Innofactor Holding ApS

Øster Allé 48, 2100 København Ø

CVR-number 32 32 44 52

Annual Report 2016

Financial year: 01.01.2016 – 31.12.2016

Approved at the annual general meeting of shareholders on 15 June 2017

Chairman

Contents

Company Information

The Company	Innofactor Holding ApS Øster Allé 486, 2100 København Ø
Executive Board	Sami Pekka Ensio
Board of Directors	Sami Pekka Ensio, Chairman Patrik Olof Pehrsson Anna-Maria Palmroos
Auditors	PriceWaterhouseCoopers Statsautoriseret revisionspartnerselskab
Bankers	Nordea
Financial year	1 January - 31 December

Management's Review

The Company´s business review

The Company's objective is to own shares in group entities.

Significant changes in the company's activities and financial affairs

There has been one significant changes in the activities and financial position during the financial year.

The company has merged with Enabling Holding ApS on 1 January 2016. Enabling holding ApS has ceased as a consequence of the merger. Comparative figures in the profit and loss account and balance sheet has been adjusted.

Management's Statement on the Annual Report

The Board of Directors and the Executive Board have today discussed and approved the Annual Report 2016 of Innofactor Holding ApS.

The Annual Report was prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Annual Report gives a true and fair view of the Company's financial position at 31 December 2016 and the results of operations for the financial year 1 January - 31 December 2016 of the Company.

In our opinion, the Management's review includes a fair review of the matters discussed in the Management review.

We recommend that the Annual Report be approved at the annual general meeting.

Copenhagen, 15. june 2017

Executive Board

Sami Pekka Ensio

Board of Directors

Sami Pekka Ensio Chairman	Anna-Maria Palmroos	Patrik Olof Pehrsson

Independent auditors' report

To the shareholders of Innofactor Holding ApS:

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Innofactor Holding ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditors' report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 15 June 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Lunden	Michael Blom
State Authorised Public Accountant	State Authorised Public Accountant

Accounting Policies

Basis of accounting

The Annual Report of Innofactor Holding ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

With reference to the Danish Financial Statements Act § 112 the company has not prepared a consolidated financial statements. The company is included in the consolidated financial statement for Innofactor Plc, Espoo, Finland.

The accounting policies applied by the company are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner.

Recognition and measurement

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses incurred, including depreciation, amortisation and impairment losses, are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any deductions and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchanges rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment, are recognised in financial income and expenses in the income statement. If foreign exchange positions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and the rate at the time of origin of the receivable or debt is recognised in financial income and expenses in the income statement.

Fixed assets purchased in foreign currencies are measured at the rate of exchange at the date of transaction.

Accounting Policies

Income statement

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to administration, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses concerning debt and transactions in foreign currencies as well as extra payments and repayment under the on-account taxation scheme.

Corporation tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Balance Sheet

Investments in-group entities

Investments in group entities are measured at cost. Dividends, which exceed the accumulated earnings in the subsidiary in the period of ownership are accounted for as a cost reduction. Where the cost exceeds the net realisable value, the carrying amount is reduced to such lower value.

Impairment of fixed assets

Investments in subsidiaries are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets.

Accounting Policies

Receivables
Receivables are measured at amortised cost, An impairment loss is recognised if there is a objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term marketable securities, which are subject to an insignificant risk of chances in value.
sured at cost.

Equity
Grants without consideration in a group. Grants received from the parent company are recognised under 'Retained earnings in equity' in the balance sheet as a capital injection.

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term marketable securities, which are subject to an insignificant risk of chances in value.

Corporation tax and deferred tax
Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on the taxable income for the year adjusted for tax on previous years' taxable income as well as for taxes paid on account. Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, of concerning shares, where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be either realised, by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallised as current tax.

As management company for all the entities in the joint taxation arrangement, the parent is liable for the subsidiaries income taxes vis-á-vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivables are recognised in the balance sheet as income tax receivable or payable.

Debt
Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Other liabilities are measured at net realisable value.

Profit and loss account 1 January - 31 December

Note		2016	2015
	Other External expences	4.598	27.006
	Profit (loss) from ordinary operating activities	-4.598	-27.006
	Result from investments in group companies	-24.616.019	0
	Financial income	0	49
3	Financial expenses	2.632.438	1.340.447
	Profit (loss) from ordinary activities before tax	-27.253.055	-1.367.404
4	Tax expense on ordinary activities	-126.672	-299.897
	Profit (loss)	-27.126.383	-1.067.507
	Proposed distribution of results:		
	Retained earnings	-27.126.383	-1.067.507
	Profit for the year distributed	-27.126.383	-1.067.507

Balance sheet 31 December

Assets

Note		2016	2015
5	Investments in group entities	32.190.493	55.847.382
	Investments	32.190.493	55.847.382
	Non-current assets	32.190.493	55.847.382
	Receivables from group enterprises	0	429.240
	Deffered tax assets	0	299.897
	Tax receivables	672.858	218.000
	Other receivables	11.467	6.385
	Receivables	684.325	953.522
	Cash	371	1.922
	Current assets	684.696	955.444
	Total assets	32.875.189	56.802.826

Balance sheet 31 December

Liabilities

Note		2016	2015
	Share capital	80.000	80.000
	Retained earnings	-11.882.143	15.244.240
6	Equity	-11.802.143	15.324.240
	Non-current payables to group enterprises	38.570.617	37.611.000
7	Long-term debt	38.570.617	37.611.000
	Trade payables	0	20.999
	Payables to group enterprises	5.783.247	3.846.587
	Other payables	323.468	0
	Short-term debt	6.106.715	3.867.586
	Total debt	44.677.332	41.478.586
	Total liabilities	32.875.189	56.802.826

1 Going concern

2 Material uncertainties regarding recognition and measurement

8 Collaterals

9 Contingent liabilities

Notes to the annual accounts

		2016	2015

1 Going concern

In 2016, the Company realized a loss and a significant write down of the investments in subsidiaries. The loss led to that the share capital is lost. The Company is mainly financed through loans from the Company's Parent Company. In management's assessment, The Parent Company will be able to continue to support the Group's subsidiaries. The ultimate parent, Innofactor Oyj, has issued a letter of support valid at least the annual general meeting approving the 2017 financial statements, which promises to secure the liquidity necessary for the planned activities in the Company and its subsidiaries so that the Company may be regarded as a going concern.

2 Material uncertainties regarding recognition and measurement

In 2016, the result for the subsidiaries all together was a loss. Management has prepared an impairment test to ensure that carrying amount of the investments in subsidiaries does not exceed the net present value of future cash flows. The impairment test is based on Management's expectations as to the subsidiaries' future result of operations and is therefore associated with uncertainty. As future earnings may differ substantially from Management's expectations, they may affect the result of the impairment test and, hence, the need to recognize an impairment loss in respect of the carrying amount of investments. At year-end, the impairment test reflect that the investments in subsidiaries was impaired and a write down of DKK 24,616,019 is recognized in the annual report.

3 Financial expences

	2016	2015
Interest expences, group entities	2.624.832	1.293.006
Adjustment, exchange rate loss	7.606	43.201
Other interest expenses	0	4.240
	2.632.438	1.340.447

4 Tax expense on ordinary activities

	2016	2015
Tax on the taxable income of the year	-426.569	0
Increase/decrease in provision for deferred tax	299.897	-299.897
	-126.672	-299.897

Notes to the annual accounts

5 Investments

	Investments in group entities
Cost at 1 January	55.316.019
Additions merger	531.363
Additions in the year	959.130
Desposals in the year	0
Cost at 31 December	56.806.512
Value adjustments at 1 January	0
Value adjustments in the year	-24.616.019
Value adjustment at 31 December	-24.616.019
Carrying amout at 31 December	32.190.493

6 Equity

	Share capital	Retained earnings
Equity capital 1 January	80.000	15.251.774
Merger	0	-7.534
Profit of the year	0	-27.126.383
Equity capital 31 December	80.000	-11.882.143

7 Long-term liabilities

Out of the total long-term laibilities, an amount of DKK 0 is due for payment after more than 5 years after the balance sheet date.

8 Collaterals

No assets were pledged as colleteral or otherwise charged at the balance sheet date.

Notes to the annual accounts

9 Contingent liabilities

As management company, the company is jointly taxed with other Danish group entities and is jointly and severally liable with the other jointly taxed Group companies for payment of withholding taxes payable and for corporate taxes.