

Innofactor Plc Interim Report October 25, 2016, at 8:30 Finnish time

Innofactor Plc's Interim Report for January 1–September 30, 2016 (IFRS)

Innofactor acquired Lumagate – A significant step in Innofactor’s Nordic expansion

July–September 2016 in brief:

- The net sales were approximately EUR 11.8 million, which shows an increase of 26.6%.
- The operating margin was approximately EUR 0.9 million (7.3% of the net sales), which shows an increase of 13.8%.
- The operating profit was EUR 254 thousand (2015: 562), decreasing by 54.8% (the net sales were affected by increased write-offs related to acquisitions, in accordance with IFRS 3, resulting in a decrease of EUR 455 thousand (2015: 120) in the net sales).

January–September 2016 in brief:

- The net sales were approximately EUR 41.6 million, which shows an increase of 30.6%.
- The operating margin was approximately EUR 2.8 million (6.8% of the net sales), which shows an increase of 44.7%.
- The operating profit was approximately EUR 1.0 million (2015: approximately EUR 1.1 million), decreasing by 6.2% (the net sales were affected by increased write-offs related to acquisitions, in accordance with IFRS 3, resulting in a decrease of EUR 1,365 thousand (2015: 360) in the net sales).
- Innofactor’s operating cash flow in the review period remained strong and was approximately EUR 2.5 million.

Events after the review period in brief:

- Innofactor acquired the Lumagate group, which is one of the leading Nordic IT companies, which operates in the Microsoft ecosystem and focuses on offering cloud-based solutions. It has over 70 employees in Sweden, Norway and Denmark, and its estimated net sales for 2016 are EUR 11 million.
- Innofactor considers that, after the acquisition, it has reached the position of the number one Microsoft-based solution provider in the Nordic Countries, as defined in its strategy.
- Innofactor's vision from now on is to be the leading implementer of cloud solutions and digitalization in each of the Nordic Countries (Finland, Sweden, Denmark and Norway).

	Jul 1–Sep 30, 2016	Jul 1–Sep 30, 2015*	Change	Jan 1–Sep 30, 2016	Jan 1–Sep 30, 2015*	Change	Jan 1–Dec 31, 2015*
Net sales, EUR thousand	11,803	9,322	26.6%	41,624	31,862	30.6%	44,452
Operating margin (EBITDA), EUR thousand	859	755	13.8%	2,841	1,963	44.7%	3,705
percentage of net sales	7.3%	8.1%		6.8%	6.2%		8.3%
Operating profit/loss (EBIT), EUR thousand**	254	562	-54.8%	1,006	1,072	-6.2%	2,542
percentage of net sales**	2.2%	6.0%		2.4%	3.4%		5.7%
Earnings before taxes, EUR thousand**	157	485	-67.6%	724	540	34.1%	1,935
percentage of net sales**	1.3%	5.2%		1.7%	1.7%		4.4%
Earnings, EUR thousand**	125	388	-67.8%	579	432	34.2%	1,548
percentage of net sales**	1.1%	4.2%		1.4%	1.4%		3.5%
Net gearing	55.5%	38.3%		55.5%	38.3%		34.1%
Equity ratio	41.6%	55.0%		41.6%	55.0%		56.9%
Active personnel on average during the review period***	511	407	25.6%	505	402	25.6%	427
Earnings per share (EUR)	0.0038	0.0119	68.0%	0.0176	0.0133	32.3%	0.0475

*) During the third quarter, an error in the assessment of projects was detected in the Group company concerning the period of January 1–June 30, 2015, for the year 2015 as well as previous financial periods. The assessment error was corrected for the above-mentioned periods in accordance with IAS 8: 41–42. The total effect of the error was a decrease of approximately EUR 552 thousand in the operating margin. Of this, approximately EUR 238 thousand was for the period of January 1–September 30, 2015, and the entire year 2015. Adjustments and their effects on the Group figures are described in more detail in the attachment to the interim report for January 1–September 30, 2015, which was published on October 20, 2015.

**) In accordance with IFRS 3, the operating profit for July 1–September 30, 2016, includes EUR 455 thousand (2015: 120) in depreciations related to acquisitions, concerning the allocations of the purchase price to intangible assets. Adjusted for the said depreciations, Innofactor's operative business profit for the review period of July 1–September 30, 2016, would have been EUR 709 thousand (2015: 682), the operative business result before taxes EUR 612 thousand (2015: 605), the operative business result EUR 490 thousand (2015: 484), and the operative business result per share EUR 0.0149 (2015: 0.0150). The business result of the review period January 1–September 30, 2016, includes EUR 1,365 thousand (2015: 360) in depreciations related to acquisitions, concerning the allocations of the purchase price to intangible assets. Adjusted for the said depreciations, Innofactor's operative business profit for the review period of January 1–September 30, 2016, would have been EUR 2,371 thousand (2015: 1,432), the operative business result before taxes EUR 2,089 thousand (2015: 900), the operative business result EUR 1,671 thousand (2015: 720), and the operative business result per share EUR 0.0508 (2015: 0.0223).

***) The Innofactor Group monitors the number of active personnel. The number of active personnel does not include employees who are on a leave of over 3 months.

Innofactor's future outlook for 2016 remains the same

Innofactor's net sales and operating margin (EBITDA) in 2016 are estimated to increase significantly from 2015, during which the net sales were EUR 44.5 million and operating margin was EUR 3.7 million.

CEO Sami Ensio's review: The number one Microsoft-based solution provider in the Nordic Countries

In the third quarter of 2016, Innofactor continued profitable growth in accordance with its strategy. The net sales grew by 26.6 percent (net sales EUR 11.8 million). Innofactor has estimated that the Nordic IT market will grow slightly faster in 2016 than in the previous year, and this estimate remains the same. The market growth is believed to also increase Innofactor's growth possibilities.

In the third quarter of 2016, the operating margin (EBITDA) was EUR 0.9 million (7.3 percent of the net sales) and grew by 13.8 percent from the previous year. In Innofactor's history, the fourth quarter has typically been better in terms of operating margin than the beginning of the year.

In the first three quarters of 2016, Innofactor's net sales grew by 30.6 percent (net sales approximately EUR 41.6 million). The operating margin (EBITDA) was approximately EUR 2.8 million, which shows an increase of 44.7 percent since last year. The cash flow from business activities in the first three quarters remained strong and was approximately EUR 2.5 million.

On October 9, 2016, Innofactor reached an agreement on acquiring the entire share capital of the Lumagate group from the company's key persons. Lumagate is one of the leading Nordic IT companies, which operates in the Microsoft ecosystem and focuses on offering cloud-based solutions. The company has over 70 employees in three different countries: Sweden, Norway and Denmark. Its estimated net sales in 2016 are EUR 11 million. Due to the acquisition, Innofactor will expand into Norway and will strengthen its position significantly in Sweden and Denmark. Innofactor considers that, after the acquisition, it has reached the position of the number one Microsoft-based solution provider in the Nordic Countries, as defined in its strategy. Innofactor's vision from now on is to be the leading implementer of cloud solutions and digitalization in each of the Nordic Countries.

Innofactor is still actively looking for new strategic partnerships in the Nordic Countries. The Group's goal is to grow both organically and through acquisitions.

Strategy and its realization in January–September 2016

Innofactor is a leading implementer of cloud solutions and digitalization in the Nordic Countries. Innofactor has the widest solution offering and leading know-how in the Microsoft ecosystem in

the Nordic Countries. Innofactor has over 600 enthusiastic and motivated top specialists in Finland, Sweden, Denmark and Norway. Innofactor's customers include over 1,500 companies and public administration and third sector organizations. During the years 2017–2020, Innofactor will primarily strive to unify its offering in the Nordic Countries in its selected areas. This may happen either through organic growth or selected acquisitions.

Innofactor's mission: We empower organizations and people to make a difference in the digital world.

Innofactor's vision: We are the leading implementer of cloud solutions and digitalization in each of the Nordic Countries (Finland, Sweden, Denmark and Norway).

Innofactor's strategy for achieving this vision includes:

- The best Nordic professionals in the Microsoft ecosystem
- The leading offering in cloud solutions and digitalization
- A proactive, value-adding and flexible delivery model
- Spearhead customers in selected fields in the Nordic Countries

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

- To achieve annual organic growth of approximately 20 percent in 2020 at the latest.
- To achieve approximately 20 percent operating margin (EBITDA) in relation to the net sales in 2020 at the latest
- To keep the cash flow positive and to secure solid financial standing in all situations

Innofactor's net sales on the review period of January 1–September 30, 2016, grew by 30.6% and a significant part of this was based on inorganic growth resulting from acquisitions.

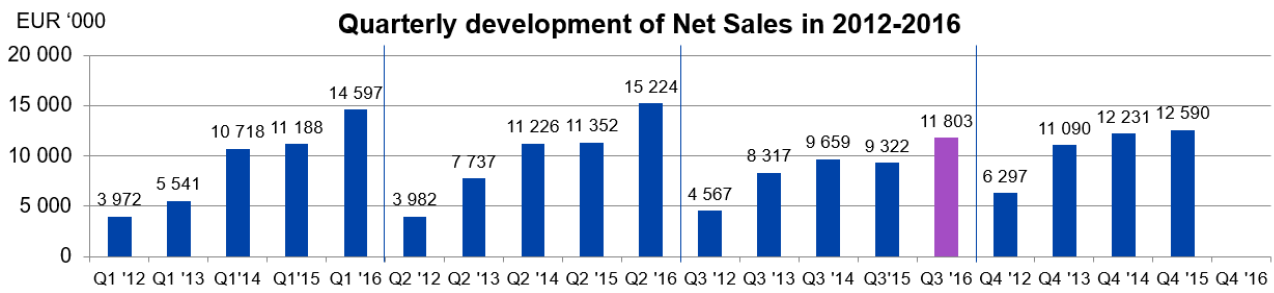
Innofactor's operating margin (EBITDA) in relation to net sales was 6.8 percent in the review period of January 1–September 30, 2016. Typically, Innofactor's profitability has improved towards the end of the year.

Innofactor's operating cash flow in the review period of January 1–September 30, 2016, was EUR 2.5 million positive (2015: EUR 2.5 million). Innofactor's financial stability is good. Net gearing at the end of the review period was 55.5 percent (2015: 38.3 percent). During the review period, Innofactor redeemed the EUR 3.2 million hybrid bond, which decreased the equity ratio and increased the net gearing. For the acquisition of Cinteros AB, the company took loans for

approximately EUR 4.1 million during the review period, which increased the amount of interest bearing liabilities.

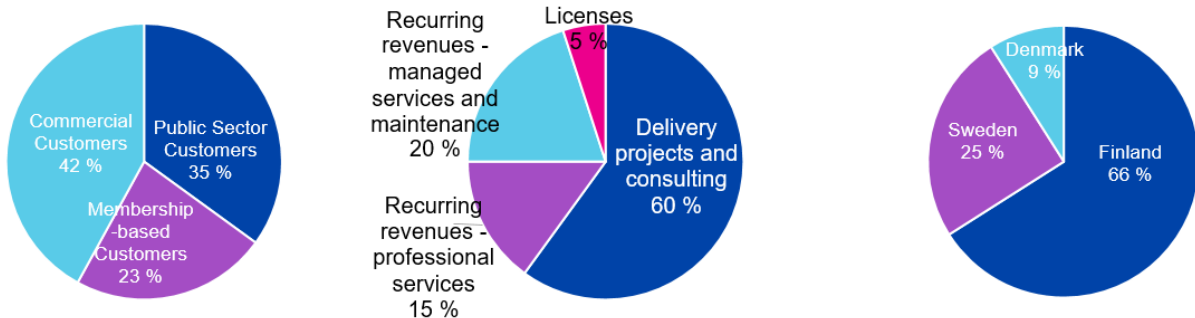
Previously, Innofactor's vision was to be the number one Microsoft-based solution provider in the Nordic Countries. To realize this vision, Innofactor has made several strategic business arrangements and acquired significant amounts of external financing for these. Due to the Lumagate acquisition signed on October 9, 2016, Innofactor will expand into Norway and will strengthen its position significantly in Sweden and Denmark. Innofactor considers that after this, it has reached the position of the number one Microsoft-based solution provider in the Nordic Countries, as was its vision. For this reason, the vision has been updated as described above.

Innofactor's net sales and operating margin grew significantly during the review period



Innofactor's net sales on July 1–September 30, 2016, were EUR 11,803 thousand (2015: 9,322), which shows an increase of 26.6 percent, and on January 1–September 30, 2016, the net sales were EUR 41,624 thousand (2015: 31,862), which shows an increase of 30.6 percent.

Distribution of net sales 1.1.–30.9.2016



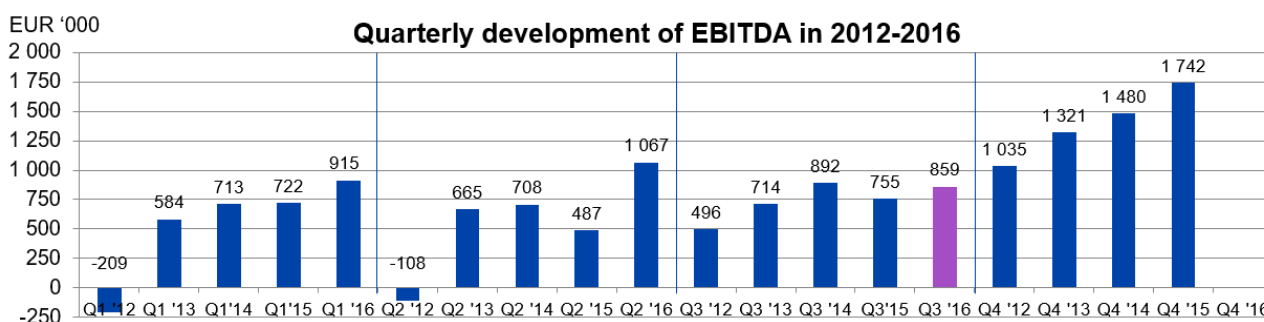
Innofactor's business operations were focused on Finland, Sweden and Denmark. In January 1–September 30, 2016, approximately 66 percent of the net sales came from Finland, approximately 25 percent from Sweden and approximately 9 percent from Denmark.

Of the net sales in January 1–September 30, 2016, approximately 42% came from commercial clients, approximately 35% from public sector clients and approximately 23% from third sector clients.

Innofactor's net sales in the review period of January 1–September 30, 2016, came from the following sources:

- approximately 60% from IT system delivery projects and consulting
- approximately 15% from specialist work based on recurring service contracts, such as smaller customer-specific changes and further development of IT systems
- approximately 20% from services based on recurring service contracts, such as SaaS, cloud and hosting services, and from software maintenance
- approximately 5% from licenses, of which the share of licensing income to third parties was about 3% of the net sales

Innofactor's 10 largest clients accounted for approximately 32 percent of the net sales during the review period January 1–September 30, 2016. Significant growth compared to the previous year (2015: 23 percent) is mainly due to the fact that the Swedish subsidiary Innofactor AB (former Cinteros AB), which was merged into Innofactor on January 1, 2016, has several major projects in progress at the moment.



Innofactor's operating margin (EBITDA) in July 1–September 30, 2016, was EUR 859 thousand (2015: 755), which shows an increase of 13.8 percent. EBITDA accounted for 7.3 percent of the net sales (2015: 8.1%). Innofactor's operating profit in July 1–September 30, 2016, was EUR 254 thousand (2015: 562), which shows a decrease of 54.8 percent. Operating profit accounted for 2.2 percent of the net sales (2015: 6.0%).

Innofactor's operating margin (EBITDA) on January 1–September 30, 2016, was EUR 2,841 thousand (2015: 1,963), which shows an increase of 44.7 percent. EBITDA accounted for 6.8 percent of the net sales (2015: 6.2%). Innofactor's operating profit in January 1–September 30, 2016, was EUR 1,006 thousand (2015: 1,072), which shows a decrease of 6.2 percent. Operating profit accounted for 2.4 percent of the net sales (2015: 3.4%).

Acquisitions are a central part of Innofactor's strategy. Depreciations of intangible rights resulting from acquisitions vary greatly depending on how valuable the customer contracts and technology of the acquired company are estimated to be and also in what kind of schedule the resulting intangible rights will be depreciated. For this reason, the company's view is that instead of the

operating profit, the primary measure for profitability should be the operating margin (EBITDA), because it is not affected by the said depreciations.

The growth of Innofactor's net sales and operating margin in the review period was affected by the acquisition of the Swedish company Cinteros AB (current Innofactor AB), whose figures have been incorporated into Innofactor figures as of January 1, 2016. In accordance with IFRS 3, the operating profit for July 1–September 30, 2016, includes EUR 455 thousand (2015: 120) in depreciations related to acquisitions, concerning the allocations of the purchase price to intangible assets. Adjusted for the said depreciations, Innofactor's operative business profit for the review period of July 1–September 30, 2016, would have been EUR 709 thousand (2015: 682), which shows an increase of 4.0 percent. The business result of the review period January 1–September 30, 2016, includes EUR 1,365 thousand (2015: 360) in depreciations related to acquisitions, concerning the allocations of the purchase price to intangible assets. Adjusted for the said depreciations, Innofactor's operative business profit for the review period of January 1–September 30, 2016, would have been EUR 2,371 thousand (2015: 1,432), which shows an increase of 65.6 percent.

Innofactor's operating cash flow in the review period remained strong

Innofactor's balance sheet total at the end of the review period was EUR 56,606 thousand (2015: 44,831). The growth in the balance sheet total was mainly due to the acquisition of Cinteros AB. The Group's liquid assets totaled EUR 827 thousand (2015: 524), consisting totally of cash funds.

The operating cash flow remained strong, and in January 1–September 30, 2016, it was EUR 2,456 thousand (2015: 2,480). The investment cash flow was significantly affected by the acquisition of Cinteros AB, realized during the review period, and it was EUR -2,553 thousand (2015: -2,070).

The equity ratio at the end of the review period was 41.6 percent (2015: 55.0%) and net gearing was 55.5 percent (2015: 38.3%). During the review period, Innofactor redeemed the EUR 3.2 million hybrid bond, which decreased the equity ratio and increased the net gearing.

At the end of the review period, the company had EUR 6,898 thousand in current interest bearing liabilities (2015: 4,232) and EUR 5,903 thousand in non-current interest bearing liabilities (2015: 5,478). The total amount of interest bearing liabilities was EUR 12,801 thousand (2015: 9,710). For the acquisition of Cinteros AB, the company took loans for approximately EUR 4.1 million during the review period, which increased the amount of interest bearing liabilities.

The return on investment in January 1–September 30, 2016, grew from the previous year and was 5.9 percent (2015: 4.3%).

The return on equity in January 1–September 30, 2016, grew from the previous year and was 4.9 percent (2015: 2.5%).

The non-current assets in Innofactor's balance sheet at the end of the review period were EUR 38,017 thousand in total and consisted of the following items:

- Tangible assets EUR 520 thousand
- Goodwill EUR 22,195 thousand
- other intangible assets EUR 8,293 thousand
- Shares and holdings EUR 62 thousand
- Receivables EUR 663 thousand
- Deferred tax assets EUR 6,284 thousand

Innofactor's gross investments in tangible assets in the review period of January 1–September 30, 2016, were EUR 295 thousand (2015: 350), consisting of normal additional and replacement investments required by growth.

The write-offs on intangible assets were EUR 1,450 thousand (2015: 575). The growth was mainly due to increased write-offs on intangible assets resulting from the Cinteros AB acquisition.

Innofactor's research and product development investments increased significantly

In the Innofactor strategy, renewed at the end of 2015, the role of product and service development has gained more importance and investments for 2016 have been increased. The acquisition of Cinteros AB, realized at the beginning of 2016, and its products that have thus become Innofactor's products support this strategic development.

In the product development during the review period, focus was on renewing existing products, increasing cloud capabilities and continuous further development in order to support the growth of product-based business. A significant part of the Group's research and product development costs in the review period were due to the further development of the Membership Management Solutions product that Innofactor gained in the Cinteros AB acquisition.

Innofactor's research and development costs recognized in profit or loss for July 1–September 30, 2016, were approximately EUR 756 thousand (2015: 538), which accounts for 6.4 percent of the net sales (2015: 5.8%).

Innofactor's research and development costs recognized in profit or loss for January 1–September 30, 2016, were approximately EUR 2,505 thousand (2015: 1,609), which accounts for 6.0 percent of the net sales (2015: 5.0%).

Innofactor's net sales per person continued to grow

Primarily, Innofactor monitors the number of active personnel. The number of active personnel does not include employees who are on a leave of over 3 months.

In the Cinteros AB acquisition, realized at the beginning of the year, approximately 100 new employees were transferred to Innofactor in Sweden.

The average number of active personnel in July 1–September 30, 2016, was 511 persons (2015: 407), which shows an increase of 25.6 percent.

The average number of active personnel in January 1–September 30, 2016, was 505 persons (2015: 402), which shows an increase of 25.6 percent.

In the review period January 1–September 30, 2016, net sales per active person was approximately EUR 82.4 thousand (2015: 79.3), which shows an increase of EUR 3.2 thousand per person.

At the end of the review period, the number of active personnel was 519 (2015: 412), which shows an increase of 26.0 percent.

At the end of the review period, the average age among personnel was 39.9 years (2015: 39.6).

Women accounted for 28 percent (2015: 25%) of the personnel. Men accounted for 72 percent (2015: 75%) of the personnel.

Other events in the review period

On January 25, 2016, Innofactor announced in a stock exchange release that Keva has selected Innofactor in a public procurement competition as the provider of a web content management system and related services. The system delivery includes the implementation project, maintenance and support services. The comparison price (excluding VAT) of the procurement for the contract period is EUR 549,324.

On January 26, 2016, Innofactor announced in a stock exchange release that starting from January 26, 2016, Innofactor's CEO Sami Ensio will take a sick leave of approximately two months related to an operation he is going to have and the recovery from it. During Sami Ensio's sick leave, his deputy will be Innofactor's CFO Janne Martola.

On January 28, 2016, Innofactor announced in a stock exchange release that the Board of HKL (Helsinki City Transport) decided on January 27, 2016, to cancel the procurement decision for the situational information system for the Metro's total security as Tieto Finland Oy, which came third in the bidding competition, has made a claim for rectification concerning the procurement. Additionally, the Board gave the Managing Director the authorization to interrupt the procurement. On November 26, 2015, HKL had made a procurement decision, selecting Innofactor as the provider of the system. The system concerned in the procurement will guarantee Metro's safe operation for the customers. As stated by the customer, the procurement price (excluding VAT) for the period of four years is EUR 2,909,000. The framework arrangement of the

procurement was intended to remain in effect for a maximum of 15 years. For this total time, Innofactor has stated that the total price according to the tender will be EUR 7,025,500. Innofactor considers the HKL's decision on cancelling the procurement decision to be clearly in violation of the Procurement Act, and Innofactor will make a complaint about the matter to The Market Court, unless the City of Helsinki changes the decision. The legal process concerning the legality of the decision will possibly take about 2–3 years. The Local Government Act still gives the Helsinki City Government the right to take the matter into handling, and this gives the City Government the option to overrule the HKL Board decision.

On January 28, 2016, Innofactor announced in a stock exchange release that in a tendering process governed by a framework agreement, the Hospital District of Helsinki and Uusimaa (HUS) has selected Innofactor as the provider for transferring application and infrastructure solutions into cloud services and as the provider of continuous services and expert services related to the cloud services. In its invitation to tender, HUS estimated that the value of the delivery would be about EUR 1.5 million during the contract period of 2016–2017. However, the final value of the deal during the contract period cannot be stated for certain at this point. The whole includes transferring the existing On-Premises applications and infrastructure solutions of HUS into a Microsoft Azure cloud environment and also monitoring, management and support consultation services. The delivery also includes cloud architecture development, application and infrastructure service design/planning for individual projects and implementation of HUS' own solutions, such as Virtual Hospitals. Project deliveries and services related to the cloud transfer are planned to be delivered in stages during 2016–2017.

On February 29, 2016, Innofactor announced in a stock exchange release that Innofactor has redeemed its EUR 3.2 million hybrid bond in full in cash. Innofactor has no other hybrid bonds. Innofactor did not take a new bank loan to redeem the hybrid bond. Currently, Innofactor has bank loans for a total of approximately EUR 11.3 million.

On March 29, 2016, Innofactor announced in a stock exchange release that that the share repurchase program started in autumn 2015 has ended. The Board of Directors decided to cancel the 552,360 treasury shares.

On April 18, 2016, Innofactor announced in a stock exchange release that the company had cancelled 552,360 treasury shares. The cancellation of the shares has been registered in the Trade register on April 18, 2016. After the registrations, the total number of Innofactor Plc shares is 32,901,377.

On May 13, 2016, Innofactor announced in a stock exchange release that Innofactor Plc's CFO and deputy CEO Janne Martola has handed in his resignation on his own initiative on May 12, 2016. Innofactor's Board of Directors and Martola have agreed that Martola will continue as the CFO until the end of the third quarter on September 30, 2016.

On June 7, 2016, Innofactor announced in a stock exchange release that in its meeting on June 6, 2016, the Board of Directors of Innofactor Plc decided to start the acquisition of the company's own shares. A maximum of 800,000 shares will be acquired, equaling approximately 2.43% of the total number of the company's shares. The decision is based on the authorization, given to the Board by the General Meeting on March 29, 2016, to acquire a maximum of 8,000,000 shares. The acquisition of own shares will start at the earliest on July 1, 2016, and will end on March 31, 2017, at the latest.

On June 23, 2016, Innofactor announced in a stock exchange release that ABB Oy in Finland and Innofactor Plc signed an agreement on June 23, 2016, concerning the delivery of an Azure-based Integrated Management System to be used by ABB in Finland and the Baltic countries. The total value of the agreement is approximately EUR 925 thousand. The solution is based on Innofactor's Quality First out-of-the-box product, and the management system is used in a Microsoft Azure cloud environment. The three-year agreement encompasses management system licenses and their maintenance, the delivery project, support and maintenance services as well as Innofactor's Azure Managed Services.

On July 7, 2016, Innofactor announced in a stock exchange release that Innofactor's Board of Directors had appointed Patrik Pehrsson as Innofactor Plc's new Chief Financial Officer (CFO) as of October 1, 2016. Previously, Pehrsson has worked as a CFO at Microsoft Oy since 2008. In his new role, Pehrsson, M.Sc. (Econ. & Bus. Adm.), will be a member of Innofactor's Executive Board, reporting to CEO Sami Ensio.

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 32,901,377 of which the company was holding 120,000 shares. Innofactor Plc has one series of shares. Each share is entitled to one vote.

On July 1–September 30, 2016, the highest price of the company share was EUR 1.04 (2015: EUR 0.99), the lowest price was EUR 0.82 (2015: EUR 0.77), and the average* price was EUR 0.98 (2015*: EUR 0.86).

On January 1–September 30, 2016, the highest price of the company share was EUR 1.04 (2015: EUR 1.20), the lowest price was EUR 0.75 (2015: EUR 0.76), and the average* price was EUR 0.92 (2015*: EUR 1.00).

The closing price for the review period on September 30, 2016, was EUR 0.98 (2015: EUR 0.81).

* 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, 2016, a total of 4,253,658 shares were traded (2015: 915,772 shares), which corresponds to 13.0 percent (2015: 2.8%) of the average number of shares on the said period. On July 1–September 30, 2016, there were 32,843,204 shares on the average (2015: 32,647,384*). The share trading increased by 364.5 percent compared to the corresponding period in 2015.

In public trading on January 1–September 30, 2016, a total of 8,208,802 shares were traded (2015: 5,377,075 shares), which corresponds to 24.9 percent (2015: 16.6%) of the average number of shares on the said period. On January 1–September 30, 2016, there were 32,913,457 shares on the average (2015: 32,375,039*). The share trading increased by 52.7 percent compared to the corresponding period in 2015.

* The average number of shares does not include treasury shares.

The market value of the share capital at the closing price of the review period, EUR 0.98, on September 30, 2016, was EUR 32,243 thousand (2015: 27,097), which shows an increase of 19.0 percent.

On September 30, 2016, the company had 10,815 shareowners (2015: 11,031), including administrative registers.

The Board of Directors has the following authorizations:

- Until June 30, 2017, 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 by the General Meeting of March 29, 2016); the authorization has not been used.
- Until June 30, 2017, to decide on a transfer of a maximum of 1,000,000 treasury shares (decided by the General Meeting of March 29, 2016); the authorization has not been used.

On February 22, 2016, Innofactor published a flagging announcement pursuant to Chapter 9, Section 10 of the Finnish Securities Markets Act, stating that as a result of a share transaction made on February 22, 2016, Jyrki Salminen's ownership of Innofactor Plc has decreased below 5 percent.

Treasury shares

The General Meeting of March 29, 2016, authorized the Board of Directors to decide on acquiring of a maximum of 8,000,000 treasury shares in one or several parts with the company's unrestricted equity. The authorization entitles the Board to deviate from the shareholders' proportional shareholdings (directed acquisition). Treasury shares may be acquired at the purchase price formed for them in public trading at the day of purchase or at another market price. The number of treasury shares at a time may be, at the maximum, one tenth of the total number of shares in the company. Shares may be purchased to be used in company acquisitions or

implementing other arrangements relating to the company's business operations, improving the company's capital or financing structure, as a part of the company's incentive system, or otherwise to be handed over or voided. 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 June 30, 2017. This authorization replaces the Board's earlier authorizations concerning share repurchase. On the basis of the authorization, Innofactor Plc purchased a total of 120,000 of its own shares during the review period. After the purchases made during the review period, the authorization remains valid for 7,880,000 shares.

On March 29, 2016, Innofactor announced in a stock exchange release that that the share repurchase program started in autumn 2015 has ended. The Board of Directors decided to cancel the 552,360 treasury shares the company had on March 31, 2016. They were cancelled on April 18, 2016.

On June 7, 2016, Innofactor announced in a stock exchange release that in its meeting on June 6, 2016, the Board of Directors of Innofactor Plc decided to start the acquisition of the company's own shares. A maximum of 800,000 shares will be acquired, equaling approximately 2.43% of the total number of the company's shares. The decision is based on the authorization, given to the Board by the General Meeting on March 29, 2016, to acquire a maximum of 8,000,000 shares. The acquisition of own shares started on July 1, 2016, and will end on March 31, 2017, at the latest. On September 30, 2016, Innofactor Plc had a total of 120,000 (0.36%) Innofactor shares in its possession.

Management of the company

Innofactor Plc complies with the recommendations of the Corporate Governance Code 2015 for Finnish listed companies, published by the Securities Market Association.

The General Meeting of March 29, 2016, decided that the number of Board members is five. Of the current members of the Board of Directors, Sami Ensio, Jukka Mäkinen, Ilari Nurmi, Pekka Puolakka and Ari Rahkonen were re-elected. In their organizing meeting held immediately after the General Meeting, the Board of Directors elected Ari Rahkonen as the Chairman of the Board.

The General Meeting approved the proposal to appoint the auditing firm PricewaterhouseCoopers Oy as the auditor for the company, with Samuli Perälä, APA, as the main responsible auditor.

Innofactor has drawn up a separate Corporate Governance Statement for the financial period of 2015.

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

Market outlook and business environment

Innofactor's market outlook and business environment in their entirety are described in the financial statement and annual report.

There have been no significant changes in Innofactor's market outlook and business environment during the review period nor can any be seen.

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 Innofactor Plc's Board of Directors four times a year as part of the strategy and business planning process. The risks are published in their entirety in the financial statement and in the Annual Report of the Board of Directors. The interim reports only present the changes in short-term risks.

Financing risks: In January 2016, Innofactor took a bank loan package totaling approximately EUR 4.1 million for the Cinteros AB acquisition, on February 29, 2016, the company redeemed the EUR 3.2 million hybrid bond, and in March 2016, the company reorganized its other loans. In total at the end of the review period, Innofactor had approximately EUR 12.8 million in interest bearing debts. Additionally, after the review period, in October, Innofactor took a loan package totaling approximately EUR 5.0 million for the Lumagate acquisition.

Innofactor has committed itself to the following covenants: equity ratio calculated every 6 months is at least 38% on December 31, 2016, and a minimum of 40% on June 30, 2017, and on every 6-month check point after that. Additionally, interest bearing liabilities calculated every 6 months divided by the 12-month operating margin (EBITDA), including the pro forma effect of acquisitions, is a maximum of 3.0 on two review points (June 30, 2016, and December 31, 2016) and a maximum of 2.5 in the review point of June 30, 2017, and on each 6-month review period after that.

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

Acquisitions and changes in the group structure

On December 22, 2015, Innofactor announced in a stock exchange release that Innofactor will acquire the entire share capital of the Swedish company Cinteros AB from the company's management. The acquisition was realized on January 8, 2016, and Cinteros AB and its financial figures have been consolidated into the Innofactor Group as of January 1, 2016. Cinteros AB is 100% owned by the Swedish subsidiary Innofactor Holding AB, which Innofactor Plc acquired in

connection with the acquisition and which is 100% owned by Innofactor Plc. The name of Cinteros AB was changed to Innofactor AB on May 31, 2016.

No other significant acquisitions or other changes in the group structure were carried out during the review period. The Lumagate acquisition took place after the review period and is described in the section "Events after the review period".

Events after the review period

On October 10, 2016, Innofactor announced in a stock exchange release that on October 9, 2016, it had signed an agreement on acquiring the entire share capital of the Nordic Lumagate group from the company's key persons. Lumagate is one of the leading Nordic IT companies, which operates in the Microsoft ecosystem and focuses on offering cloud-based solutions. The company has over 70 employees in three different countries: Sweden, Norway and Denmark. Due to the acquisition, Innofactor will expand into Norway and will strengthen its position significantly in Sweden and Denmark. Innofactor considers that, after the acquisition, it has reached the position of the number one Microsoft-based solution provider in the Nordic Countries, as defined in its strategy. Lumagate's high quality know-how, productized solutions and strong customer base complement Innofactor's current business operations splendidly. Innofactor's vision from now on is to be the leading implementer of cloud solutions and digitalization in each of the Nordic Countries.

Lumagate companies' total net sales in the last financial period (January 1–December 31, 2015) was approximately EUR 8.7 million*, which shows an increase of 35% from 2014. The operating margin (EBITDA) was approximately EUR 0.2 million*, which was approximately 3% of the net sales. The total net sales for the current financial period of 2016 is estimated to be approximately EUR 11 million* and operating margin approximately 7%. The company has 70 employees in Sweden, Norway and Denmark. 10 of them have reached the Microsoft's Most Valuable Professional level. Lumagate and its financial figures will be consolidated into the Innofactor Group as of October 1, 2016.

The purchase price will be determined by Lumagate's operating margin in 2016, 2017 and 2018. The Enterprise Value (EV) is a minimum of approximately EUR 4.7 million (approximately SEK 45 million) and a maximum of EUR 10.5 million (approximately SEK 100 million). In connection with realizing the acquisition, the sellers will be paid approximately EUR 4.7 million in cash in SEK (approximately SEK 45 million). The payment is planned to be financed with a new bank loan of EUR 5 million at the maximum. The rest of the Enterprise Value, which is a maximum of EUR 5.8 million (approximately SEK 55 million), will be based in total on the growth of the operating margin after the realization of the acquisition and is intended to be paid mainly in Innofactor shares during 2018 and 2019. The part of the purchase price to be paid in shares includes a transfer restriction, which will be gradually released during a period of 24 months and which concerns 90 percent of the shares. The integration of Lumagate and Innofactor operations will

start immediately, and the goal is to finish it before the end of 2018. Due to the time of realizing the acquisition, the more detailed book-keeping process concerning the merger is in still progress and all information related to it cannot be presented in connection with this interim report.

*) The above-mentioned total figures of the Lumagate companies have not been audited.

On October 10, 2016, Innofactor announced in a stock exchange release that it will renew its vision and long-term financial goals. The new vision and goals are described in this interim report's section "Strategy and its realization in January–September 2016."

There are no other significant events in Innofactor after the financial period.

Innofactor's future outlook for 2016 remains the same

Innofactor's net sales and operating margin (EBITDA) in 2016 are estimated to increase significantly from 2015, during which the net sales were EUR 44.5 million and operating margin was EUR 3.7 million.

Espoo, October 25, 2016

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, 2016

On October 25, 2016, 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 9, Espoo. The report will be presented by the CFO Patrik Pehrsson. 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 by sending email to tanja.eskolin@innofactor.com.

If required, Innofactor will also hold a conference call in English for analysts, media and investors on October 25, 2016, at 16:00 Finnish time. Registrations to tanja.eskolin@innofactor.com before 12:00 Finnish time on Monday, October 24, 2016.

Distribution:
NASDAQ Helsinki
Main media
www.innofactor.com

Financial statement summary and appendixes January 1–September 30, 2016 (IFRS)

Accounting policies

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

This Interim Report has been drafted in accordance with the IAS 34 Interim financial reporting standard. The interim report adheres to the same accounting policies 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 2015.

Innofactor has taken into use the instructions given by the European Securities and Market Authority, ESMA, concerning alternative key figures. In addition to the IFRS key figures, Innofactor publishes certain alternative key figures in order to present the financial development of the actual business operations and to improve comparisons between different periods. Acquisitions are a central part of Innofactor's strategy. Depreciations of intangible rights resulting from acquisitions vary greatly depending on how valuable the customer contracts and technology of the acquired company are estimated to be and also in what kind of schedule the resulting intangible rights will be depreciated. For this reason, the company's view is that instead of the operating profit, the primary measure for profitability should be the operating margin (EBITDA), because it is not affected by the said depreciations. In addition to the operating margin, the company also publishes the operative business result adjusted for the above-mentioned depreciations, operative business result before taxes, operative business result, and operative business result per share. Depreciations related to acquisitions, adjusted from the above-mentioned key figures, in the period July 1–June 30, 2016, were EUR 455 thousand (2015: 120), and in the period January 1–September 30, 2016, EUR 1,365 thousand (2015: 360).

Other alternative key figures used by Innofactor are equity ratio, net gearing, return on investment, return on equity, and net sales per person. The formulas for calculating the other alternative key figures are presented at the end of this interim report.

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. The application of the accounting policies also requires judgment. 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 this interim report have not been audited.

Consolidated Profit and Loss Statement, IFRS

EUR thousand	Jul 1–Sep 30, 2016	Jul 1–Sep 30, 2015	Jan 1–Sep 30, 2016	Jan 1– Sep 30, 2015	Jan 1–Dec 31, 2015
Net sales	11,803	9,322	41,624	31,862	44,452
Other operating income	300	27	334	70	234
Materials (–)	-950	-700	-3,869	-2,402	-3,464
Employee benefits/expenses (–)	-8,282	-6,542	-29,187	-22,738	-30,708
Depreciation (–)	-605	-193	-1,835	-891	-1,163
Other operating expenses (–)	-2,012	-1,352	-6,061	-4,829	-6,809
Operating profit/loss	254	562	1,006	1,072	2,542
Financial income	0	1	1	1	1
Financial expenses (–)	-97	-78	-283	-533	-608
Profit/loss before taxes	157	485	724	540	1,935
Income taxes	-32	-97	-145	-108	-387
Profit/loss for the financial period	125	388	579	432	1,548
Items that may be later recognized in profit or loss:					
Exchange differences	-16	-4	-37	-4	0
Total comprehensive income	109	384	542	428	1,548

Earnings per share calculated from the profit attributable to equity holders of the parent:

basic earnings per share (EUR)	0.0038	0.0119	0.0176	0.0133	0.0475
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	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Non-current assets			
Tangible assets	520	596	541
Goodwill	22,195	19,584	19,584
Other intangible assets	8,293	3,067	2,934
Shares and holdings	62	0	62
Receivables	663	0	663
Deferred tax assets	6,284	7,076	6,704
Non-current assets	38,017	30,323	30,488
Current assets			
Trade and other receivables	14,762	13,984	12,652
Cash and cash equivalents	827	524	843
Current assets	15,589	14,508	13,495
TOTAL ASSETS	53,606	44,831	43,983

SHAREHOLDERS' EQUITY AND LIABILITIES

EUR thousand	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Equity attributable to the shareholders of the parent company			
Share capital	2,100	2,100	2,100
Share premium reserve	72	72	72
Other reserves (+/-)	59	59	59
Fund for invested unrestricted equity	16,153	16,153	16,153
Hybrid bond	0	3,200	3,200
Treasury shares	-115	-73	-345
Retained earnings	3,304	2,463	3,295
Total shareholders' equity	21,573	23,974	24,534
Non-current liabilities			
Loans from financial institutions	5,903	5,478	4,791
Deferred tax liabilities	2,111	858	840
Long term liabilities total	8,014	6,336	5,631
Current liabilities			
Loans from financial institutions	6,898	4,232	4,428
Trade and other payables	17,121	10,289	9,390
Current liabilities total	24,019	14,521	13,818
Total liabilities	32,033	20,857	19,449
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	53,606	44,831	43,983

Statement of change in shareholders' equity, IFRS

EUR thousand	Share capital	Share premium reserve	Reserve fund	Fund for invested unrestricted equity	Treasury shares	Retained earnings	Hybrid bond	Total shareholders' equity
Shareholders' equity Jan 1, 2016	2,100	72	59	16,153	-345	3,295	3,200	24,534
Comprehensive income								
Profit for the financial period						579		579
Correction								0
Other comprehensive income:								
Exchange differences						-37		-37
Total comprehensive income	0	0	0	0	0	542	0	542
Share issue								0
Purchase of treasury shares					-255			-255
Share issue								0
Cancellation of treasury shares					485	-485		0
Transactions with shareholders in total	0	0	0	0	230	-485	0	-255
Redemption of the hybrid bond							-3,200	-3,200
Interest payments on the hybrid bond						-47		-47
Shareholders' equity Sep 30, 2016	2,100	72	59	16,153	-115	3,304	0	21,573

EUR thousand	Share capital	Share premium reserve	Reserve fund	Fund for invested unrestricted equity	Treasury shares	Retained earnings	Hybrid bond	Total shareholders' equity
Shareholders' equity Jan 1, 2015	2,100	72	59	14,995	0	2,036	3,200	22,462
Comprehensive income								
Profit for the financial period						432		432
Correction								0
Other comprehensive income:								
Exchange differences						-5		-5
Total comprehensive income	0	0	0	0	0	427	0	427
Share issue				1,158				1,158
Purchase of treasury shares					-73			-73
Transactions with shareholders in total	0	0	0	1,158	-73	0	0	1,085
Interest payments on the hybrid bond								0
Shareholders' equity Sep 30, 2015	2,100	72	59	16,153	-73	2,462	3,200	23,974

Consolidated Cash Flow Statement, IFRS

EUR thousand	Jan 1–Sep 30, 2016	Jan 1–Sep 30, 2015	Jan 1–Dec 31, 2015
Cash flow from operating activities			
Operating profit	1,006	1,072	2,542
Adjustments:			
Depreciation	1,835	890	1,163
Changes in working capital:			
Change in trade or other receivables (+/–)	990	1,514	2,120
Change in trade and other payables (+/–)	-1,093	-728	-1,535
Interests paid (–)	-283	-268	-348
Interests received	1	0	1
Total cash flow from operating activities	2,456	2,480	3,943
Investment cash flow			
Acquisition of subsidiaries	-2,215	-1,685	-1,685
Investments in intangible and tangible assets (–)	-338	-385	-477
Total cash flow from investments	-2,553	-2,070	-2,162
Cash flow from financing			
Loans withdrawn	9,152	1,178	1,390
Loans paid	-5,569	-2,105	-2,809
Payments received from share issue		117	117
Redemption of the hybrid bond	-3,200	0	0
Interest payments on the hybrid bond	-47	0	-288
Purchase of treasury shares	-255	-73	-345
Total cash flow from financing	81	-883	-1,935
Change in cash and cash equivalents (+/–)	-16	-473	-154
Cash and cash equivalents, opening balance	843	997	997
Cash and cash equivalents, closing balance	827	524	843

Consolidated Profit and Loss Statement by Quarter, IFRS

EUR thousand	Jan 1– Mar 31,2016	Apr 1–Jun 30,2016	Jul 1–Sep 30,2016	Oct 1– Dec 31,2016	Jan 1– Mar 31,2015	Apr 1–Jun 30,2015	Jul 1–Sep 30,2015	Oct 1– Dec 31,2015
Net sales	14,597	15,224	11,803		11,188	11,352	9,322	12,590
Other operating income	21	13	300		13	30	27	164
Materials (–)	-1,468	-1,451	-950		-672	-1,030	-700	-1,062
Employee benefits/expenses (–)	-10,236	-10,669	-8,282		-8,012	-8,184	-6,542	-7,970
Depreciation (–)	-609	-621	-605		-350	-348	-193	-272
Other operating expenses (–)	-1,999	-2,050	-2,012		-1,796	-1,681	-1,352	-1,980
Operating profit/loss	306	446	254		372	139	562	1,470
Financial income	0	1	0		0	0	1	0
Financial expenses (–)	-135	-51	-97		-112	-343	-78	-75
Profit/loss before taxes	171	396	157		260	-204	485	1,395
Income taxes	-34	-79	-32		-51	41	-97	-279
Profit/loss for the financial period	137	317	125		209	-163	388	1,116

Commitments and contingent liabilities

EUR thousand	Sep 30, 2016	Sep 30, 2015	Dec 31, 2015
Collateral given for own commitments			
Collateral for rent	185	81	85
Mortgages on company assets*	16,562	16,250	16,250
Bank guarantees	303	303	303
Other own guarantees			
Lease liabilities			
Current lease liabilities	99	145	137
Lease liabilities maturing in 1-5 years	120	177	144
Total	219	322	281
Rental liabilities			
Current rental liabilities	1,735	1,268	1,244
Rental liabilities maturing in 1-5 years	2,121	2,820	2,563
Total	3,856	4,088	3,807
Other own guarantees total	4,075	4,410	4,088

* Of the mortgages on company assets, EUR 500 thousand was in the company's possession on September 30, 2016.

	Jul 1–Sep 30, 2016	Jul 1–Sep 30, 2015	Change	Jan 1–Sep 30, 2016	Jan 1–Sep 30, 2015	Change	Jan 1–Dec 31, 2015
Net sales, EUR thousand	11,803	9,322	26.6%	41,624	31,862	30.6%	44,452
Growth of net sales	26.6%	-3.5%		30.6%	0.8%		1.4%
Operating margin (EBITDA), EUR thousand*	859	755	13.8%	2,841	1,963	44.7%	3,705
percentage of net sales*	7.3%	8.1%		6.8%	6.2%		8.3%
Operating profit/loss (EBIT), EUR thousand*	254	562	-54.8%	1,006	1,072	-6.2%	2,542
percentage of net sales	2.2%	6.0%		2.4%	3.4%		5.7%
Earnings before taxes, EUR thousand** ***	157	485	-67.6%	724	540	34.1%	1,935
percentage of net sales	1.3%	5.2%		1.7%	1.7%		4.4%
Earnings, EUR thousand** ***	125	388	-67.8%	579	432	34.2%	1,548
percentage of net sales	1.1%	4.2%		1.4%	1.4%		3.5%
Shareholders' equity, EUR thousand	21,573	23,974	-10.0%	21,573	23,974	-10.0%	24,534
Return on equity****	5.5%	6.6%		4.9%	2.5%		6.6%
Interest bearing liabilities, EUR thousand	12,801	9,710	31.8%	12,801	9,710	31.8%	9,219
Cash and cash equivalents, EUR thousand	827	524	57.8%	827	524	57.8%	843
Deferred tax assets, EUR thousand	6,284	7,076	-11.2%	6,284	7,076	-11.2%	6,704
Return on equity****	5.2%	6.2%		5.9%	4.3%		7.6%
Net gearing	55.5%	38.3%		55.5%	38.3%		34.1%
Equity ratio	41.6%	55.0%		41.6%	55.0%		56.9%
Balance sheet total, EUR thousand	53,606	44,831	19.6%	53,606	44,831	19.6%	43,983
Research and product development EUR thousand	756	538	40.5%	2,505	1,609	55.7%	2,495
percentage of net sales	6.4%	5.8%		6.0%	5.0%		5.6%
Active personnel on average during the review period*****	511	407	25.6%	505	402	25.6%	427
Active personnel on average at the end of the review period*****	519	412	26.0%	519	412	26.0%	432
Number of shares at the end of the review period	32,901,377	33,453,737	-1.7%	32,901,377	33,453,737	-1.7%	33,453,737
Earnings per share (EUR)	0.0038	0.0119	68.0%	0.0176	0.0133	32.3%	0.0475
Shareholders' equity per share (EUR)	0.656	0.717	-8.5%	0.656	0.717	-8.5%	0.733

*) During the third quarter, an error in the assessment of projects was detected in the Group company concerning the period of January 1–June 30, 2015, for the year 2015 and only the last quarter of 2014 for the previous financial periods. The assessment error has been corrected for the above-mentioned periods in accordance with IAS 8: 41–42. The total effect of the error on the net sales for January 1–September 30, 2015, and for the net sales of the entire year 2015 was a decrease of approximately EUR -238 thousand in the operating margin and operating profit. Adjustments and their effects on the Group figures are described in more detail in the attachment to the interim report for January 1–September 30, 2015, which was published on October 20, 2015.

**) During the third quarter of 2015, an error in the assessment of projects was detected in the Group company concerning the period of January 1–June 30, 2015, for the year 2015 and only the last quarter of 2014 for the previous financial periods. The assessment error has been corrected for the above-mentioned periods in accordance with IAS 8: 41–42. The effect of the error on the net sales for January 1–September 30, 2015, and for the entire year 2015 was a decrease of approximately EUR -238 thousand in the earnings before taxes, which decreased the profit of the financial period of 2015 by EUR -190 thousand. Adjustments and their effects on the Group figures are described in more detail in the attachment to the interim report for January 1–September 30, 2015, which was published on October 20, 2015.

***) In accordance with IFRS 3, the operating profit for July 1–September 30, 2016, includes EUR 455 thousand (2015: 120) in depreciations related to acquisitions, concerning the allocations of the purchase price to intangible assets. Adjusted for the said depreciations, Innofactor's operative business profit for the review period of July 1–September 30, 2016, would have been EUR 709 thousand (2015: 682), the operative business result before taxes EUR 612 thousand (2015: 605), the operative business result EUR 490 thousand (2015: 484), and the operative business result per share EUR 0.0149 (2015: 0.0150). The business result of the review period January 1–September 30, 2016, includes EUR 1,365 thousand (2015: 360) in depreciations related to acquisitions, concerning the allocations of the purchase price to intangible assets. Adjusted for the said depreciations, Innofactor's operative business profit for the review period of January 1–September 30, 2016, would have been EUR 2,371 thousand (2015: 1,432), the operative business result before taxes EUR 2,089 thousand (2015: 900), the operative business result EUR 1,671 thousand (2015: 720), and the operative business result per share EUR 0.0508 (2015: 0.0223).

****) 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 Innofactor Group monitors the number of active personnel. The number of active personnel does not include employees who are on a leave of over 3 months.

The preliminary acquisition cost calculation for Cinteros AB

On December 21, 2015, Innofactor Plc signed an agreement on acquiring the entire share capital of Cinteros AB from the company's management. According to the agreement published by the company on December 22, 2015, the purchase price will be determined by Cinteros' realized operating margin in 2016 and growth of sales in 2017. The Enterprise Value (EV) is a minimum of approximately SEK 25 million (approximately EUR 2.7 million) and it was paid in SEK as the agreement was signed on January 8, 2016, and all of Cinteros AB shares were transferred to the ownership of Innofactor. In connection with signing the agreement, the sellers were paid approximately SEK 28 million in cash (approximately EUR 3.1 million). The payment in its entirety was financed with a new bank loan.

The rest of the Enterprise Value, which is a maximum of SEK 49 million (at the exchange rate of the time of publishing the deal, a maximum of EUR 5.3 million), is intended to be paid mainly in Innofactor shares during 2017 and 2018. The Enterprise Value (EV) is a maximum of SEK 74 million (at the exchange rate of the time of publishing the deal, a maximum of EUR 8.0 million). The part of the purchase price to be paid in shares includes a transfer restriction, which will be gradually released during a period of 36 months and which concerns 75 percent of the shares.

The figures for Cinteros AB were consolidated into the Innofactor Group's balance sheet as of January 1, 2016, and, thus, they are not included in the balance sheet of December 31, 2015. Cinteros AB's name was changed to Innofactor AB on May 31, 2016, after which the Cinteros services are offered under the Innofactor brand.

The acquisition cost according to IFRS is the estimated purchase price of the shares, which in the preliminary acquisition cost calculation is EUR 9,342 thousand and has been presented in more detail in the following calculation. The calculation is preliminary and is based on the audited figures of Cinteros AB for 2015.

Values registered for consolidation (EUR thousand)	
Tangible assets	82
Intangible assets	6,696
Deferred tax assets	64
Non-current deposits	97
Trade and other receivables	2,856
Cash and cash equivalents	1,858
Total assets	11,654
Other payables	4,923 (includes a deferred tax liability of 1,473)
Total liabilities	4,923
Net assets	6,731 (total assets - total debts)
Acquisition cost	9,342 (cash 4,073, conditional compensation 5,269)
Goodwill	2,611 (acquisition cost - net assets)
Purchase price paid in cash	4,073
Cash funds of the acquired subsidiary	1,858
Cash flow effect	-2,215

The value of the customer contracts and the related customer relationships included in the intangible assets (EUR 2,805 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 value of the products and technologies included in the intangible assets (EUR 3,891 thousand) has been defined on the basis of the new customers' license orders and estimated license income from other new customers and the discounted net cash flows resulting from estimated maintenance agreements related to product licenses.

The acquisition created a preliminary goodwill of EUR 2,611 thousand. The goodwill is based on the expected synergy benefits arising from the acquisition of Cinteros AB and on making use of the common sales and marketing network in the group and expanding customer relationships.

The acquisition cost calculation is preliminary.

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, 2016, was as follows. Additionally, on September 30, 2016, Innofactor Plc had a total of 120,000 (0.36%) Innofactor shares in its possession.

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. Ilmarinen Mutual Pension Insurance Company	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	522,230	1.59%
10. Bergqvist J.T.	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. Damen 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. Insurance company Henki-Fennia	157,000	0.48%

Formulas for calculating the key figures

Operating margin (EBITDA):

Operating profit/loss - Depreciations

Percentage of return on equity:

Profit or loss before taxes - Taxes

Shareholders' equity

Percentage of return on investment:

Profit or loss before taxes + Interest and other financial expenses

Shareholders' equity + Interest bearing financial liabilities

Net gearing:

Interest bearing liabilities - Cash funds

Shareholders' equity

Equity ratio, %:

Shareholders' equity

Balance sheet total - Received advances

Result/share:

Profit before taxes attributable to equity holders of the parent - Taxes

Average number of shares on the financial period adjusted after the share issue

Shareholders' equity / share:

Equity attributable to the shareholders of the parent company

Undiluted number of shares on the date of the financial statement

Net sales / person

Net sales

Active personnel on average during the review period