

Innofactor Plc Stock Exchange Release April 30, 2012, at 8:30 Finnish time

## **Innofactor Plc's interim report for January 1–March 31, 2012 (IFRS)**

### **Summary**

Innofactor group's key figures for January 1–March 31, 2012:

- Net sales EUR 3,972\* thousand (2011: 3,943), increase of 0.7%\*
- Operating profit before depreciation and amortization (EBITDA), EUR -209\*\* thousand (2011: 150), decrease of 239.3%
- EBITDA percentage -5.3%\*\* (2011: 3.8%)
- Operating profit (EBIT) EUR -347\*\* thousand (2011: 19), decrease of 1,926.3%
- EBIT percentage -8.7%\*\* (2011: 0.5%)

The future outlook for Innofactor remains the same. There are notable uncertainties related to the outlook for 2012 due to the instability of the global financial situation, so no detailed estimate of the outlook can be provided. In 2012, the organic growth of Innofactor is estimated to continue (2011: net sales were EUR 17,205 thousand). The profitability of the business operations is expected to remain positive.

The figures in this interim report have not been audited.

\* Due to the organizational change on January 2, 2012, projects were rearranged, which had a one-off effect of lowering the net sales in January by about EUR 300 thousand.

\*\* Due to the organizational change on January 2, 2012, projects were rearranged, which had a one-off effect of lowering the net sales in January by about EUR 300 thousand. Additionally, the personnel and office space arrangements related to the organizational change led to a one-off cost of about EUR 100 thousand. In total, these reduced the profitability by about EUR 400 thousand.

**Key figures of the group, IFRS**

|  | mo. 1–3<br>/2012 | mo. 1–3<br>/2011 | Change    | mo. 1–<br>12<br>/2011 |
|--|------------------|------------------|-----------|-----------------------|
| Net sales, EUR thousand*   | 3,972            | 3,943            | +0.7%     | 17,205                |
| Operating profit before depreciation<br>and amortization (EBITDA), EUR<br>thousand** | -209             | 150              | -239.3%   | 1,443                 |
| percentage of net sales**  | -5.3%            | 3.8%             |           | 8.4%                  |
| Operating profit (EBIT), EUR<br>thousand**   | -347             | 19               | -1,926.3% | 904                   |
| percentage of net sales**  | -8.7%            | 0.5%             |           | 5.3%                  |
| Earnings before taxes, EUR<br>thousand**   | -347             | 16               | -8.7%     | 886                   |
| percentage of net sales**  | -8.7%            | 0.4%             |           | 5.1%                  |
| Earnings, EUR thousand**   | -344             | 13               | -2,268.8% | 687                   |
| percentage of net sales**  | -8.7%            | 0.3%             |           | 4.0%                  |
| Shareholders' equity, EUR thousand   | 13,094           | 12,291           | +6.5%     | 12,905                |
| Return on equity***  | -10.6%           | 0.4%             |           | 5.5%                  |
| Return on investment***  | -10.6%           | 0.7%             |           | 7.2%                  |
| Net gearing  | -11.8%           | -9.9%            |           | -5.4%                 |
| Equity ratio   | 79.0%            | 74.8%            |           | 74.5%                 |
| Balance sheet total, EUR thousand  | 18,627           | 18,241           | -6.1%     | 18,324                |
| Research and development, EUR<br>thousand  | 692              | 592              |           | 2,086                 |
| percentage of net sales  | 17.4%            | 15.0%            |           | 12.1%                 |
| Personnel on average during the<br>review period                                     | 183              | 174              | +5.2%     | 177                   |
| Personnel at the end of the review<br>period   | 184              | 177              | +4.0%     | 189                   |
| Number of shares at the end of the<br>review period****                              | 30,165,900       | 29,261,849       | +3.1%     | 29,261,800            |
| Earnings per share (EUR)****   | -0.0118          | 0.0004           | -2,746.7% | 0.0235                |
| Shareholders' equity per share<br>(EUR)****  | 0.434            | 0.420            | +3.3%     | 0.441                 |

\* Due to the organizational change on January 2, 2012, projects were rearranged, which had a one-off effect of lowering the net sales in January by about EUR 300 thousand.

\*\* Due to the organizational change on January 2, 2012, projects were rearranged, which had a one-off effect of lowering the net sales in January by about EUR 300 thousand. Additionally, the personnel and office space arrangements related to the organizational change led to a one-off cost of about EUR 100 thousand. In total, these reduced the profitability by about EUR 400 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.

\*\*\*\* In accordance with the decision of the Innofactor Plc's Annual General Meeting on April 28, 2011, twenty old shares were consolidated into one new share (registered in the Trade Register on May 7, 2011), which reduced the total number of shares to 1/20 of the previous number. The key figures presented in the table have been adjusted to correspond with the current number of shares.

## **Reporting**

Innofactor operates on a single segment and mainly in Finland, offering software, systems and related services. No distribution of net sales or earnings by segment or geographical area is therefore presented.

### **CEO Sami Ensio's review**

During January 1–March 31, 2012, Innofactor's net sales grew by 0.7 percent compared to the corresponding period last year. Due to the organizational change on January 2, 2012, projects were rearranged, which had a one-off effect of lowering the net sales in January by about EUR 300 thousand. The growth was entirely organic.

The effect on net sales related to the starting of the organizational change has been larger and has lasted longer than estimated beforehand. The organizational change is necessary to secure Innofactor's competitiveness in the long run and it is expected to improve Innofactor's competitiveness on the second half of the year. For example, dividing the product development and system integrator operations into their own units has already improved the quality of product development.

There have not been any significant changes in the general market situation compared to the last quarter of 2011.

The revenue development was also affected by research and product development costs, which were larger than on an average quarter and partly unexpected. New versions of two key products were delayed and therefore required more resources that had been planned causing extra costs and delays in agreed version installments, which hindered the growth of net sales. Research and development costs recognized in the profit and loss statement in the review period were EUR 692 thousand (2011: EUR 592 thousand), which was 17.4% of the net sales (2011: 15.0%).

Operating profit before depreciation and amortization (EBITDA) in the review period was EUR -209 thousand (-5.3%) and operating profit (EBIT) was EUR -347 thousand (-8.7%). In addition to the above-mentioned write-off of EUR 300 thousand in the net sales, the operating profit was affected by the personnel and office space arrangements related to the organizational change, which led to a one-off cost of about EUR 100 thousand. Innofactor's costs are mainly personnel costs, which cannot be adapted in the short term to changes in the net sales, so the challenges of developing the net sales have a significant effect on the operating profit.

In order to improve the profitability, Innofactor's Board of Directors has made a decision to start co-operation negotiations, which will concern the personnel of Innofactor's SharePoint Solutions unit. In the longer term, Innofactor is seeking a competitive advantage and flexibility, for example, by increasing the productization level of its solutions, the share of subcontracting and the use of lower-cost resources.

Innofactor continues to seek potential strategic partnerships in Finland and neighboring countries. The group will seek growth, which can be organic or based on mergers or acquisitions.

### **Market outlook and business environment**

There have not been changes in the market outlook and business environment.

Due to the uncertainties in economic situation, it is impossible to make a reliable estimate of the development of the IT market. During the previous recession, the IT market reacted to the change less radically than many other sectors. It can therefore be assumed that in a possible new recession, the impacts will not be very dramatic, but it is difficult to present any figures.

The IT market is experiencing a clear turning point. One of the major trends is the consumerization of information technology: an increasingly larger share of the IT purchases made by companies is based on the requirements of the consumer market. Company and corporate clients tend to purchase software that can be used on phones, tablets and computers. Another trend is the ability of public clouds to offer software in a scalable and global form to a wide range of end users and for all devices, including mobile phones. Innofactor believes that Microsoft is a strong player in this situation: it holds the leading position in the business software market and invests heavily in mobile devices.

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 as well as a provider of cloud and mobile solutions. Innofactor sees that strong commitment to Microsoft brings significant competitive advantages. As the companies

focusing purely on Microsoft products are typically small, Innofactor believes that they are likely to be consolidating into larger units, and this will offer Innofactor expansion opportunities.

## Net sales

Innofactor's net sales on January 1–March 31, 2012, were EUR 3,972\* thousand (2011: 3,943), which shows an increase of 0.7 percent. The growth was entirely organic.

\* Due to the organizational change on January 2, 2012, projects were rearranged, which had a one-off effect of lowering the net sales in January by about EUR 300 thousand.

## Result development

Innofactor's operating profit before depreciation and amortization (EBITDA) on January 1–March 31, 2012, was EUR -209\*\* thousand (2011: 150), which shows a decrease of 239.3 percent. EBITDA accounted for -5.3\*\* percent of the net sales (2011: 3.8%).

Innofactor's operating profit on January 1–March 31, 2012, was EUR -347\*\* thousand (2011: 19), which shows a decrease of 1,926.3 percent. Operating profit accounted for -8.7\*\* percent of the net sales (2011: 0.5%).

On January 1–March 31, 2012, EUR 692 thousand was used for research and development costs recognized in the profit and loss statement.

\*\* Due to the organizational change on January 2, 2012, projects were rearranged, which had a one-off effect of lowering the net sales in January by about EUR 300 thousand. Additionally, the personnel and office space arrangements related to the organizational change led to a one-off cost of about EUR 100 thousand. In total, these reduced the profitability by about EUR 400 thousand.

## Financing and investments

Innofactor's balance sheet total at the end of the review period was EUR 18,627 thousand (2011: 18,241). The group's liquid assets totaled EUR 1,549 thousand (2011: 1,222), consisting totally of cash funds.

The operating cash flow in the review period of January 1–March 31, 2012, was EUR 841 thousand (2011: -383). The investment cash flow was EUR -107 thousand (2011: -109).

The equity ratio at the end of the review period was 79.0 percent (2011: 74.8%) and net gearing was -11.8 percent (2011: -9.9%).

At the end of the review period, the company had EUR 0 in current interest bearing liabilities (2011: EUR 0).

The return on investment on January 1–March 31, 2012, was -10.6 percent (2011: 0.7%).

The return on equity on January 1–March 31, 2012, was -10.6 percent (2011: 0.4%).

The non-current assets in Innofactor's balance sheet at the end of the review period were EUR 11,063 thousand in total and consisted of the following items:

- Tangible assets EUR 503 thousand
- Goodwill value EUR 1,207 thousand
- Other intangible assets EUR 1,458 thousand
- Deferred tax assets EUR 7,895 thousand

Innofactor's gross investments in tangible assets in the review period of January 1–March 31, 2012, were EUR 107 thousand (2011: 109), 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 81 thousand (2011: 81).

## **Research and product development**

Innofactor's research and development costs recognized in the profit and loss statement for January 1–March 31, 2012, were EUR 692 thousand (2011: 592), which accounts for 17.4 percent of the net sales (2011: 15.0%).

## **Personnel**

The number of personnel at Innofactor during January 1–March 31, 2012, was on the average 183 (2011: 174), which shows an increase of 5.2 percent.

At the end of the review period, the number of personnel was 184 (2011: 177), which shows an increase of 4.0 percent.

At the end of the review period, the average age among personnel was 36.8 years (2011: 36.2). Of the personnel, 38.7 percent (2011: 38.6%) had a higher academic degree, 37.0 percent (2011: 34.7%) had a lower academic degree or were studying for a higher academic degree, and 24.3 percent (2011: 26.7%) had some other degree. Women accounted for 23 percent of the personnel and men for 77 percent (2011: 20% and 80%).

## Business operations

Innofactor's business operations took place mainly in Finland and about 98% of the net sales for January 1–March 31, 2012, were generated in Finland. The rest, about 2% of the net sales, was derived from emissions trading solutions for EU member states, and from services provided to certain Swedish parishes and to some Finnish companies for their foreign operations.

Innofactor's net sales in the review period of January 1–March 31, 2012, was derived from the following sources:

- about 61% from system integrator services (incl. system deliveries and smaller alteration and further development projects)
- about 2% from licenses, of which the share of third party license income was about 1%
- about 37% from ongoing service agreements (incl. maintenance agreements, SaaS, cloud and hosting services).

Innofactor's 10 largest clients accounted for about 21 percent of the net sales during the review period January 1–March 31, 2012.

## Other events in the review period

Innofactor reformed its organization as of January 2, 2012. Innofactor group's operations were previously organized into four business units: business clients, public administration and third sector clients, software and systems, and services. In the new organization, the system integrator function (SI) and the software business (Independent Software Vendor, ISV) are separated into different units. The system integration function is organized into country-specific units; at the moment, there is only a unit in Finland. The software business is organized into a global Cloud and Mobile Solutions Unit. In the new organization, the system integrator unit in Finland is divided into four business units: Web Communications and eCommerce, Productivity and Operational Solutions, Document and Case Management, and Third Sector Solutions. The organizational change did not include any lay-offs or other similar personnel arrangements.

On January 2, 2012, Mikko Lampi, M.Sc. (Tech), was appointed Deputy Managing Director and Chief Technology Officer. He has been employed by the company since March 1, 2001, the latest position being Vice President of Software and Systems Unit.

On January 2, 2012, based on the authorization granted to it by the General Meeting, the Board of Directors of Innofactor Plc announced its decision concerning a new share-based incentive plan for the Group's personnel ("Personnel Issue") in order to commit the

personnel to the company and its goals. The incentive plan includes a maximum of 2,000,000 new shares ("Personnel Shares"), which are included in the amount authorized by the General Meeting and which are offered for subscription to the entire current personnel of the Innofactor Group, deviating from the shareholders' pre-emptive subscription rights. At the time of the decision, on January 2, 2012, Innofactor Plc had a total of 29,261,800 shares. If all the offered Personnel Shares were subscribed for in the Personnel Issue, the number of shares would increase to a maximum of 31,261,800 shares, of which a maximum of 2,000,000 Personnel Shares would account for a maximum of 6.4 percent of the total post-issue number of shares and votes. The purpose of the directed Personnel Issue is to increase the personnel's commitment to the Company, and therefore a weighty financial reason as per the Finnish Companies Act exists for waiving the pre-emptive rights of shareholders. The subscription price for the Personnel Shares is EUR 0.542 per share. The weighted average price of the Innofactor Plc shares was approximately EUR 0.601 per share between December 1, 2011, and December 30, 2011. The subscription price of the Personnel Shares is therefore approximately 10% lower than the weighted average share price in December 2011. The subscription price in total will be recognized as an increase in the company's fund for invested unrestricted equity. To cover the subscription price of the Personnel Shares, Innofactor grants loans to its personnel. The loan term is 10 years. The loan is granted as part of the distributable funds of the company. The interest rate of the loan is the 12-month Euribor at the time of the subscription period and is adjusted annually. The loan repayments and interest are deducted from the employees' monthly net salaries. The Personnel Shares must be subscribed for and the loans taken out between March 12, 2012, and March 16, 2012, after the company's Financial Statements for the year 2011 have been published. When subscribing for Personnel Shares, the subscriber has to undertake to not to resign from the company during a six month period. The trading of the issued Personnel Shares on the Helsinki Stock Exchange (NASDAQ OMX) is estimated to start on March 23, 2012. The Personnel Shares are subject to a sale and transfer restriction for 12 months starting from the date on which the increase in the share capital related to the Personnel Issue is entered in the Trade Register. The company will publish the final results of the Personnel Issue in a stock exchange release around March 20, 2012.

On March 2, 2012, Mikko Karvinen (35), M.Sc. in Economics, was appointed as a new Chief Financial Officer (CFO) at Innofactor Plc. He will be a member of Innofactor Executive Board and report to Sami Ensio, President and CEO of Innofactor Plc. Innofactor's long-time CFO, Anneli Saarikoski, will act as CFO until July 31, 2012, and then move on to other tasks at Innofactor Plc at her own request. Mikko Karvinen will join Innofactor from Tectia Plc, where he has been acting as CFO since 2009. Mikko Karvinen will start at Innofactor on August 1, 2012.



On March 19, 2012, Innofactor Plc's subsidiary Innofactor Software Ltd was selected in a public procurement procedure to deliver an electronic communication system for the processing of applications for the City of Vantaa and its enterprises and subsidiaries. The delivery includes the licenses and delivery of the system and the services related to its implementation, support, maintenance and development. The value of the contract during the next four years is approximately EUR 740,000. This transaction strengthens Innofactor's position as a provider of eService solutions in Finland. The solution is based on Dynasty® 360° information management software, SharePoint 2010 and Innofactor® CDS™ eForm component.

On March 19, 2012, the Board of Directors of Innofactor Plc accepted in full the subscriptions made in connection with the Personnel Issue. A total of 904,100 shares were subscribed by the personnel. As a result of the Personnel Issue, the number of Innofactor's shares increased by 904,100 shares to total of 30,165,900 shares. The new shares correspond to 3.0 percent of Innofactor Plc's post-issue share capital and votes. Personnel were granted loans totaling EUR 371,118.78. The subscription price in total was recognized as an increase in the company's fund for invested unrestricted equity. The new shares were registered in the Trade Register without delay. The trading of the new shares in the Helsinki Stock Exchange (NASDAQ OMX) started on March 30, 2012. The Personnel Shares are subject to a sale and transfer restriction for 12 months starting from the registration to the Trade Register.

On March 27, 2012, 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, 2011, 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, 2011.

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, 2011.

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, 2012. 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 the members of the Board of Directors shall be five and that no deputy members shall be elected. The following persons were elected as members of the Board of Directors: Sami Ensio, Juha Koponen, Pyry Lautsuo, Pekka Puolakka, and Jukka Mäkinen. At their organizing meeting held immediately after the General Meeting, the Board of Directors elected Pyry Lautsuo as 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 informed 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.

The General Meeting decided to authorize the Board of Directors to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting special rights entitling to shares pursuant to Chapter 10, Section 1 of the Finnish Companies Act in accordance with the proposal of the Board of Directors. In addition to the Current Authorization, the General Meeting decided to authorize the Board of Directors to decide on granting of a maximum of 8,000,000 shares and transferring of a maximum of 1,000,000 company shares in the company's possession, in one or several parts. The shares could be issued either against a payment or for free on the basis of conditions set by the Board of Directors and, for the part of an issue against payment, at the price defined by the Board of Directors. The New Authorization also gives the Board of Directors the right to grant special rights—as defined in the Chapter 10, Section 1 of the Finnish Companies Act—which entitle, against payment, to new shares or company shares in the company's possession. A right may also be given to a creditor in such manner that the right includes a condition that the creditor's receivable is used to set off the subscription price (convertible loan). The subscription price of the new shares and the amount paid for the company's own shares will be added to the fund for invested unrestricted equity. The New Authorization includes a right to deviate from the pre-emptive subscription rights of the existing shareholders, provided that the company has an important financial reason to do so, as regards the issue against payment, and that there is an especially important reason for the company and the good of the shareholders to do so, as regards the free issue. Within the limits set above, the New Authorization could be used, for example, 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. New issue or transfer of own shares could also be used as a contribution in kind or when using the set-off right. The New Authorization cannot be used in implementing incentive systems aimed at the company's personnel or the Chief Executive Officer. The New Authorization also includes the right to decide on a free share issue to the company itself in such a manner that, after the issue, the number of shares in

the company's possession is at the maximum one tenth (1/10) of the total number of shares in the company. This number includes the shares in the possession of the company or its subsidiaries as defined in the Chapter 15, Section 11, subsection 1 of the Finnish Companies Act. The New Authorization shall be valid until June 30, 2013. The Board of Directors was authorized to decide on all other matters related to the New Authorization.

## **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 30,165,900. Innofactor Plc has one series of shares. Each share is entitled to one vote.

On January 1–March 31, 2012, the highest price of the company share was EUR 0.65 (2011: EUR 3.20\*), the lowest price was EUR 0.58 (2011: EUR 1.40\*), and the average\*\* price was EUR 0.61 (2011: EUR 2.24\*).

The closing price for the review period on March 30, 2012, was EUR 0.58 (2011: EUR 1.60\*).

\* In accordance with the decision of the Innofactor Plc's Annual General Meeting on April 28, 2011, twenty old shares were consolidated into one new share (registered in the Trade Register on May 7, 2011), which reduced the total number of shares to 1/20 of the previous number. The share prices before share consolidation have been adjusted by multiplying them by 20.

\*\* 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 January 1–March 31, 2012, a total of 424,646 shares were traded (2011: 654,719 shares\*), which corresponds with 1.5 percent (2011: 2.3%) of the average number of shares on the said period. On January 1–March 31, 2012, there were 29,281,670 shares on the average (2011: 29,261,849\*). The share trade decreased by 38.5 percent compared to the corresponding period in 2011.

\* In accordance with the decision of the Innofactor Plc's Annual General Meeting on April 28, 2011, twenty old shares were consolidated into one new share (registered in the Trade Register on May 7, 2011), which reduced the total number of shares to 1/20 of the previous number. The numbers of shares presented in the table have been adjusted to the current number of shares historically as well by dividing the number of shares by 20.

The market value of the share capital at the closing price of the review period, EUR 0.58, on March 30, 2012, was EUR 17,469 thousand (2011: 46,819), which shows a decrease of 62.6 percent.

On March 31, 2012, the company had 12,176 shareowners (2011: 12,666), including administrative registers.

The Board of Directors of Innofactor Plc has the authorization, given by the General Meeting on December 27, 2010, to purchase 50,000,000 shares of the company. On April 4, 2011, Innofactor Plc acquired 987 company shares in public trading for the total price of EUR 78.96. These purchased shares were canceled and the cancellation was registered in the Trade Register on April 15, 2011. The cancellation resulted in a divisible number for the consolidation of shares decided by the Annual General Meeting on April 28, 2011. Innofactor Plc or the companies belonging to the same group held no other Innofactor Plc shares during the review period. By the decision of the General Meeting on April 28, 2011, which combined 20 shares into 1, the number of shares related to the authorization issued to the Board of Directors on December 27, 2010, for the repurchase of company's own shares was changed to a maximum of 2,500,000 shares.

The General Meeting of Innofactor Plc on June 18, 2009, authorized the Board of Directors to decide, by December 31, 2012, on a share issue and granting of special rights entitling to shares. A maximum of 60,000,000 new shares may be issued on the basis of the authorization. By the decision of the General Meeting on April 28, 2011, which combined 20 shares into 1, the number of shares related to the authorization issued to the Board of Directors on June 18, 2009, for a share issue and the granting of special rights entitling to shares was changed to a maximum of 3,000,000 shares. The authorization was used for the Personnel Issue, based on which a total of 904,100 shares were registered in the Trade Register on March 30, 2012. After this, the authorization includes 2,095,900 shares.

The General Meeting of Innofactor Plc on March 27, 2012, authorized the Board of Directors to decide, by June 30, 2013, on a share issue and granting of special rights entitling to shares. A maximum of 8,000,000 new shares may be issued on the basis of the authorization. This authorization has not been used.

The General Meeting of Innofactor Plc on March 27, 2012, authorized the Board of Directors to decide, by June 30, 2013, on a transfer of a maximum of 1,000,000 company shares in the company's possession, in one or several parts. This authorization has not been used.

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

- On March 30, 2012, Sami Ensio's and his children's (minors under guardianship) ownership of the Innofactor Plc votes and shares fell under one fourth (25%) when the new shares subscribed in the Personnel Issue were registered in the Trade Register. Sami Ensio and his children owned 7,370,000 shares, that is, 24.24% of the shares and votes.

- On March 30, 2012, Rami Laiho's ownership of the Innofactor Plc votes and shares fell under one twentieth (5%) when the new shares subscribed in the Personnel Issue were registered in the Trade Register. Rami Laiho owned 1,489,888 shares, that is, 4.94% of shares and votes.

Board of Directors:

- Pyry Lautsuo, 13,760 shares, 0.05%
- Sami Ensio, 7,370,000 shares, 24.24%
  - Sami Ensio, 5,196,240 shares, 17.23%
  - minor under guardianship, 724,588 shares, 2.40%
  - minor under guardianship, 724,586 shares, 2.40%
  - minor under guardianship, 724,586 shares, 2.40%
- Juha Koponen, 9,173 shares, 0.03%
- Jukka Mäkinen, 6,047 shares, 0.02%
- Pekka Puolakka, 84,843 shares, 0.28%
  - Hillside Ou, 75,670 shares, 0.25%
  - Pekka Puolakka, 9,173 shares, 0.03%

CEO:

- Sami Ensio, 7,370,000 shares, 24.24%
  - Sami Ensio, 5,196,240 shares, 17.23%
  - minor under guardianship, 724,588 shares, 2.40%
  - minor under guardianship, 724,586 shares, 2.40%
  - minor under guardianship, 724,586 shares, 2.40%

Management Team:

- Aino-Maija Gerdt, 180,000 shares, 0.60%
- Henrikki Hervonen, 133,880 shares, 0.46%
- Petteri Kekkonen, 36,900 shares, 0.12%
- Mikko Lampi, 1,045,543 shares, 3.47%
- Janne Martola, 100,000 shares, 0.33%
- Teemu Muukkonen, 507,468 shares, 1.68%
- Mikko Myllys, 176,981 shares, 0.59%
- Mika Nurmi, 139,553 shares, 0.46%
- Anneli Saarikoski, 22,616 shares, 0.07%

Auditors:

- Juha Hilmola, 0 shares, 0.0%

## 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 27, 2012, the number of the members of the Board of Directors was confirmed to be four. The General Meeting decided to approve the proposal to re-elect Sami Ensio, Juha Koponen, Pyry Lautsuo and Pekka Puolakka as members of the Board of Directors and to elect Jukka Mäkinen 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 2011.

Innofactor Plc's entire Corporate Governance and statements are available on the company's web site at: [http://www.innofactor.com/investors/corporate\\_governance](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

Success of the organizational change: Starting a new organization typically includes challenges before the desired improvement in operation can be achieved. Typically, the operation can be at least restored to the previous level of efficiency within a few months from starting the new organization. If the improvement in operation for some parts does not take place within the planned schedule, there is a risk that it will not happen at all or that the delay may lead to extra costs. The reasons for this include, for example, incorrect planning in placing units and personnel. Innofactor's Board of Directors is monitoring very closely, on a monthly level, the development of the new organization's operation and making any necessary changes, if some parts of it do not achieve quickly enough the goals set for them.

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

### **Risks related to shares**

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

### **Acquisitions and changes in the group structure**

No acquisitions or 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 provides its clients with software, systems and related services. Innofactor focuses on the supply of solutions for the Microsoft environment. Innofactor's clients are enterprises and organizations. At the moment, Innofactor operates mainly in Finland, but it also offers solutions for the global market. Innofactor aims at expanding its operations to the neighboring countries, for example, through mergers and acquisitions. Innofactor also offers value-added cloud solutions for global markets by utilizing several distribution channels.

Innofactor's mission is

- to help our clients offer their customers increasingly better services and improve their operations
  - o by providing globally significant value-added services for the Microsoft cloud and mobile environments, and
  - o by creating packaged solutions for our clients in Finland and its neighboring countries
- to provide our personnel and partners with an innovative and supportive environment in which they can continue to develop themselves.

Innofactor's vision is to become

- Microsoft's #1 Independent Software Vendor (ISV) Partner in value-added cloud and mobile solutions globally, and
- Microsoft's #1 System Integrator (SI) Partner in selected markets, first in the Nordic Countries.

Innofactor's strategy is to differentiate itself from the competitors as the leading provider focused on Microsoft solutions, and the most important strategic choices related to this are

- maintaining the ability to produce the best innovative solutions in the market
- effectively pursuing a client-oriented operating model
- offering the clients a one-stop service for the best selection of Microsoft solutions



- operating in a cost-efficient manner, for example, by utilizing software created by Innofactor, Microsoft and third parties, and available resources in an optimal way.

In the implementation of its strategy, Innofactor will focus on ensuring that regardless of possible mergers and acquisitions, Innofactor's offering and operations will remain clear and simple to manage.

Innofactor's goal is to grow profitably:

- Achieve an average annual growth of 30–40% in 2011–2015 through both organic growth and company acquisitions.
- Achieve an average annual operating profit of 10–15% before depreciation and amortization (EBITDA) in relation to the net sales in 2011–2015.
- Keep the cash flow positive and secure good financial standing in all situations.

### **Events after the review period**

On April 30, 2012, in order to improve the profitability, Innofactor's Board of Directors informed that they have made a decision to start co-operation negotiations, which will concern the personnel of its subsidiary Innofactor Software Ltd's SharePoint Solutions unit. If realized, the actions under consideration may lead to layoffs of maximum of nine employees or fixed-term layoff of 90 days at the most.

After the end of the review period, the business operations have continued as expected and there have been no other significant one-off events.

### **Future outlook**

The future outlook for Innofactor remains the same. There are notable uncertainties related to the outlook for 2012 due to the instability of the global economic situation, so no detailed estimate of the outlook can be provided. In 2012, the organic growth of Innofactor is estimated to continue (2011: net sales were EUR 17,205 thousand). The profitability of the business operations is expected to remain positive.

Espoo, April 30, 2012

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 for January 1–March 31, 2012**

On April 30, 2012, at 9:00 Finnish time, Innofactor will hold a briefing concerning the interim report in Finnish for the media and analysts at the company's premises at Keilaranta 19, Espoo. At the briefing, CEO Sami Ensio will comment the achievements of Q1/2012 and the outlook for this year.

Innofactor will also hold a conference call in English for analysts, media and investors on April 30, 2012, at 4:00 pm Finnish time. Registrations to [ir@innofactor.com](mailto:ir@innofactor.com) at least one hour before the event.

### **Financial releases in 2012**

The schedule for financial releases in 2012 is as follows:

July 16–July 30, 2012: Silent period

July 31, 2012, at 8:30 Finnish time: Interim report for January–June

October 16–October 30, 2012: Silent period

October 31, 2012, at 8:30 Finnish time: Interim report for January–September

Distribution:

NASDAQ OMX Helsinki

Main media

[www.innofactor.com](http://www.innofactor.com)

## **Financial statement summary and appendixes January 1–March 31, 2012 (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 2011.

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                      | Jan 1–<br>Mar 31,<br>2012 | Jan 1–Mar<br>31, 2011 | Jan 1–Dec<br>31, 2011 |
|-----------------------------------|---------------------------|-----------------------|-----------------------|
| Net sales                         | 3,972                     | 3,943                 | 17,205                |
| Other operating income            | 0                         | 10                    | 109                   |
| Materials (–)                     | -429                      | -231                  | -1,516                |
| Employee benefits/expenses (–)    | -3,142                    | -2,704                | -10,936               |
| Depreciations (–)                 | -138                      | -131                  | -539                  |
| Other operating expenses (–)      | -609                      | -868                  | -3,418                |
| <b>Operating profit</b>           | <b>-347</b>               | <b>19</b>             | <b>904</b>            |
| Financial income                  | 2                         | 1                     | 5                     |
| Financial expenses (–)            | -2                        | -4                    | -23                   |
| <b>Profit before taxes</b>        | <b>-347</b>               | <b>16</b>             | <b>886</b>            |
| Income taxes                      | 3                         | -3                    | -199                  |
| <b>Profit for the period</b>      | <b>-344</b>               | <b>13</b>             | <b>687</b>            |
| <b>Total comprehensive income</b> | <b>-344</b>               | <b>13</b>             | <b>687</b>            |

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

|                                  |         |        |        |
|----------------------------------|---------|--------|--------|
| Basic earnings per share (EUR)   | -0.0118 | 0.0004 | 0.0235 |
| 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                | Mar 31, 2012  | Mar 31, 2011  | Dec 31,<br>2011 |
|-----------------------------|---------------|---------------|-----------------|
| <b>Non-current assets</b>   |               |               |                 |
| Tangible assets             | 503           | 524           | 459             |
| Goodwill                    | 1,207         | 1,207         | 1,207           |
| Other intangible assets     | 1,458         | 1,766         | 1,534           |
| Deferred tax assets         | 7,895         | 8,128         | 7,895           |
| <b>Non-current assets</b>   | <b>11,063</b> | <b>11,625</b> | <b>11,095</b>   |
| <b>Current assets</b>       |               |               |                 |
| Trade and other receivables | 6,015         | 5,394         | 6,533           |
| Cash and cash equivalents   | 1,549         | 1,222         | 696             |
| <b>Current assets</b>       | <b>7,564</b>  | <b>6,616</b>  | <b>7,229</b>    |
| <b>TOTAL ASSETS</b>         | <b>18,627</b> | <b>18,241</b> | <b>18,324</b>   |

**SHAREHOLDERS' EQUITY AND  
LIABILITIES**

| EUR thousand  | Mar 31, 2012  | Mar 31, 2011  | Dec 31, 2011  |
|---|---------------|---------------|---------------|
| <b>Shareholders' equity</b>                           |               |               |               |
| Share capital   | 2,100         | 2,100         | 2,100         |
| Share premium reserve                                 | 72            | 72            | 72            |
| Other reserves (+/-)                                  | 59            | 59            | 59            |
| Fund for invested unrestricted equity                 | 8,834         | 8,344         | 8,344         |
| Retained earnings                                     | 2,029         | 1,716         | 2,330         |
| <b>Total shareholders' equity</b>                     | <b>13,094</b> | <b>12,291</b> | <b>12,905</b> |
| <b>Long term liabilities</b>                          |               |               |               |
| Deferred tax liabilities                              | 417           | 455           | 420           |
| <b>Long term liabilities total</b>                    | <b>417</b>    | <b>455</b>    | <b>420</b>    |
| <b>Current liabilities</b>                            |               |               |               |
| Trade and other payables                              | 5,117         | 5,496         | 5,000         |
| <b>Current liabilities total</b>                      | <b>5,117</b>  | <b>5,496</b>  | <b>5,000</b>  |
| <b>Liabilities total</b>                              | <b>5,534</b>  | <b>5,951</b>  | <b>5,420</b>  |
| <b>TOTAL SHAREHOLDERS' EQUITY AND<br/>LIABILITIES</b> | <b>18,627</b> | <b>18,241</b> | <b>18,324</b> |

**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 |
|--|---------------|-----------------------|----------------|---------------------------------------|------------|-------------------|----------------------------|
| <b>Shareholders' equity Jan 1, 2012</b>  | 2,100         | 72                    | 59             | 8,344                                 | -20        | 2,350             | 12,905                     |
| Comprehensive income                     |               |                       |                |                                       |            |                   |                            |
| Profit for the financial period          |               |                       |                |                                       |            | -344              | -344                       |
| Total comprehensive income               | 0             | 0                     | 0              | 0                                     | 0          | -344              | -344                       |
| <b>Shareholders' equity Mar 31, 2012</b> | 2,100         | 72                    | 59             | 8,344                                 | -20        | 2,049             | 13,094                     |
| <b>Shareholders' equity Jan 1, 2011</b>  | 2,100         | 72                    | 59             | 8,344                                 | -20        | 1,723             | 12,278                     |
| Comprehensive income                     |               |                       |                |                                       |            |                   |                            |
| Profit for the financial period          |               |                       |                |                                       |            | 13                | 13                         |
| Total comprehensive income               | 0             | 0                     | 0              | 0                                     | 0          | 13                | 13                         |
| <b>Shareholders' equity Mar 31, 2011</b> | 2,100         | 72                    | 59             | 8,344                                 | -20        | 1,736             | 12,291                     |

**Consolidated cash flow statement, IFRS**

| EUR thousand                                      | Jan 1–Mar<br>31, 2012 | Jan 1–Mar 31,<br>2011 | Jan 1–<br>Dec 31, 2011 |
|---|-----------------------|-----------------------|------------------------|
| <b>Cash flow from operating activities</b>        |                       |                       |                        |
| Operating profit                                  | -347                  | 20                    | 904                    |
| Amendments:                                       |                       |                       |                        |
| Depreciations                                     | 138                   | 131                   | 539                    |
| Non-cash transactions                             | 43                    | 0                     | 0                      |
| Change in working capital:                        |                       |                       |                        |
| Change in trade or other receivables (+/-)        | 890                   | 715                   | -338                   |
| Change in trade and other payables (+/-)          | 117                   | -1,171                | -1,807                 |
| Interests paid (-)                                | -2                    | -4                    | -23                    |
| Interests received                                | 2                     | 1                     | 5                      |
| Taxes paid (-)                                    | 0                     | -75                   | -78                    |
| <b>Cash flow from operating activities, total</b> | <b>841</b>            | <b>-383</b>           | <b>-798</b>            |
| <b>Cash flow/investments</b>                      |                       |                       |                        |
| Investments in intangible and tangible assets (-) | -107                  | -109                  | -220                   |
| <b>Cash flow/investments total</b>                | <b>-107</b>           | <b>-109</b>           | <b>-220</b>            |
| <b>Cash flow/financing</b>                        |                       |                       |                        |
| Payments received from share issue                | 119                   | 0                     | 0                      |
| Purchase of own shares (-)                        | 0                     | 0                     | 0                      |
| Paid dividends (-)                                | 0                     | 0                     | 0                      |
| <b>Cash flow/financing total</b>                  | <b>119</b>            | <b>0</b>              | <b>0</b>               |
| <b>Change in liquid funds (+/-)</b>               | <b>853</b>            | <b>-492</b>           | <b>-1,018</b>          |
| Liquid funds, opening balance                     | 696                   | 1,714                 | 1,714                  |
| Liquid funds closing balance                      | 1,549                 | 1,222                 | 696                    |



**Consolidated profit and loss statement by quarter, IFRS**

| EUR thousand                    | Jan 1–<br>Mar 31,<br>2012 | Apr 1–<br>Jun 30,<br>2012 | Jul 1–<br>Sep 30,<br>2012 | Oct 1–Dec<br>31, 2012 | Jan 1–Mar<br>31, 2011 | Apr 1–<br>Jun 30,<br>2011 | Jul 1–<br>Sep 30,<br>2011 | Oct 1–<br>Dec 31,<br>2011 |
|---------------------------------|---------------------------|---------------------------|---------------------------|-----------------------|-----------------------|---------------------------|---------------------------|---------------------------|
| Net sales                       | 3,972                     |                           |                           |                       | 3,943                 | 4,360                     | 3,766                     | 5,136                     |
| Other operating income          | 0                         |                           |                           |                       | 10                    | 11                        | 39                        | 49                        |
| Materials (–)                   | -429                      |                           |                           |                       | -231                  | -389                      | -325                      | -571                      |
| Employee benefits/ expenses (–) | -3,142                    |                           |                           |                       | -2,704                | -2,686                    | -2,393                    | -3,153                    |
| Depreciations (–)               | -138                      |                           |                           |                       | -131                  | -133                      | -132                      | -143                      |
| Other operating expenses (–)    | -609                      |                           |                           |                       | -868                  | -1,021                    | -675                      | -854                      |
| <b>Operating profit</b>         | <b>-347</b>               |                           |                           |                       | <b>19</b>             | <b>142</b>                | <b>280</b>                | <b>463</b>                |
| Financial income                | 2                         |                           |                           |                       | 1                     | 1                         | 0                         | 3                         |
| Financial expenses (–)          | -2                        |                           |                           |                       | -4                    | -4                        | -6                        | -9                        |
| <b>Profit before taxes</b>      | <b>-347</b>               |                           |                           |                       | <b>16</b>             | <b>139</b>                | <b>274</b>                | <b>457</b>                |
| <b>Income taxes</b>             | <b>3</b>                  |                           |                           |                       | <b>-3</b>             | <b>-31</b>                | <b>-69</b>                | <b>-96</b>                |
| <b>Profit for the period</b>    | <b>-344</b>               |                           |                           |                       | <b>13</b>             | <b>108</b>                | <b>205</b>                | <b>361</b>                |

**Commitments and contingent liabilities**

| EUR thousand                                | Mar 31, 2012 | Mar 31, 2011 | Dec 31, 2011 |
|---|--------------|--------------|--------------|
| <b>Collateral given for own commitments</b> |              |              |              |
| Rental guarantees                           | 155          | 185          | 152          |
| Business mortgages                          | 1,000        | 300          | 1,000        |
| Bank guarantees                             | 18           | 18           | 18           |
| <b>Other own guarantees</b>                 |              |              |              |
| Lease liabilities                           |              |              |              |
| Current lease liabilities                   | 96           | 106          | 104          |
| Lease liabilities maturing in 1-5 years     | 90           | 160          | 96           |
| <b>Total</b>                                | <b>186</b>   | <b>266</b>   | <b>200</b>   |
| <b>Rental liabilities</b>                   |              |              |              |
| Current rental liabilities                  | 598          | 514          | 604          |
| Rental liabilities maturing in 1-5 years    | 697          | 589          | 836          |
| <b>Total</b>                                | <b>1,295</b> | <b>1,103</b> | <b>1,440</b> |
| <b>Other own guarantees total</b>           | <b>1,481</b> | <b>1,369</b> | <b>1,640</b> |

**Key figures of the group, IFRS**

|  | mo. 1–3<br>/2012 | mo. 1–3<br>/2011 | Change    | mo. 1–<br>12<br>/2011 |
|--|------------------|------------------|-----------|-----------------------|
| Net sales, EUR thousand*   | 3,972            | 3,943            | +0.7%     | 17,205                |
| Operating profit before depreciation<br>and amortization (EBITDA), EUR<br>thousand** | -209             | 150              | -239.3%   | 1,443                 |
| percentage of net sales**  | -5.3%            | 3.8%             |           | 8.4%                  |
| Operating profit (EBIT), EUR<br>thousand**   | -347             | 19               | -1,926.3% | 904                   |
| percentage of net sales**  | -8.7%            | 0.5%             |           | 5.3%                  |
| Earnings before taxes, EUR<br>thousand**   | -347             | 16               | -8.7%     | 886                   |
| percentage of net sales**  | -8.7%            | 0.4%             |           | 5.1%                  |
| Earnings, EUR thousand**   | -344             | 13               | -2,268.8% | 687                   |
| percentage of net sales**  | -8.7%            | 0.3%             |           | 4.0%                  |
| Shareholders' equity, EUR thousand   | 13,094           | 12,291           | +6.5%     | 12,905                |
| Return on equity***  | -10.6%           | 0.4%             |           | 5.5%                  |
| Return on investment***  | -10.6%           | 0.7%             |           | 7.2%                  |
| Net gearing  | -11.8%           | -9.9%            |           | -5.4%                 |
| Equity ratio   | 79.0%            | 74.8%            |           | 74.5%                 |
| Balance sheet total, EUR thousand  | 18,627           | 18,241           | -6.1%     | 18,324                |
| Research and development, EUR<br>thousand  | 692              | 592              |           | 2,086                 |
| percentage of net sales  | 17.4%            | 15.0%            |           | 12.1%                 |
| Personnel on average during the<br>review period                                     | 183              | 174              | +5.2%     | 177                   |
| Personnel at the end of the review<br>period   | 184              | 177              | +4.0%     | 189                   |
| Number of shares at the end of the<br>review period****                              | 30,165,900       | 29,261,849       | +3.1%     | 29,261,800            |
| Earnings per share (EUR)****   | -0.0118          | 0.0004           | -2,746.7% | 0.0235                |
| Shareholders' equity per share<br>(EUR)****  | 0.434            | 0.420            | +3.3%     | 0.441                 |

\* Due to the organizational change on January 2, 2012, projects were rearranged, which had a one-off effect of lowering the net sales in January by about EUR 300 thousand.

\*\* Due to the organizational change on January 2, 2012, projects were rearranged, which had a one-off effect of lowering the net sales in January by about EUR 300 thousand. Additionally, the personnel and office space arrangements related to the organizational change led to a one-off cost of about EUR 100 thousand. In total, these reduced the profitability by about EUR 400 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.

\*\*\*\* In accordance with the decision of the Innofactor Plc's Annual General Meeting on April 28, 2011, twenty old shares were consolidated into one new share (registered in the Trade Register on May 7, 2011), which reduced the total number of shares to 1/20 of the previous number. The key figures presented in the table have been adjusted to correspond with the current number of shares.

## 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 March 31, 2012, was as follows:

| Name                          | Number of shares | % of share capital |
|-------------------------------|------------------|--------------------|
| 1. Ensio Sami                 | 7,370,000        | 24.24%             |
| Ensio Sami                    | 5,196,240        | 17.23%             |
| minor under guardianship      | 724,588          | 2.40%              |
| minor under guardianship      | 724,586          | 2.40%              |
| minor under guardianship      | 724,586          | 2.40%              |
| 2. Tilman Tuomo Tapani        | 2,886,777        | 9.57%              |
| Tilman Tuomo Tapani           | 2,747,492        | 9.11%              |
| Mpire Capital Oy              | 139,285          | 0.46%              |
| 3. Salminen Jyrki Kalle Tapio | 2,747,492        | 9.11%              |
| 4. Laiho Rami Tapani          | 1,489,888        | 4.94%              |
| 5. Linturi Risto              | 1,397,011        | 4.60%              |
| R. Linturi Oyj                | 1,369,707        | 4.51%              |
| Linturi Risto                 | 27,304           | 0.09%              |
| 6. Mäki Antti-Jussi           | 1,310,201        | 4.34%              |
| 7. Lampi Mikko Olavi          | 1,045,543        | 3.47%              |
| 8. Riski Tuomas Mikael        | 995,543          | 3.30%              |
| 9. Ärje Matias Juhanpoika     | 946,278          | 3.14%              |
| 10. Luostarinen Juha Markku T | 929,438          | 3.08%              |
| 11. Jokinen Klaus Antero      | 667,156          | 2.21%              |
| 12. Muukkonen Teemu Heikki    | 507,468          | 1.68%              |
| 13. Kukkonen Heikki-Harri     | 401,946          | 1.33%              |
| 14. Järvenpää Janne-Olli      | 372,804          | 1.24%              |
| 15. Ementor Norge As          | 269,299          | 0.89%              |
| 16. Laiho Jari Olavi          | 266,851          | 0.88%              |
| 17. Gerdt Aino-Maija          | 180,000          | 0.60%              |
| 18. Salminen Petri Juhani     | 166,795          | 0.55%              |
| 19. Nurmi Mika                | 139,553          | 0.46%              |
| 20. Estate of Santala Ilpo    | 139,553          | 0.46%              |