DATA-DRIVEN
BUSINESS TRANSFORMATION

ANNUAL REPORT **2017**

enfo

ENFO

Enfo is a Nordic IT service company enabling its customers' data-driven business transformation. Enfo's portfolio encompasses infrastructure for managing and developing data, integration and analysis of data for execution and development of business, and digital service creation for enabling new business innovation. We both build and run services together with our customers. We are 900 niched experts working for a more intelligent world, with technology empowering people, businesses and societies.

ENFO 2017

In 2017, Enfo implemented various changes to ensure future growth. The company sharpened its focus on its core business, IT services, and divested two businesses. Enfo also revised its business structure and initiated a transformation program. At the end of the year, Enfo's CEO Arto Herranen passed the baton to the new CEO, Seppo Kuula.

YEAR 2017

FEBRUARY

On 1 February 2017, Enfo Oyj sells the entire share capital of its information logistics business, Enfo Zender Oy, to Ropo Capital.

APRIL

Henrik Norell is appointed as Enfo's Senior Vice President, Human Resources.

MAY

Enfo launches Digital Dimension LABS in Stockholm.

JULY

Enfo revises its business structure. The new business structure becomes effective on 1 October and comprises the following business areas: IT Transformation, Business Transformation and Digital Transformation.

AUGUST

Enfo launches a transformation program and initiates labor negotiations. As a result of the negotiations, Enfo's headcount decreases, mainly in managerial and administrative positions, by a total of 36. At the same time, a total of 17 supervisors move to specialist roles.

OCTOBER

On 4 October 2017, Enfo Oyj sells its majority stake in Enfo Partner Oy, a subsidiary providing financial business process outsourcing services, to Administer Oy, which specializes in electronic financial management services.

Enfo Oyj's Board of Directors appoints Seppo Kuula as the company's new CEO. Kuula takes up his position in the beginning of 2018.

KEY FIGURES

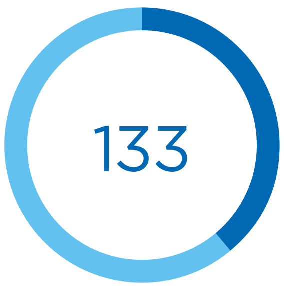
The year 2017 was characterized by reorganizations aimed at ensuring future growth. Turnover increased but fell short of the target. The result was affected by non-recurring items related to acquisitions, divestments and the transformation program.

KEY FIGURES

	IFRS 2017	IFRS 2016
Turnover (EUR million)	**132.9**	125.5
Operating profit (EUR million)	**-5.1**	2.5
Profit for the period (EUR million)	**-7.2**	1.2
Financial expenses, net, (EUR million)	**-0.9**	-0.9
Return on investment %	**-4.2**	2.7
Return on equity %	**-9.2**	2.2
Equity ratio %	**46.6**	41.5
Net gearing %	**57.4**	70.8
Interest-bearing net liabilities (EUR million)	**30.1**	38.9
Balance sheet total (EUR million)	**112.9**	133.6

TURNOVER

EUR million, total



39% Finland

61% Sweden

OPERATING MARGIN EXCL. NON-RECURRING ITEMS

EUR million

6.4

EXPERTS

total

35% Finland

65% Sweden

CUSTOMERS

some
140
customers in Finland

some
240
customers in Sweden

CEO'S REVIEW

A YEAR OF CHANGE

2017 was a year of change for Enfo. We implemented reorganizations in order to secure future growth. We revised Enfo's business structure, integrated e-man, which we acquired in November 2016, and divested Enfo Zender and Enfo Partner. Markets developed favorably. The toughest battle is now for talent.

The year was characterized by acquisitions and divestments that fulfill our chosen strategy. Enfo is now a Nordic IT service company that is capable of both building and running data-driven operations for its customers. In a market split between small development-driven and large management-driven operators, Enfo combines the strengths of a small, agile player with those of a large and reliable operator. We provide a modern service portfolio that covers our customers' long-term needs. This includes planning, maintenance, and the integration of complex systems and processes, as well as introducing agile solutions in various projects.

The integration of e-man AB, a company specializing in integration solutions, which Enfo Sweden AB acquired in November 2016, continued in 2017. In February 2017, Enfo sold Enfo Zender Oy, which was engaged in information logistics business, to Ropo Capital. In October, Administer Oy, specializing in electronic financial management services, acquired the majority stake of Enfo's subsidiary Enfo Partner Oy, which provides financial business process outsourcing services. Since the transaction, Enfo has had a less than 20% stake in the company. Administer and Enfo have agreed on broad cooperation.

During the year, Enfo considerably revised its business structure with the aim of accelerating the strategic implementation and improving the customer focus in operations. In July, the Group divided its operations into three business areas. The new business structure entered into force on 1 October 2017. In connection with this, we initiated a transformation program in August and, as a result, reduced the number of personnel employed by the Group, mainly in managerial and administrative positions, by a total of 36.

Towards the end of autumn, Enfo sharpened up its strategy, mission and vision and defined three must-win battles related to talent and work community, collaborative and integrated value creation, and Enfo's role for customers as a trusted partner.

Enfo's turnover for 2017 was affected by divestments. Organic growth developed positively during the first half year, but in the autumn the challenging recruitment environment restricted our growth. Regarding the result, non-recurring income and expense items that related to acquisitions, divestments and the transformation program made the year an exceptional one. Non-recurring items related to the transformation program also burdened the operating cash flow.

I have been the CEO of Enfo for thirteen years. During this period, the company has transformed from a regional tele company into a Nordic IT Group. I would like to thank Enfo's customers – many of you have accompanied us on our journey and in the development of our sector through the years. I would also like to extend my warmest thanks to the Enfonians – it has been a pleasure to work with such smart and talented individuals. I wish Seppo Kuula every success in moving the company forward as an enabler of the data-driven transformation.

ARTO HERRANEN
CEO

3 QUESTIONS FOR ENFO'S NEW CEO, SEPPO KUULA

What are the greatest opportunities and challenges of the digital sector?
Data is the core of business operations in the digital era. Everything is about data. The value of data lies in analytics, integrity and usability, all the way from business to the cloud and hardware. Data management experts enable development in the digital era and development requires holistic change management. Technology enables data-driven transformation. But in order to turn this transformation into business benefits, it must also cover business models and organizations and, thereby, leadership and management.

Who will be the winners of this competition?
Creating new in a changing operating environment requires a process-driven approach, which takes account of the full range of change factors. This includes business needs, the opportunities provided by new services, integration with existing systems, data management and data protection. To maintain control of the process, operations should not be fragmented. A comprehensive partner that co-creates value with customers will therefore be the winner.

How will Enfo develop, succeed and grow in the next three years?
With its strong competencies and offering, Enfo is well equipped to consolidate its position as the trusted transformation partner of its Nordic customers in the digital era. Enfo partners with large and mid-sized companies and currently has more than 300 such customers in Finland and Sweden. By further integrating its offering for these customers, Enfo has considerable growth potential. We focus on profitable organic growth.

DIRECTION

Enfo's strategy is based on enabling data-driven business transformation. In the growing IT service market, Enfo takes the role of a data integrator, with focus on comprehensive data management, combining new digital services, with development of business and IT. Enfo builds and runs data-driven operations, services and solutions with its customers.

It will be imperative to bring together digital service development and existing IT services and solutions.

OPERATING ENVIRONMENT

The operating environment Enfo navigates is twofold. On the one hand, new digital innovations require agile development activities, and on the other, existing IT infrastructure needs to be managed and continuously developed for operations' productivity and security. Central for both digital services enabling new business models, as well as for infrastructure supporting operational excellence, is the use of data. Between these two is the integration and analytics layer, with modern information management such as AI and robotics. Addressing this environment, Enfo provides both build and run services, including the scalable and secure hybrid infrastructure for data governance, the modern integrations and analysis of data for an efficient execution of business operations, and the digital service creation enabling new business models. Enfo sees that in today's market digital services are often created on a stand-alone basis. Going forward, it will be imperative to bring together digital service development and existing IT services and solutions. This demands data-driven integration, managing and orchestrating the whole scene.

In addition, the operating environment is characterized by the increasing importance of strategic partnerships; customers are decreasing the number of IT vendors and seeking deep relations with strategic partners. At the same time, the service-dominant business logic is taking over, with value co-creation as a cornerstone, requiring a change from 'making, selling and servicing' to 'listening, customizing and co-creating'. There is also a change in purchase behavior with business-financed IT increasing and business functions owning up to 20% of the IT budget. Related to this is the demand for new delivery models and collaboration where value creation and strong relationships are at the core. To meet these developments in the market, Enfo has defined a strategic goal to be the trusted partner. Furthermore, Enfo's finetuned strategy emphasizes co-creation of value with customers and in broader ecosystems.

There is an increasing demand and movement towards cloud. In 2017, large cloud vendors started to target the Nordic market. Some 3% of companies in the Nordics have moved some of their IT to cloud and by 2020 it is estimated that 30% will have done so. Enfo's cloud services have seen brisk growth. Going forward, cloud will not only be one option when developing services, but the number one, as many new technologies are only available in cloud.

The IT service market is expected to grow 4.5% in Finland and 4.0% in Sweden in 2018 with rapid growth, especially in cloud-based solutions, integrations and applications. In 2018, the total value of the Finnish and Swedish IT service markets is estimated to grow to EUR 14.6 billion.

Sources: Gartner and Radar Ecosystem Specialists

STRATEGY

Enfo's strategy is based on enabling data-driven transformation. Enfo operates in the Nordic countries, with Sweden and Finland as its primary markets. Enfo both builds and runs data-driven operations, services and solutions with its customers. We provide our customers with broad-ranging support in the data-driven transformation: our expertise covers the infrastructure for data management, integration and analytics for the use of data, as well as digital service production related to new data-driven business models. Enfo creates value in close cooperation with its customers and other operators. Digitalization drives a service-based business logic, which requires listening, customizing and co-creating. Enfo seeks strategic partnerships in its customer relationships, and long-term cooperation rather than projects.

At the beginning of 2016, Enfo launched its three-pillar strategy. It built on integrated value creation, new business solutions through acquisitions and organic growth, as well as the digital dimension, in which Enfo is a dependable partner for its customers in the digitalized operating environment, where information technology plays a continuously increasing role in business operations and innovation. Enfo continued to implement this three-pillar strategy in 2017. In the autumn of 2017, Enfo's Board of Directors initiated a strategy process. In this connection, the company also sharpened its mission and vision. Furthermore, Enfo defined three must-win battles related to its integrated service offering, customers and talent. The sharpened strategy entered into force during the first quarter of 2018.

In the autumn of 2017, Enfo's Board of Directors initiated a strategy process. In this connection, the company also sharpened its mission and vision. Furthermore, Enfo defined three must-win battles.

Strategic implementation in 2017

In 2017, Enfo's key strategic goal was to divest any businesses outside Enfo Group's core business – IT services. As a result of this, we sold Enfo Zender, an information logistics services provider, in February, and Enfo Partner, which provides financial administration outsourcing services, in October.

During the year, Enfo considerably streamlined its business structure with the aim of accelerating the strategy implementation and improving the customer focus in operations. Enfo's new business structure includes the business areas IT Transformation, Business Transformation and Digital Transformation, each of which approaches data-driven transformation from a different perspective.

Strategic development 2018: must-win battles

Enfo further specified its strategy in the end of 2017 and began to implement it in the beginning of 2018. Enfo's three must-win battles as 2020 approaches are:

A workplace to love. Enfo is a workplace where we are authorized to act, encouraged to grow, and have a culture of caring. Our values are at the core of our actions: collaboration, trust, continuous development and expertise.

Collaborative, integrated value creation. Our strength is in our expertise. We develop our leadership and improve our agility by collaboration and predictability. We work together, focusing on customers' needs and respond to change driven by digitalization. We work towards one common goal and with one common story.

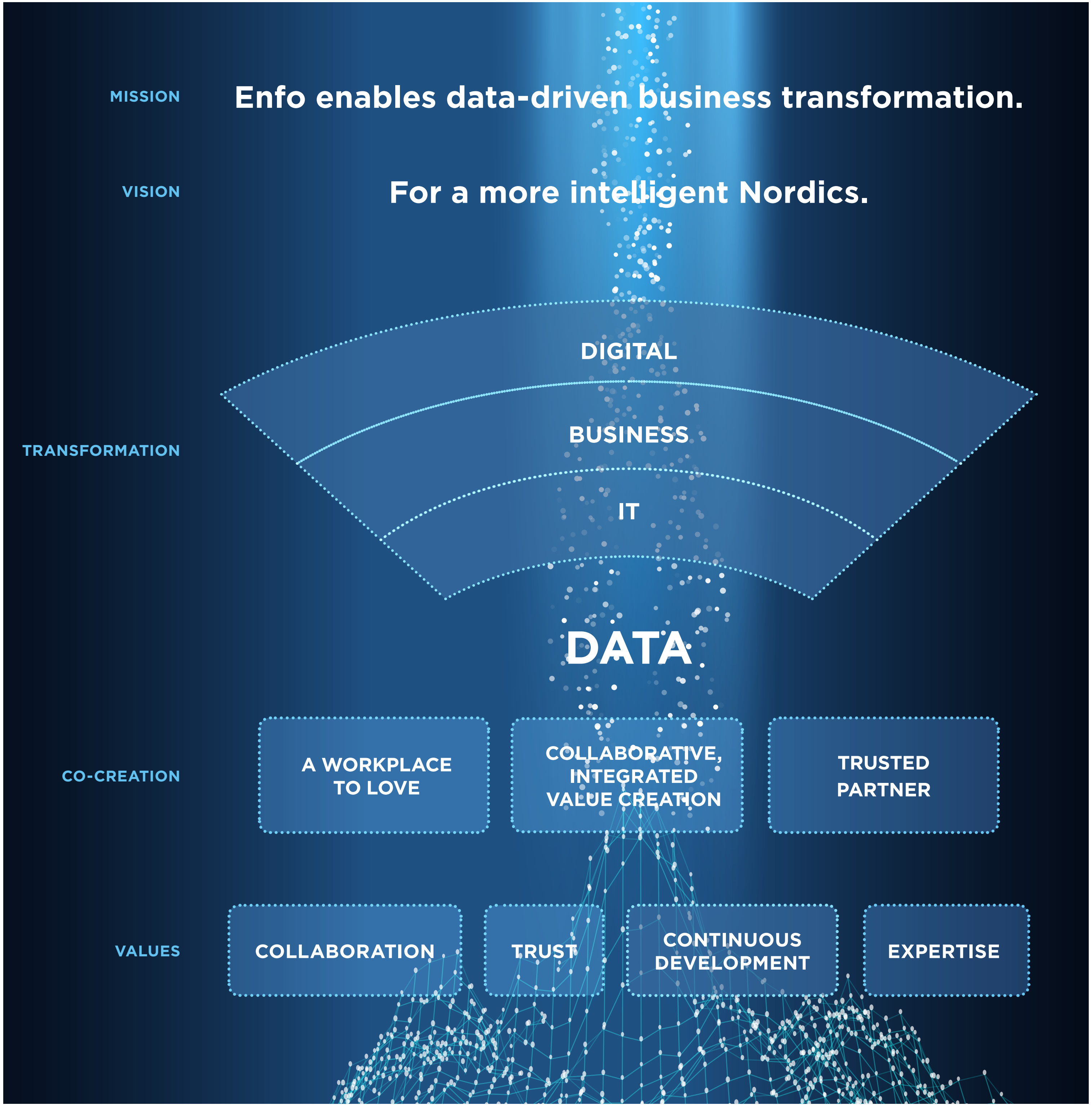
Trusted partner. We understand our customers' business and possess broad knowledge of technology enabling data-driven transformation, as well as competence to co-create value.

Mission and vision

Enfo envisions a more intelligent world where technology empowers people, businesses and societies. Data is at the core of this change. Those who can use data to build simpler, smoother and smarter business will prosper. According to its tuned up mission, Enfo enables data-driven business transformation. We operate in the Nordic countries. We enable data-driven business transformation for a more intelligent Nordics.

Strategic goals for 2018

In 2018, Enfo will focus on profitability and a sustainable business foundation. Towards 2020, Enfo takes the role of a modern data integrator, with focus on comprehensive data management,



combining new digital services with development of business and IT. Cloud and hybrid solutions will play a key role. Going forward, bringing together new digital service development with existing IT services and solutions is imperative. This demands a broad perspective on use of technologies and capability to handle complexity.

We have an extensive customer base of large and medium-sized companies in Finland and Sweden. By further integrating the offering for these customers, Enfo has a unique position and considerable growth potential.

In 2018 we will develop our competence management to be able to scale competence where demand is bigger than supply. We will also put efforts towards recruiting. We will develop our culture based on our values and our leadership with lean principles. In addition, we will enhance internal steering mechanisms and invest in internal and external communications.

Focus of the strategy work in 2018 will be on anchoring the refined strategy among employees and stakeholders, as well as on execution of defined must-win battles.

GROWTH AND SUCCESS FOR OUR CUSTOMERS

For our customers, we want to be a long-term partner that provides broad know-how of technology, business understanding and co-creation capabilities. Listening, tailoring and co-creation are at the core of our customer relationships.

FOCUS ON CUSTOMER CENTRICITY

PARTNER IN DATA-DRIVEN TRANSFORMATION

Enfo supports its customers in the data-driven transformation and focuses on co-creating value with its customers and partners. In 2017, Enfo renewed its organization to improve customer focus in operations and speed up the implementation of the Group strategy. The new organization, which took effect in October, provides for strengthened customer centricity with centralized account management and client-based teams of niched experts. A tight alignment between sales and delivery is important for us to ensure customer success.

Customer centricity is at the core for Enfo and we want to ensure that the account managers have a deep understanding of the customer's business as well as of the total Enfo service portfolio. Niched experts in Enfo's business areas IT Transformation, Business Transformation and Digital Transformation offer customers a broad palette of services to support their transformation journey. This includes both building new services and running existing services and solutions. Our business areas represent different approaches to the data-driven business transformation: operational excellence through infrastructure to manage and develop data, support for business strategies through integration and analysis of data, and service creation enabling new business models. By tackling transformation from different approaches we can serve our customers and contribute to their growth and success.

Customers increasingly seek business-oriented solutions and concentrate their collaboration towards a smaller number of partners to develop strategic partnerships. In 2017, Enfo defined a must-win battle towards 2020 to be the trusted partner and increase the number of strategic partnerships.

Enfo wants to respond to the needs of customers in different stages of their digital journey and wants to challenge its customers, itself and the whole branch, to elaborate on the needs of tomorrow. We have the capability to support customers in their decisions from yesterday, for today and for tomorrow.

SALES, MARKETING AND COMMUNICATIONS, SERVICE DEVELOPMENT

IT TRANSFORMATION	BUSINESS TRANSFORMATION	DIGITAL TRANSFORMATION
Data-driven operational excellence	**Data-driven business development**	**Data-driven digital service creation**
Co-creating value by transforming IT and organizations through smart services and solutions	Co-creating value through data-driven business development, integrating services to valuable data assets	Co-creating value through services enabling new business models

> **"It is about transparency in relation to the customer but also with the customer's other partners and in a broader ecosystem with players we have traditionally seen as competitors. I want my customer to see me as an enabler, just as my customer enables me to do new good things. This is the kind of collaboration I aim for, and it requires long-term commitment as deep trust is not built in one day. The customer is your new colleague."**
>
> **Kent Widberg**, Account Manager, Enfo

IT TRANSFORMATION

BUILDING BETTER IT OPERATIONS THROUGH SMART SERVICES AND SOLUTIONS

DATA-DRIVEN OPERATIONAL EXCELLENCE

Co-creating value by transforming IT and organizations through smart services and solutions

Key market drivers	Operational excellence based on data, skills and experience. Business value oriented requirements for transforming, managing and the continuous development of information technology and operational productivity.
Key offerings	• Worklife for smarter working, better productivity, motivation and quality of life • Intelligent platforms for data-driven hybrid infrastructures and management • Operational optimization for the management of application processes and the operating environment • Enterprise applications for fast-track and self-service solutions
Customers	Mid-sized Nordic organizations (private and public) and certain industry verticals such as energy and transportation. Products globally through channel partners.

Customers want high-quality, fast and cost-effective IT services. The market has been characterized by intense price competition for many years. The IT Transformation business area is responding to this by operational excellence with the support of technology. IT Transformation provides IT infrastructure and modern services and solutions, while supporting the data-driven business transformation of customers. IT expands on all fronts and IT Transformation is supporting its customers in transforming their IT operations and, thereby, their organization and business. IT services need to be continuously developed, and at the same time customers need to manage and maintain their operations on a long-term basis, taking account of IT-related decisions and solutions in the past, present and future. Enfo's IT Transformation business area focuses on long-term services that are future-proof and scalable in line with the customer's evolving business needs.

The development of user-centered services is playing an important role, as the use of IT services becomes increasingly independent of time, place and devices. The service range of IT Transformation has been expanded through proactive management, to provide a better service experience for the user. Among other things, IT Transformation provides customers with services aimed at improving their operational efficiency. For example, the ZervicePoint helps organizations to automate and streamline their processes, enabling experts to work more rapidly and efficiently. IT Transformation is closely involved in the transition in ways of working. Modern practices are reflected in Worklife's service offering, which focuses both on the needs of the individual and the organization. Furthermore, the importance of application management has increased. IT Transformation supports Enfo's customers in the management of industry-specific applications. It also helps customers to develop and manage cloud services, with an emphasis on using the public cloud for customer-specific needs.

Versatile services

In 2017, IT Transformation shifted from a traditional technology focus to creating value on a wider front for IT operations and, thereby, for business operations and end users. IT Transformation was established in 2016, based on the merger of Enfo's managed IT services business area at the time with the IT consultancy unit Enfo Zipper. In 2017, we stepped up our ability to produce and develop even more diverse services, while supporting information management among customers and helping end users. These changes have led to skill refreshment and training for our experts within IT Transformation. During the year, the business area strengthened its development efforts by encouraging its experts to engage in open innovation and by decentralizing its decision-making.

Service production was brought to teams, and IT Transformation supplemented its customer teams with virtual competence teams. This was intended to strengthen customer centricity, while increasing flexibility and the ability to experiment with different solutions in different projects. The business area also continued to invest in quality, and its ISO 9001 certification was renewed in September.

During the year, IT Transformation expanded cooperation with existing customers and secured several new projects. Towards the end of the year, the business area signed a major contract with a new customer on extensive and continuous service cooperation.

Looking ahead

In 2018, IT Transformation will invest in agile services and co-creation with customers. IT Transformation will work in close cooperation with Enfo's other business areas, providing customers with services and solutions of increasing scope. We will also strengthen our Nordic service development. More extensive Nordic collaboration will build a stronger foundation for competence development. Our goal is to increasingly strengthen customer centricity, invest in service development, and improve profitability.

IT Transformation provides IT infrastructure and modern services and solutions, while supporting the data-driven business transformation of customers.

10 YEARS OF PARTNERSHIP – ARE AND ENFO ON A STRONG DEVELOPMENT PATH TOGETHER

The Finnish company Are, offering life-cycle building service contracting and property maintenance services, has chosen to outsource IT services from service desk to cloud services and maintenance of the entire data network to Enfo. In addition, new kinds of cooperation areas in the fields of business applications and analytics are being considered. The results of continuous customer satisfaction monitoring show that Enfo's IT solutions and services truly meet the users' needs. “A comprehensive partnership, in which Enfo's experts proactively present development proposals, is important to us. Enfo offers us expert views on issues such as how to build the basic infrastructure and develop different areas sensibly,” says Mikko Särkkä, CIO of Are.

Read the whole story >

BUSINESS TRANSFORMATION

SUPPORTING CLIENTS IN USING DATA TO DEVELOP THEIR STRATEGIES

DATA-DRIVEN BUSINESS DEVELOPMENT

Co-creating value through data-driven business development, integrating services to valuable data assets

Key market drivers	Smarter business processes with data integrations provide the business value for digital services and hybrid solutions. Also, modern information management including AI and robotics are done in the integration and analytics layer.
Key offerings	• Digital Manufacturing to optimize Overall Equipment Efficiency • Solutions to ensure that data is available to be analyzed in a secured integrated way • Smarter business processes to enable customers' strategy realization • Application development to enable ease of data access to end users • Predictable and advanced analytics to ensure business development
Customers	Manufacturing and service companies in the Nordics, also e.g. finance and transportation sector.

The market trend, where business operations increasingly make decisions on IT services, was clearly visible within Enfo's business area Business Transformation during 2017. Business heads, chief marketing officers and chief financial officers are more and more often making the IT purchasing decisions. Clients' CIOs and IT units continue to be important partners, though.

The experts within Enfo's business area Business Transformation (previously Business Solutions) work to ensure that Enfo's customers are able to take advantage of the opportunities provided by digitalization in their business operations as extensively as possible. Business Transformation provides its clients enterprise asset management as well business enhancement and business improvement through developed business processes. Business Transformation is especially strong in integration and analytics. Within integration, Enfo's experts work with clients on both systems and data sources, to make data available from the customer to its customer and to secure data flows inside companies and between them. Enfo is one of the leading Nordic suppliers of integration services. Within analytics there is an increasing demand for predictable and advanced analytics, supporting clients to anticipate and prepare for future. Business Transformation also works with application development, infrastructure services and identity access management.

Focus on services

In 2017, the business area focused on delivering services instead of time and material and explored virtual teams to provide even deeper knowledge for clients. The new operating model focuses on offering DevOps teams and services instead of only defined resources. The business area emphasizes total delivery capability, in line with Enfo's target to increase the amount of strategic partnerships with clients.

Focusing on the industrial

The business area focuses on data-driven business development, integrating services to valuable data assets.

target group with the Digital Manufacturing concept led to good results. The "Digital Manufacturing by Enfo" concept brings transparency to industrial customers' production processes and helps them improve their cost-efficiency. AppCare, a maintenance service for mobile applications that can be used to quickly improve the usability of developed applications throughout the application life cycle, also provided rapid growth.

During the year, the business area integrated e-man, a Swedish system integration solutions company acquired in end of 2016, and continued the integration of Finnish Rongo, acquired in end of 2015.

Growth in the business area was restricted by recruiting challenges in some fields of competence. The employment markets are tough both in Finland and Sweden. In connection with Enfo's efficiency program, the business area streamlined its organization by decreasing layers, to improve profitability. Furthermore, the full integration of acquired companies, is expected to support profitability in 2018.

Looking ahead

In 2018, the aim is to continue to grow in Sweden and develop broader business transformation operations in Finland. In addition, focus is on increasing profitability. We will also focus on optimizing delivery capacity and advance further in moving from providing time and materials to providing services. In addition, we will take the digital manufacturing concept to the service industry. The market prospects are positive.

DIGITALIZED ANALYSIS GIVES GREENFOOD A HOLISTIC VIEW

GreenFood is the largest independent fruit and vegetable operator in the Nordic region. To support business and growth, GreenFood has focused on developing modern business intelligence solutions with Enfo's help. The new solution has given better control of GreenFood operations and increased traceability. It has also had a positive impact on gaining deeper insight, reducing response times and improving customer service.

Read the whole story >

DIGITAL TRANSFORMATION

INVENTING TOMORROW'S BUSINESS MODELS TOGETHER WITH THE CUSTOMERS

DATA-DRIVEN DIGITAL SERVICE CREATION

Co-creating value through services enabling new business models

Key market drivers	Speed of change. Anywhere, instant. Continuous value through long-term cooperation powered by cloud-based ecosystems that enable new business models, relations and competences.
Key offerings	All services are unique and flexibly co-created with customer • Digital innovation, service and user experience design • Digital concept and product development • Customer-specific IT services • Cloud as a platform for business innovation
Customers	Nordic customers ready to engage with Enfo to co-create digital services for a better future.

Enfo wants to respond to the needs of clients in different stages of their digital journey and to challenge its clients, itself and the whole branch to elaborate on the needs of tomorrow. Business area Digital Transformation works with creating new services, enabling new data-driven business models and exploring alternative business relations and competences.

The business area, established as part of the new organization which came into force in October 2017, focuses on the digitalization of services and processes. Digital Transformation tests new possibilities, works agily with new methods and emphasizes co-creation with customers and other stakeholders. As Digital Transformation is working with the unexplored, all services are tailored flexibly to the needs of the customer. The experts within the business area work closely with clients' business or production teams, in addition to clients' IT experts.

Cloud technology is central for Digital Transformation's operations and we do not limit ourselves to a certain cloud platform. We primarily address customers who have a cloud strategy in place or who are willing to co-create one.

Digital transformation business area offers services to customers who prefer to buy specific services instead of total outsourcing. In addition, Digital Transformation's experts work with automatization using data in cloud to enhance deliveries and shipment by using synergies. Furthermore, we have a digital agency unit, with focus on creating end-user value and developing digital products that connect the clients with their clients.

Strong growth in Sweden

In 2017, the Digital Transformation business grew considerably in Sweden. In 2017, the business area was mainly concentrated to Sweden, but started to develop operations in Finland.

In May, Enfo opened the Digital Dimension LABS in Stockholm. This is an innovative environment for digital concept and product development, with design, technology and strategy in focus.

Looking ahead

In 2018, the aim for the business area is to grow current operations in Sweden considerably and build a sustainable business in Finland. We foresee that the establishment of cloud vendor data centers in Finland and Sweden will speed up cloudability and we expect a positive market environment.

The business area enables new data-driven business models and focuses on the digitalization of services and processes.

"The biggest risk of all is not doing anything. Digital Dimension LABS is the launch pad for our customers' digital journey and enable us to make the abstract a reality and the difficult simple. In just ten weeks, we are able to deliver a fully developed prototype. It is a strong product, which helps customers, both strategically and operationally, when they realign their products and services to digital products designed for the future."

Niklas Thulin, Digital Evangelist, Enfo business area Digital Transformation, on Digital Dimension LABS, launched in Stockholm in 2017

DATA-DRIVEN INNOVATION FOR ESAB

ESAB is one of the world's leading providers of equipment, consumables and services for welding and cutting processes and applications. Enfo and ESAB built an integrated cloud-based solution connecting welding machines, gathering and storing information. The solution enables better customer insight and service, predictive maintenance, new aftermarket services and improved logistics. Enfo has been a strategic player in ESAB's digital journey ecosystem.

Watch video >

GROWTH AND SUCCESS FOR OUR EXPERTS

Enfo wants to be an excellent employer that provides its experts with the authorization to act, encouragement to grow and a culture of care. Enfo's values are collaboration, trust, continuous development and expertise.

21
OUR TALENT

Enfo is an expert organization combining niched digital competence within different areas and employing some 900 experts.

OUR TALENT

Competition for employees is tough in the digital industry. Recruiting the right people and securing their commitment to Enfo are decisive factors for Enfo's competitiveness. Enfo wants to enable its employees' success and growth and sees that this is key to enable customers' success and growth. The Enfo management has defined as a priority must-win battle to ensure a work place where Enfonians love to work.

Towards a consistent employee experience

During the past years, Enfo has grown through acquisitions. In 2017, Enfo continued the work to promote a consistent employee experience. The Enfo identity process, which started in 2016, was taken further in 2017. All Enfonians got the opportunity to comment on a cultural values statement, which was developed based on a broad survey among Enfo managers. According to the outcomes of this extensive study, the Enfo identity is characterized by customer focus and a curious mindset, as well as cooperation, trust, and accountability. The Enfo identity also entails positive attitude and enjoying life at work. As a subproject to the identity process, business area Business Solutions (now Business Transformation) also started a project on mapping business area -specific culture. Based on the identity process, Enfo nailed Enfo-wide values in 2018; collaboration, trust, continuous development and expertise.

In 2017, the group-wide quarterly meetings were developed, with a three-part agenda encompassing strategy and figures, people and inspiration. Face-to-face meetings are arranged in all offices to provide a platform for building relations, sharing insights and enjoying together. Enfo also started a project to renew its intranet, which will be launched in 2018 and support experts and leaders in their work.

DATA ON OUR TALENT

Investments in employee training	809 EUR/person
Employee turnover	16%
Percentage of female employees	23%
Enfo excellence awards 2017	63,652 EUR in total

ENFONIANS

some

900

niched experts

ENFO EMPLOYEES ANSWER

3.68

on a scale from 1–5 when asked if Enfo is a great place to work

In the end of the year, a group of Enfonians were selected to act as sparring partners to the Executive Team and Board in strategy development. The group was selected based on an open invitation.

Enfo has continued with Enfo excellence awards to recognize and encourage great performance and behavior. Any employee can nominate another employee for the award.

A year of change

During 2017, Enfo revised its business structure. The new structure clarifies roles and the aim is to give room for expert roles on the hand and leader roles on the other hand. In connection with the organization restructuring, Enfo began labor negotiations in Finland and Sweden. As an outcome of these, the number of personnel decreased by a 36, mainly in managerial and administrative positions. At the same time, 17 managers moved to specialist roles. Structuring was distinguishing the year 2017. In 2018, Enfo will put efforts on developing further leadership and self-leadership skills to support expert work.

Recruitment difficulties in some fields of competence in Sweden were restricting Enfo growth prospects in 2017. In addition, employee turnover was higher than wanted, especially in Sweden. Enfo continued its referral program to encourage current employees to give recruitment tips from their own networks. Also, Enfo set new roles with the responsibility to develop the Enfo employee experience and image.

Development and diversity

According to the thermometer employee survey Enfo is doing regularly, employees feel that people are treated equally and are helping each other within the teams. Enfonians also feel that they are given a lot of responsibility and that they are being trusted. However, there is a need for improvement when it comes to internal communications and internal celebrations. Enfo will continue to work with these matters.

In 2018, Enfo will develop further processes for securing employees' growth in the company and will review the development discussion processes.

RESPONSIBILITY

We want to be a responsible player. Digital responsibility requires the continuous development of competencies within networks, as well as investments in information security. Enfo's environmental system was certified in 2017.

DIGITAL RESPONSIBILITY

Enfo is a responsible digital operator that invests in its experts' competencies and develops services in close cooperation with its customers and partners. Digital responsibility requires transparency and joint goal setting in expert, customer and partner interfaces.

Enfo is an active member of several communities of practice, such as the Internet Security Forum (ISF). Furthermore, Enfo has individual members in associations such as ISC2, the ISACA and the Finnish Information Security Association. Enfo provides its experts with training, seminars and informative events. The company also sends information security bulletins to its employees and customers on a regular basis. In 2018, Enfo will launch a 24/7 threat monitoring and escalation service. Enfo aims to provide its employees with optimal technical tools and solutions, and to ensure their smooth and safe operation. In 2017, Enfo supported its employees' daily work by introducing a dynamic and rapid working hours registration system.

Enfo's key operational principle is continuous development. Enfo co-creates solutions with customers and focuses on understanding their business, identifying their needs and working in a customer-centric way. Enfo is also actively involved in partnership programs aimed at developing the sector through bold collaborative measures. Enfo's business environment involves an ongoing transfer from value chains to value networks, and from individual responsible players to responsible complexes.

CERTIFICATIONS AWARDED TO ENFO'S BUSINESSES AND OFFICES

- **ISO/IEC 27001:2013 (Information security)**
- **ISO 9001:2008 (Quality system)**
- **ISO 14001:2015 (Environment)**
- **Helsinki Region Transport, 'Employer that makes you move'**
- **LEED and BREEAM certifications (Environment, offices)**

Further information on certified operations is available from Enfo or the certification body.

Information security at the core

Information security management is at the core of Enfo's operations.

Enfo provides tried and tested data security processes and solutions that ensure business continuity – for both Enfo and its customers. Through these security solutions, Enfo can ensure privacy protection, manage internet risks, and prevent cybercrime. Moving data into the cloud environment will improve information security, by enabling various operators to join forces in the cloud.

Enfo is seeking predictability and proactiveness through integrated management systems. These include an information security system, a service management system and a quality management system.

In 2018, Enfo will update its information security policy to meet the needs of the expanded company. Furthermore, Enfo will ensure that it is prepared to take the measures required by the EU General Data Protection Regulation (GDPR) and support its customers in improving their GDPR preparedness.

ENVIRONMENT AND SOCIETY

Enfo identifies a wide range of stakeholders including customers, partners, sub-contractors, owners, the Board of Directors, management, employees, authorities, the social network and the public. Through its operations, Enfo has a financial, environmental and social impact on stakeholders and the society at large.

Enfo's Environmental Management System is based on the ISO 14001:2015 environmental standard and was granted a certificate in April 2017. The standard commits the entire organization to environmentally-friendly operations. Enfo is committed to protecting the environment beyond its corporate boundaries. As Enfo does not manufacture products, we concentrate our efforts on the services and activities that are within our area of influence, and demand that our partners and stakeholders act accordingly. Enfo wants to be an environmentally sustainable player.

Enfo's environmental impact is mainly related to premises and office services, data centers and electricity consumption, corporate cars and business travel. Enfo's environmental management system is based on green offices and data centers, smart commuting and the objective to reduce the consumption of energy and paper in offices. Furthermore, the system is based on taking care of the whole life-cycle of the products we acquire and on recycling waste and reducing office waste and package material.

Green energy is used in all datacenters and in most offices. Enfo encourages virtual meetings in daily operations. In 2017, Enfo installed video meeting equipment in all offices. Furthermore, Enfo urges staff to commute on public transport. Enfo made progress in using environment-friendly stationary. Secure printing is applied in all offices, and default print settings and automation are in use to reduce print volumes.

Corporate citizenship

Enfo wants to be a responsible corporate citizen. As a company fulfilling its social responsibility, Enfo makes charitable donations on an annual basis. In 2017, instead of Christmas gifts to clients, Enfo made a donation to Pelastakaa Lapset Rädda Barnen in Finland and Hand in Hand in Sweden. Enfo also rewarded new leads from employees with donations to Hand in Hand International, an organization that fights poverty with grassroots entrepreneurship.

In Sweden, Enfo made it possible for employees to donate for charity directly from their salaries to different organizations in 2017.

In addition, Enfo rewards social media activity among employees with charity. Enfo Integration team has been working with computer education with From One to Another, supporting every girl's right to education.

GREEN DATA CENTERS

100%

of data centers use green electricity

ENFO'S IMPACT ON SOCIETY IN 2017

Materials and services	EUR 32.9 million
Salaries to employees	EUR 65.7 million
Pension insurance premiums and pensions	EUR 8.9 million
Interest payments on loans	EUR 0.7 million
Corporate taxes	EUR 1.6 million
Dividends to shareholders	EUR 0.7 million
Equity repayment	EUR 7.8 million

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Enfo Oyj's administration and management complies with the company's Articles of Association, the Finnish Companies Act and the Finnish Corporate Governance Code 2015 for Finnish listed companies, with exceptions. The code is available on the Securities Market Association's website (www.cgfinland.fi). Taking into account the extent of the company's operations, the company does not have committees nominated by the Board of Directors. However, the shareholders have appointed a Shareholders' Nomination Board as described in recommendation 18b of the Code.

The application guidelines for good corporate governance were revised and approved by the Board of Directors on 18 January 2018. A yearly report on the Corporate Governance is part of the Annual Report.

The parent company of Enfo Group, Enfo Oyj, is a Finnish public limited company. The domicile of the company is Kuopio. Ultimate responsibility for the administration and operations of Enfo Group is at the General Meeting of Shareholders, the Board of Directors and the CEO. Enfo Group includes subsidiary companies in Finland, Sweden, Denmark and Norway.

Enfo Oyj is part of Cooperative KPY Group. The parent company of Cooperative KPY Group is Cooperative KPY, domiciled in Kuopio.

The shares of Enfo Oyj have been incorporated to the book-entry account system maintained by Euroclear Finland Oy.

General Meeting of Shareholders

The General Meeting of Shareholders constitutes Enfo's highest decision-making body where shareholders participate in the management and supervision of the company. The company must hold one Annual General Meeting during a financial period. Extraordinary General Meetings will be held if required. Shareholders exercise their speaking and voting rights in the General Meeting.

The General Meeting is attended by the CEO and the members of the Board of Directors. The auditor also attends the Annual General Meeting. Those who are nominated as members of the Board of Directors for the first time must attend the General Meeting where the election is decided on, unless there is a good reason for being absent.

The shareholders have the right to place a matter belonging to the General Meeting according to the Finnish Limited Liability Companies Act up for discussion at a General Meeting. In order to exercise this right at the General Meeting, shareholders must report their intention to the company's Board of Directors in writing in such sufficient time which allows the matter to be included in the notice to the General Meeting.

The company publishes the notice of the General Meeting, and presents the meeting agenda and any documents presented to the General Meeting on its website at least three weeks prior to the General Meeting. At its discretion, the Board of Directors may also publish the notice of the meeting in a national newspaper. After the meeting, Enfo publishes the decisions made by the General Meeting.

Annual General Meeting was held on 30 March 2017. In addition, Extraordinary General Meeting was held on 15 December 2017.

Shareholders' Nomination Board

Enfo has a Shareholders' Nomination Board, which consists of the largest shareholders of the company or persons nominated by the largest shareholders. The Shareholders' Nomination Board may also include members of the Board of Directors. Due to the ownership structure of the company, the work of the Shareholders' Nomination Board is based on the Corporate Governance guidance approved by the Board of Directors of the Company and practices resolved by the Shareholders' Nomination Board. General Meeting has not confirmed separate rules of procedure for the Shareholders' Nomination Board.

The duties of the Shareholders' Nomination Board are to prepare the proposals to the General Meeting regarding appointment and remuneration of the members of the Board of Directors and appointment of the auditor.

Diversity of the Board of Directors is an essential part of responsible business, which enables achievement of the company's strategic targets. When planning the composition of the Board of Directors, the Shareholders' Nomination Board takes into account the needs and development phases of the company's business operations. The diversity of the Board of Directors is assessed from various viewpoints. Key factors include the expertise and education of members, supplementing other members, and their varied experience in different business fields and managerial positions, as well as the personal qualities of each member. The objective is that both genders are represented by at least two members.

The Annual General Meeting of 30 March 2017 elected members of the Shareholders' Nomination Board as follows: Anssi Lehikoinen, Pekka Kantanen, Lauri Kerman (Secretary) and Tarja Tikkanen (Chairperson). In 2017, the Nomination Board convened three times, and the overall attendance rate of the members was 100%.

The Board of Directors

The Board of Directors of Enfo Oyj is responsible for the company's management and for the appropriate organization of its operations. The Board of Directors is responsible for appointing and dismissing the CEO, approving company's strategic goals and risk management principles as well as ensuring the functioning of and supervision of the management system. The Board of Directors also ensures that the company agrees on the values that will be followed in its operations. The Board of Directors represents all the shareholders.

The members of the Board of Directors are elected annually at the Annual General Meeting based on the proposal of the Shareholders' Nomination Board. The Board of Directors consists of at least five members and maximum of seven members. The Board of Directors selects the Chairman of the Board among its members based on the proposal of the Shareholders' Nomination Board.

The majority of the members of the Board of Directors must be independent of the company. In addition, at least two of the members of the majority must be independent of the company's major shareholders.

The Board of Directors produces a yearly written agenda that covers a schedule for meetings and a plan of matters to be addressed in the meetings, including the following:

- Financial reviews
- Strategic planning
- Shareholder affairs
- Management evaluation and remuneration schemes
- Assessment of the performance of the Board of Directors
- Business reviews
- Personnel questions
- Customer satisfaction
- Risk management

In addition to the matters listed in the agenda, the Board of Directors of Enfo addresses and decides on matters that may potentially have a significant impact on the company's finances, business or operating principles.

The Board of Directors evaluates its own performance once a year. The evaluation is made as self assessment or by an external expert.

In 2017, the Board of Directors convened 15 times, and the overall attendance rate of the Board members was 100%.

CEO and other management

According to the Finnish Companies Act, the CEO is responsible for the day-to-day running of the company in compliance with the principles and guidelines set by the Board of Directors. The Board of Directors appoints and discharges the CEO, decides on the financial benefits and other terms and conditions of the CEO's term of office, and supervises the activities of the CEO. The CEO may, taking the scope and quality of the company's operations into account, only take unusual or far-reaching action with the authorization of the Board of Directors. The CEO is responsible for the lawfulness of the company's accounting and the reliable organization of asset management. The Group's Executive Management Team assists the CEO. The CEO cannot be appointed as member of the Board of Directors.

M.Sc. (Technology) Arto Herranen acted as the CEO of Enfo Oyj until 31 December 2017. Seppo Kuula (M.Sc. (Tech, industrial engineering)), eMBA (marketing) and Engineer (machine automation) started as CEO on 1 January 2018.

The CEO is assisted by Group's Executive Management Team, which is responsible for operative management of Enfo Group. The Executive Management Team convenes at least once a month. In addition to the CEO, in February 2018, the members of the Executive Management Team included Lars Aabol (EVP, Sales), Erik Brügge (EVP, Digital Transformation), Antti Hemmilä (General Counsel), Christian Homén (CFO), Sami Kähkönen (EVP, IT Transformation), Henrik Norell (SVP, HR), Hans Sollerman (EVP, Business Transformation) and Lina Tjerneld (EVP, Marketing and Communications).

Incentive schemes

Functional and competitive rewarding is a significant tool in order to recruit capable managerial employees to the company, which in turn improves the company's financial success and the implementation of good corporate governance. Rewarding supports the fullfilment of objectives set by the company and the company's strategy, as well as long-term results.

Rewarding must be in a correct proportion considering the company's development and long-term value formation. Rewards are tied to performance and profit criteria and their fullfilment is being monitored, increasing trust in the functionality of the rewarding scheme.

The Annual General Meeting decides upon the fees paid to the Board of Directors. The monthly fee of the Chairman of the Board of Directors is EUR 4,000 and that of a Board member is EUR 1,000. In addition, the Board members and the Chairman are each paid a total of EUR 600 per meeting in attendance fees. The travel expenses of Board members are compensated for in accordance with the company's travel policy. The Board members are insured under the employees' pension insurance (TyEL) scheme. The contribution attributable to the member is deducted from the fee and the company pays the part attributable to the employer.

The total reward paid to the company's CEO and members of the Executive Management Team consist of a fixed monthly salary with fringe benefits, an annual bonus and a share-based long-term incentive scheme. The company does not have any specific pension solutions for the management. The company's Board of Directors decides upon rewards paid to the CEO and members of the Executive Management Team.

In 2017, the company paid a total of EUR 317,820 in salaries and fees to CEO Arto Herranen, of which the result-based bonuses originating from the 2017 financial period accounted for EUR 50,000. The term of the current CEO Seppo Kuula started on 1 January 2018. The period of notice in the executive agreement of Seppo Kuula, valid until further notice, is six months if the CEO terminates the agreement. If the company terminates the agreement, the CEO will also receive an amount corresponding to the salary of three months (six months from year 2019 onwards).

In 2017, 1,524,451 EUR were paid in salaries and fees to all members of the Executive Management Team.

In autumn 2016 the Board of Directors of Enfo resolved to revise the incentive schemes of the Group. In the first half of 2017 the company applied "STI Bridge" scheme. Due to the transformation program and organizational change, the revision of incentive schemes was moved to year 2018 and in 2017 the incentive scheme had two earning periods: from 1 January to 30 June and from 1 July to 31 December.

In 2017, the bonus scheme for the management and key persons in Finland and Sweden involved approximately 50 persons. For management and key persons the central determining criteria for the bonus include the operating profit of the Group or business area and/or personal objectives, and bonus accounted for, at most, 10–50% of person's annual salary.

For the Group's other personnel in Finland (apart from personnel of Enfo Rongo Oy, persons in Sales' salary scheme and certain other exceptions), the 2017 bonus scheme was based on the operating profit of the Group or business area and/or personal objectives. The bonus was paid as result-based bonus to the personnel fund of Enfo Oyj.

For the Group's other personnel in Sweden (apart from persons in Sales' salary scheme and certain other exceptions), the 2017 bonus scheme was based on the operating profit of the Group or business area and/or personal objectives. The bonus was paid to the respective persons directly.

Enfo Oyj's personnel in Finland, apart from the top management and certain other exceptions, are members of the personnel fund established in 2006 (Enfo Oyj Henkilöstörahasto). The Board of Directors has resolved to abandon the above mentioned scheme consisting of profit-sharing items and result-based bonuses paid to the personnel fund and preparing of new incentive scheme. The Company has conducted negotiation procedures related to the decision, which were finalized in October 2017. The personnel fund shall independently make the decisions about continuation of its activities during year 2018. With some exceptions, Group´s personnel in Sweden were members of a community (vinstandelstiftelse) established in 2014 and corresponding to the Finnish personnel fund. The said community was closed in 2017.

In January 2018, the Board of Directors of Enfo resolved on H1/2018 bonus scheme for the management and key persons in Finland and Sweden. The scheme involves approximately 40 persons. The central determining criteria for the bonus include the operating profit of the Group or business area and/or personal objectives and bonus accounts for, at most, 10–50% of person's salary in H1/2018. The Board of Directors of Enfo and/or the CEO will make decisions on the 2018 bonus schemes for other personnel of the Group within March 2018.

In addition to the annual bonus scheme, the Group has a long-term incentive scheme directed at the management and key personnel. The number of key persons belonging to the target group and the maximum amount of shares payable as reward under the scheme are specified at the end of March 2018. The company may also pay the reward entirely or partially in cash.

In 2017, the company did not pay share rewards based on earlier share-based incentive schemes.

Governance of Group companies, affiliated companies and offshore operations

Enfo Group consists of subsidiary companies in Finland (1), Sweden (10), Denmark (1) and Norway (1). The large amount of subsidiary companies in Sweden is the result of a number of acquisitions, but operative business is conducted mainly from Enfo Sweden AB. In addition to the above said, the laws and regulations of the domicile of the subsidiary companies are applied in the administration of these companies. Enfo has an ongoing initiative to reduce the amount of subsidiary companies in Sweden. The members of the board of directors of the subsidiary companies are members of the management of Enfo. In Denmark and Norway, a third party service provider has been retained to provide administrative services.

In addition to subsidiary companies, Enfo has one affiliated company: Administer Partner Oy (Enfo's ownership 19%). Enfo purchases financial process services from Administer Partner Oy.

In provision of services, Enfo uses regular partners in Philippines, India and Poland. However, Enfo does not own shares in these companies, nor has it offices in these countries. In separate assignments agreed with these partners, the partners follow the instructions and rules of Enfo or Enfo's customers.

Financial process outsourcing

In spring 2017, Enfo agreed on outsourcing of its financial process to then wholly owned subsidiary company Enfo Partner Oy. The main targets of the outsourcing were to achieve cost savings and automate Enfo's business processes. In October 2017, Enfo sold the majority of Enfo Partner Oy's shares to Administer Oy and the name of Enfo Partner Oy was changed to Administer Partner Oy. The transaction did not effect to the outsourcing arrangement agreed upon earlier. Enfo continues to be primarily responsible for its financial administration.

Other governance

The company's internal audit is based on regular reporting and active work within the Board of Directors.

The objective of risk management is to ensure that the company operates efficiently and profitably, that information is reliable, and regulations and operating principles are complied with. The aim is to identify, assess and monitor any risks related to business operations.

The company has conducted an analysis of the probability of threats and risks related to business operations, the impact of the threats and risks actually taking place, and risk management. The risk management plan prepared on the basis of the analysis is updated and developed in an active and determined manner in order to control the risks related to business operations. The status of risk management is reported quarterly to the Board of Directors.

The Group's financing decisions are performed centrally within the parent company following the investment policy approved by the Board of Directors, and the Board receives a quarterly report on the company's financial standing.

The internal audit requires auditors to screen different Group units. The service is a bought from an external provider. Internal auditors report directly to the Board of Directors.

The company reports information about potential related-party activities in the Board of Directors' report and notes to the financial statements. Currently, the company has no related-party activities that would be significant or deviate from ordinary business operations.

The auditor has an important position as an auditing body appointed by the shareholders. The Shareholders' Nomination Board presents a proposal of the auditor to the Annual General Meeting.

The company's auditor is Authorised Public Accountants PricewaterhouseCoopers Oy, with Authorised Public Accountant Pekka Loikkanen as the main auditor. In the period of 1 January–31 December 2017, the Group paid the auditor a total of EUR 135,477 in auditing fees and EUR 126,877 in fees not related to auditing.

ENFO'S BOARD OF DIRECTORS 1.1.2018

ANSSI LEHIKOINEN
Chairman of the Board, M.Sc (Technology), PhD

Anssi Lehikoinen is Chairman of the Board of Rocsole Oy, Ownsurround Oy and VRT Finland Oy. He is member of the Board of Osuuskunta KPY and Nostetta Oy. Lehikoinen has previously served as CEO of Numcore Oy November 2007 to April 2012, CEO of Rocsole Oy May 2012 to May 2014 and part-time Professor of Practice (Innovation management and commercialization) at the University of Eastern Finland December 2014 to November 2017.

Member of Enfo Oyj's Board of Directors since 30 March 2016 and Chairman since 30 March 2017. Holds no shares in Enfo Oyj. Independent of the company, dependent on a significant shareholder.

ARTO HERRANEN
Member of the Board, M.Sc. (Technology)

Arto Herranen was CEO of Enfo 2007–2017. Member of the board in Osuuskauppa PeeÄssä. Herranen has previously served as the Managing Director of Kuopion Puhelin Oyj and Savon Voima Oyj.

Member of Enfo Oyj's Board of Directors since 1 January 2018. Holds 271 shares in Enfo Oyj. Dependent on the company, independent of significant shareholders.

LAURI KERMAN
Member of the Board, M.Sc. (Economics), eMBA

Lauri Kerman is Managing Director at Osuuskunta KPY. Member of the Board of Directors of Enfo Oyj, Voimatel Oy, Vetrea Terveys Oy and Kiinteistö Oy Lentokapteeni. Main work experience: Director of Icecapital Banking, Partner at Iridium Corporate Finance and Portfolio Manager at Ilmarinen Mutual Pension Insurance Company.

Member of Enfo Oyj's Board of Directors since 19 March 2014. Holds no shares in Enfo Oyj. Independent of the company and dependent on a significant shareholder.

TIMO KÄRKKÄINEN
Member of the Board, M.Sc. (Economics)

Timo Kärkkäinen is Senior Portfolio Manager at Ilmarinen Mutual Pension Insurance Company. Member of the Board of Directors of Tieyhtiö Valtatie 7 Oy. Main work experience: Pension Fund agent, Group Treasurer and Head of Treasury Operations at Neste Oil Oyj 2005–2010. Treasury Manager, Head of Treasury Operations at Fortum Oyj 2000–2005. Finance, electricity pricing and forwarding duties at Imatran Voima Oy 1987–2000.

Member of Enfo Oyj's Board of Directors since 24 March 2011. Holds 200 shares in Enfo Oyj. Independent of the company and significant shareholders.

ENFO'S BOARD OF DIRECTORS 1.1.2018

MIKKO LAINE
Member of the Board, BBA, MBA

Mikko Laine is Partner in Broadius Partners Oy with over 10 years of advisory experience. Laine also serves as a Partner and a Member of the Board of Finnsweet Oy. Previously Laine has been a Partner and a Member of the Board of Kotihotelli Oy and of Human Care Network Oy and a Member of the Board of Pyn Rahastoyhtiö Oy.

Member of Enfo Oyj's Board of Directors since 30 March 2017. Holds indirectly 3,347 shares in Enfo Oyj. Independent of the company and significant shareholders.

SOILI MÄKINEN
Member of the Board, M.Sc. (Economics)

Soili Mäkinen is CIO at Cargotec Oyj. Main work experience: CIO at MacGREGOR Oy (2004–2006). Since 1993 Mäkinen has held a number of positions in system and project management at MacGREGOR Oy's IT management.

Member of Enfo Oyj's Board of Directors since 21 March 2013. Holds no shares in Enfo Oyj. Independent of the company and significant shareholders.

KAISA OLKKONEN
Member of the Board, Master of Laws

Kaisa Olkkonen is CEO, SSH Communications Security Oyj, Member of the Board and of the Audit Committee at Cargotec Oyj, and member of the Board at John Nurminen foundation. Advisor at Morelex Oy, 3D Bear Oy and Familings Oy.

Member of Enfo Oyj's Board of Directors since 30 March 2016. Holds 175 shares in Enfo Oyj. Independent of the company and significant shareholders.

ENFO'S EXECUTIVE TEAM 2018

SEPPO KUULA
CEO, Chairman of the Executive Management Team

Seppo Kuula is M.Sc. (Tech, industrial engineering), eMBA (marketing) and Engineer (machine automation). Kuula has been the CEO of the Finnish software integrator Siili Solutions Oyj since 2010, and before that, he has led business operations and sales both in publicly listed and private companies in Europe and the US. CEO of Enfo Oyj from the beginning of the year 2018.

LARS AABOL
EVP, Sales

Lars Aabol has previously served as the Managing Director of Enfo Zystems and Hogia Infra AB, and as a Sales Manager for Framfab. Member of the Executive Management Team of Enfo Oyj since 1 July 2012. Holds 1,400 shares in Enfo Oyj.

ERIK BRÜGGE
EVP, Digital Transformation

Erik Brügge is a Bachelor of Science in Informatics. He has previously worked in consulting at Zipper AB. From 2008, when Enfo acquired Zipper, he has held management positions at Enfo Zipper. Member of the Executive Management Team of Enfo Oyj since 1 July 2017. Holds 222 shares in Enfo Oyj.

ENFO'S EXECUTIVE TEAM 2018

ANTTI HEMMILÄ
General Counsel

Antti Hemmilä is LLM. He has previously been Specialist Partner at Attorneys at law Borenius Ltd. specializing in companies law, M&A and capital markets. Member of the Executive Management Team of Enfo Oyj since 1 July 2017.

CHRISTIAN HOMÉN
CFO

Christian Homén has a Master's degree in Finance and has previously worked as Director of Finance and Control at Microsoft Corporation. He has also held several director positions at Nokia Oyj in such areas as business planning, reporting, controlling and finance. Member of the Executive Management Team of Enfo Oyj since 1 February 2015. Holds 888 shares in Enfo Oyj.

SAMI KÄHKÖNEN
EVP, IT Transformation

Sami Kähkönen is a Master of Science in Information Technology. He has previously worked as CEO in Enfo Rongo. He has also worked at Tieto (previously TietoEnator) as a consultant and as Director in Data & Analytics. Member of the Executive Management Team of Enfo Oyj since 1 July 2017. Holds directly or indirectly 5,617 shares in Enfo Oyj.

ENFO'S EXECUTIVE TEAM 2018

HENRIK NORELL
SVP, HR

Henrik Norell has an education within human resources. Norell has previously acted as Head of HR CBRE Sweden AB, HR Manager Nordic at Ingram Micro AB, HR Director at Nasdaq OMX and HR Specialist at Accenture. Member of the Executive Management Team of Enfo Oyj since 9 January 2017.

HANS SOLLERMAN
EVP, Business Transformation

Hans Sollerman has an education from IHM Business School. He has previously worked as SVP, Business Development, at Enfo, and CEO of e-man AB. Before that, Sollerman has had leading positions at Information Highway and Strateg Communication AB. He is Chairman of the Board of Neurolearn AB and Loka Brunn, as well as member of the Board of K3 Nordic AB. Member of the Executive Management Team of Enfo Oyj since 22 January 2018. Holds 1,200 shares in Enfo Oyj.

LINA TJERNELD
EVP, Marketing and Communications

Lina Tjerneld is B.Sc. (Marketing Communications) and BA (Applied music), and has further deepened her knowledge of marketing and communications at IHM Business School. She has previously worked as COO at Enfo Pointer and with sales and marketing at VMware and SAP. Member of the Executive Management Team of Enfo Oyj since 1 February 2018. Holds 171 shares in Enfo Oyj.

FINANCIAL STATEMENTS

BOARD OF DIRECTORS' REPORT 2017

Enfo Oyj (Business ID: 2081212-9) is the parent company of Enfo Group, which belongs to Osuuskunta KPY Group. The parent company of Osuuskunta KPY Group is Osuuskunta KPY.

Enfo is a Nordic IT service company enabling its customers' data-driven business transformation. Enfo develops and maintains data-driven solutions and services with its customers. Enfo employs approximately 900 experts in Finland and Sweden.

Market development

The world economy was strong in 2017, and trends were positive in both Finland and Sweden. In line with forecasts by the countries' central banks, Finland's economy is expected to grow by 2.5% and Sweden's economy is expected to grow by 2.9% in 2018. According to forecasts for the sector, the market for IT services will expand more rapidly than the economy as a whole, both in Finland and Sweden.

The demand for services related to digitalization will strengthen further. As digital services become even more commonplace it will be imperative to bring together digital service development and existing IT services and solutions. This requires data-driven integration and capability to handle complexity. The significance of strategic partnerships will grow constantly on the IT service market. Customers are reducing the number of IT suppliers that they use in an effort to develop close relationships with strategic partners. At the same time, there is a greater readiness to transfer services into the cloud, and the demand for cloud services is increasing.

Turnover and profit

On October 4, 2017, Enfo Oyj sold its majority stake in Enfo Partner Oy, a subsidiary providing financial business process outsourcing services, to Administer Oy, specialized in electronic financial management services. Enfo Oyj's sale of the entire share capital of its subsidiary, Enfo Zender Oy, to Ropo Capital, was completed on February 1, 2017. In accordance with IFRS rules, a business area that has been divested or will be divested according to a coordinated plan should be reported under discontinued operations. The divested Financial Process Services business and the divested Information Logistics business are therefore reported as discontinued operations.

The consolidated turnover of Enfo Group from continuing operations increased by 5.9% to EUR 132.9 (125.5) million. The operating profit from continuing operations was EUR -5.1 (2.5) million. The operating profit as a proportion of turnover was -3.8%. The profit before taxes from the Group's continuing operations in the financial year was EUR -6.1 (1.5) million. The profit earned in discontinued operations was EUR 15.5 million in 2017. The profit for the financial year, including discontinued operations, was EUR 8.4 (1.2) million. The earnings per share for the continuing operations were EUR -13.46 (-1.53). The earnings per share including discontinued operations were EUR 9.91 (-1.6). The net financial expenses of the Group were EUR 0.9 (0.9) million.

Enfo's turnover for 2017 was affected by divestments. Despite the growth, turnover did not meet the targets, and organic growth was held back by the competition for expert personnel. The earnings were affected by non-recurring items – both in terms of expenses and income – related to corporate transactions and the transformation program implemented during the year. Non-recurring items related to the transformation program also burdened the operating cash flow.

Customer agreements were signed with organizations including ANS Finland, Boliden, the Finnish Parliament, Finavia, Savon Voima, Sponda, Vinnova and Voimatel.

Investments and financing

Enfo's net investments in the financial year amounted to EUR 1.8 (10.4) million. The investments were allocated in large part to purchasing data center hardware and modernizing control systems.

According to the terms of its major loan agreements, the Group must meet the following financial covenants:

- Net gearing less than 100%
- Interest-bearing net liabilities/operating margin less than 5

The Group exceeded the latter covenant during, and at end of, the financial year. This has been approved by the Group's financiers. The covenants are reviewed twice per year, so the Group has classified the loans covered by the covenants as short-term loans on the balance sheet date.

The company's equity ratio at the end of the financial year was 46.6% (41.5). Interest-bearing net liabilities at the end of December amounted to EUR 30.1 (38.9) million and net gearing was 57.4% (70.8).

Personnel and remuneration

Enfo's continuing operations employed an average of 911 employees (820) during the year and a total of 888 employees (921) at the end of the year.

Administration staff accounted for approximately 6% of Enfo's personnel. On average, 318 (318) employees were in Finland and 594 (502) were in Sweden.

The Group's personnel expenses for continuing operations in 2017 totaled EUR 78.2 (68.2) million. Personnel expenses made up 58% (45) of all expenses in the income statement. Enfo paid salaries and bonuses to its personnel in continuing operations in a total amount of EUR 65.7 (56.3) million.

In 2017, Enfo Group recruited 147 permanent employees (136) to positions in its continuing operations. 144 (118) permanent employment relationships ended. At the end of 2017, the average duration of a permanent employment relationship at the Group was 6.5 (6.8) years. A clear majority of 77% (76) of the Group's personnel are men. The average age of the personnel was 41.8 (41.7).

In autumn 2016 the Board of Directors of Enfo resolved to revise the incentive schemes of the Group. The "STI Bridge" scheme was taken into use in the first half of 2017. Due to the transformation program and organizational change implemented in the Group, the revision of incentive schemes was postponed to 2018. In 2017 the incentive scheme had two earning periods: from January 1 to June 30 and from July 1 to December 31.

In 2017, the bonus scheme for the management and key persons in Finland and Sweden involved approximately 50 persons. For management and key persons the central determining criteria for the bonus include the operating profit of the Group or business area and/or personal objectives, and bonus accounted for, at most, 10–50% of a person's annual salary.

For the Group's other personnel in Finland (apart from personnel of Enfo Rongo Oy, persons in Sales' salary scheme and certain other exceptions), the 2017 bonus scheme was based on the operating profit of the Group or business area and/or personal objectives. The bonus was paid as result-based bonus to the personnel fund of Enfo Oyj.

For the Group's other personnel in Sweden (apart from persons in Sales' salary scheme and certain other exceptions), the 2017 bonus scheme was based on the operating profit of the Group or business area and/or personal objectives. The bonus was paid to the respective persons directly.

Enfo Oyj's personnel in Finland, apart from the top management and certain other exceptions, are members of the personnel fund established in 2006 (Enfo Oyj Henkilöstörahasto). The Board of Directors has resolved to abandon the above mentioned scheme consisting of profit-sharing items and result-based bonuses paid to the personnel fund and to prepare a new incentive scheme. The Company has conducted negotiation procedures related to the decision, which were finalized in October 2017. The personnel fund shall independently make the decisions about continuation of its activities during the year 2018. With some exceptions, Group's personnel in Sweden were members of a community (vinstandelstiftelse) established in 2014 and corresponding to the Finnish personnel fund. This said community was closed in 2017.

In January 2018, the Board of Directors of Enfo resolved on a bonus scheme for the first half of 2018 for the management and key persons in Finland and Sweden. The scheme involves approximately 40 persons. The central determining criteria for the bonus include the operating profit of the Group or business area and/or personal objectives and bonus accounts for, at most, 10–50% of a person's salary in H1/2018.

The Board of Directors of Enfo and/or the CEO will make decisions on the 2018 bonus schemes for other personnel of the Group within March 2018.

In addition to the annual bonus scheme, the Group has a long-term incentive scheme directed at the management and key personnel. The number of key persons belonging to the target group and the maximum amount of shares payable as reward under the scheme are specified at the end of March 2018. The company may also pay the reward entirely or partially in cash.

The company did not award any share bonuses in 2017 on the basis of prior share-based incentive schemes.

Research and development

There were no R&D projects of note during the financial year.

Sharpening the strategy

In the fall of 2017, Enfo's Board of Directors initiated a strategy process. In connection with this, the company also revised its mission and vision. In line with its updated mission, Enfo enables data-driven business transformation for a more intelligent Nordics.

Towards 2020, Enfo takes the role of a modern data integrator, with focus on comprehensive data management, combining new digital services with development of business and IT. Co-creation with customers and other stakeholders is at the core of the strategy. Enfo also defined three must-win battles: a workplace to love, collaborative, integrated value creation, and trusted partner. Enfo's values are collaboration, trust, continuous development, and expertise.

Environmental matters

Enfo's environmental management system corresponds to the ISO 14001:2015 standard, and it was certified in April 2017. With the environmental management system, Enfo has identified the environmental impact of its operations and services and committed to the prevention of environmental damage and the continuous improvement of its standards. Enfo has set environmental goals for its operations, including ecological purchases, CO2-free energy use, reducing paper use, effective waste recycling, and reducing travel emissions.

Key stakeholders, such as customers, the personnel, partners, owners and the management, expect Enfo to act responsibly and protect the environment in its operations. Enfo chooses environmentally friendly alternatives whenever they are available. In order to ensure its profitable and sustainable growth, Enfo partners with its customers in an environmentally responsible way.

Enfo uses green energy at all of its data centers and most of its offices. Enfo's offices have favored green options in contexts such as energy agreements and purchases of furniture and office supplies. Enfo has virtual conference and remote working tools at its disposal, reducing the need for travel and thereby helping to save the environment. Videoconferencing equipment was installed at the offices in 2017. Enfo's employees are also encouraged to use public transportation.

Board of Directors, management, and auditor

The Chairman of the company's Board of Directors is Anssi Lehikoinen. The other members of the Board of Directors in 2018 are: Arto Herranen (Enfo's former CEO), Lauri Kerman (Managing Director of Osuuskunta KPY), Timo Kärkkäinen (Senior Portfolio Manager of Ilmarinen Mutual Pension Insurance Company), Mikko Laine (Partner and Advisor at Broadius Partners), Soili Mäkinen (CIO of Cargotec Oyj), and Kaisa Olkkonen (CEO of SSH Communications Security Oyj).

In 2018, the Group's Executive Management Team comprises: Seppo Kuula (CEO), Lars Aabol (EVP, Sales), Erik Brügge (EVP, Digital Transformation), Antti Hemmilä (General Counsel), Christian Homén (CFO), Henrik Norell (SVP, HR), Sami Kähkönen (EVP, IT Transformation), Hans Sollerman (EVP, Business Transformation) and Lina Tjerneld (EVP, Marketing and Communications).

In the 2017 financial year, the company's auditor was Authorised Public Accountants PricewaterhouseCoopers Oy, with Pekka Loikkanen, Authorized Public Accountant, as the designated chief auditor.

Shares, owners, and share capital changes

On December 31, 2017, Enfo Oyj had a total of 670,349 shares. According to the company's list of owners, the company had a total of 117 shareholders at the end of the financial year, including the company itself. However, this figure does not include foreign shareholders whose shares are nominee-registered. At the end of the financial year, the company held 4,490 treasury shares (0.7% of all of the shares). The company has one series of shares, and the shares are connected to Euroclear Finland Oy's book-entry system.

At the end of 2017, the company's ten largest shareholders were Osuuskunta KPY, Ilmarinen Mutual Pension Insurance Company, Rongo Cap Oy, the Gösta Serlachius Fine Arts Foundation, Enfo Oyj's Personnel Fund HR, Keskisuomalainen Oyj, Einari Vidgrén Oy, Hannu Isotalo Oy, Kallax Oy, and the Saastamoinen Foundation. Osuuskunta KPY holds 84.67% of Enfo's shares.

On January 1, 2017, Enfo Oyj had a total of 660,761 shares. As decided on December 14, 2016, the company registered 3,600 shares subscribed under a directed share issue for certain key employees in the financial year. In addition, the company issued 5,988 new shares in relation to Rongo Oy's share transaction (the share subscription price was based on an agreement with Rongo Oy in 2015 concerning the purchase of shares). On December 12, 2017, the company decided to issue new shares in relation to its share-based incentive scheme, but the shares in question will be subscribed in the first half of 2018.

In the financial year, the company transferred 368 treasury shares. The shares were transferred to the company's key employees in Sweden, who had technical difficulties in subscribing for shares under the rights issue in the fall of 2016, and in partial payment of the outstanding transaction price in the Rongo Oy transaction. The shares were priced at fair value or a value based on the company's previous agreements.

The company purchased a total of 3,188 treasury shares during the financial year. The shares were purchased from the company's former key employees, and the transaction price was the fair value of the shares or a value based on the company's previous agreements.

Decisions of the Annual General Meeting

Enfo Oyj held its Annual General Meeting on March 30, 2017, and it decided to pay a dividend of EUR 0.99 per share in accordance with the Board of Directors' proposal, for a total dividend of EUR 0.7 million. In addition, the Annual General Meeting decided to refund equity to the shareholders from the reserve for invested non-restricted equity in the amount of EUR 11.91 per share for a total repayment of EUR 7.8 million. The dividend and equity repayment were paid on April 10, 2017.

In addition, the Annual General Meeting authorized the Board of Directors to decide on additional dividends, as it considers appropriate, amounting to a maximum of EUR 4.55 per share, corresponding to a total of approximately EUR 3 million. The authorization is valid until the beginning of the next Annual General Meeting.

In accordance with the proposal of the Nomination Board, Lauri Kerman, Timo Kärkkäinen, Anssi Lehikoinen, Soili Mäkinen, and Kaisa Olkkonen were re-elected as full members of the Board of Directors. In addition, Mikko Laine was elected as a new member of the Board of Directors in accordance with the proposal of the Nomination Board. At the constitutive meeting held after the Annual General Meeting, the Board of Directors elected Anssi Lehikoinen as the Chairman.

In accordance with the proposal by the Board of Directors, the Annual General Meeting decided to reduce the share premium account included under restricted equity on the company's balance sheet on December 31, 2016, by transferring its assets of EUR 13,316,335.37 to the company's reserve for invested non-restricted equity. Furthermore, in accordance with the proposal by the Board of Directors, the decision was taken to reduce another reserve included under non-restricted equity on the company's balance sheet on December 31, 2016, by transferring its assets of EUR 11,755,792.51 to the company's reserve for invested non-restricted equity.

The Annual General Meeting also decided on authorizations with the following primary terms and conditions:

- The issue of a maximum of 175,000 new shares through a rights issue on one or more occasions. The authorization is valid until the next Annual General Meeting.
- The issue or transfer of a maximum of 60,000 new shares or treasury shares through a directed rights issue. The authorization is valid until the next Annual General Meeting.
- The purchase of a maximum of 10,000 treasury shares using the company's non-restricted equity. The authorization is valid until the next Annual General Meeting.

Decisions of the Extraordinary General Meeting

At the Extraordinary General Meeting held on December 15, 2017, a decision was taken in accordance with the proposal of the Nomination Board to re-elect Lauri Kerman, Timo Kärkkäinen, Mikko Laine, Anssi Lehikoinen, Soili Mäkinen, and Kaisa Olkkonen as full members of the Board of Directors. In addition, Arto Herranen was elected as a new member of the Board of Directors as of January 1, 2018, in accordance with the proposal of the Nomination Board.

Furthermore, the Extraordinary General Meeting decided on new or updated authorizations with the following primary terms and conditions:

- The issue or transfer of a maximum of 30,000 new shares or treasury shares through a directed rights issue. The authorization is valid until further notice, and it does not supersede prior authorizations concerning share issues.
- The decision was taken to expand and update the Annual General Meeting's decision concerning the acquisition of treasury shares using the company's non-restricted equity. With the Extraordinary General Meeting's authorization, the Board of Directors may decide on the acquisition of a maximum of 20,000 treasury shares using the company's non-restricted equity. The authorization is valid until the next Annual General Meeting.

Events following the financial year

Seppo Kuula began working as Enfo's CEO at the beginning of 2018. Hans Sollerman (EVP, Business Transformation) and Lina Tjerneld (EVP, Marketing and Communications) were appointed as members of the Executive Management Team in January and February 2018. Sollerman succeeds Mats Eliasson in this position.

Forecast for likely future development

The Group's turnover is expected to increase in 2018. The Group's operating margin is also expected to increase in 2018.

Risks and uncertainties

Short-term risks and uncertainties are associated with maintaining competitive prices in all of the Group's business areas. The competition for expert employees is a major factor in terms of growth. The largest long-term uncertainties are associated with a decrease in demand for traditional IT services.

Proposal of the Board of Directors on the use of retained earnings

On December 31, 2017, the parent company had distributable assets totaling EUR 60,805,015.27. The Board of Directors will propose to the Annual General Meeting that the Board of Directors be authorized to decide to pay a dividend as it considers appropriate. The authorization would enable the distribution of a maximum of EUR 3 million in dividends, amounting to approximately EUR 4.50 per share based on the number of shares on the date of the meeting invitation. The authorization will be valid until the Annual General Meeting 2019.

KEY FIGURES

IFRS

Key figures from the income statement	2017	2016	2015
Turnover (EUR million)	132.9	125.5	109.8
Change in turnover (%)	5.9	14.3	0.7
Operating profit (EUR million)	-5.1	2.5	6.3
% of turnover	-3.8	2.0	5.8
Profit before taxes (EUR million)	-6.1	1.5	5.5
% of turnover	-4.6	1.2	5.0
Profit for the financial year (EUR million)	-7.2	1.2	4.1
% of turnover	-5.4	1.0	3.7
Financing expenses, net (EUR million)	-0.9	-0.9	0.8
% of turnover	-0.7	-0.7	0.7
Return on investment (%)	-4.2	2.7	7.4
Return on equity (%)	-9.2	2.2	7.8

Key figures from the balance sheet			
Equity ratio (%)	46.6	41.5	44.4
Net gearing (%)	57.4	70.8	50.7
Interest-bearing net debt (EUR million)	30.1	38.9	27.8
Balance sheet total (EUR million)	112.9	133.6	124.1

Key figures per share	2017	2016	2015
Diluted and undiluted earnings per share from continuing operations for company shareholders (EUR)	-13.46	-1.53	5.28
Diluted and undiluted earnings per share for company shareholders (EUR)	9.91	-1.60	7.39
Equity per share	76.2	80.5	89.0
Dividend per share	4.51	0.99	5.9
Dividend payout ratio (%)	n/a	n/a	79.9
Number of shares on December 31	670,349	660,761	600,833
- excluding treasury shares	665,859	659,091	599,822
Average diluted number of shares	665,264	605,423	592,096

Other key figures			
Investments (net) (EUR million)	1.8	10.4	14.6
% of turnover	1.4	8.2	13.3
Average personnel, continuing operations	911	820	727
Average personnel, discontinued operations	45	95	91

FORMULAS FOR CALCULATING KEY FIGURES

The key figures were calculated using the following formulas:

Return on investment	=	$\dfrac{\text{Profit before taxes + finance expenses}}{\text{Equity + interest-bearing financial liabilities (start and end of year average)}}$
Return on equity	=	$\dfrac{\text{Profit for the financial year}}{\text{Equity (start and end of year average)}}$
Equity ratio	=	$\dfrac{\text{Equity}}{\text{Balance sheet total – advance payments received}}$
Net leveraging (%)	=	$\dfrac{\text{Interest-bearing net financial liabilities}}{\text{Equity}}$
Interest-bearing net financial liabilities	=	Interest-bearing financial liabilities - cash and cash equivalents and other liquid financial assets
Earnings per share (EPS)	=	$\dfrac{\text{Profit/loss belonging to the holders of the parent company's ordinary shares}}{\text{Weighed average number of outstanding ordinary shares}}$
Equity per share	=	$\dfrac{\text{Equity attributable to the parent company's shareholders}}{\text{Undiluted number of shares on December 31}}$
Dividend per share	=	$\dfrac{\text{Distributed dividends of the financial year}}{\text{Undiluted number of shares on December 31}}$
Dividend payout ratio (%)	=	$\dfrac{\text{Dividend per share}}{\text{Earnings per share}}$

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED INCOME STATEMENT

IFRS, EUR 1,000

	Note	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Turnover	4	**132,893**	**125,452**
Other operating income	5	17	115
Materials and services	6	-32,899	-32,648
Salaries and other employee benefits	7	-78,166	-68,177
Depreciation, amortization, and impairment	8	-9,053	-5,512
Other operating expenses	9	-17,907	-16,776
Operating profit		**-5,115**	**2,453**
Financial income	10	1,169	126
Financial expenses	10	-2,119	-1,083
Financial expenses (net)	10	-950	-957
Profit before taxes		**-6,065**	**1,496**
Income taxes	11	-1,115	-283
Profit from continuing operations in the financial year		**-7,180**	**1,214**
Discontinued operations			
Profit from discontinued operations in the financial year		15,547	-40

	Note	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Profit for the financial year		**8,367**	**1,174**
Attributable to			
- owners of the parent company		-6,592	-967
- non-controlling interests		1,775	2,141
Earnings per share calculated on the basis of the profit attributable to the owners of the parent company:			
Diluted and undiluted earnings per share			
Operating profit from continuing operations attributable to the company's shareholders (EUR)	13	-13.46	-1.53
Profit from discontinued operations (EUR)	13	23.37	-0.07
Undiluted earnings per share attributable to the company's shareholders (EUR)	13	9.91	-1.60

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

IFRS, EUR 1,000

	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Profit for the financial year	**8,367**	**1,174**
Items that may be recognized through profit or loss in the future:		
Change in the fair value of financial assets held for sale	16	-11
Exchange rate differences caused by net investments in foreign subsidiaries	-505	-677
Net investment hedging	0	-79
Other translation differences	-56	-413
Cash flow hedging	0	116
Taxes on other items of comprehensive income	-3	-21
Other items of comprehensive income for the financial year after taxes	-548	-1,085
Total comprehensive income for the financial year	**7,819**	**89**
Attributable to		
- owners of the parent company	6,098	-2,002
- non-controlling interests	1,721	2,091

CONSOLIDATED BALANCE SHEET

IFRS, EUR 1,000

	Note	Dec 31, 2017	Dec 31, 2016
ASSETS			
Non-current assets			
Property, plant, and equipment	14	3,470	4,369
Goodwill	15	69,466	77,803
Other intangible assets	15	5,338	6,331
Available-for-sale investments	16	130	130
Receivables	17	821	338
Deferred tax assets	18	1,589	1,474
Total non-current assets		**80,813**	**90,446**
Current assets			
Inventories	19	0	95
Trade receivables	20	25,256	26,461
Other receivables	20	3,230	3,262
Tax assets based on the financial year's taxable income	20	1,675	2,942
Available-for-sale investments	16	2	2
Cash and cash equivalents	21	1,948	5,018
Total current assets		**32,111**	**37,708**
Assets of discontinued operations		**0**	**5,421**
Total assets		**112,923**	**133,646**

	Note	Dec 31, 2017	Dec 31, 2016
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent company			
Share capital	22	265	265
Share premium account	22	0	13,316
Treasury shares	22	-396	-149
Translation differences	22	-299	671
Fair value reserve and other reserves	22	26,082	7,980
Retained earnings		25,116	30,941
Total equity attributable to owners of the parent company		**50,768**	**53,025**
Non-controlling interests		**1,741**	**1,853**
Total equity		**52,509**	**54,877**
Non-current liabilities			
Deferred tax liabilities	18	917	799
Financial liabilities	24	11,478	21,463
Other liabilities	25	890	1,079
Total non-current liabilities		**13,285**	**23,342**
Current liabilities			
Trade payables	25	6,042	7,076
Other liabilities	25	20,097	22,247
Tax liabilities based on the financial year's taxable income	25	383	797
Financial liabilities	24	20,608	22,418
Total current liabilities		**47,129**	**52,539**
Total liabilities		**60,414**	**75,880**
Liabilities of discontinued operations		**0**	**2,889**
Total equity and liabilities		**112,923**	**133,646**

CONSOLIDATED CASH FLOW STATEMENT

IFRS, EUR 1,000

	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Cash flow from operations (including discontinued operations)		
Profit for the financial year	8,367	1,174
Adjustments		
Depreciation and amortization	9,375	5,978
Financial items	-16,852	931
Capital gains/losses from fixed assets	10	44
Taxes	1,160	304
Non-cash transactions	-417	359
Change in working capital:		
Change in trade receivables and other receivables	3,323	-542
Change in inventories	98	79
Change in trade payables and other payables	1,067	166
Interest paid	-966	-827
Interest and dividends received	197	74
Taxes paid	-1,516	-2,290
Net cash flow from operations	**3,846**	**5,450**
Cash flow from investments (including discontinued operations)		
Acquisition of subsidiaries less cash and cash equivalents on the acquisition date	-666	-11,827
Investments in tangible and intangible fixed assets	-827	-484
Sales of tangible and intangible fixed assets	136	47
Investments: Investments accounted for using the equity method	-2,394	0
Sales of subsidiaries less cash and cash equivalents on the sale date	19,029	0
Loans issued	-500	0
Net cash flow from investment activities	**14,778**	**-12,264**

	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Cash flow from financing activities (including discontinued operations)		
Rights issue	300	5,000
Dividends paid and equity refunded	-10,378	-4,584
Transactions related to treasury shares	-264	-82
Loans taken out	13,379	14,870
Loan repayments	-23,306	-4,411
Repayment of financial leasing liabilities	-2,725	-3,269
Net cash flow from financing activities	**-22,992**	**7,524**
Change in cash and cash equivalents	**-4,369**	**710**
Effect of exchange rate changes on cash and cash equivalents	-194	138
Cash and cash equivalents at beginning of the financial year	5,018	5,662
Cash and cash equivalents from discontinued operations at beginning of the financial year	1,492	0
Cash and cash equivalents from discontinued operations at end of the financial year	0	-1,492
Cash and cash equivalents at end of the financial year	**1,948**	**5,018**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IFRS, EUR 1,000

	Note	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserve and other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Equity Jan 1, 2016		**265**	**13,316**	**-86**	**2,052**	**2,874**	**35,065**	**53,486**	**1,371**	**54,856**
Profit/loss for the financial year							-967	**-967**	2,141	**1,174**
Comprehensive income										
Other items of comprehensive income										
Available-for-sale investments						-11		**-11**		**-11**
Exchange rate differences caused by net investments in foreign subsidiaries					-677			**-677**		**-677**
Net investment hedging					-79			**-79**		**-79**
Other translation differences					-625		262	**-362**	-50	**-413**
Cash flow hedging						116		**116**		**116**
Taxes on other items of comprehensive income						-21		**-21**		**-21**
Other items of comprehensive income for the financial year after taxes		0	0	0	-1,381	84	262	**-1,035**	-50	**-1,085**
Comprehensive income for the financial year					-1,381	84	-705	**-2,002**	2,091	**89**
Transactions with owners										
Distributed dividends							-3,539	**-3,539**	-1,046	**-4,585**
Share issue						5,000		**5,000**		**5,000**
Purchase of treasury shares				-82				**-82**		**-82**
Sale of treasury shares								**0**		**0**
Non-controlling interest in the acquisition of a subsidiary							232	**232**	-563	**-331**
Management incentive scheme				20		22	-20	**22**		**22**
Redemption obligation							-93	**-93**		**-93**
Total transactions with owners		0	0	-62	0	5,022	-3,419	**1,541**	-1,609	**-68**
Equity Dec 31, 2016		**265**	**13,316**	**-148**	**671**	**7,980**	**30,941**	**53,025**	**1,853**	**54,877**

	Note	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserve and other reserves	Retained earnings	**Total**	Non-controlling interest	**Total equity**
Equity Jan 1, 2017		**265**	**13,316**	**-148**	**671**	**7,980**	**30,941**	**53,025**	**1,853**	**54,877**
Profit/loss for the financial year							6,592	**6,592**	1,775	**8,367**
Comprehensive income										
Other items of comprehensive income										
Available-for-sale investments						16		**16**		**16**
Exchange rate differences caused by net investments in foreign subsidiaries					-505			**-505**		**-505**
Other translation differences					-466		464	**-2**	-54	**-56**
Taxes on other items of comprehensive income						-3		**-3**		**-3**
Other items of comprehensive income for the financial year after taxes		0	0	0	-970	13	464	**-493**	-54	**-547**
Comprehensive income for the financial year					-970	13	7,056	**6,099**	1,721	**7,820**
Transactions with owners										
Distributed dividends						-7,890	-656	**-8,546**	-1,832	**-10,378**
Share issue						906		**906**		**906**
Purchase of treasury shares				-279				**-279**		**-279**
Sale of treasury shares				31				**31**		**31**
Redemption obligation							-482	**-482**		**-482**
Total transactions with owners		0	0	-248	0	-6,984	-1,138	**-8,370**	-1,832	**-10,202**
Transfers between items			-13,316	1		25,072	-11,742	**15**		**15**
Equity Dec 31, 2017		**265**	**0**	**-395**	**-299**	**26,081**	**25,117**	**50,770**	**1,741**	**52,510**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basic details about the company

Enfo is a Nordic IT service company enabling data-driven business transformation.

The domicile of the company is Kuopio, Finland. Enfo Oyj is part of Osuuskunta KPY Group, the parent company of which is Osuuskunta KPY, domiciled in Kuopio.

The Board of Directors of Enfo Oyj approved these financial statements for publication at its meeting on March 1, 2018. According to the Finnish Limited Liability Companies Act, shareholders have the opportunity to approve or reject the financial statements at the General Meeting following their publication. The General Meeting may also decide on amendments to the financial statements.

2. Accounting principles for the consolidated financial statements

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, IFRS. The IAS and IFRS Standards and SIC and IFRIC Interpretations in effect on December 31, 2017, have been applied.

The consolidated financial statements have been prepared on the basis of the original acquisition costs (assumed acquisition cost), excluding the items valued at fair value pursuant to the standards, such as sellable financial assets.

Preparation of the financial statements, in accordance with the IFRS standards, requires that the management of the Group use estimated calculations and assumptions that have an effect on the quantity of assets and liabilities at the time the financial statements are prepared; on the reporting of conditional assets and liabilities; and on the amount of returns and expenses during the reporting period. The basis of preparation requiring management consideration and the uncertainties connected to estimates are discussed in a separate chapter.

The financial statements are presented in thousands of euros. For the presentation, individual figures and total sums have been rounded to full thousands, which results in rounding differences in additions.

Enfo Oyj has applied the changes to standards and interpretations affecting Enfo Oyj that came into effect during the financial year. The changes had no significant impact on the Group's result for the financial year, its financial status or the way the financial statements are presented.

In previous years, the company has voluntarily presented the segment data in accordance with IFRS8 in its financial statements. Due to the discontinued operations, the company no longer monitors its operations according to the previous segment reporting. The segment data are therefore no longer presented in the financial statements.

Changes coming into effect next year

The IASB has published a new standard for income recognition, IFRS 15 Revenue from Contracts with Customers. This replaces IAS 18 applying to sales of goods and services and IAS 11 applying to long-term projects. In addition, the IASB has published clarifications of the standard relating to identifying the performance obligations, handling licenses, and whether an organizations acts as a principal or an agent (determining whether the income is presented in gross or net form). The fundamental principle of the new standard is that revenue should be recognized once the control over goods or services has been transferred to the customer – therefore, control is assessed instead of risks and benefits.

A new five-step process must be applied to recognizing revenue:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group analyzed the effects of the new standard on the Group's financial statements using the five-step process above during the 2017 financial year. Based on the analysis, the standard will affect at least the way financial statements are presented through the effects on notes brought about by the standard. Based on the analysis, the adoption of the standard will not significantly affect revenue recognition within the Group. The standard will be adopted by the Group on January 1, 2018 by providing additional information non-retroactively.

IFRS 9 Financial Instruments took effect on January 1, 2018, replacing the IAS 39 standard and introducing changes to the classification and valuation of financial assets, the determination of impairment, and the principles of hedge accounting.

The debt instruments used as financial assets will be valued at amortized cost, but only when the objective of the business model is to hold these investments and collect all cash flows based on the contract, and when the cash flows based on the instrument contract comprise the payment of the capital and interest exclusively.

All other debt instruments, equity investments used as financial assets, and structured investment products will be recognized at fair value. All changes in the fair value of financial assets are recognized in the income statement. The exception is changes in the fair value of equity investments that are not held for business purposes: these can be recognized either in the income statement or in equity reserves (in this case, they are not subsequently recognized through profit or loss). Depending on the company's business model, some debt instruments included in financial assets may also be valued at fair value through other items of comprehensive income.

The Group will adopt the standard for the financial year beginning January 1, 2018. The new rules will be applied by the Group retrospectively from January 1, 2018, making use of the practical expedients permitted by the standard. Based on the Group's assessment, the adoption of the standard is not expected to have a significant impact on the Group's profit or balance sheet.

Changes coming into effect later

IFRS 16 (taking effect on January 1, 2019) will primarily affect the accounts of lessees. As a result of this, all lease agreements other than low-value or short-term agreements are entered in the balance sheet. From the lessee's point of view, the current division between operating and financing leases has been discontinued in the standard and, accordingly, an asset (the right to use the leased asset) and a financial liability pertaining to the lease obligation are entered for practically all lease agreements.

The standard will affect the income statement because the total expenses are typically higher in the early stage of the validity of the lease and lower toward the end. Furthermore, the lease expenses currently included in business expenditure will be replaced by interest and depreciation, which will affect key figures such as EBITDA.

At the moment, the consolidated balance sheet already includes a significant number of leases treated as financing leases. The change will primarily affect the consolidated income statement and balance sheet through leases for business premises and other minor entities, such as hardware rental. The Group is currently evaluating the impact in euros in more detail.

CONSOLIDATION PRINCIPLES

Subsidiaries

The consolidated financial statements include Enfo Oyj and its subsidiaries. Subsidiaries are companies controlled by the Group. The Group has the control when it holds more than 50% of the voting rights or it otherwise has the power to govern the financial and operating policies of the company. The existence of potential voting rights is considered when assessing the conditions under which control arises if the instruments conferring potential voting rights are exercisable at the time of review.

Mutual shareholding has been eliminated using the acquisition cost method. Any conditional additional purchase price is recognized at fair value on the acquisition date and classified as a liability or equity. Acquired subsidiaries are consolidated from the date on which control is transferred to the Group, and divested subsidiaries until the date on which control ceases. All intra-group transactions, receivables, liabilities, unrealized profits, and internal distribution of profit are eliminated in the consolidated financial statements. Unrealized losses are not eliminated if the loss is a result of impairment.

The distribution of profit or loss between owners of the parent company and non-controlling interests is presented in a separate income statement. The distribution of comprehensive profit between owners of the parent company and non-controlling interests is presented in the statement of comprehensive income.

The subsidiaries have the same financial year as the parent company and comply with the consolidated accounting principles described herein.

FOREIGN CURRENCY ITEMS

Figures related to the result and financial position of Group units are measured in the currency of the primary operational environment in which the unit operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company.

Transactions in foreign currencies are recognized in euros at the rate valid on the transaction date. Monetary foreign currency items are translated into euros using the rates prevailing on the closing date. Gains or losses arising from foreign currency transactions and the translation of monetary items are recognized in the income statement. Foreign exchange rate gains and losses on operations (sales and purchases) are included in the corresponding items above operating profit. Exchange rate gains and losses related to financing are included in financial income and expenses.

The income statements for foreign Group companies have been translated into the parent company's currency at the average exchange rate for the financial year and the balance sheets use the exchange rate valid on the balance sheet date. Any exchange rate differences arising from the translation, as well as those arising from the translation of equities of foreign subsidiaries, are recognized in equity. If a foreign subsidiary is sold or dissolved, the accumulated translation differences are recognized in the income statement as part of capital gain or loss. Exchange rate differences arising from a monetary item that forms part of the entity's net investment in a foreign unit are recognized in the consolidated financial statements in equity and will be recognized through profit or loss on disposal of the investment.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are recognized at original acquisition cost less depreciation and amortization. Subsequent expenses will only be included in the carrying amount of a tangible asset if it is likely that the future financial benefit related to the asset will flow to the Group and the acquisition cost of the asset can be reliably determined. Other repair and maintenance costs are recognized through profit or loss on the date of occurrence.

Property, plant, and equipment are depreciated using the straight-line method over their estimated useful lives. The Group applies the following estimated useful lives:

Machinery and equipment	3–5 years
Other tangible assets	10 years

The residual value and useful life of assets are reviewed regularly in connection with each financial statement and interim report and, if required, adjusted to reflect changes in expected financial benefit. Depreciation of property, plant and equipment begins when the asset item is available for use and ceases when the asset is classified as being held for sale according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

INTANGIBLE ASSETS

Goodwill

The goodwill generated from combined business operations is recognized at the amount at which the consideration transferred, the amount of non-controlling interests in the acquiree, and the previously acquired share in total exceed the fair value of the acquired net assets.

Goodwill is not amortized. Instead, it is tested annually or, if necessary, more frequently for any impairment. For this purpose, goodwill has been allocated to cash-generating units that correspond to the management's method of monitoring the business and the related goodwill. Goodwill is measured at original acquisition cost less impairment.

Intangible assets arising from combined business operations

The combination of businesses has provided the Group with intangible rights that relate to customer relationships and trademarks. Intangible rights are recognized at fair value on the acquisition date and they are depreciated over their estimated useful life. Fair value has been defined on the basis of estimated discounted cash flows.

Research and development costs

Research and development costs are recognized as expenses in the income statement, apart from the development costs that meet the capitalization criteria required by IAS 38 Intangible Assets. Development costs are capitalized on the balance sheet as intangible assets when the product is technically feasible, it can be utilized commercially, and it is expected to generate future financial benefits. Capitalized development costs include the material, work, and testing costs that are directly attributable to the completion of the product for its intended use. The development costs previously recognized as costs are not capitalized in subsequent financial years.

Amortization is recognized for the asset at the moment it is ready for use. An asset not yet ready for use is tested annually for impairment. After initial recognition, capitalized development costs are recognized at acquisition cost less accrued depreciation and impairment. The useful life of capitalized development costs is 3–5 years, over which the capitalized costs are recognized as expenses through straight-line depreciation.

Other intangible assets

Purchased patents, trademarks, licenses, and other intangible assets with a limited useful life are recognized on the balance sheet and depreciation is recognized in the income statement on a straight-line basis over their useful lives. The Group estimates that the useful life for software and other intangible assets is 3–5 years. Intangible assets with an unlimited useful life are not amortized. Instead, they are tested annually and, if required, more frequently for any impairment. Currently, the Group does not have any intangible assets with an unlimited useful life.

The acquisition cost of intangible assets consists of the purchase price and all expenses that are directly attributable to the completion of the product for its intended use. Profit or loss arising from the disposal of intangible assets is presented in the income statement in other operating income or expenses.

LEASES

The Group as lessee

Leases for tangible goods in which the Group carries a significant portion of the risks and rewards of ownership are classified as finance lease agreements. They are recognized on the balance sheet at the lower of the fair value of the leased asset at the start of the lease period or the present value of minimum rents. Assets acquired through finance leases are depreciated over the useful life of the asset or over the lease period, if shorter. Lease liabilities are included in financial liabilities. Each lease payment is allocated between liability deductions and finance costs over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each financial year.

Lease agreements where the lessor retains the risks and rewards of ownership are classified as operating lease agreements. Rents paid under operating lease agreements are recognized as costs in the income statement on a straight-line basis over the lease period. Any incentives received are deducted from the paid rents based on the distribution of benefits over the lease period.

The Group as lessor

Assets leased out by the Group, where a significant part of the risks and rewards of ownership are transferred to the lessee, are classified as finance lease agreements and recognized on the balance sheet as receivables at fair value. Financial income from finance lease agreements is recognized over the lease period so as to produce a constant rate of return over the lease period on the remaining net investment for each period. Currently, the Group does not have any significant finance lease agreements as a lessor.

Assets leased out under agreements other than finance lease agreements are included in property, plant, and equipment on the balance sheet and are depreciated over their useful lives. Rental income is recognized in the income statement on a straight-line basis over the lease period.

Arrangements that include a lease agreement

The Group analyzes agreements signed with customers and suppliers according to the IFRIC 4 interpretation on the basis of the factual content of the arrangement. If an arrangement includes a lease agreement, the requirements of the IAS 17 Leases standard are applied to the lease agreement component. The relevant IFRS standards are applied to other arrangements or arrangement components.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

On each closing date, the Group reviews asset items for any indication of impairment. If there are such indications, the amount recoverable from the said asset item is assessed. The recoverable amount is the higher of the asset item's fair value less the cost arising from disposal and the asset item's value in use.

Goodwill, intangible assets with an unlimited useful life, and incomplete intangible assets are assessed for impairment annually, regardless of whether there is any indication of impairment. Impairment of goodwill is reviewed at the level of cash-generating units.

An impairment loss is recognized when the carrying amount of an asset item is greater than its recoverable amount. The impairment loss is recognized in the income statement. An impairment loss is reversed if the situation changes and the amount recoverable from the asset has changed since the date when the impairment loss was recognized. However, the impairment loss is not reversed to a value above the carrying amount of the asset before the recognition of the impairment loss. Impairment losses recognized for goodwill are never reversed.

BORROWING COSTS

Other borrowing costs are recognized as expenses in the financial year in which they were incurred. Borrowing costs arising from the acquisition or manufacturing of a qualifying asset are capitalized as part of the acquisition cost of the asset.

GOVERNMENT GRANTS

Government grants covering the acquisition of property, plant, and equipment items are deducted from the carrying amounts of these assets when there is a reasonable assurance that the grant will be received and the Group will comply with all associated conditions. The grants are recognized as income through smaller depreciation items over the asset's operating life. Other government grants are recognized as other operating income.

INVENTORIES

Inventories are recognized at the lower of acquisition cost or net realizable value. The acquisition cost is determined using the weighted average price method. The net realizable value is the estimated selling price in the normal course of business less the estimated costs to complete the product and selling costs.

EMPLOYEE BENEFITS

Pension liabilities

Pension arrangements are classified as defined-benefit plans or defined contribution plans. In defined-contribution plans, the Group pays fixed contributions into a separate entity. In this case, the Group has no legal or factual obligation to pay further contributions if the entity does not hold sufficient assets to pay the pension benefits. Other arrangements that do not meet the above conditions are defined-benefit plans.

The Group's pensions are handled by external pension insurance companies. The pension liabilities are classified as defined-contribution plans, which means that the payments made into pension plans are recognized in the income statement of the financial year in question.

Share-based payments

During the financial year, there were no incentive schemes in effect that could lead to share-based bonuses being paid to personnel.

PROVISIONS AND CONTINGENCIES

Provisions are recognized when the Group has a legal or factual obligation resulting from an earlier event, fulfilment of the payment obligation is probable, and its amount can be reliably estimated. If it is possible to receive compensation for part of the obligation from a third party, the compensation is recognized as a separate asset item when it is practically certain that the compensation will be paid. Provisions are recognized at the present value of the expenses required to settle the obligation.

A restructuring provision is recognized in the financial year when the Group becomes legally or factually liable to pay. Compensation for termination of employment will not be recognized until an agreement has been made with the representatives of the concerned employees specifying the reasons for the termination and the number of discharged employees, or when the employees have been notified of the specific terms. Provisions are not recognized for costs related to the continuing operations of the Group.

Provisions are recognized for loss-making agreements when the obligatory expenditure required to meet obligations exceeds the benefits yielded by the agreement.

A contingent liability is a conditional obligation arising from past events whose existence is confirmed when the uncertain event that is beyond the Group's control is realized. In addition, an existing obligation which probably does not require the fulfilment of the payment obligation, or whose amount cannot be reliably estimated, is considered a contingent liability. Contingent liabilities are presented in the notes.

A contingent asset arises when it is possible, but not completely certain, that the company will gain an economic benefit. Contingent assets are presented in the notes.

TAXES BASED ON THE TAXABLE INCOME FOR THE FINANCIAL YEAR AND DEFERRED TAXES

Tax expenses in the income statement comprises the tax based on taxable income together with changes in deferred taxes. Taxes are recognized through profit or loss unless they are associated with items recognized directly in equity or other items of comprehensive income. In this case, the tax is recognized in the item in question. The taxes based on the taxable income for the period are calculated according to the tax rates valid in each country.

Deferred taxes are calculated on all temporary differences between the carrying amount and tax value. Temporary differences arise from sources such as the fair value measurement of financial assets, differences between tax and accounting depreciation on fixed assets, finance lease recognitions, and the capitalization of intangible rights recognized in connection with business combinations. Deferred tax is not recognized for non-deductible impairment of goodwill or undistributed earnings of subsidiaries where it is probable that the difference will not reverse in the foreseeable future.

Deferred taxes have been calculated using the tax rates enacted or tax rates whose confirmed content has been announced by the closing date.

Deferred tax assets are recognized to the extent that it is likely that future taxable income will be generated against which the temporary difference can be utilized. The amount of deferred tax assets and the probability of utilization are assessed on each balance sheet date.

Deferred tax assets and liabilities are presented on the balance sheet as separate items included in non-current assets or liabilities. Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to offset the tax assets and liabilities based on the period's taxable income, and the deferred tax assets and liabilities relate to income taxes collected by the same tax authority.

Value added tax and similar indirect taxes are deducted from sales revenue. Any other taxes are included in other operating expenses. The value added tax and corresponding indirect taxes paid to the tax authorities are presented as current liabilities under the balance sheet item Other liabilities, and the amount received from the tax authorities is presented as current receivables under the balance sheet item Other receivables.

RECOGNITION PRINCIPLES

Services produced and goods sold

Sales of services, ongoing services. Revenue from services is recognized as income in the financial year when the service is provided.

Sales of services, deployment projects. Revenue and costs from services are recognized in the financial year when the material risks, rewards, and actual control have been transferred to the buyer, and it is likely that the financial benefit associated with the transaction will accrue to the company.

Sales of services, consulting. Revenue from services is recognized as income in the financial year when the service is provided. Revenue from services is recognized according to the degree of completion when the business outcome can be assessed reliably. The degree of completion is determined by calculating the proportion of the costs for each task completed by the review date in respect of the estimated total costs of the project. For short-term services, revenue is recognized when the service has been provided and it is likely that financial benefit can be gained from the service. When services are performed over a specific period of time, revenue is recognized for the period using the straight-line method, unless some other method is a better indicator of the degree of completion.

Sales of hardware and software. Revenue from the sale of hardware or provision of software is recognized when the material risks, rewards, and actual control over the hardware or software have been transferred to the buyer, the revenue and costs associated with the transaction can be reliably determined, and it is likely that the financial benefit associated with the transaction will accrue to the company. Maintenance services related to software are recognized on the basis of time elapsed in equal instalments for the duration of the validity of the agreement.

Commissions from the sale of hardware and software. Revenue is recognized in the financial year when the basis for the commission arose and the outcome of the transaction can be reliably estimated.

Revenue is measured on the basis of the fair value of the consideration received or receivable. The amount of revenue to be recognized does not include any amounts collected on behalf of external parties, such as value added tax.

Interest and dividends

Interest and dividend income is recognized when it is likely that the financial benefit associated with the business activity will accrue to the entity and the income can be reliably determined. Interest income is recognized in compliance with the effective interest method, and dividends are recognized when the shareholder obtains the right to receive payment.

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets, or a disposal group, and assets related to discontinued operations are classified as held for sale if their carrying amount will be recovered principally through the sale of the asset. In such a case, the asset is available for immediate sale in its present condition according to customary terms, management is committed to a plan to sell, active sales efforts have been started, and completion of the sales transaction is expected within one year.

Assets held for sale and assets associated with a discontinued operations that have been classified as held for sale, are recognized at the lower of their carrying amounts or their fair value less the costs of selling. Depreciation of these assets ends on the classification date.

Assets held for sale, disposal groups, assets associated with held-for-sale assets and recognized directly in equity, and liabilities included in the disposal groups are presented separately from other asset items on the balance sheet.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and which represents a major business segment or geographical operating area, is part of a single coordinated plan to dispose of a significant segment or geographical operating area, or is a subsidiary acquired exclusively with a view to resale. The profit of the discontinued operations after taxes is presented as a separate item in the consolidated statement of comprehensive income.

FINANCIAL ASSETS AND LIABILITIES

The Group's financial assets are categorized under loans and other receivables, financial assets measured at fair value through profit or loss, held-to-maturity investments, and available-for-sale financial assets. Financial assets are classified according to their purpose when acquired and at the time of acquisition. The Group's current financial assets are classified as loans and other receivables, or available-for-sale financial assets.

Purchases and sales of financial assets are recognized on the transaction date at fair value. Transaction costs are included in the original carrying amount of the financial assets when the asset in question is not recognized at fair value through profit or loss.

Loans and other receivables

Loans and other receivables include the Group's sales and other receivables, and they are measured at amortized acquisition costs using the effective interest method. Current sales receivables are recognized at the original invoiced amount less uncertain receivables. Non-current receivables are recognized by discounting estimated future payments to the present. Receivables are included on the balance sheet under current or non-current assets according to their nature. If they mature in more than 12 months, they are included under non-current assets.

Available-for-sale financial assets

The Group's other financial assets are classified as available-for-sale financial assets. They consist of shares and interest-bearing investments and are recognized at fair value. Changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income and presented under equity within the fair value reserve included in the item "Other reserves", net of tax. Changes in fair value are transferred from equity to the income statement when the investment is sold, or its value has decreased so that an impairment loss must be recognized on the investment.

Available-for-sale financial assets are included in non-current assets unless they are intended to be held for less than 12 months from the closing date, in which case they are included in current assets.

Establishment of fair value

The fair value of financial assets is primarily established by using market values. If market values are not available, fair value is established using the market values for corresponding instruments, or by discounting cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand, bank deposits withdrawable on demand, and other highly liquid short-term investments. Items classified as cash and cash equivalents have maturities of three months or less from acquisition. Any credit limits used are included in current interest-bearing liabilities.

A financial asset is only removed from the balance sheet when the contractual right to the cash flow from an item included in financial assets expires, or the Group transfers an item included in financial assets to another party so that the risks and rewards of ownership or control are transferred to the other party.

Impairment

On each balance sheet date, the Group assesses whether there is any objective indication of impairment in a financial asset item. If such indication exists, the amount of loss is determined according to the difference between the asset item's carrying amount and its fair value, or the present value of expected future cash flows discounted using the original effective interest rate. The impairment is recognized in financial items through profit or loss.

The Group recognizes an impairment loss on sales receivables when there is objective evidence (such as unsuccessful debt collection measures) that the receivable cannot be recovered in full.

The amount of impairment loss recognized in the income statement is determined as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted with the effective interest rate. If the amount of the impairment loss decreases during a future financial period and the decrease can be objectively considered to relate to a transaction taking place after the impairment entry, the recognized loss will be reversed through profit or loss.

Financial liabilities

Financial liabilities are initially recognized at fair value on the basis of the consideration received. Transaction costs are included in the original carrying amount of financial liabilities.

After the original measurement, all financial liabilities except derivative liabilities are valued at amortized acquisition cost using the effective interest method. The difference between the acquisition cost and the balance sheet value produced by the effective interest method is recognized through profit or loss over the liability's maturity.

Financial liabilities are presented as non-current and current liabilities based on their realization period. Financial liabilities are removed from the balance sheet once the liability has ceased to exist.

Derivative instruments and hedging

Derivatives are initially recognized at fair value at the date that the derivative contract is entered into, and they are subsequently measured at fair value. The method of recognizing the resulting gains or losses depends on the intended use of the derivatives. Changes in the fair value of derivative instruments are recognized in financial items in the income statement. The Group does not hold any valid interest-rate derivatives.

Net investment hedging

Gains or losses from hedging net investments in a foreign unit are recognized in other comprehensive income. The gains or losses accumulated in equity are recognized in the income statement when the foreign operation is partially disposed of or sold.

SHARE CAPITAL AND TREASURY SHARES

Outstanding ordinary shares are presented as share capital. Treasury shares held by the Group are presented as deductions in equity. No profits or losses are recognized in the income statement for the buyback, sales, issuance, or cancellation of treasury shares. The consideration paid or received is recognized directly in equity.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires the use of estimates and assumptions about the future. The actual results may differ from these estimates and assumptions. In addition, judgment needs to be exercised in the application of accounting principles.

Judgement related to the selection and application of accounting principles

Group management exercises judgement when making decisions on the selection and application of accounting principles. This applies particularly to cases where the valid IFRS standards include alternative recognition, measurement or presentation methods. Management has exercised judgement in matters such as the classification of lease agreements and financial assets and in the presentation of the financial statements.

Uncertainty factors related to estimates

The estimates made when preparing the financial statements are based on management's best knowledge on the balance sheet date. The estimates are based on prior experience and assumptions concerning the future deemed most likely on the balance sheet date, related to factors such as the expected development in the Group's financial operating environment with regard to sales and cost levels. The Group regularly monitors the realization of the estimates and assumptions and changes in their background factors together with its business units, using a number of internal and external data sources. Any changes in the estimates and assumptions are entered in accounting in the period during which the estimates and assumptions are adjusted, as well as in all subsequent periods.

Accounting estimates and management judgement have been applied in areas such as determining the realizability of certain asset items, the useful life of tangible and intangible assets, deferred tax receivables (Note 18), the allocation of the acquisition cost related to business combinations and the price of share buyback obligations, and to the performance of impairment testing where the recoverable amounts of cash-generating units have been determined using calculations based on the value in use (Note 15). The estimates are based on management's current best knowledge, but the actual results may differ from the estimates used in the financial statements.

3. Financial risk management

The Group is subject to financial risks in its normal business operations. The management of financing and financial risks within the Group is centralized in the parent company according to the financial policy approved by the Group's Board of Directors. Financial risk management aims to minimize the unfavorable impact of financial risks on the Group's result, equity, and liquidity. Derivative instruments can be used to hedge against risks.

MARKET RISKS

Exchange rate risk

The Group operates internationally and is consequently exposed to transaction risks resulting from different foreign exchange positions and risks that arise when investments in different currencies are translated into the parent company's operating currency.

The greatest currency risks for the Group are caused by fluctuations in the exchange rate of the Swedish krona. The currency risk is mainly caused by Enfo having a subsidiary in Sweden. The currency risk is alleviated by the fact that transactions in Sweden occur mainly in the national currency so that the translation changes in profit and costs are offset against each other. Because of the operating model, exchange rate differences with an impact on cash flow are only realized to a minor extent and the hedging decisions on these items are made case by case.

Changes in exchange rates cause some fluctuation in the Group's equity with respect to subsidiary investments and intra-group financing transactions. In addition, exchange rate risk in equity arises through earnings and the profit for the financial year. At the end of 2017, the currency translation position in equity stood at approximately EUR 0.2 million (EUR 6.6 million in 2016). The position includes a net investment in subsidiaries outside the euro area. The position is mainly the result of investments denominated in Swedish krona. The position includes minor investments denominated in Danish krone or Norwegian krone. Furthermore, the Group has an internal loan of SEK 274 million (approx. EUR 28 million) as a net investment in foreign operations.

The translation position has been hedged through loans denominated in Swedish krona.

The Group's foreign-currency assets and liabilities, translated into euros at the rate on the balance sheet date, are as follows:

EUR 1,000	2017	2016
Non-current assets	57,777	60,367
Non-current liabilities	41,085	42,122
Current assets	32,742	31,466
Current liabilities	48,745	43,064

The Group has external loans denominated in both euros and Swedish krona, which are consequently partially exposed to exchange rate fluctuations.

In addition, the parent company has a small number of purchase agreements denominated in US dollars, British pounds sterling, and Swedish krona. Due to the nature of the business, the lead time is short and, as a result, the exchange rate risk remains low.

The Group's realized exchange rate losses amounted to EUR -149,000 in 2017 (EUR -187,000 in 2016).

Sensitivity analysis for changes in the exchange rate of the Swedish krona

Change rate = average volatility over the previous 12 months

EUR 1,000	2017	2016
Change rate	5.15	5.53
Impact		
On profit after taxes	+198 / -220	+29 / -69
On equity	+28 / -42	+509 / -242

Interest rate risk

The Group's interest-bearing liabilities and, to a minor extent, its short-term financial market investments expose the Group to a cash flow interest rate risk.

On December 31, 2017, the Group's loan portfolio consisted of loans from financial institutions denominated in Swedish krona and a bond denominated in euros. The loans from financial institutions are variable-rate loans, while the bond loan has a fixed interest rate.

The interest-bearing liabilities are itemized below:

	EUR 1,000		EUR 1,000	
	2017	2016	2017	2016
Bank loans, current				
EUR	344	15,000	344	15,000
SEK	180,722	47,763	18,359	5,000
Total			**18,703**	**20,000**
Bank loans, non-current				
SEK	0	88,359	0	9,250
Bonds, non-current				
EUR	9,969	9,946	9,969	9,946
Other interest-bearing liabilities				
Non-current finance lease liability (EUR)	1,509	2,267	1,509	2,267
Current finance lease liability (EUR)	1,905	2,377	1,905	2,377
Derivative liabilities (EUR)	0	41	0	41
Total	**3,414**	**4,685**	**3,414**	**4,685**
Cash and cash equivalents			1,948	5,018
Interest-bearing net liabilities			**30,138**	**38,863**

The Group's other interest-bearing liabilities consist of the payment obligations of finance lease agreements. The finance lease agreements are mainly based on fixed instalments, and changes in interest rates do not have a direct impact on the amount of the finance lease payment.

For primary loan financing, the Group analyzes the impact of any interest changes on the result. The Group's total interest rate in 2017 was 2.7% (1.7% in 2016). A change in the reference rate of one percentage point would have decreased the Group's result and equity by EUR 184,000.

Market risks associated with investments

According to the Group's investment policy, the Group only invests in low-risk market deposits, bank certificates of deposit, and money market funds, maintaining a low level of risks associated with investments. Due to its investment policy, the Group is not exposed to price risks caused by fluctuations in the market prices for quoted shares.

Liquidity

The Group strives to regularly monitor the amount of financing required for business operations in order to ensure that the Group has sufficient liquid assets to fund its operations and repaying maturing loans. In order to guarantee the availability and flexibility of Group financing, funding has been obtained from several financial institutions and through different types of financing, with attention being paid to the balanced maturity distribution of loans and appropriate loan periods.

According to the terms of its major loan agreements, the Group must meet the following financial covenants:

- Net gearing less than 100%
- Interest-bearing net liabilities/operating margin less than 5

The Group exceeded the latter covenant during and at end of the financial year. This has been approved by the Group's financiers. The covenants are reviewed twice per year, so the Group has classified the loans covered by the covenants as short-term loans on the balance sheet date.

Maturity information on financial liabilities is presented in note 24. Maturity information is presented in the notes in accordance with loan agreements, describing a situation in which no covenants are breached.

The Group invests money in low-risk and high-liquidity instruments. On December 31, 2017, the Group's cash and cash equivalents totaled EUR 1,948,000 (EUR 5,018,000 on December 31, 2016), and its liquid financial investments totaled EUR 2,000 (EUR 2,000 in 2016). The Group's liquidity was good on the balance sheet date.

The Group's trade payables of EUR 6,042,000 and other current non-interest-bearing liabilities of EUR 20,480,000 will fall payable during 2018.

Credit risk

In order to minimize credit risks in financing, the Group enters into agreements only with financial institutions and other parties with a solid financial standing. Customers' credit ratings are reviewed regularly. The Group does not have any significant concentrations of credit risk from receivables, as the Group has a customer base distributed across various sectors. The credit losses recognized during 2017 amounted to EUR 500 (EUR 200 in 2016). The Group's maximum credit risk corresponds to the carrying amount of financial assets at the end of the financial year.

Age distribution of sales receivables on December 31

EUR 1,000	2017		2016	
Not fallen due	19,318	76.50%	23,119	87.37%
1–14 days	4,055	16.10%	2,303	8.70%
15–30 days	494	2.00%	340	1.29%
31–60 days	795	3.10%	408	1.54%
61–90 days	209	0.80%	99	0.37%
91 days	385	1.50%	192	0.73%
	25,255	**100.00%**	**26,461**	**100.00%**

Capital management

The Group's capital management activities seek to optimize capital structure and thereby support business activities by ensuring normal operating conditions, while also increasing shareholder value and aiming for the best possible profit. An optimal capital structure also ensures lower capital costs.

Capital structure can be influenced through dividend distribution and by planning the financing of investments. The Group continuously monitors its capital structure through gearing. Net gearing and the indicators of the development of interest-bearing net liabilities are presented in the key figures table.

4. Turnover

The Group's turnover is distributed as follows:

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Income		
Service sales	113,460	104,223
Hardware and software sales	19,433	21,229
Total turnover from ongoing services	**132,893**	**125,452**

Information about geographical areas

Geographically, the Group operates mainly in Finland and Sweden.

Revenues (external)	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Finland	52,492	55,023
Other countries	80,401	70,429
Total consolidated income	**132,893**	**125,452**

5. Other operating income

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Capital gains from property, plant, and equipment	0	-7
Others	17	122
Total	**17**	**115**

6. Materials and services

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Purchases during the financial year	10,421	12,387
Change in inventory	95	70
External services	22,382	20,191
Total	**32,899**	**32,648**

7. Salaries and other employee benefits

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Salaries and fees	65,721	56,349
Profit-sharing items and result-based bonuses	0	0
Pension insurance premiums and pensions		
defined-contribution plans	8,919	8,279
Other indirect employee costs	3,526	3,549
Total	**78,166**	**68,177**

Information on the management's employee benefits is presented in note 27 Related-party information. Note 23 provides details on the Group's share-based incentives.

Average number of Group personnel during the period

	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Finland	318	318
Sweden	594	502
Total	**911**	**820**
Number of personnel at the end of the financial year	**888**	**921**

8. Depreciation, amortization, and impairment

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Depreciation and amortization by asset category		
Intangible assets	2,703	3,041
Property, plant, and equipment	2,289	2,471
Total depreciation	**4,992**	**5,512**
Impairment by asset category		
Goodwill	**4,061**	**0**
Depreciation, amortization and impairment, total	**9,053**	**5,512**

9. Other operating expenses

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Voluntary personnel expenses	2,626	2,617
Travel expenses	2,243	2,397
Office expenses	4,551	3,968
Vehicle expenses	1,701	1,704
Hardware and software expenses	1,992	1,872
Other administrative expenses	2,622	1,810
Telephone and data expenses	808	735
Marketing, sales, and representation expenses	1,064	1,223
Other operating expenses	300	450
Total	**17,907**	**16,776**

The Group did not have any significant research and development expenses. Other operating expenses include rental expenses of EUR 7,587,000 (EUR 6,952,000 in 2016).

Auditors' fees

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Auditing	135	151
Tax advice	21	27
Other services	106	13
Total	**262**	**191**

10. Financial income and expenses

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Dividend income	8	8
Interest income	17	-9
Exchange rate gains	690	129
Other financial income	454	0
Total financial income	**1,170**	**128**
Interest expenses	661	521
Exchange rate losses	1,251	384
Other financial expenses	208	180
Total financial expenses	**2,119**	**1,084**

11. Income taxes

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Tax based on the financial year's taxable income		
Taxes on the profit for the financial year	1,179	966
Adjustments for previous financial years	463	-179
Total taxes based on the financial year's taxable income	**1,642**	**787**
Deferred taxes		
Increase in deferred tax assets	-159	-207
Decrease in deferred tax liabilities	-322	-275
Total deferred tax benefit	-482	-482
Income tax expenses	**1,160**	**304**
Distribution of income taxes:		
Profit from continuing operations	1,115	282
Profit from discontinued operations	46	22
	1,160	304

Comparison of taxes based on the current tax base of 20.0% (20.0% in Finland in 2016) and taxes presented in the income statement:

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Profit for continuing operations before taxes	-6,065	-829
Profit for discontinued operations before taxes	15,592	2,307
	9,524	1,478
Taxes based on the current tax rate in Finland	2,718	296
Different tax rates of foreign subsidiaries	-48	11
Expenses non-deductible in taxation	769	123
Non-taxable income	-3,852	-5
Non-recognized deferred tax assets	1,101	-313
Impact of appropriations	10	13
Taxes for previous financial years	463	179
Taxes for discontinued operations	-46	-22
Taxes in the income statement	1,115	282

The weighted average of the applied tax rates was 20.6% in 2017.

Tax expenses (-)/income on other comprehensive income items:

		2017	
EUR 1,000	Before taxes	Tax expenses (-)/ income	After taxes
Available-for-sale investments	16	-3	13
Exchange rate differences caused by net investments in foreign subsidiaries	-504	0	-504
Other translation differences	-56	0	-56
Other items of comprehensive income	**-543**	**-3**	**-547**

		2016	
EUR 1,000	Before taxes	Tax expenses (-)/ income	After taxes
Available-for-sale investments	-11	2	-9
Exchange rate differences caused by net investments in foreign subsidiaries	-677	0	-677
Net investment hedging	-242	48	-193
Other translation differences	-413	0	-413
Cash flow hedging	116	-23	93
Adjustments from previous financial years recognized in equity	114	0	114
Other items of comprehensive income	**-1,112**	**27**	**-1,085**

12. Discontinued operations

In the financial year, Enfo Oyj sold the entire share capital of its subsidiary Enfo Zender Oy to Ropo Capital, a Kuopio-based company that provides invoicing and payment monitoring services. Following this transaction, the production-related activities and customers of the information logistics services were transferred to Ropo Capital. The transaction was finalized at the beginning of February 2017. Before this transaction, Enfo transferred all other operations of the Financial Process and Information Logistics Services to its new subsidiary, Enfo Partner Oy.

In October, Administer Oy, a company that provides financial management services, acquired a majority stake in Enfo Oyj's subsidiary, Enfo Partner Oy. Following the transaction, Enfo retained a minority stake in the company with a shareholding of 20%.

The divested businesses have been classified on the balance sheet as discontinued operations and have also been reported separately from the Group's continuing operations with regard to the comparable figures.

EUR 1,000	2017	2016
Profit from discontinued operations		
Turnover	6,572	33,794
Expenses	-8,789	-33,812
Profit before taxes	-2,216	-18
Taxes	-46	-22
Profit after taxes	-2,262	-40
Capital gain from subsidiaries after taxes	17,808	
Profit from discontinued operations	**15,547**	**-40**
Cash flow from discontinued operations		
Cash flow from operations	229	1,112
Cash flow from investment activities	-705	-230
Cash flow from financing activities	0	-1,000
Total cash flow	-477	-118

EUR 1,000	2017	2016
Carrying amounts of assets and liabilities		
Property, plant, and equipment	0	33
Intangible fixed assets	0	241
Inventories	0	0
Non-current receivables	0	22
Current receivables	0	5,125
Total assets	**0**	**5,421**
Non-current liabilities	0	-138
Current liabilities	0	3,027
Total liabilities	**0**	**2,889**

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Detailed information on the sales of subsidiaries		
Consideration received	20,815	0
Carrying amount of the divested net assets	-2,602	0
Expenses related to the sale	-406	0
Profit before taxes	17,808	0
Capital gains tax	0	0
Capital gains after taxes	**17,809**	**0**

13. Earnings per share

Earnings per share are calculated by dividing the profit for the period attributable to equity-holders of the parent company by the weighted average of outstanding shares for the period.

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Profit attributable to the company's shareholders:		
From continuing operations	-8,954	-928
From discontinued operations	15,547	-40
Total profit attributable to the company's shareholders	6,592	-967
Weighted average number of shares	665	605

Diluted/undiluted earnings per share	2017 EUR	2016 EUR
Earnings from continuing operations attributable to the company's shareholders	-13.46	-1.53
Earnings from discontinued operations	23.37	-0.07
Total earnings per share attributable to the company's shareholders	9.91	-1.60

14. Tangible assets

EUR 1,000	2017	2016
Machinery and equipment		
Acquisition cost Jan 1	15,844	15,938
Increases	229	47
Increases from business combinations	0	58
Decreases*	-7,366	-149
Divestments	-4,544	0
Exchange rate differences	-29	-50
Acquisition cost Dec 31	4,134	15,844
Accumulated depreciation Jan 1	15,303	15,141
Increases from business combinations	0	0
Accumulated depreciation on decreases*	-7,230	-63
Depreciation during the financial year	162	261
Accumulated depreciation on divestments	-4,510	
Exchange rate differences	-19	-35
Accumulated depreciation Dec 31	3,707	15,303
Assets classified as available for sale	0	-33
Carrying amount Dec 31	427	507

* The balance consists of the cumulative values of assets taken out of use.

EUR 1,000	2017	2016
Other tangible assets		
Acquisition cost Jan 1	383	671
Increases	0	433
Decreases	-279	-82
Transfer between items	0	-643
Exchange rate difference	15	4
Acquisition cost Dec 31	119	383
Accumulated depreciation Jan 1	302	344
Depreciation during the financial year	18	48
Increases from business combinations	0	0
Accumulated depreciation on decreases and transfers	-273	-76
Exchange rate differences	-5	-14
Accumulated depreciation Dec 31	43	302
Carrying amount Dec 31	76	81

EUR 1,000	2017	2016
Finance leases		
Acquisition cost Jan 1	9,706	8,714
Increases	1,471	2,738
Decreases	-2,536	-1,746
Acquisition cost Dec 31	8,641	9,706
Accumulated depreciation Jan 1	5,924	5,477
Accumulated depreciation on decreases	-2,356	-1,747
Depreciation for the financial year	2,106	2,194
Accumulated depreciation Dec 31	5,674	5,924
Carrying amount Jan 1	3,782	3,238
Carrying amount Dec 31	2,968	3,782
Total tangible assets	**3,470**	**4,369**

15. Intangible assets

The Group's intangible assets consist mainly of goodwill and acquired software. The Group does not have a significant amount of internally manufactured products. The Group has no intangible assets with an unlimited useful life.

EUR 1,000	2017	2016
Goodwill		
Acquisition cost Jan 1	77,803	71,499
Increases	0	10,114
Impact of purchase price allocations	-2,652	0
Decreases	0	-1,829
Impairment*	-4,061	0
Exchange rate difference	-1,624	-1,981
Carrying amount Dec 31	69,466	77,803

* Goodwill has been reduced to correspond to the recoverable amount by recognizing a goodwill impairment. The loss is included in the item, "Depreciation, amortization, and impairment", on the income statement.

EUR 1,000	2017	2016
Other intangible assets		
Customer relationships and trademarks (business combinations)		
Acquisition cost Jan 1	14,334	14,827
Increases	2,895	0
Decreases*	-797	0
Exchange rate difference	-416	-493
Acquisition cost Dec 31	16,016	14,334
Accumulated depreciation Jan 1	10,896	9,911
Depreciation and amortization	1,585	1,400
Accumulated depreciation on decreases*	-797	0
Exchange rate difference	-350	-415
Accumulated depreciation Dec 31	11,334	10,896
Carrying amount Dec 31	4,682	3,438

* The balance consists of the cumulative values of assets taken out of use.

EUR 1,000	2017	2016
Other intangible assets*		
Acquisition cost Jan 1	12,815	12,149
Increases	0	8
Increases through corporate acquisitions	0	18
Divestments	-2,377	0
Decreases**	-3,768	0
Transfers between items	0	643
Exchange rate differences	-8	-3
Acquisition cost Dec 31	6,662	12,815
Accumulated depreciation Jan 1	10,470	9,443
Accumulated depreciation on decreases**	-3,768	0
Accumulated depreciation on divestments	-1,110	0
Impairment	9	0
Depreciation for the financial year	794	1,027
Exchange rate differences	5	0
Accumulated depreciation Dec 31	6,400	10,470
Assets classified as available for sale	0	-241
Carrying amount Dec 31	262	2,104

* Other intangible assets mainly include licenses and software.
** The balance consists of the cumulative values of assets taken out of use.

EUR 1,000	2017	2016
Intangible financial leasing assets		
Acquisition cost Jan 1	2,951	3,682
Increases	206	255
Decreases	-791	-986
Divestments	-194	0
Acquisition cost Dec 31	2,172	2,951
Accumulated depreciation Jan 1	2,163	2,101
Accumulated depreciation on decreases	-791	-986
Accumulated depreciation on divestments	-190	0
Depreciation for the financial year	596	1,048
Accumulated depreciation Dec 31	1,779	2,163
Carrying amount Jan 1	788	1,581
Carrying amount Dec 31	393	788
Total other intangible assets	5,337	6,330
Total intangible assets	**74,804**	**84,133**

For the purpose of impairment testing, goodwill has been allocated to the units generating cash flow. The units generating cash flow are the business areas for which the management monitors the business and related goodwill. The recoverable amount has been defined on the basis of calculations of value in use. The calculations are based on forecasts approved by management and covering a three-year period. Estimated cash flows are discounted to the present.

EUR 1,000	2017	2016
Goodwill allocation to cash flow generating units		
IT Transformation	18,777	19,017
Business Transformation	27,558	32,459
Digital Transformation	12,326	14,605
Zuite	10,805	11,722
Total	69,466	77,803

Cash flows after the forecast period are estimated using a growth expectation of 2%. The growth expectation used does not exceed the average long-term growth in the industry.

The calculations are affected by the following assumptions:

Forecast turnover: The assumptions are based on a view of the general growth and price trend in the market and an estimate of the Group's market share. The assumptions made by management are based on prior experience of business development, the current market share and previous market share trends, and external appraisals of the outlook for the industry.

Development of personnel expenses and other expenses: The assumptions made by management are based on prior experience of personnel cost developments, known salary increase agreements, and the general view of the development of costs.

Discount rate: The rate used in the calculations was defined according to the weighted average cost of capital (WACC). The rate represents the total cost of equity and liabilities, taking into account the specific risks related to asset items. The discount rate was determined before taxes.

Allocation and recognition of impairment losses

As a consequence of annual impairment testing, the Group incurred an impairment loss of EUR 4,061,000. No material changes have taken place in the key assumptions used for impairment testing in comparison with previous years. However, the management stated that, on the basis of the accuracy of forecasts in previous years, there was cause to critically examine the cash flows after the three-year forecast period. As a consequence of this examination, the aforementioned impairment amounts were decided on.

The impairment loss was allocated to units generating cash flow as follows:

EUR 1,000	2017	2016
Impairment loss		
Business Transformation	3,152	0
Digital Transformation	448	0
Zuite	461	0
Total	4,061	0

On December 31, 2017, the entire recoverable amount based on impairment testing was approximately EUR 95.4 million.

The recoverable amount for the IT Transformation unit would be equal to the carrying amount if the key assumptions changed as follows:

- Forecast turnover is 6.4% less than the forecast for years 2018–2020
- The discount rate increases to 8.8%
- The increase in cash flow after the forecast period is only 0.23%

16. Available-for-sale investments

Non-current (EUR 1,000)	2017	2016
Jan 1	131	142
Changes in fair value	5	-11
Impairment	-5	0
Dec 31	130	131

Current (EUR 1,000)	2017	2016
Jan 1	2	2
Dec 31	2	2

Available-for-sale investments consisted mainly of fund investments and minor investments in equities.

17. Non-current receivables

EUR 1,000	2017	2016
Loan receivables from associated companies	500	0
Security deposits	321	338
Total	**821**	**338**

18. Deferred tax assets and liabilities

Changes in deferred taxes during 2016:

Deferred tax assets (EUR 1,000)	Dec 31, 2015	Recognized in the income statement	Recognized in equity	Recognized in items of compre-hensive income	Exchange rate difference	Dec 31, 2016
Tangible and intangible assets: different depreciation period in taxation, activated financial leasing assets	98	-38				60
Provisions	42	63				104
Employee benefits	152	-95			-5	52
Hedge accounting	23		-23			0
Confirmed losses	1,046	278			-43	1,281
Total	**1,361**	**207**	**-23**	**0**	**-48**	**1,497**
Deferred tax liabilities						
Different depreciation period in taxation for tangible assets	48	12			0	60
Measurement of financial assets at fair value	18		-2			16
Intangible assets recognized in connection with business acquisitions	1,028	-288			-17	723
Total	**1,094**	**-276**	**-2**	**0**	**-17**	**799**

Changes in deferred taxes during 2017:

Deferred tax assets (EUR 1,000)	Dec 31, 2016	Recognized in the income statement	Recognized in equity	Recognized in items of compre-hensive income	Exchange rate difference	Dec 31, 2017
Tangible and intangible assets: different depreciation period in taxation, activated financial leasing assets	60	-4				56
Provisions	104	-125				-21
Employee benefits	52	-4			-1	47
Hedge accounting	0					0
Confirmed losses	1,281	270			-44	1,507
Total	**1,497**	**136**	**0**	**0**	**-45**	**1,589**
Deferred tax liabilities						
Different depreciation period in taxation for tangible assets	60	-45			0	15
Measurement of financial assets at fair value	16		3			19
Intangible assets recognized in connection with business acquisitions	723	177			-17	883
Total	**799**	**132**	**3**	**0**	**-17**	**917**

The Group has EUR 6.2 million of unused confirmed losses with no expiry date restrictions. No deferred tax assets have been recorded on the losses, as the ability to utilize the losses was uncertain on the balance sheet date.

Of the deferred tax assets, approximately EUR 979,000 (EUR 872,000 in 2016) is expected to materialize in the next 12 months.

Of the deferred tax liabilities, approximately EUR 263,000 (EUR 255,000 in 2016) is expected to materialize within 12 months.

19. Inventories

EUR 1,000	2017	2016
Materials and supplies	0	95
Total	**0**	**95**

20. Trade receivables and other receivables

EUR 1,000	2017	2016
Trade receivables	25,256	26,461
Income tax receivables	1,675	2,942
Other accrued income	3,196	3,219
Other receivables	34	43
Total trade receivables and other receivables	**30,161**	**32,665**

The fair values of trade receivables and other receivables correspond to their carrying amounts.

21. Cash and cash equivalents

EUR 1,000	2017	2016
Cash in hand and at bank	1,948	5,018
Total	**1,948**	**5,018**

Cash and cash equivalents on the balance sheet correspond to the cash and cash equivalents presented in the cash flow statement. The fair values of cash and cash equivalents do not differ from the carrying amount.

22. Equity

Share capital

Changes in the number of shares are presented in the table below:

	Issued shares	Treasury shares	Outstanding shares
Dec 31, 2015	600,833	1,011	599,822
Purchase of treasury shares		902	
Share issue	59,928		
Sale of treasury shares		-243	
Dec 31, 2016	660,761	1,670	659,091

	Issued shares	Treasury shares	Outstanding shares
Dec 31, 2016	660,761	1,670	659,091
Purchase of treasury shares		3,188	
Share issue	9,588		
Sale of treasury shares		-368	
Dec 31, 2017	670,349	4,490	665,859

Enfo Oyj has one series of shares. Each share carries one vote. The company's shares are in the book-entry securities system.

Treasury shares

In 2017, Enfo Oyj purchased 3,188 treasury shares and sold 368 treasury shares. On the balance sheet date, the company held 4,490 treasury shares. The treasury shares held by the company comprise 0.7% of all shares and voting rights.

Description of equity reserves:

Share premium account

The consolidated balance sheet presents restricted equity in a share premium account which is not included in the registered share capital. In accordance with the proposal by the Board of Directors, the Annual General Meeting decided to reduce the share premium account included under restricted equity on the company's balance sheet on December 31, 2016 by transferring its assets of EUR 13,316,000 to the company's reserve for invested non-restricted equity.

Translation differences

The Group's equity includes translation differences arising from the translation of equities in foreign subsidiaries and loan receivables corresponding to internal net investments into the rate at the closing date.

Fair value reserve and other reserves

The fair value reserve includes unrealized changes in the fair value of available-for-sale investments less the tax effect, and the reserve for invested non-restricted equity. In accordance with the proposal by the Board of Directors, the Annual General Meeting decided to reduce the other reserve included under non-restricted equity on the company's balance sheet on December 31, 2016 by transferring its assets of EUR 11,756,000 to the company's reserve for invested non-restricted equity.

EUR 1,000	
Jan 1, 2016	2,875
Change in the fair value of available-for-sale investments	-11
Deferred tax	2
Share issue, invested non-restricted equity	5,000
Sale of treasury shares, invested non-restricted equity	22
Hedging instrument reserve	116
Deferred tax	-23
Dec 31, 2016	7,981

EUR 1,000	
Jan 1, 2017	7,981
Change in the fair value of available-for-sale investments	16
Deferred tax	-3
Share issue, invested non-restricted equity	906
Distribution of assets, invested non-restricted equity	-7,890
Transfer from share premium account, invested non-restricted equity	13,316
Transfer other reserves, invested non-restricted equity	11,755
Dec 31, 2017	26,081

Major shareholders December 31, 2017

	units
Osuuskunta KPY	567,593
Ilmarinen Mutual Pension Insurance Company	12,322
Rongo Cap Oy	11,233
Gösta Serlachius Fine Arts Foundation	9,900
Enfo Oyj's Personnel Fund HR	8,725
Keskisuomalainen Oyj	4,966
Einari Vidgrén Oy	4,768
Hannu Isotalo Oy	3,276
Kallax Oy	3,132
Saastamoinen Foundation	2,586
Others	41,848
Total	**670,349**

Dividends

A dividend of EUR 0.99 per share was paid for 2016, totaling EUR 652,000. An additional EUR 7.8 million was distributed to shareholders in 2016 in the form of an equity repayment (EUR 11.91 per share) subject to a decision taken at the Annual General Meeting. The Board of Directors proposes to the Annual General Meeting that the Board of Directors be authorized to decide to pay a dividend as it considers appropriate. The authorization would enable the distribution of a maximum of EUR 3 million in dividends, amounting to approximately EUR 4.50 per share. The authorization will be valid until the Annual General Meeting 2019.

23. Share-based incentives

Terms of the performance-based bonus scheme

At the end of the 2013 financial year, the Group adopted an incentive scheme for key employees using an accounting practice that conforms to the IFRS 2 standard. The share-based incentive scheme included three one-year earning periods, which are the calendar years 2014, 2015, and 2016. The liability associated with the redemption obligation under the key employees' incentive schemes that expired in 2013 and earlier is presented under other non-interest-bearing non-current liabilities.

24. Financial liabilities

Non-current (EUR 1,000)	2017 Carrying amount	2017 Fair value	2016 Carrying amount	2016 Fair value
Loans from financial institutions	0	0	9,250	8,772
Bonds	9,969	9,727	9,946	9,534
Finance lease liabilities	1,509	1,509	2,267	2,267
Total	**11,478**	**11,236**	**21,463**	**20,573**
Current (EUR 1,000)				
Loans from financial institutions	18,703	18,703	20,000	20,000
Finance lease liabilities	1,905	1,905	2,377	2,377
Derivative liabilities	0	0	41	41
Total	**20,607**	**20,607**	**22,418**	**22,418**

The Group's financial liabilities as of December 31, 2017 consist of loans from financial institutions, a bond loan, and a finance lease liability. The fair value of long-term loans has been calculated by discounting future cash flows to the present using the interest rate that would be available to the Group for similar loans on the closing date.

Finance lease agreements are generally made for 36–48 months with fixed instalments denominated in euros over the agreement period.

Maturities of finance lease liabilities

Gross amount of finance lease liabilities – minimum rents by maturity

EUR 1,000	2017	2016
Within 1 year	1,949	2,446
Within 1–5 years	1,525	2,307
In more than 5 years	0	2
Total	**3,474**	**4,756**
Future finance expenses	60	112
Present value of finance lease liabilities	**3,414**	**4,644**

The present value of finance lease liabilities matures as follows:

EUR 1,000	2017	2016
Within 1 year	1,905	2,377
Within 1–5 years	1,509	2,265
In more than 5 years	0	2
Total	**3,414**	**4,644**

The Group's other interest-bearing liabilities, presented in accordance with loan agreements and showing a scenario in which no covenants are breached, mature as follows:

Bank loans (EUR 1,000)	2017	2016
1–6 months	10,029	20,000
6–12 months	161	0
1–3 years	4,667	0
More than 3 years	3,846	9,250
Total	**18,703**	**29,250**

Bonds (EUR 1,000)	2017	2016
1–6 months	0	0
6–12 months	0	0
1–3 years	9,969	9,946
Total	**9,969**	**9,946**

Derivative liabilities (EUR 1,000)	2017	2016
1–6 months	0	41
Total	**0**	**41**

Weighted averages of effective interest rates for interest-bearing liabilities on December 31:

	2017	2016
Bank loans	2.7	0.96
Bonds	3.2	3.2
Finance lease liabilities	2.3	3.4

25. Reconciliation of net liabilities

EUR 1,000	2017	2016
Cash and cash equivalents	1,948	5,018
Liquid investments	2	2
Loans – payable within one year	-20,608	-22,377
Loans – repayable in more than one year	-11,478	-21,463
Net liabilities	**-30,136**	**-38,821**
Cash, cash equivalents, and liquid investments	1,950	5,020
Gross liabilities – fixed interest rate	-13,383	-14,632
Gross liabilities – variable interest rate	-18,703	-29,250
Net liabilities	**-30,136**	**-38,862**

EUR 1,000	Cash and cash equivalents	Liquid investments	Finance leasing within one year	Finance leasing in more than one year	Loans within one year	Loans in more than one year	Total
Net liabilities Jan 1, 2017	**5,018**	**2**	**-2,377**	**-2,267**	**-20,000**	**-19,197**	**-38,821**
Cash flows	-4,368		472	758	9,927		6,789
Exchange rate adjustments	-194				203	393	402
Other changes that do not include a charge	1,492				-8,833	8,835	1,494
Net liabilities Dec 31, 2017	**1,948**	**2**	**-1,905**	**-1,509**	**-18,703**	**-9,969**	**-30,136**

26. Trade payables and other payables

EUR 1,000	2017	2016
Other non-current liabilities		
Other non-current non-interest-bearing liabilities	890	1,079
Current		
Trade payables	6,042	7,076
Income tax liability	383	797
Advances received	38	335
Accrued expenses and deferred income		
Personnel-related liabilities	10,812	11,357
Other accrued expenses and deferred income	1,241	12,602
Total accrued expenses and deferred income	12,053	12,602
Other liabilities	8,005	9,310
Total current non-interest-bearing liabilities	**26,521**	**30,120**
Total trade payables and other non-interest-bearing debt	**27,411**	**31,199**

The carrying amount of trade payables and other payables corresponds to their fair value.

27. Related-party information

Group structure

The Group's parent company and subsidiary relationships on December 31, 2017 were as follows:

Company name	Domicile	Group holding of share capital (%)	Group share of votes (%)
Parent company: Enfo Oyj	Kuopio	100%	100%
Enfo Oyj's subsidiaries:			
Enfo Holdings Oy	Kuopio	100%	100%
Enfo Rongo Oy	Espoo	100%	100%
Enfo Holdings AB	Stockholm	100%	100%
Enfo Sweden AB	Gothenburg	100%	100%
e-man AB	Örebro	100%	100%
e-man Connect AB	Örebro	100%	100%
Stayahead AB	Örebro	100%	100%
Enfo Zystems AB	Gothenburg	100%	100%
Enfo Zipper AB	Gothenburg	100%	100%
Enfo Zingle AB	Gothenburg	100%	100%
Zuite Business Consulting AB	Gothenburg	30%	30%
Enfo Zuite AB	Gothenburg	100%	100%
Enfo Pointer AB	Stockholm	100%	100%
Enfo EnjoyIT Integration AB	Gothenburg	100%	100%
Enfo Framsteg AB	Stockholm	100%	100%
Enfo Denmark ApS	Brøndby	100%	100%
Next Improvement Sweden AB	Skövde	100%	100%
Enfo Norway Holding AS	Oslo	100%	100%

Control over Zuite Business Consulting AB is determined on the basis of shareholder agreements. The non-controlling interests (70%) are presented on a separate row in the consolidated income statement and the Group's equity.

Other related parties of the Group

Other related parties of the Group comprise Enfo Oyj's parent company Osuuskunta KPY, affiliates, and Group management, including the Group's Board of Directors, CEO, and Executive Management Team, as well as their spouses and relatives living in the same household.

Employee benefits for management (EUR 1,000)	2017	2016
Salaries and other short-term employee benefits	1,389	1,549
Benefits after employment	314	357
Long-term benefits	0	0
Benefits related to the termination of employment	135	
Share-based payments	0	0
Total	**1,838**	**1,906**

Information about the parent company's CEO and Board of Directors is presented in note 5 to the parent company's financial statements.

Other transactions with related parties and outstanding balances (EUR 1,000)	2017	2016
Sales of goods and services		
Parent company and affiliates	869	919
Purchases of goods and services		
Parent company and affiliates	69	73
Trade receivables and other receivables		
Parent company and affiliates	215	142
Sales of goods and services		
Associated companies	597	0
Purchases of goods and services		
Associated companies	710	0
Trade receivables and other receivables		
Associated companies	591	0
Trade payables and other payables		
Associated companies	169	0

The Group is party to an eight-year lease agreement with Osuuskunta KPY starting from January 1, 2012, concerning computer rooms located on a property known as Kiinteistö Oy Siilinjärven Lentokapteeni. The rent liability is included in the liability statement. The Group does not have any other significant transactions, receivables, liabilities or guarantees with related parties.

28. Liabilities

The Group has the following liabilities:

Leasing liabilities (EUR 1,000)	2017	2016
Payable during the current financial year	2,077	2,776
Payable later	2,041	1,950
Total	4,118	4,726
Other rental liabilities	9,297	9,180
Other contingent liabilities	265	69
Bank guarantees	305	305
Total	9,867	9,554
Total	**13,985**	**14,280**

The Group's lease agreement obligations relate to rented premises, cars, and other rented assets.

Maturity of rental and leasing liabilities (EUR 1,000)	2017	2016
Other lease agreements – total amount of minimum rents	13,415	13,906
Within 1 year	5,468	6,372
Within more than 1 year and less than 5 years	7,947	7,535
In more than 5 years		
Total	**13,415**	**13,907**

The agreements do not include any significant sublease relationships or contingent leases.

29. Information about associated companies

Enfo Oyj divested a majority stake in Enfo Partner Oy, a company providing financial business outsourcing services, to Administer Oy, a financial administration service company, and retained a minority holding in the company. Following the transaction, the company began operating under a new name, Administer Partner Oy. Enfo has outsourced its own financial administration, both in Finland and Sweden, to Administer Partner Oy. The companies have also agreed on significant collaboration.

Shares in associated companies

EUR 1,000 Company name	Holding 2017	Nature of relationship	Valuation method	Carrying amount 2017
Administer Partner Oy	19%	Associated company	Equity method	0

Commitments related to associated companies

EUR 1,000	2017
Capital loan	500
Total	**500**

30. Events following the financial year

Seppo Kuula began working as Enfo's CEO at the beginning of 2018. Hans Sollerman (EVP, Business Transformation) and Lina Tjerneld (EVP, Marketing and Communications) were appointed as members of the Executive Management Team in January and February of 2018. Sollerman succeeds Mats Eliasson in this position.

FINANCIAL STATEMENTS OF THE PARENT COMPANY (FAS)

PARENT COMPANY'S INCOME STATEMENT

FAS, 1,000 EUR

EUR 1,000	Note	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Turnover	2	**45,266**	**46,231**
Other operating income	3	5,299	6,200
Materials and services	4	-21,462	-22,430
Personnel expenses	5	-18,617	-17,949
Depreciation, amortization, and impairment	6	-550	-618
Other operating expenses	7	-8,417	-10,749
Operating profit		**1,518**	**685**
Financial income and expenses	8	16,910	-170
Profit/loss before appropriations and taxes		**18,428**	**516**
Appropriations			
Change in depreciation difference	9	-80	0
Group contribution		-330	-184
Income taxes	10	-315	-69
Profit/loss for the financial year		**17,702**	**263**

PARENT COMPANY'S BALANCE SHEET

FAS, 1,000 EUR

ASSETS, EUR 1,000	Note	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Non-current assets			
Intangible assets	11	233	776
Tangible assets	12	623	11
Investments			
Holdings in Group companies	13	28,064	29,655
Holdings in associated companies		0	0
Other shares and holdings	13	33	45
Total non-current assets		**28,953**	**30,487**
Current assets, EUR 1,000			
Inventories	14	0	95
Non-current receivables	15	40,936	41,788
Current receivables	16	38,748	33,064
Financial securities	17	2	2
Cash in hand and at bank	18	955	4,555
Total current assets		**80,640**	**79,503**
TOTAL ASSETS		**109,593**	**109,990**

SHAREHOLDER'S EQUITY AND LIABILITES, EUR 1,000	Note	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Equity			
Share capital	19	265	265
Share premium account	19	0	13,316
Other reserves			
Reserve for invested non-restricted equity	19	26,004	7,915
Other reserves	19	0	11,756
Retained earnings		17,099	17,740
Profit/loss for the financial year		17,702	263
Total equity		**61,070**	**51,255**
Accumulated appropriations			
Depreciation difference		80	0
Mandatory provisions		**117**	**512**
Liabilities			
Non-current	20	10,000	19,250
Current	21	38,327	38,973
Total liabilities		**48,327**	**58,222**
TOTAL EQUITY AND LIABILITIES		**109,593**	**109,990**

PARENT COMPANY'S CASH FLOW STATEMENT

FAS, 1,000 EUR

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Cash flow from operating activities		
Profit for the financial year	17,702	263
Adjustments to operating profit		
Depreciation and amortization	550	618
Capital gains and losses on fixed assets	4	0
Financial items	-16,910	170
Mandatory provisions	-396	418
Group contribution	330	184
Taxes	315	69
Other adjustments	80	0
Change in working capital		
Changes in inventories, increase (-), decrease (+)	95	70
Change in non-interest-bearing current receivables, increase (-), decrease (+)	1,468	-782
Change in non-interest-bearing current liabilities, increase (+), decrease (-)	-83	345
Interest paid and other financial costs	-744	-789
Dividends received	8	8
Interest received and other financial income	419	408
Taxes paid	297	-547
Change in Group bank account receivables/liabilities	-5,444	-2,871
Total cash flow from operating activities	**-2,307**	**-2,437**

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Cash flow from investment activities		
Investment in tangible assets	-43	0
Investment in intangible assets	-581	-211
Disposal of tangible assets	1	0
Acquisition of subsidiaries	-10	-4,002
Divestment of subsidiaries	21,021	0
Investments in associated companies	-2,394	0
Loans issued	-500	0
Total cash flow from investment activities	**17,495**	**-4,213**
Cash flow from financing activities		
Payment of dividends	-8,546	-3,539
Purchase/sale of treasury shares	-264	-82
Share issue	300	5,022
Loans taken out	13,217	15,002
Repayment of current loans	-13,146	-3,881
Repayment of non-current loans	-10,159	0
Increase in loan receivables	0	-7,167
Group contribution	-184	1,000
Total cash flow from financing activities	**-18,782**	**6,355**
Change in cash and cash equivalents	**-3,594**	**-296**
Cash and cash equivalents Jan 1	4,555	4,860
Impact of exchange rate changes	-5	-10
Cash and cash equivalents Dec 31	**955**	**4,555**

NOTES TO THE FINANCIAL STATEMENTS

Enfo Oyj is part of Osuuskunta KPY Group, the parent company of which is Osuuskunta KPY, domiciled in Kuopio. Osuuskunta KPY's financial statements are available at the address Kauppakatu 18, 70100 Kuopio, Finland.

NOTES TO THE INCOME STATEMENT

1. Statement of accounting principles

The parent company's financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the accounting principles are described in note 2 to the consolidated financial statements.

MEASUREMENT PRINCIPLES

Measurement of non-current assets

Tangible and intangible assets are recognized on the balance sheet at their direct acquisition cost less planned depreciation. Planned depreciation has been calculated using the straight-line method on the basis of the useful life of property, plan, or equipment.

The depreciation periods are:

Intangible assets	3–5 years
Other machinery and equipment	3–5 years
Other tangible assets	10 years

Research and development costs

As a rule, research and development costs are recognized as annual expenses in the year in which they were incurred.

Valuation of inventories

Inventories are presented at the weighted average acquisition price or a lower redemption price or probable sales price.

Measurement of financial assets

Financial securities are valued at the lower of acquisition cost or market price.

Recognition of income

Revenue from services is recognized as income in the financial year when the service is provided. When services are performed over a specific period of time, revenue is recognized for the period using the straight-line method, unless a different method provides a better indication of the degree of completion.

Pensions

The company's pensions are handled by external pension insurance companies. Pension costs are recorded as expenses in the year in which they are incurred.

Deferred tax assets

Deferred tax assets caused by allocation differences are included on the balance sheet. The deferred tax assets are included on the balance sheet based on the management's estimate of business development and the resulting plan for the utilization of deferred tax assets.

2. Geographical distribution of turnover

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Geographically		
Finland	40,202	40,664
EU countries	5,054	5,555
Other countries	10	12
Total	**45,266**	**46,231**

3. Other operating income

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Capital gains on fixed assets	0	1
Others	5,299	6,199
Total	**5,299**	**6,200**

4. Materials and services

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Purchases during the financial year	4,699	4,772
Change in inventories	95	70
External services	16,668	17,588
Total	**21,462**	**22,430**

5. Personnel expenses

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Salaries and fees	15,274	14,539
Indirect personnel costs		
Pension costs	2,707	2,564
Other indirect employee costs	636	846
Total	**18,617**	**17,949**
Number of employees, persons		
Average	247	251
Management salaries and fees, EUR 1,000		
CEO, Deputy CEO, and members of the Board of Directors	449	373

6. Depreciation, amortization, and impairment

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Planned depreciation		
Intangible assets	543	593
Goodwill	0	0
Other machinery and equipment	7	24
Total	**550**	**618**

7.1. Other operating expenses

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Other personnel expenses	875	1,042
Travel expenses	584	745
Office expenses	1,960	2,223
Vehicle expenses	518	601
Hardware and software expenses	2,376	2,175
Other administrative expenses	1,019	1,994
Telephone and data expenses	251	268
Marketing, sales, and representation expenses	493	713
Other operating expenses	340	988
Total	**8,417**	**10,749**

7.2. Auditor’s fees

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Auditing	59	71
Tax advice	20	26
Other services	96	13
Total	**175**	**110**

8. Financial income and expenses

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Dividend income		
From group companies	7	7
From others	1	0
Total	**8**	**8**
Interest income		
From group companies	2,022	1,800
From others	17	6
Total	**2,039**	**1,806**
Other financial income		
Exchange rate gains	714	444
Other financial income	0	0
Capital gains on investments in fixed assets	19,249	0
Total	**19,963**	**444**
Total financial income	**22,010**	**2,258**
Impairment of non-current assets	2,396	0
Total impairment	**2,396**	**0**
Interest and other financial expenses		
To Group companies	77	90
To others	748	551
Exchange rate losses	1,879	1,786
Total	**2,704**	**2,427**
Total financial expenses	**5,100**	**2,427**
Financial income and expenses include		
Exchange rate losses/gains (net)	-1,165	-1,342
Total financial income and expenses	**16,910**	**-170**

9. Group contribution

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Group contribution received (+), granted (-)	-330	-184
Total	**-330**	**-184**

10. Income taxes

EUR 1,000	Jan 1–Dec 31, 2017	Jan 1–Dec 31, 2016
Income taxes on ordinary operations	217	125
Taxes in previous financial years	-4	-5
Change in deferred tax assets	103	-52
Total	**315**	**69**

The deferred tax assets are due to the negative depreciation difference of EUR 83,429.64 and a mandatory provision. The amount of deferred tax assets is presented in note 15.

11. Intangible assets

Intangible rights (EUR 1,000)	Dec 31, 2017	Dec 31, 2016
Acquisition cost Jan 1	797	797
Increases	-797	0
Acquisition cost Dec 31	0	797
Accumulated depreciation, amortization, and impairment Jan 1	-797	-785
Accumulated depreciation on decreases and transfers	797	0
Depreciation during the financial year	0	-12
Accumulated depreciation, amortization, and impairment Dec 31	0	-797
Carrying amount Jan 1	0	12
Carrying amount Dec 31	0	0

Goodwill (EUR 1,000)	Dec 31, 2017	Dec 31, 2016
Acquisition cost Jan 1	9,788	9,788
Decreases	-9,788	0
Acquisition cost Dec 31	0	9,788
Accumulated depreciation, amortization, and impairment Jan 1	-9,788	-9,788
Accumulated depreciation on decreases	9,788	0
Accumulated depreciation, amortization, and impairment Dec 31	0	-9,788
Carrying amount Jan 1	0	0
Carrying amount Dec 31	0	0

Other long-term expenses (EUR 1,000)	Dec 31, 2017	Dec 31, 2016
Acquisition cost Jan 1	6,485	6,149
Increases	0	211
Transfers between items	0	125
Decreases	-3,768	0
Acquisition cost Dec 31	2,717	6,485
Accumulated depreciation, amortization, and impairment Jan 1	-5,710	-5,128
Accumulated depreciation on decreases and transfers	3,768	0
Depreciation during the financial year	-543	-581
Accumulated depreciation, amortization, and impairment Dec 31	-2,485	-5,710
Carrying amount Jan 1	776	1,021
Carrying amount Dec 31	233	776
Total intangible assets	**233**	**776**

12. Tangible assets

Machinery and equipment (EUR 1,000)	Dec 31, 2017	Dec 31, 2016
Acquisition cost Jan 1	6,894	6,894
Increases	43	0
Decreases	-6,645	0
Acquisition cost Dec 31	292	6,894
Accumulated depreciation, amortization, and impairment Jan 1	-6,888	-6,864
Accumulated depreciation on decreases and transfers	6,645	0
Depreciation during the financial year	-7	-24
Accumulated depreciation, amortization, and impairment Dec 31	-251	-6,888
Carrying amount Jan 1	6	30
Carrying amount Dec 31	41	6

Other tangible assets (EUR 1,000)	Dec 31, 2017	Dec 31, 2016
Acquisition cost Jan 1	5	5
Decreases	-5	0
Acquisition cost Dec 31	0	5
Carrying amount Jan 1	5	5
Carrying amount Dec 31	0	5

Advance payments and purchases in progress (EUR 1,000)	Dec 31, 2017	Dec 31, 2016
Acquisition cost Jan 1	0	125
Increase	581	0
Decrease/transfer	0	-125
Carrying amount Dec 31	581	0
Total tangible assets	**623**	**11**

13. Investments

EUR 1,000	Dec 31, 2017	Dec 31, 2016
Holdings in Group companies		
Carrying amount Jan 1	29,655	30,541
Increase	0	0
Decrease	-1,590	-886
Carrying amount Dec 31	28,064	29,655

Group companies are presented in the notes to the IFRS financial statements.

Holdings in associated companies, EUR 1,000	Dec 31, 2017	Dec 31, 2016
Carrying amount Jan 1	0	0
Increase	0	0
Carrying amount Dec 31	0	0

EUR 1,000	Dec 31, 2017	Dec 31, 2016
Other shares and holdings		
Carrying amount Jan 1	45	45
Decreases	-12	0
Carrying amount Dec 31	33	45
Total investments	**28,098**	**29,700**

14. Inventories

EUR 1,000	Dec 31, 2017	Dec 31, 2016
Materials and supplies Jan 1	95	165
Change in inventory	-95	-70
Total	**0**	**95**

15. Non-current receivables

EUR 1,000	Dec 31, 2017	Dec 31, 2016
Loan receivables from Group companies	40,362	41,592
Receivables from associated companies	500	0
Deferred tax asset	23	126
Other non-current receivables	51	69
Total other receivables	**74**	**195**
Total non-current receivables	**40,936**	**41,788**

16. Current receivables

EUR 1,000	Dec 31, 2017	Dec 31, 2016
Receivables from Group companies		
Trade receivables	346	556
Loan receivables	3,527	3,635
Group receivables	18,764	12,356
Other accrued income	9,473	8,156
Total	**32,110**	**24,703**
Trade receivables	5,539	6,598
Accrued income		
Income tax receivables	109	618
Purchase invoice accruals	886	808
Other accrued income	96	263
Total	**1,091**	**1,690**
Other receivables	8	74
Total current receivables	**38,748**	**33,064**

17. Financial securities

EUR 1,000	Dec 31, 2017	Dec 31, 2016
Other shares and holdings		
Carrying amount Jan 1	2	2
Carrying amount Dec 31	**2**	**2**

18. Cash in hand and at bank

EUR 1,000	Dec 31, 2017	Dec 31, 2016
Cash in bank accounts	955	4,555
Total	**955**	**4,555**

19. Equity

EUR 1,000	Dec 31, 2017	Dec 31, 2016
Share capital Jan 1	265	265
Share capital Dec 31	**265**	**265**
Share premium account Jan 1	13,316	13,316
Transfer to Reserve for invested non-restricted equity	-13,316	0
Share premium account Dec 31	**0**	**13,316**
Reserve for invested non-restricted equity Jan 1	7,915	2,893
Capital gain from treasury shares	6	22
Share issue	900	5,000
Transfer other reserves	11,756	0
Transfer share premium account	13,316	0
Equity repayment	-7,890	0
Reserve for invested non-restricted equity Dec 31	**26,004**	**7,915**
Other reserves Jan 1	11,756	11,663
Change in hedging reserves	0	93
Transfer to Reserve for invested non-restricted equity	-11,756	0
Other reserves Dec 31	**0**	**11,756**
Retained earnings Jan 1	18,003	21,360
Distributed dividends	-656	-3,539
Change in treasury reserve	-247	-62
Purchase of treasury shares	-1	-20
Retained earnings Dec 31	**17,099**	**17,740**
Profit/loss for the financial year	17,702	263
Total equity Dec 31	**61,070**	**51,255**

Calculation of distributable equity Dec 31		
Retained earnings	17,099	17,740
Other reserves	0	11,756
Reserve for invested non-restricted equity	26,004	7,915
Profit for the financial year	17,702	263
Total	**60,805**	**37,674**

Treasury shares and major shareholders are presented in note 22 to the consolidated financial statements.

20. Non-current liabilities

Liabilities maturing in less than 5 years

EUR 1,000	Dec 31, 2017	Dec 31, 2016
Loans from financial institutions	0	9,250
Bond loan 2014/2019, 1.85%	10,000	10,000
Other non-current liabilities	0	0
Total non-current liabilities	**10,000**	**19,250**

21. Current liabilities

EUR 1,000	Dec 31, 2017	Dec 31, 2016
Loans from financial institutions	18,703	20,000
Total loans	**18,703**	**20,000**
Liabilities to Group companies		
Trade payables	263	423
Other liabilities	11,332	10,235
Total	**11,595**	**10,658**
Trade payables	2,843	2,507
Advances received	38	335
Accrued expenses and deferred income		
Personnel-related liabilities	3,401	3,129
Expense provisions	266	303
Total	**3,667**	**3,432**
Other liabilities		
Valuation debt of derivatives	0	41
Other liabilities	1,480	2,000
Total	**1,480**	**2,041**
Total current liabilities	**38,327**	**38,973**

22. Contingent liabilities and other liabilities

Leasing liabilities, EUR 1,000	Dec 31, 2017	Dec 31, 2016
Amounts paid for lease agreements		
Payable during the current financial year	3,217	4,556
Payable later	2,619	3,949
Total	**5,835**	**8,504**
Other contingent liabilities		
Deposits as rental security on the balance sheet	63	69
Other contractual obligations	265	0
Bank guarantees	305	305
Rent liabilities	3,894	5,104
Share redemption commitments	482	244

SIGNATURES TO THE FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT

Espoo, March 1, 2018

Seppo Kuula
CEO

Arto Herranen

Lauri Kerman

Kaisa Olkkonen

Mikko Laine

Timo Kärkkäinen

Anssi Lehikoinen

Soili Mäkinen

AUDITOR'S NOTE

We have issued an audit report today based on the audit we have performed.

Espoo, March 1, 2018

PricewaterhouseCoopers Oy
Audit firm

Pekka Loikkanen
Authorized Public Accountants

AUDITOR'S REPORT TO THE ANNUAL GENERAL MEETING OF ENFO OYJ

Report on the audit of the financial statements

OPINION

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial performance and financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Enfo Oyj (business identity code 2081212-9) for the year ended 31 December, 2017. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine 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, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

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 good auditing practice 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 in accordance good auditing practice, 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 parent company's or the group'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 the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group'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 parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Other reporting requirements

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the information included in the report of the Board of Directors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Kuopio 1 March 2018

PricewaterhouseCoopers Oy
Authorised Public Accountants

Pekka Loikkanen
Authorised Public Accountant (KHT)

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