

INNOFACTOR®

The Fastest Growing Technology Company in Nasdaq Finland

Innofactor and atBusiness to merge
– Innofactor nearly doubles its size

Mikko Karvinen, CFO
June 7, 2013

Microsoft Partner

Gold Application Development
Gold Application Integration
Gold Business Intelligence
Gold Collaboration and Content
Gold Customer Relationship Management
Gold Data Platform
Gold Project and Portfolio Management
Silver Enterprise Resource Planning
Microsoft Dynamics NAV
Cloud Accelerate

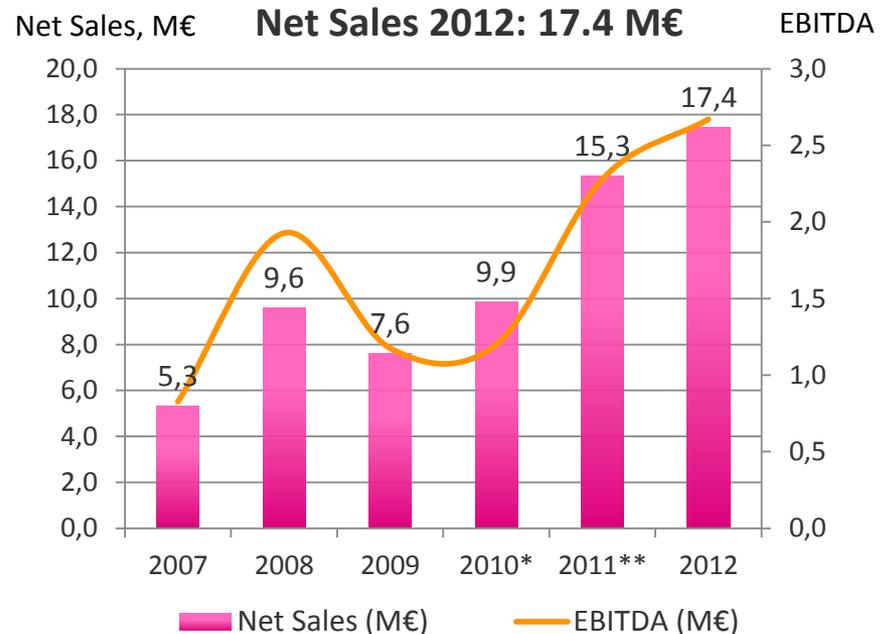
www.innofactor.com

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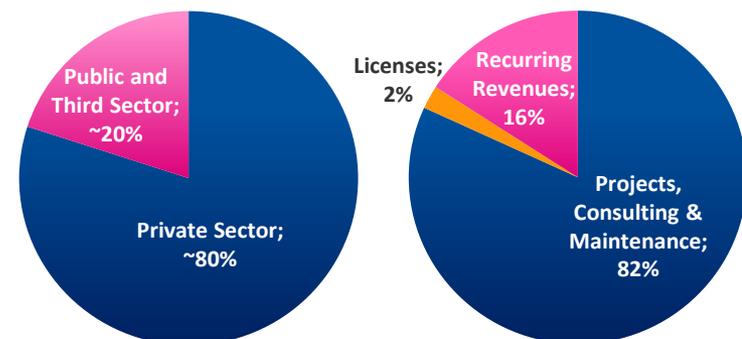


atBusiness_ in Brief

- One of Finland's leading providers of Microsoft technology solutions to commercial and public sector clients
- Result of several acquisitions, including a merger with Trainers' House IT project and support service operations (former Satama) in 2010
- Excellent Finnish customer base, including Fortum, Etera, Harjavalta, Kemira, Oriola, Rautaruukki, RAY and Suomen Messut
- Good track record on being able to grow fast and very profitably
 - Net sales growth 2008 to 2012 26.8% p.a.
 - EBITDA margin 2008 to 2012 15.6 % in average
- Approx. 200 employees, 4 offices located in Finland and 1 in Russia
- Over 200 customers



Net Sales 2012 division, approx.



* Unaudited preliminary financials for the merged entity 1.1-31.12.2010

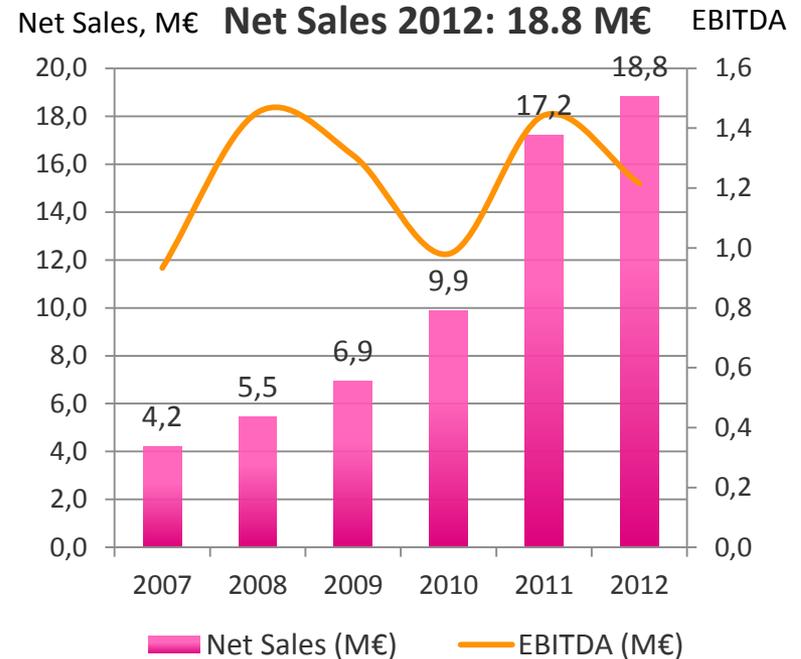
** Unaudited preliminary financials for 1.1-31.12.2011

Transaction structure

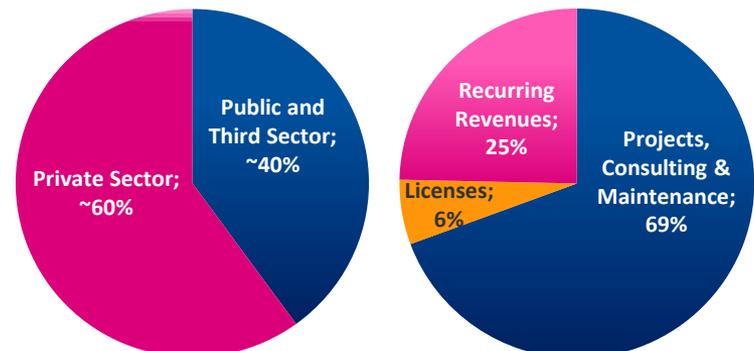
- The purchase price is about EUR 6.3 to 7.6 million and the Enterprise Value (EV) about EUR 14.4 to 15.7 million
- The purchase price will be determined by the realized profit margin (EBITDA) of the Innofactor group for the 12 months following the acquisition (June 1, 2013 to May 31, 2014).
- Innofactor estimates that the purchase price will be about EUR 7.0 million, which is also the average for the purchase price range
- Of the purchase price, a minimum of 45% will be paid in cash and a maximum of 55% in Innofactor shares
- About a total of EUR 6.3 million of the purchase price will be paid at the time of closing the deal; of this, about EUR 2.9 million will be paid in cash and about EUR 3.4 million in new Innofactor shares
- The subscription price of the shares is EUR 0,6739 per share; in order to pay the purchase price, about 5 million new shares will be issued
- Innofactor will take new bank loans of EUR 11.5 million in total for paying the cash portion of the purchase price and for rearranging the target company's loans of about EUR 8.7 million
- The purchase structure is presented in more detail in the stock exchange release

New Innofactor in Brief

- One of the leading Microsoft-focused IT service provider in the Nordics
 - System integrator (SI)
 - Independent software vendor (ISV)
- Often rewarded by Microsoft
- Excellent track record on being able to grow fast and profitably
 - Net sales growth 2008 to 2012 34.8% p.a.
 - EBIT margin 2008 to 2012 7.3% in average
- Approx. 400 employees, 7 offices located in Finland, 1 in Denmark and 1 in Russia
- Over 1,700 customers
- Listed in NASDAQ OMX Helsinki, approx. 12,000 shareholders

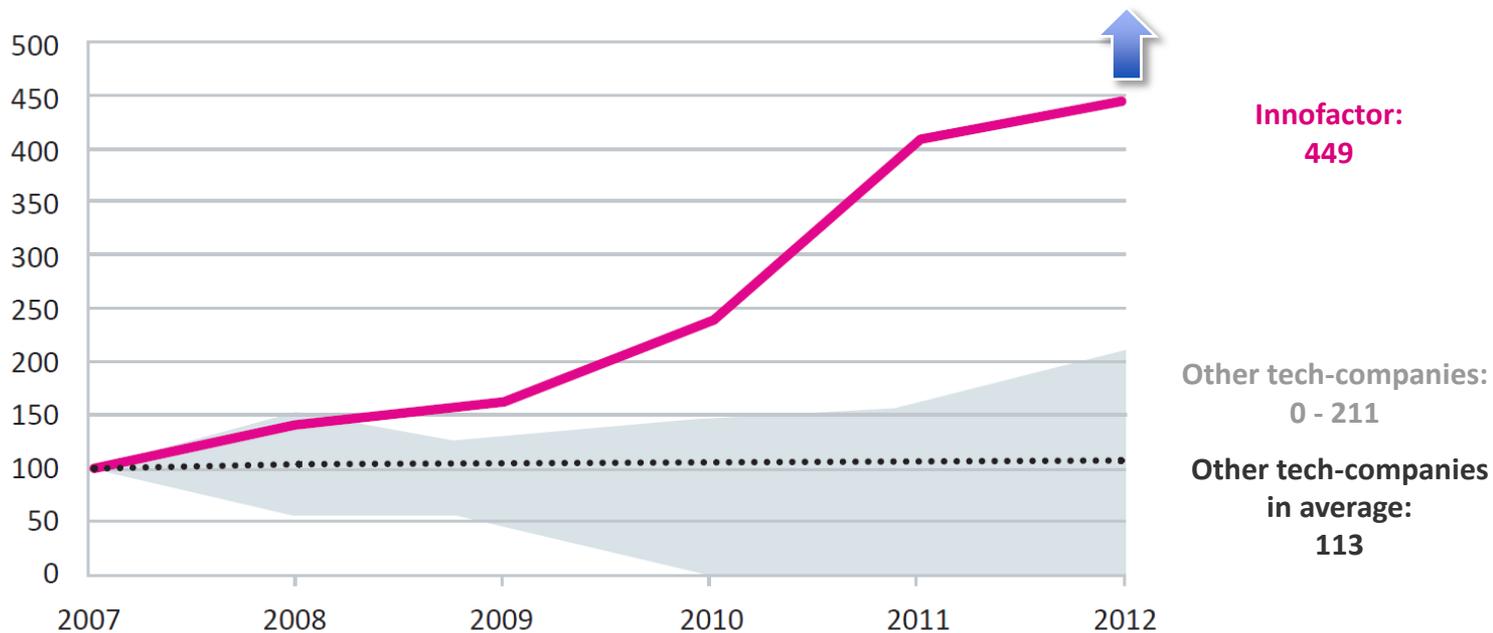


Combined Net Sales 2012 division, approx.

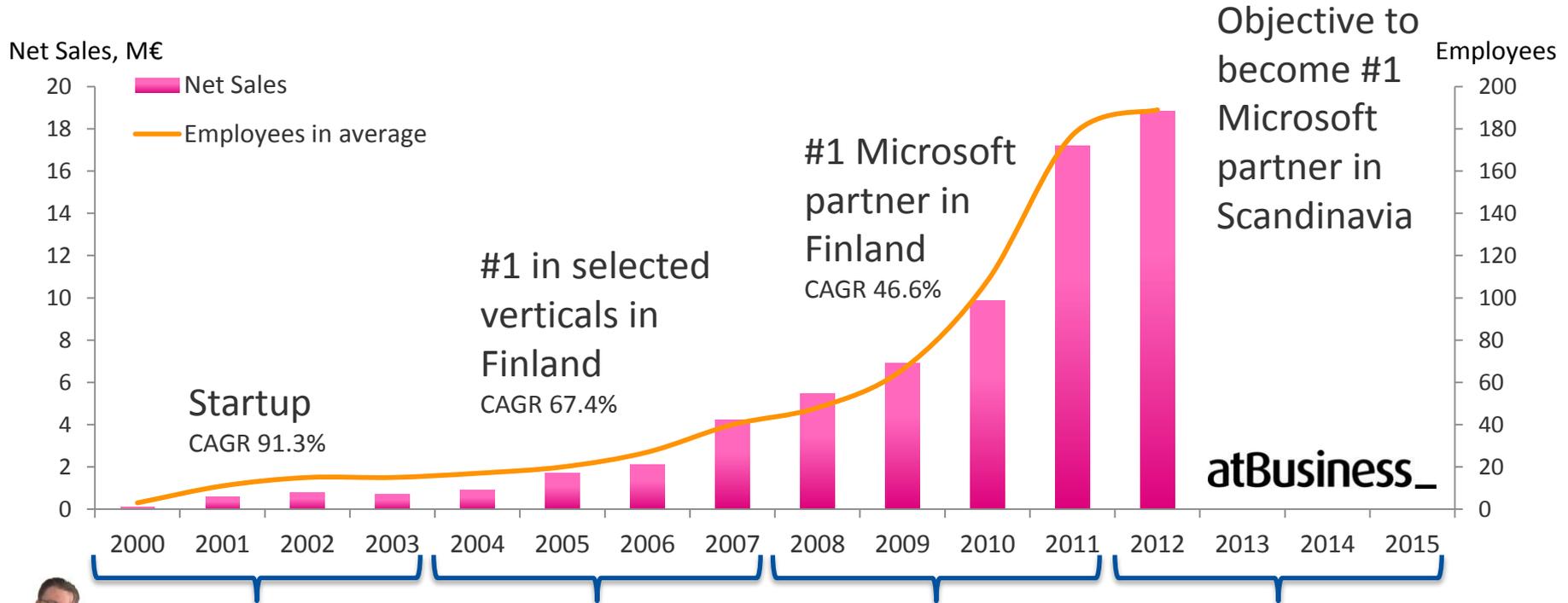


Innofactor is the Fastest Growing Technology Company in Finnish Stock Exchange

- 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



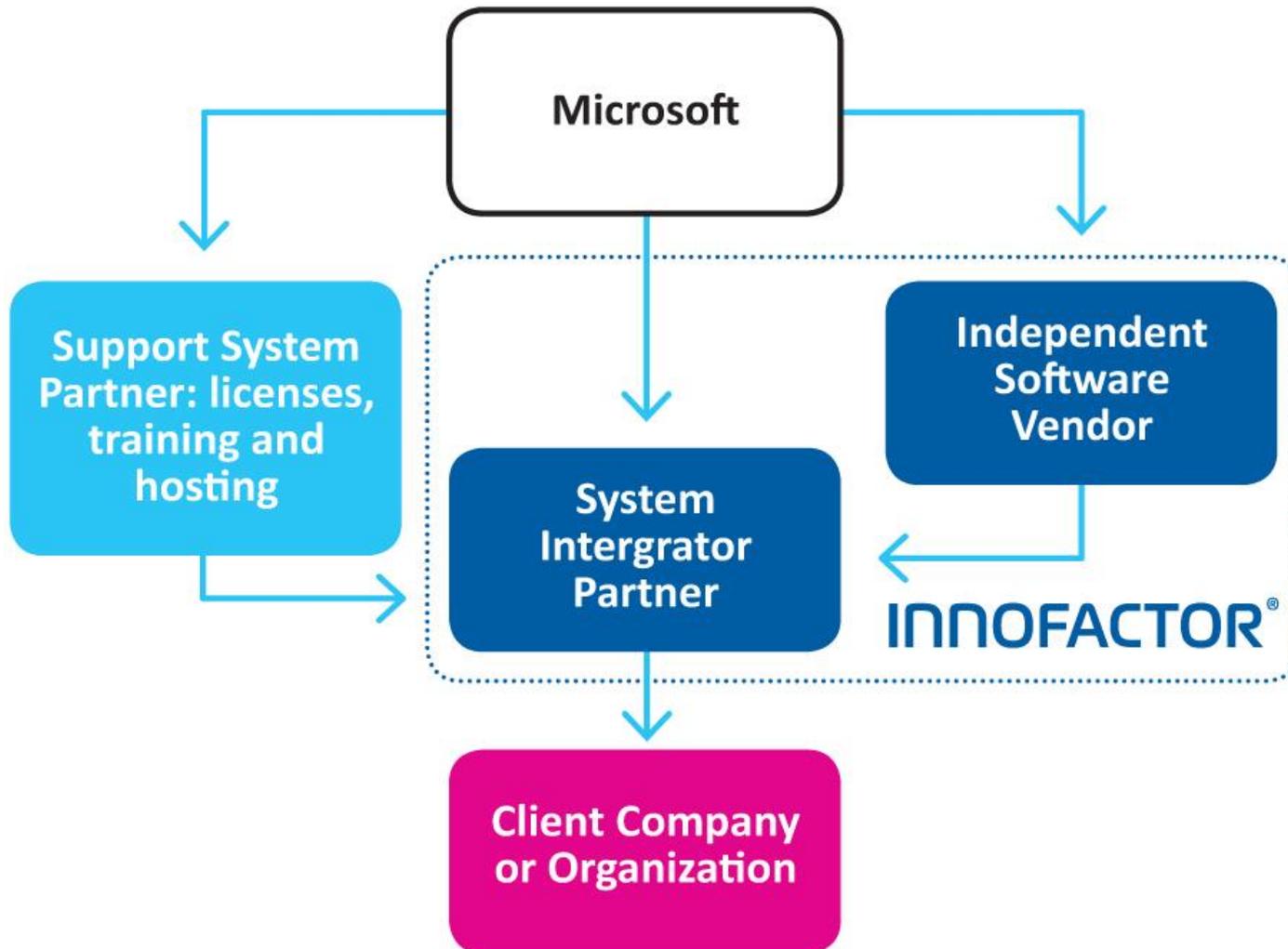
- Innofactor was founded by Mr. Sami Ensio in 2000
- Focus on Microsoft technologies
- Innofactor® Prime™: ERP system for Public Sector customers

- 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)
 - atBusiness, a major Microsoft business (FI)
- Microsoft Public Sector Global Finalist of the Year 2012 and BI partner of the year 2012 in Denmark

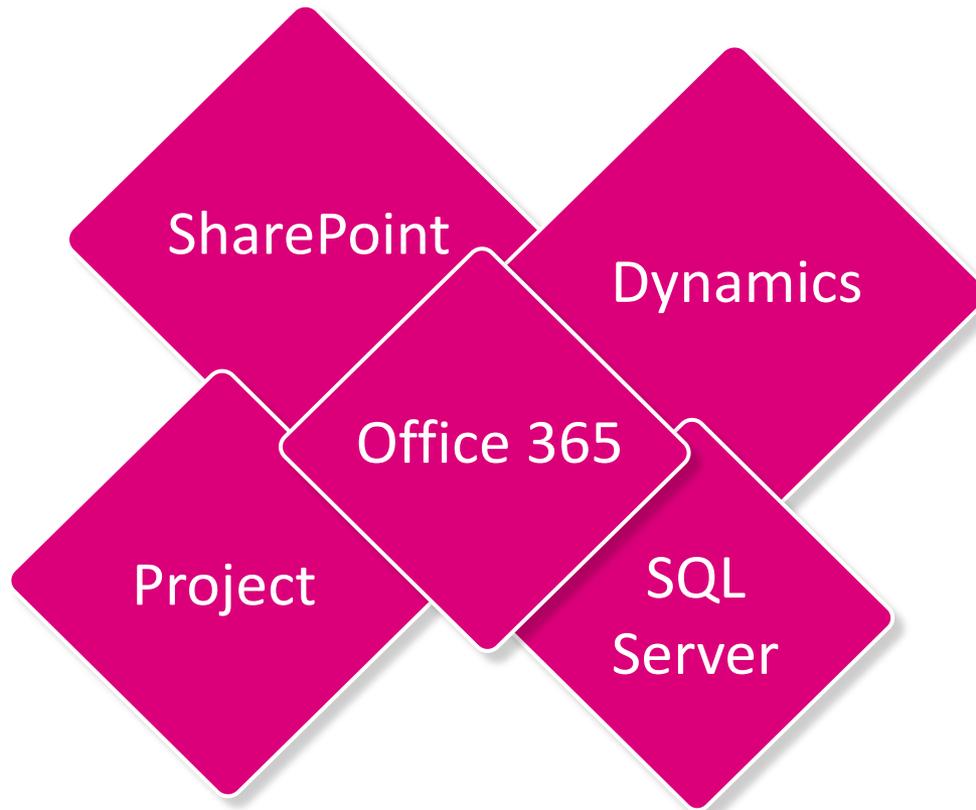
Innofactor operates as part of Microsoft Business solutions ecosystem ...



...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

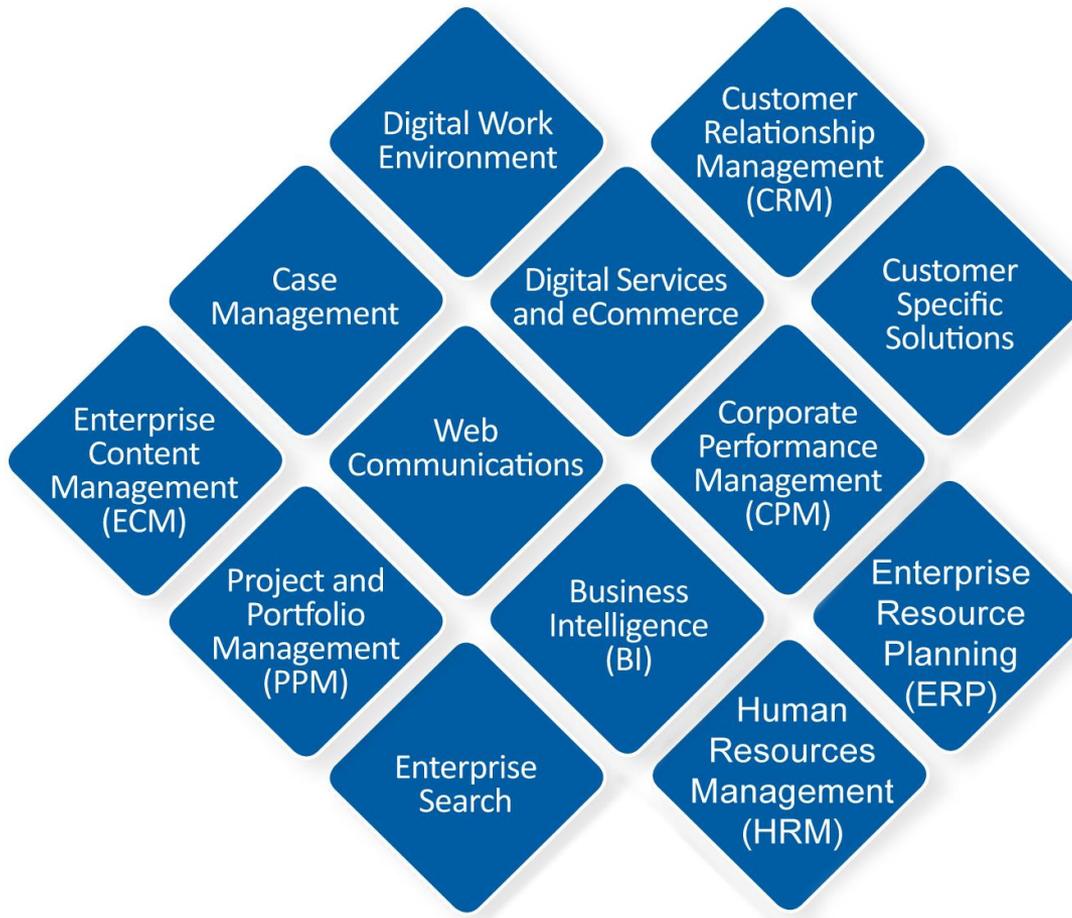
Innofactor deploys a leading Microsoft platform and expertise...



Microsoft Partner

- Gold Application Development
- Gold Application Integration
- Gold Business Intelligence
- Gold Collaboration and Content
- Gold Customer Relationship Management
- Gold Data Platform
- Gold Project and Portfolio Management
- Silver Enterprise Resource Planning
- Silver Microsoft Dynamics NAV
- Silver Cloud Accelerate

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



Microsoft Partner

- Gold Application Development
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Certificated for High Quality and Security

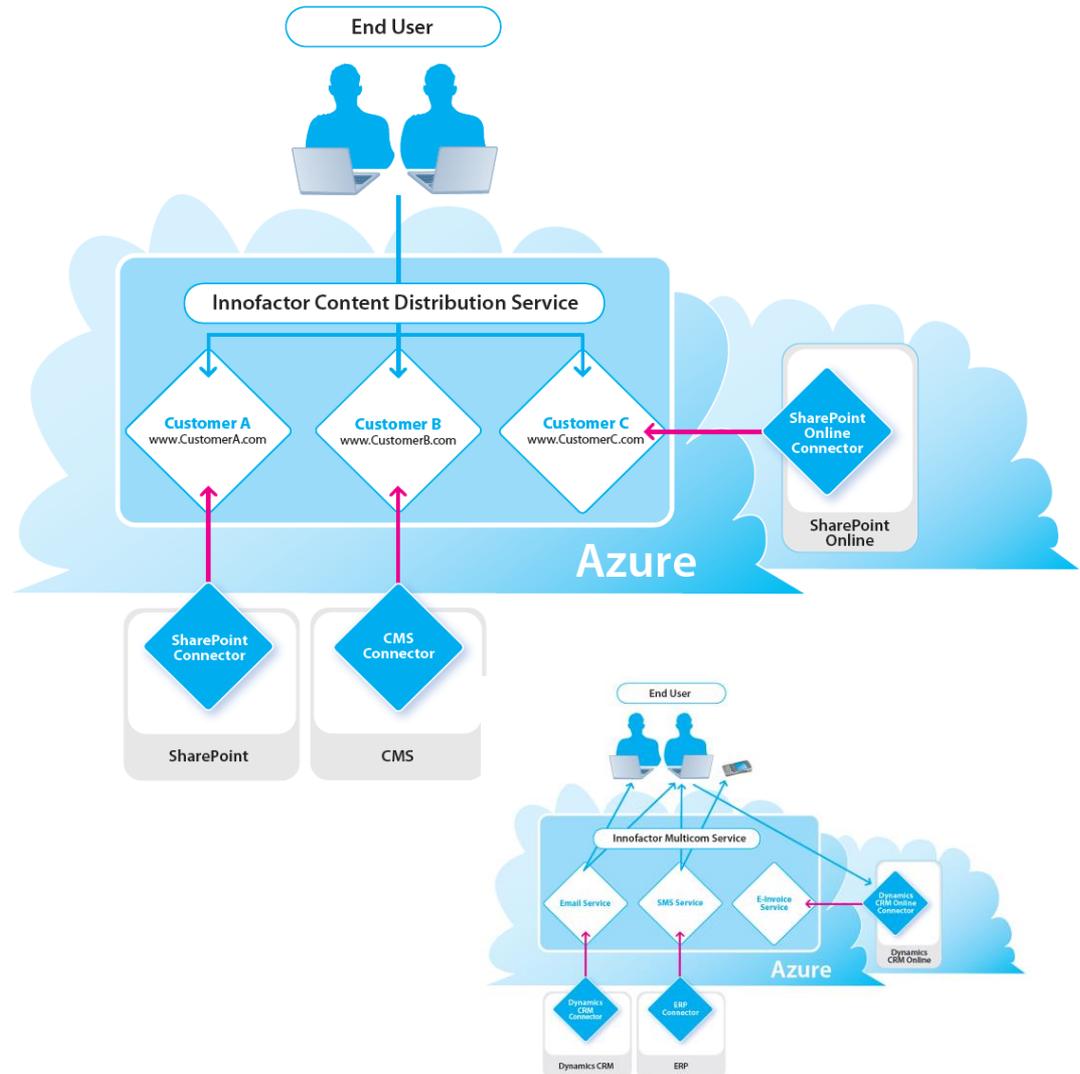


ISO 9001
ISO/IEC 27001
AQAP-2120

... 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



Selected example of Finnish customers

	Innofactor	Innofactor and atBusiness	atBusiness
<i>Customer Solutions (Web portals, e-commerce, CRM)</i>			
<i>Productivity Solutions (Intranets, digital desktops, HRM, PPM)</i>			
<i>Business Solutions (ERP, BI, CPM)</i>			
<i>Document Solutions (ECM, Case Management)</i>			

Our **Vision** is ...

to become

#1 provider of Microsoft solutions for commercial and public organizations in the Nordic Countries

and

#1 provider of value-added components for Microsoft's business platforms 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%
 - Average: 38.1% (CAGR)
- 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%
 - Average: 7.5%
- 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 Events in 2013

- Innofactor was chosen to deliver document and case management system for Senate Properties. The delivery includes document and case management system based on off-the-shelf software solution as well as support and maintenance services. The estimated value of the contract is EUR 812,000.
- Innofactor and atBusiness to merge – Innofactor nearly doubles its size

Updated Guidance for 2013

Updated Guidance for 2013

- Innofactor re-evaluates the outlook on 2013 due to the acquisition of atBusiness Oy announced in an earlier stock exchange release.
- There are uncertainties related to the outlook for 2013 due to the integration of a major acquisition, therefore no detailed estimate of the outlook can be provided.
- Innofactor's net sales in 2013 are expected to be about **EUR 34 to 37 million** (2012: EUR 18.8 million). Operating profit before depreciation and amortization (EBITDA) in 2013 is expected to be about **EUR 3 to 5 million** (2012: EUR 1.2 million).
- Innofactor's earlier estimate was that Innofactor's net sales in 2013 were expected to be about EUR 24 million (2012: EUR 18,818 thousand). Operating profit before depreciation and amortization (EBITDA) in 2013 was expected to be about EUR 2 million (2012: EUR 1,215 thousand).

Appendices



Q1 2013 results

Net Sales

5.5 M€

**Increase 39.5 %
from Q1 2012**

EBITDA

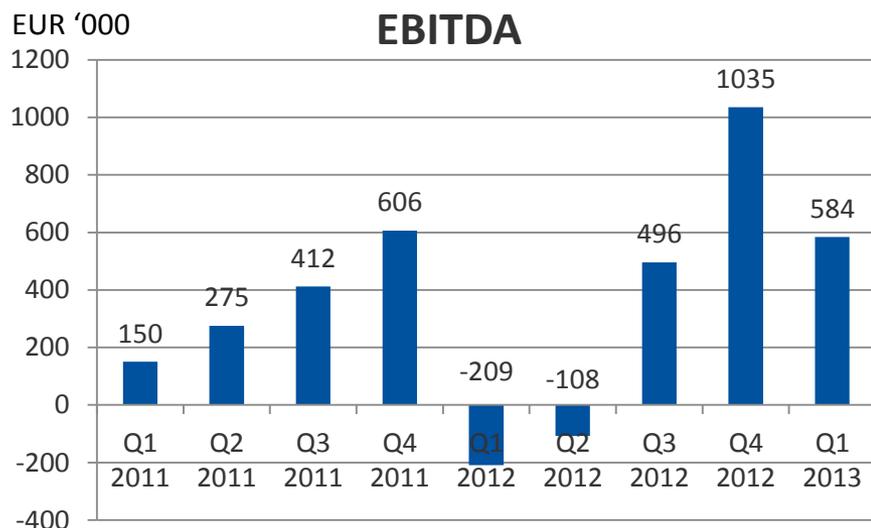
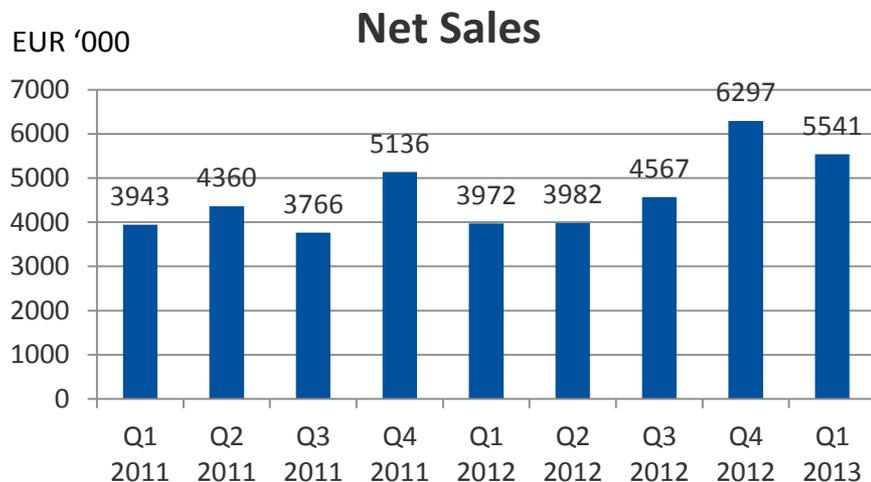
10.5 %

0.6 M€

**Increase 379.4 %
from Q1 2012**

- The Q1 2013 net sales were EUR 5.5 million, increase of 39.5 % from Q1 2012
- The Q1 2013 EBITDA was EUR 0.6 million, increase of 379.4 % from Q1 2012
- The R&D expenses in Q1 2013 (recognized in the P&L) were EUR 0.5 million, i.e. 9.2% of net sales
- At the end of Q1 2013 equity ratio was 69.5% (79.0 % at end of Q1 2012)
- The group's liquid assets at end of Q1 2013 totaled EUR 2.5 million (EUR 1.5 million at end of Q1 2012)
- Interest bearing debt at end of Q1 2013 was EUR 1.1 million (EUR 0 million at end of Q1 2012).

Quarterly Growth



- Innofactor has been able to grow 5.0 % per quarter in average (CAGR Q1/2011–Q1/2013)
- 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

Key figures of the group, IFRS

	mo. 1–3 /2013	mo. 1–3 /2012	Change	mo. 1–12 /2012
Net sales, EUR thousand	5,541	3,972	+39.5%	18,818
Operating profit/loss before depreciation and amortization (EBITDA), EUR thousand**	584	-209	+379.4%	1,215
<i>percentage of net sales</i>	<i>10.5%</i>	<i>-5.3%</i>		<i>6.5%</i>
Operating profit/loss (EBIT), EUR thousand**	424	-347	+222.2%	620
<i>percentage of net sales</i>	<i>7.7%</i>	<i>-8.7%</i>		<i>3.3%</i>
Earnings, EUR thousand	310	-344	+190.2%	449
<i>percentage of net sales</i>	<i>5.6%</i>	<i>-8.7%</i>		<i>2.4%</i>
Shareholders' equity, EUR thousand	13,987	13,094	+6.8%	13,760
Interest bearing debt, EUR thousand	1,138	0	+100.0%	1,393
Cash and equivalents, EUR thousand	2,533	1,549	+63.5%	656
Deferred tax assets, EUR thousand	7,691	7,895	-2.6%	7,767
Return on equity*	8.9%	-10.6%		3.4%
Return on investment*	11.3%	-10.6%		4.5%
Net gearing	-10.0%	-11.8%		5.4%
Equity ratio	69.4%	79.0%		66.1%
Research and development, EUR thousand	512	692	-26.0%	2,488
<i>percentage of net sales</i>	<i>9.2%</i>	<i>17.4%</i>		<i>13.2%</i>
Personnel on average during the review period	198	183	+8.2%	189
Personnel at the end of the review period	204	184	+10.9%	193
Number of shares at the end of the review period	30,165,900	30,165,900	0.0%	30,165,900
Earnings per share (EUR)	0.0104	-0.0118	+188.5%	0.0150
Shareholders' equity per share (EUR)	0.470	0.434	+8.4%	0.460

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

INNOFACTOR[®]

Your Partner. Your Solution.[™]

