costs is 3–5 years, during which time capitalized costs are amortized on a straight-line basis.

In 2024 and 2023, no development costs were capitalized as the requirements were not met.

Other Intangible Assets

An intangible asset is recognized in the balance sheet at acquisition cost, if the cost can be reliably determined and it is likely that the expected economic benefit from the asset will flow to the Group. Intangible assets with a limited useful life are recognized in profit or loss and amortized on a straight-line basis over their known or estimated useful lives. The major part of other intangible assets has been formed in relation to business acquisitions and consists of customer relationships and technology. The amortization period is defined separately for each acquisition and is 5-9 years. The amortization period for software is 3–5 years.

Leases

Group as a Lessee

Lease agreements, which fulfill the requirements of the IFRS 16 standard, are recognized in the balance sheet as right-of-use assets and corresponding lease liabilities. Initially, lease liabilities are measured at the commencement date at the present value of the lease payments, discounted using the interest rate implicit in the lease, if it can be readily determined. If the rate can't be readily determined, such as in real estate leases, the incremental borrowing rate is used. The incremental borrowing rate reflects the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The lease term covers the non-cancellable period during which the Group has the right to use the underlying asset. For leases that are valid indefinitely, the probable minimum lease term is estimated. Subsequently, lease liabilities are measured at amortized cost by increasing or reducing the carrying amount to reflect interest on the lease liability or the lease payments made. Lease liabilities are remeasured for lease reassessments, amendments to lease agreements or to reflect revised in-substance fixed lease payments. Interest expenses are recognized in profit or loss. Right-of-use assets are amortized over the shorter of the lease term or economic useful life of the asset.

Impairment

Impairment of Tangible Assets and Intangible Assets

The Group assesses at the closing date of each reporting period whether there is any indication of impairment of an asset. If there are such indications, the asset's recoverable amount is estimated. In addition, the recoverable amount is estimated annually for the following assets regardless of whether there are any indications of impairment: goodwill and intangible assets with an infinite useful life.

The recoverable amount is the asset's fair value less costs to sell or its value in use, whichever is higher. Value in use refers to the estimated future net cash flows, discounted to their present value, expected to be derived from the said asset or cash-generating unit. The discount rate used is the interest rate before tax that represents the market's view of the time value of money and special risks associated with the asset. An impairment loss is recognized, if the carrying amount of the asset is higher than its recoverable amount. The impairment loss is recognized immediately in profit or loss. An impairment loss of a cash-generating unit is first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets of the unit pro rata. The useful life of the depreciated asset is re-evaluated in connection with the recognition of an impairment loss. An impairment loss recognized for an asset other than goodwill is reversed, if a change has taken place in the estimates used to determine the recoverable amount of the asset. However, the maximum reversal of an impairment loss amounts to the carrying amount of the asset had no impairment loss been recognized. An impairment loss recognized for goodwill is not reversed in any situation. No impairment losses were recognized in 2024 and 2023.

Employee Benefits

Pension Obligations

Pension arrangements are classified as benefit pension plans or contribution plans. In the contribution plans, the Group makes fixed payments to an external unit. The Group does not have a legal or constructive obligation to make additional payments, if the recipient is not able to pay the pension benefits concerned. All such arrangements that do not meet these conditions are benefit pension plans. The Group's pension arrangements have been implemented through a pension insurance company, and they are based on contribution plans. In the contribution plan arrangement, payments are recognized in the profit and loss statement during the period to which the payment applies.

Taxes Based on Taxable Income and Deferred Taxes for the Financial Period

The tax expense comprises taxes on taxable income and deferred taxes for the financial period. Taxes are recognized in profit or loss, except when they are directly connected with items recognized in shareholders' equity or other items of the comprehensive income. In this case, also the tax is recognized in the items concerned. The tax based on taxable income for the financial period is calculated on taxable income according to the tax rate in the country concerned. Deferred taxes are calculated on temporary differences between the carrying amount and the taxable value. However, deferred tax liabilities are not recognized for taxable temporary differences when the deferred tax liability arises from the initial recognition of goodwill, or if the liabilities arise from the initial recognition of an asset or liability in a transaction which is other than a business combination and which affects neither accounting nor taxable profit (or loss recognized in taxation) at the time of the transaction. The largest temporary differences arise from the depreciation of tangible assets, previously unrecognized tax losses, and adjustments based on fair value measurement on business combinations. Deferred taxes are calculated by using the tax rates enacted or approved in practice by the closing date of the reporting period. Deferred tax assets are recognized to the extent that it is probable that such future taxable profit will be available against which the temporary difference can be utilized. An estimate is made at the closing date of the reporting period on whether the conditions for recognizing deferred tax assets are met.

Revenue Recognition Principles

Revenue from the sale of products and services is presented as net sales measured at fair value and adjusted for indirect taxes, discounts and currency translation differences from sales in foreign currencies. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes consideration collected on behalf of third parties. The Group recognizes revenue when it transfers control of a good or service to a customer.

Services Sold
Revenue from services is recognized when the service has been provided and the economic benefit from the service is probable. Man-hour work is recognized monthly as it progresses.

Projects
Projects include planning, implementation, project management and commissioning services related to software and solutions to be implemented for the customer. Fixed-price projects are recognized using the percentage of completion method when the outcome of the project can be estimated reliably. For contracts comprising fixed-price projects, revenue is recognized based on the actual service provided by the reporting date as a proportion of the total services to be provided. This is determined based on the cost of actual labor hours spent relative to the total expected cost of labor hours, as it best reflects the transfer of control to the customer. Estimates of revenues, costs or progress towards completion are revised if circumstances change and any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management. Invoicing and customer payments in fixed-price projects follow the payment schedule defined in the customer contract. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized. If the estimate of the outcome of the project changes, the recognized sales are adjusted in the financial period during which the change is discovered and can be estimated. An expected loss on a project is recognized in profit or loss immediately when it is identified. The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money. The management exercises judgment in estimating the recognition of revenue from fixed-price projects and the amount of retrospective discounts.

SaaS
Maintenance fees are recognized over the contract period.

Licenses
License revenue is recognized at a point in time when the license is delivered, the legal title has passed, the customer has accepted the license, and has access to the licensed software. Distinct licenses that provide a right to access the software are recognized over the contract period. Contract assets or liabilities do not typically arise in the businesses described above.

Financial Items

Financial Assets
Innofactor’s financial assets have been categorized according to IFRS 9 into the following categories: financial assets at allocated acquisition cost and financial assets at fair value through profit or loss. The financial assets are categorized as they are first registered, and the categorization is based on the business model applied by the company as regards financial assets and nature of contract-based cash flows. Valuing an instrument, which belongs to financial assets, at allocated acquisition cost requires that the contract-based cash flows consist entirely of an interest and capital reimbursement (the so called SPPI criteria). The fulfilling of the SPPI criteria is assessed separately

for each financial instrument. If the SSPI criteria are not fulfilled, the financial assets are valued at fair value through profit or loss. Financial assets are presented as current assets, if their maturity is under 12 months, or if the investment is planned to be relinquished within 12 months. In other cases, the asset is presented as a non-current asset. Transaction costs are included in the original carrying amounts of the financial assets, when the asset has been valued at allocated acquisition cost. The purchases and sales of financial instruments are registered at the clearance date. The fair values of financial instruments have been defined through discounted cash flows.

Cash and Cash Equivalents

Cash and cash equivalents comprise bank deposits. Bank overdrafts are included in the current liabilities in the balance sheet.

Impairment of Financial Assets

In estimating the losses for write-offs of sales receivables, a customer classification is used in which the reservation for credit loss is calculated based on experience, that is, based on expected credit losses from different customer groups. The Group's realized credit losses have historically been very small due to the large share of net sales coming from public administration, third sector and large companies. Sales receivables and assets based on contracts are written off the profit or loss as final credit losses, when it is not reasonable to expect a payment to be received for them. If the amount of the impairment loss decreases during a future financial period and the deduction can be objectively considered to be related to a transaction taking place after the impairment entry, the recognized loss will be reversed as incurred in profit or loss.

Financial Liabilities

Initially, financial liabilities are measured at fair value. Transaction costs are included in the original carrying amount of financial liabilities measured at amortized cost. Financial liabilities are classified as current liabilities when they are due to be paid within 12 months from the end of the reporting period.

The lending costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognized as part of the cost of that asset, if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the costs can be determined reliably. Other lending costs are recognized as expenses in the period in which they have incurred. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. When the draw-down occurs, the fees paid on the establishment of loan facilities are recognized as part of transaction costs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Shareholders' Equity

inary shares are presented as share capital. Costs relating to the issue or acquisition of equity instruments are presented as a deduction in shareholders' equity. If Innofactor repurchases its own equity instruments, the purchase price of such instruments is deducted from the shareholder's equity.

Operating Profit

The IAS 1 Presentation of Financial Statements standard does not define the concept of operating profit. The Group has defined the concept as follows: Operating profit is the net total which is formed when other operating income is added to the net sales and the following items are deducted: materials and services, cost of employee benefits, depreciation and possible impairment losses, and other operating expenses. All other items of the profit and loss statement are presented below the operating profit. Currency translation differences are included in operating profit if they arise from business related items; otherwise they are recognized in financial items.

Translation differences

In the consolidated financial statements, exchange rate differences arising from the equity of foreign subsidiaries and loans comparable with foreign net investments are recognized in translation differences through the Group's other comprehensive income items. In the second quarter of the financial year 2022, the Group's management classified certain intra-group loans as loans comparable with net investments and the exchange rate differences arising from these loans are recognized in translation differences.

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of financial statements requires estimates and assumptions concerning the future. The end results may deviate from these estimates and assumptions. The application of the accounting policies also requires judgment. The estimates made in the preparation of the financial statements are based on the best view of the management at the closing date of the reporting period. The estimates are based on the previous experiences and on assumptions concerning the future that are considered the most probable at the closing date. They may be related to the expected development of the Group's financial operating environment in terms of sales and cost level. The Group regularly monitors the realization of the estimates and assumptions and the factors behind them by using several both internal and external sources of information. Possible changes in the estimates and assumptions are recognized in the financial period during which the estimate or assumption is adjusted and in the subsequent financial periods. The key assumptions concerning the future and those key sources of estimation uncertainty at the closing date of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented later in this report. The Group management considers these sections of the financial statements the most essential, because the accounting policies concerning them are the most complicated and their application requires the use of the most significant estimates and assumptions concerning, for example, the measurement of financial assets. In addition, the impact of possible changes in the assumptions and estimates used in these sections of the financial statements is estimated as the most significant.

Determination of the Fair Value of Assets Acquired in Business Combinations

The estimation of the fair value of intangible assets is based on an estimate of the cash flows related to the assets as there is no information available in the market concerning the purchase of similar assets. The Group management believes that the used estimates and assumptions are sufficiently exact for determining fair value. Additionally, the Group examines at every closing date of a reporting period or, if necessary, more frequently, if there are any indications of impairment in tangible and intangible assets.

Determination of the Measurement of Goodwill

The management makes significant estimates and judgment-based decisions when assessing the development of the Group's net sales and expense, the applicable tax rates and the effects of changes in market conditions on the Group's profit performance. Cash flow projections are based on the Group's actual result and the management's best estimates of future financial performance. Cash flow forecasts include the budgeted amount for the next financial year and the forecasted amounts for the three subsequent years. The growth rates are based on the management's estimate of growth in the coming years.

Partial Recognition of Revenue

Revenue and expenses from projects recognized over time are recognized using the percentage of completion method when the outcome of the project can be estimated reliably. Recognition is based on estimates of the expected revenue and expenses from the project, as well as the reliable measurement and assessment of the progress of the project. If the estimate of the outcome of a project changes, the recognized project revenue and profit/margin are correspondingly changed in the period in which the change is discovered and can be estimated reliably. Loss-making contracts are recognized as expenses without delay.

3. Net Sales

EUR thousand	2024	2023
Projects	23,072	26,803
Services	28,766	28,088
SaaS	22,895	21,272
Licenses	2,843	4,100
Total	**77,576**	**80,263**

Projects in 2024 include EUR 3.7 million in revenue recognized from projects based on the percentage of completion (EUR 5.4 million in 2023). From projects in progress on the closing date, a total of EUR 3.3 million (2023: EUR 5.2 million) in revenues had been recognized.

The items that were included in the contract liability in the previous financial statements were recognized in full as revenue in the reporting period.

The warranty period for system deliveries is 6–12 months and work under warranty is, as a rule, carried out during maintenance.

Unfulfilled Long-Term Customer Contracts

EUR thousand	2024	2023
Total transaction price for partially or entirely unfulfilled long-term customer contracts	75,431	71,555
Estimated time of recognition		
Estimated recognition within the next year	40,701	42,207
Estimated recognition later	34,730	29,348
Total	**75,431**	**71,555**

For continuing service contracts, the value of long-term customer contracts is calculated as the value of the net sales in one year. On December 31, 2024, this was EUR 26,661 thousand and on December 31, 2023, it was EUR 23,034 thousand.

Net Sales by Customer Location

EUR thousand	2024	2023
Finland	56,688	58,021
Rest of Europe	20,901	22,241
Total net sales	**77,589**	**80,263**

Other Operating Income

EUR thousand	2024	2023
Rent	79	75
Other	16	66
Total other operating income	**95**	**141**

4. Other Operating Expenses

EUR thousand	2024	2023
The following table shows four of the most significant items included in other operating expenses:		
Voluntary indirect employee costs	1,203	1,521
ICT expenses	1,151	1,010
Travel expenses	801	769
Expenses for business premises	642	852
Total	**3,797**	**4,152**
Other unspecified operating expenses	4,909	2,859
Other operating expenses, total	**8,706**	**7,011**

Remuneration of the Auditors

EUR thousand	2024	2023
Auditing	170	140
Assurance of sustainability report	25	0
Other services	0	18
Total	**195**	**158**

5. Depreciation, Amortization and Impairment

EUR thousand	2024	2023
Depreciation by asset group		
Intangible Assets	310	512
Total	**310**	**512**
Tangible assets		
Real estate	1,985	2,129
Machinery and equipment	656	624
Total	**2,641**	**2,754**
Total depreciation	**2,952**	**3,266**

6. Employee Benefits/Expenses

EUR thousand	2024	2023
Wages and salaries	40,303	41,113
Pension expenses – defined contribution plans	6,267	6,336
Other indirect employee costs	2,943	3,334
Total	**49,514**	**50,784**

Group personnel	2024	2023
Average in the financial period	571	578
At the end of the financial period	546	581

Information on management benefits is presented in Note 23. Related party transactions.

7. Research and Development Costs

In 2024, research and development costs recognized as expenses totaled EUR 5,558 thousand (2023: EUR 5,108 thousand).

The Group did not capitalize any research and development costs during the financial period 2024.

8. Financial Income

EUR thousand	2024	2023
Interest income	4	0
Other financial income	66	116
Financial income, total	**70**	**116**

9. Financial Expenses

Items recognized in profit or loss

EUR thousand	2024	2023
Interest and other financial expenses	365	615
Interest expenses on lease liabilities	152	162
Financial expenses, total	**516**	**777**

10. Income Taxes

EUR thousand	2024	2023
Tax based on the taxable income of the financial period	-607	0
Other taxes	-47	-154
Deferred tax related to the creation or cancellation of temporary differences	-2,023	-1,582
Total	**-2,677**	**-1,736**

Reconciliation between the income tax expense and the taxes calculated at the 20.0% tax rate valid in the Group's home country:

EUR thousand	2024	2023
Earnings before taxes	2,940	5,174
Taxes calculated at the domestic tax rate	-588	-1,035
Non-deductible expenses	-59	-12
Tax-free income	0	15
Change in deferred taxes		
Group transfers recognized in profit or loss for which no deferred tax assets or liabilities have been recognized and write-downs on deferred tax assets	-2,176	-543
Other	146	-162
Taxes in the profit and loss statement	**-2,677**	**-1,736**

11. Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to the shareholders of the parent company by the weighted average number of outstanding shares during the financial period.

EUR thousand	2024	2023
Profit for the year attributable to shareholders of the parent company (EUR)	263,162	3,437,985
Weighted average of the number of shares during the financial period	36,292,051	36,810,154
Basic earnings per share (EUR/share)	0.007	0.093

There is no dilution effect in the Group.

12. Tangible Assets

EUR thousand	Machinery and equipment	Buildings and structures	Total
Acquisition cost, Jan 1, 2024	6,913	12,384	19,297
Additions in 2024	402	2,850	3,251
Deductions in 2024		0	0
Acquisition cost, Dec 31, 2024	**7,315**	**15,233**	**22,548**
Accumulated depreciation, amortization and impairment, Jan 1, 2024	-5,810	-9,218	-15,028
Depreciation related to deductions/ exchange differences of tangible assets	0	11	11
Depreciation in 2024	-656	-1,985	-2,641
Carrying amount, Jan 1, 2024	1,080	3,177	4,257
Carrying amount, Dec 31, 2024	**849**	**4,041**	**4,890**
Acquisition cost, Jan 1, 2023	6,255	11,914	18,169
Additions in 2023	658	469	1,128
Deductions in 2023		0	0
Acquisition cost, Dec 31, 2023	**6,913**	**12,384**	**19,297**
Accumulated depreciation, amortization and impairment, Jan 1, 2023	-5,186	-7,089	-12,274
Depreciation related to deductions/ exchange differences of tangible assets	-23	11	-12
Depreciation in 2023	-624	-2,129	-2,754
Carrying amount, Jan 1, 2023	1,076	4,843	5,919
Carrying amount, Dec 31, 2023	**1,080**	**3,177**	**4,257**

EUR thousand	Jan 1, 2024	Dec 31, 2024
Tangible assets	1,080	819
Right-of-use assets	3,177	4,041
Total	**4,257**	**4,860**

EUR thousand	Jan 1, 2023	Dec 31, 2023
Tangible assets	1,076	1,080
Right-of-use assets	4,843	3,177
Total	**5,919**	**4,257**

Right-of-use assets

EUR thousand	Machinery and equipment	Buildings and structures	Total
Acquisition cost, Jan 1, 2024	0	3,177	3,178
Additions in 2024	0	2,850	2,850
Depreciation in 2024	0	1,985	-1,985
Carrying amount, Dec 31, 2024	**0**	**4,042**	**4,041**
Acquisition cost, Jan 1, 2023	1	4,843	4,843
Additions in 2023	0	469	469
Depreciation in 2023	-1	-2,134	-2,134
Carrying amount, Dec 31, 2023	**0**	**3,177**	**3,177**

Lease liabilities are described in Note 21.

13. Intangible Assets

EUR thousand	Goodwill	Other Intangible Assets	Total
Acquisition cost, Jan 1, 2024	28,051	18,822	46,873
Additions in 2024	0	0	0
Change in value from exchange rate changes	-195	0	-195
Acquisition cost, Dec 31, 2024	**27,857**	**18,822**	**46,678**
Accumulated depreciation, amortization and impairment, Jan 1, 2024	-1,216	-16,894	-18,110
Depreciation in 2024	0	-310	-310
Accumulated depreciation, amortization and impairment, Dec 31, 2024	-1,216	-17,204	-18,420
Carrying amount, Jan 1, 2024	26,835	1,929	28,764
Carrying amount, Dec 31, 2024	**26,641**	**1,618**	**28,259**

EUR thousand	Goodwill	Other Intangible Assets	Total
Acquisition cost, Jan 1, 2023	28,047	18,779	46,826
Additions in 2023	0	0	0
Change in value from exchange rate changes	4	43	47
Acquisition cost, Dec 31, 2023	**28,051**	**18,822**	**46,873**
Accumulated depreciation, amortization and impairment, Jan 1, 2023	-1,216	-16,381	-17,597
Depreciation in 2023	0	-512	-512
Accumulated depreciation, amortization and impairment, Dec 31, 2023	-1,216	-16,894	-18,110
Carrying amount, Jan 1, 2023	26,831	2,398	29,229
Carrying amount, Dec 31, 2023	**26,835**	**1,929**	**28,764**

Impairment Testing

The Group has one cash-generating unit (CGU), software business, to which all the goodwill created in business acquisitions is allocated.

In impairment testing, all the Group's recoverable amounts are determined on the basis of value in use. The cash flow forecasts are based on the forecasts approved by the management and they cover a period of three years. The cash flows after the forecast period approved by the management have been extrapolated by using a growth factor of 1.0%.

The essential variables in the calculation of value in use are the following:

1. Budgeted operating margin – The value of the variable is based on the budget approved by the Board of Directors and the management's estimate on the development of the operating margin during the next three years. During the forecast period, no essential changes are expected in the operating margin.

2. Change in working capital – The value of the variable is based on the average working capital in relation to the net sales and the management's estimate on changes in the working capital during the next three years. During the forecast period, no essential changes are expected in the change in the working capital.

3. Discounting rate – Determined by using Weighted Average Cost of Capital (WACC), which defines the overall cost of equity and debt, taking the special risks concerning the items into consideration. The discount rate has been determined before taxes. The discount rate used in the calculations is 10.98% (11.39% in 2023). The discount rate after taxes is 8.99% (9.24% in 2023).

4. Growth rate in the forecast period – the company considers the used net sales to be conservative, considering the realized long-term growth of the field and of Innofactor's business.

According to the impairment testing, the recoverable amounts exceed the corresponding balance sheet values by approximately EUR 57 million. No impairment losses were recognized in 2024 and 2023.

According to the sensitivity analysis that the Group carried out on goodwill, a decrease of 29% in the net sales compared to the estimated net sales of 2025–2027 or a decrease of 33% in profitability compared with the estimate for 2025–2027 would indicate a need for impairment. On the basis of the sensitivity analysis, a 21.5% increase in the discount rate would cause a need for impairment.

Recognition of Goodwill

EUR thousand	2024	2023
IT service business	26,640	26,835
Goodwill	**26,640**	**26,835**

14. Deferred Tax Assets and Liabilities

Changes in deferred taxes in 2024:

EUR thousand	Dec 31, 2023	Recognized in profit or loss	Exchange differences	Increase in deferred tax assets and liabilities **	Dec 31, 2024
Deferred tax assets					
From Group combinations *	2,415	-2,070	-53	0	293
Total	**2,415**	**-2,070**	**-53**	**0**	**293**
Deferred tax liabilities					
Measurement of intangible assets and tangible assets at market value in business combinations	1,780	-47	0	0	1,733
Total	**1,780**	**-47**	**0**	**0**	**1,733**

* The Group wrote down deferred tax assets related to the Danish business amounting to EUR 1.3 million on December 31, 2024, because the Group considers it possible that it will not generate taxable income against which the losses could be utilized. On December 31, 2024, the Group had no deferred tax assets related to historically confirmed losses.

At the end of 2024, the amount of losses, which have not been used in the Group's taxation and which have not been recognized as deferred taxes in accordance with the prudence concept, is EUR 15.0 million. These losses are from the other Nordic countries outside Finland. The losses in other Nordic countries will not expire, but strong evidence of their utilization in the next few years is required. The figures do not include the losses to be used in the taxation for 2024, which have not yet been confirmed.

To assess whether the convincing evidence threshold per IAS 12 is met, the company has prepared profit and tax forecasts for future periods that take into consideration the tax regulations in effect at the time of calculation. The management has not recognized deferred tax assets based on the forecast of taxable income in these calculations.

15. Trade and Other Receivables

EUR thousand	2024	2023
Trade and other receivables		
Trade receivables	9,039	12,309
Receivables from customers for long-term projects	3,801	4,809
Loan receivables	-4	37
Accrued income	1,467	1,284
Other receivables	1,358	10
Total	**15,661**	**18,449**

EUR thousand	2024 After credit loss entry	Credit loss provision for receivables	2024 Before credit loss entry	2023
Breakdown of trade receivables by age				
Not past due	8,305	8	8,314	10,232
Past due				
Past due 1–90 days	624	1	625	1,714
Past due over 90 days	110	6	116	404
Total	**9,039**	**15**	**9,055**	**12,350**

Trade receivables have been adjusted by a credit loss provision in accordance with IFRS 9. The balance sheet values correspond best to the maximum amount of the credit risk, excluding the fair value of collateral, in cases where the other parties to the agreement are unable to fulfill their obligations related to financial instruments. The Group's operating practices do not include the acquisition of collateral for trade and other receivables. The principles for managing credit risks are described in Note 18.

Assets Based on Customer Contracts

EUR thousand	2024	2023
Receivables based on project contracts	3,801	4,809
Total	**3,801**	**4,809**

EUR thousand	2024	2023
Liabilities based on project contracts	1,094	1,703
Total	**1,094**	**1,703**

Liabilities and receivables based on project contracts are stated in the accrued income and liabilities in the balance sheet. Innofactor does not expect to enter into contracts in which the time between the handover of projects or services to the customer and the payment made by the customer would be longer than one year. For this reason, the transaction prices are not adjusted to take the time value of money into account.

16. Cash and Cash Equivalents

EUR thousand	2024	2023
Bank accounts	1,502	425
Total	**1,502**	**425**

Current deposits have a maturity of three months at most. Cash and cash equivalents are presented at nominal value, which corresponds to their fair value.

17. Notes Concerning Shareholders' Equity

Number of Shares in 2024	2024	2023
Outstanding shares, Jan 1	35,743,691	36,208,104
Own shares held by the company	0	600,000
Outstanding shares, Dec 31	35,789,319	35,743,691

Innofactor Plc has one class of shares. The share has no nominal value. All the issued shares have been paid in full.

The equity funds are described below:

Share Premium Reserve

In the cases in which option rights have been decided upon while the old Companies Act (29.9.1978/734) was in force, the cash payments received for subscriptions have been recognized in the share capital and share premium reserve in accordance with the conditions of the arrangement, with the transaction costs deducted.

Reserve Fund

The reserve fund is a fund for unrestricted equity formed on the basis of the decision of the General Meeting.

Fund for Invested Unrestricted Equity

The fund for invested unrestricted equity contains other equity type investments and the subscription price of shares to the extent that they are not, based on a specific decision, recognized in the share capital. For the option programs that have been decided on after the new Companies Act (21.7.2006/624) entered into force (September 1, 2006), the fees for subscriptions are recognized in full in the fund for invested unrestricted equity.

Dividends and Capital Repayment

In 2024, a capital repayment of EUR 0.07 per share was distributed. The Board of Directors has proposed that Innofactor Plc distribute no dividend for the financial period 2024.

Own Shares

The General Meeting of March 27, 2024, authorized the Board of Directors to decide on acquiring a maximum of 3,600,000 of the company's own shares in one or several parts with the company's unrestricted equity. The authorization entitles the Board to deviate from the shareholders' proportional shareholdings (directed acquisition). Own shares may be acquired at the purchase price formed for them in public trading on the day of purchase or at another market price. The number of treasury shares at a time may be, at the maximum, one tenth of the total number of shares in the company. Shares may be purchased to be used in company acquisitions or implementing other arrangements relating to the company's business operations, improving the company's capital or financing structure, as a part of the company's incentive system, or otherwise to be handed over or voided. In connection with the share repurchase, ordinary derivative, stock lending and other agreements may be made in the market in accordance with the laws and regulations. The authorization includes the right of the Board of Directors to decide on all other matters related to the acquisition of shares. The authorization will be valid until June 30, 2025. This authorization replaces the Board's earlier authorizations concerning share repurchase.

The company had no treasury shares at the end of the review period.

18. Financial Risk Management

In its normal business operations, the Group is susceptible to several financial risks. The goal of the Group's risk management is to minimize the negative effects of the changes in the financial markets on the result of the Group. The main financial risks are credit risks, exchange rate risks, and interest risks. The general principles of the Group's risk management are approved by the Board of Directors and the practical implementation of financial risk management is the responsibility of the Group's financial department.

Interest Risk

At the closing date, the company had fluctuating rate bank loans totaling EUR 4.3 million (EUR 6.3 million on December 31, 2023). The company has been subjected to the cash flow interest risk through the loan portfolio. The goal of the company's risk management as concerns the interest risk is to minimize the negative impacts of interest rate changes on the company's result. The average interest rate of the loans was 3.7 percent (2.8% in 2023).

The realized average balances of the fluctuating rate loans during the financial period have been used in the sensitivity analysis. At the closing date, the effect of the fluctuating rate interest-bearing loans on the result before taxes would have been EUR +/- 22 thousand (2023: EUR +/- 33 thousand) had the interest rate been increased or decreased by 1 percentage point.

Exchange Rate Risk

Innofactor Group operates globally and is exposed 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. Innofactor has significant business 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 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.

The sensitivity analysis of exchange rate risk shows the effect on the profit and loss statement at the end of 2024 if the exchange rate against the euro were to change by 10 percent. According to a sensitivity analysis of exchange rate risk calculated in accordance with IFRS 7, the effect on profit before taxes would have been EUR -0.4 million to EUR +0.3 million on the closing date.

Credit Risk

Credit decisions related to sales receivables are monitored centrally by the Group's management. A 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.

The aging analysis of the trade receivables is presented in Note 15. Trade and Other Receivables.

Risks Related to Receivables from Projects

A large part of Innofactor's net sales comes from project business. A part of projects consists of long term projects in which scheduled payments and their terms are typically 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.

Risks Related to the Cash Position

The Group continually estimates and monitors the amount of financing required for the business operations, for example, by analyzing cash flow forecasts monthly to ensure that the Group has sufficient liquid funds to finance its operations. The Group analyzes the liquidity forecasts regularly and assesses the effect of possible acquisitions on the cash position.

The Group has not identified significant liquidity risk concentrations in the financial assets.

Maturity Distribution of Financial Liabilities

EUR thousand	balance sheet value	0–6 months	6 months –1 year	over 1 year	2–4 years
Dec 31, 2024					
Loans from financial institutions	4,342	0	1,542	0	2,800
Trade and other payables	1,595	1,595	0	0	0
Estimate of future interest payments	160	80	80	160	160
Dec 31, 2023					
Loans from financial institutions	6,325	1,770	3,201	1,354	0
Trade and other payables	2,074	2,074	0	0	0
Estimate of future interest payments	138	69	69	69	0

Lease liabilities are described in Note 20.

Capital Structure Management

The shareholders' equity in the consolidated balance sheet is managed as capital assets. The goal of capital structure management is to ensure operational preconditions of the Group and increase shareholder value in the long term. The capital structure can be managed through decisions concerning, for example, dividend distribution, acquisition and transfer of treasury shares, and share issues. The shareholders' equity in the consolidated balance sheet is managed as capital assets. No external capital requirements are applied to the Group.

The development of the capital structure of the Group is monitored continually by means of Net Gearing.

EUR thousand	2024	2023
Interest-bearing loans from financial institutions	4,342	6,325
Lease liabilities		3,291
Cash and cash equivalents	1,502	425
Total shareholders' equity	23,195	25,483
Net Gearing	30.1%	36.1%

Financial Risk Management

In its normal business operations, Innofactor Group is exposed to normal financing risks. In total at the end of the review period, Innofactor had approximately EUR 4.3 million in interest bearing debts to financial institutions, which have been taken out to finance acquisitions and working capital. Of the debts, approximately EUR 2.8 million is non-current and approximately EUR 1.5 million is 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 4.1 million, of which EUR 1.8 million was current and EUR 2.3 million non-current. The total of interest-bearing liabilities was EUR 8.5 million.

Innofactor has committed to the following covenants: the Group's ratio of net debt to adjusted EBITDA, calculated on a quarterly months, is a maximum of 4.0, and the ratio of adjusted EBITDA to the Group's net financial expenses, calculated on a quarterly basis, is at least 2.5, 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 on 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.

19. Fair Values of Financial Assets and Liabilities

The table below shows the fair value and carrying amount of each item in financial assets and liabilities. These values correspond with the consolidated balance sheet values.

EUR thousand	Note	Dec 31, 2024	Dec 31, 2023
Trade and other receivables	15	15,661	18,449
Cash and cash equivalents	16	1,502	425
Total		**17,163**	**18,873**
Loans from financial institutions		4,342	6,325
Lease liabilities		4,140	3,291
Total		**8,481**	**9,616**
Trade and other payables:			
Trade payables		1,595	2,074
Other liabilities		6,142	5,139
Total		**7,737**	**7,213**

Trade and Other Receivables

The original carrying amount of the receivables corresponds to their fair values, as the effect of discounting is not essential considering the maturity of the receivables.

Loans from Financial Institutions

The carrying amount of loans corresponds with their fair value.

Trade and Other Payables

The original carrying amount of the trade and other payables corresponds to their fair values, as the effect of discounting is not essential considering the maturity of the payables.

20. Lease liabilities

Maturity

EUR thousand	Total	Less than 1 year	1–5 years	Over 5 years
Dec 31, 2024				
Lease liabilities (IFRS 16)	4,140	1,782	2,357	0
Other lease liabilities	100	41	59	0
Interest on lease liabilities	152	65	87	0
Total	**4,391**	**1,888**	**2,503**	**0**

Balance Sheet

EUR thousand	2024	2023
Non-current lease liabilities	2,357	1,295
Current lease liabilities	1,782	1,996
Total	**4,140**	**3,291**

Impact on the Result for the Financial Period

EUR thousand	2024	2023
Deduction of other expenses (lease liabilities)	2,146	2,282
Addition of right-of-use asset deductions	-1,985	-2,129
Addition of operating profit	**160**	**152**
Addition of financial expenses	-155	-162
Impact on the result for the financial period	**6**	**-10**
Current lease liabilities have been recognized	104	159
Low value lease liabilities have been recognized	18	26

The cash flow effect of the company's lease agreements was EUR -2,146 thousand in 2024 (EUR -2,282 thousand in 2023).

Interest on lease liabilities is shown in Note 9. Financial Expenses. Right-of-use assets are presented in Note 12. Tangible assets.

21. Contingent Liabilities and Assets and Acquisition Commitments

EUR thousand	2024	2023
Collateral given for own commitments		
Lease collateral	168	167
Mortgages on company assets	17,450	16,650
Mortgages on company assets have been given as collateral for the credit limit and a loan.		
Bank guarantees	312	312
Bank guarantees have been given as collateral for lease agreements.		
Other own liabilities		
Leasing and rent liabilities		
Liabilities maturing in less than one year	38	48
Liabilities maturing in 1-5 years	59	66
Other own liabilities total	97	114

22. Statement of Changes in Interest Bearing Debts

EUR thousand	Non-current	Current	Total
Liabilities Jan 1, 2024	**3,065**	**6,550**	**9,616**
Loans withdrawn	2,800	0	2,800
Loans paid	1,770	3,013	4,783
Change in lease liabilities *	1,062	-213	849
Liabilities Dec 31, 2024	**5,158**	**3,324**	**8,481**

* IFRS 16 lease liabilities (Note 20)

Liabilities Jan 1, 2023	**7,349**	**7,000**	**14,349**
Loans paid		-3,077	-3,077
Changes with no related cash flow:			
Changes between non-current and current	-2,747	2,747	0
Change in lease liabilities *	-1,537	-119	-1,656
Liabilities Dec 31, 2023	**3,065**	**6,550**	**9,616**

* IFRS 16 lease liabilities (Note 20)

23. Related party transactions

Innofactor's related parties consist of subsidiaries, the management (Board of Directors, CEO and the Executive Board), their close family members and companies, associated companies and joint ventures controlled by them or their close family members.

The company's financial administration maintains a list of the company's related parties. The company's financial administration defines nInnofactor's related parties, when the status as a related party is not due to the IAS related party definition concerning persons.

The company sends an annual query to the company's key management persons, as defined in IAS 24, about the natural and legal persons which are their related parties.

A fund managed by the investment company CapMan Growth and Innofactor's CEO Sami Ensio, through Ensio Investment Group Oy, a holding company under his control, made a public tender offer for Innofactor Plc during the review period and, through Onni Bidco Oy, a company owned by them, acquired a shareholding of over 90 percent of the company.

The company has no other significant related party transactions.

Management's Employment Benefits

EUR thousand	2024	2023
Salaries and fees paid to the CEO and Group management during the financial period, including benefits in kind, as follows:		
CEO (including Board fees)	329	375
Other Group management	1,257	1,274
Total	**1,586**	**1,649**

Management's Employment Benefits	2024	2023
Short-term employee benefits	1,586	1,649
Total	**1,586**	**1,649**

Board Members and Deputy Members		2024	2023
Lindén Anna	Chairman of the Board until October 10, 2024	54	59
Ensio Sami	Board Member	30	29
Linturi Risto	Board Member	30	29
Nikku Heikki	Board Member	27	29
Kummu Antti	Chairman of the Board from October 11, 2024	0	0
Larjomaa Timo	Board Member	7	0
Total		**148**	**146**

The CEO's retirement age and the basis for calculating the pension comply with the effective Employee Pensions Act. The pension cost of the CEO during the period was 29 thousand euro (26 thousand euro in year 2023). The mutual term of notice of the CEO is 6 months. If the company terminates the CEO's contract, the CEO will be paid the salary for the period of notice and also, as a compensation for the termination, a one-time payment equaling to the CEO's 12 months' salary.

24. Group Companies

At the end of the financial period, the Innofactor Group included the following companies:

- Innofactor Plc, Finland (parent company)
- Innofactor Software Oy, Finland, Espoo, 100%
- Innofactor Dynasty Oy, Finland, Espoo, 100%
- Innofactor Solutions Oy, Finland, Espoo, 100%
- Innofactor Platforms Oy, Finland, Espoo, 100%
- Innofactor Code Oy, Finland, Espoo, 100%
- Innofactor Invenco Oy, Finland, Espoo, 100%
- Innofactor Holding AB, Sweden, 100%
- Innofactor AB, Sweden, 100%
- Innofactor Solutions AB, Sweden, 100%
- Innofactor Dynasty AB, Sweden, 100%
- Innofactor MMS AB, Sweden, 100%
- Innofactor Holding ApS, Denmark, 100%
- Innofactor A/S, Denmark, 100%
- Innofactor Holding AS, Norway, 100%
- Innofactor AS, Norway, 100%
- Innofactor Code AS, Norway, 100%

25. Events After the Closing Date

Events After the Review Period

On January 1, 2025, the Group carried out internal restructuring that led to the businesses being incorporated into separate companies.

On January 2, 2025, the company announced that the Redemption Board of the Finland Chamber of Commerce has petitioned the District Court of Länsi-Uusimaa for the appointment of a trustee to supervise the interests of Innofactor's minority shareholders during the redemption process. The Redemption Board of the Finland Chamber of Commerce has notified Onni Bidco that the District Court of Länsi-Uusimaa has, with its decision given on December 30, 2024, appointed professor Kari Hoppu to act as such trustee.

February 7, 2025 Innofactor's Board of Directors appointed Aki Rahunen as the CFO for Innofactor Group, and he will assume the position no later than May 8, 2025. Rahunen is currently serving as the CFO of Avidly. Previously, Rahunen has held the position of CFO at Fluido, among others. M.Sc. (Econ.) Rahunen will become a member of Innofactor's Executive Board in his role as the CFO and will report to the Group's CEO Sami Ensio.

February 12, 2025 Innofactor Plc's Board of Directors has confirmed the company's updated Dividend Distribution Policy on February 12, 2025. According to the renewed policy, the company will generally not pay dividends in the future but will instead use the retained earnings for growth-enhancing measures.

On February 13, 2025, the company announced that the Redemption Board of the Finland Chamber of Commerce has appointed an arbitral tribunal consisting of three members for the arbitration proceedings concerning the redemption of the minority shares in Innofactor. The arbitral tribunal consists of Independent Arbitrator Heidi Merikalla-Teir (chair), Professor Emeritus, LL.D., Trained on the bench Raimo Immonen and D.Sc. (Econ.), CVA Harri Seppänen.

On March 31, 2025, The Board of Directors of Innofactor has resolved to submit an application to Nasdaq Helsinki for the termination of public trading and for the delisting of the Innofactor shares. In the application, it is requested that the delisting in respect of the Innofactor shares admitted to trading on the official list of Nasdaq Helsinki would become effective as soon as possible upon Onni Bidco having gained title to all the shares in Innofactor in the pending redemption proceedings under Chapter 18 of the Finnish Companies Act. Innofactor had no other significant events after the end of the review period.

Parent Company Financial Statement, FAS

EUR

PARENT COMPANY PROFIT AND LOSS STATEMENT	Note	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
NET SALES	1	16,041,074	13,388,169
Other operating income	2	79,358	83,860
Materials and services			
Purchases during the financial period	3	-6,524,050	-6,212,819
Personnel expenses		-3,533,694	-3,314,204
Depreciation			
Planned depreciation		-72,822	-81,516
Other Operating Expenses		-5,431,925	-3,804,616
OPERATING RESULT		**557,940**	**58,876**
Financial Income and Expenses			
Interest and financial income		1,170,301	1,509,089
Interest and other financial expenses*		-12,239,795	-426,945
Total financial income and expenses		-11,069,494	1,082,144
RESULT BEFORE APPROPRIATIONS AND TAXES		**-10,511,553**	**1,141,020**
Group contribution		0	-677,279
EARNINGS BEFORE TAXES		**-10,511,553**	**463,741**
Income Taxes		-304,049	0
RESULT FOR THE FINANCIAL PERIOD		**-10,815,602**	**463,741**

* For the year 2024, interest expenses and other financial expenses include a 12.0 million euros impairment of investments in non-current assets.

Balance Sheet, FAS

EUR ASSETS	Note	Dec 31, 2024	Dec 31, 2023
NON-CURRENT ASSETS			
Intangible Assets			
Intangible rights	8	21,524	28,152
Tangible assets			
Machinery and equipment	8	152,647	147,503
Investments			
Shares in Group companies	9	32,697,165	37,490,528
TOTAL NON-CURRENT ASSETS		**32,871,336**	**37,666,183**
CURRENT ASSETS			
Receivables	10		
Non-current			
Loan receivables		0	44,363
Other receivables		19,350,070	24,177,056
Current			
Trade receivables		19,973,644	23,067,430
Loan receivables		0	38,712
Accrued income	11	576,452	517,322
Cash and bank receivables		111,001	230,258
TOTAL CURRENT ASSETS		40,011,167	48,075,140
ASSETS		**72,882,503**	**85,741,323**

EUR LIABILITIES	Note	Dec 31, 2024	Dec 31, 2023
SHAREHOLDERS' EQUITY	12		
Share capital		2,100,000	2,100,000
Revaluation fund		2,000,000	2,000,000
Fund for invested unrestricted equity		18,434,568	23,163,166
Profit from previous financial periods		330,270	-2,349,736
Profit/loss for the financial period		-10,815,602	463,741
Total shareholders' equity		**12,049,235**	**25,377,172**
LIABILITIES	13		
Non-current			
Loans from financial institutions		2,800,000	1,769,999
Non-current total		**2,800,000**	**1,769,999**
Current			
Loans from financial institutions		1,541,725	4,554,770
Trade payables		405,838	556,763
Other liabilities		53,687,890	51,659,732
Accrued expenses	14	2,397,815	1,822,886
Current total		58,033,268	58,594,151
TOTAL LIABILITIES		60,833,268	60,364,151
LIABILITIES		**72,882,503**	**85,741,323**

Parent Company Cash Flow Statement

EUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Cash flow from operating activities		
Operating profit/loss	557,940	58,876
Adjustments:		
Depreciation	72,822	81,516
Transactions with no related cash flow:	1	34,467
Change in working capital		
Change in trade and other receivables	2,802,751	-7,548,198
Change in trade and other payables	1,064,586	16,236,024
Interest received	2,555	0
Paid interest and other financial expenses	-136,268	-356,695
Total operating activities cash flow	**4,364,386**	**8,505,989**
Investment cash flow		
Investments in subsidiary shares	0	-2,424,801
Investments in fixed assets	-71,338	-193,944
Loan receivables repaid	83,075	45,822
Loans paid	0	0
Loans granted	0	391,229
Total investment cash flow	**11,737**	**-2,181,694**
Cash flow before financing	**4,376,123**	**6,324,295**
Financing cash flow		
Loans withdrawn	2,800,000	
Loans paid	-4,481,728	-3,077,359
Group account debt withdrawn	1,546,786	39,843
Group account debt repaid	-1,848,103	0
Payments received from share issue	0	335,661
Purchase of own shares	-10,278	-1,026,769
Dividends and capital repayments paid	-2,502,058	-2,177,349
Total financing cash flow	**-4,495,380**	**-5,905,973**
Change in cash and cash equivalents as per cash flow statement	**119,257**	**418,322**
Change in cash and cash equivalents	**-119,257**	**230,258**
Cash and cash equivalents, opening balance	230,258	0
Cash and cash equivalents, closing balance	111,001	230,258

Notes to the Parent Company's Financial Statements

Accounting Principles Used in the Parent Company's Financial Statements

The financial statements of Innofactor Plc for the financial period of 2023 have been prepared in accordance with the Finnish accounting regulations.

Intangible and Tangible Assets

The intangible and tangible assets have been recognized at historical cost less planned depreciation. Planned depreciation has been calculated on the basis of the assets' economic lives as follows:

- intangible rights	3–5 years
- goodwill	5 years
- tangible assets	2–5 years

Acquisition costs for non-current asset items, which have a probable economic life of under three years, and small purchases (under EUR 850) have been recognized as cost in their entirety in the financial period in which they were purchased.

Securities Included in Financial Assets

Securities included in financial assets have been measured at the acquisition price or the market price, whichever is lower.

Items in Foreign Currency

Items in foreign currency have been converted using the weighted average rate quoted by the European Central Bank at the closing date.

Notes to the Financial Statements (EUR)

1. Net sales (EUR) by market area	**2024**	**2023**
Finland	14,405,055	11,987,647
Rest of Europe	1,636,019	1,400,522
Total net sales	**16,041,074**	**13,388,169**

2. Other Operating Income	**2024**	**2023**
Lease revenue	79,358	74,515
Other operating income	0	9,345
Total other operating income	**79,358**	**83,860**

3. Materials and services	**2024**	**2023**
Purchases during the financial period	6,524,050	6,212,819
Total	**6,524,050**	**6,212,819**

4. Personnel expenses	**2024**	**2023**
Salaries and fees	3,025,792	2 778 552
Pension expenses	463,095	470 800
Other indirect employee costs	44,807	64 852
Total personnel expenses	**3,533,694**	**3,314,204**
Management salaries and fees		
CEO and Board Member Sami Ensio	329,000	375,000
Board members and deputy members	118,000	113,000
Total	**447,000**	**488,000**

The CEO's retirement age and the basis for calculating the pension comply with the effective Employee Pensions Act. The mutual term of notice of the CEO is 6 months. If the company terminates the CEO's contract,the CEO will be paid the salary for the period of notice and also, as a compensation for the termination, one-time payment equaling the CEO's 12 months' salary.

Average number of personnel	37	37

5. Planned depreciation	2024	2023
On intangible rights	6,628	57,680
On machinery and equipment	66,194	23,836
Total	**72,822**	**81,516**

6. Other operating expenses	2024	2023
Leases and other expenses for premises	1,046,812	1,139,191
Legal expenses	1,184,203	265,185
IT hardware, licenses and communications	896,304	848,982
Travel expenses	81,388	93,494
Training expenses	44,792	49,652
Other operating expenses	2,178,426	1,408,111
Total	**5,431,925**	**3,804,616**
Other operating expenses, total	**5,431,925**	**3,804,616**

Remuneration of the Auditors	2024	2023
Auditing	127,904	68,950
Assurance of sustainability report	25,000	0
Other services	13,113	17,600
Total	**152,904**	**86,550**
Fees in total	**152,904**	**86,550**

7. Financial income and expenses	2024	2023
Total interest and other financial income		
From Group companies	1,162,065	1,042,162
From others	8,237	466,928
Total interest and other financial income	**1,170,301**	**1,509,089**
Interest and other financial expenses		
To Group companies	-8,957	-21,830
Interest expenses to others*	-230,838	-405,115
Depreciation on non-current asset investments	-12,000,000	0
Total interest and other financial expenses	**-12,239,795**	**-426,945**

*In 2024, other interest and financial expenses included EUR 95 thousand in exchange rate losses (2023: EUR 48 thousand).

Total financial income and expenses	**-11,069,494**	**1,082,144**
Group contributions received/granted	**0**	**-677,279**

Balance Sheet Notes (EUR)

8. Intangible and Tangible Assets

	Intangible	Goodwill	Tangible	Total
Acquisition cost, Jan 1, 2024	1,080,353	603,840	298,866	1,983,058
Additions	0	0	71,338	71,338
Acquisition cost, Dec 31, 2024	1,080,353	603,840	370,204	2,054,396
Accumulated depreciation, amortization and impairment, Jan 1, 2024	1,052,201	603,840	151,362	1,807,403
Depreciation for the financial period	6,628	0	66,194	72,822
Accumulated depreciation, Dec 31, 2024	1,058,829	603,840	217,556	1,880,225
Carrying amount, Dec 31, 2024	**21,524**	**0**	**152,647**	**174,172**

	Intangible	Goodwill	Tangible	Total
Acquisition cost, Jan 1, 2023	1,058,947	603,840	160,302	1,823,089
Additions	21,406	0	138,563	159,969
Acquisition cost, Dec 31, 2023	1,080,353	603,840	298,866	1,983,058
Accumulated depreciation, amortization and impairment, Jan 1, 2023	994,521	603,840	127,526	1,725,887
Depreciation for the financial period	57,680	0	23,836	81,516
Accumulated depreciation, Dec 31, 2023	1,052,201	603,840	151,362	1,807,403
Carrying amount, Dec 31, 2023	**28,152**	**0**	**147,503**	**175,656**

9. Investments

Acquisition cost, Jan 1, 2024	37,490,528
Acquisition cost, Dec 31, 2024	32,697,165
Carrying amount, Dec 31, 2024	**32,697,165**
Acquisition cost, Jan 1, 2023	36,496,610
Acquisition cost, Dec 31, 2023	37,490,528
Carrying amount, Dec 31, 2023	**37,490,528**

10. Receivables	2024	2023
Non-current assets		
Loan receivables	0	44,363
Other receivables from Group companies	19,087,198	24,177,056
Non-current receivables total	**19,087,198**	**24,221,419**
Current receivables		
Trade receivables	10,506	6,641
Loan receivables	0	38,712
Trade receivables from Group companies	19,963,138	23,060,789
Current receivables total	**19,973,644**	**23,106,142**
Total receivables from Group companies	**39,050,336**	**47,237,845**

11. Accrued income	2024	2023
Pre-paid licenses	517,072	465,624
Periodical personnel expenses	20,780	37,215
Other	38,600	14,483
Accrued income in total	**576,452**	**517,322**

12. Shareholders' equity	2024	2023
Shareholders' equity, opening balance	2,100,000	2,100,000
Shareholders' equity, closing balance	**2,100,000**	**2,100,000**
Revaluation fund, opening balance	2,000,000	2,000,000
Revaluation fund, closing balance	**2,000,000**	**2,000,000**
Unrestricted shareholders' equity		
Fund for invested unrestricted equity opening balance	23,163,165	25,340,515
Repayment of capital	-2,502,058	-2,177,349
Fund for invested unrestricted equity closing balance	**20,661,107**	**23,163,165**
Profit from previous financial periods, opening balance	-1,885,995	-1,725,899
Purchase of own shares	-10,275	-623,837
Profit from previous financial periods, closing balance	**-1,896,270**	**-2,349,736**
Result for the financial period	**-10,815,602**	**463,741**
Total unrestricted shareholders' equity	**7,949,235**	**21,277,171**
Total shareholders' equity	**12,049,235**	**25,377,171**

Calculation of distributable funds	2024	2023
Result from previous financial periods	-1,896,270	-2,349,736
Result for the financial period	-10,815,602	463,741
Fund for invested unrestricted equity	20,661,107	23,163,165
Total	**7,949,235**	**21,277,170**

13. Liabilities	2024	2023
Non-current liabilities		
Loans from financial institutions	2,800,000	1,770,000
Total non-current liabilities	**2,800,000**	**1,770,000**
Current liabilities		
Loans from financial institutions	1,541,725	4,554,770
Trade payables	405,838	556,763
Trade payables in total	**405,838**	**556,763**
Other liabilities	3,659,817	2,731,708
Other payables to Group companies	50,028,073	48,928,024
Other liabilities in total	**53,687,889**	**51,659,732**
Accrued expenses	2,397,815	1,822,886
Liabilities to Group companies	**50,028,073**	**48,928,024**
Total current liabilities	**58,033,268**	**58,594,151**
Total liabilities	**60,833,268**	**60,364,151**

14. Accrued expenses	2024	2023
Periodical personnel expenses	457,221	538,937
Rent	0	106,526
Other	1,592,719	1,177,423
Accrued expenses in total	**2,397,815**	**1,822,886**

15. Commitments and contingent liabilities	2024	2023
Bank guarantees		
A bank guarantee has been given as collateral for a lease agreement.	292,306	273,975
Lease liabilities		
To be paid in the next financial period	1,245,813	1,273,826
To be paid later	2,925,036	674,812
Total	**4,170,849**	**1,948,638**
Mortgages on company assets as collateral for loan		
Mortgages on company assets as collateral for loan	4,000,000	4,000,000

Board of Directors' Proposal on the Distribution of Profits

At the end of the financial period of 2024, the distributable assets of Innofactor Plc are EUR 7,949,235. The Board of Directors proposes that no dividend be distributed for the financial period of 2024.

Company Shares

Innofactor Plc has one series of shares. The number of shares is 35,789,319. The share has no nominal value. One share entitles the holder to one vote at the General Meeting. All shares entitle their holders to dividends of equal value. Innofactor Plc's mshare capital, paid in full and entered in the Trade Register, is EUR 2,100,000.00.

The company held no treasury shares on December 31, 2024.

Innofactor Plc, Keilaranta 9, 02150 Espoo

INNOFACTOR PLC

SIGNATURES TO THE FINANCIAL STATEMENTS AND ANNUAL REPORT

Espoo, March 31, 2025

Sami Ensio
CEO, Board Member

Antti Kummu
Chairman of the Board of Directors

Timo Larjomaa
Board Member

Risto Linturi
Board Member

AUDITOR'S NOTE
A report on the audit has been issued today.

Helsinki, March 31, 2025

Ernst & Young Oy
Authorized Public Accountants

Juha Hilmola
Authorized Public Accountant

Auditor's Report

To the Annual General Meeting of Innofactor Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Innofactor Oyj (business identity code 0686163-7) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 4 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Recognition of Fixed-Price Projects *Refer to note summary of significant accounting policies and note 3.* The company provides its customer with services based on fixed price contracts. Revenue is recognized over time which involves the use of management judgement when determining the percentage of completion of the projects. The group focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the control has been transferred. Revenue recognition of fixed price projects was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2) due to the management's judgement used when determining the percentage of completion of the projects.	Our audit procedures to address the significant risk of material misstatement related to revenue recognized over time, included amongst other: • Assessing the Group's accounting policies over revenue recognition of fixed-price projects. • Gaining an understanding of the Percentage of Completion (PoC) revenue recognition process. • Examination of the fixed-price project documentation and testing the PoC calculations and inputs of estimates in the calculations and comparing the estimates to actuals. • Analytical procedures • Assessing the progress and overall situation of the fixed price projects and key ratios by performing inquiries to persons on different levels in the organization. • Analyzing key elements of the estimates, for instance, estimated revenue and estimated hours to complete. • Assessing the Group's disclosures in respect of revenue recognition.

Valuation of Goodwill *Refer to note summary of significant accounting policies and note 13.* At the balance sheet date 31 December 2024, the value of goodwill amounted to 26.6 M€ representing 52,5 % of the total assets and 115 % of the total equity. Valuation of goodwill was a key audit matter because: • goodwill represents a significant proportion of the balance sheet • annually performed impairment testing estimation process is complex and is judgmental • it is based on assumptions relating to market and economic conditions. Valuation of goodwill is tested annually through goodwill impairment test. Innofactor has allocated goodwill to one cash generating unit (CGU) which is the level for goodwill impairment test. The recoverable amount of the cash generating unit is based on value in use calculations, and the outcome could vary significantly if different assumptions were applied. There are a number of assumptions used to determine the value in use of the cash generating units, including revenue growth, EBITDA, working capital and the discount rate applied. Changes in the above-mentioned assumptions may result in an impairment of goodwill.	In our audit procedures related to valuation of goodwill we involved our internal valuation specialist to assist us in evaluating the assumptions and methodologies used by the management. Procedures included comparison of management assumptions with external market data and peer group average calculated by us focusing particularly on • forecasted revenue growth • change in working capital • EBITDA percentage and • weighted average cost of capital used in discounting cash flows. We reviewed the goodwill impairment test performed by the management and compared the discounted cash flows to the company's market value. We also assessed the historical accuracy of managements' estimates. In addition, we assessed the Group's disclosures in the financial statements regarding the impairment test.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company’s or the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 2 April 2019 and our appointment represents a total period of uninterrupted engagement of six years.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 31.3.2025

Ernst & Young Oy
Authorized Public Accountant Firm

Juha Hilmola
Authorized Public Accountant

Assurance Report on the Sustainability Statement

To the Annual General Meeting of Innofactor Oyj

We have performed a limited assurance engagement on the group sustainability statement of Innofactor Oyj (0686163-7) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability statement does not comply, in all material respects, with

1. the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2. the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Innofactor Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability statement with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability statement as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our responsibilities under this standard are further described in the *Responsibilities of the Group Sustainability Auditor* section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We draw attention to the fact that the group sustainability statement of Innofactor Oyj that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability statement. Our opinion is not modified in respect of this matter.

Group sustainability auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Innofactor Oyj are responsible for:

- the group sustainability statement and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability statement with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability statement that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Statement

The preparation of the group sustainability statement requires a materiality assessment from the company in order to identify relevant disclosures. This significantly involves management judgment and choices. Group Sustainability reporting is also characterized by estimates and assumptions, as well as measurement and estimation uncertainty.

The determination of greenhouse gases is subject to inherent uncertainty due to the incomplete scientific data used to determine the emission factors and the numerical values needed to combine emissions of different gases.

In addition, when reporting forward-looking information, the company must make assumptions about possible future events and disclose the company's possible future actions in relation to these events. The actual outcome may be different because predicted events do not always occur as expected.

Responsibilities of the Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability statement.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability statement, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included e.g. the following:

- We have interviewed the key persons responsible for collecting and reporting the information included in the group sustainability statement.
- Through interviews, we gained an understanding of the group's control environment related to the group sustainability reporting process.
- We evaluated the implementation of the company's double materiality assessment process against the requirements of ESRS standards and the compliance of the information provided for the double materiality assessment with ESRS standards.
- We assessed whether the group sustainability statement in material respect meets the requirements of ESRS standards for material sustainability topics:
    - We have tested the accuracy of the information presented in the group sustainability statement by comparing the information on a sample basis with supporting company documentation.
    - We have on a sample basis performed analytical assurance procedures and related inquiries, recalculation and inspected documentation, as well as tested data aggregation to assess the accuracy of the group sustainability statement.
- We gained an understanding of the process by which a company has defined taxonomy-eligible and taxonomy-aligned economic activities and evaluate the regulatory compliance of the information provided.

Helsinki 31.3.2025

Ernst & Young Oy
Authorized Sustainability Audit Firm

Juha Hilmola
Authorized Sustainability Auditor

Additional Information

Key Figures per Share

	2024	2023
Earnings per share (EUR)	0.01	0.09
Highest price of the share (EUR)	1.76	1.34
Lowest price of the share (EUR)	1.07	1.03
Market value of the shares (EUR thousand)	61,333,566	45,092,439
Turnover of shares (pcs)	41,834,903	6,841,002
Turnover of shares (%)	117%	19%
Weighted average number of shares		
during the financial period	36,292,051	36,8101,54
Own shares held by the company	0	600,000
Number of shares		
At the end of the financial period	35,789,319	36,343,691
Earnings per share (EUR)	0.01	0.09
Shareholders' equity per share (EUR)	0.65	0.70
Dividend per share and repayment of invested unrestricted equity, % of profit, total	0.00%	74.5 %
Effective dividend yield, %	0.00%	6.7 %
Price to earnings ratio	233.1	13.1

Shareholding

On December 31, 2024, Innofactor Plc had 4,647 shareholders including the administrative registers (8). The share of administratively registered shares was 0.2 % of the total number of shares.

Distribution of Shareholding at December 31, 2024

Shares	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
1-100	3,534	76.05	87,673	0.25
101-1 000	891	19.17	338,845	0.95
1 001-10 000	201	4.33	572,729	1.6
10 001-100 000	20	0.43	536,663	1.5
over 100 000	1	0.02	34,253,409	95.71
Total	**4,647**	**100**	**35,789,319**	**100**

Largest shareholders by sector, December 31, 2024

	Number of shares	Percentages of shares
Households	1,236,595	3%
Private sector	34,394,953	96%
Nominee-registered	72,620	0%
Financial and insurance institutions	30,252	0%
Foreign shareholders	16,549	0%
Non-profit organizations	38,350	0%
All shares total	35,789,319	100%

Calculation of Key Figures

Percentage of Return on Equity:

$$\frac{\text{Profit or loss before taxes - Taxes}}{\text{Shareholders' equity}}$$

Percentage of Return on Investment:

$$\frac{\text{Profit or loss before taxes + Interest and other financial expenses}}{\text{Shareholders' equity + Interest bearing financial liabilities}}$$

Net Gearing:

$$\frac{\text{Interest bearing liabilities - Cash funds}}{\text{Shareholders' equity}}$$

Equity Ratio, %:

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - Advances received}}$$

Result / Share:

$$\frac{\text{Profit before taxes attributable to equity holders of the parent - Taxes}}{\text{Average number of shares on the financial period adjusted after the share issue}}$$

Shareholders' Equity / Share:

$$\frac{\text{Shareholders' equity attributable to equity holders of the parent}}{\text{Undiluted number of shares on the date of the financial statement}}$$

Dividend Payout and Return of Capital, Total of Result, %

$$\frac{\text{(Dividend/share) + (return of capital/share)}}{\text{Earnings / share}}$$

Effective Dividend Yield, %

$$\frac{\text{(Dividend + return of capital) / share}}{\text{Share price at balance sheet date}}$$

Price/Earnings Ratio (P/E)

$$\frac{\text{Share price at balance sheet date}}{\text{Earnings per share, basic}}$$

Operating Margin (EBITDA):

Operating profit/loss - Depreciations

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