AFFECTO PLC – INTERIM REPORT – 9 MAY 2016 at 13:25

Affecto Plc's Interim Report 1-3/2016

Q1 Highlights (January-March 2016)

- Order intake increased by 19% and was 24.8 MEUR (20.9 MEUR).
- Order backlog increased by 16% and was 48.2 MEUR (41.5 MEUR).
- Revenue declined by 6% and was 27.3 MEUR (29.1 MEUR).
- Operating profit declined to 1.0 MEUR (2.1 MEUR) and was 3.7% (7.2%) of revenue.
- Cash flow from operating activities was -1.3 MEUR (0.4 MEUR).
- The 2016 outlook remains unchanged.

Key Figures

MEUR	1-3/16	1-3/15	2015	last 12m
Revenue	27.3	29.1	116.0	114.3
Operational segment result	1.0	2.1	7.5	6.4
% of revenue	3.7	7.2	6.4	5.6
Operating profit	1.0	2.1	7.5	6.4
% of revenue	3.7	7.2	6.4	5.6
Profit before taxes	0.9	2.0	7.5	6.4
Profit for the period	0.7	1.4	5.9	5.1
Equity ratio, %	61.8	59.2	58.5	-
Net gearing, %	-4.0	0.9	-6.2	-
Earnings per share, EUR	0.03	0.07	0.27	0.24
Earnings per share (diluted), EUR	0.03	0.07	0.27	0.24
Equity per share, EUR	2.93	2.90	2.88	-

CEO Juko Hakala comments:

In the first quarter of 2016, we closed several multiyear deals, with especially our teams in Finland and Norway contributing to the order intake growth of 19%. Our order backlog also grew compared to Q1 2015.

Despite the strength in order intake, our revenue and profitability weakened. On revenue, Denmark and Sweden developed favorably following good H2 2015 sales and high utilization in Q1 2016. We had growth in Norway driven by software and appliance license sales. On the other hand, revenue in Baltic declined year over year driven by the successful completion of key insurance sector projects in 2015 and the same reason impacted Baltic profitability. Consultancy based revenue declined in Finland while continued development actions in Sweden and recovery execution in Denmark supported profit growth in the respective segments. Finland and Norway had weak profitability.

We also continued the focus on our key business development actions. We strengthened unique capabilities in analytics, custom development, managed services, design, cloud, security and sensors. In the Industrial growth program, we delivered more projects and prototypes in bridging the physical and the digital. In the B2C growth program, projects with Affecto Video Analytics solution with real-time cloud analytics and reporting capabilities progressed. We also continued to strive towards nimble economies of scale, building an integrated grid of 18 offices across Northern Europe.

We will organize a Capital Markets Day 20th of May, 2016 to present further information of Affecto and our direction.

2016 Outlook

Affecto expects its revenue to stay at the same level or grow slightly and its operating profit to grow in 2016.

The company does not provide an exact quarterly guidance for revenue or operating profit development, as single projects and timing of license sales may have large impact on quarterly sales and profit.

Analyst and Press Conference

The Company will arrange a briefing for analysts and media 9 May 2016 at 15:00 at Glo Hotel Kluuvi, Kluuvikatu 4, FI-00100 Helsinki.

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This release is unaudited.

AFFECTO FINANCIALS

Order Intake

In 1-3/2016, Affecto’s order intake increased by 19% and was 24.8 MEUR (20.9 MEUR). Order intake increased significantly in Finland and Norway and increased in Sweden. Order intake decreased in Denmark and decreased significantly in Baltic.

Order Backlog

In 1-3/2016, the order backlog increased by 16% and was 48.2 MEUR (41.5 MEUR) at the end of the reporting period. Order backlog increased significantly in Norway and increased in Finland, Sweden and Denmark. Order backlog decreased in Baltic.

Revenue

Revenue, MEUR	1-3/16	1-3/15	2015	last 12m
Finland	11.2	12.1	49.5	48.6
Norway	5.6	5.4	21.1	21.2
Sweden	4.6	4.6	18.2	18.3
Denmark	3.2	2.9	11.3	11.6
Baltic	4.2	5.1	20.1	19.2
Other	-1.5	-1.1	-4.2	-4.6
Group total	27.3	29.1	116.0	114.3

In 1-3/2016, Affecto’s revenue declined by 6 % to 27.3 MEUR (29.1 MEUR). While revenue increased in Denmark, Norway and Sweden, the overall group revenue development year over year was impacted by the decline of consultancy revenue in Finland and the successful completion of key insurance sector projects in Baltic in 2015.

Profitability

Operational segment result by reportable segments:

Operational segment result, MEUR	1-3/16	1-3/15	2015	last 12m
Finland	0.1	0.6	3.5	3.0
Norway	0.3	0.6	1.5	1.2
Sweden	0.3	0.1	0.7	0.9
Denmark	0.3	0.1	0.4	0.6
Baltic	0.4	1.3	3.9	3.0
Other	-0.3	-0.6	-2.5	-2.2
Operational segment result	1.0	2.1	7.5	6.4
Operating profit	1.0	2.1	7.5	6.4

In 1-3/2016, Affecto's operating profit declined to 3.7% and was 1.0 MEUR (2.1 MEUR). The improved profitability in Sweden and Denmark was offset by weak profitability development year over year in Norway, Finland and Baltic.

Taxes corresponding to the profit of the period have been entered as tax expense. Net profit for the period was 0.7 MEUR, while it was 1.4 MEUR last year.

Business Performance by Segment

The group's business is managed through five reportable segments: Finland, Norway, Sweden, Denmark and Baltic.

Finland

In 1-3/2016 revenue decreased by 8% to 11.2 MEUR (12.1 MEUR). Operational segment result was 0.1 MEUR (0.6 MEUR) or 1% (5%) of revenue. The order intake increased significantly and the order backlog is above last year's level. The sales actions succeeded well. The Company secured large orders from e.g. Yle and Keva that positively affected the order intake. The performance of the consultancy business and increased subcontracting costs affected the profitability negatively.

In 1-3/2016 revenue of Karttakeskus geographical information system (“GIS”) business, reported as part of Finland, decreased by 16% to 2.4 MEUR (2.9 MEUR). Karttakeskus lost large contracts in 2015 which negatively affected the revenue during the quarter.

The demand for traditional IT solutions is expected to remain active. In this area, the demand for managed services is strong. Affecto experienced an increased market demand related to business technology and analytics solutions, both from existing and new customers. These solutions are typically closely related to real processes and real world phenomena with systematic and analytical approach to the collected data. In the area where Karttakeskus GIS business operates in, the customer demand for printed products has been declining consistently. Traditional maps are in transformation to digital content and solutions, an area where we have actively developed new capabilities and offerings.

Norway

In 1-3/2016 revenue increased by 3% to 5.6 MEUR (5.4 MEUR). Operational segment result was 0.3 MEUR (0.6 MEUR) or 5% (11%) of revenue. The order intake increased significantly and order backlog is above last year's level. These improvements are driven by a combination of traditional Business Intelligence (“BI”) and master data management initiatives as well as a growing interest in new business technologies and analytics. However, both order intake and revenue were at the same time negatively impacted by the weakening NOK, revenue increased 12% year over year at constant currency. License revenue increased compared to last year. Finally, profitability was negatively affected by low utilization and delayed project deliveries, an issue that the Company is currently addressing.

Sweden

In 1-3/2016 revenue increased by 1% and was 4.6 MEUR (4.6 MEUR). Operational segment result was 0.3 MEUR (0.1 MEUR) or 7% (2%) of revenue. The order intake increased and order backlog is above last year's level. Continued development actions have been executed during the quarter. Utilization was high due to increased demand for traditional BI solutions combined with an increase in demand for new business technologies, most notably within the collaboration area. Consequently, revenue and operational segment result developed favorably. Further, the Company’s focus is on recruitment and leverage of nearshoring to equip growth path.

Denmark

In 1-3/2016 revenue increased by 12% and was 3.2 MEUR (2.9 MEUR). Operational segment result was 0.3 MEUR (0.1 MEUR) or 8% (2%) of revenue. Order intake decreased and order backlog is above last year's level. Business recovery actions continued to progress and revenue and operational segment result developed favorably. During the quarter the Company also increased its engagement with customers in exploring new business technology and analytics solutions while at the same time increasing capacity to address the traditional BI and master data management market to increase short term sales.

In 1-3/2016, across the Scandinavian markets the Company experienced a growing demand for traditional BI solutions and Master Data Management in the form of managed services and modernization of BI solutions. There is also growing interest related to new business technologies and analytics, mainly in the form of demand for self-service analytics tools and customer or product master data management, driven by customer’s digitalization initiatives. More organizations are also starting to show interest in analytics, big data and Internet of Things technologies.

Baltic

In 1-3/2016 the Baltic (Lithuania, Latvia, Estonia, Poland, South Africa) revenue declined 18% and was 4.2 MEUR (5.1 MEUR). Operational segment result was 0.4 MEUR (1.3 MEUR) or 8% (26%) of revenue. Order intake decreased significantly and order backlog is below last year's level. The weakened performance is mainly attributable to the major insurance business projects that positively affected 2015 but ended by the end of the year. The Company continued to focus on local business development in Baltic, on nearshoring boost for all Affecto countries and on strong co-operation with TIA Technologies within the insurance sector.

In 1-3/2016, the Company saw in Estonia that the public sector is investing into improvement of their processes and digital services for citizens and customers are interested in predictive analytics. In the Lithuanian market the Company saw only modest demand by the public sector to invest into new IT initiatives. Across the segment, the private sector is interested in investing into core IT systems implementation, renewal projects and solutions. The insurance sector where the Company is focused on in South Africa and Latvia is investing into core systems while demand for new solutions is modest.

Business Development Actions

Affecto continued to focus on the key business development actions. The Company strengthened unique capabilities in analytics, custom development, managed services, design, cloud, security and sensors. In the Industrial growth program, the Company delivered more projects and prototypes in bridging the physical and the digital. In the B2C growth program, projects with Affecto Video Analytics solution with real-time cloud analytics and reporting capabilities progressed. The Company also continued to strive towards nimble economies of scale, building an integrated grid of 18 offices across Northern Europe.

Financial Position and Cash Flow

At the end of the reporting period Affecto's balance sheet totaled 114.9 MEUR (12/2015: 120.3 MEUR). Equity ratio was 61.8% (12/2015: 58.5%) and net gearing was -4.0% (12/2015: -6.2%).

The financial loans were 18.5 MEUR (12/2015: 18.5 MEUR) at the end of reporting period. The Company's cash and liquid assets were 21.0 MEUR (12/2015: 22.4 MEUR). The interest-bearing net debt was -2.6 MEUR (12/2015: -3.9 MEUR). The existing loan will be re-financed by the end of Q2/16.

Cash flow from operating activities for the reported period was -1.3 MEUR (0.4 MEUR) and cash flow from investing activities was -0.2 MEUR (-0.2 MEUR). Investments in tangible and intangible assets were 0.2 MEUR (0.2 MEUR). The cash flow from operating activities was affected by a negative change in working capital driven by the Swedish and Norwegian segments.

Personnel

The number of employees was 972 (1014) persons at the end of the reporting period. 389 (426) employees were based in Finland, 99 (88) in Norway, 101 (120) in Sweden, 65 (68) in Denmark and 318 (312) in the Baltic countries. The average number of employees during the period was 984 (1017).

On 14 March 2016, the Company announced that Julius Manni, who served as Managing Director, Finland & Culture and member of the Leadership Team leaves the Company and Henri Engström is appointed Leadership Team member and acting Managing Director, Finland.

Corporate Governance

Affecto's corporate governance practices comply with Finnish laws and regulations, Affecto's Articles of Association, the rules of NASDAQ Helsinki and the Finnish Corporate Governance Code issued by the Securities Market Association of Finland in 2015. The code is publicly available at http://cgfinland.fi/en/. Affecto has published its corporate governance statement for 2015 in the Financial Statements 2015 and on the Company website www.affecto.com.

Shares and Shareholders

The Company has one share series and all shares have similar rights. At the end of the review period Affecto Plc's share capital consisted of 22 450 745 shares and the Company owned 846 235 treasury shares, approximately 3.8 % of the total amount of the shares. Additional information with respect to the shares, shareholding and trading can be found on the Company's website www.affecto.com.

Risks and Uncertainties

The markets where Affecto operates are going through change. Historically, Affecto has concentrated on the traditional IT market solutions, demand for which has moderated. However, at the same time there is growing market in new business technology & analytics. There is a risk as well as an opportunity with respect to the speed of which Affecto is able to develop the new emerging areas in proportion to the traditional areas

Affecto's success depends also on good customer relationships. Affecto has a diverse customer base. In 2015, the largest customer generated approximately 2% and the 10 largest customers together approximately 18% of Affecto's net sales. Although none of the customers is critically large for the whole group, there are large customers in various countries that are significant for local business in the relevant country. On the other hand, the diverse customer base may decrease the effectiveness of the sales & delivery efforts and overall agility of the company.

Affecto also needs to be seen as an interesting employer in order to recruit and retain skilled employees. It is important for Affecto to be seen as an employer our employees can be proud of. High people churn may create inefficiencies in the business and temporarily decrease the utilization rate.

The changes in the general economic conditions and the operating environment of customers have direct impact on Affecto's markets. The uncertain economic outlook may affect Affecto's customers negatively. Slower IT investment decision making and uncertainty on new investments with respect to new business technology solutions may have negative impact on Affecto. Affecto's order backlog has traditionally been only a few months long. Slower decision making of the customers decreases the predictability of the business and may decrease the utilization rate.

Affecto sells third party software licenses and maintenance as part of its solutions. Typically, the license sales have the highest impact on the last month of each quarter and especially in the fourth quarter. This increases the fluctuation in net sales between quarters and increases the difficulty of accurately forecasting the quarters. Additionally, the increase of cloud services and other similar market trends may affect the license sales negatively. Affecto had license sales of approximately 7 MEUR in 2015.

The Company recognizes that the risks of frauds and cyber security threats have increased. The Company aims to mitigate the increased risks with internal controls, IT-security, training, awareness and security minded culture.

The Company recognizes the disintegration of its IT systems and process. Given the number of separate systems, there is low group wide transparency and risk of suboptimal management of the respective businesses.

Approximately 35% of Affecto's net sales are generated in Sweden and Norway, thus the development of the currencies of these countries (SEK and NOK) may have an impact on Affecto's profitability. The main part of the companies' income and costs are within the same currency, which decreases the risks. In addition, the Company also has business in South Africa and therefore the development of the South African Rand (ZAR) may also affect the business environment in South Africa and thus the Company's business.

Affecto's balance sheet includes a material amount of goodwill. Goodwill has been allocated to cash generating units. Cash generating units, to which goodwill has been allocated, are tested for impairment both annually and whenever there is an indication that the unit may be impaired. Potential impairment losses may have material effect on the reported profit and value of assets.

Events after the Review Period

The Annual General Meeting

Annual General Meeting of Affecto Plc (“AGM”) was held on 8 April 2016. The AGM adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2015. The meeting approved the Board of Directors’ proposal to pay a dividend of EUR 0.16 per share and the dividend was paid on 19 April 2016.

Aaro Cantell, Magdalena Persson, Jukka Ruuska, Olof Sand, Tuija Soanjärvi and Lars Wahlström were re-elected to the Board. The Board of Directors elected from among its members Aaro Cantell as its Chairman and Olof Sand as Vice-Chairman and the following members to the Committees:

> Audit Committee: Tuija Soanjärvi (chairman), Lars Wahlström and Jukka Ruuska
>
> People, Nomination and Compensation Committee. Magdalena Persson (chairman) Aaro Cantell and Olof Sand

The AGM approved all proposals made by the Board as described in the invitation published on 11 March 2016. The resolutions of the AGM were published as a stock exchange release on 8 April 2016 and can be found on the Company’s website www.affecto.com.

2016 Outlook

Affecto expects its revenue to stay at the same level or grow slightly and its operating profit to grow in 2016.

The company does not provide an exact quarterly guidance for revenue or operating profit development, as single projects and timing of license sales may have large impact on quarterly sales and profit.

Financial Calendar 2016

Affecto will publish the following interim reports during the course of the year:

Interim Report 1 January – 30 June:	11 August 2016
Interim Report 1 January – 30 September:	28 October 2016

Affecto Plc
Board of Directors

Financial information:
1. Consolidated income statement, consolidated comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity
2. Notes
3. Key figures

1. Consolidated income statement, consolidated comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity

CONSOLIDATED INCOME STATEMENT

(1 000 EUR)	1-3/16	1-3/15	2015	last 12m
Revenue	27 344	29 062	116 026	114 307
Other operating income	-	0	22	22
Changes in inventories of finished goods and work in progress	40	41	-195	-195
Materials and services	-5 800	-4 856	-23 978	-24 922
Personnel expenses	-16 518	-17 564	-64 957	-63 912
Other operating expenses	-3 806	-4 298	-18 352	-17 860
Other depreciation and amortisation	-248	-278	-1 089	-1 060
Operating profit	1 012	2 107	7 475	6 381
Financial income and expenses	-124	-120	4	-1
Profit before income tax	888	1 987	7 479	6 380
Income tax	-198	-547	-1 585	-1 235
Profit for the period	690	1 440	5 894	5 144
Profit for the period attributable to:				
Owners of the parent company	690	1 440	5 894	5 144
Earnings per share (EUR per share):				
Basic	0.03	0.07	0.27	0.24
Diluted	0.03	0.07	0.27	0.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(1 000 EUR)	1-3/16	1-3/15	2015	last 12m
Profit for the period	690	1 440	5 894	5 144
Other comprehensive income				
Items that may be reclassified subsequently to the statement of income:				
Translation difference	247	696	-649	-1 098
Total Comprehensive income for the period	937	2 136	5 245	4 046
Total Comprehensive income attributable to:				
Owners of the parent company	937	2 136	5 245	4 046

CONSOLIDATED BALANCE SHEET

(1 000 EUR)	3/2016	3/2015	12/2015
Non-current assets			
Property, plant and equipment	1 035	1 456	1 095
Goodwill	62 560	63 391	62 367
Other intangible assets	100	226	132
Deferred tax assets	909	1 188	976
Trade and other receivables	122	-	242
	64 726	66 261	64 813
Current assets			
Inventories	344	536	300
Trade and other receivables	27 697	28 757	32 067
Current income tax receivables	1 065	731	778
Cash and cash equivalents	21 044	21 914	22 375
	50 150	51 938	55 520
Total assets	114 876	118 199	120 333
Equity attributable to owners of the parent Company			
Share capital	5 105	5 105	5 105
Reserve of invested non-restricted equity	47 731	47 718	47 731
Other reserves	858	852	858
Treasury shares	-2 056	-2 111	-2 056
Translation differences	-4 671	-3 573	-4 919
Retained earnings	16 289	14 598	15 599
Total equity	63 257	62 590	62 319
Non-current liabilities			
Loans and borrowings	-	18 460	-
Deferred tax liabilities	176	185	177
	176	18 645	177
Current liabilities			
Loans and borrowings	18 492	4 000	18 484
Trade and other payables	32 086	31 516	38 476
Current income tax liabilities	465	997	420
Provisions	401	451	456
	51 444	36 964	57 836
Total liabilities	51 620	55 609	58 013
Equity and liabilities	114 876	118 199	120 333

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

(1 000 EUR)	1-3/2016	1-3/2015	2015
Cash flows from operating activities			
Profit for the period	690	1 440	5 894
Adjustments to profit for the period	523	874	2 850
	1 213	2 314	8 744
Change in working capital	-2 071	-1 024	2 949
Interest and other financial cost paid	-58	-78	-305
Interest and other financial income received	18	17	50
Income taxes paid	-377	-784	-2 107
Net cash from operating activities	-1 275	445	9 332
Cash flows from investing activities			
Acquisition of tangible and intangible assets	-154	-193	-566
Proceeds from sale of tangible and intangible assets	-	-	6
Net cash from investing activities	-154	-193	-561
Cash flows from financing activities			
Repayments of non-current borrowings	-	-	-4 000
Dividends paid to the owners of the parent company	-	-	-3 453
Net cash from financing activities	-	-	-7 453
(Decrease)/increase in cash and cash equivalents	-1 429	252	1 318
Cash and cash equivalents at the beginning of the period	22 375	21 380	21 380
Foreign exchange effect on cash	98	282	-324
Cash and cash equivalents at the end of the period	21 044	21 914	22 375

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent company						
(1 000 EUR)	Share capital	Reserve of invested non-restricted equity	Other reserves	Treasury shares	Trans lat. diff.	Ret. earnings	Total equity
Equity at 1 January 2016	5 105	47 731	858	-2 056	-4 919	15 599	62 319
Profit						690	690
Translation differences					247		247
Total compre-hensive income					247	690	937
Equity at 31 March 2016	5 105	47 731	858	-2 056	-4 671	16 289	63 257

	Equity attributable to owners of the parent company						
(1 000 EUR)	Share capital	Reserve of invested non-restricted equity	Other reserves	Treasury shares	Trans lat. diff.	Ret. earnings	Total equity
Equity at 1 January 2015	5 105	47 718	835	-2 111	-4 269	13 159	60 437
Profit						1 440	1 440
Translation differences					696		696
Total compre-hensive income					696	1 440	2 136
Share-based payments			17				17
Equity at 31 March 2015	5 105	47 718	852	-2 111	-3 573	14 598	62 590

2. Notes

2.1. Basis of preparation

This financial statement bulletin has been prepared in accordance with the IFRS recognition and measurement principles and in accordance with IAS 34, Interim Financial reporting. The interim report should be read in conjunction with the annual financial statements for the year ended 31 December 2015. In material respects, the same accounting policies have been applied as in the 2015 annual consolidated financial statements. The amendments to and interpretations of IFRS standards that entered into force on 1 January 2016 had no material impact on this interim report.

2.2. Segment information

Affecto's reporting segments are based on geographical locations and are Finland, Norway, Sweden, Denmark and Baltic.

Segment revenue and result

(1 000 EUR)	1-3/16	1-3/15	2015	last 12m
Total revenue				
Finland	11 206	12 140	49 539	48 605
Norway	5 579	5 436	21 068	21 210
Sweden	4 636	4 588	18 219	18 268
Denmark	3 197	2 862	11 297	11 633
Baltic	4 192	5 087	20 128	19 233
Other	-1 467	-1 051	-4 226	-4 642
Group total	27 344	29 062	116 026	114 307
Operational segment result				
Finland	104	638	3 528	2 993
Norway	296	585	1 451	1 162
Sweden	324	114	718	927
Denmark	267	60	355	563
Baltic	355	1 309	3 930	2 977
Other	-334	-600	-2 507	-2 242
Total operational segment result	1 012	2 107	7 475	6 381
Operating profit	1 012	2 107	7 475	6 381
Financial income and expenses	-124	-120	4	-1
Profit before income tax	888	1 987	7 479	6 380

Revenue by business lines

(1 000 EUR)	1-3/16	1-3/15	2015	last 12m
Information Management Solutions	26 112	27 162	107 887	106 837
Karttakeskus GIS business	2 412	2 876	12 201	11 736
Other	-1 180	-976	-4 062	-4 266
Group total	27 344	29 062	116 026	114 307

2.3. Changes in intangible and tangible assets

(1 000 EUR)	1-3/2016	1-3/2015	1-12/2015
Carrying amount at the beginning of period	63 594	64 573	64 573
Additions	154	193	566
Disposals	-	-	-2
Depreciation and amortization for the period	-248	-278	-1 089
Exchange rate differences	195	584	-454
Carrying amount at the end of period	63 695	65 073	63 594

2.4. Share capital, reserve of invested non-restricted equity and treasury shares

(1 000 EUR)	Number of shares outstanding	Share capital	Reserve of invested non-restricted equity	Treasury shares
1.1.2015	21 583 526	5 105	47 718	-2 111
31.3.2015	21 583 526	5 105	47 718	-2 111
1.1.2016	21 604 510	5 105	47 731	-2 056
31.3.2016	21 604 510	5 105	47 731	-2 056

Affecto Plc owns 846 235 treasury shares, which correspond to 3.8% of the total amount of the shares. The amount of registered shares is 22 450 745 shares.

2.5. Interest-bearing liabilities

(1 000 EUR)	31.3.2016	31.12.2015
Interest-bearing non-current liabilities		
Loans from financial institutions, non-current portion	-	-
Loans from financial institutions, current portion	18 492	18 484
	18 492	18 484

Affecto's loan facility agreement includes financial covenants, breach of which might lead to an increase in cost of debt or cancellation of the facility agreement. The covenants are based on total net debt to earnings before interest, taxes, depreciation and amortization and total net debt to total equity. The covenants will be measured quarterly, and these terms and conditions of covenants were met at the end of the reporting period. According to the current terms, the loan from financial institution will be due in June 2016. The Company is in the process of completing the negotiations regarding the loan renewal.

2.6. Contingencies and commitments

The future aggregate minimum lease payments under non-cancelable operating leases:

(1 000 EUR)	31.3.2016	31.12.2015
Not later than one (1) year	3 020	3 167
Later than one (1) year, but not later than five (5) years	1 564	1 911
Later than five (5) years	-	-
Total	4 585	5 078

Guarantees given:

(1 000 EUR)	31.3.2016	31.12.2015
Liabilities secured by a mortgage		
Financial loans	18 500	18 500

The above-mentioned liabilities are secured by bearer bonds with a nominal value of 52.5 million euro. The bonds are held by Nordea Pankki Suomi Oyj and secured by a mortgage on company assets of the group companies. In addition, the shares in Affecto Finland Oy and Affecto Norway AS have been pledged to secure the financial liabilities above.

Other securities given on own behalf:

(1 000 EUR)	31.3.2016	31.12.2015
Pledges	34	36
Other guarantees	863	1 925

Other guarantees are mostly securities issued for customer projects. These guarantees include both bank guarantees secured by parent company of the group and guarantees issued by the parent company and subsidiaries.

2.7. Related party transactions

Key management compensation and remunerations to the board of directors:

(1 000 EUR)	1-3/2016	1-3/2015	1-12/2015
Salaries and other short-term employee benefits	523	700	2 219
Post-employment benefits	61	88	268
Termination benefits	-	121	275
Share-based payments	-	1	1
Total	584	909	2 763

Purchases from related party:

(1 000 EUR)	1-3/2016	1-3/2015	1-12/2015
Purchases from the entity that are controlled by key management personnel of the group	13	-	289
Outstanding balance of purchases from the entity that are controlled by key management personnel of the group	-	-	36

3. Key figures

	1-3/16	1-3/15	2015	last 12m
Revenue, 1 000 eur	27 344	29 062	116 026	114 307
EBITDA, 1 000 eur	1 260	2 384	8 565	7 440
Operational segment result, 1 000 eur	1 012	2 107	7 475	6 381
Operating result, 1 000 eur	1 012	2 107	7 475	6 381
Result before taxes, 1 000 eur	888	1 987	7 479	6 380
Profit attributable to the owners of the parent company, 1 000 eur	690	1 440	5 894	5 144
EBITDA, %	4.6 %	8.2 %	7.4 %	6.5 %
Operational segment result, %	3.7 %	7.2 %	6.4 %	5.6 %
Operating result, %	3.7 %	7.2 %	6.4 %	5.6 %
Result before taxes, %	3.2 %	6.8 %	6.4 %	5.6 %
Net income for equity holders of the parent company, %	2.5 %	5.0 %	5.1 %	4.5 %
Equity ratio, %	61.8 %	59.2 %	58.5 %	
Net gearing, %	-4.0 %	0.9 %	-6.2 %	
Interest-bearing net debt, 1 000 eur	-2 552	546	-3 891	
Gross investment in non-current assets (excl. acquisitions), 1 000 eur	154	193	566	
Gross investments, % of revenue	0.6 %	0.7 %	0.5 %	
Order backlog, 1 000 eur	48 151	41 527	50 672	
Average number of employees	984	1 017	1 010	
Earnings per share, eur	0.03	0.07	0.27	0.24
Earnings per share (diluted), eur	0.03	0.07	0.27	0.24
Equity per share, eur	2.93	2.90	2.88	
Average number of shares, 1 000 shares	21 605	21 584	21 592	21 597
Number of shares at the end of period, 1 000 shares	21 605	21 584	21 605	21 597

Affecto has revised the terminology used in its financial reporting. Prior to this release, the Company used the term '*net sales'.* In this report and going forward, the term '*net sales'* is replaced with '*revenue*', however, the meaning of the two terms is identical.

Calculation of key figures

EBITDA	=	Earnings before interest, taxes, depreciation, amortization and impairment losses	
Operational segment result	=	Operating profit before amortizations on fair value adjustments due to business combinations (IFRS3) and goodwill impairments	
Equity ratio, %	=	Total equity / Total assets – advance payments	*100
Gearing, %	=	Interest-bearing liabilities – cash and cash equivalents / Total equity	*100
Interest-bearing net debt	=	Interest-bearing liabilities – cash and cash equivalents	
Earnings per share (EPS)	=	Profit attributable to owners of the parent company / Weighted average number of ordinary shares in issue during the period	
Equity per share	=	Total equity / Adjusted number of shares at the end of the period	
Market capitalization	=	Number of shares at the end of period (excluding company's own shares held by the company) x share price at closing date	