

INNOFACTOR®

The Fastest Growing Technology Company in Nasdaq Finland

Financial Statement for January 1–December 31, 2012

Mikko Karvinen, CFO

February 26, 2013



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

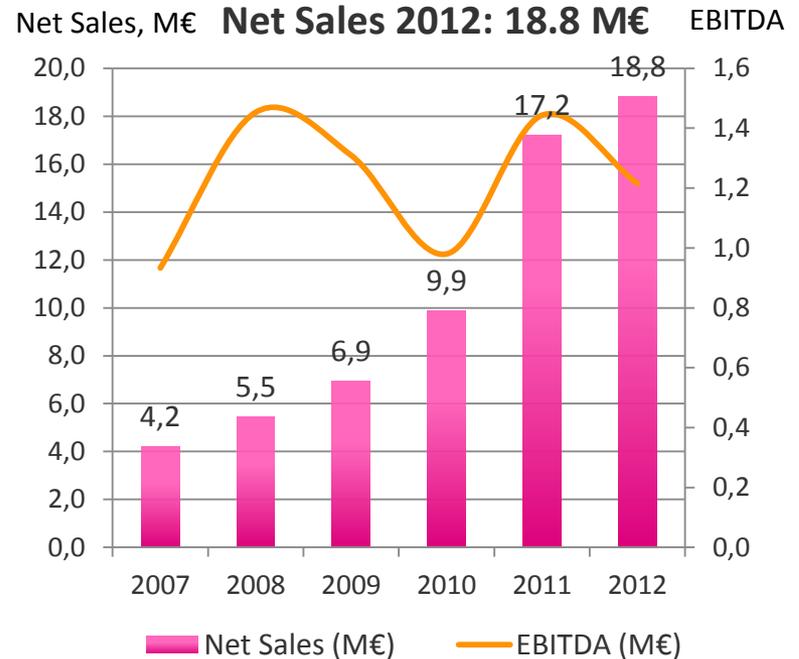
www.innofactor.com

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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 Microsoft Business Intelligence Partner of the Year 2012 in Denmark
- Public Sector Global Finalist of the Year 2012.
- Excellent track record on being able to grow fast and profitably
 - Net sales growth 2008–2012: 34.8 % p.a.
 - EBIT margin 2008–2012: 7.3 % in average
- About 200 employees, 6 offices located in Finland and 1 in Denmark
- Over 1,500 customers
- Listed in NASDAQ OMX Helsinki, about 12,000 shareholders

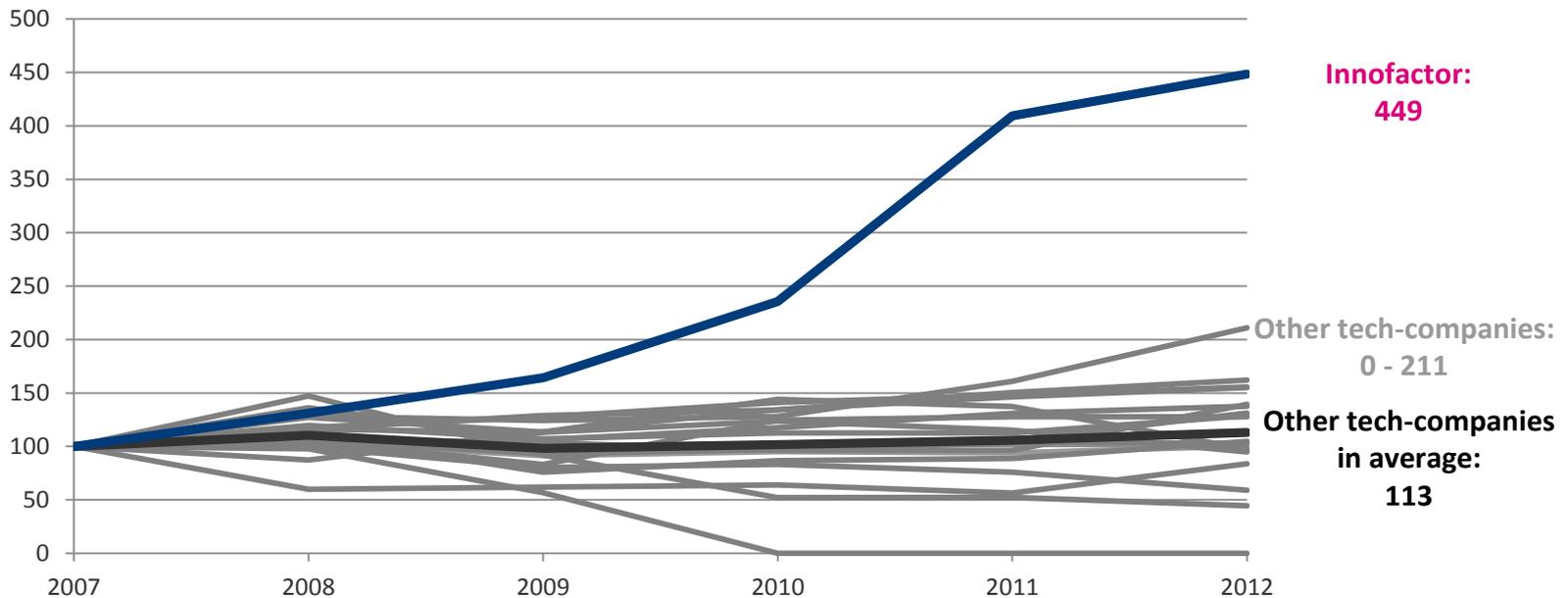


Net Sales 2012 division, approx.

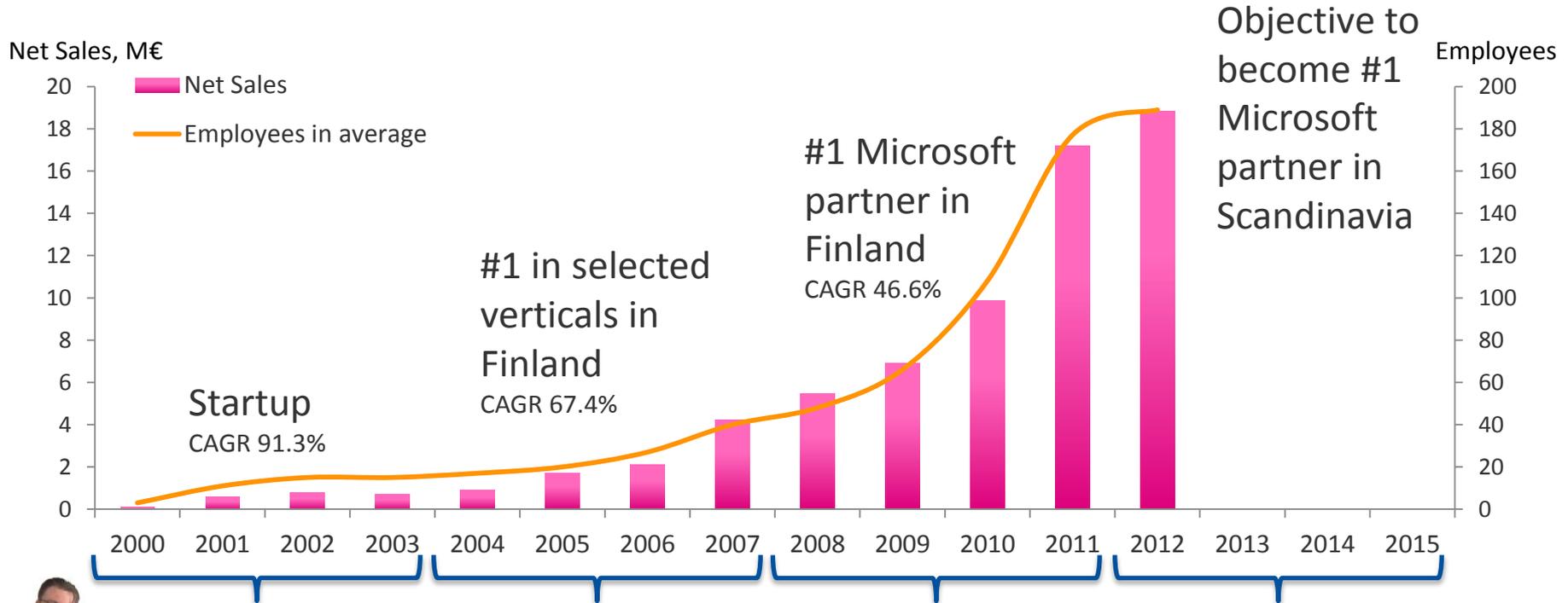


Innofactor is the Fastest Growing Technology Company in Finnish Stock Exchange

- During last 5 years Innofactor has grown 4.5 times in revenues. During the same period other technology companies in Finnish stock exchange have grown 1.1 times in revenues in average.
- The indexed net sales growth of the 19 technology companies in Finnish stock exchange during the last 5 years has been as follows:



Innofactor growth track



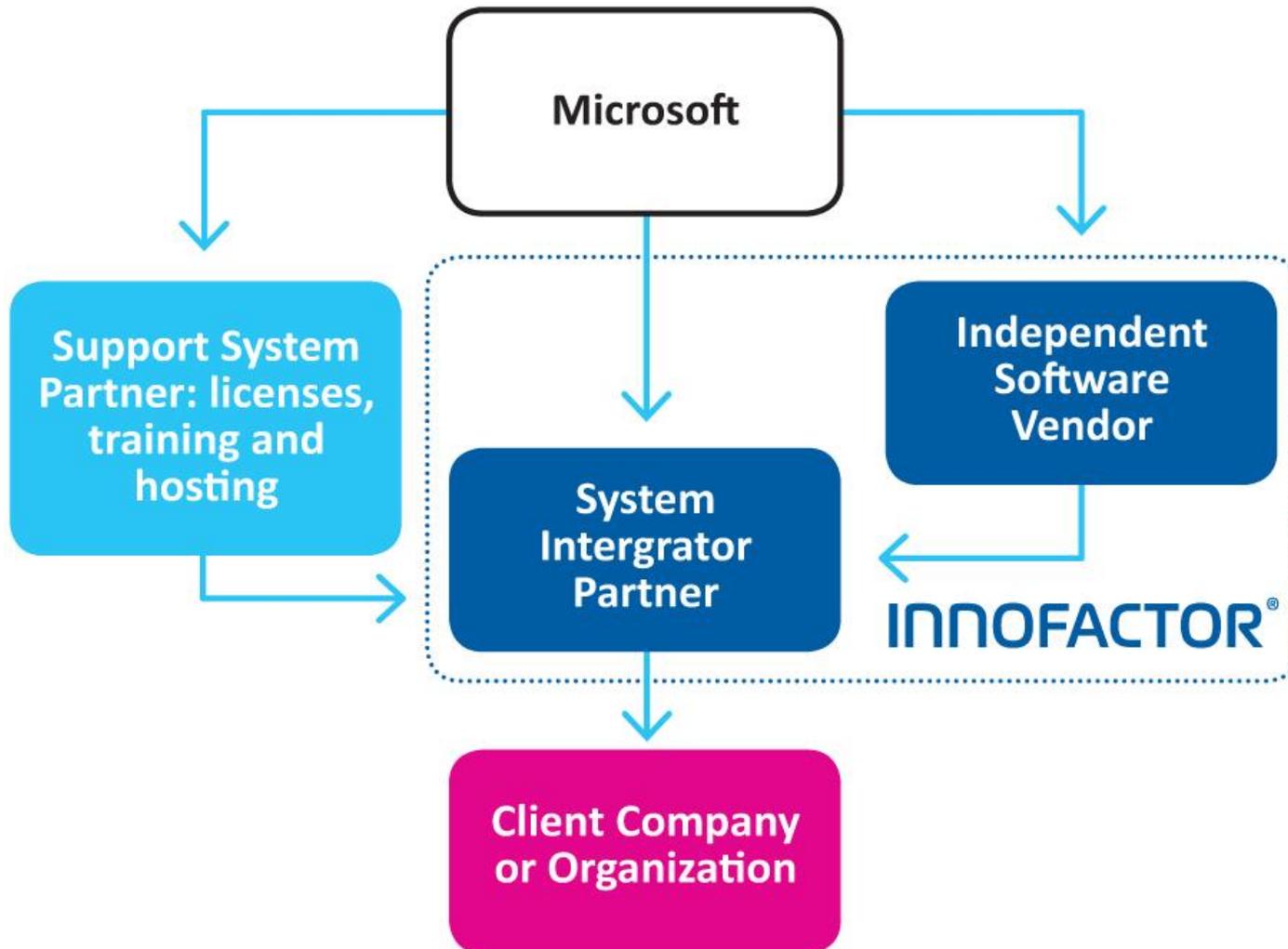
- Innofactor was founded by Mr. Sami Ensio in 2000
- Focus on Microsoft technologies
- Innofactor® Prime™: ERP system for Public Sector customers

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

- Profitable growth despite financial crisis
- Three acquisitions: CRM, BI and Document Management
- Reverse IPO: Nasdaq OMX HEX
- First cloud services
- Microsoft Partner of the Year 2011

- Organization tuned to support future growth
- Acquisitions:
 - Microsoft BI company (DK)
 - Microsoft PPM business (FI)
- Microsoft Public Sector Global Finalist of the Year 2012 and BI partner of the year 2012 in Denmark

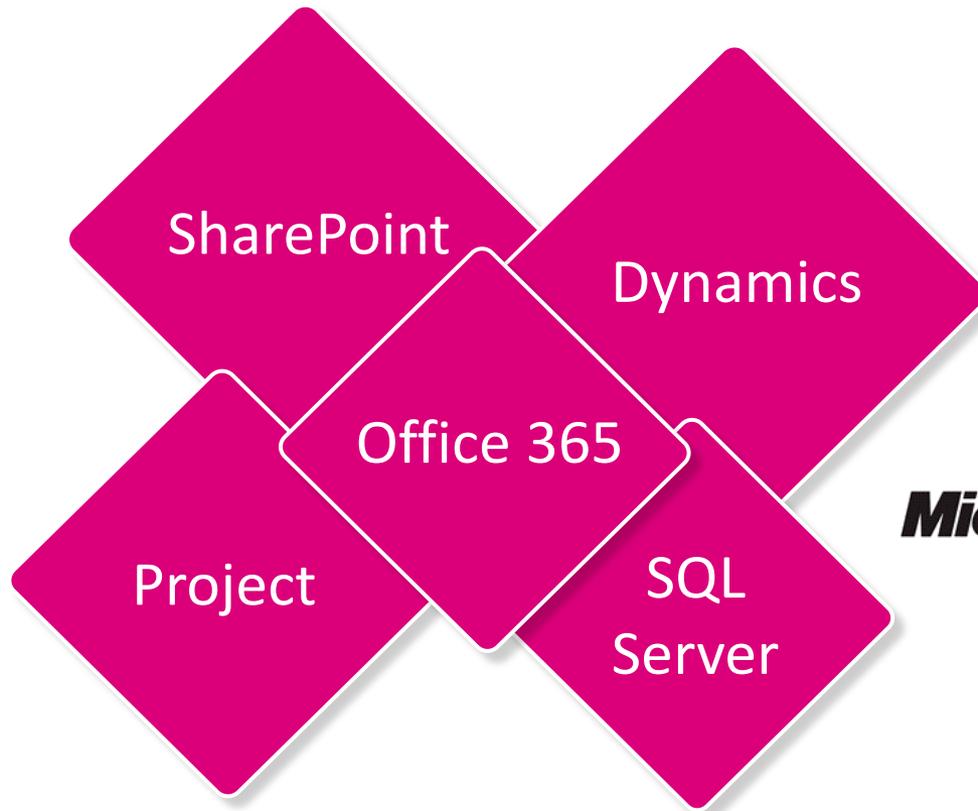
Innofactor operates as part of Microsoft Business solutions ecosystem ...



...in markets where Microsoft has been growing much faster than the IT market in general

- The IT market analysts estimate that the Global IT Service Markets grew 1 to 2 % globally and is estimated to grow 3 to 5 % in 2013
- The Enterprise Software market is estimated to grow slightly faster and have 4 to 6% growth in 2013
- During 2012 Microsoft has been reporting repeatedly significantly higher growth rates in the areas where Innofactor is focusing. For example:
 - Sharepoint, Lync & Exchange products: **>10%**
 - Utilized in e.g. Web communications, digital services and BI solutions
 - SQL Server database solutions: **>15%**
 - Utilized in e.g. BI, document management, project and portfolio management solutions
 - Dynamics CRM: **>30%**
 - Utilized in customer relationship management and in custom-built xRM applications

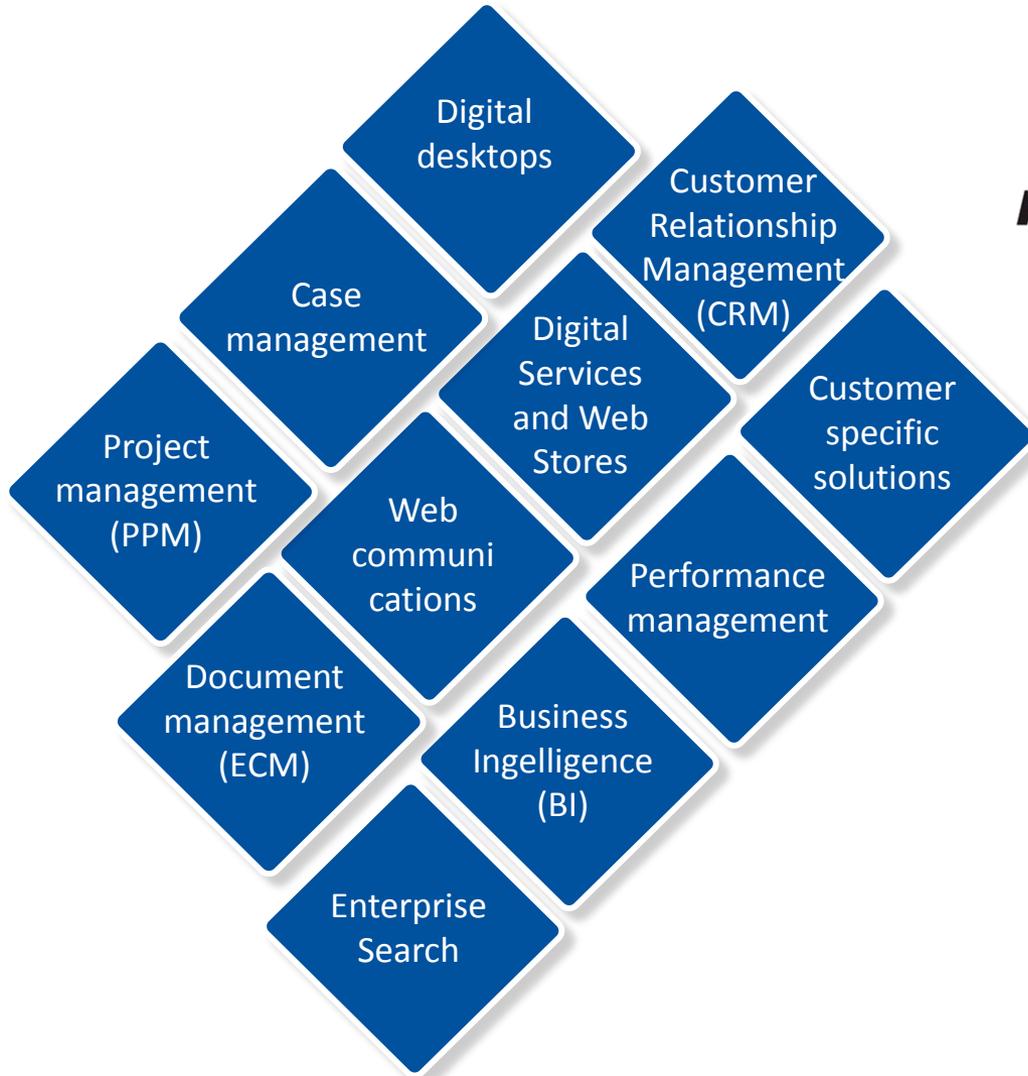
Innofactor deploys a leading Microsoft platform and expertise...



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

... to build best-of breed solutions ...



Microsoft Partner

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

Certificated for High Quality and Security

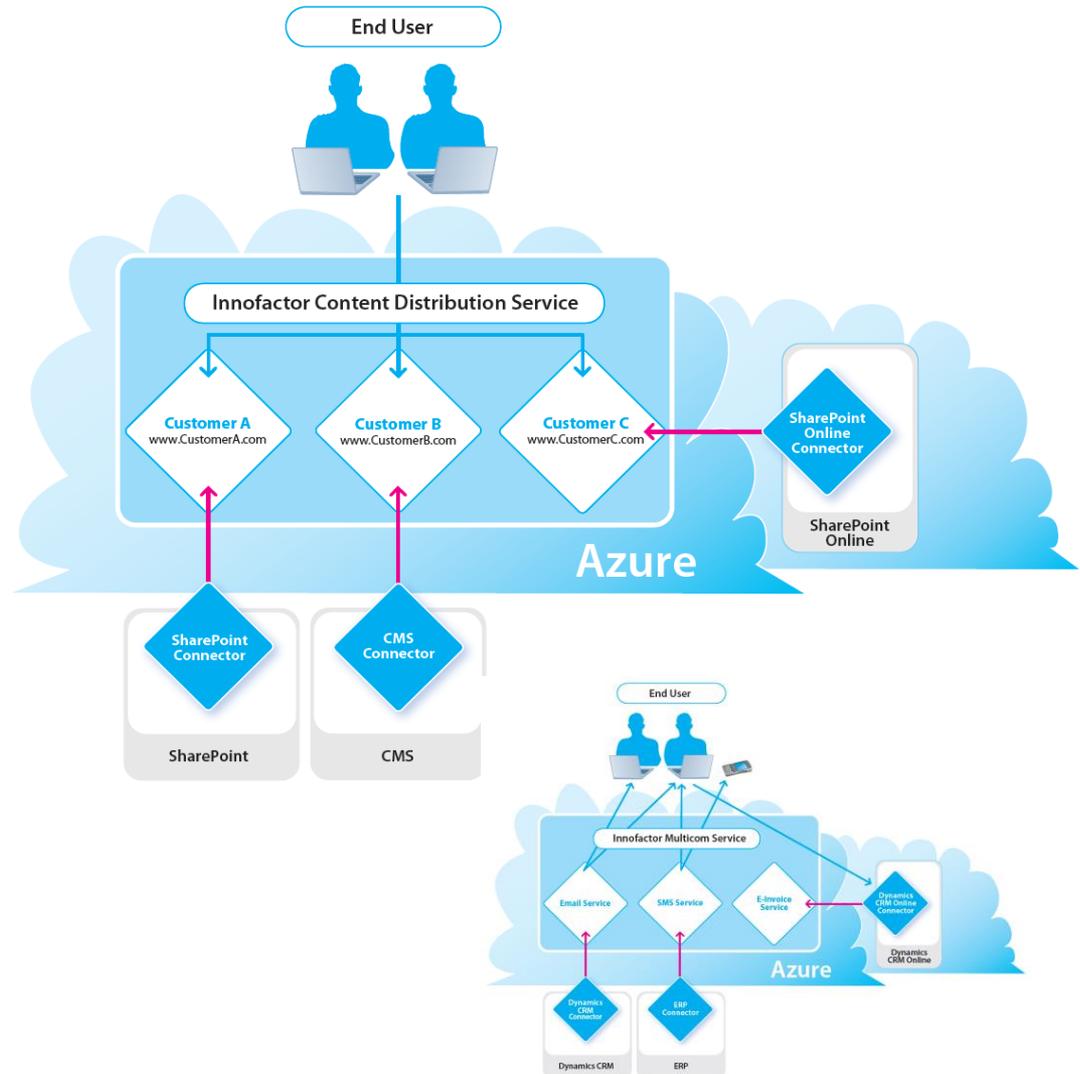


ISO 9001
ISO/IEC 27001
AQAP-2120

... 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



... to over 1,500 customers in several industries

	Manufacturing	Services	Public & 3 rd Sector
<i>eServices and Web Stores</i>	  	  	     
<i>CRM, ERP, PPM 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

#1 provider of Microsoft solutions for corporate clients and organizations in the Nordic Countries

and

#1 provider of value-added components for Microsoft's business solutions globally

Our Financial Targets for 2015

- Innofactor aims to grow profitably
- To achieve an average annual growth of 30 to 40 % in years 2011 to 2015 through both organic growth and acquisitions
 - 2011: growth 74.5%
 - 2012: growth 9.4%
- To achieve an average annual operating profit of 10 to 15 % before depreciation and amortization (EBITDA) in relation to the net sales in years 2011 to 2015
 - 2011: EBITDA-margin 8.4%
 - 2012: EBITDA-margin 6.5%
- To keep the cash flow positive and secure good financial standing in all situations

Innofactor's competitive advantage

- Key trends at the market
 - Consumerization of IT
 - Unification of Devices
 - Increasing Adoption of Cloud & Mobile Services
- Microsoft is well positioned for this change
 - Strong offering in growing Enterprise Applications space (Communication, ERP, CRM, PPM, BI, Office) which being offered hybrid on-premise and from the cloud (e.g. Azure)
 - Windows 8 will provide unified user experience across devices
- Innofactor's competitive advantage
 - The #1 player in Microsoft business in Finland and key player in Denmark
 - Unique business model and organizational capabilities in executing both System Integration and Independent Software Vendor 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
- Innofactor enters into Danish market by acquiring Bridgeconsulting A/S
 - The leading Microsoft-focused Business Intelligence player
 - Profitable growth since its foundation in 2006.
 - Excellent and satisfied customer base.
- Innofactor acquired a leading Microsoft Project- and Project Portfolio Management Solutions (PPM) business in Finland
- Innofactor was listed among the top global finalists for the 2012 Microsoft Public Sector Government Partner of the Year 2012 Award
- Innofactor A/S was nominated Microsoft Business Intelligence Partner of the Year 2012 in Denmark

Q4 2012 results

**Net Sales
Q4 2012**

6.3 M€

**Increase 22.6 %
from Q4 2011**

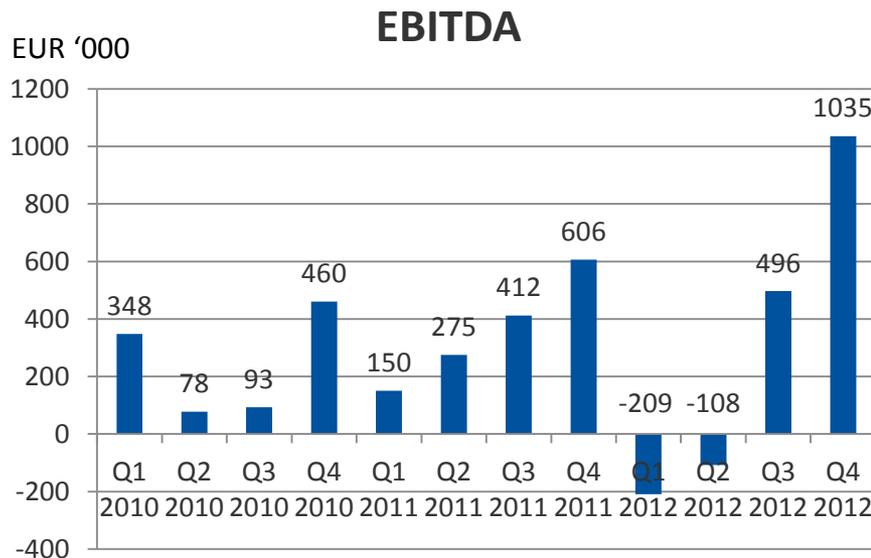
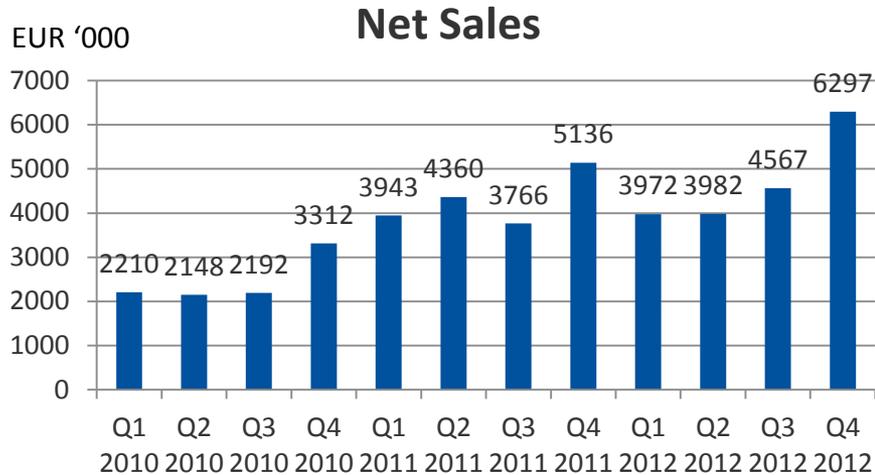
**EBITDA
Q4 2012**

**16.4 %
1.0 M€**

**Increase 70.8 %
from Q4 2011**

- The Q4 2012 net sales were EUR 6.3 million, increase of 22.6 % from Q4 2011
- The Q4 2012 EBITDA was EUR 1.0 million, increase of 70.8 % from Q4 2011
- The R&D expenses in Q4 2012 (recognized in the P&L) were EUR 0.5 million, i.e. 8.7% of net sales
- At the end of Q4 2012 equity ratio was 66.1% (74.5 % at end of Q4 2011)
- The group's liquid assets at end of Q4 2012 totaled EUR 0.7 million (EUR 0.7 million at end of Q4 2011)
- Interest bearing debt at end of Q4 2012 was EUR 1.4 million (EUR 0 million at end of Q4 2011).

Quarterly Growth



- Innofactor has been able to grow 10.0 % per quarter in average (CAGR Q1/2010–Q4/2012)
- 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 about EUR 100 thousand
 - Q2 2011: Reverse share split costs of about 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
 - Q3 2012: One-off costs of about EUR 150 thousand related to acquisition in Denmark

January - December 2012 results

**Net Sales
1-12/2012**

18.8 M€

**Increase 9.4%
from 1-12/2011**

**EBITDA
1-12/2012**

**6.5%
1.2 M€**

**Decrease 15.8%
from 1-12/2011**

- The 1-12/2012 net sales were EUR 18.8 million, increase of 9.4 % from 1-12/2011
- The 1-12/2012 EBITDA was EUR 1.2 million, decrease of 15.8 % from 1-12/2011
- The R&D expenses in 1-12/2012 (recognized in the P&L) were EUR 2.5 million, i.e. 13.2% of 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 0.3 million. Additionally, the personnel and office space arrangements related to the organizational change led to a one-off costs of about EUR 0.1 million. In total, these reduced the EBITDA by about EUR 0.4 million
- There were about EUR 150 thousand of extraordinary cost items during Q3 2012 related to acquisition in Denmark.

Key figures of the group, IFRS

	mo. 1–12 /2012	mo. 1–12 /2011	Change
Net sales, EUR thousand*	18,818	17,205	+9.4%
Operating profit/loss before depreciation and amortization (EBITDA), EUR thousand**	1 215	1 443	-15.8%
<i>percentage of net sales**</i>	6.5%	8.4%	
Operating profit/loss (EBIT), EUR thousand**	620	904	-31.4%
<i>percentage of net sales**</i>	3.3%	4.0%	
Earnings, EUR thousand**	449	687	-34.6%
<i>percentage of net sales**</i>	2.4%	4.0%	
Shareholders' equity, EUR thousand	13,760	12,905	+6.6%
Interest bearing debt, EUR thousand	1,393	0	+100.0%
Cash and equivalents, EUR thousand	656	696	-6.1%
Deferred tax assets, EUR thousand	7,767	7,895	-1.6%
Return on equity***	3.4%	5.5%	
Return on investment***	4.5%	7.2%	
Net gearing	5.4%	-5.4%	
Equity ratio	66.1%	74.5%	
Research and development, EUR thousand	2,488	2,086	+19.3%
<i>percentage of net sales</i>	13.2%	12.1%	
Personnel on average during the review period	189	177	+6.8%
Personnel at the end of the review period	193	189	+2.1%
Number of shares at the end of the review period****	30,165,900	29,261,800	+3.1%
Earnings per share (EUR)****	0.0150	0.0235	-36.2%
Shareholders' equity per share (EUR)****	0.460	0.441	+4.3%

* 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 0.3 million.

** 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 0.3 million.

Additionally, the personnel and office space arrangements related to the organizational change led to a one-off cost of about EUR 0.1 million. In total, these reduced the EBITDA by about EUR 0.4 million. Additionally, the acquisition made on July 5, 2012, resulted in a one-off cost of about EUR 150 thousand in the review period July 1–September 30, 2012.

*** 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.

Guidance for 2013 and Dividend policy

Guidance for 2013

- Innofactor's net sales in 2013 are expected to be about EUR 24 million (2012: EUR 18,818 thousand). Operating profit before depreciation and amortization (EBITDA) in 2013 is expected to be about EUR 2 million (2012: EUR 1,215 thousand).

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
- The Board of Directors proposes that Innofactor Plc should not pay any dividend for the financial period of 2012.

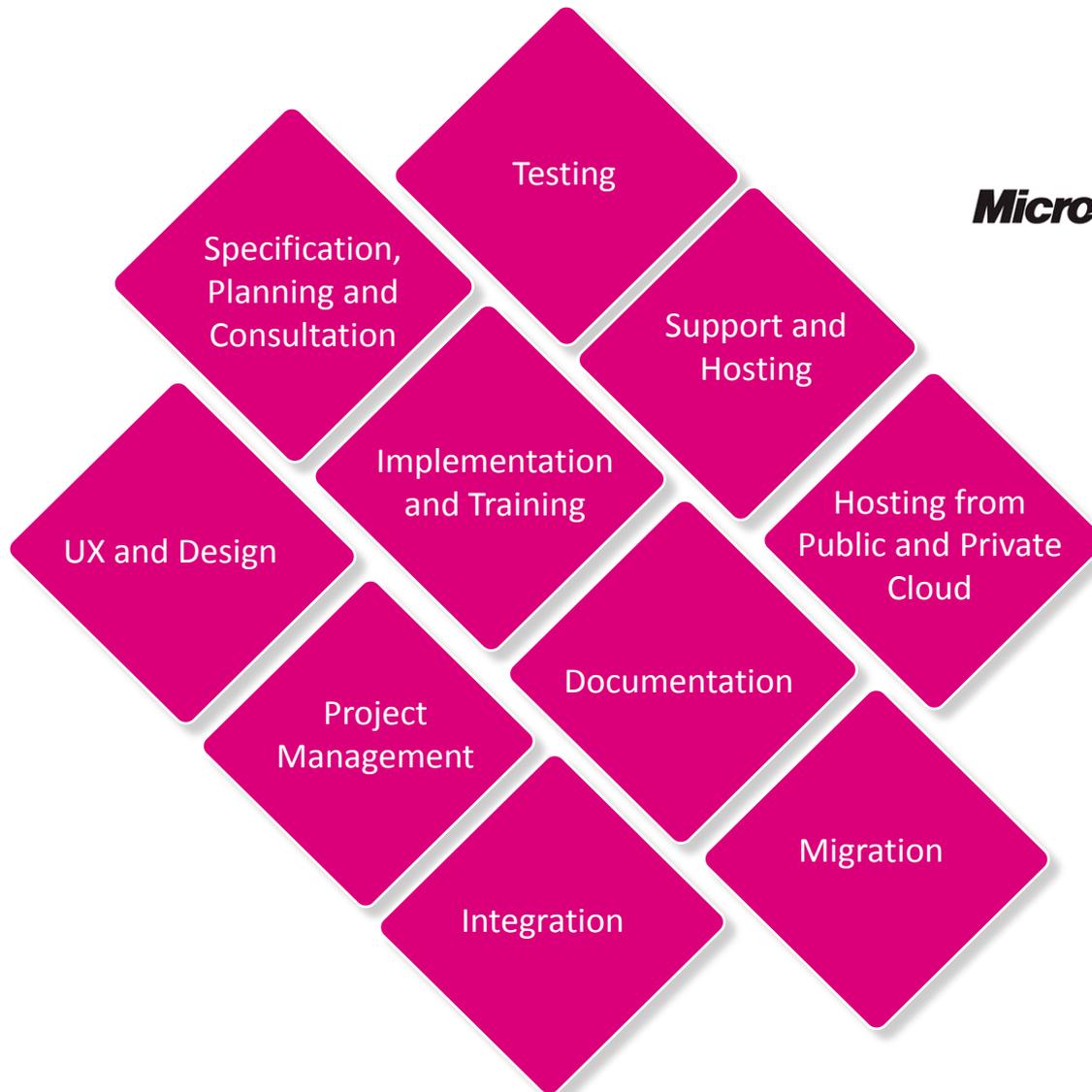
Largest shareholders as of December 31, 2012

Additionally, on December 31, 2012, Innofactor Plc had a total of 276,000 Innofactor shares in its possession.

	Name	Number of shares	% of share capital
1.	Ensio Sami	7,400,000	24.52%
	Ensio Sami	5,226,240	17.32%
	minor under guardianship	724,588	2.40%
	minor under guardianship	724,586	2.40%
	minor under guardianship	724,586	2.40%
2.	Tilman Tuomo Tapani	2,886,777	9.57%
	Tilman Tuomo Tapani	2,747,492	9.11%
	Mpire Capital Oy	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 Kaija and Risto	1,367,011	4.53%
	R. Linturi Oyj	539,707	1.79%
	Linturi Kaija	440,000	1.46%
	Linturi Risto	387,304	1.28%
6.	Mäki Antti-Jussi	1,310,201	4.34%
7.	Lampi Mikko Olavi	1,045,543	3.47%
8.	Ärje Matias Juhanpoika	946,278	3.14%
9.	Luostarinen Juha Markku T	929,438	3.08%
10.	Riski Tuomas Mikael	865,052	2.87%
11.	Jokinen Klaus Antero	564,111	1.87%
12.	Muukkonen Teemu Heikki	507,468	1.68%
13.	Kukkonen Heikki-Harri	398,946	1.32%
14.	Järvenpää Janne-Olli	372,804	1.24%
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.	Myllys Mikko Juhani	176,981	0.59%
19.	Nurmi Mika	139,553	0.46%
20.	Hervonen Antti Henrikki	133,880	0.44%

Appendices

All critical IT services under the same roof

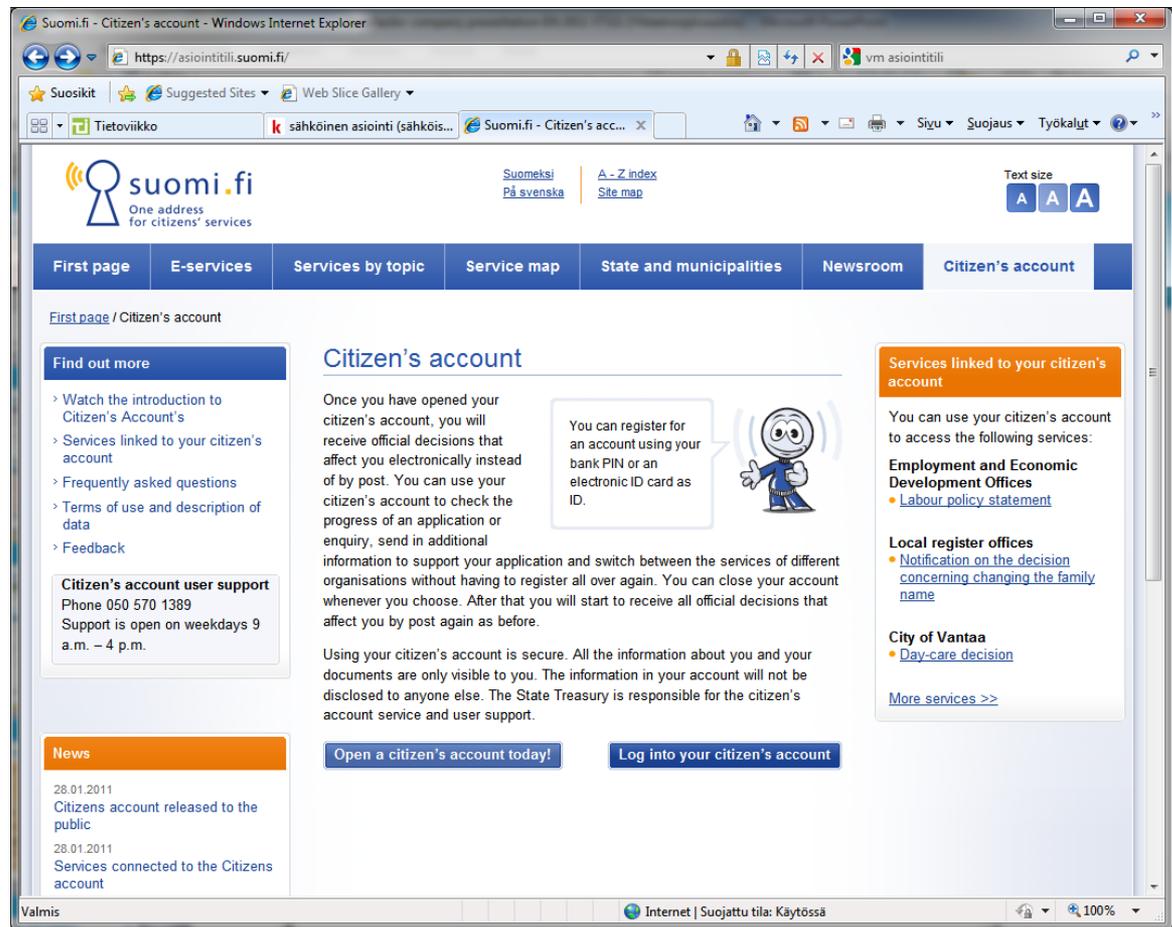


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Case: State Treasury – Citizen’s Account

- “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. At the top, there are search options for 'Phonebook search' and 'Intranet search'. Below this is a navigation bar with links for 'Home', 'My settings', 'My profile', 'Admin controls', and 'Statistics'. The main content area is divided into several sections:

- Interaction:** A sidebar menu with options like '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 'Search' buttons.
- metso Expect results:** The main header with the Metso logo and tagline.
- Metso Brand Center:** A central section with a 'Reception' menu (Lounge, Design studio, News room, Library, Info desk, Admin) and a 'Latest News' article titled 'Dear colleagues, brochure guidelines have now been updated...'.
- Brochure guidelines updated:** A news item stating that brochure guidelines have been updated to reflect one Metso.
- Organizational terminology finetuned:** A news item about organizational terminology updates.
- All InDesign files in one place:** A news item about consolidating InDesign files.
- Talk about email signatures:** A news item about email signatures.
- Expect results in action:** A photo of a Metso bus in Shanghai, September 2008.
- From the CEO's table:** A section featuring a photo of Jorma Eloranta and text stating 'Expect results reflects what we do, says Jorma Eloranta.'
- Our customer promise:** A section explaining the company's promise to deliver results globally and build on three themes: proven results, leading technology, and keeping promises.
- Check this out:** A list of resources including 'Brand presentations', 'Dynamic template, business card', 'Business card (Chinese)', 'Brochures', 'Other applications', and 'Events'.
- Most popular:** A list of popular items including '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

Jämförelse av elpriser - Windows Internet Explorer

http://www.sahkonhinta.fi/results

energiamarkkinavirasto

Tietoviikko k sähköinen asiointi (sähköi... Jämförelse av elpriser

emv Energiamarkkinavirasto
Energiamarknadverket

Jämförelse av elpriser - Sök prisuppgifter - Resultaten av prisjämförelsen

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 C/år	Medelpris cent/kWh	Ursprunget till leverantörernas el	Produkts ursprung	Erbjudandets utgångsdatum
Market Energia Sähkömyynti 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.[™]

