

Innofactor Plc Interim Report October 29, 2013, at 8:30 Finnish time

Innofactor Plc's interim report for January 1–September 30, 2013 (IFRS)

Summary

	mo. 7–9 /2013	mo. 7–9/ 2012	Change	mo. 1–9 /2013	mo. 1– 9/ 2012	Change	mo. 1–12 /2012
Net sales, EUR thousand	8,317	4,567	+82.1%	21,595	12,521	+72.5%	18,818
Growth of net sales	+82.1%	+21.3%		+72.5%	+3.7%		+9.4%
Operating profit before depreciation and amortization (EBITDA), EUR thousand*	714	495	+44.2%	1,963	180	+990.6%	1,215
percentage of net sales*	8.6%	10.8%		9.1%	1.4%		6.5%
Operating profit/loss (EBIT), EUR thousand*	403	348	+15.8%	1,269	-249	+609.6%	620
percentage of net sales*	4.8%	7.6%		5.9%	-2.0%		3.3%
Earnings before taxes, EUR thousand**	270	328	-17.7%	838	-269	+411.5%	591
percentage of net sales**	3.2%	7.2%		3.9%	-2.1%		3.1%
Earnings, EUR thousand**	204	224	-8.9%	631	-367	+271.9%	449
percentage of net sales**	2.5%	4.9%		2.9%	-2.9%		2.4%
Net gearing	62.3%	8.6%		62.3%	8.6%		5.4%
Equity ratio	45.7%	66.1%		45.7%	66.1%		66.1%
Personnel on average during the review period	384	196	+95.9%	279	186	+50.0%	189
Earnings per share (EUR)	0.0059	0.0074	-20.3%	0.0200	-0.0123	+262.3%	0.0150

* The second quarter of 2013 included one-off costs related to the atBusiness Oy acquisition for about EUR 164 thousand, and also cost reserves related to the integration for about EUR 200 thousand, a total of about EUR 364 thousand.

** The second quarter of 2013 included one-off costs related to the atBusiness Oy acquisition for about EUR 370 thousand (of which EUR 206 thousand were costs related to organizing the loans), and also cost reserves related to the integration for about EUR 200 thousand, a total of about EUR 570 thousand.

There continue to be slight uncertainties related to the outlook for 2013 due to the finalization of the integration of a major acquisition. Innofactor's net sales in 2013 are expected to be about EUR 32–34 million (2012: EUR 18.8 million). Operating profit before depreciation and amortization (EBITDA) in 2013 is expected to be about EUR 3–4 million (2012: EUR 1.2 million).

The figures in this interim report have not been audited. The figures include the acquired atBusiness Oy (current Innofactor Business Solutions Oy) as of June 1, 2013. Further details about the acquisition can be found in this interim report's section "Acquisitions and changes in the group structure."

Reporting

Innofactor operates on a single segment, offering software, systems and related services.

CEO Sami Ensio's review

One of the major issues on the review period was starting the integration of atBusiness Oy, acquired on June 6, 2013, as part of Innofactor's operation in Finland. The atBusiness Oy integration process will continue until January 31, 2014. The Espoo offices, in which over 60% of Innofactor's personnel work, will be combined as of January 1, 2014, which is expected to realize a major part of the synergy benefits. Innofactor has decided to transfer part of the recruiting planned for the end of 2013 to the year 2014, which decreases the net sales of 2013, but has no significant effect on EBITDA.

In the third quarter, Innofactor continued profitable growth in accordance with its strategy. The growth of net sales was 82.1 percent and profit margin (EBITDA) was 8.6 percent. Measured in net sales (EUR 8.3 million) and EBITDA (EUR 0.7 million), this was the best third quarter in the company's history. As a significant part of Innofactor's net sales comes from selling human labor, the net sales of the third quarter are typically the lowest of the year due to summer vacations.

The merger of Innofactor and atBusiness has been received enthusiastically among our customers, personnel, major partners, and investors. During the review period, Innofactor won, for example, the tender for delivering centralized data warehouse maintenance and further development for Aalto University, valued at EUR 568,490, and after the review period, the tender for maintaining FICORA's (The Finnish Communications Regulatory Authority) eServices platform for a period of four years including the option of one additional year, valued at EUR 2,257,800.

According to our new published strategy, Innofactor's goal is to achieve EBITDA of over 10% in each year during 2014–2017. In order to achieve this goal, Innofactor will at the end of 2013 focus on ensuring the speedy realization of the synergy benefits - related among others things to cross selling and cross resourcing - resulting from the atBusiness acquisition. Innofactor is still actively looking for new strategic partnerships in the Nordic countries. The group will seek growth, which can be organic or based on mergers or acquisitions.

Market outlook and business environment

Due to long-standing uncertainties in the economic situation, it is challenging to make a reliable estimate on the development of the IT market in the near future. According to research companies monitoring the IT market, the IT service markets grew globally about 1–2 percent in 2012 and they are expected to grow about 3–5 percent in 2013. The growth of software market in 2012–2013 is estimated to be about one percentage point faster, that is, 4–6 percent in 2013.

The IT market is experiencing a clear turning point. Among central trends are mobility and the consumerization of information technology: an increasingly larger share of the IT purchases made by companies is based on the requirements of individuals, that is, the consumer market. Commercial clients tend to purchase software that can be used in phones, tablets and computers. Another central trend consists of the new environments offered by cloud computing and the possibility of offering software from a cloud globally to a wide range of end users and for all devices, including mobile phones. The third trend is the intensive growth of the amount of information and analyzing it, that is, big data. The fourth trend is the increase of social media and other communications in information systems.

Innofactor has made a strategic choice by focusing on solutions that use Microsoft technology. The company believes that Microsoft is a strong player in the IT market change. Microsoft has the leading position in business software and a significant position in consumer software. It also has a strong position in services and devices, especially after the acquisition of the Nokia mobile phone business. Microsoft has the world's largest software and service offering, and it invests annually about 10 billion dollars into research and development, for example, in cloud and mobile software. Many Microsoft programs, such as Windows and Office, are de facto standards. Microsoft also has the world's largest IT business partner network, which innovates new solutions continuously. Microsoft is growing considerably faster than the markets.

Innofactor has selected as its application areas especially those areas where Microsoft's growth and, correspondingly, its partners' growth has exceeded manifold the growth of general global IT service and software markets. For example, on the financial period that ended in June 2013, Microsoft reported growth in two-figure percentages, for example, in the areas of Dynamics CRM solutions, Microsoft SQL servers used in Microsoft-based BI solutions, and SharePoint, Lync and Exchange solutions. In many cloud solutions, Microsoft reported an even faster growth. The above-mentioned Microsoft solution areas, which are growing significantly faster than other IT markets, form a significant part of Innofactor's business operations.

The company feels that for companies like Innofactor, which is strongly committed to Microsoft, this development creates growing global markets in the long term, both as a traditional system integrator locally in the Nordic countries and as a solution provider in wider areas.

Companies strongly committed to Microsoft in the Nordic countries are mainly small companies. Innofactor believes that size gives a competitive edge for a company also in the Microsoft

ecosystem, making mergers of small companies focused on Microsoft solutions probable. This gives Innofactor opportunities to grow.

Net sales

Innofactor's net sales on July 1–September 30, 2013, were EUR 8,317 thousand (2012: 4,567), which shows an increase of 82.1 percent, and on January 1–September 30, 2013, the net sales were EUR 21,595 thousand (2012: 12,521), which shows an increase of 72.5 percent.

Result development

Innofactor's operating profit before depreciation and amortization (EBITDA) on July 1–September 30, 2013, was EUR 714 thousand (2012: 495), which shows an increase of 44.2 percent. EBITDA accounted for 8.6 percent of the net sales (2012: 10.8%). Innofactor business profit on July 1–September 30, 2013, was EUR 403 thousand (2012: 348), which shows an increase of 15.8 percent. Operating profit accounted for 4.8 percent of the net sales (2012: 7.6%).

Innofactor's operating profit before depreciation and amortization (EBITDA) on January 1–September 30, 2013, was EUR 1,963 thousand* (2012: 180), which shows an increase of 990.6 percent*. EBITDA accounted for 9.1 percent of the net sales* (2012: 1.4%). Innofactor business profit on January 1–September 30, 2013, was EUR 1,269 thousand* (2012: -249), which shows an increase of 609.6 percent*. Operating profit accounted for 5.9 percent* of the net sales (2012: -2.0%).

* The second quarter of 2013 included one-off costs related to the atBusiness Oy acquisition for about EUR 164 thousand, and also cost reserves related to the integration for about EUR 200 thousand, a total of about EUR 364 thousand.

Financing and investments

Innofactor's balance sheet total at the end of the review period was EUR 42,173 thousand (2012: 20,856). The group's liquid assets totaled EUR 887 thousand (2012: 245), consisting totally of cash funds.

The operating cash flow in the review period of January 1–September 30, 2013, was EUR 719 thousand (2012: -282). The investment cash flow was EUR -2,871 thousand (2012: -1,384).

The equity ratio at the end of the review period was 45.7 percent (2012: 66.1%) and net gearing was 62.3 percent (2012: 8.6%).

At the end of the review period, the company had EUR 1,986 thousand in current interest bearing liabilities (2012: 428) and EUR 10,616 thousand in long term interest bearing liabilities (2012: 937).

The return on investment on January 1–September 30, 2013, was 7.3 percent (2012: -3.3%).

The return on equity on January 1–September 30, 2013, was 5.2 percent (2012: -3.8%).

The non-current assets in Innofactor's balance sheet at the end of the review period were EUR 29,971 thousand in total and consisted of the following items:

- Tangible assets EUR 1,019 thousand
- Goodwill value EUR 17,495 thousand
- Other intangible assets EUR 3,849 thousand
- Deferred tax assets EUR 7,608 thousand

Innofactor's gross investments in tangible assets in the review period of January 1–September 30, 2013, were EUR 334 thousand (2012: 124), consisting of normal additional and replacement investments required by growth.

According to the impairment tests carried out, there are no impairments. The write-offs on intangible assets were EUR 472 thousand (2012: 240).

Research and product development

Innofactor's research and development costs recognized in the profit and loss statement for July 1–September 30, 2013, were EUR 529 thousand (2012: 593), which accounts for 6.4 percent of the net sales (2012: 13.0%).

Innofactor's research and development costs recognized in the profit and loss statement for January 1–September 30, 2013, were EUR 1,569 thousand (2012: 1,940), which accounts for 7.3 percent of the net sales (2012: 15.5%).

Personnel

The average number of personnel at Innofactor during July 1–September 30, 2013, was 384 (2012: 196), an increase of 95.9%; during January 1–September 30, 2013, the average number was 279 (2012: 186), an increase of 50.0%.

At the end of the review period, the number of personnel was 391 (2012: 198), which shows an increase of 97.5 percent.

At the end of the review period, the average age among personnel was 37.8 years (2012: 37.4). Of the personnel, 41.2 percent (2012: 40.4%) had a Master's Degree, 31.2 percent (2012: 31.3%) had a Bachelor's Degree or were studying for a Master's Degree, and 27.6 percent (2012: 28.3%) had

some other degree. Women accounted for 24 percent of the personnel and men for 76 percent (2012: 21% and 79%).

Business operations

Innofactor's business operations were focused on Finland and Denmark. On January 1–September 30, 2013, about 85 percent of the net sales came from Finland and about 15 percent from Denmark.

Of the net sales on January 1–September 30, 2013, about 50% came from commercial clients and about 50% from government and third sector clients.

Innofactor's net sales in the review period of January 1–September 30, 2013, came from the following sources:

- about 64% from systems integrator services (including system delivery projects, consulting, and smaller changes and further development);
- about 8% from licenses, of which the share of licensing income to third parties was about 2%;
- about 28% from recurring service contracts (incl. maintenance agreements, SaaS, cloud and hosting services).

Innofactor's 10 largest clients accounted for about 26 percent of the net sales during the review period January 1–September 30, 2013.

Other events in the review period

On March 26, 2013, 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, 2012, and 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, 2012.

The General Meeting decided, in accordance with the proposal of the Board of Directors, that no dividend will be paid for the financial period January 1–December 31, 2012.

The General Meeting decided to change the Section 4 of the Articles of Association as follows:

"The company shall have a Board of Directors, which comprises at a minimum of four (4) and at a maximum of eight (8) members. The term of office of the members of the Board of Directors shall end at the close of the first Annual General Meeting following their election.

The company shall have a CEO who is elected by the Board of Directors."

The General Meeting decided that the Chairman of the Board of Directors shall be paid a fee totaling EUR 36,000 per year and the other members of the Board of Directors shall be paid a fee totaling EUR 24,000 per year. No separate fees for meetings shall be paid. Half of the fee (50%) shall be paid monthly in cash and the other half (50%) as shares of Innofactor Plc. The shares shall be handed over to the members of the Board of Directors and, if necessary, shall be acquired from public trading directly on behalf of the members within two weeks of publishing the interim report of Innofactor Plc for January 1–March 31, 2013. Innofactor Plc requires the members of the Board of Directors to keep the shares, which they have received as part of the fees, for the duration of their membership in the Board of Directors.

The General Meeting decided that the number of Board members is six. The following persons were elected as members of the Board of Directors: Sami Ensio, Juha Koponen, Pyry Lautsuo, Jukka Mäkinen, Ilari Nurmi, and Pekka Puolakka. At their organizing meeting held immediately after the General Meeting, the Board of Directors elected Pyry Lautsuo as the Chairman of the Board.

Ernst & Young Oy, an auditing firm authorized by the Central Chamber of Commerce, was elected as the auditor for the company. Ernst & Young Oy has stated that it will appoint Juha Hilmola, Authorized Public Accountant, as the auditor with principal responsibility. It was decided that the auditing fee shall be paid according to a reasonable invoice.

On May 21, 2013, Innofactor announced in a stock exchange release that it had been selected in a public procurement procedure to deliver document and case management system to 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. Senate Properties is a government owned enterprise responsible for providing services related to premises, primarily to customers which form part of the state administration. The basis of the services is formed by leasing premises, investments, and the administration and development of the property portfolio. Customers include, for example, government agencies, ministries, research and cultural institutions, prisons, and defense administration. This transaction strengthens Innofactor's position as a provider of document and case management systems in Finland.

On June 7, 2013, Innofactor published a stock exchange release stating that it had acquired the entire share capital of atBusiness Oy. More details about the matter can be found in the section "Acquisitions and changes in the group structure."

On June 7, 2013, Innofactor published a stock exchange release about re-evaluating 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, so no detailed estimate of the outlook can be provided. Innofactor's net sales in 2013 are expected to be about EUR 34–37 million (2012: EUR 18.8 million). Operating profit before depreciation and amortization (EBITDA) in 2013 is expected to be about EUR 3–5 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).

On June 18, 2013, Innofactor announced in a stock exchange release that the 4,978,279 new Innofactor Plc shares had been registered in the Trade Register on June 18, 2013. After the registration, the total number of Innofactor Plc shares was 35,144,179. The shares registered in the Trade Register were issued as part of the purchase price payment for the acquisition mentioned above.

On July 1, 2013, Innofactor published a stock exchange release about Innofactor's reorganizations as of July 1, 2013. The change in organization was related to the acquisition announced on June 7, 2013, in which Innofactor acquired the entire share capital and capital loans of the Finnish company atBusiness Oy.

On August 2, 2013, Innofactor published the prospectus concerning the submitting of the new shares into public trading, approved by the Financial Supervisory Authority of Finland on August 2, 2013.

On August 23, 2013, Innofactor published a stock exchange release stating that Innofactor was selected in a public procurement procedure to deliver centralized data warehouse maintenance and further development for Aalto University. The value of the contract is EUR 568,490.

On September 17, 2013, Innofactor published a stock exchange release stating that Innofactor Plc's Board of Directors updated the Innofactor Group's strategy as part of Innofactor's annual strategy process.

On September 17, 2013, Innofactor's Extraordinary General Meeting accepted the Board of Directors' proposal to grant the Board authorization to decide on acquisition of own shares with following presumptions:

The Extraordinary General Meeting authorized the Board of Directors to decide on acquiring of a maximum of 8,000,000 shares in one or several parts with the company's own capital. The authorization entitles the Board to deviate from the shareholders' proportional shareholdings (directed acquisition). Shares will be acquired from the sellers of atBusiness according to the terms of the contract signed on June 6, 2013, concerning the acquisition of the atBusiness shares, and at the price agreed on in the contract, and/or on Nasdaq OMX Helsinki Ltd with the public trading on the market. The number of shares in the company's possession at a time may be, at the maximum, one tenth of the total number of shares in the company.

The authorization includes the right of the Board of Directors to decide on all other matters related to the acquisition of shares. The authorization will be valid until March 17, 2015.

Additionally, the Extraordinary General Meeting authorized the Board of Directors to decide on granting a maximum 15,000,000 shares and a maximum of 1,000,000 of the company's own shares in one or several parts. However, the total number of shares shall not exceed 45,000,000.

The authorization will be valid until June 30, 2015.

On September 17, 2013, Innofactor published a stock exchange release stating that Innofactor has decided to cancel 569,000 shares held by the company. The cancellation of shares had no effect on the amount of share capital of the company.

On September 17, 2013, Innofactor published a stock exchange release stating that in its meeting on September 17, 2013, the Board of Directors of Innofactor decided on a directed issue, which was to be used to pay the final part of the purchase price of the Danish company Bridgeconsulting A/S using company's new shares. In the directed issue, the company issued 1,015,372 new shares.

On September 30, 2013, Innofactor announced in a stock exchange release that the new Innofactor Plc shares and the cancellation of own shares had been registered in the Trade Register. After the registrations, the total number of Innofactor Plc shares is 35,590,551.

Share and shareowners

At the end of the review period, Innofactor Plc's share capital was EUR 2,100,000.00 and the total number of shares was 35,590,551. Innofactor Plc has one series of shares. Each share is entitled to one vote.

On July 1–September 30, 2013, the highest price of the company share was EUR 1.83 (2012: EUR 0.51), the lowest price was EUR 0.75 (2012: EUR 0.38), and the average* price was EUR 1.24 (2012: EUR 0.44).

On January 1–September 30, 2013, the highest price of the company share was EUR 1.83 (2012: EUR 0.65), the lowest price was EUR 0.46 (2012: EUR 0.38), and the average* price was EUR 1.01 (2012: EUR 0.50).

The closing price for the review period on September 30, 2013, was EUR 1.42 (2012: EUR 0.43).

* The average share price was calculated by taking the total value of share trading in the stock exchange on the said period and dividing this by the number of shares traded in the stock exchange on the said period.

In public trading on July 1–September 30, 2013, a total of 5,131,535 shares were traded (2012: 985,732 shares), which corresponds to 14.8 percent (2012: 3.3%) of the average number of shares on the said period. On July 1–September 30, 2013, there were 34,586,216* shares on the average

(2012: 30,165,900). The share trade increased by 420.6 percent compared to the corresponding period in 2012.

In public trading on January 1–September 30, 2013, a total of 8,859,260 shares were traded (2012: 1,880,540 shares), which corresponds to 28.0 percent (2012: 6.3%) of the average number of shares on the said period. On January 1–September 30, 2013, there were 31,608,382* shares on the average (2012: 29,872,232). The share trade increased by 371.1 percent compared to the corresponding period in 2012.

* The average number of shares does not include shares in the company's possession.

The market value of the share capital at the closing price of the review period, EUR 1.42, on September 30, 2013, was EUR 50,539 thousand (2012: 12,942), which shows an increase of 290.5 percent.

On September 30, 2013, the company had 12,086 shareowners (2012: 12,122), including administrative registers.

The Board of Directors has the following authorizations:

- Until June 30, 2015, to decide on a share issue and granting of special rights entitling to shares for a maximum of 15,000,000 new shares with the total number of shares not exceeding 45,000,000 (decided in the General Meeting of September 17, 2013); based on which 1,015,372 new shares were issued on September 17, 2013, leaving the number of shares remaining in the authorization at 13,984,628.
- Until June 30, 2015, to decide on a transfer of a maximum of 1,000,000 company shares in the company's possession (decided by the General Meeting of September 17, 2013); the authorization has not been used.

During the financial period, Innofactor Plc has submitted two flagging notices:

- June 7, 2013: Sentica Kasvurahasto II Ky's ownership of Innofactor Plc votes and shares exceeded one tenth (10%) when the shares issued in the directed issue in accordance with the resolution of the Board of Directors of Innofactor Plc on June 6, 2013, had been registered in the Trade Register (which took place on June 18, 2013)
- September 17, 2013: Sentica Kasvurahasto II Ky's ownership of Innofactor Plc votes and shares will fall under one tenth (10%) when the directed share issue in accordance with the resolution of the Board of Directors of Innofactor Plc on September 17, 2013, and the cancellation of shares held by the company, based on the decision of the Board of Directors on September 17, 2013, have been registered in the Trade Register (which took place on September 30, 2013); Sentica Kasvurahasto II Ky owns 3,539,189 shares (September 30, 2013).

Board of Directors:

- Pyyry Lautsuo, 80,094 shares, 0.23%
- Sami Ensio, 7,422,087 shares, 20.87%
 - Sami Ensio, 5,248,327 shares, 14.75 %
 - minor under guardianship, 724,588 shares, 2.04%
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- Juha Koponen, 53,396 shares, 0.15%
- Jukka Mäkinen, 50,270 shares, 0.14%
- Ilari Nurmi, 30,107 shares, 0.08%
- Pekka Puolakka, 159,066 shares, 0.45%
 - Hillside Ou, 105,670 shares, 0.30%
 - Pekka Puolakka, 53,396 shares, 0.15%

CEO:

- Sami Ensio, 7,422,087 shares, 20.87%
 - Sami Ensio, 5,248,327 shares, 14.75 %
 - minor under guardianship, 724,588 shares, 2.04%
 - minor under guardianship, 724,586 shares, 2.04%
 - minor under guardianship, 724,586 shares, 2.04%

Executive Board:

- Christian Andersen 253,843 shares, 0.71%
 - CHRA Holding ApS, 253,843 shares, 0.71%
- Heikki Jekunen, 0 shares, 0.0%
- Elina Jokinen 0 shares, 0.0%
- Mikko Karvinen, 100,000 shares, 0.28%
- Mikko Lampi, 1,045,543 shares, 2.94%
- Janne Martola, 100,000 shares, 0.28%
- Ingrid Peura, 0 shares, 0.0 %
- Juha Rokkanen, 103,873 shares, 0.29%

Auditors:

- Juha Hilmola, 0 shares, 0.0%

Own shares

The Extraordinary General Meeting of September 17, 2013, authorized the Board of Directors to decide on acquiring of a maximum of 8,000,000 shares in one or several parts with the company's

own capital. The authorization entitles the Board to deviate from the shareholders' proportional shareholdings (directed acquisition). Shares will be acquired from the sellers of atBusiness according to the terms of the contract signed on June 6, 2013, concerning the acquisition of the atBusiness shares, and at the price agreed on in the contract, and/or on Nasdaq OMX Helsinki Ltd with the public trading on the market. The number of shares in the company's possession at a time may be, at the maximum, one tenth of the total number of shares in the company. The shares may be used to develop the capital structure, to widen the ownership base, in making a payment for an acquisition, or when the company buys property related to its business operations or as part of the incentive compensation plan, or to be otherwise invalidated or conveyed. In connection with the share repurchase, ordinary derivative, stock lending and other agreements may be made in the market in accordance with the laws and regulations. The authorization includes the right of the Board of Directors to decide on all other matters related to the acquisition of shares. The authorization will be valid until March 17, 2015. This authorization has not been used so far.

During the review period, Innofactor Plc did not acquire its own shares.

On September 17, 2013, Innofactor published a stock exchange release stating that, based in its previous authorizations, Innofactor has decided to cancel 569,000 shares held by the company.

On September 30, 2013, Innofactor did not have any of its own shares in its possession.

Management of the company

Innofactor Plc complies with the recommendations of the Corporate Governance Code 2010 for Finnish listed companies, published by the Securities Market Association.

At the General Meeting on March 26, 2013, the number of the members of the Board of Directors was confirmed to be six. The General Meeting decided to approve the proposal to re-elect Sami Ensio, Juha Koponen, Pyry Lautsuo, Jukka Mäkinen, and Pekka Puolakka as members of the Board of Directors and to elect Ilari Nurmi as a new member. The Board of Directors elected Pyry Lautsuo to continue as their Chairman.

The General Meeting approved the proposal to re-appoint Ernst & Young Oy, an auditing firm authorized by the Central Chamber of Commerce, as the auditor for the company, with Juha Hilmola, APA, as the main responsible auditor.

Innofactor has drawn up a separate Corporate Governance Statement for the financial period of 2012.

Innofactor Plc's entire Corporate Governance and statements are available on the company's web site at: http://www.innofactor.com/investors/corporate_governance

Short term risks and uncertainty factors

Innofactor's operations, finances and shares involve risks that may be significant for the company and its share value. These risks are assessed by the Board of Directors four times a year as part of the strategy and business planning process. The risks in their entirety are published in the financial statement and the interim reports only introduce changes in the short term risks.

Risks related to operations

There have been no significant changes in Innofactor's short-term operational risks and uncertainty factors during the review period nor can any be seen.

Financial risks

There have been no significant changes in Innofactor's short-term financial risks and uncertainty factors during the review period nor can any be seen.

Risks related to shares

The number of Innofactor Plc shares traded on January 1–September 30, 2013, increased by 371% compared to the same period in the previous year. In 2012, the trade was 11.9% of the share capital, and on January 1–September 30, 2013, it was 28.0% of the share capital. In the Helsinki stock exchange, companies' average trade on 2012 was 80% of the share capital. Continuing lower than average share trading may result in a liquidity risk for the share and its price formation. Innofactor strives to improve the liquidity of the share and decrease the related liquidity risk by its strategy of increasing value for the shareowners and by its active investor communications.

There have been no other significant changes in Innofactor's short-term risks and uncertainty factors related to the shares during the review period nor can any be seen.

Acquisitions and changes in the group structure

On June 6, 2013, Innofactor acquired the entire share capital (the part giving 100% full control) and all capital loans of atBusiness.

The sellers were the acting management of atBusiness (20.0%), Sentica Kasvurahasto II Ky managed by Sentica Partners Oy (60.1%), and Trainers' House Kasvusysteemiosakeyhtiö, a subsidiary of Trainers House Oyj, (19.9%). The purchase price in total is about EUR 6.3-7.6 million and the Enterprise Value (EV) about EUR 14.4–15.7 million. Of the purchase price, at least 45% will be paid in cash and 55% at the most in Innofactor shares. Innofactor took 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. At the same time, atBusiness' existing checking account with an overdraft limit of EUR 1.5 million was replaced with a new limit of an equal size.

Along with Innofactor, atBusiness was one of Finland's leading providers of Microsoft technology solutions to commercial and public sector clients. The net sales of atBusiness in 2012 was EUR 17.4 million and it had been operating very profitably. In 2012, the operating margin (EBITDA) was EUR 2.7 million (15.3 percent of the net sales).

The new size will give Innofactor improved conditions to operate as a public limited company, implement its growth strategy in the Nordic Countries and to offer its own software products and services to its customers through its own channel. The arrangement will bring significant growth in 2013 and 2014 and will create an excellent base for growth also in the future. The arrangement is believed to result in synergy benefits. Innofactor estimates that it will gain increased profitability and higher earnings per share (EPS) in the future.

The purchase price will be determined (as concerns the acquired shares) by the realized profit margin (EBITDA) of the Innofactor group for the 12 months following the acquisition (June 1, 2013–May 31, 2014). Of the purchase price, at least 45% will be paid in cash and 55% at the most in Innofactor shares. The purchase price in total is about EUR 6.3 million at the minimum and about EUR 7.6 million at the maximum. Enterprise Value (EV) is EUR 14.4–15.7 million. Innofactor estimates that the purchase price will be about EUR 7.6 million.

About a total of EUR 6.3 million of the purchase price was paid at the time of closing the deal. Of this, about EUR 2.9 million was paid in cash and about EUR 3.4 million in new Innofactor shares in accordance with the authorizations granted to the Board of Directors. The capital loans (about EUR 5.1 million) were paid in total at the time of closing the deal. The subscription price of the shares was the volume weighted average price of the Innofactor share on the period of January 2, 2013–June 5, 2013, which is about EUR 0.6739 per share. In order to pay the purchase price, about 4,978,279 new shares were issued.

Innofactor has the right, but not the obligation, to buy back about 4.7 million new shares from the sellers of atBusiness at the subscription price, EUR 0.6739 per share, before December 31, 2013, and at a 3 percent higher share price, EUR 0.6941, before March 31, 2014.

The rest of the purchase price, EUR 0–1.3 million, (as concerns the acquired shares) will be determined by the realized profit margin (EBITDA) of the Innofactor group during the 12 months following the closing of the deal (June 1, 2013–May 31, 2014). Of the rest of the purchase price, 45% is intended to be paid in cash and 55% in Innofactor shares. The subscription price of the shares will be the volume weighted average share price on April 30–May 30, 2014. The number of new shares will depend on the average price of the share and the trading volume of the share on the said period. The company may also pay these shares in cash, either entirely or partially, if it so chooses.

Based on the contract signed on September 30, 2013, Innofactor acquired the Microsoft Dynamics AX business of Dynamic Team (Lainetar Oy) located in Tampere. It was immediately transferred as a part of the Innofactor's Business Solutions unit. Dynamic Team is a four-person IT service company founded in 2009, and it has focused on ERP deliveries based on the Microsoft Dynamics AX product.

No other acquisitions or other changes in the group structure were carried out during the review period.

Corporate environmental and social responsibility

Innofactor's operations are guided by the company's strategy, values, quality system, environmental policy, and legislation. The group is committed to operating profitably and increasing its net sales while taking into account the environmental effects.

Innofactor takes care of the well-being of its personnel by maintaining a stable, safe and communicative atmosphere and by building a reliable development path into the future.

In its operations, Innofactor adheres to the principles of sustainable development and the environmental guidelines of the Federation of Finnish Technology Industries. Through the solutions it has developed, the group has helped its customers to reach their environmental goals and contributed to the sustainable development of the society. Electronic case and document management solutions and eService solutions are examples of Innofactor's solutions that reduce adverse effects on the environment. The emissions trading systems provided for several European countries also contribute to the efforts to curb the climate change.

Innofactor strives to establish long-term cooperation with its clients and partners and thereby create networks in which complementary expertise produces new kinds of solutions. In accordance with its mission, the Group aims at offering its employees and partners an innovative and supportive environment in which they can continue to develop themselves.

Strategy

Innofactor strengthens its customers' competitiveness by providing outstanding IT solutions, products and services. Innofactor focuses on Microsoft-based solutions and Microsoft's ecosystem. Innofactor's clients comprise of private and public sector organizations. Innofactor currently operates in Finland, Denmark and Russia. Innofactor's strategy is to actively expand its operations in the Nordic region, which may happen either organically or through acquisitions.

Innofactor's Mission: We strengthen our customers' competitiveness with outstanding IT solutions, products and services.

Innofactor's Vision: We are the number one Microsoft-based solution provider in the Nordic region.

Innofactor's strategy is to build competitive advantage as the leading provider focused on Microsoft-based solutions and Microsoft's ecosystem. The most important strategic choices related to this objective are the following:

- private and public sector customers
- comprehensive IT solution offering
- state-of-the-art products and services
- high-level customer service
- long-term customer partnerships
- fast and profitable growth

Innofactor's long-term financial goal is to grow profitably:

- by achieving over 10 percent EBITDA every year in 2014 to 2017
- by achieving an average annual growth of 25 to 35 percent in 2014 to 2017 through organic growth as well as acquisitions
- by keeping cash flow positive and by securing solid financial standing in all situations

Implementation of the strategy during the review period

The growth of Innofactor's net sales during the review period, 72.5 percent, exceeded the annual growth of 30–40 percent stated in the previous strategy and also the annual growth of 25–35

percent stated in the new strategy. Also the Innofactor's operating profit before depreciation and amortization (EBITDA) in relation to the net sales was 9.1 percent, and without the one-off costs, it would have been 10.8 percent. According to the strategy the annual EBITDA level must be over 10 percent. Innofactor's cash flow in the review period was positive (cash flow from operating activities was EUR 0.7 million) and the financial standing was secure (Net Gearing 62.3 percent).

In the review period, Innofactor acquired atBusiness Oy, which complemented Innofactor's Microsoft-based offering and Innofactor's position as Finland's leading provider of Microsoft solutions, as stated in the strategy, and the small Microsoft AX solutions business, which complemented the solution offering.

Events after the review period

On October 11, 2013, Innofactor published a stock exchange release stating that Innofactor has won a public procurement tender for maintaining FICORA's (The Finnish Communications Regulatory Authority) eServices platform for a period of four years including the option of one additional year. The value of the contract according to the procurement decision is EUR 2,257,800. The procurement covers the maintenance and further development of FICORA's integration and services platform according to their eServices roadmap. Additionally, it includes the future development of the system platform, daily maintenance services as well as process automatization and digitalization for the authority.

On October 23, 2013, Innofactor re-evaluated the outlook on 2013, as the schedule of costs and synergy benefits related to the June 6, 2013, acquisition of atBusiness Oy have become more accurate.

There have been no other significant events in Innofactor after the review period.

Future outlook

There continue to be slight uncertainties related to the outlook for 2013 due to the finalization of the integration of a major acquisition. Innofactor's net sales in 2013 are expected to be about EUR 32–34 million (2012: EUR 18.8 million). Operating profit before depreciation and amortization (EBITDA) in 2013 is expected to be about EUR 3–4 million (2012: EUR 1.2 million).

Espoo, October 29, 2013

INNOFACTOR PLC

Board of Directors

Additional information:

CEO Sami Ensio, Innofactor Plc
 Tel. +358 50 584 2029
sami.ensio@innofactor.com

Briefings concerning the interim report January 1–September 30, 2013

On October 29, 2013, at 9:00 Finnish time, Innofactor will hold a briefing concerning the Interim Report in Finnish for the media, investors and analysts at the company's premises at Keilaranta 19, Espoo. The report will be presented by CEO Sami Ensio and CFO Mikko Karvinen. The presentations of the briefing will be available on Innofactor's web site after the briefing.

We ask you to register for the briefing beforehand either by sending email to ir@innofactor.com or by phoning to +358 50 554 3832 / Salla Tähtinen.

Innofactor will also hold a conference call in English for analysts, media and investors on October 29, 2013, at 16:00 Finnish time. Registrations to ir@innofactor.com at least one hour before the event.

Financial releases in 2014

The 2013 Financial Statements Bulletin and Interim Report October-December 2013 will be published on Tuesday February 25, 2014. The Annual Report for 2013 will be published on Innofactor's web site on February 27, 2014. The Annual General Meeting is tentatively scheduled to be held on March 20, 2014.

The schedule for financial releases in 2014 is as follows:

April 9-April 22, 2014: Silent Period

April 23, 2014: Interim Report for January-March

July 8-July 21, 2014: Silent Period

July 22, 2014: Interim Report for January-June

October 7-October 20, 2014: Silent Period

October 21, 2014: Interim Report for January-September

Distribution:
NASDAQ OMX Helsinki
Main media
www.innofactor.com

Financial statement summary and appendixes January 1–September 30, 2013 (IFRS)

Drafting principles

This interim report has been drafted in accordance with the IAS 34 Interim financial reporting standard. The interim report adheres to the same drafting principles and calculation methods as the last annual financial statement. The principles for calculating the key figures and the calculation formulas have not been changed and they have been presented in the financial report 2012. The figures for the acquired Innofactor Business Solutions Oy (former atBusiness Oy) have been included as of June 1, 2013.

Drafting a financial statement in accordance with the IFRS standards requires the management of Innofactor to use estimates and presuppositions, which affect the amounts of assets and debts at the time of drafting the balance sheet and the amounts of earnings and costs for the review period. Additionally, deliberation is needed in applying the drafting principles for a financial statement. As estimates and presuppositions are based on the views held at the time of drafting the statement, they contain risks and uncertainty factors. The actual figures may deviate from the estimates and presuppositions. The figures of the profit and loss statement and the balance sheet are figures for the group. The figures of the statement have been rounded, so the sum of individual figures may differ from the sum presented.

The figures in the interim report have not been audited.

Consolidated Profit and Loss Statement, IFRS

EUR thousand	Jul 1–Sep 30, 2013	Jul 1– Sep 30, 2012	Jan 1–Sep 30, 2013	Jan 1– Sep 30, 2012	Jan 1–Dec 31, 2012
Net sales	8,317	4,567	21,595	12,521	18,818
Other operating income	28	7	95	7	33
Materials (–)	-628	-330	-1,657	-1,232	-1,691
Employee benefits/expenses (–)	-6,015	-2,921	-14,970	-8,876	-12,835
Depreciations (–)	-311	-147	-694	-429	-595
Other operating expenses (–)	-988	-828	-3,100	-2,240	-3,110
Operating profit/loss	403	348	1,269	-249	620
Financial income	2	2	7	7	12
Financial expenses (–)	-135	-22	-438	-27	-41
Profit/loss before taxes	270	328	838	-269	591
Income taxes	-66	-104	-207	-98	-142
Profit/loss for the period	204	224	631	-367	449
Total comprehensive income	204	224	631	-367	449

Earnings per share calculated from the result of parent company shareholders:

Basic earnings per share (EUR)	0.0059	0.0074	0.0200	-0.0123	0.0150
Diluted earnings per share (EUR)	*	*			

* The dilution effect has not been calculated, because the remaining Innofactor SW Oy warrant programs have no financial value after the business operations of the company have been sold.

Consolidated Balance Sheet, IFRS
ASSETS

EUR thousand	September 30, 2013	September 30, 2012	December 31, 2012
Non-current assets			
Tangible assets	1,019	457	451
Goodwill	17,495	2,643	2,834
Other intangible assets	3,849	1,736	1,695
Deferred tax assets	7,608	7,895	7,767
Non-current assets	29,971	12,731	12,747
Current assets			
Trade and other receivables	11,315	7,880	8,770
Cash and cash equivalents	887	245	656
Current assets	12,202	8,125	9,426
TOTAL ASSETS	42,173	20,856	22,173

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR thousand	September 30, 2013	September 30, 2012	December 31, 2012
Shareholders' equity			
Share capital	2,100	2,100	2,100
Share premium reserve	72	72	72
Other reserves (+/-)	59	59	59
Own shares	0	-30	-129
Fund for invested unrestricted equity	13,427	8,834	8,834
Retained earnings	3,148	2,004	2,824
Total shareholders' equity	18,806	13,039	13,760
Long term liabilities			
Loans from financial institutions	10,616	937	950
Deferred tax liabilities	1,069	518	510
Long term liabilities total	11,685	1,455	1,460
Current liabilities			
Loans from financial institutions	1,986	428	443
Trade and other payables	9,696	5,934	6,510
Current liabilities total	11,682	6,362	6,953
Liabilities total	23,367	7,817	8,413
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	42,173	20,856	22,173

Statement of change in shareholders' equity, IFRS

EUR thousand	Share capital	Share premium reserve	Other reserves	Fund for invested unrestricted equity	Own shares	Retained earnings	Total shareholders' equity
Shareholders' equity Jan 1, 2013	2,100	72	59	8,834	-129	2,824	13,760
Comprehensive income							
Profit for the financial period						631	631
Other items of comprehensive income:							
Exchange differences						-1	-1
Total comprehensive income	0	0	0	0	0	630	630
Share issue				4,592			4,592
Purchase of own shares					-176		-176
Cancellation of own shares					305	-305	0
Transactions with owners in total				4,592	129	-305	4,416
Shareholders' equity Sep 30, 2013	2,100	72	59	13,426	0	3,149	18,806

Shareholders' equity							
Jan 1, 2012	2,100	72	59	8,344	0	2,330	12,905
Comprehensive income							
Profit for the financial period						-367	-367
Other items of comprehensive income:							
Exchange differences						-2	-2
Total comprehensive income	0	0	0	0	0	-369	-369
Share issue				490		43	533
Purchase of own shares					-30		-30
Transactions with owners in total				490		43	533
Shareholders' equity							
Sep 30, 2012	2,100	72	59	8,834	-30	2,004	13,039

Consolidated Cash Flow Statement, IFRS

EUR thousand	Jan1– Sep 30, 2013	Jan 1– Sep 30, 2012	Jan 1– Dec 31, 2012
Cash flow from operating activities			
Operating profit	1,269	-249	620
Amendments:			
Depreciations	694	429	595
Non-cash transactions	0	43	43
Change in working capital:			
Change in trade or other receivables (+/-)	508	-122	-905
Change in trade and other payables (+/-)	- 1,322	-363	-72
Interests paid (-)	-437	-27	-41
Interests received	7	7	12
Cash flow from operating activities, total	719	-282	252
Cash flow/investments			
Investment in subsidiaries	-2,537	-1,260	-1,260
Investments in intangible and tangible assets (-)	-334	-124	-199
Cash flow/investments total	-2,871	-1,384	-1,459
Cash flow/financing			
Payments received from share issue	0	138	161
Loans withdrawn	3,952	1,394	1,325
Loans paid	-1,393	-287	-190
Purchase of own shares (-)	-176	-30	-129
Cash flow/financing total	2,383	1,215	1,167
Change in liquid funds (+/-)	231	-451	-40
Liquid funds, opening balance	656	696	696
Liquid funds closing balance	886	245	656

Consolidated Profit and Loss Statement by Quarter, IFRS

EUR thousand	Jan 1– Mar 31 2013	Apr 1– Jun 30 2013	Jul 1– Sep 30 2013	Oct 1–Dec 31 2013	Jan 1– Mar 31 2012	Apr 1– Jun 30 2012	Jul 1– Sep 30 2012	Oct 1–Dec 31 2012
Net sales	5,541	7,737	8,317		3,972	3,982	4,567	6,297
Other operating income	12	55	28		0	0	7	26
Materials (–)	-359	-670	-628		-429	-473	-330	-459
Employee benefits/expenses (–)	-3,853	-5,102	-6,015		-3,142	-2,813	-2,921	-3,959
Depreciations (–)	-160	-223	-311		-138	-143	-147	-166
Other operating expenses (–)	-757	-1,355	-988		-609	-803	-828	-870
Operating profit/loss	424	442	403		-347	-251	348	869
Financial income	2	3	2		2	3	2	5
Financial expenses (–)	-14	-289	-135		-2	-3	-22	-14
Profit/loss before taxes	412	156	270		-347	-251	328	860
Income taxes	-102	-39	-66		3	3	-104	-44
Profit/loss for the period	310	117	204		-344	-248	224	816

Commitments and contingent liabilities

EUR thousand	September 30, 2013	September 30, 2012	December 31, 2012
Collateral given for own commitments			
Rental guarantees	219	199	201
Business mortgages	16,250	2,250	2,250
Bank guarantees	0	18	18
Other own guarantees			
Lease liabilities			
Current lease liabilities	365	106	104
Lease liabilities maturing in 1-5 years	291	77	34
Total	656	183	138
Rental liabilities			
Current rental liabilities	704	655	662
Rental liabilities maturing in 1-5 years	0	478	348
Total	704	1,133	1,010
Other own guarantees total	1,360	1,316	1,148

Key Figures of the Group, IFRS

	mo. 7–9 /2013	mo. 7–9 /2012	Change	mo. 1–9 /2013	mo. 1–9 /2012	Change	mo. 1–12 /2012
Net sales, EUR thousand	8,317	4,567	+82.1%	21,595	12,521	+72.5%	18,818
Growth of net sales	+82.1%	+21.3%		+72.5%	+3.7%		+9.4%
Operating profit before depreciation and amortization (EBITDA), EUR thousand*	714	495	+44.2%	1,963	180	+990.6%	1,215
percentage of net sales*	8.6%	10.8%		9.1%	1.4%		6.5%
Operating profit/loss (EBIT), EUR thousand*	403	348	+15.8%	1,269	-249	+609.6%	620
percentage of net sales*	4.8%	7.6%		5.9%	-2.0%		3.3%
Earnings before taxes, EUR thousand**	270	328	-17.7%	838	-269	+411.5%	591
percentage of net sales**	3.2%	7.2%		3.9%	-2.1%		3.1%
Earnings, EUR thousand**	204	224	-8.9%	631	-367	+271.9%	449
percentage of net sales**	2.5%	4.9%		2.9%	-2.9%		2.4%
Shareholders' equity, EUR thousand	18,806	13,039	+44.2%	18,806	13,039	+44.2%	13,760
Return on equity***	4.5%	6.9%		5.2%	-3.8%		3.4%
Return on investment***	5.3%	10.3%		7.3%	-3.3%		4.5%
Net gearing	62.3%	8.6%		62.3%	8.6%		5.4%
Equity ratio	45.7%	66.1%		45.7%	66.1%		66.1%
Balance sheet total, EUR thousand	42,173	20,856	+102.2%	42,173	20,856	+102.2%	22,173
Research and development, EUR thousand	529	593	-10.8%	1,569	1,940	-19.1%	2,488
percentage of net sales	6.4%	13.0%		7.3%	15.5%		13.2%
Personnel on average during the review period	384	196	+95.9%	279	186	+50.0%	189
Personnel at the end of the review period	391	198	+97.5%	391	198	+97.5%	193
Number of shares at the end of the review period	35,590,551	30,165,900	+18.0%	35,590,551	30,165,900	+18.0%	30,165,900
Earnings per share (EUR)	0.0059	0.0074	-20.3%	0.0200	-0.0123	+262.3%	0.0150
Shareholders' equity per share (EUR)	0.528	0.433	+22.0%	0.528	0.433	+22.0%	0.460

* The second quarter of 2013 included one-off costs related to the atBusiness Oy acquisition for about EUR 164 thousand, and also cost reserves related to the integration for about EUR 200 thousand, a total of about EUR 364 thousand.

** The second quarter of 2013 included one-off costs related to the atBusiness Oy acquisition for about EUR 370 thousand (of which EUR 206 thousand were costs related to organizing the loans), and also cost reserves related to the integration for about EUR 200 thousand, a total of about EUR 570 thousand.

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

The preliminary acquisition cost calculation for atBusiness Oy (current Innofactor Business Solutions)

On June 6, 2013, Innofactor acquired the entire share capital (the part giving 100% full control) and all capital loans of atBusiness. The purchase price in total is about EUR 6.3–7.6 million and the Enterprise Value (EV) about EUR 14.4–15.7 million.

Of the purchase price, EUR 6,257 thousand was paid at the time of closing the deal. The capital loan was paid in total and it was EUR 5,057 thousand (EUR 2,702 thousand in cash and EUR 2,355 thousand in Innofactor shares). The shares were paid for the part of the fixed price, which was EUR 1,200 thousand (EUR 200 thousand in cash and EUR 1,000 thousand in Innofactor shares). The shares were new Innofactor Plc shares and they were issued in accordance with the authorizations granted to the Board of Directors. In both transactions, the subscription price of the shares was the volume weighted average price of the Innofactor share on the period of January 2, 2013–June 5, 2013, which was EUR 0.6739 per share. In order to pay the purchase price, a total of 4,978,279 new shares were issued.

The final purchase price of atBusiness Oy shares will be determined by the realized profit margin (EBITDA) of the Innofactor group for the 12 months following the acquisition (June 1, 2013–May 31, 2014). The minimum purchase price of the shares is the EUR 1,200 thousand already paid and the maximum is EUR 2,500 thousand. Of the rest of the purchase price, EUR 0–1,300 thousand, 45% is intended to be paid in cash and 55% in Innofactor shares. The subscription price of the shares will be the volume weighted average share price on April 30–May 30, 2014. The company may also pay these shares in cash, either entirely or partially, if it so chooses.

Along with Innofactor, atBusiness Oy has been one of the Finland's leading providers of solutions based on Microsoft technologies for commercial and public sector clients. atBusiness Oy's strategy was almost the same as Innofactor's strategy. The acquisition made Innofactor one of the five largest Nordic providers focused on Microsoft technologies. The new size will give Innofactor improved conditions to operate as a public limited company, implement its growth strategy in the Nordic Countries and to offer its own software products and services to its customers through its own channel. The arrangement is believed to result in significant synergy benefits.

The figures of Innofactor Business Solutions Oy have been consolidated into the Innofactor group as of June 1, 2013. In June 1–June 30, 2013, the not audited net sales of Innofactor Business Solutions Oy were EUR 1,537 thousand, and result was EUR -2 thousand (IFRS), which included EUR 140 thousand in one-off costs related to business arrangements. If Innofactor Business

Solutions Oy had been part of the Innofactor group as of January 1, 2013, the not audited, pro forma net sales of the Innofactor group in January 1–June 30, 2013, would have been EUR 20,497 thousand and result EUR 876 thousand.

The acquisition price according to IFRS is EUR 2,500 thousand (the estimated purchase price of the shares) and has been presented in more detail in the following preliminary calculation.

	Values registered for consolidation (EUR thousand)
Tangible assets	16
Intangible assets	2,458 (of which technology 310 and customer relationships 2,144)
Trade and other receivables	3,054
Cash and cash equivalents	365
Total assets	5,893
Financing liabilities at market value	13,707 (includes a capital loan of 5,057 at cost price)
Other liabilities	3,648 (includes a deferred tax liability of 601)
Liabilities total	17,355
Net assets	-11,462 (total assets - total debts)
Acquisition cost	2,500 (cash 2,902; instruments equivalent to own capital 3,355; conditional compensation 1,300; capital loan -5,057)
Goodwill	13,962 (acquisition cost - net assets)
Acquisition price paid in cash	2,902
Cash funds of the acquired subsidiary	365
Effect on cash flow	-2,537

In the acquisition, the value of atBusiness Oy customer relationships and software has been set to EUR 2,454 thousand. These intangible assets are included in the other intangible assets in the group balance sheet.

According to IFRS 3, the purchasing party registers, if necessary, some assets and liabilities that the target of the acquisition has not previously registered as assets and liabilities in its financial statement. For example, the purchasing party registers acquired intangible assets that can be identified individually, such as brand, patent or customer relationship, which the target has not registered as assets in its financial statement, because it has created them internally and has registered the related costs as expenses.

In the acquired company, the customer relationships and technology has been identified as such assets. A separate value definition has defined the market value of the customer relationships and software at the time of acquisition to be EUR 2,454 thousand. Defining the value is based on a MEEM calculation (Multi Period Excess Earnings Method). The value of the customer relationships and software will depreciated according to the plan during 9 years.

According to IFRS 3.32, the purchasing party must register a business value at the time of acquisition and it is defined as the difference of the following:

- a) compensation handed over and
- b) the net amount of the acquired individually identifiable assets and the taken liabilities at the time of acquisition, valued in accordance with the IFRS 3 standard.

The business value of the acquisition, after taking into account the imputed taxes, is EUR 13,962 thousand. The business value is based on synergy benefits expected from the acquisition of Innofactor Business Solutions Oy, utilizing the common sales and marketing network, expanding customer relationships in the group, and the transferred personnel.

atBusiness Oy's confirmed losses have not been taken into account in the acquisition cost calculation, because there is some uncertainty about their transfer. If the transfer of losses is confirmed during the 12 months following the acquisition, the acquisition cost calculation will be modified on the relevant parts. Thus, the acquisition cost calculation is preliminary.

The final acquisition cost calculation for Bridgeconsulting A/S (current Innofactor A/S)

On June 25, 2012, Innofactor Plc signed an agreement on acquiring the entire share capital of the Danish company Bridgeconsulting A/S from the company's management (3% of shares were purchased directly and 97% indirectly by acquiring the entire share capital of Bridgeconsulting Holding Aps). The name of Bridgeconsulting A/S has been changed to Innofactor A/S.

The acquisition price depends on the target company's realized EBITDA of the 12 months following the acquisition (July 1, 2012–June 30, 2013). The acquisition price will be paid in Danish kroner and in Innofactor Plc shares and the total price is estimated to be approximately EUR 2.5 million. It was agreed that the minimum purchase price shall be approximately EUR 1.6 million and the maximum purchase price approximately EUR 3.0 million. Approximately EUR 1.26 million of the acquisition price was paid in cash at the beginning of July 2012 and the rest was paid with Innofactor Plc's shares during September 2013.

The figures of Innofactor A/S have been consolidated into the Innofactor group as of July 1, 2012.

The acquisition price according to IFRS is the estimated acquisition price of the shares, which was EUR 2,018 thousand in the preliminary acquisition cost calculation and is EUR 2,489 in the final acquisition cost calculation. It is presented in more detail below.

Values registered for consolidation (EUR thousand)

Tangible assets	63
Intangible assets	435
Trade and other receivables	873
Total assets	1,371
Financing liabilities	258
Other liabilities	530
Liabilities total	788
Net assets	583
Acquisition cost	2,489
Goodwill	1,906
Acquisition price paid in cash	1,260
Cash funds of the acquired subsidiary	0
Effect on cash flow	-1,260

The value of the customer contracts and the related customer relationships included in the intangible assets (EUR 435 thousand) has been defined on the basis of the estimated life time of customer relationships and the discounted net cash flows resulting from current customer relationships.

The acquisition created business value of EUR 1,906 thousand. The business value is based on the expected synergy benefits arising from the acquisition of Innofactor A/S and on making use of the common sales and marketing network in the group and expanding customer relationships.

Largest shareholders

According to the share register maintained by Euroclear Finland Oy, the share ownership of the 20 largest Innofactor Plc shareowners at the end of the review period on September 30, 2013, was as follows:

Name	Number of shares	% of share capital
1. Ensio Sami	7,422,087	20.87%
<i>Ensio Sami</i>	5,248,327	14.75%
<i>minor under guardianship</i>	724,588	2.04%
<i>minor under guardianship</i>	724,586	2.04%
<i>minor under guardianship</i>	724,586	2.04%
2. Sentica Kasvurahasto II Ky	3,539,189	9.94%
3. Tilman Tuomo Tapani	2,924,442	8.22%
<i>Tilman Tuomo Tapani</i>	2,747,492	7.72%
<i>Mpire Capital Oy</i>	176,950	0.50%
4. Salminen Jyrki Kalle Tapio	2,747,492	7.72%
5. Laiho Rami Tapani	1,438,391	4.04%
6. Linturi Kaija and Risto	1,296,911	3.65%
<i>R. Linturi Oyj</i>	529,607	1.49%
<i>Linturi Kaija</i>	430,000	1.21%
<i>Linturi Risto</i>	337,304	0.95%
7. Trainer's House Kasvusysteemiosakeyhtiö	1,142,310	3.21%
8. Lampi Mikko Olavi	1,045,543	2.94%
9. Ärje Matias Juhanpoika	946,278	2.66%
10. Mäki Antti-Jussi	930,201	2.61%
11. Luostarinen Juha Markku T	929,438	2.61%
12. Muukkonen Teemu Heikki	507,468	1.43%
13. Kukkonen Heikki-Harri	355,021	1.00%
14. Järvenpää Janne-Olli	352,804	0.99%
15. Jokinen Klaus Antero	300,001	0.84%
16. Laiho Jari Olavi	270,000	0.76%
17. Ementor Norge As	269,299	0.76%
18. CHRA Holding ApS	253,843	0.71%
Kure Holding ApS	253,843	0.71%
Maro Holding ApS	253,843	0.71%
Peter Kyvsgaard ApS	253,843	0.71%