

INNOFACTOR[®]

Innofactor Plc Interim Report for January 1-March 31, 2015

Janne Martola, CFO

April 21, 2015

Microsoft Partner

Gold Application Development
Gold Cloud Platform
Gold Collaboration and Content
Gold Customer Relationship Management
Gold Data Analytics
Gold Data Platform
Gold Enterprise Resource Planning
Gold Project and Portfolio Management

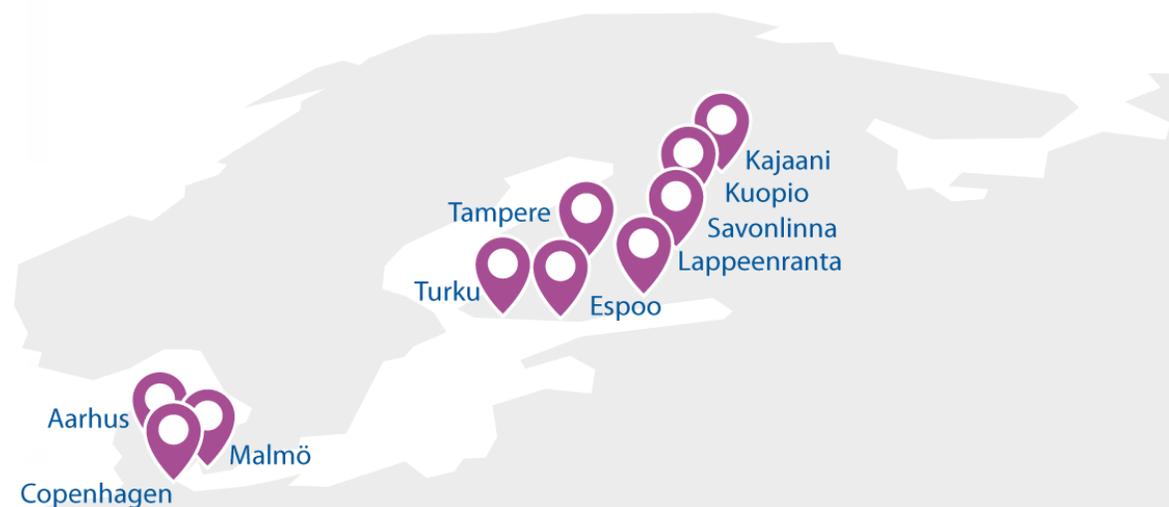


Innofactor in Brief

- 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 44,1 million euros and EBITDA 4,1 million euros
 - Net sales growth 2010 to 2014: 45% p.a.
 - EBITDA margin 2010 to 2014: 9% of revenues in average
- 400 employees, 1,000 customers
- Listed in NASDAQ OMX Helsinki main list
 - over 10,000 shareholders

Microsoft Partner

- Gold Application Development
- Gold Cloud Platform
- Gold Collaboration and Content
- Gold Customer Relationship Management
- Gold Data Analytics
- Gold Data Platform
- Gold Enterprise Resource Planning
- Gold Project and Portfolio Management



Mission, Vision and Strategy

Mission

We strengthen our customers' competitiveness with outstanding IT solutions, products and services.

Vision

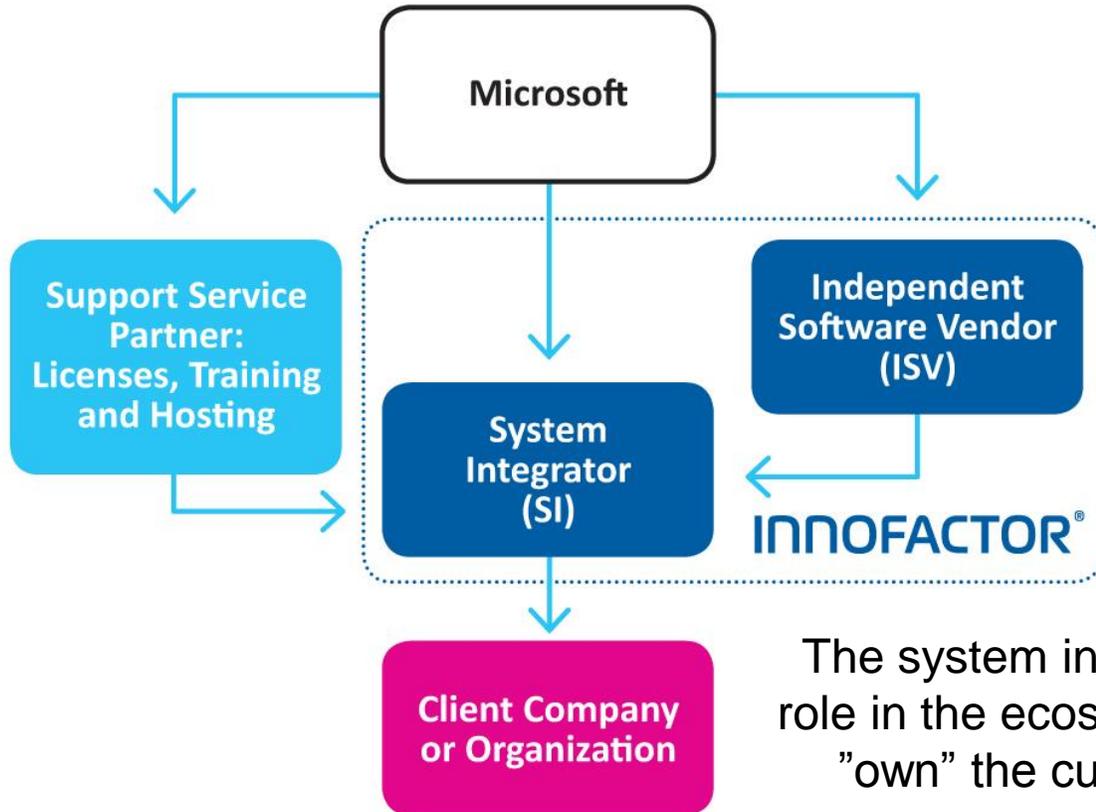
We are the number one Microsoft-based solution provider in the Nordic region.

"Focusing on Microsoft creates superior competencies and makes Innofactor a most wanted partner for Microsoft, which helps in getting the best deals", Sami Ensio, CEO, Innofactor.

Strategy



Innofactor's Key Role in the Microsoft Ecosystem and Owner of Customer Relationships



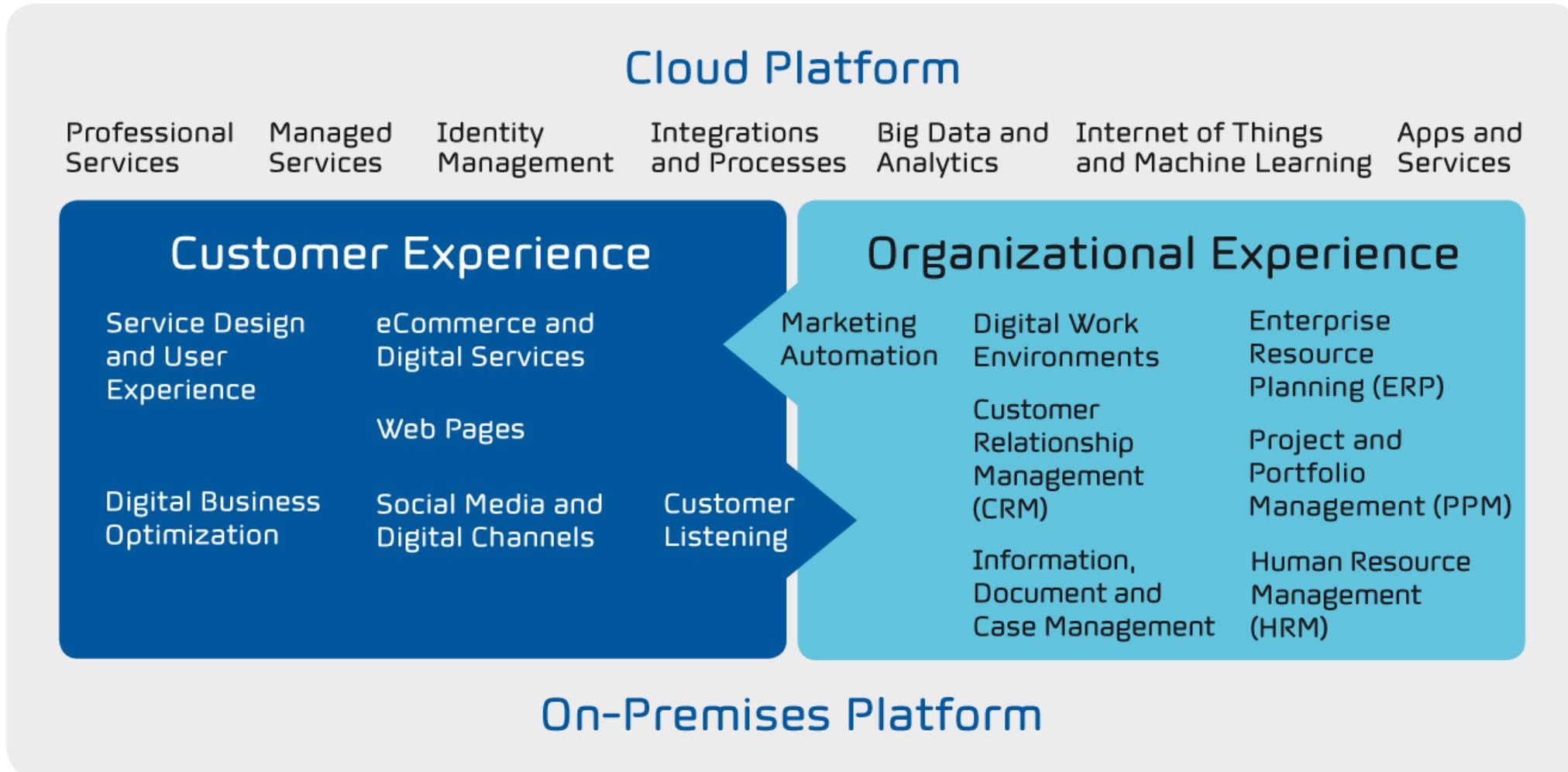
"95 % of Microsoft's Net Sales comes through partners and for each dollar in Microsoft's Net Sales the Microsoft partners have 9 dollars", Steve Ballmer, ex-CEO of Microsoft.

Microsoft Partner

- Gold Application Development
- Gold Cloud Platform
- Gold Collaboration and Content
- Gold Customer Relationship Management
- Gold Data Analytics
- Gold Data Platform
- Gold Enterprise Resource Planning
- Gold Project and Portfolio Management

The system integrator is in a pivotal role in the ecosystem as they typically "own" the customer relationship.

"Our complete Microsoft offering is geared to make your business flexible."

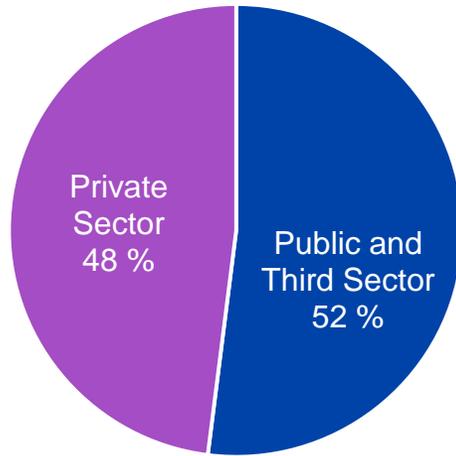


Strong references of about 1,000 private and public sector customers in the Nordics

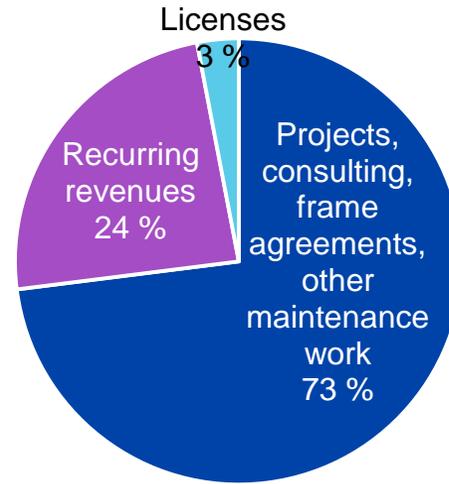


Customer Base and Long Term Contracts Bring Stability

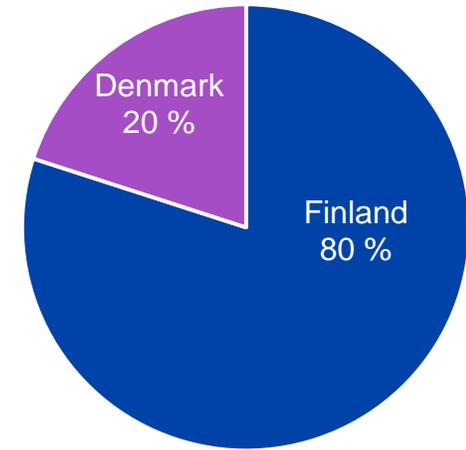
Distribution of net sales 1.1.–31.3.2015



- Strong customers in both public and private sectors bring stability in economic fluctuations
- 10 largest customers account for approximately 22% of net sales



- Recurring revenues from service agreements and license sales bring competitive advantage and business stability
- Sales of labor moving increasingly to frame agreements and continuous maintenance work



- Denmark represents a significant portion of Innofactor's revenues
- Innofactor's objective is to create a strong position in all Nordic countries

Innofactor's Key Competitive Advantages

1. Global Megatrends



"Customers' buying behaviour is changing from purchasing large IT projects to purchasing agile cloud services."

2. Microsoft and Its Ecosystem Will Succeed

- Microsoft's strong position both in business and consumer sectors + devices and services
- World's largest IT product and service portfolio with USD 11 billion annual R&D investments
- Windows and Office are de facto standards
- World's largest partner network continuously innovates new solutions for customers
- Microsoft is growing in the business sector much faster than the IT market in general

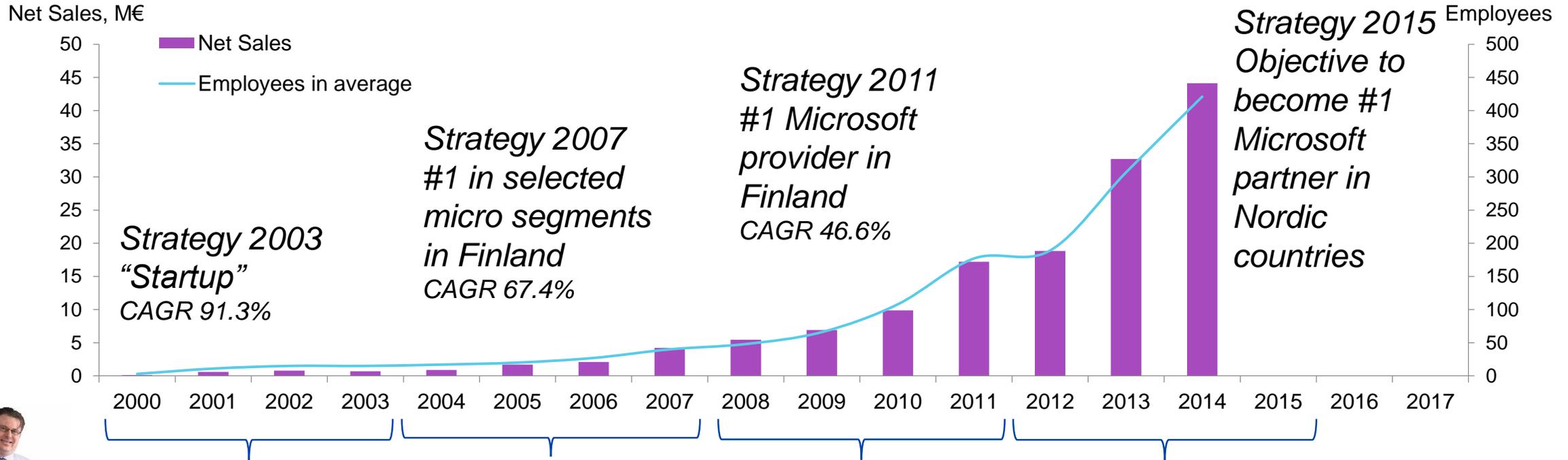
"Microsoft focuses on building a global cloud infrastructure on Azure and providing generic cloud services, such as Office 365, Dynamics CRM Online and Power BI."

3. Innofactor Will Succeed

- Leading position and understanding of Microsoft ecosystem in the Nordic region
- One of the largest Microsoft-based solution, product and service portfolios in the Nordics
- Profound understanding of several customer verticals in private, public and third sectors
- Innofactor's location in two of Microsoft's key R&D countries: Finland and Denmark
- Unique track record in profitable and fast growth and successful M&A's
- Capability to innovate new services required by the changes in the marketplace

"Innofactor provides its customers solutions for strengthening their competitiveness, based on Innofactor's own products, services and Microsoft's Azure and cloud services."

Systematic growth orientation and entrepreneurship



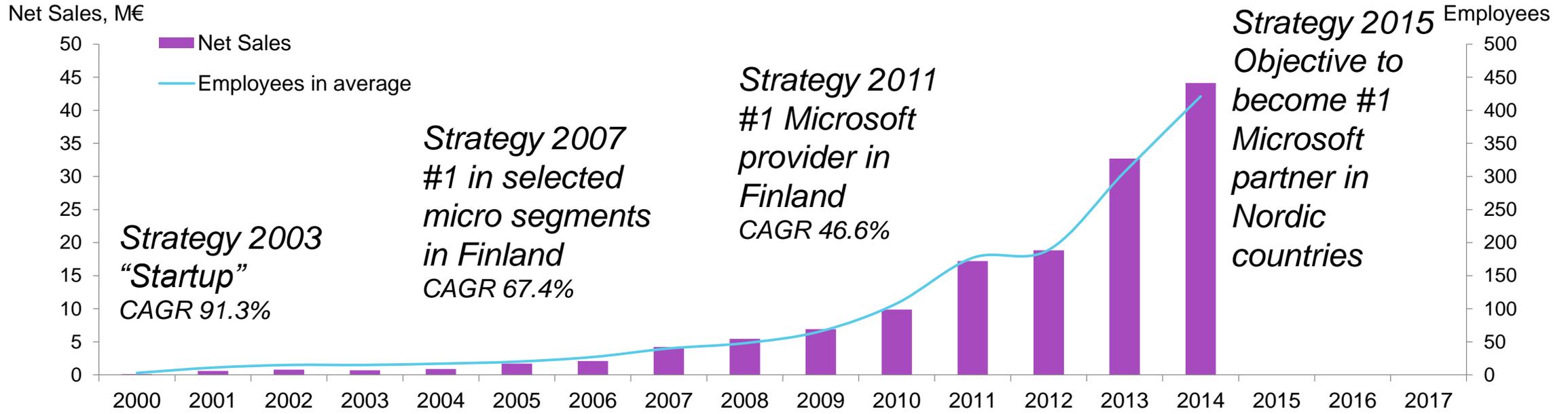
- Innofactor was founded by Mr. Sami Ensio in 2000
- Focus on Microsoft technologies
- 1-15 employees

- 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

Several successful acquisitions



Strategy 2003
 "Startup"
 CAGR 91.3%

Strategy 2007
 #1 in selected
 micro segments
 in Finland
 CAGR 67.4%

Strategy 2011
 #1 Microsoft
 provider in
 Finland
 CAGR 46.6%

Strategy 2015
 Objective to
 become #1
 Microsoft
 partner in
 Nordic
 countries

TietoEnator^{TE}
 Parish business



eServices business

f. Software
 Innovation
 Finland

**visual
 management**

Documenta

**BRIDGE
 CONSULTING**

TIETOTALO
 PPM-business

atBusiness_

DYNAMIC TEAM

enabling
 value through challenges

INNOFACTOR[®]

Q1/2015 results

”Best 1st quarter ever”

At the end of Q1/2015 equity ratio was 50.7 % (49.0 % at the end of Q1/2014)

The operating cash flow in Q1 2015 was EUR 3.7 million (Q1 2014 EUR 1.3 million) and the group's liquid assets at end of Q1/2015 totaled EUR 3.6 million euros (EUR 0.7 million at the end of Q1/2014)

Interest bearing debt at end of Q1/2015 was EUR 9.6 million (EUR 10.5 million at end of Q1/2014). In addition Innofactor has an EUR 3.2 million hybrid loan.

Net Sales

11.3 M€

Increase +5.2%
from Q1 2014

EBITDA

7.1%
0.8 M€

Increase +12.8%
from Q1 2014

Q1/2015 Actuals and 2015 Outlook

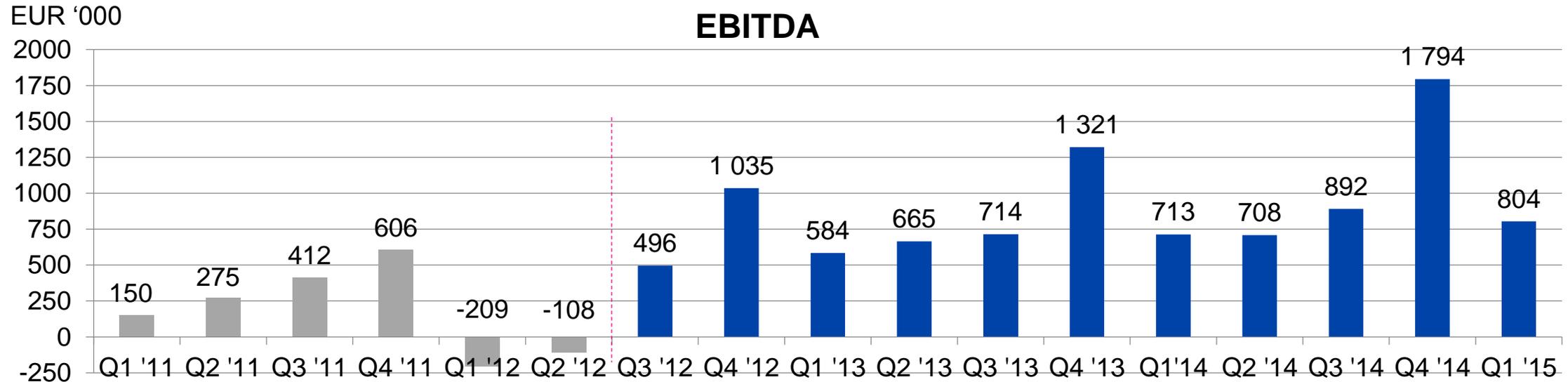
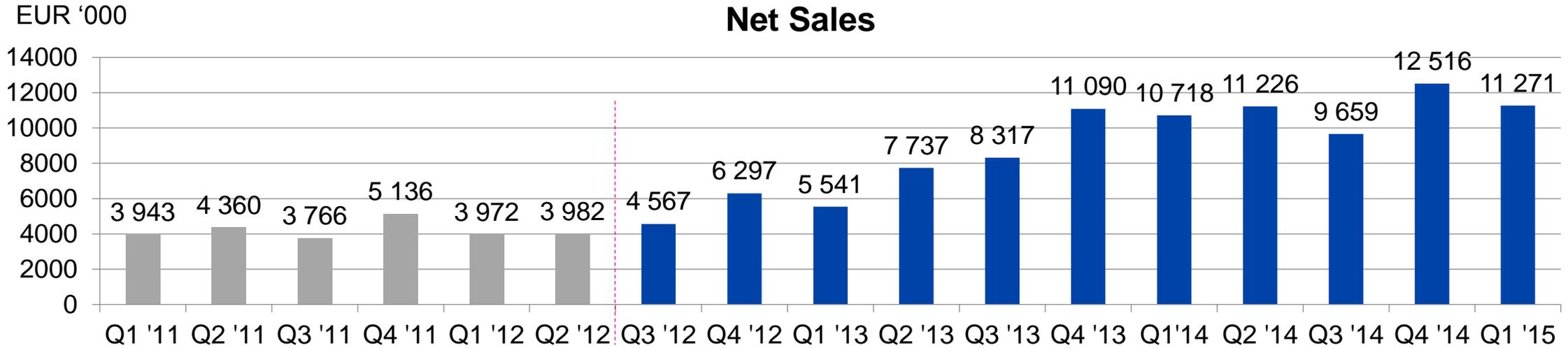
Selected key figures

	Q1 /2015	Q1 /2014	Change (%)	CEO's comment
Net Sales (kEUR)	11,271	10,718	+5.2%	<i>"During Q1/2015, Innofactor continued profitable growth in accordance with its strategy. The order book developed positively during the quarter."</i>
EBITDA (kEUR)	804	713	+12.8%	<i>"EBITDA grew from previous year and was in acceptable level for a first quarter"</i>
Equity Ratio (%)	50.7%	49.0%		<i>"During Q1 2014 the cash flow from operations was 3.7 million euros, showing an increase of 186% from 2014"</i>

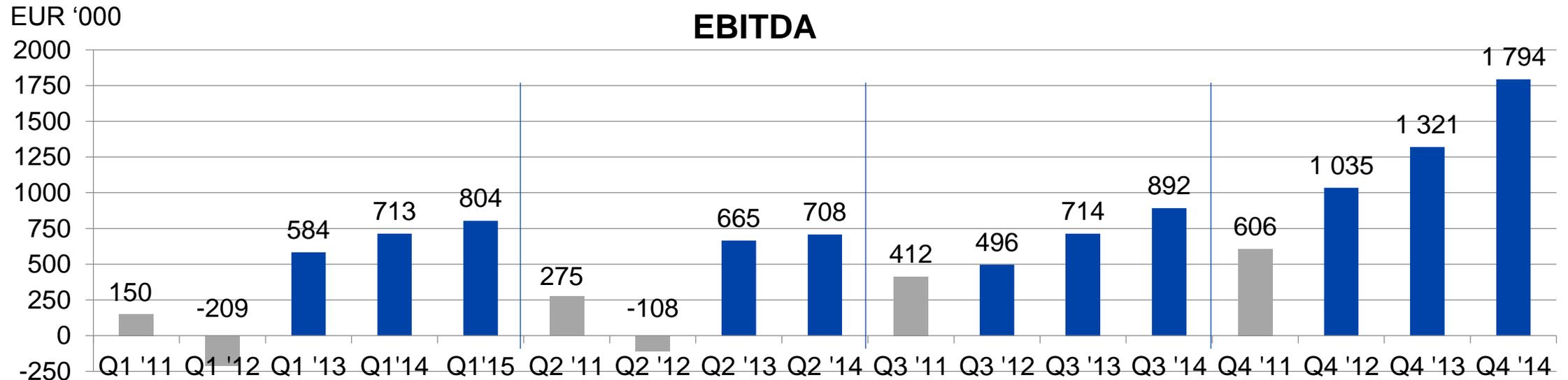
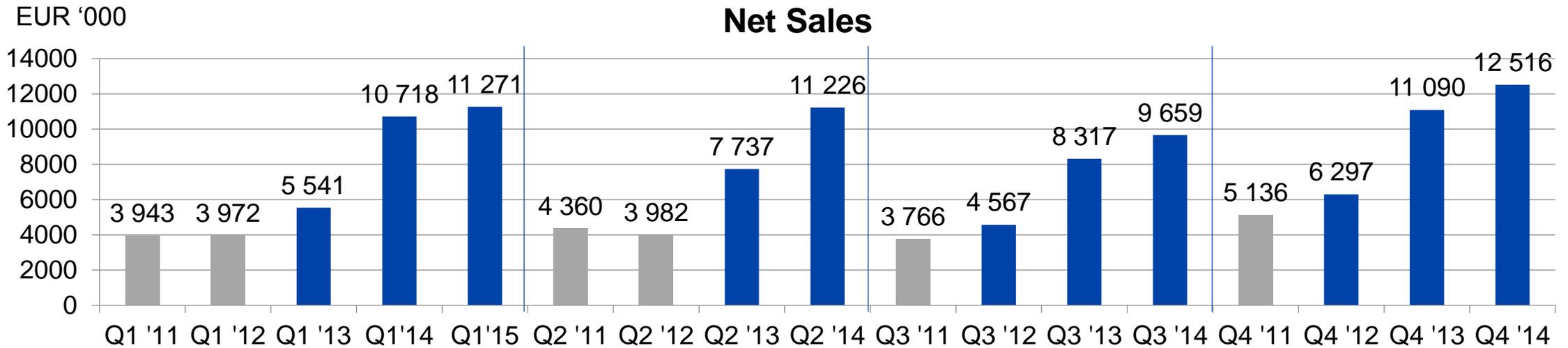
Outlook for 2015

- Innofactor's net sales and operating margin (EBITDA) in 2015 is estimated to increase from 2014, during which the net sales were EUR 44.1 million and operating margin was EUR 4.1 million.

The last eleven consecutive quarters have been record breaking in both net sales and EBITDA



The last eleven consecutive quarters have been record breaking in both net sales and EBITDA



Key figures of the group, IFRS

	mo. 1–3 / 2015	mo. 1–3 / 2014	Change	mo. 1–12 / 2014
Net sales, EUR thousand	11,271	10,718	+5.2%	44,119
Growth of net sales	+5.2%	+93.4%		35.0%
Operating profit before depreciation and amortization (EBITDA), EUR thousand	804	713	+12.8%	4,107
percentage of net sales	7.1%	6.7%		9.3%
Operating profit/loss (EBIT), EUR thousand	454	373	+21.7%	2,720
percentage of net sales	4.0%	3.5%		6.2%
Earnings before taxes, EUR thousand*	342	570	-40.0%	2,259
percentage of net sales*	3.0%	5.3%		5.1%
Earnings, EUR thousand*	274	456	-39.9%	1,807
percentage of net sales*	2.4%	4.3%		4.1%
Shareholders' equity, EUR thousand	22,984	21,648	+6.2%	22,713
Return on equity**	4.8%	8.8%		8.5%
Interest bearing liabilities, EUR thousand	9,595	10,543	-9.0%	10,638
Cash and cash equivalents, EUR thousand	3,560	660	+439.4%	997
Deferred tax assets, EUR thousand	7,117	7,536	-5.6%	7,175
Return on investment**	5.5%	8.8%		10.0%
Net gearing	26.3%	45.7%		42.4%
Equity ratio	50.7%	49.0%		49.0%
Balance sheet total, EUR thousand	47,496	46,667	+1.8%	47,635
Research and development, EUR thousand	403	568	-29.1%	1,981
percentage of net sales	3.6%	5.3%		4.5%
Personnel on average during the review period	416	413	+0.7%	421
Personnel at the end of the review period	418	419	-0.2%	411
Number of shares at the end of the review period	32,153,737	32,153,737	0%	32,153,737
Earnings per share (EUR)	0.0085	0.0142	-40.3%	0.0563
Shareholders' equity per share (EUR)	0.715	0.673	+6.2%	0.706

*) The first quarter of 2014 included financial income of EUR 325 thousand for the additional purchase price related to the acquisition.

** 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 Aims for Profitable Growth

Financial Goals 2014–2017

Achieve an average annual growth of 25–35 percent in 2014–2017 through organic growth as well as acquisitions

Achieve over 10 percent operating margin (EBITDA) every year in 2014–2017

Keep the cash flow positive and by securing solid financial standing in all situations

Result 2010–2014

45 % growth
2010–2014

EBITDA 9 %
2010–2014

High equity
ratio and
operative cash
flow

Stock exchange releases after January 1, 2015

- On February 24, 2015, Innofactor announced in a stock exchange release that the Legal Register Centre has selected Innofactor in a public procurement competition as the provider of the customer information system project for the Criminal Sanctions Agency. The project includes the first stage of the system delivery, maintenance related to the stage, and the necessary software licenses. The system delivery is planned to be implemented during 2015 and 2016. The comparison price (excluding VAT) of the procurement for the contract period is EUR 4,771,024.
- On March 11, 2015, Innofactor announced in a stock exchange release that the Population Register Centre has selected Innofactor in a public tendering process as the provider of a Service Design team for implementing service views. The implementation will be done during years 2015–2017. The customer has announced that the value of the final contract would be EUR 630,000–720,000. However, the final value of the deal during the contract period cannot be stated for certain at this point.
- On March 24, 2015, the Annual General Meeting of Innofactor Plc resolved to adopt the accounts and the Group's financial statement for the financial period that ended on December 31, 2014; granted the members of the Board of Directors and the Chief Executive Officer discharge from liability for the financial period that ended on December 31, 2014; decided, in accordance with the proposal of the Board of Directors, that no dividend will be paid; decided on the fees to be paid to the Board members; selected the Board of Directors and the auditor; and authorized the Board of Directors to decide on purchase of treasure shares and granting of special rights entitling to shares.

Innofactor's CEO

Sami Ensio, born 1971, M.Sc. (Tech.)

CEO of Innofactor Plc and Chairman of the Board. Previously the CEO of Innofactor Ltd and member of the Innofactor Plc Board of Directors since 2010 and Chairman since Nov 9, 2014. Founder of Innofactor Ltd and CEO since 2000. Previously member of the Omnitele Ltd Management Team. Board member in Sovelto and several positions of trust in the Federation of Finnish Technology Industries.

Sami Ensio's specialties include solid and comprehensive know-how of the software industry as well as strategic and operational leadership and managing profitable growth. Sami Ensio was selected Software Entrepreneur of the year in 2011 by the Finnish Software Entrepreneurs Association.

Education: Master of Science (Technology), technical physics, Helsinki University of Technology (Aalto University), legal studies at the University of Helsinki, general business studies at UCLA.

Shareholding: 7,4 million shares



Proposal for Innofactor's new Board of Directors



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

M.Sc. (Tech.). Sami Ensio acts as CEO of Innofactor Plc and Chairman of the Board. Previously, he has acted as CEO of Innofactor Ltd and as a member of the Board of Directors since 2000. Ensio has strong and comprehensive expertise in the software industry and solid experience in strategic and operative management. Ensio has acted as a member of Innofactor Plc's Board of Directors since 2010 and Chairman from Nov 9, 2014. Shareholding: 7,4 million shares.



J.T. Bergqvist, b. 1957, D.Sc. (Tech.)

Bergqvist has most recently been CEO and Chairman of Board of Directors of K. Hartwall Oy Ab. Bergqvist has been a member of the Board of Directors of Norvestia Oyj since 2003 and a member of the Board of Directors of the Swiss company Ascom AG since 2005. Previously, he has been Chairman of the Board of Directors of Electrobit Oyj and has held various prominent leadership roles at Nokia, including membership of the Group Executive Board in 2002–2005. Bergqvist is nominated as a new member of Board. Shareholding: 0,3 million shares.



Jukka Mäkinen, b. 1954, M.Sc. (Econ. & Bus. Adm.)

M.Sc. (Econ. & Bus. Adm.). Jukka Mäkinen currently acts as CEO of venture capital company Eqvitec Partners Ltd. Mäkinen has twenty years' experience in various positions in IT companies, for instance in Siemens-Nixdorf, Oracle, IBM and Xerox. Mäkinen has acted as a Board member in more than 20 different companies and implemented several mergers and acquisitions both in Finland and abroad. Mäkinen has acted as a member of Innofactor Plc's Board of Directors since 2012. Shareholding: 0,1 million shares.



Ilari Nurmi, b. 1975, M.Sc. (Tech.)

Ilari Nurmi joined the Innofactor Plc Board of Directors in 2013. Currently works as Senior Vice President and member of Executive Team in Basware Corporation. Before that, Nurmi worked for 14 years in managerial positions in Nokia Corporation's product management, product marketing, and marketing in Finland and USA. Nurmi's special strength is his extensive knowledge of international software product management and product business. Shareholding: 0,0 million shares.



Pekka Puolakka, b. 1971, LL.M., Attorney-at-Law

LL.M., Attorney-at-Law. Pekka Puolakka has held various positions in different law offices. His latest position was that of a Managing Partner at Law Firm Sorainen, which operates in the Baltics. Puolakka has also been the Chairman of the Board of Mediverkko Yhtymä Oy. Puolakka has previously been a member of Innofactor Plc's Board of Directors during years 2010-March 2014. Puolakka is being proposed as a new member of Innofactor Plc's Board of Directors. Shareholding: 0,2 million shares.



Ari Rahkonen, s. 1963, BBA

Rahkonen has vast experience of 26 years in software business both in Finland and globally. Rahkonen has most recently been the Managing Director of Microsoft Oy 2007-2014. In addition he has been in different executive positions and in the Executive Board at IBM 2001-2007, vice Chairman of the Board of Directors of Technology Industries 2011-2014 and the Chairman of the Board of the Finnish Federation of Advertisers since 2012. Rahkonen has been elected the TIVI influencer (Finnish top ICT influencers) of the year in 2011. The Board of Directors of Innofactor Plc has decided January 26, 2015 to assign Ari Rahkonen as Innofactor's advisor until the next General Meeting. Rahkonen is nominated as a new member of the Board

Innofactor's Executive Team



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

Sami Ensio acts as CEO and Chairman of the Board of Innofactor Plc. Previously, he has acted as CEO of Innofactor Ltd and as a member of the Board of Directors since 2000. Ensio has strong and comprehensive expertise in the software industry and solid experience in strategic and operative management. Ensio has acted as a member of Innofactor Plc's Board of Directors since 2010 and as chairman since Nov 9, 2014. Shareholding: 7,4 million shares.



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

Innofactor's 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.



Christian Andersen, b. 1966, BBA

Country Manager, Denmark. With Innofactor since 2012. Founder and previous CEO of Bridgeconsulting. Held previously various positions, for instance Managing Director and member of the European Executive Board of Niscayah, senior sales duties at the SAS Institute and Controller at Maersk Data and Honeywell. Excellent knowledge of the Danish IT market and management of an It company. Shareholding: 0.2 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: 0.1 million shares.



Heikki Jekunen, b. 1958, M.Sc. (Tech.)

Head of the Products and Services Unit. Joined Innofactor in 2013. Previously the head of Tellabs' product development in Finland. Over 30 year experience from managing R&D and product driven businesses.



Juha Rokkanen, b. 1969, BBA

Country Manager, Finland. With Innofactor since 2012. Responsible for the Finnish system integration activities, and acts as Managing Director of Innofactor Business Solutions Oy. Previously eg. CEO of atBusiness and Sales Director at WM-data. Excellent knowledge and track record on managing and growing IT-services businesses profitably in Finland. Shareholding: 0.1 million shares.

Largest shareholders as of March 31, 2015

Name	Number of shares	% of share capital
1. Ensio Sami*	7,431,291	23.11%
<i>Ensio Sami</i>	5,257,531	16.35%
<i>Minor under guardianship</i>	724,588	2.25%
<i>Minor under guardianship</i>	724,586	2.25%
<i>Minor under guardianship</i>	724,586	2.25%
2. Tilman Tuomo Tapani*	2,797,169	8.70%
<i>Tilman Tuomo Tapani</i>	2,747,492	8.54%
<i>Mpire Capital Oy</i>	49,677	0.15%
3. Salminen Jyrki Kalle Tapio	2,611,149	8.12%
4. Laiho Rami Tapani	1,419,215	4.41%
5. Linturi Kaija and Risto*	1,271,411	3.95%
<i>R. Linturi Oyj</i>	504,107	1.57%
<i>Linturi Kaija Anneli</i>	430,000	1.34%
<i>Linturi Risto Erkki Olavi</i>	337,304	1.05%
6. Lampi Mikko Olavi	959,871	2.99%
7. Ärje Matias Juhanpoika	946,278	2.94%
8. Mäki Antti-Jussi	930,201	2.89%
9. Muukkonen Teemu	501,468	1.56%
10. Bergqvist J.T.	350,000	1.09%
11. Kukkonen Heikki-Harri	336,021	1.05%
12. Järvenpää Janne-Olli	322,804	1.00%
13. Jokinen Klaus Antero	280,001	0.87%
14. Laiho Jari Olavi	270,000	0.84%
15. Ementor Norge As	269,299	0.84%
16. Karppinen Antti Sakari	195,538	0.61%
17. Insurance company Henki-Fennia	150,000	0.47%
18. Mäkinen Antti Vilho Juhani	126,000	0.39%
19. Muurinen Hannu Olavi	125,750	0.39%
20. Tiirikainen Vesa Martti	125,750	0.39%

For more information

<http://www.innofactor.com/investors>

Sami Ensio
CEO

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Janne Martola
CFO

janne.martola@innofactor.com



You're looking for the next step?

We are 100% listening.

Innofactor as an investment

Investors > Innofactor as an investment

- CEO's review
- Mission and vision
- Growth and financial targets
- Business environment and strategy
- Customers
- Personnel
- Solutions
- Acquisitions
- Corporate responsibility
- Future outlook

Share information

Corporate governance

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Investor calendar

General meeting

Investor contacts



€ 1.07
23.02.2015 06:29 pm EET
Change % High Low
€ +0.02 +1.90% € 1.08 € 1.03

Stock Exchange Releases

18.02.2015
Publishing of Innofactor's Financial Statements Bulletin 2014

27.01.2015
Ari Rahkonen proposed as Innofactor's Chairman of the Board

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News

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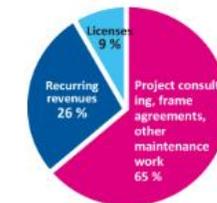
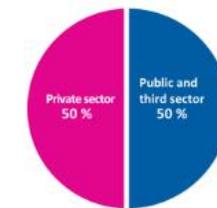
One of the leading IT solution providers in the Nordic countries focusing on Microsoft technologies and platforms.

Excellent track record on being able to grow fast and profitably

- 2013 net sales approximately EUR 32.7 million, an increase of 73.7 percent
- Net sales growth 2009–2013: 43 percent p.a.
- EBIT margin 2009–2013: 10 percent in average

Over 400 employees, 7 offices located in Finland, 2 in Denmark and 1 in Sweden, over 1,000 customers.

Listed in NASDAQ OMX Helsinki. Approximately 12,000 shareholders.



You're aiming
for profit?

We focus 100%
on growth.