

INNOFACTOR®

INNOFACTOR® +  Lumagate®

We Are More Together!

Oct 10, 2016, Ulf Månsson and Sami Ensio

Microsoft Partner

- Gold Application Development
- Gold Application Integration
- Gold Cloud Customer Relationship Management
- Gold Cloud Platform
- Gold Cloud Productivity
- Gold Collaboration and Content
- Gold Customer Relationship Management
- Gold Data Analytics
- Gold Data Platform
- Gold Enterprise Resource Planning
- Gold Project and Portfolio Management
- Gold Devices and Deployment
- Gold Identity and Access
- Gold Datacenter
- Gold Enterprise Mobility Management



INNOFACTOR®

1 + 1 >> 2

Lumagate + Innofactor =
Leading Nordic provider of cloud
solutions and digital transformation

Innofactor and Lumagate to Merge – Important Step of Innofactor Nordic Strategy

- With an agreement signed last night, Innofactor has acquired the entire share capital of the Lumagate Group and its subsidiaries in Sweden, Norway and Denmark
- Lumagate is a leading Microsoft Azure and infrastructure provider focusing on Microsoft technology in the fields of cloud computing, automation, mobile user experience, identity and strategy in Sweden, Norway and Denmark with 70+ employees and about EUR 11M revenue
- The figures of Lumagate will be consolidated into the Innofactor Oct 1, 2016
- Integration of Lumagate and Innofactor operations will start immediately and the goal is to finalize it by the end of year 2018
- The name and brand of Lumagate will be changed to Innofactor step by step
- The sellers are the acting management of Lumagate who all continue in management team and significant shareholders in the future
- The purchase price is about EUR 4.7-10.5M, a minimum of EUR 4.7M will be paid in cash and EUR 5.8M in Innofactor shares and/or cash in two parts 2018 and 2019
- Innofactor takes EUR 5.0M bank loan for payment of minimum purchase price and costs

Key Synergies

We are more together!

Unique Microsoft-based competence and expertise of 600+ employees in the Nordics

Strong customer base in Finland, Sweden, Denmark and Norway – 1,500+ customers

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

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

"We are leading Nordic provider of cloud solutions and digital transformation"

Microsoft Partner

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Lumagate

Key Highlights Before Merge

INNOFACTOR®

WHO WE ARE

*With the combination of great **tools**, clever **minds** and structured **processes** we simplify day-to-day work for IT and the business*

- ✓ Founded in Sweden 2006
- ✓ Today a Nordic organization spread across **3 countries, 7 offices** and about **70 employees**



Nordic locations

- Stockholm
- Oslo
- København
- Trondheim
- Borås
- Bergen
- Örnsköldsvik

LumaAdvantage



Advance

- Strategic Workshops
- Adoption Advisor
- Lumagate Showcase
- User training



Adapt

- Applications
- IP / Scripts
- IT Training
- Whitepapers

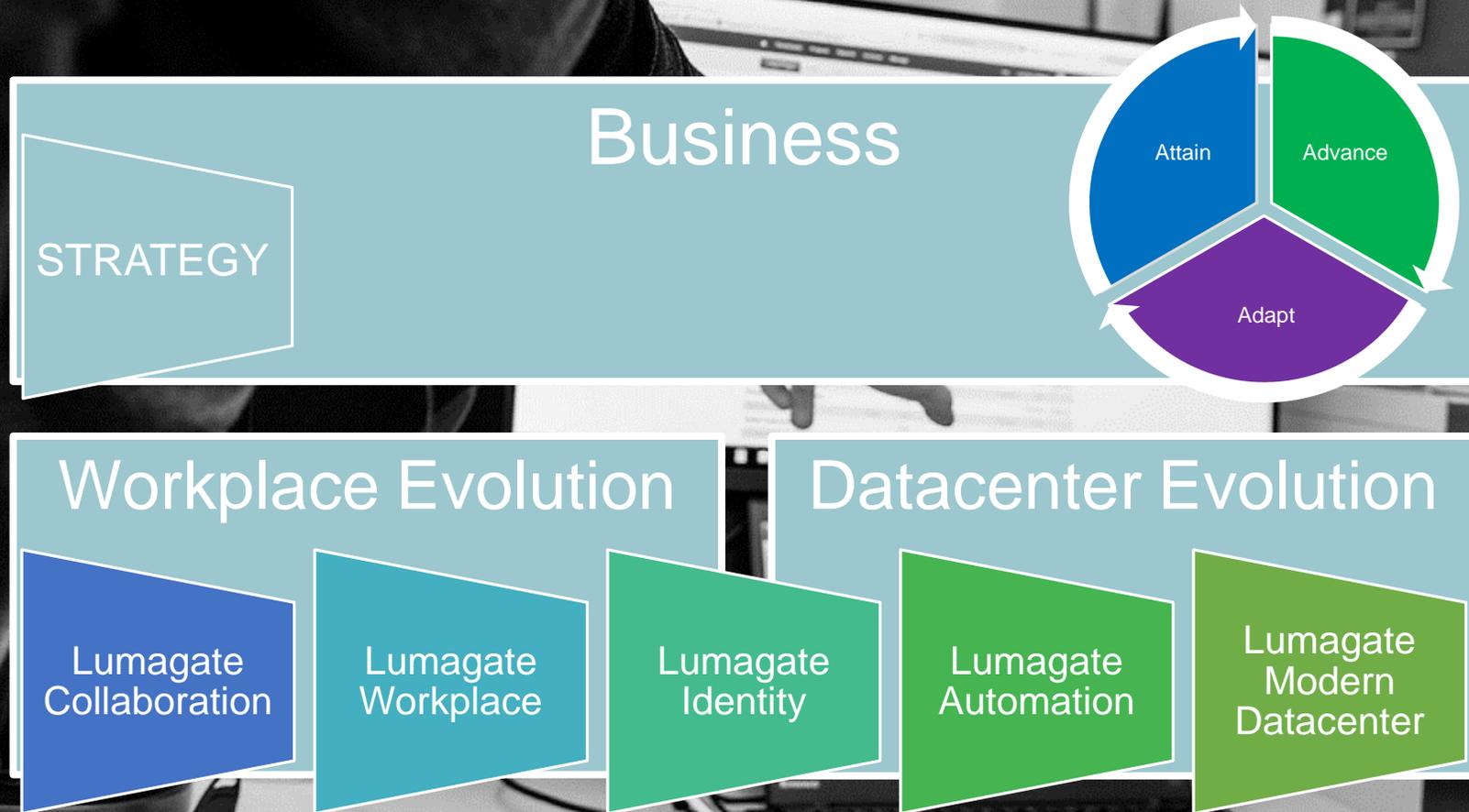


Attain

- Cloud Service Delivery
- Traditional IT Service Delivery
- IaaS Maintenance
- 3:rd line Support

We drive business
evolution from
LumaAdvantage

WHAT WE DO



SOLUTIONS OVERVIEW

Lumagate
Collaboration

Share internal
information

Lumagate
Workplace

Any device
Work from
anywhere
Information
control

Lumagate
Identity

Self service,
Password
Reset, On/Off
boarding, Role
based access

Lumagate
Automation

Automation of
IT on premise
and in the cloud

Lumagate
Modern
Datacenter

Business
continuity
Business Insights
Datacenter
capacity

SCENARIOS

New type of content
«A large part of the content we consume is audio and video»
YouTube Collaboration
«Companies are starting to use services to leverage «low hanging fruits» in the Cloud»
Bankier im på Facebook

Work from any device
«Workers want to use their personal devices for work»
Work from anywhere
«Modern workers want to work from anywhere»

ONE Identity
«We need one user account – and one password»
«YourCompany»-Leaks
«Company information needs to be handled in a secure way»

Self service
«Power to the users!»

Business Continuity
Make informed decisions
«We need better data to make better decisions»
Datacenter Capacity
«We need to better leverage data scaling»

Lumagate Financial Data (Pro Forma)

Lumagate group's key financial data (Pro Forma) according to local accounting principles of respective country is presented below:

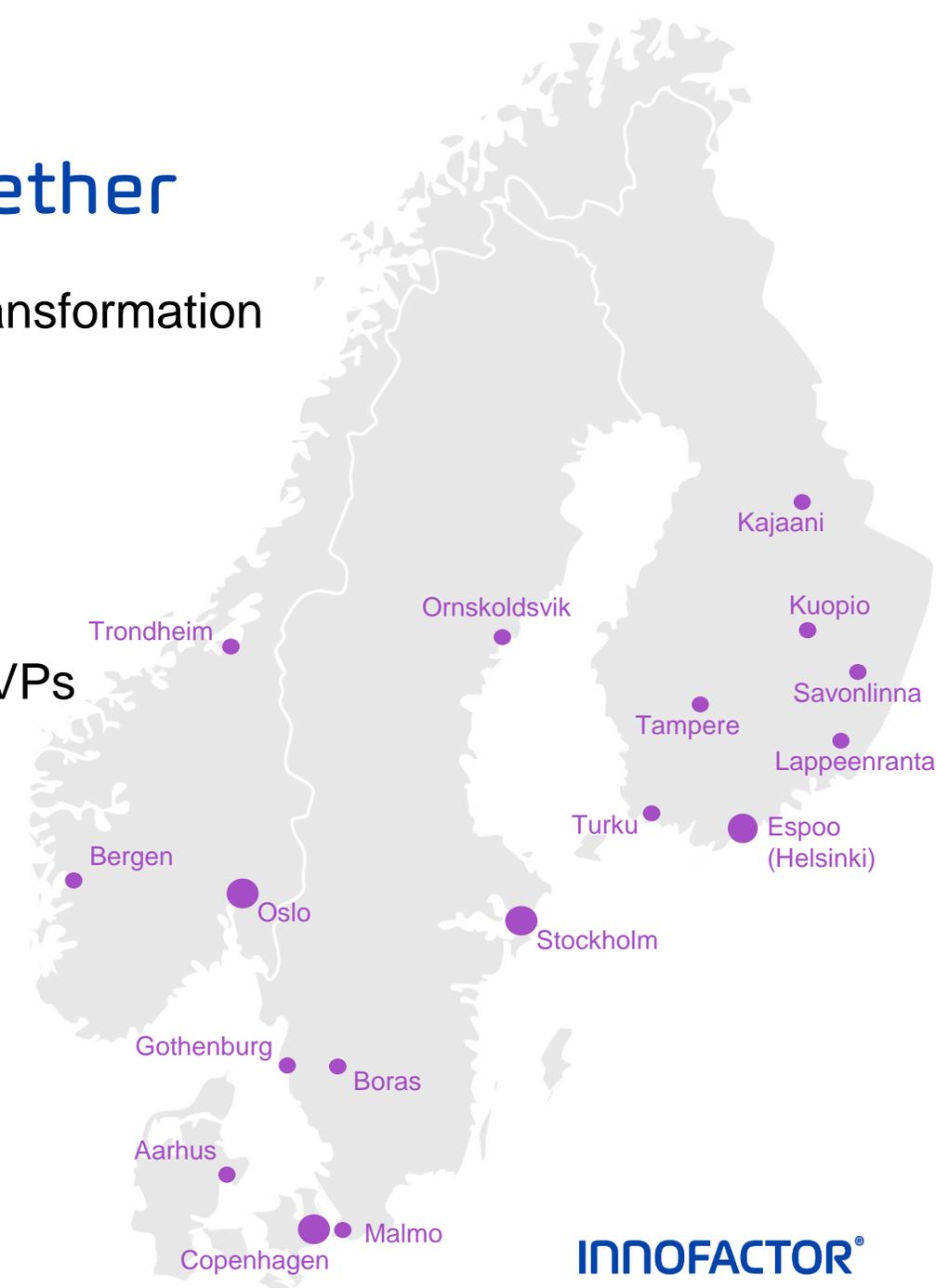
EUR in thousand	1.1.–31.12.2015	1.1.–31.12.2014
Net Sales	8 745	6 470
EBITDA	235	53
EBIT	191	32

*)The currency rate used in the above figures:
 1 euro = 9.50 Swedish crowns
 1 euro = 9.25 Norwegian crowns
 1 euro = 7.44 Danish crowns

EUR in thousand	31.12.2015	31.12.2014
Fixed Assets	761	283
Receivables and current assets	2 942	2 161
Total	3 703	2 444
Equity	933	322
Liabilities	2 770	2 122
Total	3 703	2 444

Innofactor + Lumagate – More Together

- Leading Nordic provider of cloud solutions and digital transformation
 - For example #1 Microsoft Azure provider in the Nordics
- 1,500+ customers from commercial, public sector and membership-based organizations
- 15 enterprise-level Microsoft Gold Competencies
- 600+ professionals, 1600+ Microsoft certificates, 10+ MVPs
- Revenue EUR 60M+ (Pro Forma 2015), growth 35% and EBITDA 8% (2011 to 2015 CAGR)
- Listed in NASDAQ Helsinki, 10,000+ shareholders



Microsoft Partner

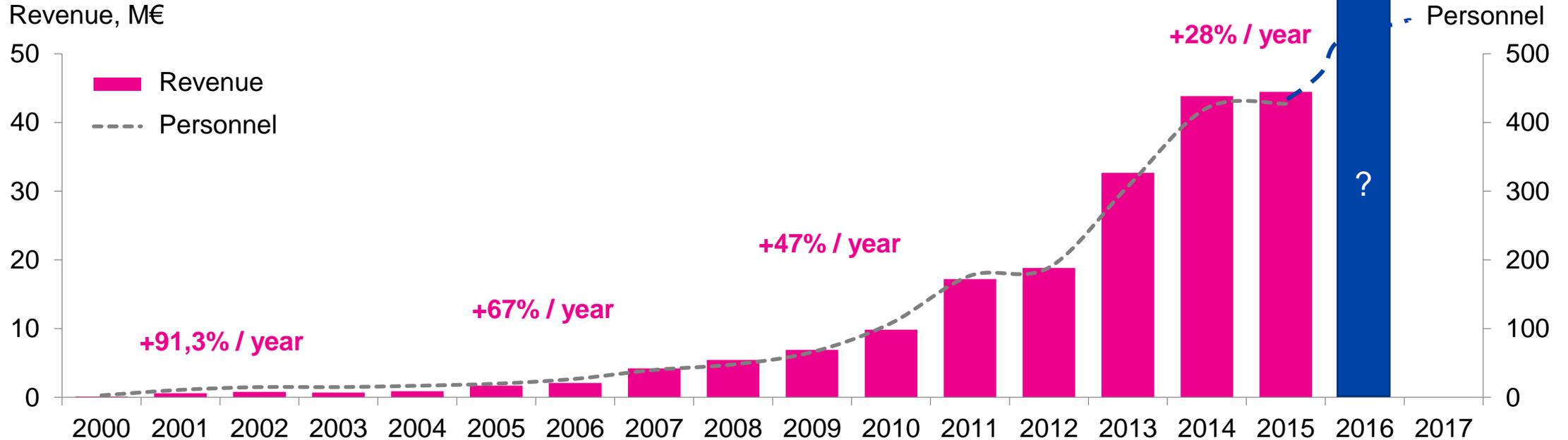
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NASDAQ
Listed Company



Systematic Growth from Year 2000



Start Up – Everything for Everyone

- Innofactor founded by Sami Ensio in Jan 2000
- Innofactor’s first Microsoft-based product "Prime" released

#1 in Selected Micro Segments

- Microsoft SharePoint pioneer
- First M&A activities

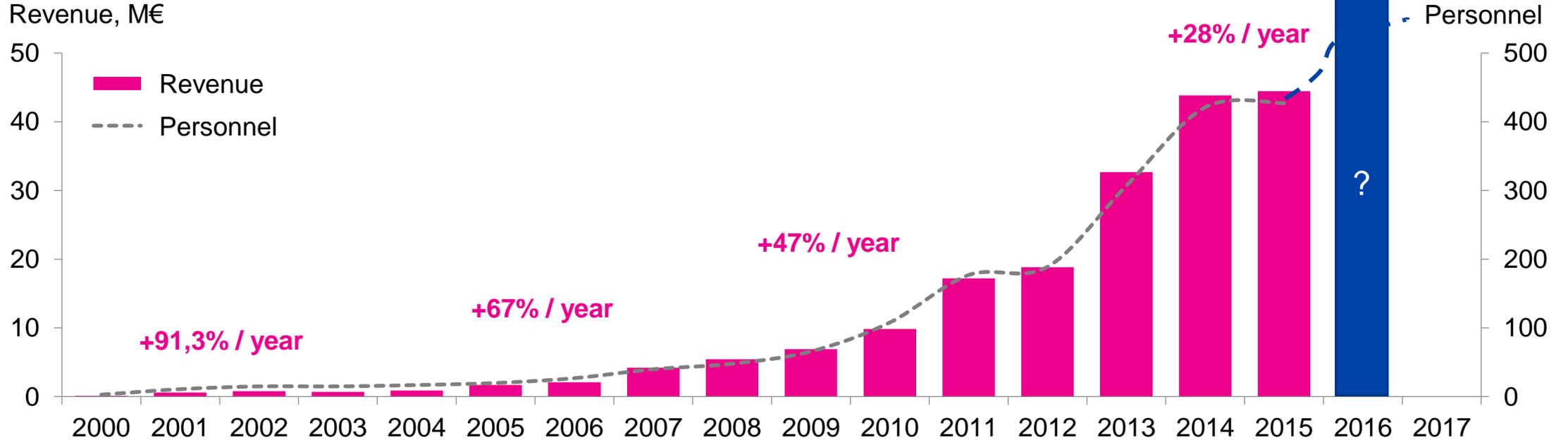
#1 Microsoft-based Provider in Finland

- CRM, BI and case management included in the offering
- Reverse IPO, NASDAQ Helsinki

#1 Microsoft-based Provider in the Nordic Countries

- Become leading provider of cloud solutions and digital transformation for Nordic organizations
- Organization change to support growth and internationalization
- Several acquisitions in the Nordic Countries

Several Successful Acquisitions



TietoEnator^{TE}
Parish Business



Software Innovation
Finland



BRIDGE
CONSULTING



enabling
value through challenges



enfo
E-Business Solutions



visual management



TIETOTALO
PPM Business



CINTEROS



Documenta



atBusiness



Lumagate



DYNAMIC TEAM



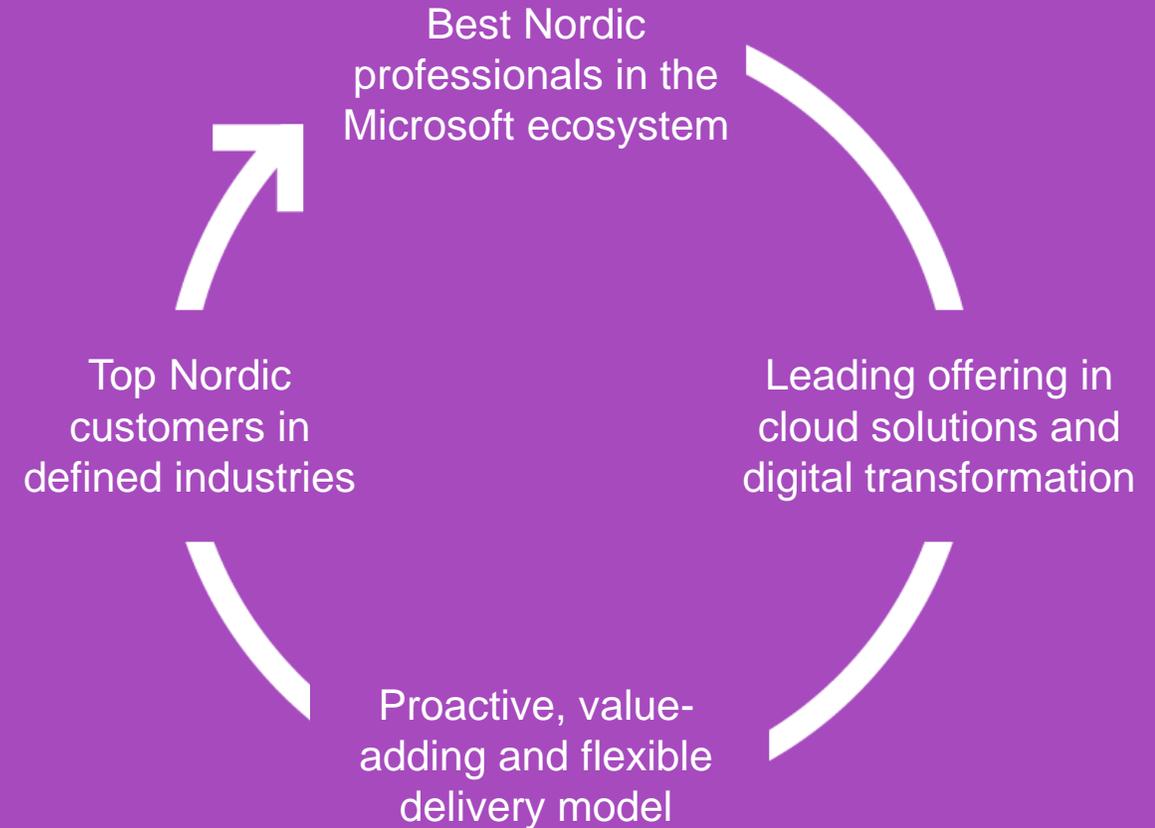
Our Mission:

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

Our Vision:

We are the leading provider of cloud solutions and digital transformation in each of the Nordic Countries.

Our Strategy:



Best Nordic Professionals in Microsoft Ecosystem

Our People Make the Difference

Dynamic atmosphere with 600+ professionals

Best colleagues and team spirit

1600+ Microsoft certificates and 10+ MVPs

Top-notch projects, interesting customers and continuous learning together

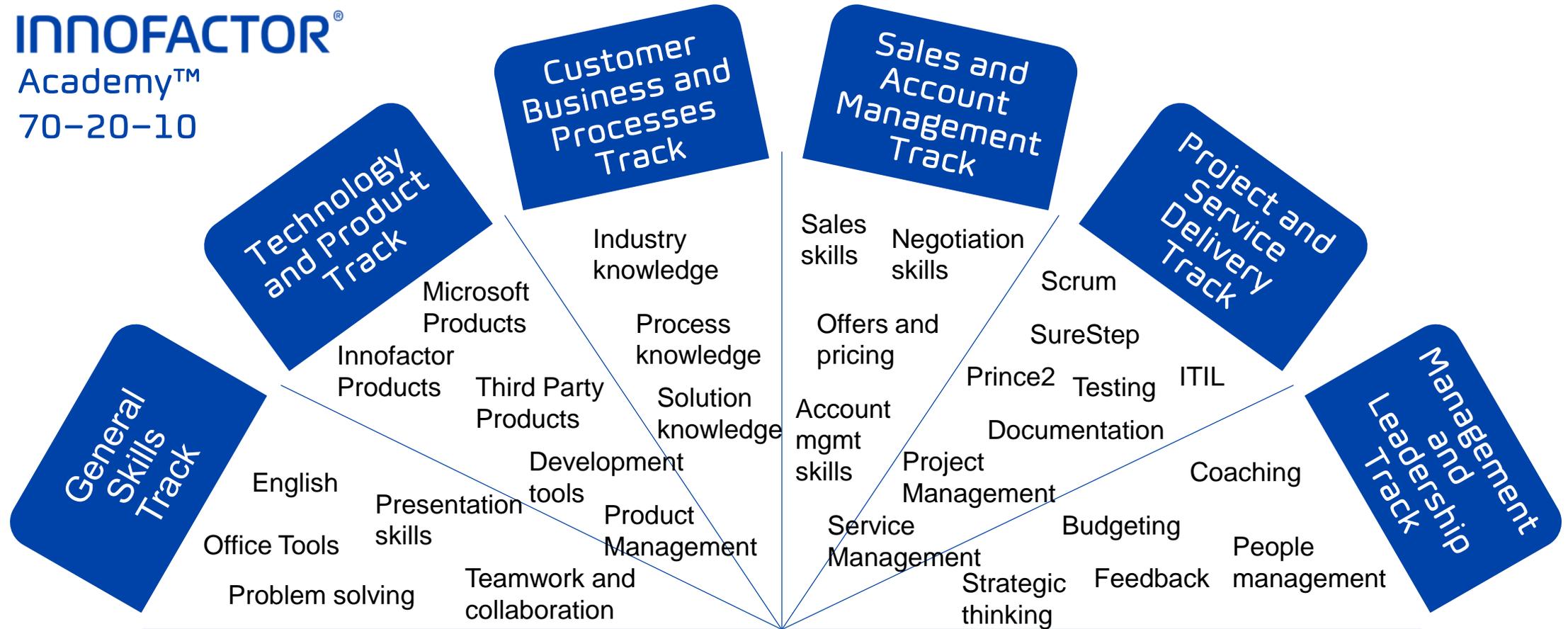
Unique winning culture, in which work is done with high professionalism, with a twist of fun

Innofactor's growth and development is only possible with our excellent personnel

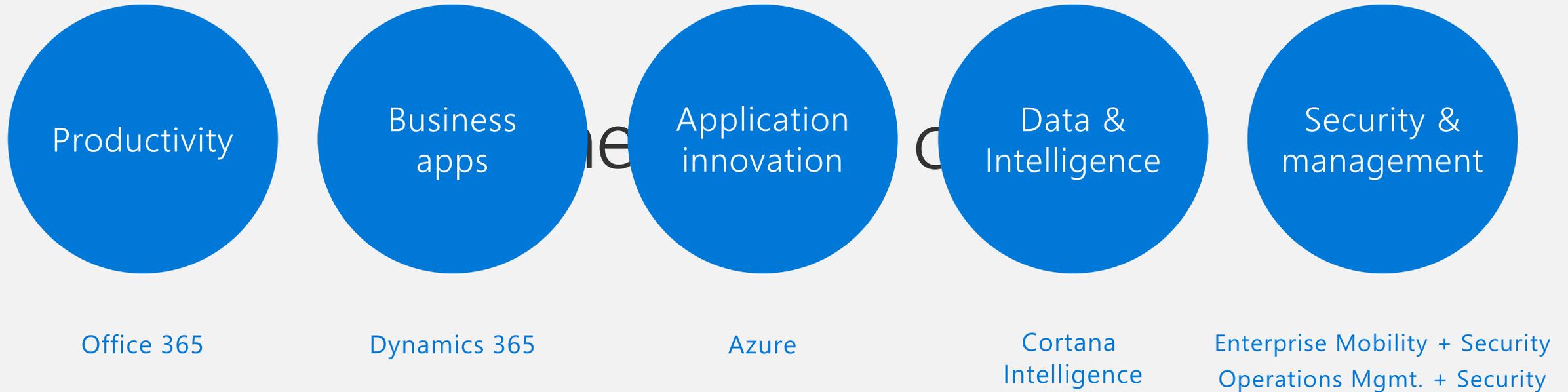


Continuous Competence Development and Training

INNOFACTOR[®]
Academy™
70-20-10



Journey to the cloud



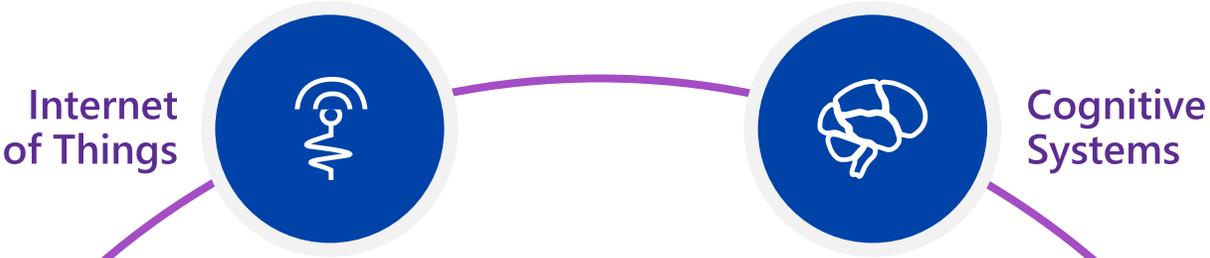


Global • Trusted • Hybrid

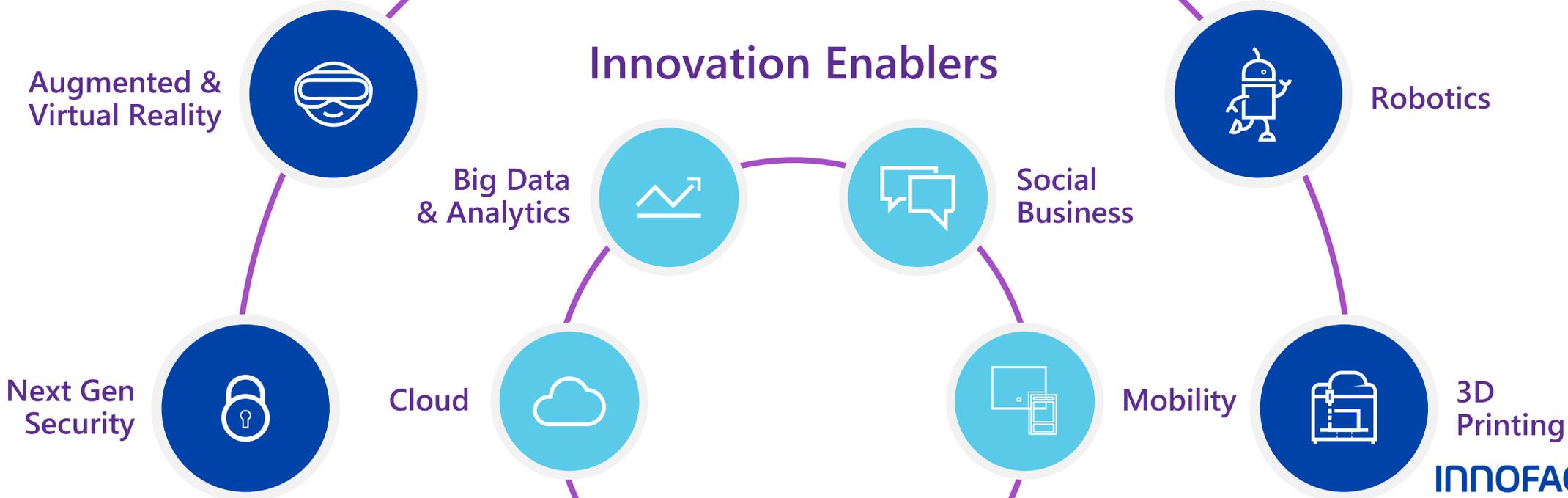
apps

Digital Transformation

Key Trends Driving Innovation



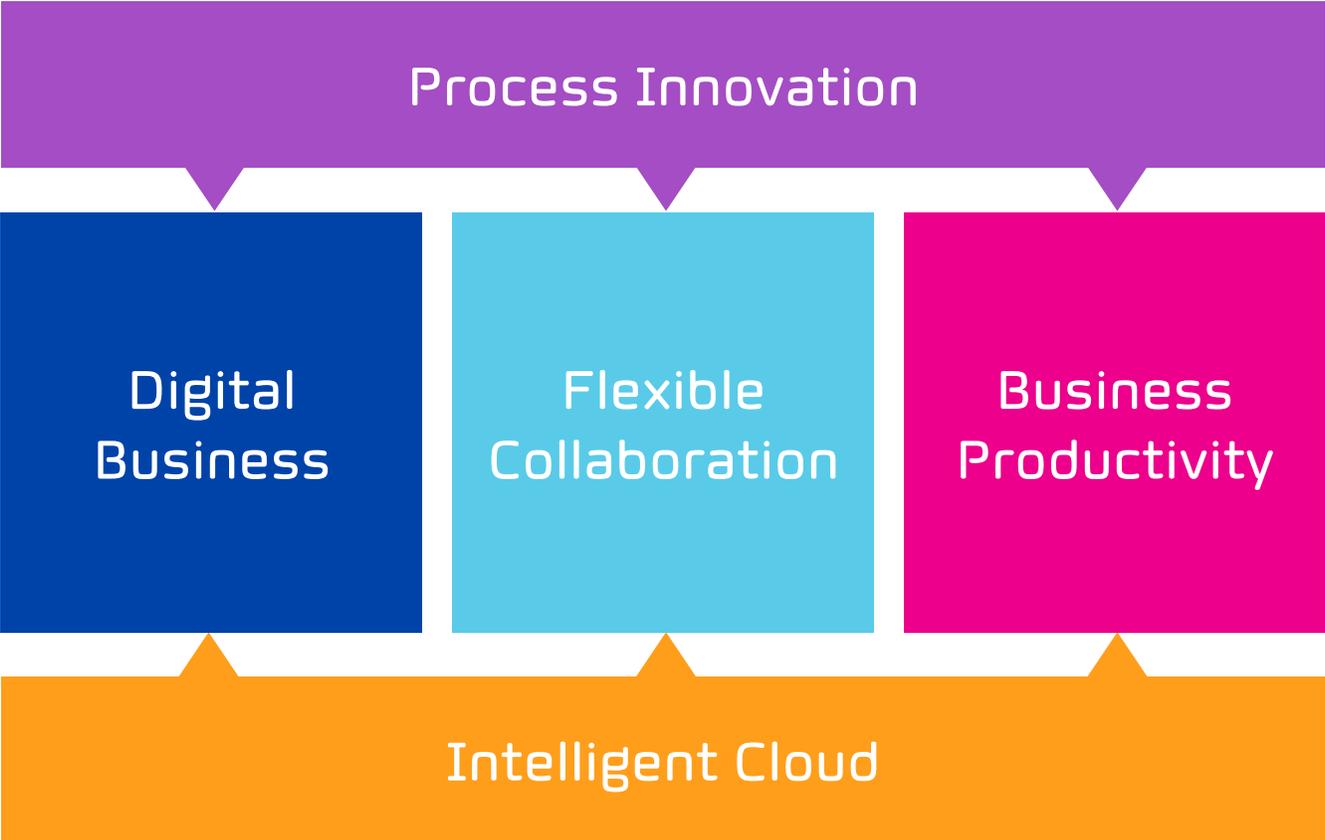
Innovation Enablers



INNOFACTOR®

Source: IDC eBook, sponsored by Microsoft, The Modern Microsoft Partner Series, Part 1: The Booming Cloud Opportunity, 2016

Our Offering in Cloud Solutions and Digital Transformation





Process Innovation

Better Business Process

- Customer Relations, Marketing, Sales and Support
- Production, Logistics, Delivery and Projects
- Business and Product Development and Innovation
- Financial Management and Business Forecasting
- HR, Quality, Risk Management, ICT and Legal Matters

Digital Business

Better Customer Experience

- Service Design
- Digital Marketing
- Websites and Mobile Applications
- Digital Customer Service

Flexible Collaboration

Better Employee Experience

- Mobile Productivity
- Digital Collaboration
- Enterprise Communication

Business Productivity

Better Business Experience

- Customer Relationship Management (CRM) and xRM
- Project and Portfolio Management (PPM)
- Enterprise Resource Planning (ERP) and Customized Solutions
- Information, Case and Quality Management
- Business Intelligence

Intelligent Cloud

Better Cloud Experience

- Managed Azure Services
- Identity Management
- Enterprise Mobility and Security (EMS)
- Operations Management and Security (OMS), and System Management
- Advanced Analytics, Machine Learning and IoT

Proactive, Value-adding and Flexible Delivery Model are Based on Our Values and Way of Working





Concrete benefits right from the beginning

- Increasing customer's know-how
- Evaluation of customer's environment and requirements
- Consultation
- Proof of Concept (PoC) or demo, visible evidences fast

The best options through cooperation

- Scope definition
- Business objectives
- Functional requirements
- Architectural framework
- Security and performance
- Selecting the right delivery, service, support and governance models

Agile delivery and fast customer benefits

- Efficient project management
- Planning and specifications
- Technical implementation
- Documentation
- Quality assurance and testing
- Risk management
- Deployment and end user support

Flexible and continuously developing service

- Reliable services
- Suitable service model
- Right service level
- Continuous development in deep cooperation with the customer

Top Nordic customers: 1500+ Commercial, Public Sector and Membership-based Customers



Organization

Board of Directors
Ari Rahkonen (Ch.) Sami Ensio
Jukka Mäkinen Ilari Nurmi
Pekka Puolakka

Sami Ensio
President and CEO

Patrik Pehrsson
CFO

Elina Jokinen
VP, HR

PRODUCTS AND SERVICES
Janne Heikkinen
CTO and EVP,
Products & Services

FINLAND
Jari Hahl
EVP, Country Manager,
Finland

SWEDEN
Robert Erlandsson
MD, Country Manager,
Sweden

DENMARK
Jørgen Krog Kaufmann
MD, Country Manager,
Denmark

NORWAY
Stig Nerland
MD, Country Manager,
Norway

Innofactor Group Executive Board



Sami Ensio, President and CEO
M.Sc. (Tech.) President and CEO. Member of the Board of Directors. CEO and founder of Innofactor since 2000. Born in 1971. Ownership: 7 448 017 shares.



Robert Erlandsson
M.Sc. (Econ. & Bus. Adm.) MD, Country Manager, Sweden. CEO and co-founder of Cinteros AB since 2005. Employed by Innofactor since 2016 (acquisition). Born in 1966. Ownership: after earn out period.



Jari Hahl
Diploma in Business Information Technology. EVP, Country Manager, Finland. Employed by Innofactor since 2016. Born in 1962. Ownership: 66 793 shares.



Janne Heikkinen
M.Sc. (Tech.) Chief Technology Officer and EVP Products and Services. Employed by Innofactor since 2015. Born in 1974. Ownership: 83 044 shares.



Elina Jokinen
M.Sc. (Political Science) VP HR. Employed by Innofactor since 2013. Born in 1974. Ownership: 53 979 shares.



Jørgen Krog Kaufmann
MD, Country Manager, Denmark. Employed by Innofactor since 2016. Born in 1959. Ownership: 83 044 shares.



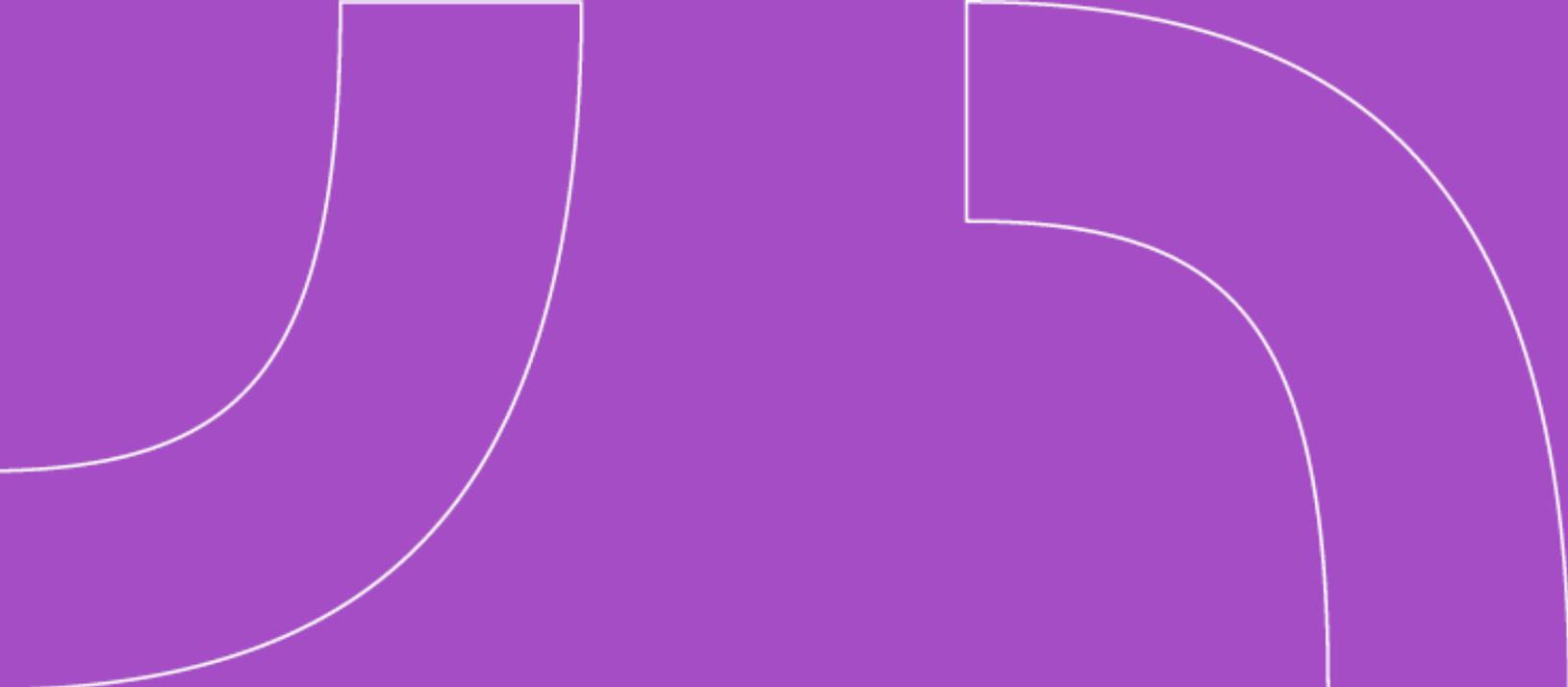
Stig Nerland
MD, Country Manager, Norway. Employed by Innofactor since 2016. Born in 1979.



Patrik Pehrsson
M.Sc. (Econ. & Bus. Adm.) CFO. Employed by Innofactor since 2016. Born in 1971. Ownership: 83 044 shares.

INNOFACTOR®

"Together we are leading
Nordic provider of
cloud solutions and
digital transformation."



Financial Targets

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 secure solid financial standing in all situations

Results 2011–2015

35% total Growth
2011–2015

EBITDA 8.4 %
2011–2015

High equity ratio
and operative
cash flow

Innofactor Aims for Profitable Growth

New Long-term Financial goals by 2020

Achieve annual organic growth of about 20 percent by 2020

Achieve about 20 percent EBITDA in relation to the net sales by 2020

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

Results 2011–2015

35% total Growth
2011–2015

EBITDA 8.4 %
2011–2015

High equity ratio
and operative
cash flow

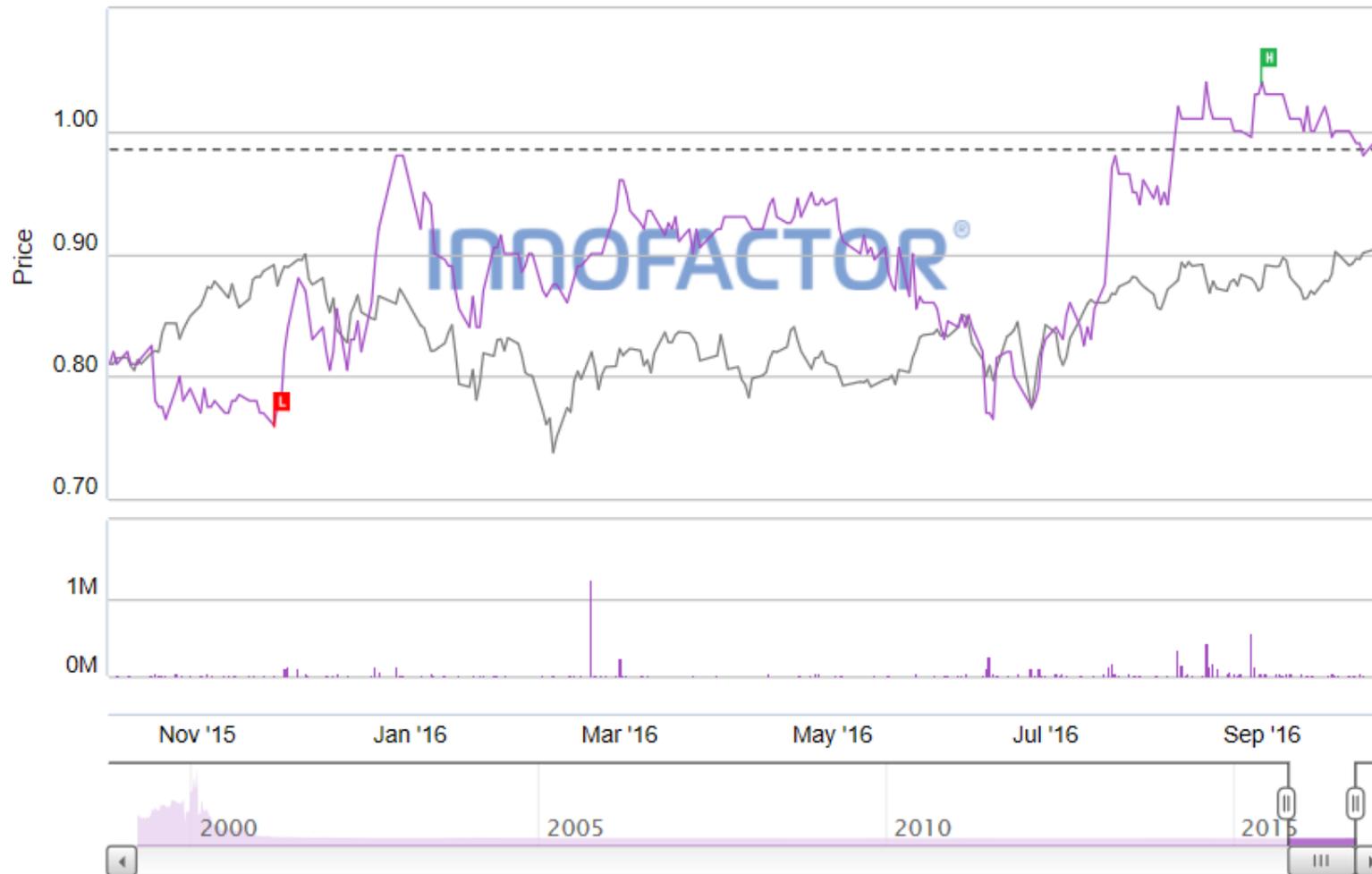
Dividend Policy: Innofactor has defined a dividend distribution policy according to which the aim of the Board of Directors is to provide an opportunity for the shareholders to distribute, from the part of the operating margin (EBITDA) that exceeds 10%, the maximum dividend allowed by the state of the business.

Largest shareholders as of September 30, 2016

Name	Number of shares	% of share capital
1. Ensio Sami	7,460,715	22.68%
<i>Ensio Sami</i>	5,286,955	16.07%
<i>Minor under guardianship</i>	724,588	2.20%
<i>Minor under guardianship</i>	724,586	2.20%
<i>Minor under guardianship</i>	724,586	2.20%
2. Tilman Tuomo Tapani	2,747,492	8.35%
3. Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,550,000	4.71%
4. Laiho Rami Tapani	1,418,519	4.31%
5. Linturi Kaija and Risto	1 266 411	3.85%
<i>R. Linturi Oyj</i>	499 107	1.52%
<i>Linturi Kaija Anneli</i>	430,000	1.31%
<i>Linturi Risto Erkki Olavi</i>	337,304	1.03%
6. Ärje Matias Juhanpoika	935,278	2.84%
7. Mäki Antti-Jussi	930,201	2.83%
8. Lampi Mikko Olavi	641,700	1.95%
9. Muukkonen Teemu Heikki	522,230	1.59%
10. Bergqvist Jukka	350,000	1.06%
11. Kukkonen Heikki-Harri	331,021	1.01%
12. Järvenpää Janne-Olli	322,804	0.98%
13. Laiho Jari Olavi	270,000	0.82%
14. Rausanne Oy	225,000	0.68%
15. Damén Klaus Antero	220,001	0.67%
16. Karppinen Antti Sakari	200,000	0.61%
17. Martola Janne Matti Juhani	183,044	0.56%
18. Hellen Stefan Andreas	180,000	0.55%
19. Mäkinen Antti Vilho Juhani	158,000	0.48%
20. Vakuutusosakeyhtiö Henki-Fennia	157,000	0.48%

Innofactor Plc had 341,766 treasury shares on Sep 30, 2016.

Innofactor Share Price Development Compared to Nasdaq Helsinki Index (Closing October 7, 2016 at €0.99)



Share price development

Beginning of 2016 +1.02%

1 year change +22.22%

2 year change +8.20%

3 year change -30.77%

5 year change +57.14%

Year highest 1.04EUR

Year lowest 0.75EUR

12 month highs 1.04EUR

12 month lowest 0.75EUR

For more information

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

Sami Ensio, CEO

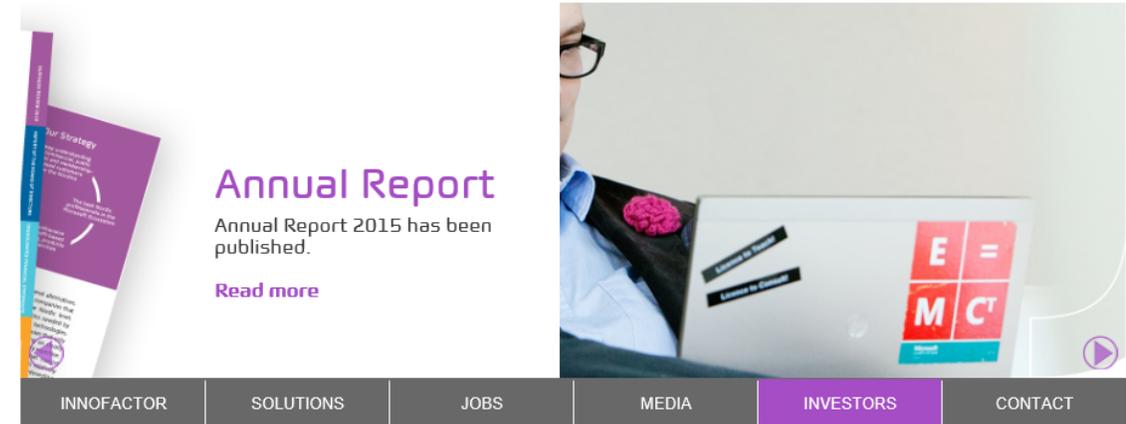
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sami.ensio@innofactor.com

Patrik Pehrsson, CFO

+358 50 529 2170

patrik.pehrsson@innofactor.com



Innofactor as an Investment

- ▶ CEO's Review
- ▶ Mission and Vision
- ▶ Key Figures
- ▶ Growth and Financial Targets
- ▶ Business Environment and Strategy
- ▶ Customers
- ▶ Personnel
- ▶ Solutions
- ▶ Acquisitions
- ▶ Corporate Responsibility
- ▶ Future Outlook

Share Information

Corporate Governance

Releases, Publications and Reports

Analysts

Investors > Innofactor as an Investment

Innofactor in Brief

One of the Leading Nordic IT Solution Providers Focused on Microsoft Platforms

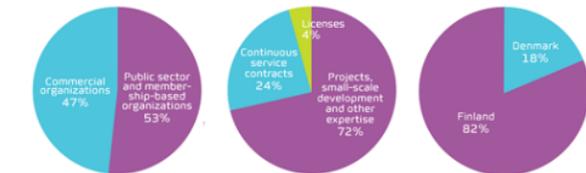
Excellent track records in fast and profitable growth

- 2015 Net Sales approx. 44.5 million euros and EBITDA approx. 3.7 million euros
- Net sales growth 2011 to 2015: 35% p.a.
- EBITDA margin 2011 to 2015: 8.4% of revenues in average

Over 500 employees. Over 1,000 customers.

7 offices located in Finland, 3 in Sweden and 2 in Denmark.

Listed in NASDAQ Helsinki. Approximately 10,000 shareholders.



€ 0.88

18.07.2016 08:29 pm EET
Change % High Low
€ +0.02 +2.34% € 0.90 € 0.87

Stock Exchange Releases

08.07.2016
Publishing of Innofactor's Interim Report January - June 2016

01.07.2016
Patrik Pehrsson Appointed Innofactor's CFO

[SHOW ALL](#)

News

08.07.2016
Publishing of Innofactor's Interim Report January - June 2016

You're aiming
for profit?

We focus 100%
on growth.