

Innofactor Plc Interim Report April 25, 2023, at 9:00 Finnish time

Innofactor Plc's Interim Report for January 1–March 31, 2023 (IFRS)

Innofactor's strong growth continued in the first quarter of 2023

January–March 2023 in brief:

- Net sales were approximately EUR 20.2 million (2022: 17.0), representing an increase of 19.2%
 - Organic growth, excluding the Invenco business acquired in June 2022, was 10.9%
- The operating margin was approximately EUR 2.5 million (2022: 2.0), which shows an increase of 21.8%
- Operating profit was EUR 1.7 million (2022: 1.3), which shows an increase of 29.8%
- The order backlog at the end of the review period was EUR 76.3 million (2022: 71.3), representing an increase of 6.9%
- Innofactor received several significant orders in the first quarter, for example:
 - Digitalization project concerning Metso Outotec Plc's quotation process, approximately EUR 0.7 million
 - Continued development and maintenance of Senate Properties' HR system, approximately EUR 0.8 million

Key figures of the group, IFRS

	Jan 1–Mar 31, 2023	Jan 1–Mar 31, 2022	Change
Net sales, EUR thousand	20,223	16,964	19.2%
Growth of net sales	19.2%	-4.7%	
Operating result before depreciation and amortization (EBITDA), EUR thousand	2,487	2,042	21.8%
percentage of net sales	12.3%	12.0%	
Operating profit/loss (EBIT), EUR thousand	1,712	1,319	29.8%
percentage of net sales	8.5%	7.8%	
Earnings before taxes, EUR thousand	1,311	1,102	18.9%
percentage of net sales	6.5%	6.5%	
Earnings, EUR thousand	1,036	846	22.5%
percentage of net sales	5.1%	5.0%	
Order backlog	76,293	71,336	6.9%
Shareholders' equity, EUR thousand	26,162	26,219	-0.2%
Return on equity	4.0%	3.2%	
Interest-bearing liabilities, EUR thousand	14,146	10,859	30.3%
Cash and cash equivalents, EUR thousand	5,493	3,919	40.2%
Deferred tax assets, EUR thousand	3,782	4,542	-16.7%
Return on investment	5.0%	3.8%	
Net gearing	33.1%	26.5%	
Net gearing without IFRS 16	16.4%	10.1%	
Equity ratio	47.3%	51.7%	-8.6%
Equity ratio without IFRS 16	51.3%	56.5%	
Balance sheet total, EUR thousand	59,105	54,761	7.9%
Research and development, EUR thousand	1,201	1,088	10.4%
percentage of net sales	5.9%	6.4%	
Active personnel on average during the review period*	567	499	13.6%
Active personnel at the end of the review period*	572	502	13.9%
Earnings per share (EUR)	0.03	0.02	22.5%

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

Innofactor's future outlook for 2023

Innofactor's net sales and operating margin (EBITDA) in 2023 are estimated to increase from 2022, during which net sales were EUR 71.1 million and operating margin was EUR 7.8 million.

CEO Sami Ensio's review: Investing in the personnel supports the achievement of business objectives

Net sales in the first quarter of 2023 amounted to EUR 20.2 million, representing year-on-year growth of 19.2 percent. The rate of organic growth, excluding the Invenco business acquired in June 2022, was 10.9 percent. The operating margin (EBITDA) increased by 21.8 percent year-on-year and was EUR 2.5 million (12.3 percent of net sales). EBITDA was positive in all of our operating countries. The order backlog at the end of the quarter was EUR 76.3 million, representing year-on-year growth of 6.9 percent.

We were successful in sales in the first quarter. Among other contracts, we won a digitalization project concerning Metso Outotec Plc's quotation process, valued at approximately EUR 0.7 million, and the continued development and maintenance of Senate Properties' HR system, valued at approximately EUR 0.8 million. We are grateful to all of our clients for their trust in Innofactor's services.

In April 2023, Innofactor became the third Finnish company to be awarded Microsoft's highest partner designation Solutions Partner for Microsoft Cloud for its comprehensive expertise in all Microsoft solution areas. Earning the highest designation requires achieving all six Microsoft Solutions Partner designations, and it demonstrates Innofactor's comprehensive technical expertise and capability for delivering modern cloud solutions to customers in all Microsoft solution areas. We would like to thank Microsoft for its appreciation of Innofactor and for our excellent cooperation over the decades. Being rewarded with the Solutions Partner for Microsoft Cloud designation demonstrates our ability to help our customers succeed across all Microsoft solution areas. We are proud of our achievements, expertise, professionals, customers, and partners.

In the first quarter, we managed to further enhance the efficiency of our operations and improve our invoicing rate when compared to the final quarter of 2022. Innofactor's number of personnel increased by over 13 percent year-on-year. We also increased the use of subcontracting. The increased number of personnel involved in customer work promoted the growth of net sales and the operating margin.

We want to focus on training young people and offering jobs to new graduates. In 2023, we are organizing our fifth Innofactor DigiStar Trainee Program, the purpose of which is to provide a diverse induction training period for new professionals, followed by learning on the job. Our target for 2023 is to increase the number of DigiStar participants to over 60, up from 37 last year. We received a record-breaking number of applications – over one thousand – in the first DigiStar recruitment round this year. A small number of the DigiStar participants already started in the first quarter, with most starting the program in April–May. The DigiStar trainees have a significant impact on the average age of our personnel. In the first quarter, the average age of our personnel did not increase at all, remaining the same as a year earlier.

During the first quarter, we carried out a directed personnel share issue with a record-high number of 211 employees participating. Subscriptions were made in all of Innofactor’s operating countries: Finland, Sweden, Denmark and Norway. I am very pleased about the active participation of our personnel, which speaks to our employees’ strong commitment to the achievement of Innofactor’s long-term objectives.

Innofactor concluded a company-specific collective agreement in Finland. The aim of the company-specific collective agreement is to provide our employees with an even better and easier-to-understand agreement. Under the terms of the collective agreement, our employees are provided with, for example, substantially more equal opportunities for paid family leave, regardless of whether the person is the birthing parent or the non-birthing parent. We wanted the collective agreement to cover key issues for our company, such as flexible working hours and the Worktime Bank. The agreement also incorporates certain wishes expressed by our personnel, including paid participation in voluntary training organized by the Finnish Defence Forces. We believe that the company-specific collective agreement helps us to further improve the job satisfaction of our existing employees and attract new employees.

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

Strategy and its realization in the review period

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

Our purpose: Innovating to make the world work better

Our mission: Driving the modern digital organization

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

Our strategic choices:

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

Our values:

- Accountability
- Empowerment
- Innovation
- Customer

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

Our long-term financial goals:

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

Innofactor's net sales in the first quarter were EUR 20.2 million (2022: 17.0), representing year-on-year growth of 19.2 percent. The net sales growth target is supported by Innofactor's large order backlog of EUR 76.3 million (2022: 71.3). Innofactor aims to continue to take measures that support the growth of net sales.

The operating margin (EBITDA) was 12.3 percent of net sales (2022: 12.0%). EBITDA for the review period increased by 21.8 percent year-on-year. While profitability has improved, continued attention and efforts by the management are still needed in the coming years to reach the long-term target of approximately 20 percent.

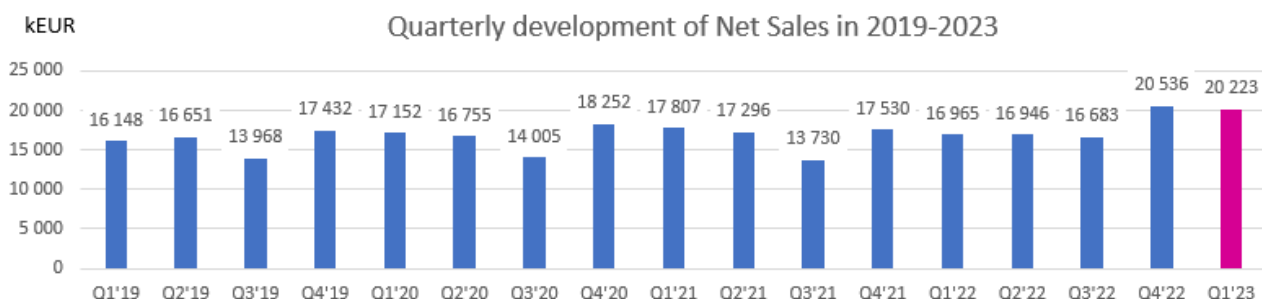
Innofactor's operating cash flow for the review period January 1–March 31, 2023, was EUR 3.9 million (2022 Q1: EUR 2.7 million) and the equity ratio at the end of the review period was 47.3 percent (2022: 51.7 percent). The equity ratio was reduced by the loan of approximately EUR 2.5 million taken out in June 2022 for the purpose of the Invenco Oy acquisition, as well as increased lease liabilities due to extensions of leases. Innofactor's strong operating cash flow supports the company's strategic goal of profitable growth and securing a solid financial standing in all situations.

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

1. We will improve the efficiency of our operations and increase our invoicing rate by five percentage points. This will be achieved by, for example, improving the management of project and service contracts, enhancing the cross-resourcing of personnel between countries and units, reducing employee turnover and developing our self-directed team models.

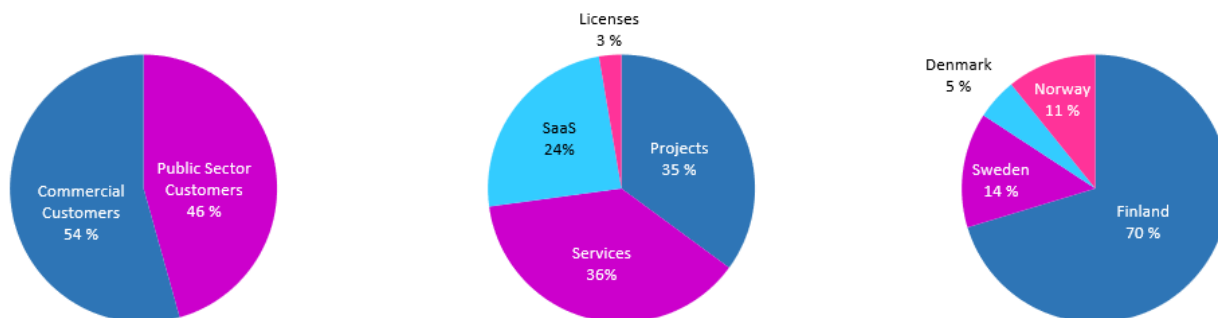
2. We will increase the share of licenses and SaaS services to over 33 percent of net sales from the current level of approximately 27 percent. This will be achieved by, for example, developing our offering, such as the new MDRaaS service (CSOC) and by focusing our sales efforts on customers and solution areas with the highest growth potential and that present the best opportunities for scaling our existing offering in each of the Nordic countries.
3. We will increase the number of employees engaged in invoiced services. This will be achieved by, for example, doubling our recruitment of new university graduates to over 60 employees in 2023, concentrating the recruitment of senior professionals to our Nordic recruitment team, increasing the competence of our employees through certifications, reducing employee turnover, improving the efficiency of subcontracting and investing in the development of our employer image.
4. We will become an even more proactive player in the Nordic M&A field. This will be achieved by, for example, through the internal reorganization of operations, emphasizing the role of country directors in actively seeking new potential acquisition targets in their respective countries.

Continued strong growth in net sales



Innofactor’s net sales for the period January 1–March 31, 2023, amounted to EUR 20,223 thousand (2022: 16,694), representing an increase of 19.2 percent.

Net sales per active employee amounted to approximately EUR 35.7 thousand (2022: 34.0), representing an increase of 4.9 percent. We focus on continuing to increase our net sales per active employee.



Innofactor’s business operations were focused on Finland, Sweden, Denmark and Norway. During the period January 1–March 31, 2023, approximately 70 percent of the net sales came from Finland, approximately 14 percent from Sweden, approximately 11 percent from Norway, and approximately 5 percent from Denmark. Compared with the corresponding period in 2022, net sales increased in Finland and Norway, increased in local currency in Sweden, and decreased in Denmark.

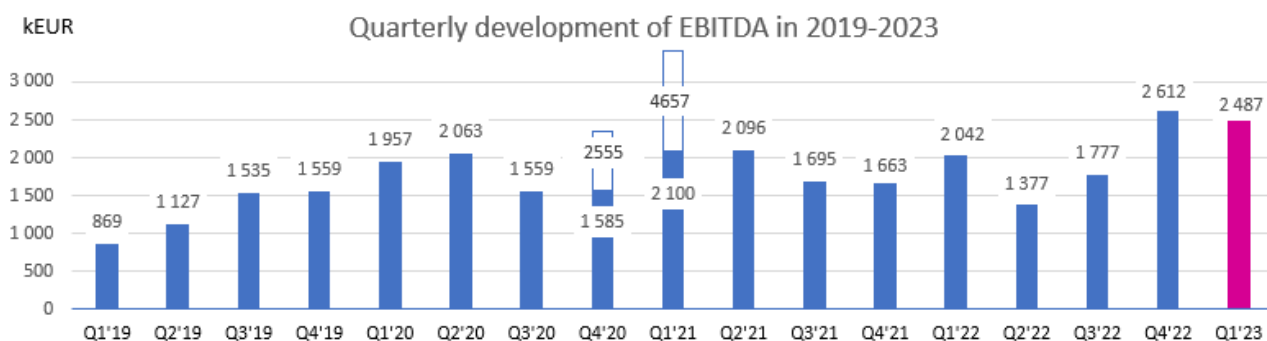
During the period January 1–March 31, 2023, approximately 54 percent of the net sales came from commercial clients (including third-sector clients) and approximately 46 percent came from public sector clients.

Innofactor’s net sales for the review period of January 1–March 31, 2023, were derived from the following sources:

- Licenses: 3 percent, including all non-recurring fees received for software
- SaaS: 24 percent, including recurring income from SaaS, cloud and hosting services and from software maintenance
- Services: 38 percent, including specialist work based on recurring service contracts, such as smaller customer-specific changes and the further development of IT systems
- Projects: 35 percent from IT system delivery projects and consulting

Innofactor’s 10 largest clients accounted for approximately 29 percent of the net sales for the review period January 1–March 31, 2023.

Innofactor’s operating margin improved year-on-year



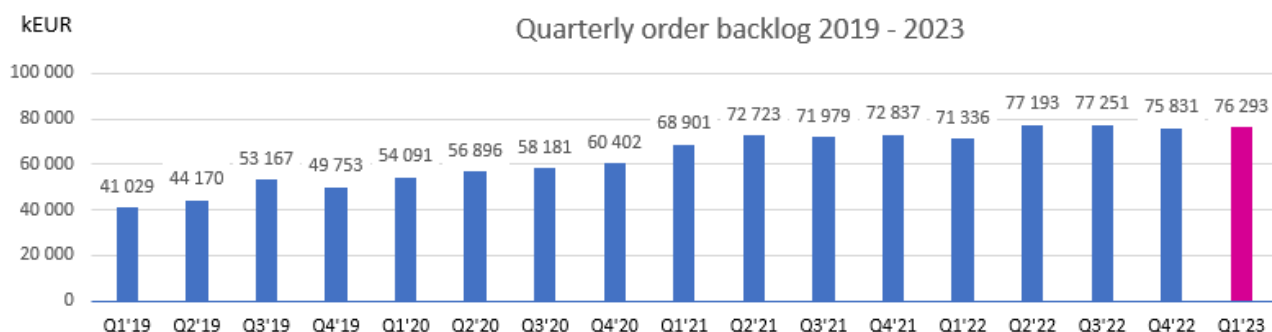
Innofactor’s operating margin (EBITDA) for the period January 1–March 31, 2023, was EUR 2,487 thousand (2022: 2,042), showing an increase of 21.8 percent. EBITDA represented 12.3 percent of net sales (2022: 12.0%). Innofactor’s operating margin was positive in all countries.

Innofactor, operating profit for January 1–March 31, 2023, amounted to EUR 1,712 thousand (2022: 1,319), representing an increase of 29.8 percent. Operating profit was 8.5 percent of net sales (2022: 7.8%).

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

Innofactor’s order backlog remained strong

Innofactor’s order backlog at the end of the review period was EUR 76,293 thousand (2022: 71,336), representing growth of 6.9 percent. The increase in the order backlog was attributable to, among other orders, the digitalization project concerning Metso Outotec Plc’s quotation process, the continued development and maintenance of Senate Properties’ HR system, and the information management system for the Finnish Defence Forces based on our Dynasty product, which was announced in December 2022, for which approximately half of the total value was entered in the order backlog.



Innofactor’s operating cash flow in the review period improved from the situation one year earlier

Innofactor’s balance sheet total at the end of the review period was EUR 59,105 thousand (2022: 54,761). The Group’s liquid assets totaled EUR 5,493 thousand (2022: 3,919), consisting entirely of cash funds.

Operating cash flow for the review period January 1–March 31, 2023, was EUR 3,882 thousand (2022: 2,705). Cash flow from investing activities was EUR -98 thousand (2022: -144).

The equity ratio at the end of the review period was 47.3 percent (2022: 51.7%) and net gearing was 33.1 percent (2022: 26.5%).

At the end of the review period, the company had EUR 5,676 thousand in current interest-bearing liabilities to financial institutions (2022: 1,873) and EUR 4,100 thousand in non-current interest bearing liabilities to financial institutions (2022: 4,683). The total amount of interest-bearing liabilities to financial institutions was EUR 9,776 thousand (2022: 6,557). The company had IFRS 16 lease liabilities of EUR 4,370 thousand (2022: 4,302) of which EUR 2,098 thousand in current leases (2022: 1,774) and EUR 2,272 thousand in non-current leases (2022: 2,528). The total amount of interest-bearing liabilities was EUR 14,146 thousand (2022: 10,859).

The return on investment for the period January 1–March 31, 2023, increased year-on-year and was 5.0 percent (2022: 3.8%). The return on equity for the period January 1–March 31, 2023, increased year-on-year and was 4.0 percent (2022: 3.2%).

The non-current assets on Innofactor's balance sheet at the end of the review period totaled EUR 38,358 thousand.

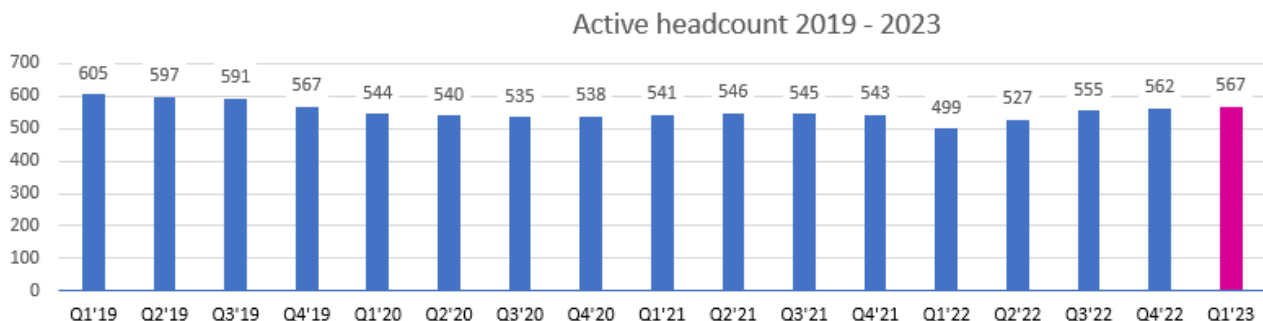
Innofactor's gross investments in tangible and intangible assets during the review period January 1–March 31, 2023, came to EUR 59 thousand (2022: 154), consisting of normal additional and replacement investments required by growth.

Innofactor's research and product development investments increased slightly from last year

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.

Innofactor's research and development costs recognized in profit or loss for January 1–March 31, 2023, amounted to approximately EUR 1,201 thousand (2022: 1,088), representing 5.9 percent of net sales (2022: 6.4%).

Innofactor’s number of personnel continued to grow



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–March 31, 2023, was 567 (2022: 499), representing an increase of 13.6 percent.

At the end of the review period, the number of active personnel was 572 (2022: 502), representing an increase of 13.9 percent.

At the end of the review period, the average age of the personnel was 42.5 years (2022: 42.5). Women accounted for 26 percent (2022: 28%) of the personnel. Men accounted for 74 percent (2022: 72%) of the personnel.

Other events in the review period

On February 13, 2023, Innofactor issued a stock exchange release to announce that Innofactor and Metso Outotec Plc have signed a contract to continue the digitalization of the company’s quotation process. Innofactor will continue the development work started in 2020 to design and implement, using agile methods, a cloud-based solution for managing the quotation process and handling and storing related information and documents. The solution is implemented using Microsoft Azure PaaS cloud services. The value of the agreement (excluding VAT) is at most EUR 0.70 million and the services will be delivered during the year 2023.

On February 16, 2023, Innofactor announced in a stock exchange release that Senate Properties has selected Innofactor with a procurement decision to continue the development and maintenance of an HR system. The system is based on the Innofactor Kide HR solution. Innofactor estimates the total value of the procurement at approximately EUR 0.8 million.

On February 17, 2023, Innofactor announced in a stock exchange release that the Board of Directors of Innofactor Plc has decided, based on the authorization granted to it by the Annual General Meeting, on a share-based incentive plan for all of Innofactor Group’s personnel in order

to commit the personnel to the company and its goals (“Personnel Share Issue”). In the Personnel Share Issue, a maximum total of 400,000 shares (“Personnel Shares”) of the company will be issued to the Innofactor Group’s personnel, deviating from the shareholders’ pre-emptive subscription rights. At the time of making the decision Innofactor Plc had 37,388,225 shares. Innofactor Plc’s shares which are in the company’s possession will be used for the Personnel Share Issue. The subscription price for the Personnel Shares will be EUR 1.01 per share. The share subscription price is based on the trade volume weighted average price of the company’s share on Nasdaq Helsinki Ltd for the previous month and on a discount of 10 percent thereof.

On March 1, 2023, Innofactor issued a stock exchange release to announce that Innofactor Plc has completed its share buy-back program. The repurchases of the shares began on September 29, 2022, and ended on February 28, 2023. During that period, Innofactor repurchased 800,000 of its own shares for an average price per share EUR 1.0550. The shares were acquired at the current market price in the public trading arranged by Nasdaq Helsinki. The purpose of the acquisition of the company’s own shares is to develop the company’s capital structure. Following the repurchases, Innofactor holds a total of 1,491,410 of its own shares.

On March 20, 2023, Innofactor issued a stock exchange release to announce that Innofactor Plc’s directed personnel share issue was fully subscribed. Subscriptions were made by a total of 211 of the Group’s employees. Subscriptions were made in all of Innofactor’s operating countries: Finland, Sweden, Denmark and Norway. The shares subscribed for in the personnel issue are subject to a transfer restriction until March 31, 2024. The subscribed shares will be transferred to the subscribers by the end of March 2023, after which the company will hold 1,091,410 shares. The subscription price of EUR 404,000 for the personnel shares will be recognized in total in Innofactor Plc’s unrestricted equity.

Share and shareholders

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

During the period January 1–March 31, 2023, the highest price of the company’s share was EUR 1.34 (2022: EUR 1.54), the lowest price was EUR 1.05 (2022: 1.07) and the average price was EUR 1.20 (2022: EUR 1.37).

The closing price for the review period on March 31, 2023, was EUR 1.22 (2022: EUR 1.37).

In public trading during the period January 1–March 31, 2023, a total of 2,301,471 shares were traded (2022: 6,513,680), which corresponds to 6.2 percent (2022: 17.8%) of the average number of shares in the said period. During the period January 1–March 31, 2023, the average number of

shares was 37,388,225 (2022: 36,588,225). The share trading volume decreased by 64.7 percent when compared to the corresponding period in 2022.

The market value of the share capital at the closing price of EUR 1.22, on March 31, 2023, was EUR 45,763 thousand (2022: 51,035), representing a decrease of 10.3 percent.

On March 31, 2023, the company had a total of 11,838 shareholders (2022: 12,253), including nominee-registered shares.

On March 31, 2023, the company held 1,091,410 treasury shares.

Decisions of the Annual General Meeting

On March 31, 2023, the Annual General Meeting decided, in accordance with the proposal of the Board of Directors, that a repayment of capital of EUR 0.06 per share be paid for the financial year 2022. The repayment of capital was paid to shareholders who, on the record date of the capital repayment on April 5, 2023, were recorded in the company's shareholders' register held by Euroclear Finland Oy. The repayment of capital was paid on April 14, 2023.

The Annual General Meeting of March 31, 2023, 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 General Meeting, the Board of Directors elected Anna Lindén as the Chairman of the Board.

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

The Board of Directors has been given the following authorizations:

- Until June 30, 2024, 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 31, 2023); the authorization has not been used.
- Until June 30, 2024, to decide on an acquisition of a maximum of 3,600,000 treasury shares (decided by the Annual General Meeting of March 31, 2023); 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 2,459,293, which allows the distribution of assets up to a maximum of EUR 0.06 per share.

Management of the company

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

Innofactor has drawn up a separate Corporate Governance Statement for the financial period of 2022.

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

Related party transactions

The company's managers considered to be related parties have EUR 59 thousand in liabilities from the company's personnel issues to the company. The loan period is five years, and the loan is repaid in fixed monthly installments. There are also two-year loans that are repaid in four equal instalments every six months. The interest rate for the loan is 12-month Euribor 360. However, the interest rate is always a minimum of 0%. The accrued interest is paid to the company monthly.

Market outlook and business environment

The market outlook and business environment are published in their entirety in the financial statement and in the Annual Report.

There have been no significant changes in market outlook and business environment during the review period nor can any other significant changes be seen.

Short term risks and uncertainty factors

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

There have been no significant changes in Innofactor's short-term risks and uncertainty factors during the review period nor can any other significant changes be seen.

Acquisitions and changes in the Group structure

During the review period, Innofactor simplified its group structure by dissolving Innofactor HRM Oy (the entire business operations of Innofactor HRM Oy have previously been transferred to Innofactor Software Oy by means of a business transfer, and there was no longer any need for the company) and merging Innofactor Invenco Software Ltd with Innofactor Invenco Ltd.

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

Events after the review period

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

Espoo, April 25, 2023

INNOFACTOR PLC

Board of Directors

Additional information:

CEO Sami Ensio, Innofactor Plc

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Briefings concerning the Interim Report for January 1–March 31, 2023

Innofactor Plc will publish its interim report for January–March 2023 on Tuesday, April 25, 2023, at approximately 9:00 am Finnish time.

A video conference call for media, investors and analysts will be held in English on the same day beginning at 12:00 Finnish time. The report will be presented by CFO Markku Puolanne.

To participate in the conference, kindly register in advance by sending an e-mail to ir@innofactor.com. The participation link will be sent via e-mail to the registered participants the day before the conference.

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

Distribution:
NASDAQ Helsinki
Main media
www.innofactor.fi

Financial statement summary and notes January 1–March 31, 2023 (IFRS)**Accounting policies**

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

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

The interim report adheres to the same accounting policies and calculation methods as the last annual financial statement 2022. However, as of January 1, 2023, the Group has introduced the new or renewed IFRS standards and IFRIC interpretations published by IASB and mentioned in the accounting policies section of the financial report 2022. The principles for calculating the key figures and the calculation formulas have not been changed, and they have been presented in an appendix to this report.

In addition to the IFRS key figures, Innofactor publishes certain alternative key figures in order to present the financial development of the actual business operations and to improve comparisons between different periods, such as equity ratio, net gearing, return on investment, return on equity, and net sales per person. The formulas for calculating the other alternative key figures are presented at the end of this report.

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

The figures in this interim report have not been audited.

**Comprehensive consolidated profit
and loss statement, IFRS**

EUR thousand	Jan 1–Mar 31, 2023	Jan 1–Mar 31, 2022
Net sales	20,223	16,964
Other operating income	19	22
Materials and services (–)	-3,275	-2,172
Employee benefit expenses (–)	-12,776	-11,225
Depreciation (–)	-775	-723
Other operating expenses (–)	-1,704	-1,547
Operating profit/loss	1,712	1,319
Financial income	10	30
Financial expenses (–)	-411	-247
Profit/loss before taxes	1,311	1,102
Income taxes	-274	-256
Profit/loss for the financial period	1,036	846
Distribution of the result		
To shareholders of the parent company	1,036	846
To non-controlling interests	0	0
Other comprehensive income		
Items that may be later recognized		
in profit or loss:		
Translation differences	87	27
Total comprehensive income	1,124	873
Distribution of the comprehensive income		
To shareholders of the parent company	1,124	873
To non-controlling interests	0	0
Earnings per share calculated from the profit attributable to equity holders of the parent:		
basic earnings per share (EUR)	0.03	0.02
diluted earnings per share (EUR)	0.03	0.02

Consolidated balance sheet, IFRS
ASSETS

EUR thousand	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Non-current assets			
Tangible assets	1,006	576	1,076
Right-of-use assets	4,260	4,208	4,843
Goodwill	26,831	26,337	26,831
Other intangible assets	2,296	467	2,398
Shares and holdings	76	5	5
Receivables	108	129	77
Deferred tax assets	3,782	4,542	4,090
Non-current assets	38,358	36,264	39,319
Current assets			
Trade and other receivables	15,254	14,578	14,540
Cash and cash equivalents	5,493	3,919	1,956
Current assets	20,747	18,497	16,495
TOTAL ASSETS	59,105	54,761	55,815

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR thousand	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Share capital	2,100	2,100	2,100
Share premium reserve	72	72	72
Other reserves (+/-)	59	59	59
Fund for invested unrestricted equity	17,247	20,174	17,247
Retained earnings	8,254	6,342	7,669
Own shares	111	-1,204	-447
Translation differences	-1,681	-1,324	-1,902
Equity attributable to the shareholders of the parent company	26,162	26,219	24,799
Non-controlling interest	0	0	0
Total shareholders' equity	26,162	26,219	24,799
Non-current liabilities			
Loans from financial institutions	4,100	4,683	4,517
Lease liabilities	2,272	2,528	2,832
Deferred tax liabilities	1,839	1,472	1,851
Other non-current liabilities	0	8,683	0
Total non-current liabilities	8,212	7,828	9,200
Current liabilities			
Loans from financial institutions	5,676	1,873	4,886
Lease liabilities	2,098	1,774	2,115
Trade and other payables	16,958	16,212	14,815
Current liabilities total	24,732	19,859	21,816
Total liabilities	32,943	28,542	31,016
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	59,105	54,761	55,815

Statement of change in shareholders' equity, IFRS

EUR thousand	Share capital	Share premium reserve	Reserve fund	Fund for invested unrestricted equity	Own shares	Retained earnings	Exchange difference	Total shareholders' equity
Shareholders' equity Jan 1, 2023	2 100	72	59	17 247	-1 592	8 815	-1 902	24 799
Comprehensive income								
Result for the financial period						1 036		1 036
Changes to previous years						-5	0	-5
Exchange differences							220	220
Total comprehensive income						1 031	220	1 251
Repayment of capital								0
Purchase of own shares					111			111
Shareholders' equity Mar 31, 2023	2 100	72	59	17 247	-1 481	9 846	-1 681	26 162

EUR thousand	Share capital	Share premium reserve	Reserve fund	Fund for invested unrestricted equity	Own shares	Retained earnings	Exchange difference	Total shareholders' equity
Shareholders' equity Jan 1, 2022	2 100	72	59	20 174	-1 146	5 496	-1 351	25 404
Comprehensive income								
Result for the financial period						3 320		3 320
Exchange differences							-551	-551
Total comprehensive income						3 320	-551	2 769
Repayment of capital				-2 927				-2 927
Purchase of own shares					-447			-447
Shareholders' equity Dec 31, 2022	2 100	72	59	17 247	-1 592	8 815	-1 902	24 799

Consolidated cash flow statement, IFRS

EUR thousand	Jan 1 – Mar 31 2023	Jan 1-Mar 31 2022
Cash flow from operating activities		
Operating profit	1,311	1,102
Adjustments:		
Depreciation	775	723
Other transactions with no related cash flow:	336	62
Operating profit before change in working capital	2,422	1,887
Change in trade and other receivables (+/-)	-707	-1,185
Change in trade and other payables (+/-)	2,142	1,863
Change in working capital	1,436	678
Cash flow from operating activities before financing and income taxes paid	3,858	2,565
Interest received	-10	-30
Interest paid (-)	34	171
Taxes paid	0	0
Net cash flow from operating activities	3,882	2,705
Investment cash flow		
Investment in intangible and tangible assets (-)	-59	-154
Loan receivables repaid	-39	10
Net cash flow from investments	-98	-144
Cash flow from financing		
Loans withdrawn	374	0
Lease liability payments	-568	-547
Purchase of own shares	-389	-58
Net cash flow from financing	-583	-605
Change in cash and cash equivalents (+/-)	3,202	1,956
Cash and cash equivalents, opening balance	1,956	1,963
Cash and cash equivalents, closing balance	5,493	3,919

**Consolidated profit and loss statement
by quarter, IFRS**

	Jan 1– Mar 31, 2023	Apr 1– Jun 30, 2023	Jul 1– Sep 30, 2023	Oct 1– Dec 31, 2023	Jan 1– Mar 31, 2022	Apr 1– Jun 30, 2022	Jul 1– Sep 30, 2022	Oct 1– Dec 31, 2022
EUR thousand								
Net sales	20,223				16,965	16,946	16,683	20,536
Other operating income	19				22	12	9	247
Materials (–)	-3,275				-2,172	-2,564	-2,900	-3,126
Employee benefit expenses (–)	-12,776				-	-	-	-
Depreciation (–)	-775				11,225	11,125	10,265	13,028
Other operating expenses (–)	-1,704				-723	-710	-817	-808
Operating profit/loss	1,712				-1,547	-1,891	-1,751	-2,016
Financial income	10				1,319	668	959	1,805
Financial expenses (–)	-411				30	-12	14	14
Profit/loss before taxes	1,311				-247	-17	-214	-141
Income taxes	-274				1,102	639	759	1,678
Profit/loss for the financial period	1,036				-256	-92	-160	-350
EBITDA	2,487				846	547	599	1,328
					2,042	1,377	1,777	2,612

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	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
	-	-	-
Trade and Other Receivables	15,254	14,578	14,540
Cash and Cash Equivalents	5,493	3,919	1,956
Total	20,747	18,497	16,495
Loans from financial institutions	9,776	6,557	9,402
Lease liabilities	4,370	4,302	4,947
Trade and other payables:			
Received advances	3,739	4,062	504
Trade payables	1,703	906	1,715
Other liabilities	3,260	3,324	4,951
Accrued expenses	8,256	7,919	7,646
Total	31,104	16,212	29,164

The Group's commitments and contingent liabilities

EUR thousand	Mar 31, 2023	Mar 31, 2022
Collateral given for own commitments		
Lease collateral	125	126
Mortgages on company assets	17,250	16,350
Bank guarantees	326	309
Other own liabilities		
Lease and rent liabilities		
Current liabilities	18	3
Liabilities maturing in 1–5 years	18	0
Total	36	4
<hr/>		
Other own liabilities total	36	4

Other commitments include leasing and other leases as well as liabilities arising from license agreements, to which the IFRS 16 standard has not been applied. Commitments due to long-term service contracts have not been included.

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 review period, on March 31, 2023, was as follows:

Name	Number of shares	% of share capital
1. Ensio Sami	7,913,678	20.87%
<i>Ensio Sami</i>	5,739,918	15.35%
<i>Minor under guardianship</i>	724,588	1.94%
<i>liris Ensio</i>	724,586	1.94%
<i>Minor under guardianship</i>	724,586	1.94%
2. Ilmarinen Mutual Pension Insurance Company	1,800,000	4.81%
3. Linturi Kaija and Risto	1,256,411	3.36%
<i>R. Linturi Oyj</i>	489,107	1.31%
<i>Linturi Kaija Anneli</i>	430,000	1.15%
<i>Linturi Risto Erkki Olavi</i>	337,304	0.90%
4. Laiho Rami Tapani	752,306	2.01%
5. Mäki Antti-Jussi	613,725	1.64%
6. Tilman Tuomo Tapani	491,538	1.31%
7. Hellen Stefan Andreas	486,000	1.30%
8. Ingman Finance Oy Ab	450,000	1.20%
9. Muukkonen Teemu Heikki	410,357	1.10%
10. Mandatum Life Insurance Company Limited	247,104	0.66%
11. Ärje Matias Juhanpoika	230,800	0.62%
12. Kannisto Jaakko Mikael	221,240	0.59%
13. Kukkonen Heikki-Harri	218,606	0.58%
14. Järvenpää Janne-Olli	213,079	0.57%
15. Laiho Jari Olavi	200,371	0.54%
16. Puolakka Petri Yrjö Emil	199,521	0.53%
17. Varsio Jussi Ilari	190,000	0.51%
18. Mäkinen Antti Vilho Juhani	168,000	0.45%
19. Saarnio Mikko Markus	138,000	0.37%
20. Heikkinen Janne Mikael	136,543	0.37%
Total	16,337,279	43.69%

Formulas for calculating the key figures

Operating margin (EBITDA):

Operating profit/loss - Depreciations

Order backlog:

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

Net sales/employee:

Net sales

Active personnel on average during the review period

Percentage of return on equity:

Profit/loss for the financial period

Shareholders' equity

Percentage of return on investment:

Profit or loss before taxes + Interest and other financial expenses

Shareholders' equity + Interest bearing financial liabilities

Net gearing:

Interest bearing liabilities - Cash funds

Shareholders' equity

Equity ratio, (%):

Shareholders' equity

Balance sheet total - Received advances

Result/share:

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

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