

Innofactor Plc

*The Fastest Growing ICT Company in
Finnish Stock Exchange*

Investor Presentation and Q3 2011 Results

November 1, 2011

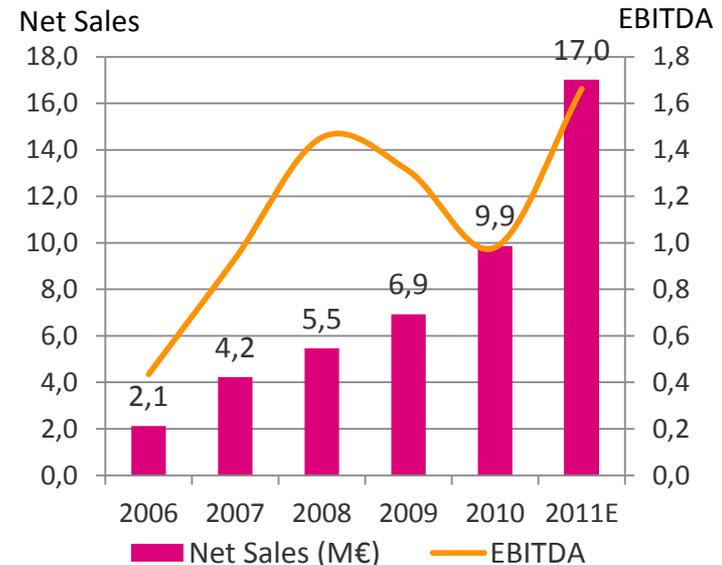
Sami Ensio, CEO



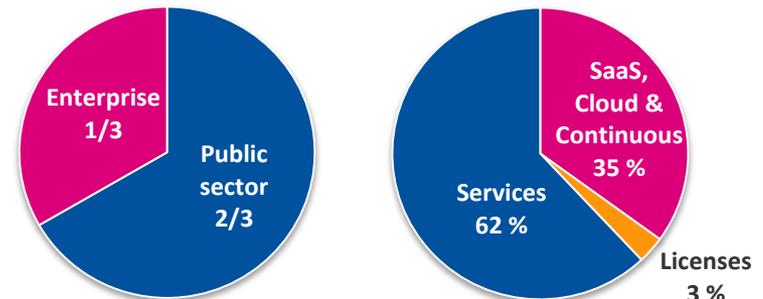
Innofactor in Brief

- Largest Microsoft-focused IT service provider in Finland
- Nominated as the Microsoft Partner of the Year 2011 in Finland
- Excellent track record on being able to grow fast and profitably
 - Net sales growth 2006–2010: 46.8 % p.a.
 - EBIT margin 2006–2010: 14.6 % in average
 - EBIT growth 2006–2010: 31.7 % p.a.
- Over 180 employees, 6 locations, 1,500 customers
- Listed in NASDAQ OMX Helsinki, over 12,000 shareholders

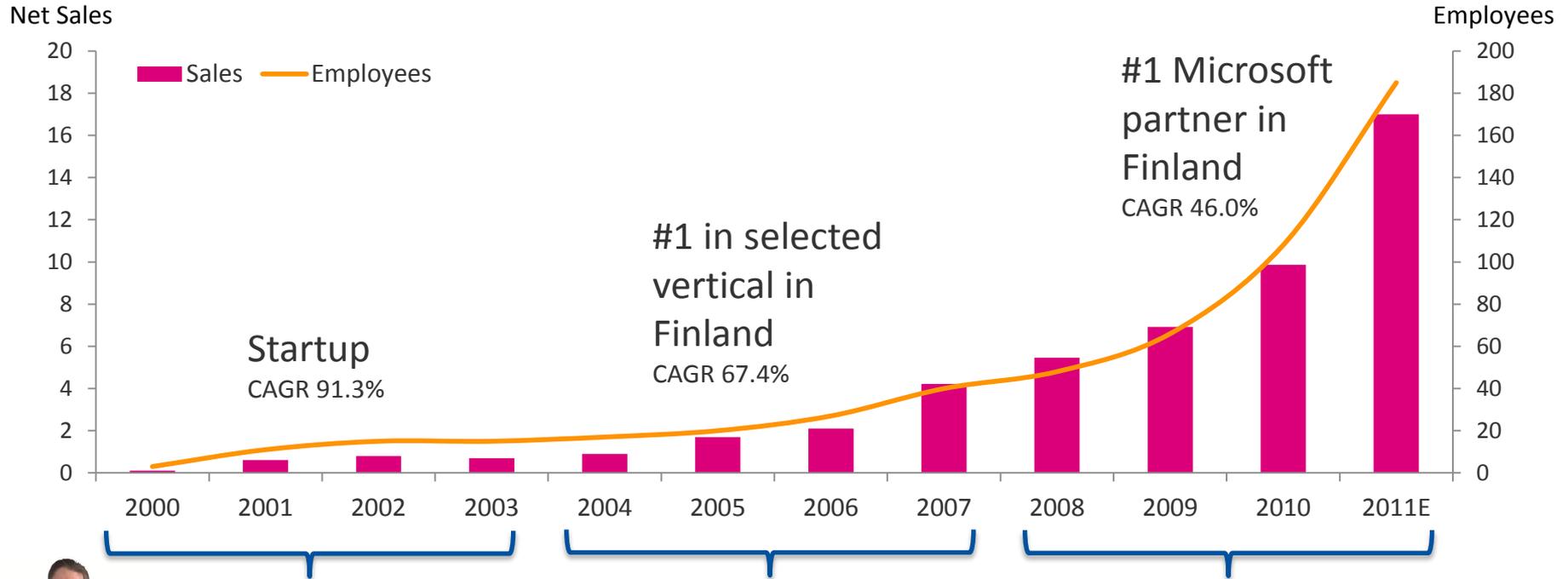
Net Sales 2011E: 17 M€



Net Sales division, approx.



Excellent Growth Track ...



- Innofactor was founded by Mr. Sami Ensio in 2000
- Focus on Microsoft technologies
- Development of Innofactor's own ERP system for Public Sector customers: Innofactor® Prime™

- Two acquisitions: Business Units from TietoEnator and Enfo
- Innofactor was one of the pioneers in delivering SharePoint projects

- Strong and profitable growth despite financial crisis
- Three acquisitions: Strengthened position in CRM, Business Intelligence (BI) and Document Management
- First cloud services launched
- Microsoft Partner of the Year 2011

... Gives perspective to Our **Vision**, which is ...

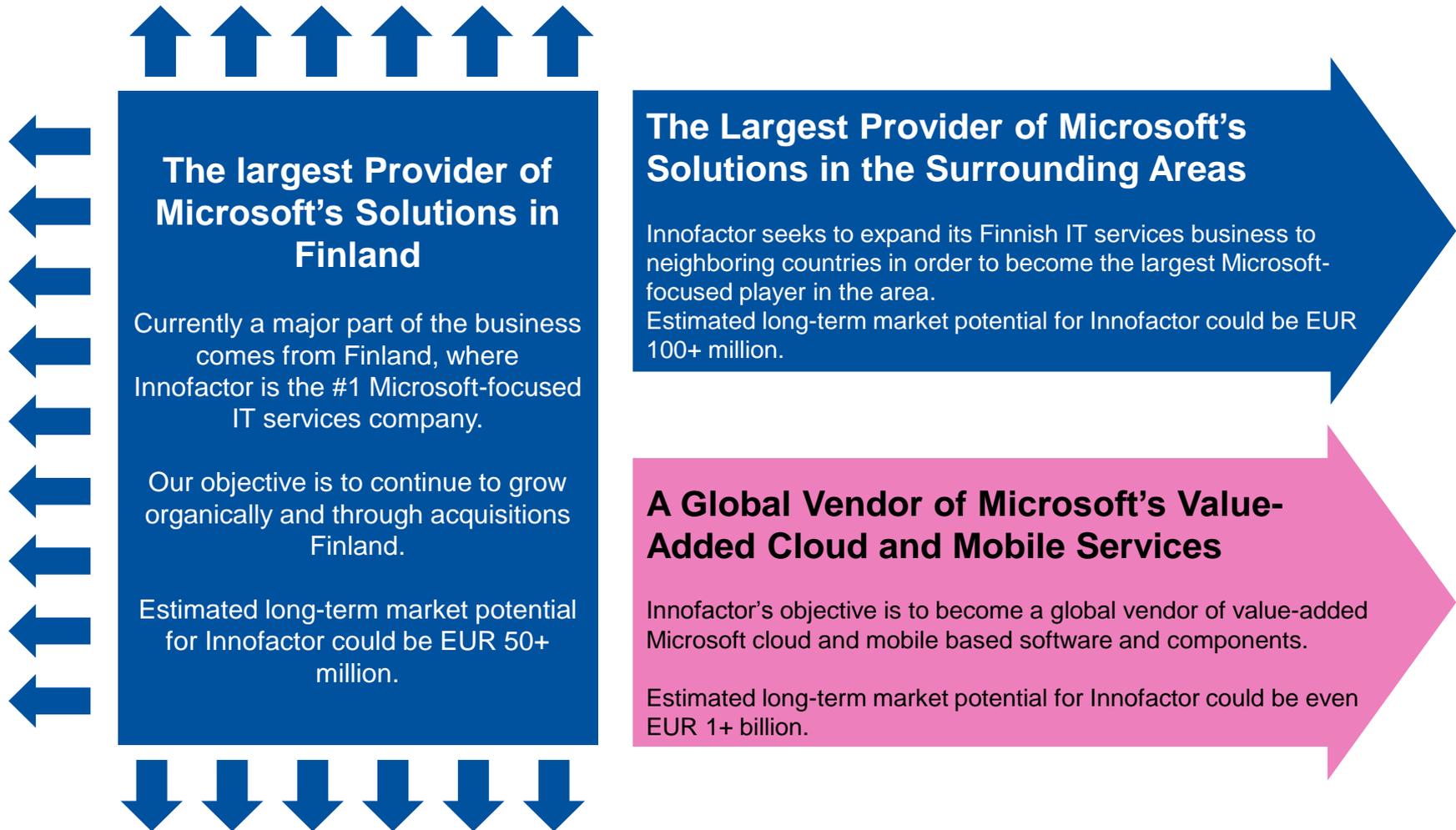
to become

Microsoft's **#1** Partner as an Independent Software Vendor (ISV) in value-added cloud and mobile services globally

and

Microsoft's **#1** Partner as an System Integrator (SI) in selected markets, first in Scandinavia

We plan to grow in Three Dimensions ...



The largest Provider of Microsoft's Solutions in Finland

Currently a major part of the business comes from Finland, where Innofactor is the #1 Microsoft-focused IT services company.

Our objective is to continue to grow organically and through acquisitions in Finland.

Estimated long-term market potential for Innofactor could be EUR 50+ million.

The Largest Provider of Microsoft's Solutions in the Surrounding Areas

Innofactor seeks to expand its Finnish IT services business to neighboring countries in order to become the largest Microsoft-focused player in the area.

Estimated long-term market potential for Innofactor could be EUR 100+ million.

A Global Vendor of Microsoft's Value-Added Cloud and Mobile Services

Innofactor's objective is to become a global vendor of value-added Microsoft cloud and mobile based software and components.

Estimated long-term market potential for Innofactor could be even EUR 1+ billion.

Based on strategy outlined in 2011

... And are well on Track

Key Achievements in 2011

- Solid business execution after acquisitions in 2010:
 - Q1–Q3 2011 sales growth of 84.3 % compared to Q1–Q3 2010
- Finalized the reverse IPO and consolidation of shares to facilitate the financing of new acquisitions with Innofactor's shares
- Cost efficiency program and simplification of operations:
 - Other operating expenses dropped from EUR 1.02 million in Q2 to EUR 0.65 million in Q3
- New executive team-level recruitments to support new growth strategy
- Launch of first Innofactor cloud services in Microsoft Worldwide Partner Conference in Los Angeles in July 2011

The Enterprise IT Service Market is changing ...

Consumerization of IT & Unification of Devices

- Consumer applications give directions on what kind of services, connectivity, software and hardware business users want to use
- The IT ecosystem is becoming more unified and users want same applications and user experiences across different hardware and software platforms (desktop PCs, laptops, tablets, readers, smartphones, entertainment devices and TVs) with new natural user interfaces
- We believe that in order to win in the enterprise space, you must be successful not only in enterprise space, but also in consumer space and in several device categories



Increasing Adoption of Cloud & Mobile Services

- Enterprises and consumers are changing their view of IT services and are looking for better scalability, usability and new business models
- We believe that in order to have a competitive offering, the IT services providers need to be able to provide hybrid solutions from the cloud and (more traditionally) on the premise



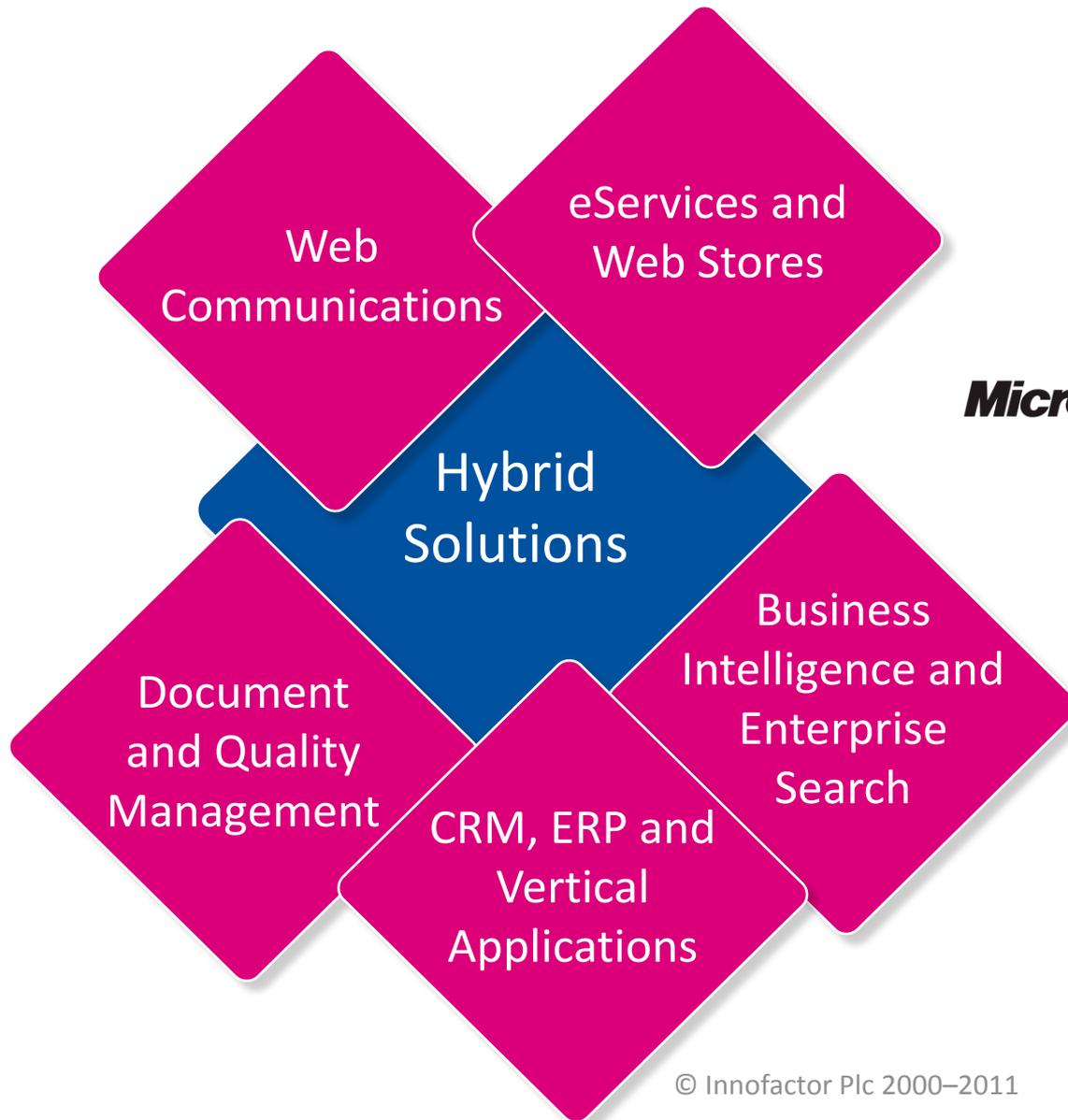
... And we believe that both Microsoft and Innofactor are well positioned for this Change

- We trust that Microsoft is currently the leading IT company (with a substantial market share in both enterprise and consumer application space)
 - Strong offering in growing Enterprise Applications space (Communication, ERP, CRM, BI, Office) which being offered hybrid on-premise and from the cloud (e.g. Azure)
 - Windows 8 will be unified user experience across devices
 - Microsoft cooperation with mobile device manufacturers

- We trust that Innofactor has a competitive advantage to leverage Microsoft product portfolio and to create value-added solutions to its customers
 - Purely focused on Microsoft platforms; betting on a winner
 - Wide expertise and track record within Microsoft products and services
 - Extensive customer base of both Corporate and Public Sector customers



Innofactor has a Well-Balanced Offering ...



Microsoft Partner

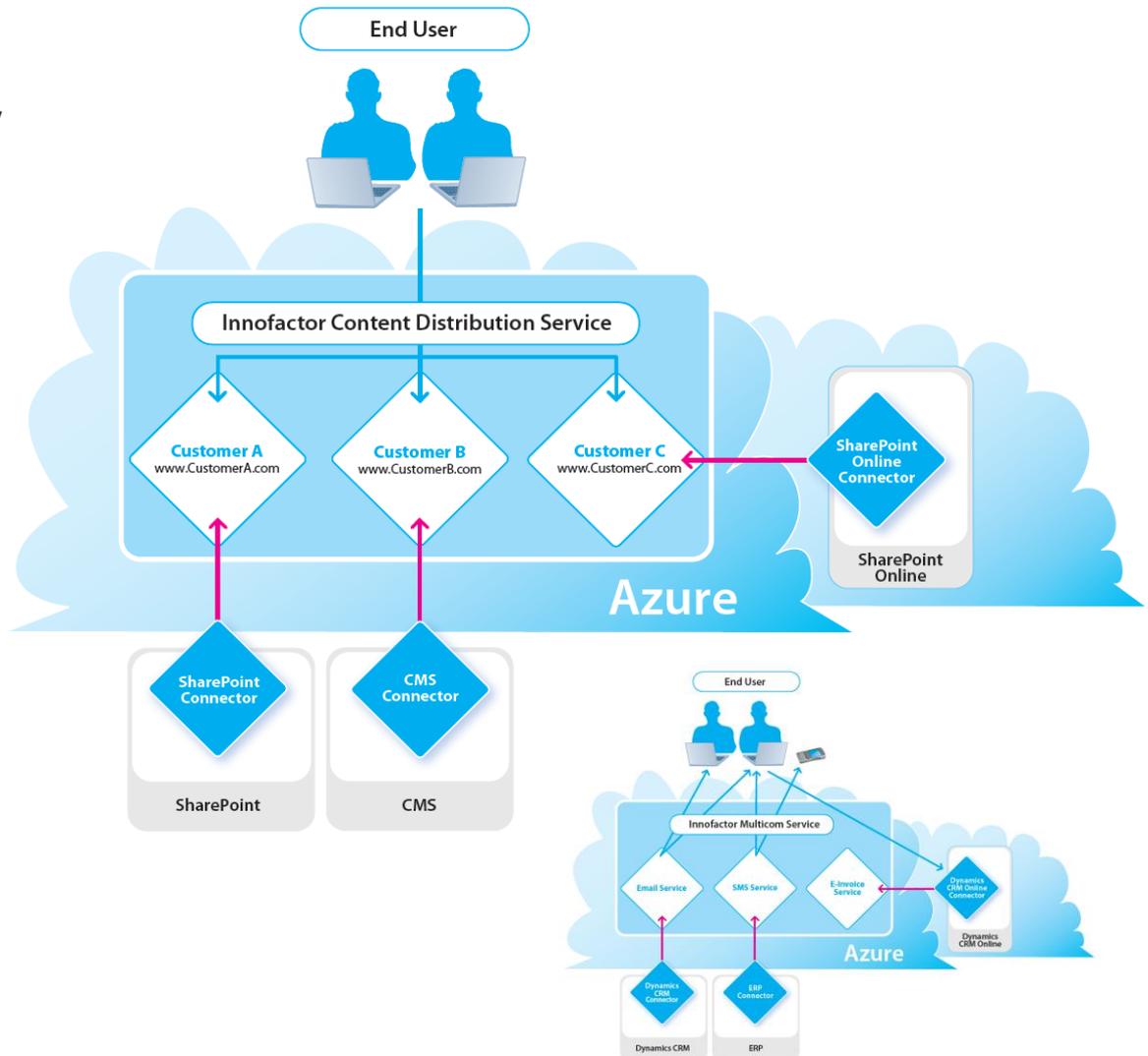
- Gold Independent Software Vendor (ISV)
- Gold Application Integration
- Gold Data Platform
- Gold Business Intelligence
- Gold Portals and Collaboration
- Silver Web Development
- Silver Customer Relationship Management
- Silver Hosting
- Silver Mobility

... Including Value-Added Cloud & Mobile Services ...

Innofactor strives to develop value-adding components by offering:

- Better user experience
- More features
- Easier integration
- Enhanced operational efficiency
- More cost-effective implementation project

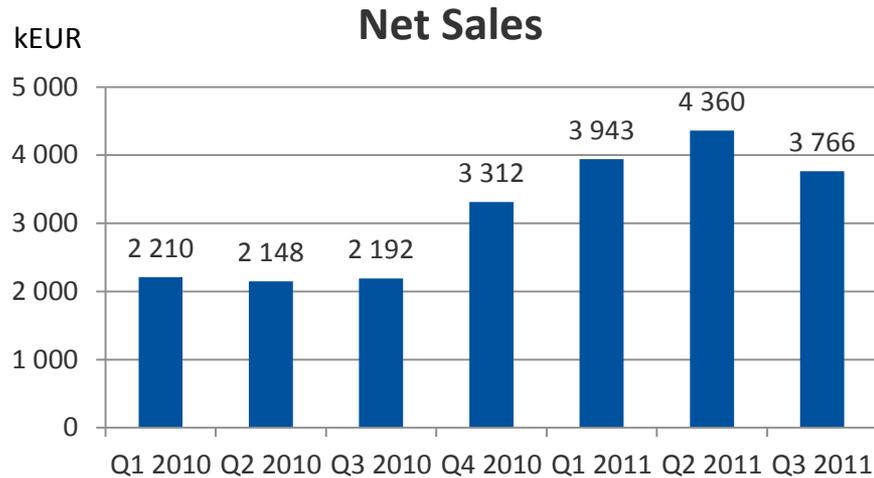
Launched July 2011
at Microsoft Worldwide
Partner Conference
in Los Angeles



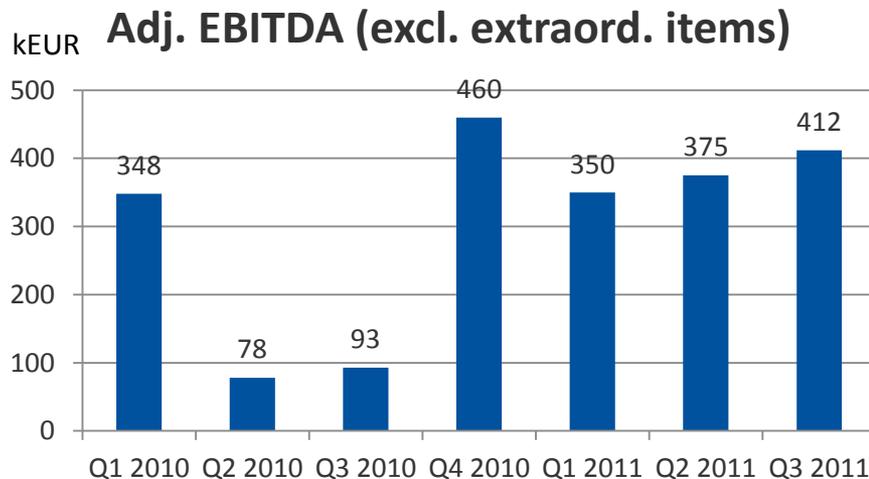
... and 1,500 customers in several industries

	Manufacturing	Services	Public & 3 rd Sector
<i>eServices and Web Stores</i>	  	  	     
<i>CRM, ERP and Vertical Solutions</i>	    	     	    
<i>Business Intelligence and Enterprise Search</i>	    	   	  
<i>Document and Quality Management</i>	   	  	     
<i>Web Communications</i>	   	  	   

Profitable Growth has been as expected ...



- Innofactor has been able to grow 9.3 % per quarter in average (CAGR Q1/2010–Q3/2011)
- The net sales during Jan–Sept, 2011 have been EUR 12.1 million compared to EUR 6.6 million in Jan–Sept, 2010, suggesting a growth of 84.3% during the period
- The Q3 is often worse than Q4 due to the summer vacations in July–August.



- The adjusted EBITDA excludes following extraordinary cost items:
 - Q1 2011: Reverse IPO costs of EUR ~100 thousand
 - Q2 2011: Reverse share split costs of EUR ~200 thousand
 - Q3 2011: no significant extraordinary costs

... And since Q3 Results were as expected ...

Net Sales

3.8 M€

**Growth 71.8%
from Q3 2010**

EBITDA

**10.9%
0.41 M€**

**Growth 343%
from Q3 2010**

- The Q3 net sales were EUR 3.77 million, an increase of 71.8% from Q3 2010
- The organic growth in Q3 was approx. 32.6% and inorganic growth (from Westend ICT acquisition) was approx. 39.2%
- The Q3 EBITDA was EUR 412 thousand, an increase of 343% from Q3 2010
- The cost efficiency program delivered results: Other operating expenses dropped from EUR 1.02 million in Q2 to EUR 0.65 million in Q3
- There were no significant one-off costs in Q3 2011

... We keep the Guidance for 2011 the same

Net Sales

17 M€

**Growth >70%
from 2010**

- Net sales are estimated to be approximately EUR 17 million, suggesting over 72% growth from 2010
- The estimated organic growth is approximately 19% and the rest, i.e. approximately 53%, is inorganic*

EBITDA

>9.9%

**Exceeding 2010
levels**

- EBITDA is estimated to be higher both in euros and in percentage than in 2010
- In 2010 the EBITDA was EUR 979 thousand, i.e. 9.9%

** Based on 2010 non-audited pro-forma figures*

Our Financial Targets and Dividend Policy

○ Profitable growth

- To achieve an average annual growth of 30-40% in 2011-2015 through both organic growth and acquisitions
- To achieve an annual operating profit of 10-15% before depreciation and amortization (EBITDA) in relation to the net sales in 2011-2015
- To keep the cash flow positive and secure good financial standing in all situations

○ Dividend policy

- To provide an opportunity for the shareholders to distribute, from the part of the operating profit exceeding 10% before depreciation and amortization (EBITDA), the maximum dividend allowed by the state of the business

Appendices

Our Mission

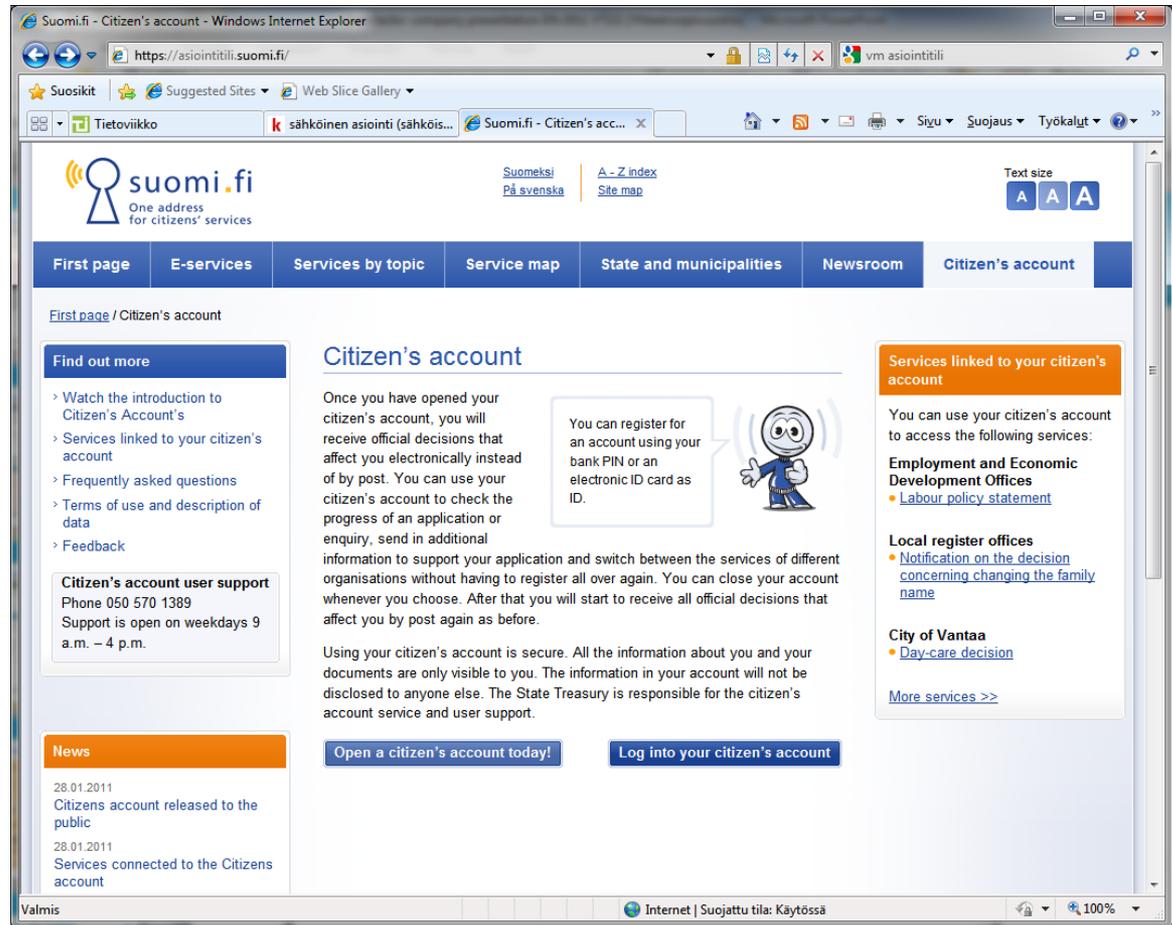
- We will help our customers offer their customers increasingly better services and strengthen their own activities
 - by providing globally significant value-added services for the Microsoft cloud and mobile environments
 - by creating packaged solutions for our customers in Finland and its neighboring countries
- We will provide our staff and partners with an innovative and supportive environment in which they can continue to develop themselves



Sami Ensio,
Founder,
CEO

Case: State Treasury – Citizen’s Account

- “One address for all citizen’s services”
- All decisions by public authorities easily to all citizens either from portal, e-mail or SMS
- Personal service history available for the citizen
- A secure way to communicate with all authorities
- 24/7 service



Case: Metso

- Electronic services for Metso brand management
- Enables managing all brand related materials, information and communication
- Includes several dynamic templates for versatile material production

The screenshot displays the Metso brand center website interface. At the top, there are search options for 'Phonebook search' and 'Intranet search', along with links for 'Advanced phonebook search', 'Advanced search', and 'A-Z index'. Below this is a navigation bar with 'Home', 'My settings', 'My profile', 'Admin controls', and 'Statistics'. The main content area is divided into several sections:

- Interaction:** A sidebar menu with 'Most active', 'Discussion', 'Wikis', 'Groups', 'Blogs', and 'My page'.
- Most active blogs:** A table listing recent blog posts with columns for 'Author', 'Latest posting', 'Latest comments', and 'All time'.
- Search:** A search bar with 'Advanced search' and a 'Search' button.
- metso Expect results:** The main header with the Metso logo and tagline.
- Metso Brand Center:** A central section with a 'Reception' sidebar menu (Lounge, Design studio, News room, Library, Info desk, Admin) and a 'Latest News' article titled 'Dear colleagues, brochure guidelines have now been updated...'.
- Expect results in action:** A section with a photo of a bus and the text 'Shanghai, September 2008'.
- From the CEO's table:** A section featuring a photo of a man and the text 'Expect results reflects what we do, says Jorma Eloranta.' with a 'Read more' link.
- Our customer promise:** A section with the text 'Expect results is our promise to our customers and the essence of our strategy.' and 'Our customer promise builds on three themes: proven results, leading technology and keeping promises.' with a 'Read more' link.
- Check this out:** A section with a list of items: 'Brand presentations', 'Dynamic template, business card', 'Business card (Chinese)', 'Brochures', 'Other applications', and 'Events'.
- New and updated:** A section with a list of items: 'Business card', 'Downloadable logos', 'InDesign files', and 'Invitation'.
- Most popular:** A section with a list of items: 'Business card', 'Downloadable logos', 'InDesign files', and 'Invitation'.

At the bottom of the page, it says 'Page last updated: 02.02.2009 15:03'.

Case: Energy Market Authority

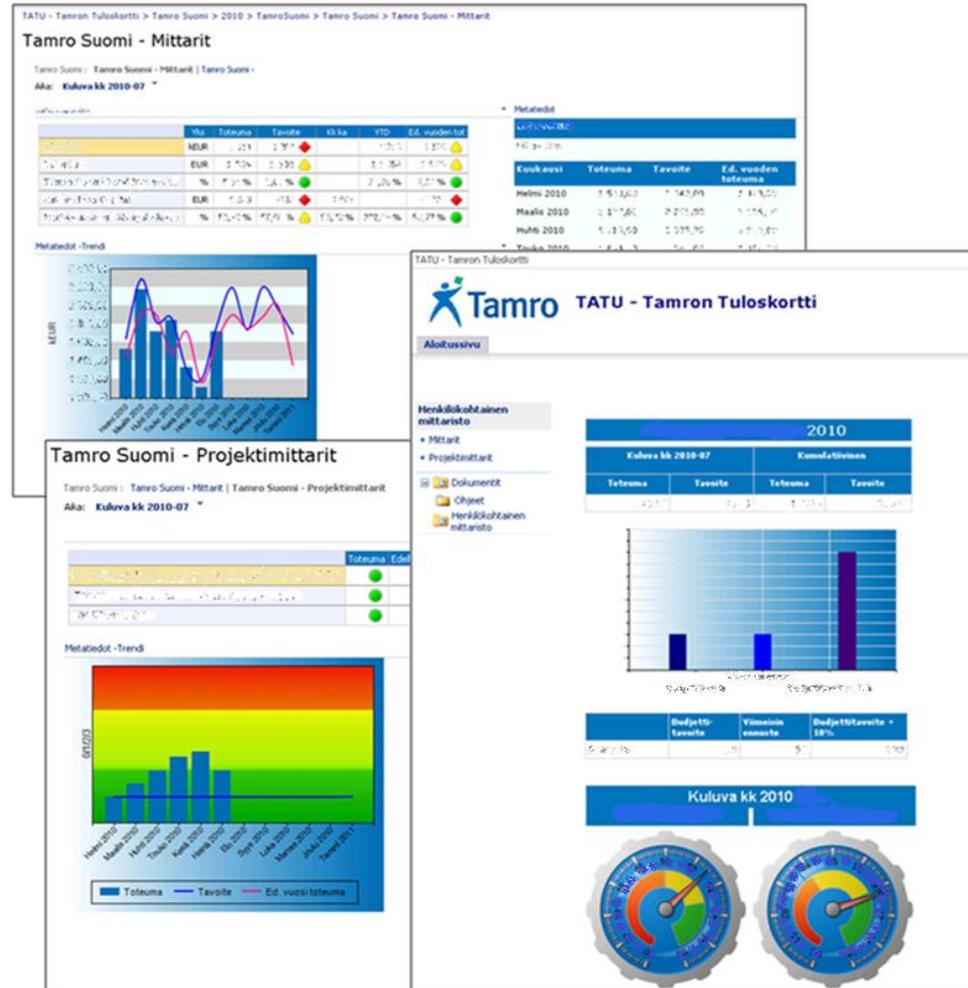
- Tools for bidding electricity providers
- Electricity prices and comparisons
- Timely information about electricity sellers' campaigns

The screenshot shows a web browser window displaying the Energy Market Authority (EMV) website. The page is titled "Jämförelse av elpriser" (Comparison of electricity prices) and shows search results for electricity providers. The search criteria include an annual consumption of 15,000 kWh, unlimited source of electricity, 3x25A safety class, and permanent residence. The results table lists several providers with their respective prices and product details.

Säljare	Produktnamn	Totalt C/år	Medelpris cent/kWh	Ursprunget till leverantörernas el	Produkts ursprung	Erbjudandets utgångsdatum
Market Energia Sähkönmyynti Oy	Market Basic	866,88	5,78			Tillsvidare ikraft varande
Vaasan Sähkö Oy	Yleissähkö tarjous	970,20	6,47			Tillsvidare ikraft varande
Kokkolan Energia	Yleissähkö U	994,86	6,63			Tillsvidare ikraft varande
Kokkolan Energia	Ekovleissähkö U	1006,98	6,71			Tillsvidare ikraft varande
Jyväskylän Energia Oy	Yleissähkö toistaiseksi voimassa	1010,94	6,74			Tillsvidare ikraft varande
Kokkolan Energia	Tuulivleissähkö U	1019,10	6,79			Tillsvidare ikraft varande
Korpelan Voima Kuntayhtymä	Yleiskorpela	1027,50	6,85			Tillsvidare ikraft varande
VAPO Oy	Vapo Kotimainen yksiaika 2	1034,40	6,90			Tillsvidare ikraft varande
Haminan Energia	Yksiaika	1035,00	6,90			Tillsvidare ikraft varande

Case: Tamro Finland

- Organization-wide balanced scorecard
- Target follow-up
- Follow-up at personal and team levels
- Project status reports
- Visual components, reports and graphical displays forming a unified solution for users



INNOFACTOR[®]

Your Partner. Your Solution.[™]

