

**INNOFACTOR®**

# Innofactor and Swedish Cinteros AB to Merge - Innofactor Continues its Expansion in the Nordics

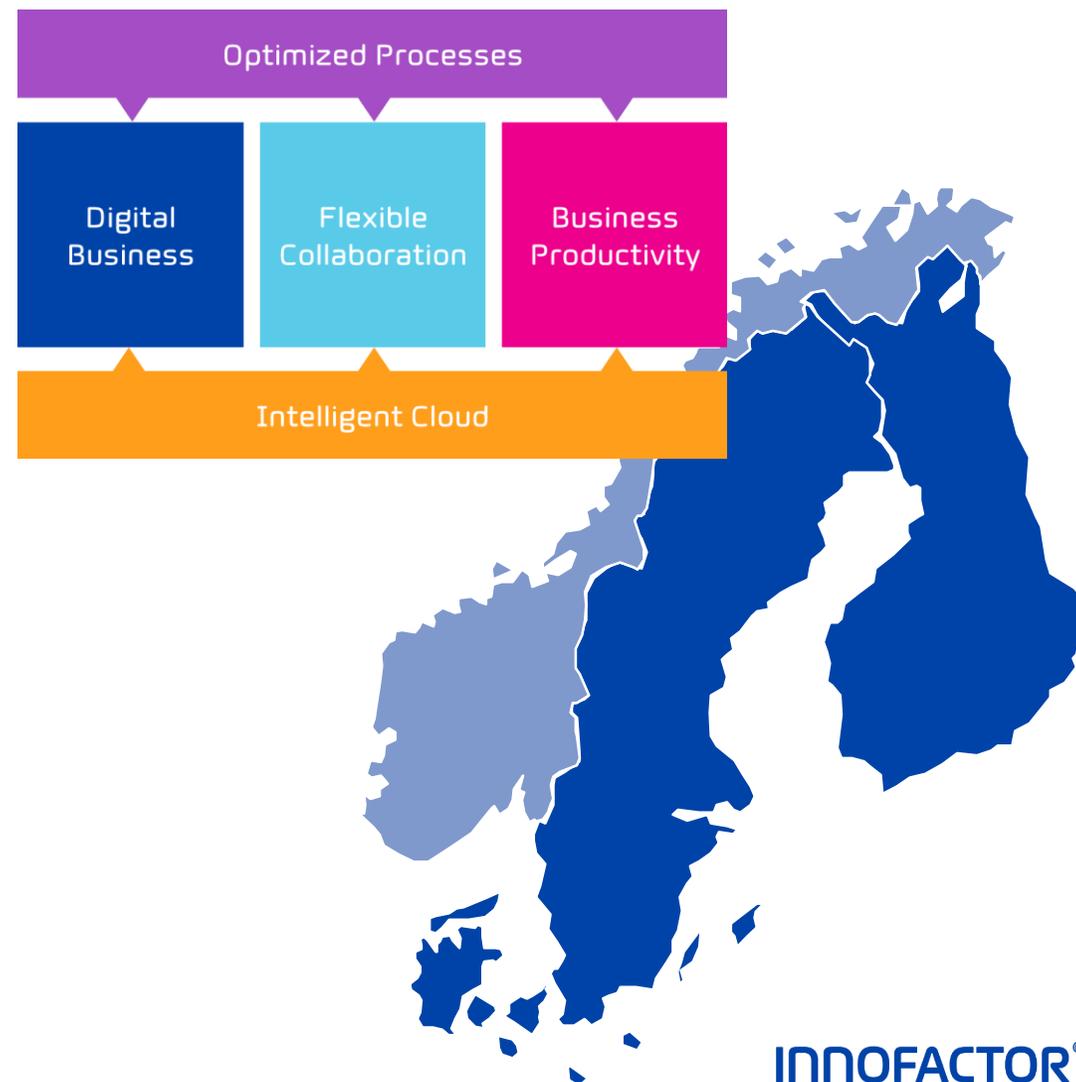
December 22, 2015

Sami Ensio,  
Founder and CEO



# Agenda

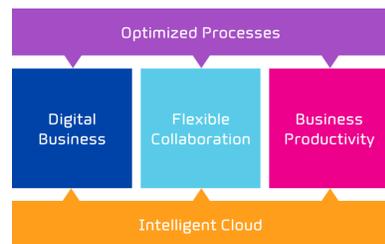
- Introduction of participants
- Summary of the announcement
- Background and Innofactor history
- Introduction to Cinteros
- The new Innofactor 2016 and onwards
- Other recent Innofactor news
- Q&A



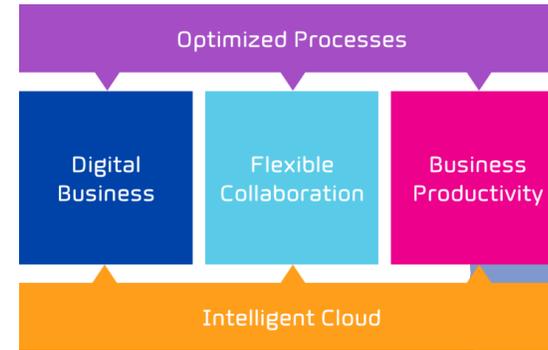
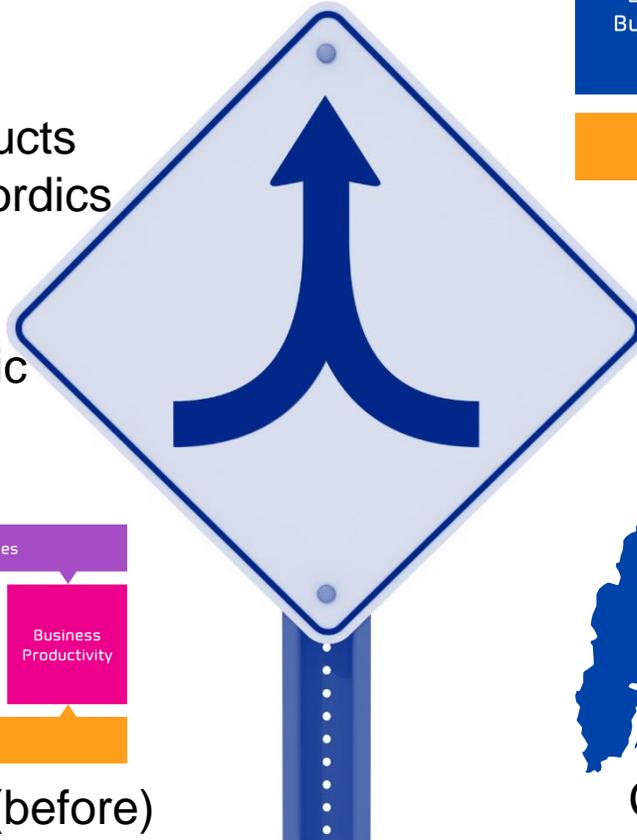
# Innofactor and Swedish Cinteros AB to Merge - Innofactor Continues its Expansion in the Nordics

The new Innofactor 1.1.2016

- A leading Microsoft-focused IT services provider in the Nordic countries.
- The largest comprehensive Microsoft-based offering, products and services portfolio in the Nordics
- 500+ people in Finland, Sweden and Denmark
- Over 1,200 customers in Nordic



Innofactor (before)



Cinteros 2015 (before)

# Innofactor and Swedish Cinteros to Merge – Innofactor Continues its Nordic Strategy

- With an agreement signed last night, Innofactor has acquired the entire share capital of the Swedish company Cinteros AB
- Cinteros is the leading Swedish IT services company focusing on providing Microsoft Dynamics CRM -based solutions by its over 100 employees.
- The figures of Cinteros AB will be consolidated into the Innofactor Jan 1, 2016
- Integration of Cinteros and Innofactor operations will start immediately and the goal is to implement significant parts of it during year 2016
- The name of Cinteros AB will be changed to Innofactor AB in June and after that Cinteros services will be offer under the Innofactor brand
- The sellers are the acting management of Cinteros who all continue in management team and significant shareholders in the future
- The purchase price is about EUR 3-8 million, a minimum of EUR 3 million will be paid in cash and a maximum of EUR 5 million in Innofactor shares and/or cash + loan Innofactor takes

# Innofactor's Mission, Vision and Strategy

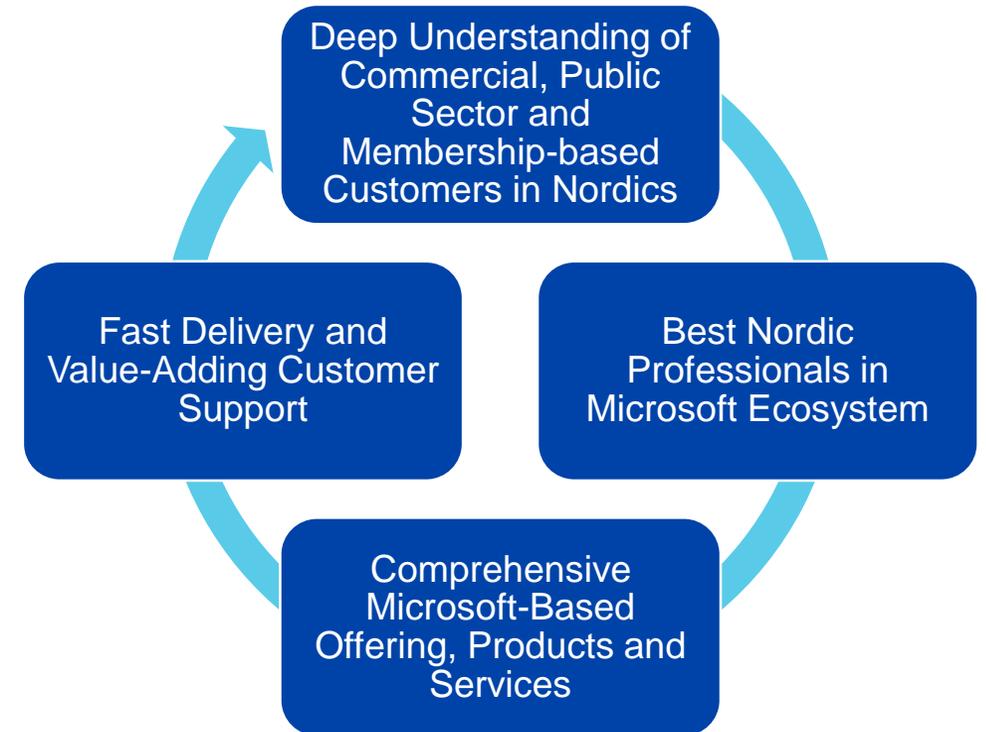
## Mission

Empower organizations and people to make a difference in the digital world.

## Vision

We are the number one Microsoft-based solution provider in the Nordics.

## Strategy



# Innofactor in Brief (before merge)

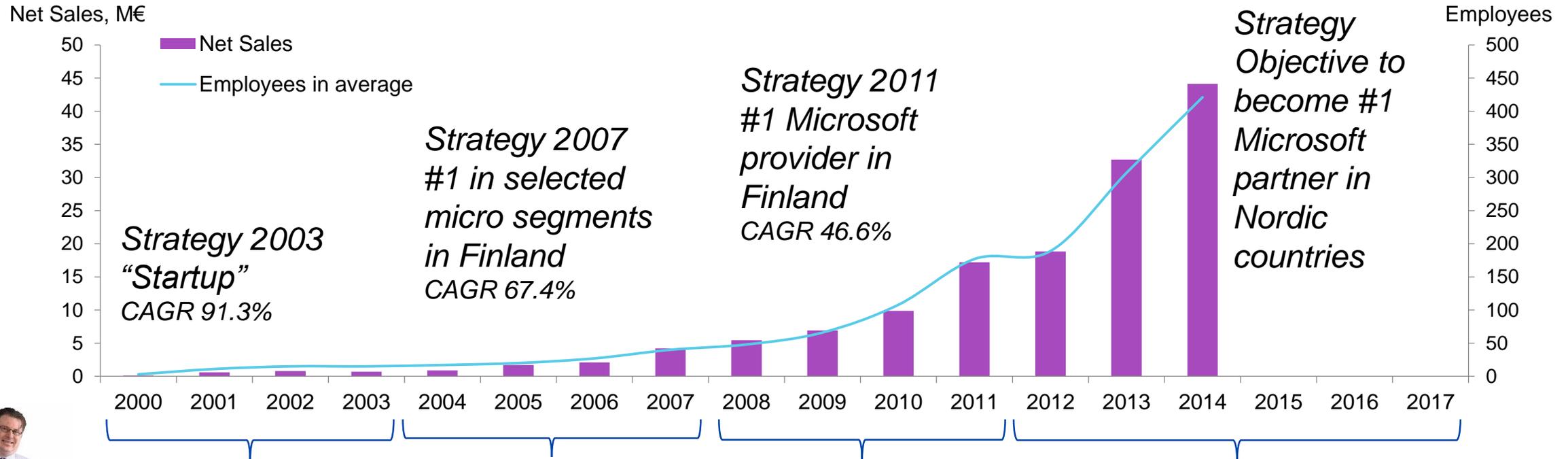
- A leading Microsoft-focused IT service provider in the Nordics
  - IT projects and IT systems maintenance (System integrator, SI)
  - Own products and services (Independent software vendor, ISV)
- Top-notch Microsoft professionals
  - More than 500 individual Microsoft certificates
  - Eight enterprise-level Microsoft Gold competencies
- Excellent track record in fast and profitable growth
  - 2014 Net Sales 43.8 million euros and EBITDA 3.8 million euros
  - Net sales growth 2010 to 2014: 45% p.a.
  - EBITDA margin 2010 to 2014: 9% of revenues in average
- Over 400 employees, over 1,000 customers
- Listed in NASDAQ OMX Helsinki main list
  - over 10,000 shareholders

## Microsoft Partner

- Gold Application Development
- Gold Application Integration
- Gold Cloud Platform
- Gold Cloud Productivity
- Gold Collaboration and Content
- Gold Customer Relationship Management
- Gold Data Analytics
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- Gold Project and Portfolio Management



# Innofactor Growth History



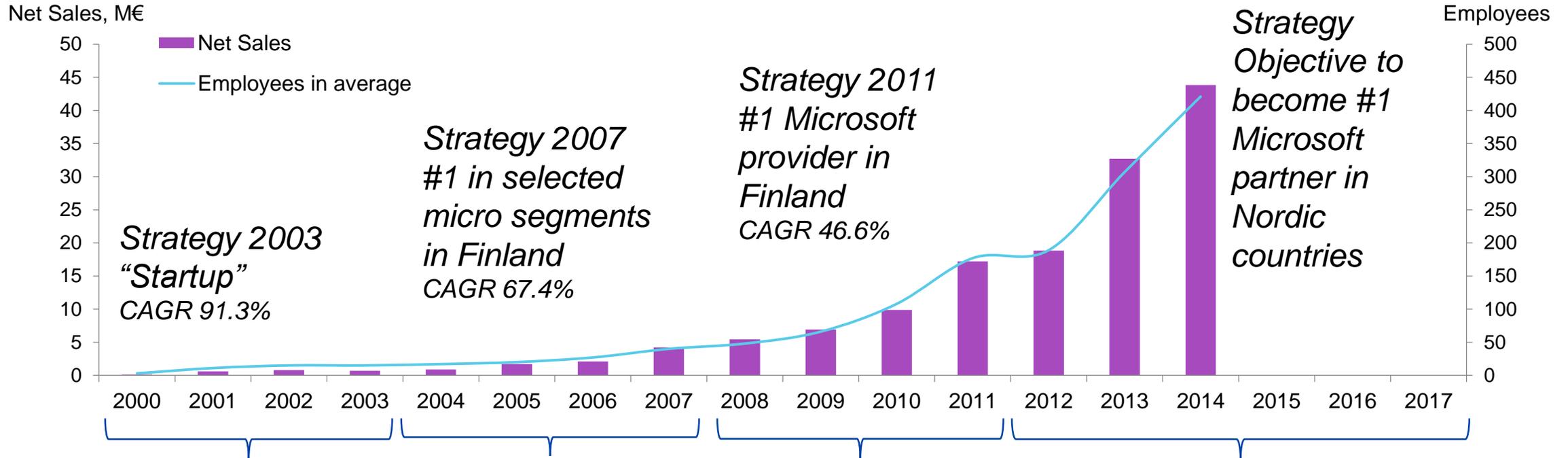
- Innofactor was founded by Mr. Sami Ensio in 2000
- Focus on Microsoft technologies
- 1-15 employees

- One of the first Microsoft SharePoint implementors
- First two small acquisitions
- 15-40 employees

- Profitable growth despite financial crisis
- Reverse IPO: Nasdaq OMX HEX
- 3 acquisitions
- 40-177 employees

- Organization tuned to support future growth
- 5 acquisitions, of which 3 in Finland and 2 in Denmark
- Over 400 employees
- **A new big step in Sweden!**

# Several Successful Acquisitions



**TietoEnator**<sup>TE</sup>  
Parish business



eServices business

**f.** Software Innovation  
Finland

**visual management**

**Documenta**

**BRIDGE**  
CONSULTING

**TIETOTALO**  
PPM-business

**atBusiness\_**

**DYNAMIC TEAM**

**enabling**  
value through challenges

**CINTEROS**

**INNOFACTOR**<sup>®</sup>

# Miten varmistamme yritysjärjestelyjen onnistumisen myös jatkossa

Proactive target screening and market analysis

- A number of discussions can be carried out simultaneously

We hand pick out targets carefully

- We only acquire companies that fit in our strategy perfectly
- We value targets at lower multiple level than we are at the moment
- We minimize dilution of our current shareholders

We initiate integration immediately

- We are experienced acquirer with strong track record:
  - We have developed our process for several years
  - All stakeholders, including customers, employees, and others are taken into account



Sähköiset liiketoimintaratkaisut -liiketoiminta



# Cinteros in Brief (before merge)

Leading CRM player in Sweden with strong verticals

Strong growth rate and market outlook

Renowned by Microsoft Sweden

Solid financials

- Cinteros is the No 1 Microsoft Dynamics CRM solution provider in Sweden
  - More than 70% of revenue is XRM centric (Business solutions)
    - Vertical modules to build up industry standards
  - BI team (Power BI) is growing
  - Best of breed subcontractor for to complete offering (SharePoint, NAV, BizTalk)
- Headquarters in Stockholm
  - Office in Gothenburg and presence in Malmö
  - +100 employees
- Strong customer base in selected sectors
- Microsoft CRM partner of the year in Sweden for several years
  - Microsoft CRM Gold Partner
- Growth with profitability
  - Revenue 2014 SEK 73 million (growth 43%), 2015 about SEK 100 million (growth 40%)
  - EBITDA 2014 SEK 6.5 million (9%), 2015 estimate about SEK 8-9 million



# Cinteros AB Financial Data

Cinteros AB's net sales, EBITDA and operating income in the financial periods from January 1 to December 31, 2014 and January 1 to December 31, 2013 were according to Swedish Accounting Standards as follows (thousand euros\*):

	Jan 1 – Dec 31, 2014	Jan 1 – Dec 31, 2013
<b>Net Sales</b>	7,850	5,570
<b>EBITDA</b>	685	678
<b>Operating Profit (EBIT)</b>	679	663

The net sales for the current fiscal year 2015 is estimated to be approximately 11 million euros (approximately 100 million SEK) and EBITDA approximately 9%

\*)The currency rate used in the above figures: 1 euro = 9.30 Swedish crowns

Cinteros AB's balance sheets on December 31, 2014 and December 31, 2013 were as follows (thousand euros\*):

	Dec 31, 2014	Dec 31, 2013
<b>Fixed Assets</b>	70	70
<b>Receivables and current assets</b>	2883	1996
<b>Total</b>	2953	2066
<b>Equity</b>	1365	841
<b>Liabilities</b>	1588	1226
<b>Total</b>	2953	2066

# Innofactor and Cinteros – More Together!

- A leading Microsoft-focused IT service provider in the Nordics
  - IT projects and IT systems maintenance (System integrator, SI)
  - Own products and services (Independent software vendor, ISV)
- Top-notch Microsoft professionals
  - More than 600 individual Microsoft certificates
  - Ten enterprise-level Microsoft Gold competencies
- Excellent track record in fast and profitable growth
  - 2015 Net Sales about 54–55 million euros and EBITDA about 4–5 million euros (Pro Forma estimate based on Innofactor’s Stock Releases)
  - Net sales growth 2010 to 2014: 45% p.a.
  - EBITDA margin 2010 to 2014: 9% of revenues in average
- 500+ employees, 1,200+ customers
- Listed in NASDAQ OMX Helsinki main list
  - over 10,000 shareholders

## Microsoft Partner

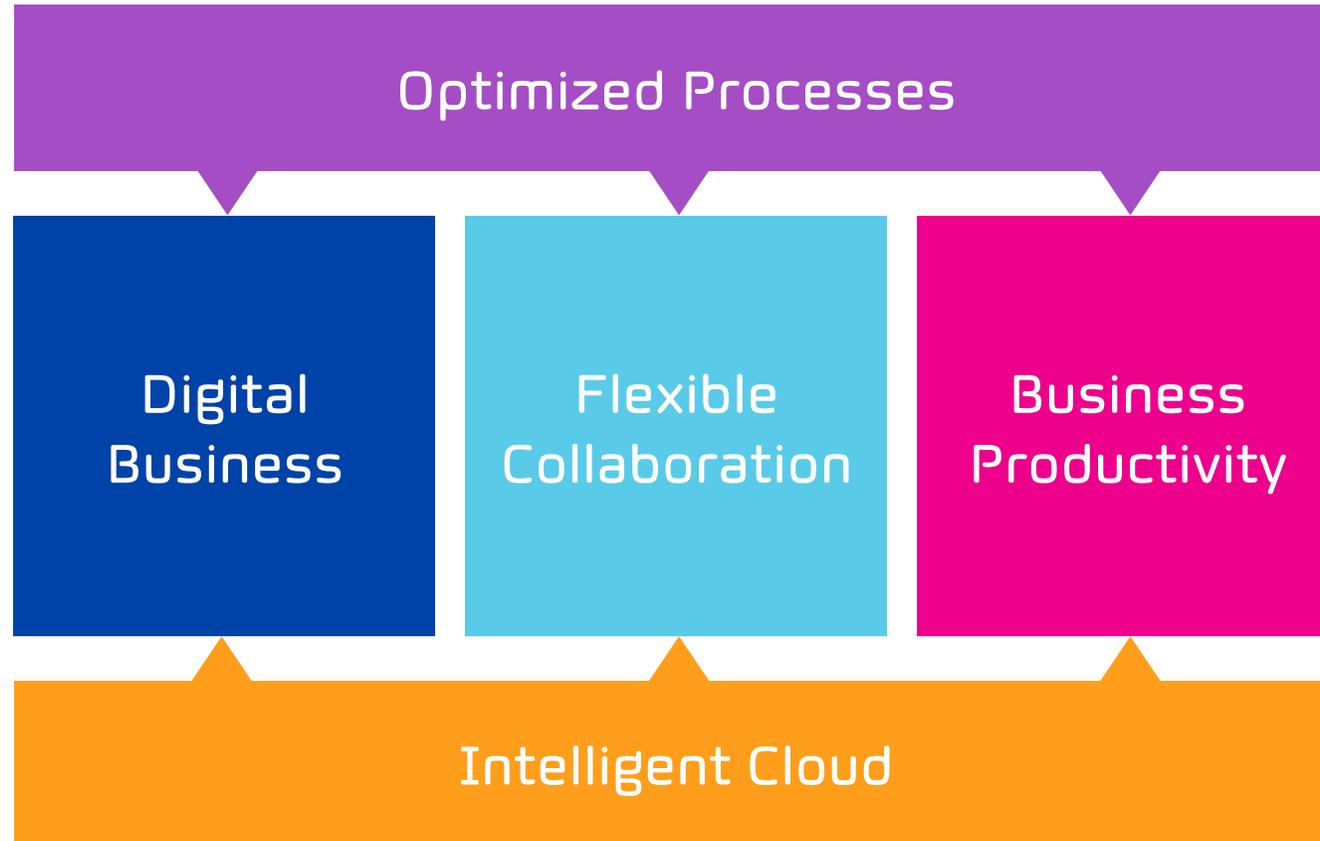
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# Principles and Goals of Integration

- **Unified mission, vision and strategy to together become the number one Microsoft-based solution provider in the Nordics**
- Leverage Cinteros good reputation to establish Innofactor presence in Sweden
- Focusing on areas where we can together quickly accelerate growth in Sweden and other Nordic countries
- Start integration from quick wins while ensuring the continuity of current business
- Create management setup, organizational model and operation where we can get benefit from local expertise in Sweden as well as Nordic offering and support functions
- Final goal is building together with Swedish, Danish and Finnish teams one Innofactor way of doing winning business with local accountability for success

# Offering Empowers our Customers' Business



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Optimized  
Processes

Customers | Marketing |  
Sales | Production |  
Logistics | Delivery |  
Projects | Support | HR |  
Finance | ICT | Legal

Digital  
Business

Customer Experience |  
Digital Business  
Optimization | Service  
Design and User  
Experience | eCommerce  
and Digital Service |  
Social Media and Digital  
Channels | Analytics

Flexible  
Collaboration

Employee Experience |  
Digital Work  
Environment |  
Communication |  
Information  
Management | Apps |  
Analytics

Business  
Productivity

Business Experience |  
CRM | PPM | ERP |  
Case Management |  
Customized Solutions |  
Analytics

Intelligent  
Cloud

Identity management |  
Capacity | EMS |  
Analytics | Machine  
Learning | IoT

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Innofactor's comprehensive Microsoft offering has been tuned to make our customers' business flexible. With the help of unique selection of Microsoft-based solutions, we can support our customers' business and they can achieve the best user experience in combination with their customers' experiences. Our customers have real-time access to all data related to their customers and the customers' digital behavior, which they can use in decision-making and automation of services.

# The New Innofactor Executive Board (after merge)



## **Sami Ensio, b. 1971, M.Sc. (Tech.)**

Sami Ensio acts as founder and CEO of Innofactor Plc and has been a member of the Board of Directors since 2010. Ensio has strong and comprehensive expertise in the software industry and solid experience in strategic and operative management and management of profitable growth. Shareholding: 7.4 million shares.



## **Anthony Gyursanszky, b. 1969, M.Sc. (Tech.)**

Chief Operating Officer (COO) as of August 2015. Before Innofactor, Anthony has worked, for example, as the Marketing and Business Director of Microsoft Finland, CEO of the IT service company Endero, Product and Marketing Director of SSH, Business Unit Manager in F-Secure, and has been responsible for Tellabs Oy's international business in Asia and for developing Tellabs Oy's business as a whole. Shareholding: 0.1 million shares. In addition to COO role, currently also acting Country Manager for Innofactor Denmark.



## **Janne Heikkinen, b. 1974, M.Sc. (Tech.)**

Chief Technology Officer (CTO) and in charge of Products and Services Unit (Executive Vice President, Products and Services). Before joining Innofactor, Janne has worked for Microsoft in the global organization where his last position was Head of Product Management, Surface, based in San Diego. He has also worked at Nokia for 14 years and has held several roles in the product management and marketing for devices, SW and services. Moreover, he has worked at Nokia in technology strategies, business analysis and development roles. Shareholding: 0.1 million shares.



## **Elina Jokinen, b. 1974, M.Soc.Sci. (Pol. Sci.)**

Head of HR since 2013. Previously HR Manager at VTT (Technical Research Centre of Finland) and various HR positions at Nokia. Jokinen's special expertise areas include competency development, change management, leadership development and communications. Jokinen's responsibility is to implement HR activities that support Innofactor's international business activities and personnel development. Shareholding: 0.05 million shares.



## **Janne Martola, b. 1974, M.Sc. (Tech.)**

CFO and Deputy CEO since 9 July 2014. Also responsible for Innofactor Plc's internationalization and all acquisitions since June, 2011. Previously Investment Director at a Nordic private equity company CapMan Plc. and board member in several technology companies with international operations. More than 15 years experience of domestic and international M&A, corporate finance and international business. Shareholding: 0.2 million shares.



## **Robert Erlandsson, b 1966 M.Sc. (Econ. & Bus. Adm)**

Country Manager for Innofactor Sweden. CEO and co-founder of Cinteros since the start 2005. Robert has a strong background of building strong and profitable business with high growth rate. Roberts expertise range from inspiring leadership and change management to sales & marketing and communication. Before Cinteros Robert has held a number of positions in technology companies, e.g CEO at Aaro systems (Group Consolidation Systems), CFO of Cygate (Networking, security) and Business Controller at Ericsson. Shareholding: after earn out Y2017.

# Summary: Innofactor and Swedish Cinteros to Merge - Innofactor Continues its Nordic Strategy

Unique Microsoft-based competence and expertise – over 500 employees

Strong customer base in Sweden, Finland and Denmark – over 1,200 customers

Largest comprehensive Microsoft-based offering, products and services portfolio in the Nordics – cross-sales opportunities

Even better attention from Microsoft at all levels: Sweden, WE and globally

**A huge opportunity to grow together to become #1 in Sweden and in Nordics!**

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## Other Recent News

- Innofactor Skilli wins in the Education category of the Quality Innovation of the Year competition (Nov 13)
- Major customer wins announced
  - Innofactor has been selected for delivering a situational information system for the Metro's total security (Nov 26)
  - Innofactor delivers a modern Microsoft-based industry solution for a Finnish clothing manufacturer (Nov 30)
  - The Population Register Centre selects Innofactor as the provider of its electronic services, case management and CRM system (Dec 11)
- Finnish HR solution specialist Arc Technology Oy acquires Innofactor Plc's HRM business (Dec 22)
  - 7 employees
  - Innofactor stays as a minority shareholder

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to learn more?

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colleagues.