



## Corporate Profile

Innodata (NASDAQ: INOD) is a leading provider of business process, technology and consulting services, as well as products and solutions that help its clients create, manage, use and distribute digital information. Propelled by a culture that emphasizes quality, service and innovation, it has developed a client base that includes many of the world's preeminent media, publishing and information services companies, as well as leading enterprises in information-intensive industries such as aerospace, defense, financial services, government, healthcare, high technology, insurance, intelligence, manufacturing and law.

### MARKET DATA

Stock symbol: NASDAQ: INOD  
 Price at 8/3/12: \$4.00  
 52-week range: \$2.61 - \$7.35  
 Market capitalization: \$100 million  
 Diluted Shares:\*\* 27 million  
 TTM P/E: 11x  
 Fiscal year end: December

### KEY STATISTICS

Over 7,000 employees  
 Global operations in the US, Philippines, India, Sri Lanka, Europe and Israel  
 Services 7 out of 10 top publishing companies.  
 Total customers: 250+  
 Industries served: publishing, information, media, entertainment, aerospace, defense, financial services, government, healthcare, insurance, intelligence, manufacturing and law

## Our Competitive Strengths

### Deep Domain Expertise

Innodata has produced more than 1.3 million e-books since the beginning of the e-book explosion and is now a trusted partner to all of the major e-book platform providers. Innodata has also provided digital content and data enrichment, consulting or technology services for 7 of the world's top 10 publishing and information services organizations and an array of leading enterprises.

### Global Scalability

Innodata's global operations teams operate with an efficiency that allows it to scale to meet the challenges of individual publishers as well as the largest content providers.

### Defined Approach

Helping content providers solve their biggest challenges, Innodata employs structured, defined approaches to driving revenue, reducing costs and managing risks. These approaches, which combine Innodata's consulting, technology services, data and content enrichment and expert knowledge of publishing, allow Innodata to serve publishing and enterprise content providers at the highest, most strategic levels.

### ePublishing Leadership

Innodata has emerged as one of the largest producers of technology and processes for transforming books into e-book formats that are required for distribution and sell-through on tablets and eReaders. Innodata is at present producing and distributing more than 1,500 e-books per day across 25+ global platforms and e-bookstores.

Innodata has established strong relationships with all the major e-book retailers — Apple, Sony, Amazon and Kobo. Late in 2010, Innodata announced a strategic relationship with Apple in which Innodata became Apple's Digital Publishing Services Partner for North America.

### Q2 FINANCIAL AND OPERATING HIGHLIGHTS

Revenues: \$22.8 million  
 Gross Margin: \$8.1 million (36% of Revenue)  
 Pre-tax Earnings: \$2.0 million (9% of Revenue)\*  
 Diluted EPS: \$0.08

EBITDA: \$2.9 million  
 Cash and investments:\*\* \$23 million  
 Total Assets:\*\* \$64 million  
 Total Debt:\*\* \$0

\* Including startup costs of \$1.8 million incurred for IADS \*\* At June 30, 2012

### INNODATA VISION AND STRATEGY

- ▶ Reach run rate of over \$100 million in annual revenue by 2013
- ▶ 20% YoY bookings growth beginning 2011
- ▶ 35% gross margin targeted
- ▶ 10% pre-tax margin targeted
- ▶ Launch new productized service offerings in 2011-12
- ▶ Launch new information and data analysis businesses in 2011-12

### MARQUIS CLIENTS



## High Value Services

As domain experts in all aspects of the publishing and content development supply chain, Innodata is increasingly viewed by its clients as a trusted advisor and strategic partner. This comes as a result of its ability to focus on the core challenges facing senior level publishing and enterprise executives: increasing revenue, reducing costs and managing risk. Specifically, Innodata helps executives address new product development in a print-to-digital world; tablet and ePlatform transformation; monetizing existing content; and organizational excellence.

Innodata's defined approach to addressing these challenges is powered by detailed methodologies which combine to deliver high-value services. From solution visualization to agile content development and technology blueprinting, Innodata's clients value its ability to conceive solutions and execute them with precision.

## New Growth Opportunities

In 2011, Innodata launched Innodata Advanced Data Solutions (IADS) as a separate segment to leverage its domain expertise and global platform to serve industries requiring complex data and information analysis for risk mitigation or for managing key business processes. IADS operates through two subsidiaries. Synodex offers a range of document and data analysis to healthcare, medical and insurance companies. docGenix focuses on financial and legal documentation relating primarily to derivatives. During 2011, Innodata invested \$2.2 million in operating expenses and \$2.0 million in capital expenditures in IADS. In addition, it spent \$3.9 million in operating expenses and \$1.1 million in capital expenditures in IADS in the first half of 2012. As Jack Abuhoff, Chairman and CEO, indicated in the company's second quarter 2012 press release, "The reception we are receiving in active discussions with more than 50 major firms in life insurance, healthcare and pharma, as well as a contract that we signed at the end of the second quarter with a prominent company in the healthcare sector, reinforces our expectation that there is considerable market potential ahead of us."

## Market Opportunity

The \$350 billion global publishing and information market<sup>1</sup> is going through dramatic changes. Shifting market trends from paper content to digital content and from online publishing to multi-channel publishing are creating expanding demand for Innodata's services.

It is estimated that 7.5% — or \$22 billion<sup>1</sup> — of this market will be outsourced. Moreover, rapid digital adoption by consumers and professionals are driving even greater opportunity. 300 million tablets will be sold by 2015<sup>2</sup> and the percentage of the worldwide book market attributed to e-books will rise from 3.2% in 2011 to 16.1% by 2013 representing \$12.7 billion<sup>1</sup>.

In addition, as enterprises consume larger amounts of more complex data, the need for advanced analytics is increasing, and Innodata is uniquely positioned to capitalize on this growing market.

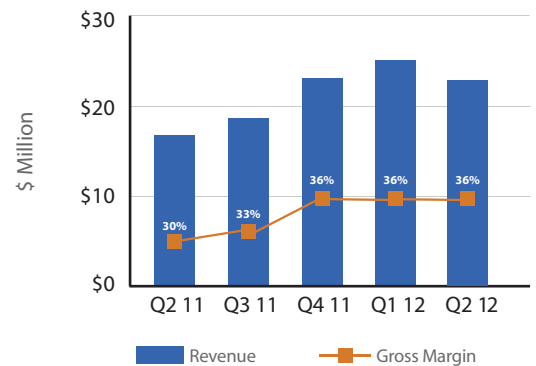
(1) Source: Outsell (2) Source: Gartner

### MANAGEMENT TEAM

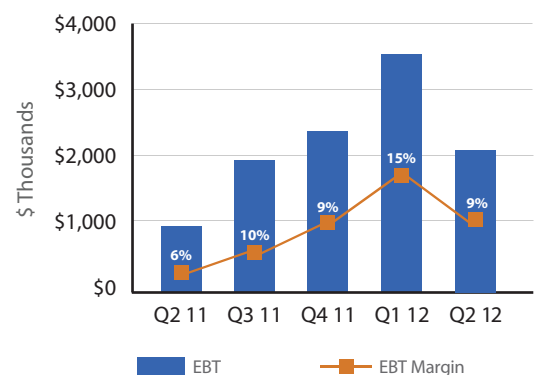
Jack Abuhoff, *President & CEO*  
Ashok Kumar Mishra, *EVP & COO*  
O'Neil Nalavadi, *SVP & CFO*  
Michael Abell, *SVP Technology Services*

Doug Kemp, *SVP Product Innovation*  
Jim Lewis, *SVP Sales & Marketing*  
Stephen Ryden-Lloyd, *SVP Consulting Practice*

### Revenue & Gross Margin

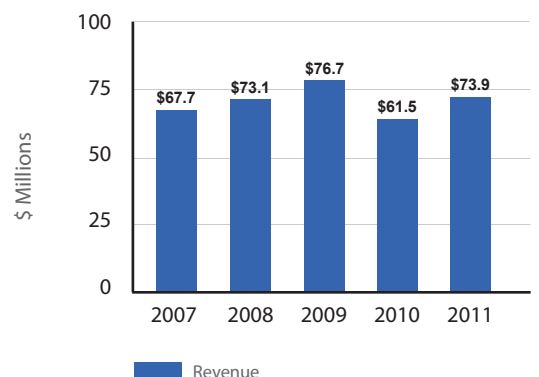


### Earnings Before Tax (EBT)\*



\* includes IADS start-up costs

### Annual Revenues



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