

INNOFACTOR®

The Fastest Growing ICT Company in Finnish Stock Exchange

Interim report for January 1–March 31, 2012

Sami Ensio, CEO. April 30, 2012.



Microsoft Partner

- Gold Application Integration
- Gold Business Intelligence
- Gold Content Management
- Gold Customer Relationship Management
- Gold Data Platform
- Gold Digital Marketing
- Gold Independent Software Vendor (ISV)
- Gold Portals and Collaboration
- Gold Web Development

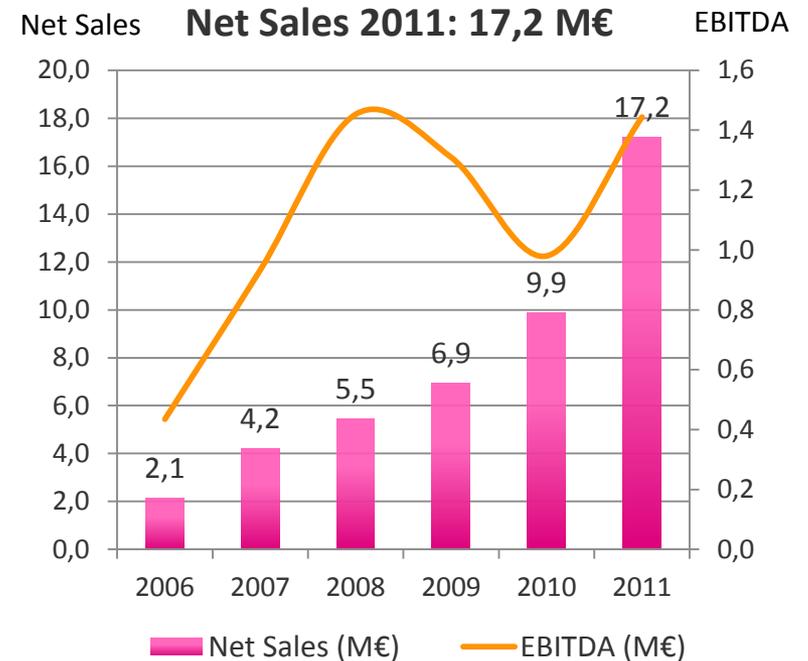
www.innofactor.com

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Innofactor in Brief

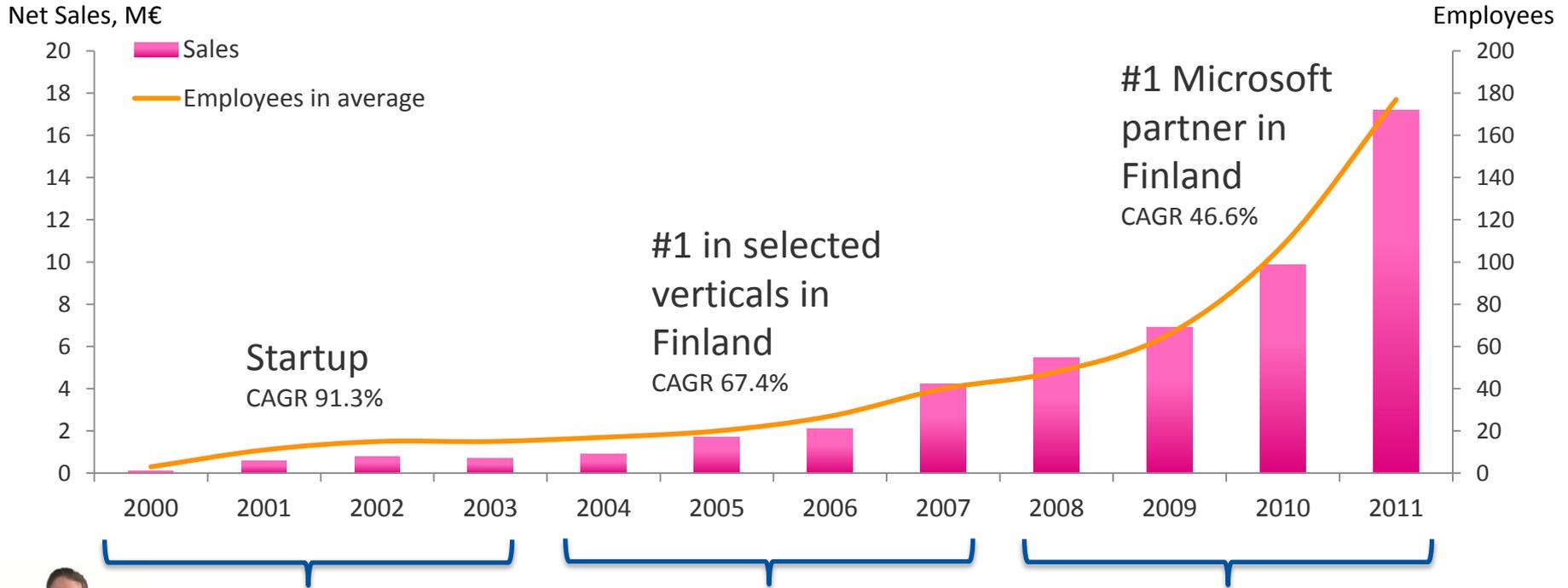
- Largest Microsoft-focused IT service provider in Finland
 - System integrator
 - Independent software vendor
- Microsoft Partner of the Year 2011 in Finland and software entrepreneur of the year 2011.
- Excellent track record on being able to grow fast and profitably
 - Net sales growth 2006–2011: 52.0 % p.a.
 - EBIT margin 2006–2011: 12.8 % in average
 - EBIT growth 2006–2011: 31.2 % p.a.
- Over 180 employees, 6 locations, 1,500 customers
- Listed in NASDAQ OMX Helsinki, over 12,000 shareholders



Net Sales 2011 division, approx.



Innofactor 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
- One of the pioneers in delivering SharePoint projects

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

Innofactor has a leading Microsoft-based solution portfolio...



Microsoft Partner

- Gold Application Integration
- Gold Business Intelligence
- Gold Content Management
- Gold Customer Relationship Management
- Gold Data Platform
- Gold Digital Marketing
- Gold Independent Software Vendor (ISV)
- Gold Portals and Collaboration
- Gold Web Development

Certificated for High Quality and Security

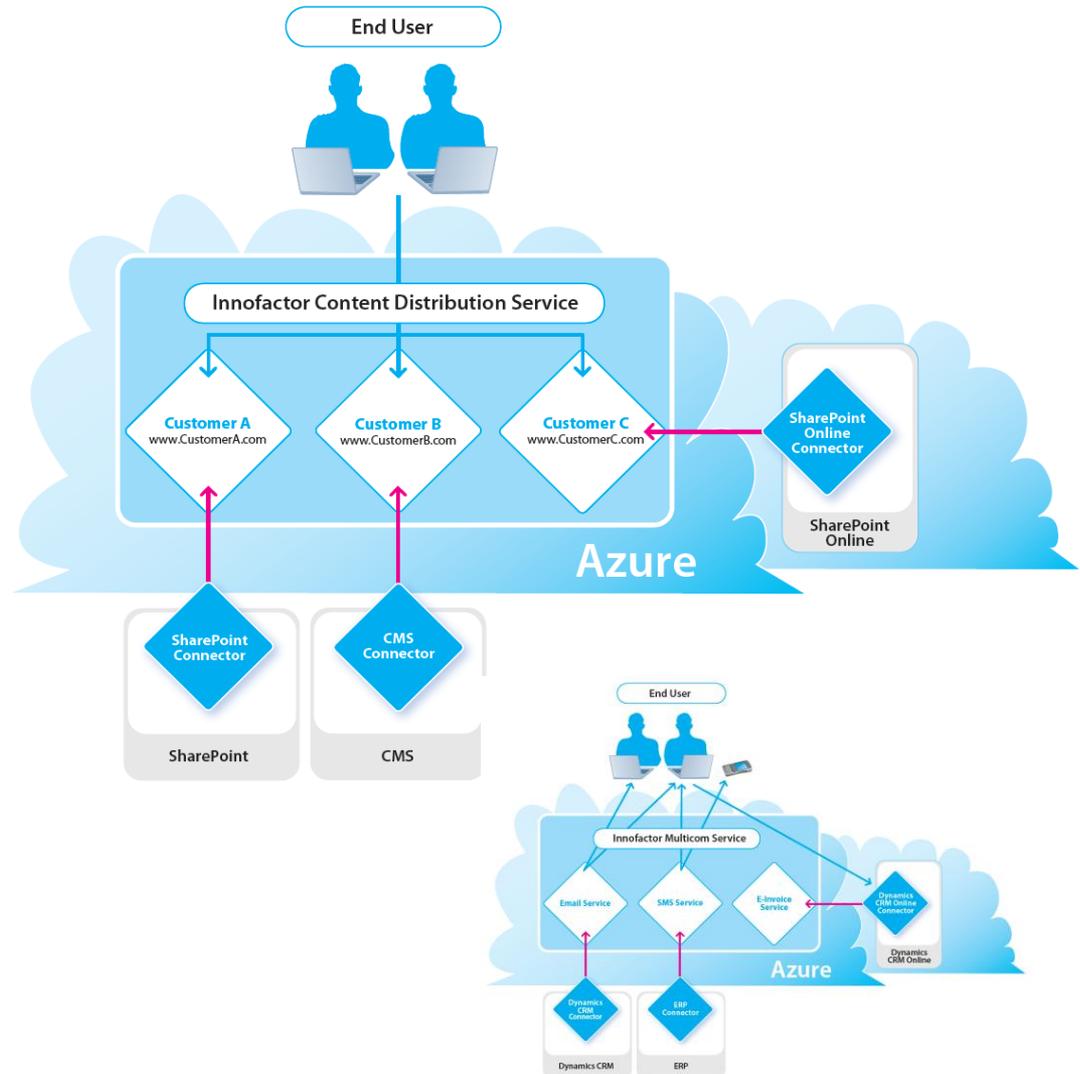


ISO 9001
ISO/IEC 27001
AQAP-2120

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

Innofactor strives to develop value-adding components by offering:

- Better user experience
- More features
- Easier integration
- 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>	   	  	   

Our **Vision** is ...

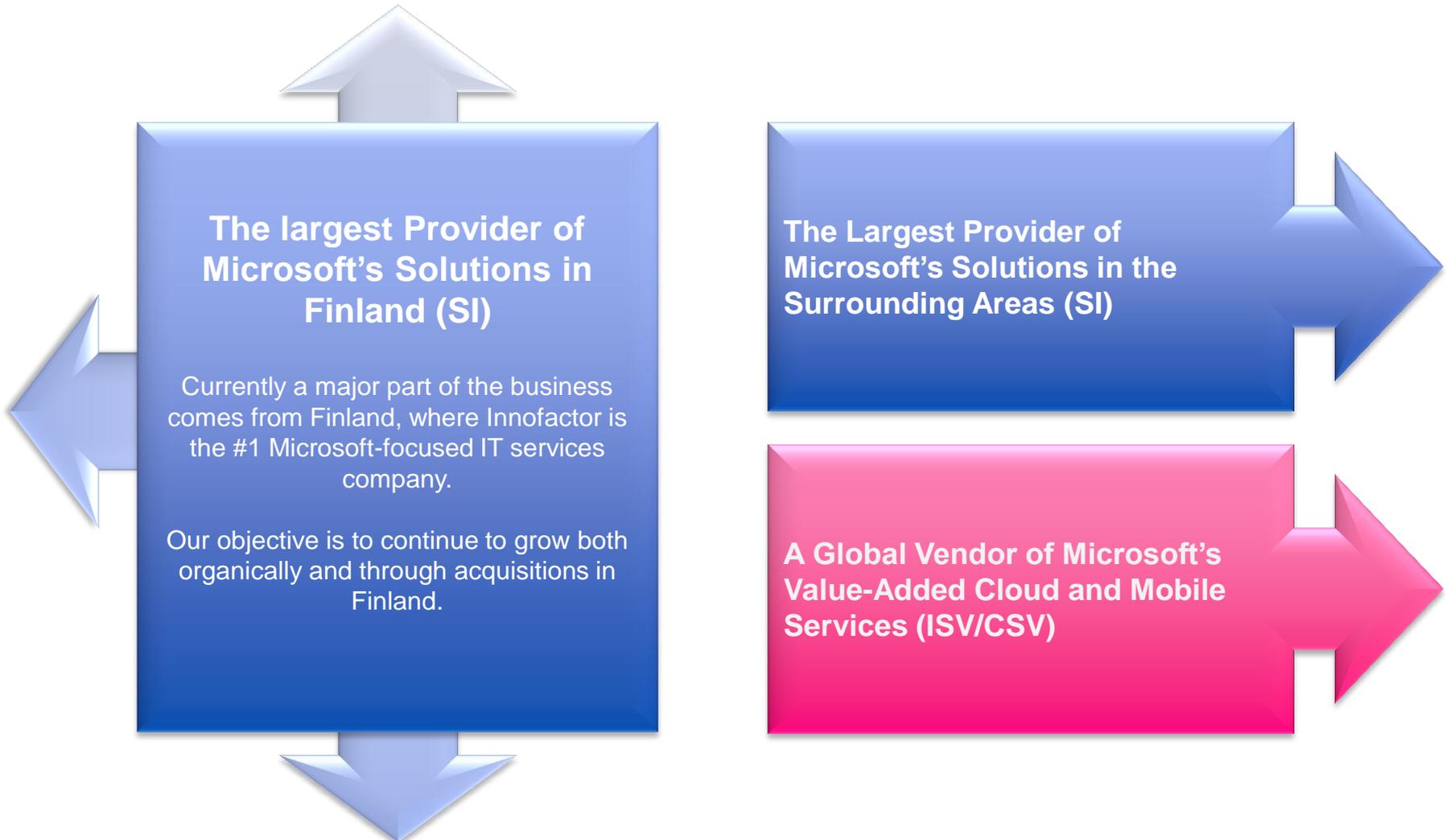
to become

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

and

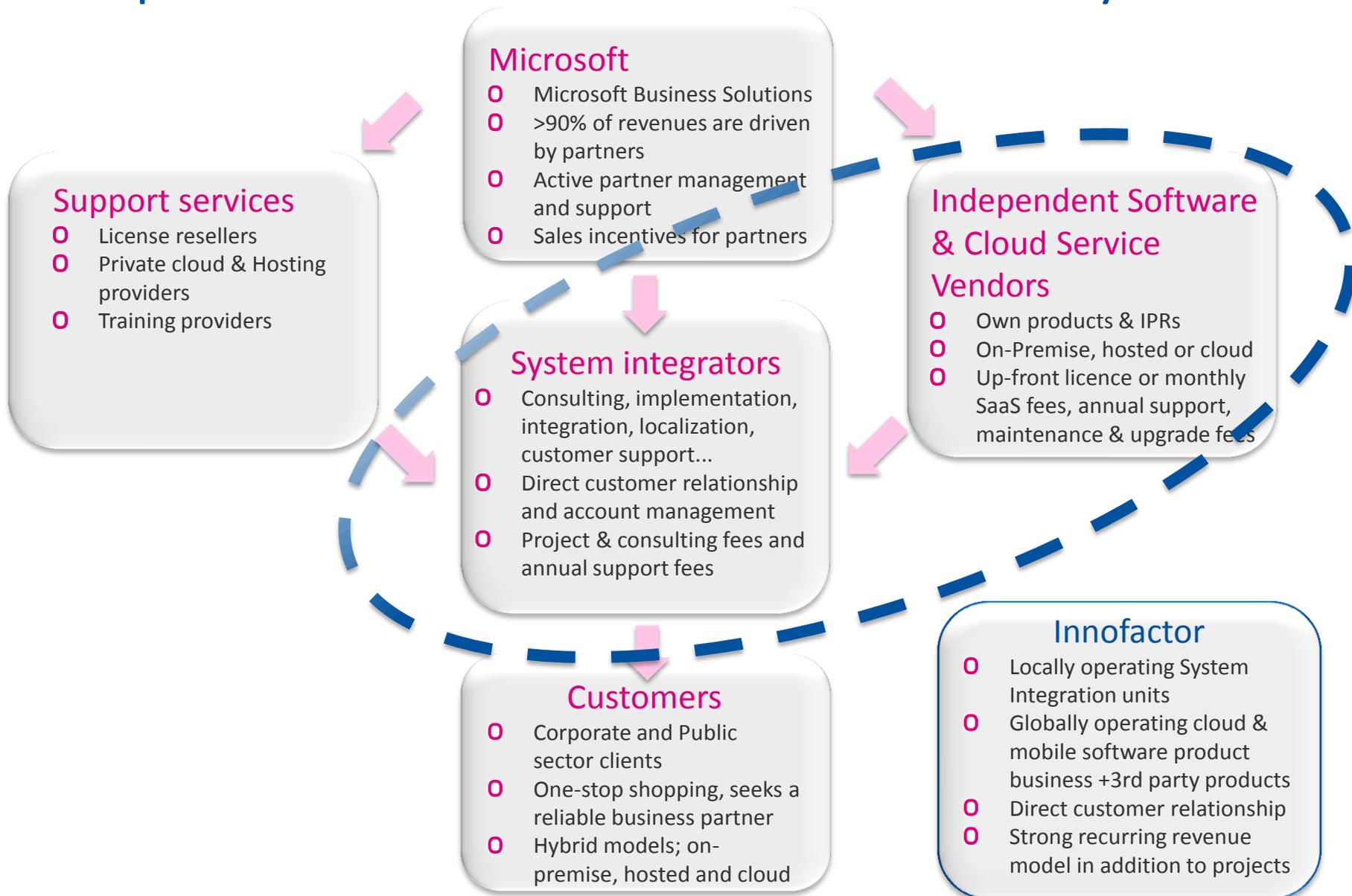
Microsoft's **#1** Partner as an System Integrator (SI) in selected markets, first in Scandinavia

We plan to grow in Three Dimensions ...



Based on strategy outlined in 2011

...as part of Microsoft Business solutions ecosystem



The Enterprise IT Service Market is changing ...

Consumerization of IT & Unification of Devices

- Consumer applications give guidance on what kind of services, connectivity, software and hardware business users want to use today
- 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



... affecting the way IT solutions are being used ...

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 Microsoft is well positioned for this change...

We trust that Microsoft is the leading IT company with compelling offering and market share in corporate-, public sector and consumer segments

- 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 provide unified user experience across devices
- Microsoft cooperation with mobile device manufacturers



...enhancing Innofactor's competitive advantage

We trust that Innofactor has a competitive advantage to leverage Microsoft product portfolio and to create value-added solutions to its customers

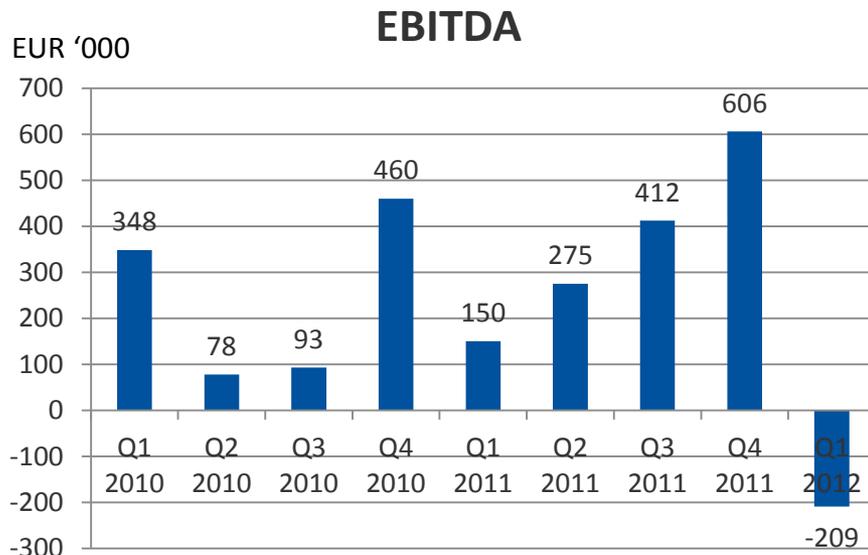
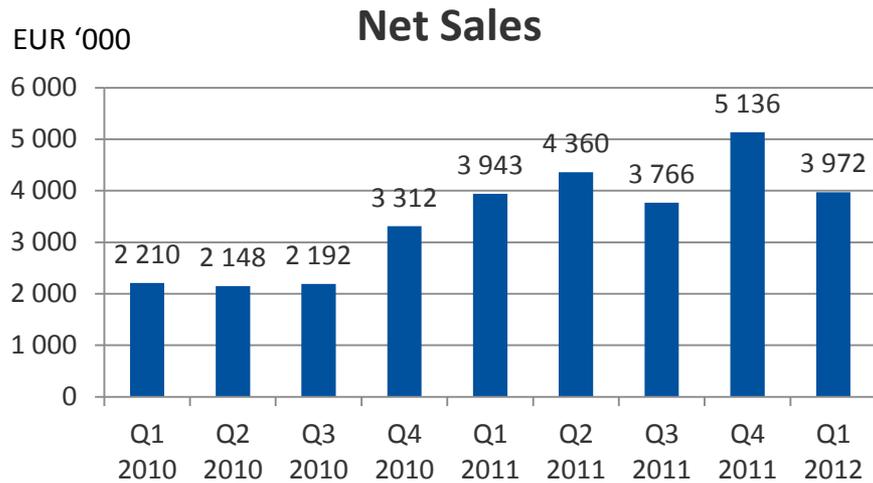
- The #1 player in Microsoft business in Finland
 - Purely focused on Microsoft platforms; betting on a winner
 - Sufficient critical mass and delivery capabilities to attract even blue-chip customers
 - Breadth of Microsoft's product expertise ,services and track-record
 - Extensive customer base of both Corporate and Public Sector customers
- Unique business model and organizational capabilities in executing both System Integration and Value Adding Cloud & Mobile strategies
- Unique track record on fast and profitable growth as well as successful M&As

Key Achievements in 2012

- New organization was implemented on January 2nd, 2012
 - System integrator function (SI) and the software business (Independent Software Vendor, ISV) were separated in different units
 - The Finnish system integrator unit was further divided into four business units:
 - Web communications and eCommerce
 - Productivity and Operational Solutions
 - Document and Case Management
 - Third Sector Solutions
- Published deals during Q1 2012
 - Case and document management systems as well as environment and quality management systems for Metsähallitus, a Finnish state enterprise that administers more than 12 million hectares of state-owned land and water areas. The value of the contract during the next four years is approximately EUR 460,000
 - An electronic communication system for the processing of applications for the City of Vantaa. The value of the contract during the next four years is approximately EUR 740,000

** The 2010 pro-forma figures are non-audited*

Innofactor has grown profitably...



- Innofactor has been able to grow 7.6 % per quarter in average (CAGR Q1/2010–Q1/2012)
- Due to the organizational change on January 2, 2012, projects were rearranged, which had a one-off effect of lowering the net sales in January by about EUR 300 thousand
- The EBITDA figures for years 2011-2012 include following extraordinary cost items:
 - Q1 2011: Reverse IPO costs of EUR ~100 thousand
 - Q2 2011: Reverse share split costs of EUR ~200 thousand
 - Q1 2012: The personnel and office space arrangements related to the organizational change on January 2, 2012 led to a one-off costs of about EUR 100 thousand. Together with the project reorganization, these reduced the EBITDA by about EUR 400 thousand

Q1 2012 results

**Net Sales
Q1 2012**

4.0 M€

**Growth 0.7%
from Q1 2011**

**EBITDA
Q1 2012**

**-5.3%
-0.21 M€**

**Decrease 239.3%
from Q1 2011**

- The Q1 2012 net sales were EUR 3.97 million, an increase of 0.7% from Q1 2011. The growth was organic.
- The Q1 2012 EBITDA was EUR -0.21 million, a decrease of 239.3 % from Q1 2011
- The R&D expenses in Q1 2012 (recognized as costs in the P&L) were EUR 692 thousand, i.e. 17.4 % of the net sales
- Due to the organizational change on January 2, 2012, projects were rearranged, which had a one-off effect of lowering the net sales in January by about EUR 300 thousand. Additionally, the personnel and office space arrangements related to the organizational change led to a one-off costs of about EUR 100 thousand. In total, these reduced the EBITDA by about EUR 400 thousand
- At the end of Q1 2012, the cash and equivalents were EUR 1.55 million and there was no interest bearing debt
- In order to improve the profitability, Innofactor's Board of Directors made a decision to start co-operation negotiations, which will concern the personnel of Innofactor's SharePoint Solutions unit

Key figures of the group, IFRS

	mo. 1–3 /2012	mo. 1–3 /2011	Change	mo. 1–12 /2011
Net sales, EUR thousand*	3,972	3,943	+0.7%	17,205
Operating profit before depreciation and amortization (EBITDA), EUR thousand**	-209	150	-239.3%	1,443
<i>percentage of net sales**</i>	-5.3%	3.8%		8.4%
Operating profit (EBIT), EUR thousand**	-347	19	-1,926.3%	904
<i>percentage of net sales**</i>	-8.7%	0.5%		5.3%
Earnings, EUR thousand**	-344	13	-2,268.8%	687
<i>percentage of net sales**</i>	-8.7%	0.3%		4.0%
Shareholders' equity, EUR thousand	13,094	12,291	+6.5%	12,905
Interest bearing debt, EUR thousand	0	0	+0.0%	0
Cash and equivalents, EUR thousand	1,549	1,222	+26.8%	696
Deferred tax assets, EUR thousand	7,895	8,128	-2.87%	7,895
Return on equity***	-10.6%	0.4%		5.5%
Return on investment***	-10.6%	0.7%		7.2%
Net gearing	-11.8%	-9.9%		-5.4%
Equity ratio	79.0%	74.8%		74.5%
Research and development, EUR thousand	692	592		2,086
<i>percentage of net sales</i>	17.4%	15.0%		12.1%
Personnel on average during the review period	183	174	+5.2%	177
Personnel at the end of the review period	184	177	+4.0%	189
Number of shares at the end of the review period****	30,165,900	29,261,849	+3.1%	29,261,800
Earnings per share (EUR)****	-0.0118	0.0004	-2,746.7%	0.0235
Shareholders' equity per share (EUR)****	0.434	0.420	+3.3%	0.441

* Due to the organizational change on January 2, 2012, projects were rearranged, which had a one-off effect of lowering the net sales in January by about EUR 300 thousand.

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*** The percentages for the return on equity and return on investment have been adjusted to correspond with the figures for a 12-month period.

**** In accordance with the decision of the Innofactor Plc's Annual General Meeting on April 28, 2011, twenty old shares were consolidated into one new share (registered in the Trade Register on May 7, 2011), which reduced the total number of shares to 1/20 of the previous number. The key figures presented in the table have been adjusted to correspond with the current number of shares.

Our Financial Targets for 2015

- Innofactor aims to grow profitably. The target is:
 - To achieve an average annual growth of 30-40% in 2011-2015 through both organic growth and acquisitions
 - 2011: growth 74.5%
 - To achieve an average annual operating profit of 10-15% before depreciation and amortization (EBITDA) in relation to the net sales in 2011-2015
 - 2011: EBITDA-margin 8.4%
 - To keep the cash flow positive and secure good financial standing in all situations

Guidance for 2012 and Dividend policy

Guidance for 2012

- There are notable uncertainties related to the outlook for 2012 due to the instability of the global financial situation, so no detailed forecasts for 2012 can be provided. In 2012, the organic growth of Innofactor is estimated to continue. The profitability of the business operations is expected to remain positive

Dividend Policy

- Innofactor is a growing company and intends to use its operating profit on actions promoting growth, for example, on realizing mergers.
- 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

Largest shareholders as of March 31, 2012

Name	Number of shares	% of share capital
1. Ensio Sami	7,370,000	24.24%
<i>Ensio Sami</i>	5,196,240	17.23%
<i>minor under guardianship</i>	724,588	2.40%
<i>minor under guardianship</i>	724,586	2.40%
<i>minor under guardianship</i>	724,586	2.40%
2. Tilman Tuomo Tapani	2,886,777	9.57%
<i>Tilman Tuomo Tapani</i>	2,747,492	9.11%
<i>Mpire Capital Oy</i>	139,285	0.46%
3. Salminen Jyrki Kalle Tapio	2,747,492	9.11%
4. Laiho Rami Tapani	1,489,888	4.94%
5. Linturi Risto	1,397,011	4.60%
<i>R. Linturi Oyj</i>	1,369,707	4.51%
<i>Linturi Risto</i>	27,304	0.09%
6. Mäki Antti-Jussi	1,310,201	4.34%
7. Lampi Mikko Olavi	1,045,543	3.47%
8. Riski Tuomas Mikael	995,543	3.30%
9. Luostarinen Juha Markku T	929,438	3.08%
10. Ärje Matias Juhanpoika	927,833	3.08%
11. Jokinen Klaus Antero	667,156	2.21%
12. Muukkonen Teemu Heikki	507,468	1.68%
13. Järvenpää Janne-Olli	372,804	1.24%
14. Kukkonen Heikki-Harri	351,146	1.16%
15. Ementor Norge As	269,299	0.89%
16. Laiho Jari Olavi	266,851	0.88%
17. Gerdt Aino-Maija	180,000	0.60%
18. Salminen Petri Juhani	166,795	0.55%
19. Nurmi Mika	139,553	0.46%
20. Estate of Santala Ilpo	139,553	0.46%

Appendices

Our Mission



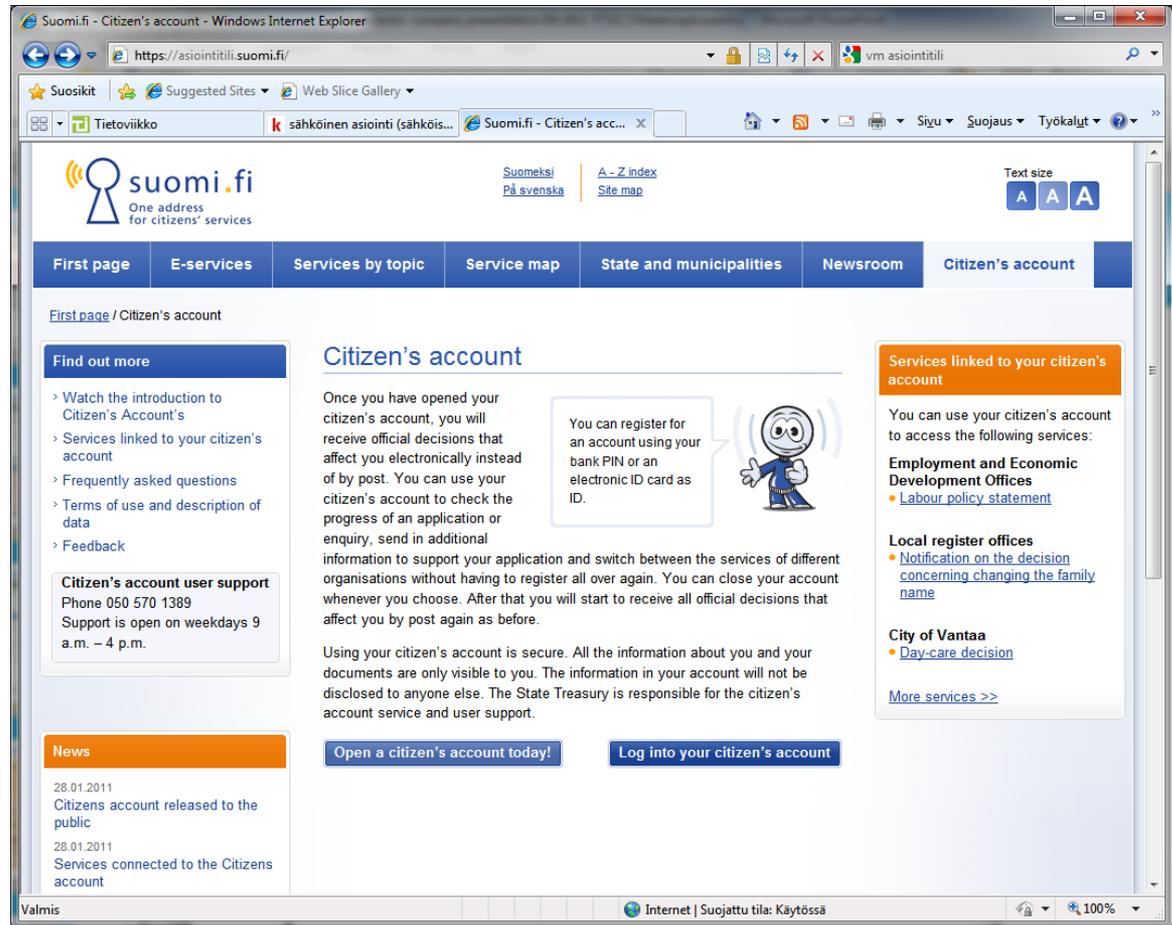
Sami Ensio,
Founder,
CEO

- 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 employees and partners with an innovative and supportive environment in which they can continue to develop themselves

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 navigation links like 'Home', 'My settings', 'My profile', 'Admin controls', and 'Statistics'. A sidebar on the left contains 'Interaction' tools such as 'Most active', 'Discussion', 'Wikis', 'Groups', 'Blogs', and 'My page', along with a search bar and 'Advanced search' options. The main content area features the 'metso Expect results' logo, a 'Metso Brand Center' navigation menu (Reception, Lounge, Design studio, News room, Library, Info desk, Admin), and a 'Latest News' section with a text update about brochure guidelines. Below this, there are three columns of content: 'From the CEO's table' with a photo of Jorma Eloranta, 'Our customer promise' with a text block, and 'Check this out' with a list of items like 'Brand presentations' and 'Dynamic template, business card'. A 'New and updated' section lists 'Business card (Chinese)', 'Brochures', and 'Other applications'. A 'Most popular' section lists 'Business card', 'Downloadable logos', 'InDesign files', and 'Invitation'. The page footer indicates it was last updated on 02.02.2009 at 15:03.

Case: Energy Market Authority

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

Käyttämäsi hakuehdot: _sv

Årsförbrukning (kWh) 15000
 Ursprunget till leverantörernas el Obegränsad
 Säkringsstorlek 3x25A
 Förbrukningsställe Permanent bostad

[PRECISERA JÄMFÖRELSEN](#) [INFORMATION OM FÖRNYBARA ENERGIKÄLLOR](#)

Produkter som gäller tillvidare (21.2.2011)

Säljare	Produktnamn	Totalt € / 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

Valmis Internet | Suojattu tila: Käytössä 100%

INNOFACTOR[®]

Your Partner. Your Solution.[™]

