FINANCIAL STATEMENTS 2016

ixonos www.ixonos.com

Table of contents

Report of the Board of Directors

CONFIRMED ORDERS STRENGTHENED SIGNIFICANTLY AND MAIN POINTS OF RESTRUCTURING WERE PROGRESSING AS PLANNED. In 2016 the main actions of the Board of Directors were linked to carrying through the reconstruction and further lighten the cost structure of the company. During the year the company entered significant new customer agreements and developed services along the Discover-Design-Deliver strategy. These are offered on all main markets both separately and combined.

As the digital service portfolio strengthened the Cloud-business was abandoned and a subsidiary was set up in Vancouver, Canada to strengthen the North American business. During the review period the company headquarters moved to the heart of Helsinki.

During the past year the turnover of the company's digital services was steered into a growing path, even though selling the data center business did still decrease the total turnover. During the year most cost generating contracts were renewed and the company will thus be able to enter year 2017 with a lighter cost structure.

EVENTS DURING THE FINANCIAL PERIOD

Market events in the financial period. Digitalisation projects within Ixonos' focus areas and on the markets moved more clearly towards an implementation phase during the fiscal year. The knowledge and expertise in the Company was visible on several international forums and in different events. Ixonos aims to be a thought leader in selected focus areas and actively shares its views and customer cases, and takes part in thought leadership events.

In **Smart Citizen** -area City of Vantaa and Ixonos concluded a framework agreement concerning development of digital services. Ixonos has, for the duration of the Agreement, undertaken to provide the City of Vantaa with service design and graphic user interface design services. The Agreement will remain in force for until year 2020. The company has served public sector already some years. Smart Citizen is one of the key offering within this area that aims to be expanded. During the fiscal year Ixonos published the customer cases of Valmet iRoll and Sherri Hill projects. Together with Maxicaster, live TV was brought to the sea, where connectivity normally is an issue, by introducing the TV feature to the Viking Line digital passenger experience. Honda Europe and Ixonos also signed a continuation agreement on cloud-based in-car store solution. Ixonos will continue developing and running Honda App Center in the coming years.

Ixonos thought leadership at **InVenue** offering area was visible both as new customers as well as in Shippax conference participation. During the fiscal year the ISA partnership with Intel within InVenue area was published. The company was able to widen its customer base and published during the fiscal year a significant customer order. At the same time developing digital solutions to different public venues and buildings for clients was continued. This focus area also includes development of different services aiming to ease and enrich living, like for example construction companies.

Within our **Smart Devices** offering area, we participated in the Critical Communications World in Amsterdam to meet our customers' demand. We also published a continuation to our long-term co-operation with Savox Ltd. In this area the services are focused in high security consumer devices as well as special devices to different industries and authorities. These devices have higher operational reliability and security requirements.

Smart Data and IoT – the main events were own IxD events and in Finland IoT Business Lab event together with IoT Lab. Common learnings from our forerunner clients was shared in several speeches in industry forums globally. During the financial year the cooperation with IBM concerning Smart Data and IoT offerings started. Joint customer projects were started, and Ixonos and IBM participated in several Hackathons together. The joint team won the FortumHack arranged by Fortum and received a special citation at the CargoHack organised by Cargotec. Ixonos also shared thoughts with the customers on how to design successful IoT solutions in our Future of Industrial Experience event in Tampere.

The best indication of what we have accomplished on the markets are the different awards and nominations that we have received together with our customers. Ixonos did together with its customers develop solutions that did receive awards and appreciation as follows:

- The Viking Line Onboard customer experience won the European IF Design Awards in Germany in the best service design category.
- The multi-channel retail solution that we have developed together with Sherri Hill was published and it was very well received on New York Fashion Week.
- The Valued CIOReview nominated Ixonos as one of the Top50 most interesting IoT solution integrators in the world with emphasis on IoT and Business design capability.

Annual General Meeting on 7 April, 2016. The Annual General Meeting of Ixonos Plc was held on 7 April, 2016. Minutes of the Annual General Meeting and decisions taken are available on the company's website, www.ixonos.com/investor.

Selling Cloud and hosting -domestic contract base. On 6 April, 2016 Ixonos sold the domestic contract base of Cloud and Hosting business to Datacenter Finland Ltd. The trade did not have an impact on the Company's results, and it did not have a significant positive impact on the Company's cash at hand during the fiscal year.

Improving operational efficiency. On 2 August, 2016 Ixonos started co-operation negotiations in order to secure its production efficiency. The negotiations concerned the personnel in Finland, excluding Kemi and Oulu personnel. On 16 August, 2016 Ixonos informed that the negotiations had been concluded and that a maximum of 9 people will be made redundant and maximum 15 persons were temporary laid-off with maximum duration of 90 working days.

OPERATIONS. Ixonos is a service company that combine design and technology in a versatile way. The company offers creative and versatile digital solutions and consulting services for several customer segments. We mainly focus our services towards a deep understanding of the digital challenges (like utilizing digitalization within business) of our customers.

Ixonos creates new digital services for the customers, building them on the latest technologies and trends that affect their business. Premium user experience requires design and technology to work seamlessly together and Ixonos strive to be the leading expert combining these.

The Discover – Design – Deliver strategy consists of market-, trend-, technology- and user research at the early stages, followed by high-class design and precise execution tested all the way through. The basic idea is to provide added value to customers through a uniform delivery chain. This way an on-time delivery of a watertight, high-class entity, in line with the customer's strategy and saving in total costs is ensured. Trough this, end users of the product or service will get to enjoy innovative and reliable services that enrich their lives.

The operations are centralised in Finland, USA, Canada and United Kingdom. The software development is mostly based in Finland but it has been strengthened also in the other locations. Design is offered from Helsinki, London, San Francisco and Vancouver.

The Design services consists of digital-, mobile- and web design as well as service- and industrial design. Design services are offered all the way from design strategy and user research to designing visuals and interaction and further to workshops, designing prototypes and usability testing. All design innovations are implemented on different devices and platforms, always striving for the best possible implementation that can be done within the time frame requested by the customer.

In the technology services. Ixonos has a deep knowledge in developing creative software solutions for embedded systems and software. Standardised technologies (like Linux, Android, iOS, Windows) are used and Ixonos partners with chosen technology suppliers (e.g. IBM, Gigya, Redhat, Salesforce, Maxicaster, Gimbal and Brightcove). Our technology expertise comprises, both software and hardware (mobile, wireless connectivity and Online services and devices).

At Ixonos technology expertise is combined with world class design , deep understanding of user interface- and usability design as well as top class project management. This combination forms a significant competitive advantage for the company.

ORGANISATION. Regionally the company's organization is dived into Europe and North America. Both of these regions comprise sales and design- and technology service units:

- **Design:** Involving holistic design capabilities that generate strategic service design, a deep understanding of users and innovative design of user interfaces, and product design.
- **Technology:** Comprised of the implementation of technical solutions, software development and customer projects, and delivering them in the most cost-efficient ways.

Global teams are responsible of developing the consultative capabilities and services of the service units.

1. **Smart Citizen** – digital services for public actors such as cities, municipalities and ministries
2. **In-Venue** – digital services for different physical venues such as shopping malls, cruise ferries, office- and residential buildings
3. **Smart Devices** – holistic development of smart devices for challenging locations all the way from design to prototyping
4. **IoT** – Internet of Things solutions for different industries utilising for example the IBM BlueMix –platform

In addition to these focus areas we also support our customers in their digital transformation within other sectors. A new area in our service portfolio is Digital Service Platforms, where the business is built on asset based solutions and their development.

Group Services that is supporting the entire organisation consists of Finance, HR, It and Legal functions.

LOCATIONS. The offices are situated in our the markets Finland, USA, Canada and Great Britain. All countries have technology and design capabilities and local sales.

SEGMENTS. Ixonos reports its business as one single segment.

CONFIRMED ORDERS. Confirmed orders during the financial year was EUR 22.5 (2015:13.1, 2014:18.3) million, which is 71.7 more than during the year 2015.

TURNOVER. The company's turnover during the fiscal year was EUR 15.3 (2015: EUR 17.0, 2014: EUR 23.9) million, which is 10.3 percent lower than during the year 2015.

The main reason for the decline is the divestment of the company's data center business (decline 2.1 million compared to the corresponding period) and the United States declined turnover (decline 2.5 million compared to the corresponding period). The digital services turnover grew 0.8 million compared to the corresponding period. In particular, the company's Finnish clients have invested heavily within digital technology.

During the fiscal year, no single customer generated a dominating share of the turnover, but the revenue of one customer exceeded 10%. The combined turnover of companies controlled by Savox SA was 13% of the Group turnover.

FINANCIAL RESULT. The operating result for the fiscal year was EUR –7.7 (2015: -8.7, 2014: -7.4) million and result before tax was EUR -9.5 million (2015: -5.7, 2014: 8.5) million. Despite decrease in turnover the operating result improved due to actions taken to gain cost efficiency. The result for the fiscal year was EUR -9.5 (2015: -10.6, 2014: -8.3) million. Earnings per share were EUR -0.03 (2015: -0.05, 2014: -0.09). Cash flow per share from operating activities in the fiscal year was EUR -0.01 (2015: -0.03, 2014: -0.06).

RETURN ON CAPITAL. The group's total shareholders' equity was EUR -4.2 (2.7) million and return-on-equity ratio was 1.5 (1421.9) percent. Due to negative value of total shareholders' equity the return-on-equity ratio has not been provided for the year 2014.

Return on investment (ROI) was -70.1 (2015: -29.9 2014: -46.4) %.

INVESTMENTS. Investments during the fiscal year totalled to EUR 0.7 million (2015: 1.5, 2014: EUR 1.1) million. All R&D costs are included in the Group's profit for the review period, and nothing is capitalised in the balance sheet. The main reason for the investment decline is the divestment of the company's data center business in April 2016 and the investments to it was stopped after Q1/2016. The R&D focused on IoT platforms.

BALANCE SHEET AND FINANCING. The balance sheet totalled to EUR 16.1 (2015: 18.3, 2014: EUR 21.9) million. Shareholders' equity was EUR -4.2 (2015: 2.7, 2014: EUR -1.2) million. The equity to total assets -ratio was -26.1 per cent (2015: 14.8, 2014: -5.6). The group's liquid assets at the end of the fiscal year amounted to EUR 0.4 (2015:1.9, 2014: EUR 0.3) million. Non-controlling interest of the equity was EUR 0.0 million (2015: EUR 0.2 million, 2014: EUR 0.2 million).

The change in shareholders' equity during the review period was due to both a negative result and a positive impact on convertible bonds of 2.1 million.

At the end of the fiscal year, the balance sheet included EUR 2.9 (2015:3.0, 2014: EUR 10.5) million in bank loans. This amount covers the overdrafts in use. The bank loan agreements include covenant regarding equity ratio, which will be considered at the first time on 31 December, 2017.

Additionally, the company has loans and convertible bond from its main owner. Loans with interests totalled EUR 12.5 million on 31 December 2017. Loan agreements with Related party companies are described in detail in 'related party transactions'

CASH FLOW. Consolidated cash flow from operating activities during the fiscal year was EUR -5.5 (2015: -11.5, 2014: EUR -5.8) million.

In order to reduce the turnaround time of its receivables the Group sells part of its Finnish account receivables. Out of the accounts receivables in the balance sheet on 31 December, 2016, the group sold EUR 0.6 million (2015: 0.5, 2014: EUR 1.3) million to the financing companies in the beginning of January 2017. During 2015 EUR 3.6 million (2015:10.2, 2014: EUR 12.8) million trade receivables were sold.

GOODWILL. On 31 December, 2016, the consolidated balance sheet included EUR 11.5 million in goodwill (2015:12.0 million).

The following parameters were used in the goodwill impairment testing:

- The fiscal year of 4 years
- WACC discount rate 11 per cent
- 1 per cent growth estimate

The company made impairment test on 31 December, 2016 confirming that there is no need for an impairment. The present value of future cash flows exceeded the carrying value of assets by EUR 17.3 million.

The present value of the cash flow calculation EUR 28.9 million is lower than the sum of the company's financial liabilities EUR 12.5 million and the market price of the shares EUR 35.4 millions of 31 December, 2016.

PERSONNEL. The average number of employees during the fiscal year was 188 (2015:217, 2014: 320) and in the end of the period 174 (2015:200, 2014: 264) employees. In the end of the fiscal year, the Group had 132 employees (2015: 161, 2014: 230) stationed in Finnish companies, while Group companies in other countries employed 42 (2015:38, 2014: 34). During review period the number of employees decreased by 26. Employee benefit costs during the fiscal year were EUR 14.7 million (2015:15.8, 2014: EUR 18.4) million.

SHARES AND SHARE CAPITAL

Share turnover and price. During the financial period, the highest price of the company's share was EUR 0.11 (0.11) and the lowest price was EUR 0.06 (0.05). The closing price on December 31, 2016 was EUR 0.10 (0.07). The weighted average price was EUR 0.08 (0.06). The number of shares traded during the fiscal year was 24 568 296 (52,023,432), which corresponds to 6.95 (14.7) per cent of the total number of shares at the end of the fiscal year. The market value of the share capital was EUR 35.536.490 (24,749,543) at closing on 31 December, 2016.

Share capital. At the beginning of the fiscal year, the company's registered share capital was EUR 585,394.16 and the number of shares was 353,564,898. At the end of the fiscal year, the registered share capital was EUR 585,394.16 and the number of shares was 353,564,898.

The company has one share series and the company does not own its own shares in the end of the fiscal year.

OPTION PLANS 2011, 2014 AND 2016

2011 plan. The Board of Directors of Ixonos Plc decided on 30 November, 2011 to grant new options. This decision was based on the authorisation given by the Annual General Meeting on 29 March, 2011.

The options were issued by 31 December, 2011, free of charge, to a subsidiary wholly owned by Ixonos Plc. This subsidiary has distributed the options, as the Board has decided, to employees of Ixonos Plc and other companies in the Ixonos Group, to increase their commitment and motivation. Options will not be issued to members of the Board of Directors of Ixonos Plc or to the Ixonos Group's senior management.

The options are marked IV/A, IV/B and IV/C. A total of 600,000 options will be issued. According to the terms of the options, the Board of Directors decides how the options will be divided between option series and, if needed, how undistributed options will be converted from one series to another.

Each option entitles its holder to subscribe for one new or treasury share in Ixonos Plc.

The exercise period for the IV/A options began on 1 October, 2014, The option plans for IV/B options have been cancelled and for the IV/C options the exercise period began on 1 October, 2016. The exercise periods for all options will end on 31 December, 2018. The exercise price for each option series is a trade volume weighted average price at NASDAQ OMX Helsinki. The exercise prices will be reduced by the amount of dividends, and they can also be adjusted under other circumstances specified in the option terms.

In order to ensure the equal treatment of shareholders and the holders of 2011 stock options, the Board of Directors of Ixonos has, due to the Rights Offering, adjusted the subscription ratios and the subscription prices of the Option Rights 2011 in accordance with the terms and conditions of the aforementioned option rights as follows.

The subscription ratio of stock options IV/A shall be amended to 8.287 and the subscription price shall be amended to EUR 0.2 per share. As regards stock options IV/C, the subscription ratio shall be amended to 8.287 and the subscription price shall be amended to EUR 0.1497 per share.

The total amount of shares is rounded down to full shares in connection with subscription of the shares and the total subscription price is calculated using the rounded amount of shares and rounded to the closest cent. Due to the above mentioned adjustments concerning stock options IV/A, the adjusted maximum total number of shares to be subscribed for based on the 2011 stock options shall be 4,971,966.

2014 plan. The Board of Directors of Ixonos Plc decided to issue stock options on 18 February, 2014, on the basis of the authorization granted by the Extraordinary General Meeting held on 30 October, 2013.

The stock options has been offered to the global management team and certain key personnel of Ixonos Plc and its subsidiaries for the purpose of improving commitment and motivation. The options are marked 2014A, 2014B and 2014C.

The Board of Directors of the Company has found the option rights 2014A, 2014B and 2014C under option plan V to have lapsed insofar as they remain undistributed. Out of the options belonging in the Company's option plan V, only option rights belonging in 2014A series have been distributed.

Each option entitles its holder to subscribe for one new or treasury share in Ixonos Plc. The share subscription period with 2014A stock options started on 1 March, 2016 and ends on 31 December, 2018. The share subscription price is the volume weighted average price of the company's share on the Helsinki Exchange during the period 1 March to 31 May, 2014. The subscription price may be decreased with the amount of dividends paid and may also otherwise be subject to change in accordance with the terms and conditions of the stock options among others.

In order to ensure the equal treatment of shareholders and the holders of 2011 stock options, the Board of Directors of Ixonos has, due to the Rights Offering, adjusted the subscription ratios and the subscription prices of the Option Rights 2014 in accordance with the terms and conditions of the aforementioned option rights as follows: the subscription ratio for 2014A shall be amended to 1.65, and the subscription price to 0.0903.

The total amount of shares is rounded down to full shares in connection with subscription of the shares and the total subscription price is calculated using the rounded amount of shares and rounded to the closest cent. Due to the above adjustment concerning the Option Right 2014A, the adjusted maximum total number of shares to be subscribed for based on the Option Rights 2014 shall be 1,690,000.

2016 Plan. The Board of Directors of Ixonos Plc ("Ixonos" or "Company") decided to issue option rights on 21 November, 2016 on the basis of an authorisation granted by the Annual General Meeting held on 7 April 2016.

The option rights will be distributed as determined by the Board of Directors to key persons employed or recruited by a company belonging in Ixonos Plc's group for the purpose of improving their commitment and motivation.

The option rights will be marked as series 2016A, 2016B and 2016C. The maximum amount of option rights issued is 35,356,560, and they entitle to subscribe altogether a maximum of 35,356,560 of new Company shares. The Board of Directors may decide on any additional conditions related to the receipt of option rights and on the redistribution of option rights that later revert back to the Company.

Each option right entitles its holder to subscribe for one new Ixonos share. Shares subscribed on the basis of the option rights represent, on 3 November 2016, altogether a maximum of approximately 10 per cent of all Company shares and votes, corresponding to a dilution effect of approximately 9 per cent.

The subscription period for shares subscribed for under option rights 2016A starts on 1 October 2017 and ends on 30 September 2018. The subscription price of a share subscribed for under option right 2016A is EUR 0.08, which corresponds to the weighted average price of the Company's shares quoted on Nasdaq Helsinki Ltd ("Helsinki Stock Exchange") between 18 May and 18 November 2016 rounded up to the nearest cent.

The subscription period for shares subscribed for under option rights 2016B starts on 1 October 2018 and ends on 30 September 2019. The subscription price of a share subscribed for under option right 2016B is the weighted average price of the Company's shares quoted on the Helsinki Stock Exchange between 1 July and 31 December 2017 rounded up to the nearest cent.

The subscription period for shares subscribed for under option rights 2016C starts on 1 October 2019 and ends on 30 September 2020. The subscription price of a share subscribed under option right 2016C is the weighted average price of the Company's shares quoted on the Helsinki Stock Exchange between 1 July and 31 December 2018 rounded up to the nearest cent.

The subscription price may be decreased by, inter alia, the amount of dividends paid and may also otherwise be subject to revision in accordance with the terms and conditions. The subscription price, however, may never be lower than EUR 0.01.

The complete terms and conditions of the option plan are appended to this stock exchange release and available on the Company's homepage at www.ixonos.com/fi/investor/shares/option-schemes.

The theoretical market value of the incentive scheme is approximately EUR 1.2 million, which is recognised as an expense in accordance with IFRS 2 for the years 2016-2020.The write-down is not based on cash flows.

The theoretical market value of the option rights has been calculated using the Black & Scholes model.

SHAREHOLDERS. On 30 December 2016, Ixonos had 3,262 shareholders (3,035). Private persons owned 12.7% (12.5%), institutions owned 86.8% (87.5%), foreigners owned 0.5% (0.5%), and Nominee registered ownership was 1.5% (1.9%) of all shares.

Tremoko Oy Ab, a related party, owns 82.2% of the Company's shares. Options held by Tremoko increases their ownership to 82.3%.

Related-party transactions. On 14 March 2016, the Company entered a loan agreement with Tremoko Oy Ab. The new loan enabled additional financing of 1.5 million Euros.

On 8 April 2016, Tremoko Oy Ab ("Tremoko") subscribed to a convertible bond in full with a capital of EUR 9,200,000.95 ("Loan") and attached an option or other special rights referred to in Chapter 10 Section 1(2) of the Limited Liability Companies

Act ("Special Rights"), which were directed to be subscribed to by Tremoko as a result of decision-making in the Ixonos Plc ("Company") General Meeting that took place 7 April 2016. The Board of Directors of Company has accepted Tremoko's subscription.

The Loan and attached Special Rights have been issued in order to strengthen the Company's working capital and reorganise capital structure as well as lower financing costs. Hence, there are weighty financial reasons for taking the Loan and granting the Special Rights. The Loan's issuing price and conversion price have been defined according to market terms.

The main specifications of the Terms of the Loan and the Special Rights are as follows:

- The amount of the Loan is EUR 9,200,000.95.
- An annual interest of Euribor 6 months (at least ≥ 0 %) + 4.0 per cent is paid on the principal of the Loan.
- The conversion option attached to the Loan entitles Tremoko to a maximum amount of 131,428,585 of new Company's shares.
- The rate of conversion is fixed at EUR 0.07, and it shall be revised as set out in the Terms.
- The loan period is 8 April 2016–8 April 2020, so that as of 8 April 2016, altogether EUR 1,700,000.05 of the loan will be paid biannually in five tranches of EUR 340,000.01. Additionally on 8 April 2020, the remaining loan, altogether EUR 7,500,000.90, will be paid in a one-off payment.

Tremoko has paid the Loan and attached Special Rights in full by setting off receivables it has from the Company, amounting altogether to EUR 9,200,000.95.

On 28 April 2016, Turret Oy Ab and Holdix Oy Ab were granted a directly enforceable guarantee ("Guarantee") with the total amount of EUR 1,2 million to Nordea Bank Finland Plc on behalf of Ixonos Plc's ("Ixonos") and Ixonos Finland Ltd's commitments. The Guarantee was given as a substitute to former guarantee given by Finnvera Plc. Turret Oy Ab and Holdix Oy Ab are the owners of Tremoko Oy Ab, which is the main owner of Ixonos.

On 13 May 2016, Ixonos Plc's ("Ixonos"), together with Ixonos Finland Ltd, did give countersecurity to Turret Oy Ab and Holdix Oy Ab in which, inter alia, they have undertaken to pay guarantee commission. The countersecurity has been given related to financial arrangements announced on 28 April 2016. The rate of the guarantee commission has been defined in market terms. Turret Oy Ab and Holdix Oy Ab have granted a directly enforceable guarantee with the total amount of EUR 1.2 million to Nordea Bank Finland Plc as collateral for Ixonos and Ixonos Finland Ltd's commitments. Turret Oy Ab and Holdix Oy Ab are the owners of Tremoko Oy Ab, which is the main owner of Ixonos.

On 20 June 2016, Ixonos Plc ("Ixonos") and Savox Communications Oy Ab Ltd ("Savox") concluded a framework agreement concerning product development. Ixonos had, for the duration of the Agreement, undertaken to provide Savox with research, design and/or product development services ordered separately later by Savox.

The Agreement will remain in force for a minimum of one year. The parties have non-bindingly estimated the potential value of the services provided by Ixonos to Savox to amount to EUR 1–2 million.

Savox Communications Oy Ab (Ltd) is part of the Savox Communications Group, which is one of the world's most notable suppliers of communication systems for professional use in demanding and dangerous circumstances. The Savox Communications Group has over three decades of experience in serving police and security, fire and rescue, military, maritime and industrial sectors. The Savox Communications Group is part of the Savox Group, into which Turret Oy Ab, one of the owners of Ixonos' main owner Tremoko Oy Ab, also belongs.

On 17 August 2016 The Company entered a loan agreement with Tremoko Oy Ab with. The loan agreement enables additional financing for a maximum of 2.5 million Euros until August 18, 2018.

BOARD AUTHORISATIONS

Annual general meeting 7 April 2016, board authorisations. The Annual General Meeting on 7 April 2016 authorised the Board to decide on a paid share issue and on granting option rights and other special rights entitling to shares that are set out in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act or on the combination of some of the aforementioned instruments in one or more tranches on the following terms and conditions:

The number of shares to be issued under the authorisation may not exceed 90,000,000, which corresponds to approximately 25 per cent of all company shares at the time of convening the Annual General Meeting.

Within the limits of the aforementioned authorisation, the Board of Directors may decide on all terms and conditions applied to the share issue and to the special rights entitling to shares.

The Board of Directors are entitled to decide on crediting the subscription price either to the company's share capital or, entirely or in part, to the invested unrestricted equity fund.

Shares as well as special rights entitling to shares may also be issued in a way that deviates from the pre-emptive rights of shareholders, if a weighty financial reason for this exists as laid out in the Limited Liability Companies Act. In such a case, the authorisation may be used to finance corporate acquisitions or other investments related to the operations of the company as well as to maintain and improve the solvency of the group of companies and to carry out a system for incentives.

The authorisation is effective until the Annual General Meeting held in 2017, yet no longer that 30 June 2017.

Authorising of the Board of Directors to acquire own shares. The Annual General Meeting authorised the Board to decide on acquiring or accepting as pledge, a maximum of 35,356,488 own shares, which corresponds to around 10 per cent of the company's total shares at the time of convening the meeting, using the company's non-restricted equity. The acquisition may take place in one or more lots. The acquisition price will not exceed the highest market price in public trading at the time of the acquisition. In executing the acquisition of its own shares, the company may enter into derivative, share lending and other contracts customary on the capital market, within the limits set by law and regulations. The authorisation also entitles the Board to decide on a directed acquisition, i.e. on acquiring shares in a proportion other than that of the shares held by the shareholders.

The company may acquire the shares to execute corporate acquisitions or other business arrangements related to the company's operations, to improve its capital structure, or to otherwise transfer the shares or cancel them.

The authorisation includes the right for the Board of Directors to decide on all other matters related to the acquisition of shares. The authorisation is effective until the Annual General Meeting held in 2017, yet no longer than until 30 June 2017.

EVENTS AFTER THE FINANCIAL PERIOD
February 2017 Ixonos has secured a EUR one (1) million loan agreement in order to strengthen its working capital with Tremoko Oy Ab.

3 February 2017 the Board of Directors have decided to accept Tremoko Oy Ab's two (2) million euro binding offer of a financial arrangement to strengthen it's working capital. The Financial arrangement is combined with the additional financial arrangement of EUR 1.0 million implemented earlier and announced on 3 February 2017.

RISK MANAGEMENT AND NEAR-FUTURE UNCERTAINTY FACTORS. Ixonos Plc's risk management aims to ensure undisturbed continuity and development of the company's operations, support attainment of the commercial targets set by the company and promote increasing company value. Details on the risk management organisation and process as well as on recognised risks are presented on the company's website at www.ixonos.com.

Changes in key customer accounts may have adverse effects on Ixonos' operations, earning power and financial position. Should a major customer switch its purchases from Ixonos to its competitors or make forceful changes to its own operating model, Ixonos would have limited ability to acquire, in the short term, new customer volume to compensate for such changes.

The group's turnover consists primarily of relatively short term customer contracts. Forecasting the starting dates and scope is from time to time challenging at the same time the cost structure is fairly rigid. This may result in unexpected fluctuation in turnover and profitability.

Part of the company's business operations is based on fixed-price project deliveries. Fixed-price projects may include risks related to their duration and content. These risks are being managed by means of contract management as well as project management.

Some part of the group's turnover is invoiced in foreign currency. Risks related to currency fluctuation are managed through different means.

The company's balance sheet includes a significant amount of goodwill, which may still be impaired should internal or external factors reduce the profit expectations of the company's cash flow. Goodwill is tested each quarter and, if necessary, at other times.

During the past year the company's confirmed orders improved significantly compared to the previous year. In addition to that the cost structure was lightened. This annual report has been prepared according to the going concern principle taking into account the realized financial arrangements during the financial year 2016 and financial estimations made up for the year 2017. The estimations take into consideration probable or foreseeable changes in future expectations in revenues as well as in costs.

On the balance sheet day, the company estimated that its existing working capital may not be sufficient to cover the company's funding needs over the next 12 months. The financial gap in the cash flow forecast in the beginning of the year 2017 can be filled with bridge financing. After the balance sheet day the company has secured a EUR 1 million loan agreement with its main owner and a EUR 1 million commitment for additional loan with its main owner which company's Board of Directors has approved.

CORPORATE GOVERNANCE. Ixonos corporate governance follows the Finnish Limited Liability Companies Act, the Securities Markets Act, rules and regulations provided by the NASDAQ OMX Helsinki Ltd as well as Ixonos' Articles of Association. The company's administration also complies with the rules and regulations of NASDAQ OMX Helsinki Ltd, as well as with such recommendations in the Finnish Corporate Governance Code, published on 1 October 2015 by the Securities Market Association, as came into effect on 1 January 2016. The corporate governance statement is issued separately from the report of the board of directors and published on 16 March, 2016. Ixonos Plc instructions for insiders according to Market Abuse Regulation - MAR (EU) N.O 596/2014 is issued separately from the report of the board of directors and published on 27 June, 2016.

PARENT COMPANY. The parent company Ixonos Plc had no turnover in 2016 or 2015. Operating profit was EUR −2.2 (−2.1) million. Profit for the financial period was negative, EUR −2.9 (1.0) million.

The balance sheet total was EUR 27.5 (31.9) million. Shareholders' equity was EUR 17.3 (20.2) million. The equity ratio was 70 % (63.2 %). The liquid assets of the parent company at the end of the financial period stood at EUR 0.2 (1.3) million.

The amount of Subsidiary shares summed up to EUR 26,2 million on the parent company balance sheet. The goodwill evaluation of Subsidiary shares is based on long term calculations.

The number of personnel averaged 5 (7) during the financial period. At the end of the period, the company had 4 (4) employees. Salaries and fees came to EUR 1.0 (1.0) million, pension expenses were EUR 0.1 (EUR 0.2) million and other indirect personnel costs to EUR 0.0 (0.0) million. The personnel expenses of the company totalled EUR 1.2 (1.1) million, approximately 35.5 % of total expenses (24.5 %).

Cash flow from operating activities during the financial period was EUR -12.9 million (2014: EUR -6.9 million).

FUTURE PROSPECTS. The operating profit of the company is expected to improve compared to 2016.

THE BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING. The Board of Directors of Ixonos Plc proposes to the Annual General Meeting that the distributable funds be left in shareholders' equity and that no dividend for the financial period 2016 be paid to shareholders. The parent company's distributable funds on 31 December 2016 are EUR 16,461,630.

Consolidated key figures

	IFRS 1.1.-31.12.2016	IFRS 1.1.-31.12.2015	IFRS 1.1.-31.12.2014	IFRS 1.1.-31.12.2013	IFRS 1.1.-31.12.2012
Turnover, 1000 EUR	15 256	17 001	23 939	33 397	56 852
Turnover increase	-10,3%	-29,0%	-28,3%	-41,3%	-30,2%
EBITDA, 1000EUR	-7 231	-7 392	-4 646	-9 014	-7 491
Percentage of turnover	-47,4%	-43,5%	-19,4%	-27,0%	-13,2%
Operating profit, 1000 EUR	-7 736	-8 702	-7 424	-13 399	-24 317
Percentage of turnover	-50,7%	-51,2%	-31,0%	-40,1%	-42,8%
Profit before tax, 1000 EUR	-9 547	-5 656	-8 477	-14 289	-25 018
Percentage of turnover	-62,6%	-33,3%	-35,4%	-42,8%	-44,0%
Balance sheet total, 1000 EUR	16 095	18 347	21 897	25 843	33 331
Return on equity, per cent	1.5%	-1421,9%	-672,5%	-224,2%	-119,0%
Return on investment	-70,1%	-29,9%	-46,4%	-75,4%	-81,6%
Interest-bearing liabilities, 1000 EUR	12 515	10 685	17 266	14 265	12 606
Financial assets, cash and cash equivalents, 1000 EUR	422	1 901	255	496	477
NetGearing	-288,0%	324,4%	-1397,7%	375,1%	162,0%
Equity ratio	-26,1%	14,8%	-5,6%	14,2%	22,5%
Investments, 1000 EUR	657	1 477	1 138	459	3 157
Percentage of turnover	4,3%	8,7%	4,8%	1,4%	5,6%
Average number of employees	188	217	320	505	824
Number of employees at the end of the period	174	200	264	442	610

Key figures on shares	1.1.-31.12.2016	1.1.-31.12.2015	1.1.-31.12.2014	1.1.-31.12.2013	1.1.-31.12.2012
Earnings per share, diluted, EUR	-0,03	-0,05	-0,09	-0,65	-2,13
Earnings per share, undiluted, EUR	-0,03	-0,05	-0,09	-0,65	-2,13
P/E ratio	-26,90	9,03	-2,08	-0,12	-0,15
Share price at the end of the period, EUR	0,10	0,07	0,06	0,08	0,48
Number of shares, adjusted for issues, average	353 564 898	194 418 208	96 651 722	19 131 798	15 102 484
Number of shares at the end of the period	353 564 898	353 564 898	106 313 536	75 858 359	15 102 484
Number of shares, adjusted for option dilution and issue, average	495 801 353	194 418 208	96 651 722	19 131 798	10 341 001
Dividend per earnings, %	0,0%	0,0%	0,0%	0,0%	0,0%
Dividend per share, EUR	0,00	0,00	0,00	0,00	0,00
Effective dividend yield, %	0,0%	0,0%	0,0%	0,0%	0,0%
Equity per share, EUR	-0,01	0,01	-0,01	0,05	0,48

*) The number of the shares adjusted for option dilution and related key performance indicators of year 2016 are affected by convertible loan in April and new option plan 2016 in November. The number of the shares and related key performance indicators of year 2015 are affected by rights issue in February and December 2015 and acquisition of Cresense.

Calculation of key figures

EBITDA = Earnings before interest, taxes depreciaton and amortizaton

Return on equity $= \dfrac{\text{Profit for the period}}{\text{Equity, average}} \times 100$

Return on investment $= \dfrac{\text{Profit before tax + financial expenses}}{\text{Balance sheet total − non-interest-bearing liabilities, average}} \times 100$

Equity ratio $= \dfrac{\text{Shareholders' equity}}{\text{Balance sheet total − advances received}} \times 100$

Net Gearing $= \dfrac{\text{Interest-bearing liabilities − interest-bearing assets}}{\text{Shareholders' equity}}$

Diluted earnings per share $= \dfrac{\text{Profit for the period, attributable to equity holders of the parent}}{\text{Number of shares, adjusted for issues and for option dilution, average}}$

Equity per share $= \dfrac{\text{Equity attributable to equity holders of the parent}}{\text{Amount of shares on the closing date}}$

Dividend/earnings $= \dfrac{\text{Dividends for the period}}{\text{Profit for the period}}$

P/E ratio $= \dfrac{\text{Share price at the end of the period}}{\text{Diluted earnings per share}}$

Effective dividend yield $= \dfrac{\text{Dividend/share}}{\text{Share price at the end of the period}} \times 100$

Dilution = Number of shares plus allocated options − number of shares obtainable with the exercise price for options, according to the turnover-weighted average price

Information about shares, shareholders and options

SHARES

Share capital and shares

The share capital of Ixonos Plc at December 31, 2016 was EUR 585,394.16.
The total number of shares at December 31, 2016 was 353,564,898.

STOCK EXCHANGE INFORMATION

Ixonos Plc is listed at Nasdaq OMX Helsinki.
The company has one listed serie of shares: XNS1V.

	2016	2015
Share subscription price at listing on October 1, 1999	5.75	5.75 EUR
Highest share price during the period	0.11	0.11 EUR
Lowest share price during the period	0.06	0.05 EUR
Closing price on December 31	0.10	0.07 EUR
Market value at December 31	35 356 490	24 749 543 EUR
Turnover of shares January 1 – December 31	24 568 296	52 023 432 Shares
	2 049 173	3 079 642 EUR
Average price January 1 – December 31 (*	0.08	0.06 EUR
Share turnover, percentage of number of shares on December 31 (*	7.0%	14.7%
Number of shares on December 31, adjusted for issues (*	353 564 898	194 418 208 Shares
Number of shares, adjusted for dilution and issues on December 31 (*	495 801 353	194 418 208 Shares
Number of the shares on December 31	353 564 898	353 564 898 Shares

*) The number of the shares adjusted for option dilution and related key performance indicators of year 2016 are affected by convertible loan in April and new option plan 2016 in November. The number of the shares and related key performance indicators of year 2015 are affected by rights issue in February and December 2015 and acquisition of Cresense.

DISTRIBUTION OF THE SHARES

	Shares	Percentage voting rights	Number of owners
Private persons	44 982 778	12,72%	3 150
Corporations	308 582 120	87,28%	112
Total (*	353 564 898	100,00%	3 262
Corporations			
Companies	294 254 212	95,36%	
Financial and insurance institutions	10 894 115	3,53%	
Public institutions	1 514 478	0,49%	
Non-profit organisations	2	0,00%	
Foreign holdings	1 919 313	0,62%	
Total (*	308 582 120	100,00%	
from which administrative registered	5 451 259	1,54%	

MAJOR SHAREHOLDERS

	Shares	Percentage of shares
Tremoko Oy Ab	290 527 638	82,17%
Nordea Pankki Suomi Oyj	4 585 763	1,30%
Sjöblom Katri	3 725 034	1,05%
Gripenberg Jarl Dödsbo	2 000 000	0,57%
Lombard International Assurance S.A	1 849 431	0,52%
Laaksonen Lars	1 520 000	0,43%
Elo Keskinäinen Eläkevakuutusyhtiö	1 514 478	0,43%
4capes Oy	1 500 000	0,42%
Heino Petri Juhani	1 350 000	0,38%
Mäki Petteri	1 292 306	0,37%
Hämäläinen Kari Heikki Kristian	1 200 000	0,34%
Rapeli Marko Teo Mikael	1 086 957	0,31%
Suihkonen Raisa Maria	1 086 957	0,31%
Ritanen Eero Juhani	1 000 000	0,28%
Säde Simo	830 000	0,23%
Fennia Keskinäinen vakuutusyhtiö	756 104	0,21%
Suutari Pekka Johannes	734 101	0,21%
Altonen Manu	687 000	0,19%
Piirainen Merja Hannele	626 398	0,18%
Selkälä Asko Olavi	617 932	0,17%
Muut	35 074 799	9,92%
Total (*	353,564,898	100,00 %

DISTRIBUTION OF THE SHARES

	Shares	Percentage of shareholders	Shares	Percentage of shares
1-100 shares	644	19,74%	26 853	0,01%
101-1,000 shares	904	27,71%	362 961	0,10%
1,001-10,000 shares	1 180	36,17%	4 545 783	1,29%
10,001-100,000 shares	466	14,29%	14 537 270	4,11%
100,001-1,000,000 shares	45	1,38%	15 876 407	4,49%
over 1,000,000 shares	23	0,71%	318 215 624	90,00%
Total	3 262	100,00%	353 564 898	100,00%

SHARE HOLDINGS AND OPTION RIGHTS OF THE COMPANY MANAGEMENT

	Holdings 2016	Percentage of votes	Holdings 2015
Shareholdings of the CEO and Board of Directors	0	0,00%	0
Option rights of the CEO and Board of Directors	1 325 870	0,38%	0

Consolidated Comprehensive Income Statement (IFRS)

1 000 EUR	Notes	1.1.-31.12.2016	1.1.-31.12.2015
Turnover	2, 4	15 256	23 939
Other operating income	5	160	301
Materials and services	6	-1 606	-2 014
Employee benefit costs	7	-14 725	-15 792
Depreciation and amortisation	9	-505	-1 096
Impairment of goodwill	9, 13	0	0
Other operating expenses	10	-6 316	-7 102
Total expenses		--23 153	-26 004
Operating profit		-7 736	-8 702
Financial income		122	4 307
Financial expenses		-1 933	-1 260
Total financial income and expenses	11	-1 811	3 047
Profit before tax		-9 547	-5 656
Income tax	12	-2	-4 956
Profit for the period		-9 550	-10 612
Attributable to			
Equity holders of the parent		-9 550	-10 599
Non-controlling interests		0	-12
Earnings per share, undiluted, EUR	25	-0,03	-0,05
Number of shares December 31	25	353 564 898	353 564 898
Earnings per share, adjusted for dilution, EUR	25	-0,03	-0,05
Number of shares December 31, adjusted for dilution and issues	25	495 801 353	194 418 208

Statement of comprehensive income

1 000 EUR	1.1.-31.12.2016	1.1.-31.12.2015
Profit for the period	-9 550	-10 612
Other comprehensive income		
Change in translation difference	538	-187
Total comprehensive income for the period	-9 012	-10 799
Total comprehensive income attributable to		
Equity holders of the parent	-9 012	-10 787
Non-controlling interests	0	-12

Consolidated balance sheet (IFRS)

1 000 EUR	Notes	31.12.2016	31.12.2015
ASSETS			
Non-current assets			
Goodwill	13	11 543	12 043
Other intangible assets	13	323	548
Tangible assets	14	340	372
Deferred tax assets	15	0	0
Available-for-sale investments	14	8	23
Accounts receivable	4, 16	156	0
Total non-current assets		12 370	12 987
Current assets			
Trade receivables	4, 16	2 758	2 688
Other receivables	16	546	771
Cash and cash equivalents	17	422	1 901
Total current assets		3 726	5 360
TOTAL ASSETS		16 095	18 347

1 000 EUR	Notes	31.12.2016	31.12.2015
EQUITY AND LIABILITIES			
Shareholders' equity			
Equity attributable to equity holders of the parent			
Share capital	18	585	585
Share premium reserve	18	219	219
Invested non-restricted equity fund	18	47 191	46 994
Retained earnings		-42 645	-34 712
Result for the period		-9 550	-10 599
Total equity attributable to equity holders of the parent		-4 199	2 487
Non-controlling interests		0	221
Total equity		-4 199	2 708
Non-current liabilities			
Financial liabilities	20, 21	9 987	7 846
Deferred tax liabilities	15, 20	228	228
Total non-current liabilities		10 215	8 074
Current liabilities			
Trade payables	22	1 425	754
Current financial liabilities	20, 21, 22	2 537	2 839
Short-term provisions	19, 22	0	21
Tax liabilities	22	1	69
Other liabilities	22	6 115	3 882
Total current liabilities		10 078	7 565
TOTAL EQUITY AND LIABILITIES		16 095	18 347

Consolidated cash flow statement

1 000 EUR	Notes	1.1.-31.12.2016	1.1.-31.12.2015
Cash flow from operating activities			
Profit for the period		-9 550	-10 599
Adjustments to cash flow from operating activities			
Income taxes	12	1	4 956
Other income and expenses, no cash transactions		500	-4 047
Depreciation and amortisation	9	505	1 310
Other adjustments		-997	-261
Financial income and expenses	11	1 511	871
Net cash generated before working capital changes, interest and tax		-8 029	-7 769
Change in working capital	23	2 841	-2 339
Interest received	11	2	122
Interest paid	11	-280	-1 524
Income taxes paid	12	-1	-7
Net cash flow from operating activities		-5 467	-11 517
Cash flow from investing activities			
Transactions for business		550	0
Acquisition of subsidiaries, net of cash acquired		0	-125
Investments in property, plant and equipment and intangible assets	13, 14	-364	-164
Tangible fixed assets sales	14	47	0
Net cash flow from investment activities		233	-288
Cash flow before financing		-5 234	-11 805
Cash flow from financing activities			
Increase in long-term borrowings	20, 21	4 394	10 794
Repayment of long-term borrowings	20, 21	0	-4 000
Increase in short-term borrowings	21	47	7 500
Repayment of short-term borrowings	21	-253	-5 784
Expenses for equity procurement	24	24	-386
Proceeds from rights issues	0	0	5 793
Financial lease payments		-457	-466
Net cash flow from financing activities		3 755	13 451
Change in cash and cash equivalents		-1 479	1 646
Cash and cash equivalents at the beginning of the period	17	1 901	255
Cash and cash equivalents at the end of the period	17	422	1 901

Consolidated statement of changes in equity

1 000 EUR	Share capital	Share premium reserve	Invested non-restricted equity fund	Translation difference	Retained earnings	Total	Non-controlling interest	Total equity
Shareholders' equity at January 1, 2015	585	219	32 345	-71	-34 524	-1 447	229	-1 217
Comprehensive income for the period				-187	-10 599	-10 787	-7	-10 794
Transactions with shareholders								
Rights issue			15 078			15 078		15 078
Expenses for equity procurement			-429		20	-409		-409
Share-based remuneration					50	50		50
Shareholders' equity at December 31, 2015	585	219	46 994	-259	-45 054	2 486	221	2 708

1 000 EUR	Share capital	Share premium reserve	Invested non-restricted equity fund	Translation difference	Retained earnings	Total	Non controlling interest	Total equity
Shareholders' equity at January 1, 2016	585	219	46 994	-259	-45 054	2 486	221	2 708
Other changes			221				-221	0
Comprehensive income for the period					-9 550	-9 550		-9 550
Translation difference				538		538		538
Total comprehensive income for the period						-9 012		-9 012
Transactions with shareholders								
Equity part of the convertible bond					2 115	2 115		0
Rights issue								0
Expenses for equity procurement			-25			-25		-25
Share-based remuneration					14	14		14
Shareholders' equity at December 31, 2016	585	219	47 191	280	-52 475	-4 421	0	-4 199

1. Accounting policies for the consolidated financial statements

BASIC DATA OF THE GROUP. Ixonos Plc is a Finnish public company established in accordance with Finland's legislation. The company's domicile is Helsinki.

The shares of the parent company Ixonos Plc are listed on NASDAQ OMX Helsinki since 1999.

The consolidated financial statements are available at www.ixonos.com or parent company's head office Arkadiankatu 2, Helsinki.

Ixonos is a service company that combines design and technology in a versatile way. We offer creative and versatile digital solutions and consulting services to many different industries. We mainly focus our services towards a deep understand of the digital challenges (like utilizing digitalization within business) of our customers both in the public and private sector and the high know how of our personnel in how to solve them.

We create new digital solutions for our customers. These services are based on the latest technologies and trends that affect their businesses. Premium user experience requires design and technology to work seamlessly together, and Ixonos strives to be the leading expert for our growing clientele.

The Discover-Design-Deliver strategy contains user research in the initial phases of strategic design and defining feasible, sustainable technology services. The basic idea is to find the right components that are needed to build into customer order delivery, in order to ensure a premium user experience.

Our operations are centralised in Finland, USA, Canada and United Kingdom. Our software development activities are mostly based in Finland, but these activities have been strengthened in our other locations. Design functions currently operate in Helsinki, London, San Francisco and Vancouver.

Our **Design services** consist of digital, mobile, and web design, as well as service and industrial design. We offer design services all the way from design strategy and user research to designing visuals and interaction. Our design services extend further to development workshops, designing prototypes, and usability testing. All our design innovations are implemented on different devices and platforms, as we are always striving for the best possible implementation that can be done within the time frames requested by our customers.

As a technology company we have extensive knowledge in developing creative software solutions for embedded systems and software. We use open standardised technologies (e.g. Java,Linux, Android, iOS, Net) and cooperate with our technology partners (Eg., IBM, Gigya, Redhat, Salesforce, Maxicaster, gimbal, and Brightcove). We combine knowledge in software development with world-class technology competence and expert-level knowledge in user interface and usability design with first-class project management skills. Our technology expertise comprises, for example, Software and Hardware, mobile, wireless connectivity and Online services and devices.

T**he Board approval.** The Board has approved the financial statement to be published on March 7, 2017. According to the Finnish Limited-liability Companies Act, the shareholders have an opportunity to approve or reject the financial statement in the annual meeting after the publishing. The annual meeting has also the right for making a decision on changing the financial statement.

BASIS OF PREPARATION. Ixonos' consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements follow the IAS and IFRS standards, as well as the SIC and IFRIC interpretations, that were effective on 31 December 2016. For the purposes of Finland's Accounting Act (1336/1997) and the statutes enacted by virtue of it, 'international accounting standards' refers to standards approved for application within the European Union according to the procedure enacted by Regulation (EC) No 1606/2002 of the European Parliament and of the Council as well as to interpretations of such standards. The accompanying notes to the consolidated financial statements also comply with Finnish accounting and corporate legislation complementary to IFRS regulations.

Going concern. During the past year the company's confirmed orders improved significantly compared to the previous year. In addition to that the cost structure was lightened. This annual report has been prepared according to the going concern principle taking into account the realized financial arrangements during the financial year 2016 and financial estimations made up for the year 2017. The estimations take into consideration probable or foreseeable changes in future expectations in revenues as well as in costs. On the balance sheet day, the company estimated that its existing working capital may not be sufficient to cover the company's funding needs over the next 12 months. The financial gap in the cash flow forecast in the beginning of the year 2017 can be filled with bridge financing. After the balance sheet day the company has secured a EUR 1 million loan agreement with its main owner and a EUR 1 million commitment for additional loan with its main owner which company's Board of Directors has approved.

STANDARDS, INTERPRETATIONS AND CHANGES THAT HAVE ENTERED INTO FORCE DURING 2016 DID NOT INFLUENCE OF THE GROUP FINANCIAL STATEMENT.

Since 2016, the Group applies the following new or revised standards and interpretation: As of January 1, 2015, the Group has applied the following new and revised standards and interpretations. The amended standards and interpretations have not had an impact on the consolidated financial statements:

- Amendment to IAS 1: Disclosure inititative. The target is to assess the notes being disclosed and their classification. The amendment is not estimated to have significant effects on the consolidated financial statements.

AMENDMENTS THAT WILL ENTER INTO FORCE THE FOLLOWING YEAR. In 2017, the Group will adopt the standards and interpretations whose application is not yet compulsory in the financial statements.

- Amendment IFRS 11: Joint Arrangements. The amendment to the standard requires that for the acquisition of an interest in a joint operation, in which the activity constitutes a business, the principles for business combinations accounting are applied. The amendment is not estimated to have significant effects on the consolidated financial statements.
- Amendment IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortization. The amendment prohibits a revenue-based depreciation method for tangible assets and allows the application for intangible assets to a limited extent. The amendments do not have an effect on the consolidated financial statements.

AMENDMENTS THAT WILL ENTER INTO FORCE AT A LATER TIME. The group will adopt the following standards and amendments to standards published by the IASB during subsequent financial periods, provided that they are approved by the EU.

- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities (estimated effective date January 1, 2017): Applying the Consolidation Exception. The amendment is not estimated to have significant effects on the consolidated financial statements.
- IFRS 15 Revenue from Contracts with Customer (estimated effective date January 1, 2018). The standard provides a phased revenue recognition model. Revenue is recognized as control of the item or service sold is passed to the customer. The recognition model includes clearly more detailed instructions than the currently valid standards IAS 11 Construction Contracts and IAS 18 Revenue. The requirements for disclosures also expand significantly. The Group has assessed all customer agreements where the project delivery has taken place during the fiscal year 2016. Based on these agreements there is not estimated to have significant effects on revenue when IFRS 15 is implemented. During the year 2017 the Group is collecting comparable year information at the same time than it is recognising the revenue oficially using IAS11 and IAS18.
- IFRS 9 Financial Instruments (estimated effective date January 1, 2018). IFRS 9 will completely replace the current IAS 39 Financial Instruments: Recognition and Measurement standard. All financial assets are initially measured at fair value. Financial assets that are debt instruments and to which the fair value option is not applied are measured, after initial recognition, at either amortized cost or fair value, depending on the business model of the management of the company's financial assets and contractual cash flows of financial assets. As a rule, all equity instruments are, after initial recognition, measured at fair value, with value changes recognized in profit or loss or in "other comprehensive income". With regard to financial liabilities, the key amendment is that when the fair value option is applied, a change in fair value attributable to changes in credit risk of the liability will be presented in other comprehensive income. The Group estimates that the amendment will not have a significant effect on future consolidated financial statements.
- IFRS 16 Leases (Estimated Effective date January 1, 2019). The draft standard defines a lease as an arrangement whereby the lessor conveys to the lessee the right to use the asset identified in a certain time payment or series of payments against. In the beginning of the lease term the lessee represents the present value of future lease payments in accordance with a corresponding amount of its nature as an asset (right-of-use asset) and a corresponding liability (liability for lease payments). The classification of contracts magnitudes the income statement bookings. In principle, all over one year leases are booked in the balance sheet. The carrying value of the asset and liability is re-evaluated later if new factual circumstances and conditions indicate that there is a material change in the debt and the asset value (present value of rents). The Group estimates that the standard will have an impact on the consolidated financial statements.
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of assets between an Investor and its associate or joint venture. The amendment is not estimated to have effects on the consolidated financial statements.

CONSOLIDATION PRINCIPLES. The consolidated financial statements include the parent Ixonos Plc and all subsidiaries in which the parent directly or indirectly holds more than 50 per cent of the votes or which it otherwise controls.

Mutual share ownership between Group companies has been eliminated through the cost method. Acquired subsidiaries are integrated in the consolidated financial statements from the moment the Group obtains control. All transactions, receivables, liabilities and unrealised profits within the Group as well as internal profit distribution are eliminated when preparing the consolidated financial statements. The company's assets and liabilities are appreciated to their current values at the purchase moment and the remaining part is the goodwill from the difference of the purchase price and net assets.

CHANGES IN GROUP LEGAL STRUCTURE. In the financial year 2016 the company sold the contract base of its domestic cloud and hosting to the Data Center Finland Oy. In the financial year 2015 the company acquired 100 per cent ownership of Cresense Oy.

SPECIAL PURPOSE ENTITY. Ixonos Management Invest Oy, which was established for the share rewarding of the Group management, has been mergered to Ixonos Finland Oy.

SEGMENT REPORTING. Ixonos reports its business operations in one segment.

FOREIGN CURRENCY ITEMS. The figures related to the result and financial status of the Group's units are determined in the currency of each unit's main operating environment, i.e. in the unit's functional currency. The consolidated financial statements are presented in euros. The euro is the functional and presentation currency of the Group's parent company.

Foreign currency transactions are recorded in the functional currency using the exchange rate prevailing on the transaction dates. Monetary items in foreign currencies are translated into the functional currency using the exchange rates prevailing on the closing date. Non-monetary items that are denominated in a foreign currency and measured at fair value are translated into the functional currency using the exchange rates prevailing on the measurement date. Other non-monetary items are measured at the exchange rate prevailing on the transaction date.

Gains and losses resulting from transactions in a foreign currency and from the translation of monetary items are recognised as financial items in the income statement. Foreign exchange gains and losses related to business operations are included in the corresponding items above the operating profit..

The profit and loss items in the income statements of the foreign Group companies have been translated to euros using the average rate for the current month. Changing the profit of the financial period and the extensive result with various exchange rates in the profit and loss account and in the extensive profit and loss account and the balance causes a translation difference to the equity, which is recognised in the other items of the extensive result.

GOODWILL. Goodwill represents the excess of the cost over the Group's share of the net fair value, at the time of acquisition, of identifiable assets, liabilities and conditional liabilities of companies acquired after January 1, 2004.

Goodwill is allocated to cash generating units. It is not subject to depreciation. Goodwill is tested for impairment annually and whenever an event or a change in circumstances indicates that a carrying amount may not be recoverable.

OTHER INTANGIBLE ASSETS. Intangible assets acquired in a business combination are capitalised at their fair value at the time of acquisition. Intangible assets deriving from an integration of Group operations normally pertain to customer relationships and contracts with known useful lives.

Other intangible assets are recognised originally in the acquisition cost of the balance sheet in case the acquisition cost can be defined reliablly and it is likely that benefit from the asset item will benefit the Group.

An intangible asset with a limited useful life is recorded as a depreciation expense on a straight-line basis through profit and loss during its known or estimated useful life.

The group does not have other intangible assets with unlimited useful life.

RESEARCH AND DEVELOPMENT COSTS. Research costs are recorded as expenses in the income statement. Development costs arising from the design of new or more advanced products are capitalised as intangible assets when the product is technically feasible, can be exploited commercially and is expected to bring future financial benefits that cover those development costs. Intangible assets are measured at cost less depreciation and impairment losses. The useful lives of capitalised development expenses is 3–4 years, during which time the capitalised expenses are entered as depreciation costs on a straight-line basis.

Previously expensed development expenditure will not be capitalised.

The group's R&D expenses during the financial period 2016 were EUR 0.3 million (2015: EUR 1.8 million). The profit for the financial period includes EUR 0.3 million (2015: EUR 1.7 million) in R&D expenses. All R&D expenses are expensed in 2016 and nothing is capitalised.

PROPERTY, PLANT AND EQUIPMENT. Machinery and equipment form the major part of the company's tangible assets. They have been recognised in the balance sheet at historical cost less accrued depreciation and any impairment.

Gains or losses from the sales or transfer of tangible assets are entered into the income statement.

THE GROUP OBSERVES THE FOLLOWING DEPRECIATION CONVENTIONS:

Intangible assets acquired through business combinations	5 - 10 years straight-line
Intangible rights	3 - 4 years straight-line
Internally generated intangible assets	3 - 4 years straight-line
Other long-term expenses	3 - 5 years straight-line
Machinery and equipment	3 - 5 years straight-line
Machinery acquired through financial leasing	3 - 5 years straight-line
Intangible assets acquired through financial leasing	3 - 5 years straight-line

GOVERNMENT GRANTS. Government grants are entered as a reduction of the carrying amount of other intangible assets when it is fairly certain that the grants will be received and that the Group meets the conditions attached to them. The grants are recognised in the income statement as lower depreciation on the respective asset during its useful life. Grants received as compensation for costs already realised are recorded through profit and loss for the period during which the right to the grant arises. Such grants are recorded in other operating income or netting expenses. The amount of the government grants are presented in the note 5.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS. On each balance sheet date, the Group assesses whether there are indications that any asset has been impaired. If such indications exist, the recoverable amount of the asset is assessed. In addition, the recoverable amount of goodwill as well as of intangible assets with infinite useful lives is assessed annually, regardless of whether there are indications of impairment. The impairment tests are performed for cash generating unit.

The recoverable amount is either the asset's fair value less costs to sell or its value in use, whichever is higher. The value in use is defined as the projected future net cash flow for the asset or the cash generating unit, discounted to its present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money as well as of the risks specific to the asset.

An impairment loss is recognised if the balance sheet value of an asset exceeds the recoverable amount for the asset. Losses from impairment are entered into the income statement. When an impairment loss is entered, the useful life of the depreciated asset is re-estimated. Any other depreciation loss recognised from any other property item than goodwill is cancelled in the case that there has been a change in those estimations that were used when defining the cash mount from the asset item. However, such a reversal will not exceed the carrying amount that would prevail if no impairment loss had been recognised. An impairment loss entered for goodwill is never reversed.

LEASES. A lease of property, plant and equipment where a substantial part of the risks and rewards of ownership lies with the Group is classified as a finance lease. Assets acquired through finance leases are recorded in the balance sheet when the lease period begins, either at the fair value of the asset or at the lower present value of the minimum lease payments. Assets acquired through finance leases are depreciated over their useful lives or a shorter lease term. Leases to be paid are divided into financial cost and a decrease in debt during the lease term so that the interest rate on the remaining debt is the same each financial period.

Leases in which the risks and rewards of ownership remain with the lessor are treated as other leases. Rent paid under other leases is recognised as an expense in the income statement in equal amounts over the term of the lease.

FINANCIAL ASSETS AND LIABILITIES. The Group has classified its financial assets into the following categories: financial assets recorded at fair value through profit and loss; investments held to maturity; loans and other receivables; and financial assets available for sale. The classification, which is performed at the time of the original acquisition, is based on the purpose of acquiring the financial asset.

Financial assets are initially recorded at fair value. Transaction costs are included in the original carrying amount of the financial assets when the item is not measured at fair value through profit and loss. All purchases and sales of financingassets are recognised on the date of trade.

Financial assets are derecognised when the Group has lost its contractual right to the cash flow or transferred a substantial part of the risks and rewards outside the Group. The definition of the financing assets and liabilities in note 24.

Financial assets and liabilities recorded at fair value through profit and loss. The Group records interest rate swaps at fair value through profit and loss. They are recognised in the balance sheet as current assets or liabilities. Changes in fair value are entered in the income statement as financial income or expenses. The fair value of swaps has been calculated by discounting the future cash flows. The agreements are presented in the financing assets or liabilities of the balance and they were acquired for protective purposes. The company does not apply hedge accounting.

Loans and other receivables. After their initial recording, loans and other receivables are measured at amortised cost using the effective interest rate method. Loans and other receivables include trade and other receivables. They are included in current and non-current assets.

The category includes sales and other receivables. Trade receivables are recorded at their original value. The Group estimates the amount of receivables in each financial statement and records an impairment if there is objective evidence that individual items have been impaired.

Such evidence includes the debtor's considerable financial problems, high probability of bankruptcy and defaulted or significantly overdue payments.

Impairment is recognised as an expense in the income statement.

Available-for-sale investments. The Group classifies shares in housing companies as well as other shares, such as golf shares, as available-for-sale investments. These shares are unlisted and their fair value cannot be reliably determined. Consequently, such investments are measured at cost.

On each closing date, the Group assesses whether there is objective evidence that any individual financial asset or any group of financial assets has been impaired. If such evidence exists, the impairment is entered as an expense in the income statement.

Cash and cash equivalents. Cash and cash equivalents comprise cash as well as bank deposits payable on demand.

Financial liabilities. Financial liabilities are initially recognised at the original value corresponding to the consideration received. Transaction costs are included in the original carrying amount of the financial liability. Non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method. The non-current and current liabilities include financial liabilities. Borrowing costs are recorded as interest expense for the period during which they are incurred.

PENSION PLANS. The Group currently uses defined-contribution pension plans only. The payments for these plans are expensed in the income statement for the period during which they occur.

The Group has no legal or constructive obligation to make additional contributions should the recipient of the contributions be unable to pay the relevant retirement benefits.

SHARE-BASED PAYMENTS. The Group operates incentive schemes in which payments are made as equity instruments. Any benefits admitted in the arrangements will be appreciated to a current value at the moment of their admission and recognised as cost in the financial statement evenly during the generation period. The impact of these arrangements on the financial results is shown in the income statement under employee benefit costs.

The cost determined at the time of granting options is based on the Group's estimate of the amount of options that are expected to be vested at the end of the investing period., The Group updates its assumption of the final amount of options on each closing date. Changes in the estimates are recorded in the income statement. The fair value of the option arrangements is determined according to the Black–Scholes option pricing model.

When options are exercised, the proceeds are recognised in shareholders' equity, net of any transaction costs. The proceeds from exercise of options granted have been recognised in the share capital and in the share premium reserve, in accordance with the terms of the option plan.

The share-based incentive plan that was carried out through Ixonos Management Invest Oy was concluded during the year 2016 when the company was mergered to Ixonos Finland Oy.

INCOME TAXES. The tax expense in the consolidated income statement consists of performance-based tax corresponding to the result of Group companies for the period and based on the taxable income recognised by each Group company according to local tax regulations as well as of tax adjustments for previous periods and of changes in deferred tax.

Deferred tax is recognised for all temporary differences between carrying amounts and taxable values. However, a deferred tax liability is not recorded if it arises from initial recognition of an asset or liability in a transaction other than a business combination and this recognition does not affect the accounting result or the taxable income at the time of carrying out the transaction. Deferred tax is not recognised for goodwill that is not tax-deductible. Deferred tax on retained earnings of subsidiaries is not recognised for the portion of the difference that is not estimated to dissolve during the foreseeable future.

Deferred tax is determined using the tax rates enacted by the closing date.

Deferred tax assets are recognised to the extent that future taxable profit against which the temporary differences can be utilised is likely to become available.

EQUITY, DIVIDENDS AND TREASURY SHARES. The dividend distribution proposal of the Board of Directors is not recorded in the financial statements.

When purchasing Ixonos Plc's own shares, the amounbt paid for them will be recognised as deduction from equity.

REVENUE RECOGNITION. Turnover includes income from services provided. It is measured at the fair value of the consideration received, and it is corrected for indirect taxes as well as for discounts. Turnover is recognized for the financial period during which the service is provided. The revenues from services are entered as income for the financial period when the service is provided.

If the final result of a long-term project can be evaluated reliably, any income anc costs from the project are recognised as income and entry during the project. The Group uses an income entry method according to the production degree for defining the income and costs of each period. The stage of completion for a specific contract is defined as the percentage of completed working hours at the time of review in proportion to the estimated total working hours and as the share of the costs due to work completed at the time of review in proportion to the estimated total costs for the contract the total expenses for a contract are likely to exceed the total income from the contract, the expected loss is expensed immediately.

INTEREST AND DIVIDEND INCOME. Interest income is recorded using the effective interest rate method. Dividend income is recorded when the right to receive dividend is established.

OTHER OPERATING INCOME. Other operating income includes gains from the sale of assets as well as other income unrelated to the sales of services, such as government grants.

ACCOUNTING POLICIES REQUIRING CONSIDERATION BY MANAGEMENT; ESSENTIAL UNCERTAINTY FACTORS RELATED TO ESTIMATIONS. Preparing the financial statements requires the company's management to make estimations and assumptions that affect the amounts of assets, liabilities, income and expenses recorded in the financial statements as well as the amount of contingent assets and liabilities presented in the accompanying notes. Although these estimations are based on the management's best judgment of current events and actions, actual results may differ from estimates.

The Group's management exercises judgment in selecting and applying accounting policies. This particularly concerns cases in which the IFRS norms in force provide mutually alternative recording, measurement or presentation methods. The most essential estimations and assumptions in the context of the financial statements are related to impairment testing, cost allocation, recognition of income from construction contracts.

Uncertainties related to estimations. The estimates made when preparing the financial statements are based on the management's best assumptions at that time. Previous experience is applied, and such assumptions regarding the future as are considered the most probable at the time of preparing the financial statements are used. These assumptions relate to, among others, the expected development of the Group's economic operating environment in terms of sales and cost-level. The Group and its business units regularly use various internal and external information sources to monitor the realisation of the estimates and assumptions as well as any changes in background factors. Changes in estimates and assumptions are entered into the accounts for the period during which they occur and for all subsequent periods.

Such critical estimations of the future, as well as essential uncertainty factors related to estimations on the closing date, as pose a significant risk of substantial changes in the carrying amounts of the Group's assets and liabilities within the next financial period are disclosed below. The Group's management has considered these portions of the financial statements the most central ones, as their related accounting policies are the most complex from the Group's viewpoint and as applying them requires the most use of estimations and assumptions, such as when measuring asset items. These areas of the financial statements are also the ones in which any changes in the assumptions and estimations used are assumed to have the greatest impact.

Impairment testing. The Group annually tests goodwill and intangible assets for potential impairment. Any indicators of impairment are evaluated according to the above accounting policies. The recoverable amounts for the cash generating units have been defined using calculations based on value in use. These calculations require the use of estimations. Further information on impairment testing is presented in note 13. Goodwill at the end of 2016 was EUR 11.5 million.

The most critical factors in the calculation of the segments' fair values are the expansion of business operations as well as cost-effectiveness or cost management, which are emphasised because of the fluctuating economic situation. In practice, cost-effectiveness or cost management implies that a certain level of operating profit is maintained irrespective of whether operations expand during the forecast period (note 13).

Recognition of construction contracts. The Group uses the stage of completion method in recognizing turnover from construction contracts. The management estimates the final result of the project regularly. The income entry according to the preparaion is based on teh total hourly estimates the project. Recognised earnings and profits may change if the estimate of the total income from and expenses for a contract is adjusted. The cumulative effect of adjusted estimates is recognised for the period during which the change becomes probable and can be estimated reliably. The turnover 2016 includes EUR 0,0 (2015: 511) thousand based on the stage of completion of construction contracts

Capitalisation of development costs. The Group recognises the product development costs that meet the activation requirements. The board estimates the fulfilliment of the activation criteria and the progress of product development projects regularly.

Deferred tax assets. Due to the company's negative performance period, no deferred tax assets due the tax losses includes in the balance sheet.

2. Segment-information

The business operations are reported to the Board of Directors in one operational segment.

During the financial year no single customer accounted for was dominant and did not exceed ten percentage of the turnover.

The combined turnover of companies controlled by Savox SA was 13% of the Group turnover.

Geographical information. The Group operates in two geographical areas: Europe and North America.

Turnover for the geographical areas is presented according to the location of the customers. The assets for the geographical areas are presented according to the location of the assets. Proceeds from sales to external customers are determined according to IFRS.

2016	Turnover	Non-current assets
1 000 EUR		
Europe	12 830	12 126
from which Finland	11 264	10 896
America	2 325	76
Other countries	101	12
Group total	15 256	12 214

2015	Turnover	Non-current assets
1 000 EUR		
Europe	11 839	12 916
from which Finland	10 809	11 588
America	5 051	59
Asia	111	12
Group total	17 001	12 987

3. Acquired business operations

During the financial year 2016 there has not been any acquired business operations.

Financial year 2015 acquired business operations. The company has acquired the Finnish privately owned company Cresense Oy in order to strengthen Ixonos' position as an innovative digitalization and transformation partner by enforcing the company's user research and design know-how. The corporate transaction was completed on September 2, 2015. As part of the company's reorganization, a total of 27 employees joined Ixonos.

In the transaction, all Cresense shares apart from shares owned by the company itself were transferred to the ownership of Ixonos. Cresense Oy owns 300 own shares, which represents 14 per cent of the company's total shares. As compensation, Ixonos issued a total of 7,142,860 new Ixonos shares in a directed share issue to be subscribed by the existing owners of Cresense Oy. The sellers have subscribed all the shares that were offered in the share issue and Ixonos Board of Directors has approved the subscriptions. The shares will represent 3.4 per cent of Ixonos shares and votes after the share issue. The shares will entitle to full dividends possibly distributed by Ixonos and to other distribution of assets as well as carry other shareholder rights in the company starting from when the shares have been entered in the Trade Register and the shareholders' register of the company. The shares of the sellers continuing to work for the group are subject to a lock-up period from six (6) months to two (2) years starting from the issue date. If certain prerequisites are met, the sellers will be entitled to an additional purchase price of EUR 380,000 at most. Ixonos may pay the possible additional purchase price in cash or as Ixonos shares at its option.

The share issue was carried out in derogation from the pre-emptive subscription right of the shareholders by the decision of Ixonos' Board of Directors on the authorisation of the Annual General Meeting held on April 29, 2015. The share issue was carried out in order to develop the group's business and to finance a corporate transaction therefore there was a weighty financial reason for the share issue and the deviation from the pre-emptive right of the shareholders within the meaning of the Finnish Limited Liability Companies Act. The subscription price of the shares was EUR 0.07 per share, total of EUR 500,000. The subscription price has been defined as the mean price weighted with the trading amounts of the Ixonos share of the period June 26, 2015 – August 25, 2015. The subscription took place and Cresense Oy's shares were transferred to Ixonos in connection with the execution of the acquisition.

In connection to the acquisition of Cresense Oy's shares EUR 1.2 million was recognized under goodwill.

Expenses incurred for aquisition of EUR 0.13 million has been recorded in the invested unrestricted equity fund, as well as administrative expenses in the income statement.

Purchase price I	1000 EUR
- Shares	500
Purchase price II	380
Aquisition cost	**880**
Cresense shareholders equity	316
Share capital	39
Invested non-restricted equity fund	6
Retained earnings	-361
Total equity	**-316**
Goodwill	**1 196**

Costs incurred for the aquisition are recognized as follows:

Invested non-restricted equity fund	43
Administration costs	97
Total	**139**

The acquisition of Cresense Oy responds to the customer demand to combine user research knowledge with digitalization. Through the acquisition Ixonos' Dream-Design-Deliver concept can be better utilized by the customer with the Discover-Design-Deliver business concept. The increased offer book is believed to increase the united company's turnover. In addition synergy advantage will be obtained by combining office facilities and utilizing the companies' best practice and equipment.

The corporate transaction on September 2, 2015 Cresense Oy had in its balance sheet trade receivables EUR 145 thousand and other receivables EUR 55 thousand. Trade payables EUR 118 thousand, other liabilities EUR 61 thousand and accrual liabilities EUR 140 thousand.

4. Turnover and construction contracts

	2016	2015
Turnover	15 256	17 001
Revenue from services	15 256	16 490
Revenue recognised for construction contracts	0	511
Revenue recognised for contracts in progress	0	0

Advanced payments EUR 0 in 2015 have been received from construction contracts in progress (2014: EUR 0).

5. Other operating income

	2016	2015
Gains on sales of fixed assets	47	0
Government grants	22	117
Other items	91	184
Total	160	301

Group has received government grants totalled EUR 37 thousand during the financial year 2016 (2015: EUR 146 thousand)
Government grants relates mainly to product development. Part of the grants has been recorded to profit and loss as expense reduction, mainly to personnel expenses.

6. Materials and services

	2016	2015
Materials	-492	-546
Services	-1 114	-1 468
Total	-1 606	-2 014

7. Employee benefit expenses

	2016	2015
Salaries and remuneration of the President and CEO and the Board of Directors	-495	-540
Option rights	-14	-50
Salaries and remuneration	-11 793	-12 592
Total	--12 302	-13 182
Defined contribution pension costs	-1 641	-1 856
Other personnel expenses	-782	-754
Personnel expenses in the income statement	-14 725	-15 792

Related party transactions: note 29..

8. Personnel

Average employed	2016	2015
Specialists	154	175
Administrative and sales personnel	34	42
Total	188	217
- from which working outside Finland	37	38

Employed at the end of the period	2016	2015
Specialists	138	162
Administrative and sales personnel	36	38
Total	174	200
-from which working outside Finland	42	39

9. Depreciation and impairment

	2016	2015
Depreciation and amortisation of intangible assets acquired in business combinations	-12	-68
Depreciation and amortisation of intangible assets	-287	-543
Depreciation and amortisation of property, plant and equipment	-207	-485
Total	-505	-1 096

10. Other operating expenses

	2016	2015
Employee-related expenses	-651	-708
Premises expenses	-1 737	-1 980
Machinery and equipment expenses	-1 169	-1 497
Travel expenses	-447	-598
Marketing and sales expenses	-298	-351
Credit losses	-71	-29
Other operating expenses	-1 944	-1 725
Total	-6 316	-6 888

The income statement includes EUR 1,779 thousand (2014: EUR 1,585 thousand) in expensed R&D costs.

Auditor's fees	2016	2015
KPMG Oy Ab, KHT PricewaterhouseCoopers Oy		
Audit fee	-61	-51
Tax advice	-40	-21
Other services	-2	-33
Total	-103	-105
Others		
Audit fee	0	-2
Total	0	-2

11. Financial income and expenses

	2016	2015
Interest income from loans and other receivables	0	1
Foreign exchange gains	122	259
Other financial income	0	4 047
Total financial income	122	4 307
Interest expense for borrowings measured at amortised cost	-1 041	-733
Value changes in financial assets recorded at fair value through profit and loss		
- Derivative interest rate contracts	6	45
Foreign exchange losses	-721	-67
Interest on financial leasing debt	-14	-22
Other financial expenses	-162	-483
Total financial expenses	-1 933	-1 260
Total financial income and expenses	-1 811	3 047

12. Income tax

Income tax in the income statement	2016	2015
Tax for the period	0	-1
Tax for previous periods	-2	0
Deferred tax	0	-4 955
Total	-2	-4 956

Synchronisation of the Group's tax rate with Finland's tax rate	2016	2015
Profit before tax	-9 547	-5 656
Income tax according to Finland's tax rate	1 909	1 131
Other non-deductible items	-86	-46
Non-taxble items	0	4 047
Tax for previous periods	-2	0
Different tax rate of foreign subsidiaries	283	192
Unrecorded deferred tax assets from losses	-1915	-5133
Recorded deferred tax assets write-down	0	-4 956
Other	-192	-192
Consolidated income tax	-2	-4 956

Deferred tax assets on unused tax losses are written down in fiscal year 2015 due to the continuation of loss-making result of the period and continuing uncertainties in the market. During year 2016 no deferred tax assets have recorded.
For more information on deferred tax assets and liabilities as well as tax losses are presented in note 15.

13. Intangible assets

Intangible assets in 2016	Goodwill	Internally generated intangible assets	Other intangible assets	Total
Acquisition cost at January 1, 2016	34 835	4 539	15 634	55 008
Additions	0	0	148	148
Disposals and transfers	-500	0	-75	-575
Exchange rate difference	0	0	0	0
Acquisition cost at December 31, 2016	34 335	4 539	15 707	54 581
Accumulated depreciation and impairment at January 1, 2016	-22 792	-4 257	-15 368	-42 417
Depreciation for the period	0	-141	-157	-299
Impairment	0	0	0	0
Exchange rate difference	0	0	0	0
Accumulated depreciation and impairment at December 31, 2016	-22 792	-4 398	-15 525	-42 716
Book value at January 1, 2016	12 043	282	266	12 591
Book value at December 31, 2016	11 543	141	182	11 866

Intangible assets in 2015	Goodwill	Internally generated intangible assets	Other intangible assets	Total
Acquisition cost at January 1, 2015	33 639	4 430	15 623	53 692
Additions	1 196	109	0	1 305
Disposals and transfers	0	0	11	11
Exchange rate difference	0	0	0	0
Acquisition cost at December 31, 2015	34 835	4 539	15 634	55 008
Accumulated depreciation and impairment at January 1, 2015	-22 792	-3 725	-15 074	-41 591
Depreciation for the period	0	-318	-294	-612
Impairment	0	-214	0	-214
Exchange rate difference	0	0	0	0
Accumulated depreciation and impairment at December 31, 2015	-22 792	-4 257	-15 368	-42 417
Book value at January 1, 2015	10 847	705	549	12 101
Book value at December 31, 2015	12 043	282	266	12 591

Other intangible assets comprise intangible rights formed through corporate acquisitions and license fees.

Goodwill impairment testing. Goodwill has been allocated to one cash generating unit (CGU) starting from November 1, 2013.

The carrying amount of goodwill is EUR 11.5 million. The present value of the cash flows calculated, EUR 28.9 million, is lower than the sum of the company's financial liabilities (EUR 12.5 million) and the market price of the shares (35.4 million) on December 31, 2016.

The impairment test of the company is based on value in use. The forecasting period used in impairment testing at December 31, 2016 included forecasted years 2017 to 2020.

In the forecast the year 2017 is a year of stabilization with relatively small growth from current customers. For the years 2018-2020 the company expects to reach stronger growth, on average of 10.0 per cent, as digitalization will impact an ever growing part of the business community. When calculating the forecasted EBIT level an average of 20 per cent was used.

Cash flow forecasts are discounted by using the WACC before taxes. Discounting rate has been derived from the external assesment of the required return on equity as well as the cost of debt increased by risk spread. Used discounting factor is 11 per cent.

Goodwill have been allocated the following units (starting from November 1, 2013 only one unit**):**

	One Ixonos	Total
Goodwill 1 Jan, 2016	12 043	12 043
Impairment	-500	-500
Goodwill 31 Dec, 2016	11 543	11 543

	One Ixonos	Total
Goodwill 1. Jan. 2015	10 847	10 847
Impairment	1 196	1 196
Goodwill 31. Dec. 2015	12 043	12 043

Key assumptions used when testing goodwill	2016	2015
Forecast period	4	4
Annual growth in turnover	10%	11%
Growth rate of cash flows after the forecast period	1%	1%
Discount rate	11%	10%

The impairment test is most sensitive besides to the cash flow forecast itself and the assumptions behind it, to the growth rate used when calculating the terminal value and to the discount factor. If the growth rate -20 per cent had been used instead of 1 per cent, the tested value would have been equal to the discounted cash flow. If the discount factor had been 22 per cent instead of 11 per cent, the tested value would have been equal to the discounted cash flow. If the EBIT percentage used had been 1.6 per cent instead of 10 per cent, the tested value would have been equal to the discounted cash flow.

The table below indicates the limits within which the carrying value and value-in-use are equal.

Terminal growth rate	Discount rate	Average EBIT
-20,0 %	22,0 %	1.6 %

At December 31, 2016 value-in-use exceeds carrying value by EUR 17.3 million.

14. Tangible assets and other assets

Tangible Assets 2015	Machinery and equipment	Other tangible assets	Available-for-sale investments	Total
Acquisition cost at January 1, 2016	11 070	48	23	11 141
Additions	180	37	8	225
Disposals and transfers	-49	5	-23	-67
Exchange rate difference	0	1	0	2
Acquisition cost at December 31, 2016	11 201	92	8	11 301
Accumulated depreciation at January 1, 2016	-10 738	-8	0	-10 746
Depreciation for the period	-198	-9	0	-207
Exchange rate difference	0	-1	0	0
Accumulated depreciation at December 31, 2016	-10 936	-17	0	-10 953
Book value at January 1, 2016	332	40	23	395
Book value at December 31, 2016	265	75	8	348

Tangible Assets 2015	Machinery and equipment	Other tangible assets	Available-for-sale investments	Total
Acquisition cost at Jan. 1, 2015	10 924	34	3	10 962
Additions	102	11	20	133
Disposals and transfers	39	0	0	39
Exchange rate difference	5	3	0	8
Acquisition cost at Dec. 31, 2015	11 070	48	23	11 141
Accumulated depreciation at Jan. 1, 2015	-10 257	-3	0	-10 260
Depreciation for the period	-481	-4	0	-485
Exchange rate difference	0	-1	0	-1
Accumulated depreciation at Dec. 31, 2015	-10 738	-8	0	-10 746
Book value at January 1, 2015	667	31	3	701
Book value at December 31, 2015	332	40	23	395

15. Deferred tax assets and liabilities

Deferred tax assets 2016	1.1.2016	In the income statement	31.12.2016
Confirmed losses	0	0	0
Other items	0	0	0
Total	0	0	0

Deferred tax assets 2015	1.1.2015	In the income statement	31.12.2015
Confirmed losses	4 517	-4 517	0
Other items	430	-430	0
Total	4 947	-4 947	0

Deferred tax liabilities 2016	1.1.2016	In the income statement	31.12.2016
Other items	228	0	228
Total	228	0	228

Deferred tax liabilities 2015	1.1.2015	In the income statement	31.12.2015
Other items	211	16	228
Total	211	16	228

Confirmed loss for tax purposes	expires	MEUR
2009	2019	0.1
2010	2020	0.3
2012	2022	7.7
2013	2023	11.1
2014	2024	5.9
2015	2025	7.8

16. Trade and other receivables

Current receivables	2016	2015
Trade receivables	2 758	2 688
Other receivables	546	771
Total	3 304	3 459

Other receivables	2016	2015
Other receivables	279	409
Accruals	267	362
Total	546	771

Breakdown of trade receivables by maturity

	2016	Impairment loss	Net 2016
Not due for payment	2 200	0	2 200
Due since 1–30 days	309	0	309
Due since 31–60 days	146	-1	145
Due since 61–90 days	53	0	53
Due since 91–180 days	45	0	45
Due since more than 180 days	167	-5	162
Total	2 920	-6	2 913

	2015	Impairment loss	Net 2015
Not due for payment	1 848	-1	1 847
Due since 1–30 days	591	-3	587
Due since 31–60 days	99	-4	95
Due since 61–90 days	35	-1	34
Due since 91–180 days	55	-8	47
Due since more than 180 days	133	-57	76
Total	2 761	-73	2 688

The financial assets do not include due items. The current receivables include EUR 0 thousand (2015: EUR 0 thousand) in receivables for construction contracts. The company has written off EUR 71 thousand (2015: EUR 29 thousand) in credit losses during the period.

The methods used to estimate the fair value of the receivables are disclosed in note 24.

Credit risk management is part of Ixonos' risk management. Of the company's turnover, 64 per cent is derived from the company's 20 largest customers. Ixonos' major customers are companies based or operating in Finland in the telecommunications, information technology, banking and insurance sectors and in public administration. Majority of these customers are billed in euros. The receivables do not include any significant concentration of credit risk. The counterparties in external financing transactions are the major Nordic banks.

In order to reduce the turnaround time of its receivables the group sells most of its Finnish account receivables. Out of the accounts receivables in the balance sheet on December 31, 2016, the group sold EUR 0.5 million (2015: EUR 0.5 million) to the financing companies during the beginning of January 2017. During 2016 EUR 5.1 million (2015: EUR 10.0 million) receivables were sold.

17. Cash and cash equivalents

	2016	2015
Cash and cash equivalents	422	1 901

The cash and cash equivalents comprise cash on hand as well as bank deposits in current accounts.

18. Equity

	Number of shares	Share capital	Share premium reserve	Invested non-restricted equity fund	Total
1 Jan, 2016	353 564 898	585	219	46 994	47 798
Rights issue	0	0	0	0	0
Merger of Ixonos Management Invest	0	0	0	222	222
Expenses for equity procurement	0	0	0	-25	-25
31. Dec. 2016	353 564 898	585	219	47 191	47 995

	Number of shares	Share capital	Share premium reserve	Invested non-restricted equity fund	Total
1. Jan. 2015	106 313 536	585	219	32 345	33 149
Rights issue	247 251 362	0	0	15 078	15 078
Expenses for equity procurement	0	0	0	-429	-429
31. Dec. 2015	353 564 898	585	219	46 994	47 798

In February 2015 a total of 96,670,000 new shares were issued in a directed share issue.
In September 2015 a total of 7,142,860 new Ixonos shares were issued in a directed share issue in connection with the acquisition of Cresense Oy. In December 2015 the company carried out a a directed rights issue where 143,438,502 new shares were subscribed.

Ixonos Plc has one class of shares. The share capital has been paid in full. Pursuant to the Articles of Association, there is no maximum to the number of shares or the share capital. Ixonos Plc does not hold any treasury shares.

Descriptions of reserves:
Share premium reserve. The income from exercise of options granted under Finland's repealed Companies Act (734/1978) has been recorded in share capital and in the share premium reserve according to the terms of the plans, net of transaction costs.

Invested non-restricted equity fund. The invested non-restricted equity fund includes other equity-type investments as well as the subscription price of shares to the extent that a specific decision to recognise it in share capital has not been made. The income from exercise of options granted after September 1, 2006, when Finland's new Limited Liability Companies Act (624/2006) became effective, is recorded entirely in the invested non-restricted equity fund.

19. Provisions

	2016	2015
Long-term provisions	0	0
Short-term provisions	0	21
Total	0	21

	Restructuring provision
1. Jan. 2016	21
Decrease in provisions	-21
31. Dec. 2016	0

	Restructuring provision
1. Jan. 2015	21
Decrease in provisionss	0
31. Dec. 2015	21

The restructiong provisions was related to restructuring premises and permanent lay off costs.

20. Non-current liabilities

	Other loans	Deferred tax liabilities	Other non-current liabilities	Total
Non-current liabilities at January 1, 2016	7 766	228	81	8 074
Convertible bond conversion	7 085	0	0	7 085
Change in loans	-4 900	0	0	-4 900
Change in finance leasing debt	0	0	-44	-44
Non-current liabilities at December 31, 2016	9 951	228	37	10 215

	Other loans	Deferred tax liabilities	Other non-current liabilities	Total
Non-current liabilities at January 1, 2015	3 500	211	198	3 909
Convertible bond conversion	-3 500	0	0	-3 500
Change in loans	7 766	0	0	7 766
Change in finance leasing debt	0	0	-117	-117
Deferred tax liabilities	0	16	0	16
Non-current liabilities at December 31, 2015	7 766	228	81	8 074

The methods used to estimate the fair values of liabilities are disclosed in note 24.

21. Financial liabilities

Non-current	2016	2015
Convertable bond	7085	0
Borrowings from financial institutions	365	607
Other loans	2 500	7 158
Financial leasing debt	37	81
Non-current financial liabilities	9 987	7 846

Current	2016	2015
Borrowings from financial institutions	2 497	2 388
Other loans	0	34
Financial leasing debt	40	417
Financial liabilities recorded at fair value through profit and loss (*	7	13
Current financial liabilities	2 544	2 852

*) The financial liabilities recorded at fair value through profit and loss are derivatives. The balance is included in other liabilities.

The methods used to estimate the fair values of financial liabilities are disclosed in note 24.

Instalment scheme for interest-bearing borrowings from financial institutions were at December 31, 2016:

Borrowings from financial institutions at 31.12.2016	12 448
Instalments 2017	-2 497
Instalments 2018	-3 480
Instalments 2019	-727
Instalments 2020	-5 743

During the period, the average interest rate on the borrowings from financial institutions was 5.44 per cent.

More information about covenant terms can be found in note 33.

22. Trade and other payables

Current liabilities	2016	2015
Trade payables	1 425	754
Tax liabilities	1	69
Borrowings from financial institutions	2 497	2 388
Other loans	0	34
Financial leasing liabilities	40	417
Provisions	0	21
Other liabilities	2 823	1 112
Accrued expenses	3 291	2 770
Total	10 078	7 565

Breakdown of other liabilities	2016	2015
Withholding tax debt	413	261
Social security contribution debt	103	95
Value added tax debt	972	540
Other liabilities	1 336	217
Total other liabilities	2 823	1 112

Breakdown of accrued expenses	2016	2015
Provision for holiday pay	1 276	1 536
Pension insurance contribution liabilities	132	9
Other accrued expenses	1 883	1 225
Total accrued expenses	3 291	2 770

23. Cash flow statement

	2016	2015
Change in working capital	2 841	-2 339
Trade receivables and other receivables	0	-435
Trade payables and other payables	2 841	-1 904

24. Book and fair values of financial assets and liabilities

METHODS USED TO ESTIMATE FAIR VALUE

Financial liabilities. Liabilities are discounted at the rate the Group would pay for an equivalent borrowing on the closing date. As most interest-bearing liabilities have floating rates, the effect of discounting is not material.

Trade and other receivables. As the terms of payment for trade and other receivables are short, the effect of discounting is not material. Consequently, the original values of trade and other receivables correspond to their fair values. Note 16 contains a breakdown of trade receivables by maturity.

Other liabilities. Other liabilities, i.e. trade payables and other non-interest-bearing liabilities, are recorded at their original values. Considering the maturity of such liabilities, the effect of discounting is not material. Accordingly, the original values correspond to the fair values.

Nominal values of derivative contracts, 1000 EUR

Interest rate swaps	2016	2015
Falling due within 1 year	253	253
Falling due within 1–5 years	253	506
Falling due after 5 years	0	0
Total	506	759
Fair value	7	13

All interest rate swaps are classified at level 2.

The fair value of a financial instrument that is not traded in an active market is determined by using valuation techniques. These techniques maximise the use of observable market data where it is available and they rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is at level 2.

25. Earnings per share (*

	2016	2015
Profit attributable to equity holders of the parent company, 1000 €	-9 550	-10 599
Number of shares during the period, adjusted for issues, average	353 564 898	194 418 208
Earnings per share, basic, EUR	-0,03	-0,05
Diluted weighted average number of shares during the period	454 281 622	194 418 208
Earnings per share, diluted, EUR	-0,03	-0,05
Dilution effect, number of shares	0	159 146 690

*) The number of the shares has been affected by rights issue in February and December and acquisition of Cresense.
At December 31, 2015 market value of the share is below the option exercise price thus no dilution is recorded.

26. Dividend per share

The Board of Directors proposes to the Annual General Meeting that the distributable funds be left in shareholders' equity and that no dividend for the financial period 2016 be paid to shareholders. No dividend for the financial period 2015 was paid to shareholders.

27. Leasing and rental liabilities

Operating leasing liabilities	2016	2015
Operating leasing liabilities, 12 months	55	110
Operating leasing liabilities, more than 12 months but less than 60 months	40	86
Total	95	195

The company's leases give the company a temporary
right to use the machinery and equipment included in the leases.
The company has no leasing liabilities with a maturity of more than 60 months.

Rental and other liabilities	2016	2015
Rental and other liabilities, 12 months	776	1 536
Rental and other liabilities, more than 12 months but less than 60 months	1 267	1 547
Rental and other liabilities, more than 60 months	0	0
Total	2 043	3 083

The rental liabilities are mainly due to the rental liability arising from the company's head office. Leases are presented in accordance with the situation of 31.12.2016.

MAJOR LEASES

The rental liabilities are mainly due to the rental liability arising from the company's head office (Arkadiankatu 2, Helsinki), the lessor Alko Oy. The rent includes capital lease and maintence of rental. The rent is tied to consumer price index calculated by the Bureau of Statistics (1951:10=100).
The tax-fee rent is:

1. rent year EUR 21.00 m^2/month
2. rent year EUR 22.00 m^2/month
3. rent year EUR 23.00 m^2/month
4. rent year EUR 24.00 m^2/month

In addition to the rent Ixonos Plc pays cost of premise changes 4,70€/m^2/kk during three first rent years.
The rent reviews are made to the tax-free rent and the rent rise is done once a year. The rent contract is fixed three (3) year contract and will end October 31, 2019.

After three years the contract continues for an indefinite period with six (6) month notice period.

The tax-free rental during the period October 1, 2017 – October 31, 2017 is EUR 30 069 a month.

28. Group companies

Name	Parent ownership	Domicile, City and country
Ixonos Oyj	Parent	Helsinki, Finland
Ixonos Finland Oy	100%	Helsinki, Finland
Ixonos Canada Ltd.	100%	Vancouver, Canada
Ixonos Estonia OÜ	100%	Tallinn, Estonia
Ixonos Germany GmbH	100%	Berlin, Germany
Ixonos Slovakia s.r.o.	100%	Košice, Slovakia
Beijing Ixonos Technology Co., Ltd. (*	100%	Beijing, China
Chengdu Ixonos Technology Co., Ltd. (*	100%	Chengdu, China
Ixonos Denmark ApS (*	100%	Copenhagen, Denmark
Ixonos USA Ltd.	100%	San Jose, United States
Ixonos UK Ltd	100%	London, United Kingdom
Ixonos Hong Kong Limited (*	100%	Hong Kong, China
Cresense Oy	100%	Helsinki, Finland
Cresense Pte. Ltd.	0%	Singapore, Singapore
Cresense, Inc.	0%	San Francisco, United States
Cresense Hong Kong Limited (*	0%	Hongkong, China
Cresense China (Company) Limited (*	0%	Shanghai, China

Changes in the Group structure

*) The companies in China and Denmark have been decided to close down. Processes are still on process.

**) Ixonos Canada Ltd. was established during the year 2016.

Ixonos Management Invest Oy was merged to Ixonos Finland Oy during the year 2016.

Year 2015 the consolidated financial statements included Ixonos Management Invest Oy, a company owned by members of Ixonos' management.

Group's owneship of the company was zero per cent and it was represented as non-controlling interest in the group.

29. Related party disclosures

The related parties of Ixonos Plc comprise the members of the Board of Directors as well as the President and CEO and the members of the Group's Management Team.

Salaries and other short-term employee benefits, 1000 EUR	2016	2015
Paihonen Sami 1.7.-31.12.2015	296	128
Harju Esa 1.1-31.8.2015	0	229
Board of Directors		
Ehrnrooth Paul (Chairman since 29 April 2015)	52	45
Marttila Päivi (Vice Chairman since 7 April 2016)	25	0
Ekström Bo-Erik (since 7 April 2016)	18	0
Eloholma, Pekka (since 7 April 2016)	17	0
Konttinen, Samu	26	26
Pylkäs Pekka (since 29 April 2015)	28	17
Ervi Pertti (Chairman until 29 April 2015, Vice Chairman since 29 April 2015)	13	41
Heikkonen Matti (until 29 April 2015)		9
Koskelo Ilari (until 7 April 2016)	11	17
Wiiala May (until 7 April 2016)	11	28
Management Team (excluding CEO)	374	396
Total	871	936

Salaries and other short-time employee benefits are presented on an accrual basis.

The Board of Directors, the President and CEO and the Management Team have 2 651 740 option rights (2015: 0 pcs).

The total fair value of options are 0 thousand euros (2015: 0 thousand euros).

Ownership by the members of the Board of Directors, the President and CEO and the Management Team, pcs	2016	2015
President and CEO	0	0
Board of Directors (*	290 527 638	290 527 638
Management Team	0	0
Total	290 527 638	290 527 638

*) The related party Tremoko Oy Ab owns 290 527 638 pcs company shares 82.17%. Tremoko Oy Ab is owned by Turret Oy Ab:n and Holdix Oy Ab. Turret Oy Ab, which is the controlling company of Ixonos Plc Chairman of the Board Paul Ehrnroothin, owns 65 % of the company shares and Holdix Oy Ab owns 35% of Tremoko Oy Ab shares.

The company did not hold any own shares.

The number of the shares in 2015 has been affected by rights issues in February and December and acquisition of Cresense .

The pension arrangements of the President and CEO conform to Finland's employee pension legislation. In addition, the President and CEO has a voluntary supplementary pension arrangement to which EUR 8.5 thousand was contributed in 2016 (2015: EUR 8.5 thousand).

The term of notice of the President and CEO is 6 months. If the company dismisses the President and CEO, he is entitled to a severance payment equivalent to 6 months' salary.

Finance Link Oy was a related party until 23 August 2015. During financial period 2015, the company has sold EUR 0.9 million receivables to Finance Link and a charge of EUR 28 thousand has been recorded during the year 2015. 31 December 2015 the open balance of receivables of Finance Link was EUR 88 thousand and 31 December 2016 the open balance of receivables of Finance link is EUR 44 thousand.

Loans to related parties. On 14 March 2016, the Company entered a loan agreement with Tremoko Oy Ab. The new loan enabled additional financing of 1.5 million Euros.

On 8 April 2016, Tremoko Oy Ab ("Tremoko") subscribed to a convertible bond in full with a capital of EUR 9,200,000.95 ("Loan") and attached an option or other special rights referred to in Chapter 10 Section 1(2) of the Limited Liability Companies Act ("Special Rights"), which were directed to be subscribed to by Tremoko as a result of decision-making in the Ixonos Plc ("Company") General Meeting that took place on on 7 April 2016. The Board of Directors of our Company has accepted Tremoko's subscription.

The Loan and attached Special Rights have been issued in order to strengthen the Company's working capital and reorganise the capital structure as well as lower financing costs. Hence, there are weighty financial reasons for taking the Loan and granting the Special Rights. The Loan's issuing price and conversion price have been defined according to market terms.

The main specifications of the Terms of the Loan and the Special Rights are as follows:

- The amount of the Loan is EUR 9,200,000.95.
- A annual interest of Euribor 6 months (at least ≥ 0 %) + 4.0 per cent is paid on the principal of the Loan.
- The conversion option attached to the Loan entitles Tremoko to a maximum amount of 131,428,585 of new Company's shares.
- The rate of conversion is fixed at EUR 0.07, and it shall be revised as set out in the Terms.
- The loan period is 8 April 2016–8 April 2020, so that as of 8 April 2016, altogether EUR 1,700,000.05 of the loan will be paid biannually in five tranches of EUR 340,000.01. Additionally on 8 April 2020, the remaining loan, altogether EUR 7,500,000.90, will be paid in a one-off payment.

Tremoko has paid the Loan and attached Special Rights in full by setting off receivables it has from the Company, amounting altogether to EUR 9,200,000.95. On 28 April 2016, Turret Oy Ab and Holdix Oy Ab were granted a directly enforceable guarantee ("Guarantee") with the total amount of EUR 1,2 million to Nordea Bank Finland Plc on behalf of Ixonos Plc's ("Ixonos") and Ixonos Finland Ltd's commitments. The Guarantee was given as a substitute to former guarantee given by Finnvera Plc. Turret Oy Ab and Holdix Oy Ab are the owners of Tremoko Oy Ab, which is the main owner of Ixonos.

On 13 May 2016, Ixonos Plc's ("Ixonos"), together with Ixonos Finland Ltd, did give countersecurity to Turret Oy Ab and Holdix Oy Ab in which, inter alia, they have undertaken to pay guarantee commission. The countersecurity has been given related to financial arrangements announced on 28 April 2016. The rate of the guarantee commission has been defined in market terms. Turret Oy Ab and Holdix Oy Ab have granted a directly enforceable guarantee with the total amount of EUR 1.2 million to Nordea Bank Finland Plc as collateral for Ixonos and Ixonos Finland Ltd's commitments. Turret Oy Ab and Holdix Oy Ab are the owners of Tremoko Oy Ab, which is the main owner of Ixonos.

On 17 August 2016 The Company entered a loan agreement with Tremoko Oy Ab with. The loan agreement enables additional financing for a maximum of 2.5 million Euros until August 18, 2018. The loan is fully paid to Ixonos during the fiscal year 2016.

Framework agreement concerning product development with Savox Communications Oy Ab Ltd. On 20 June 2016, Ixonos Plc ("Ixonos") and Savox Communications Oy Ab Ltd ("Savox") concluded a framework agreement concerning product development. Ixonos had, for the duration of the Agreement, undertaken to provide Savox with research, design and/or product development services ordered separately later by Savox.

The Agreement will remain in force for a minimum of one year. The parties have non-bindingly estimated the potential value of the services provided by Ixonos to Savox to amount to EUR 1–2 million. During the annual year 2016 the value of the product development that Ixonos has undertaken to Savox is EUR 839 thousand.

Savox Communications Oy Ab (Ltd) is part of the Savox Communications Group, which is one of the world's most notable suppliers of communication systems for professional use in demanding and dangerous circumstances. The Savox Communications Group has over three decades of experience in serving police and security, fire and rescue, military, maritime and industrial sectors. The Savox Communications Group is part of the Savox Group, into which Turret Oy Ab, one of the owners of Ixonos' main owner Tremoko Oy Ab, also belongs.

30. Share-based payments

Option Plan 2011. The Board of Directors of Ixonos Plc decided on November 30, 2011 to grant new options. This decision was based on the authorisation given by the Annual General Meeting on March 29, 2011. The options were issued by December 31, 2011, free of charge, to a subsidiary wholly owned by Ixonos Plc. This subsidiary will distribute the options, as the Board decides, to employees of Ixonos Plc and other companies in the Ixonos Group, to increase their commitment and motivation. Options will not be issued to members of the Board of Directors of Ixonos Plc or to the Ixonos Group's senior management (Ixonos Management Invest Oy shareholders).

The options will be marked IV/A, IV/B and IV/C. The option rights will be issued per stock option plan a total of 600,000. According to the terms of the options, the Board of Directors decides how the options will be divided between option series and, if needed, how undistributed options will be converted from one series to another.

Each option entitles its holder to subscribe for one new or treasury share in Ixonos Plc.

The exercise period for the IV/A options will begin on October 1, 2014, and for the IV/C options on October 1, 2016. For the IV/B options, option rights have not been allocated and have been lapsed. The exercise periods for all options will end on December 31, 2018. The exercise price for each option series is a trade volume weighted average price at NASDAQ OMX Helsinki. The exercise prices will be reduced by the amount of dividends, and they can also be adjusted under other circumstances specified in the option terms.

In order to ensure the equal treatment of shareholders and the 2011 stock option holders, the Board of Directors of Ixonos has due to the Rights Offering on December 2015 adjusted the subscription ratio and the subscription price of the 2011 stock options in accordance with the terms and conditions of the 2011 stock options. As regards stock options IV/A, the subscription ratio shall be amended to 8.287 and the subscription price shall be amended to EUR 0.2 per share. As regards stock options IV/C, the subscription ratio shall be amended to 8.287 and the subscription price shall be amended to EUR 0.1497 per share.

The total amount of shares is rounded down to full shares in connection with subscription of the shares and the total subscription price is calculated using the rounded amount of shares and rounded to the closest cent. Due to the above adjustments concerning stock options IV/A, the adjusted maximum total number of shares to be subscribed for based on the 2011 stock options shall be 4,971,966.

Option Plan 2014. The Board of Directors of Ixonos Plc has decided to issue stock options on February 18, 2014, on the basis of the authorization granted by the Extraordinary General Meeting held on October 30, 2013.

The stock options will be offered to the global management team and certain key personnel of Ixonos Plc and its subsidiaries for the purpose of improving commitment and motivation.

The stock options will be marked as series 2014A, 2014B and 2014C. The aggregate number of stock options is 5,000,000. The Board of Directors will, in accordance the terms and conditions of the stock options, decide on the allocation of the stock options between different series and, if necessary, on the conversion of stock options that has not been allocated into another series of stock options.

Each option entitles its holder to subscribe for one new or treasury share in Ixonos Plc.

The share subscription period with 2014A stock options starts on March 1, 2016, with 2014B stock options on March 1, 2017 and with 2014C stock options on March 1, 2018. The share subscription period ends with all stock options on December 31, 2018. The share subscription price for each series is the volume weighted average price of the company's share on the Helsinki Exchanges during the period March 1 to May 31 2014 for 2014A, January 1 to March 31, 2015 for 2014B and January 1 to March 31, 2016 for 2014C. The subscription price may be decreased with e.g. the amount of dividends paid and may also otherwise be subject to change in accordance with the terms and conditions of the stock options.

In order to ensure the equal treatment of shareholders and the 2014 stock option holders, the Board of Directors of Ixonos has due to the Rights Offering on December 2015 adjusted the subscription ratio and the subscription price of the 2014 stock options in accordance with the terms and conditions of the 2014 stock options as follows: As regards stock options 2014A, the subscription ratio shall be amended to 1.65 and the subscription price shall be amended to EUR 0.0903 per share. As regards stock options 2014B, the subscription ratio shall be amended to 1.65 and the subscription price shall be amended to EUR 0.06 per share.

The total amount of shares is rounded down to full shares in connection with subscription of the shares and the total subscription price is calculated using the rounded amount of shares and rounded to the closest cent.

Option Plan 2016. On 21 November 2016, the Board of Directors of Ixonos Plc decided to issue option rights on the basis of an authorisation granted by the Annual General Meeting held on 7 April 2016.

The option rights will be distributed as determined by the Board of Directors to key persons em-ployed or recruited by a company belonging in Ixonos Plc's group for the purpose of improving their commitment and motivation.

The option rights will be marked as series 2016A, 2016B and 2016C. The maximum amount of option rights issued is 35,356,560, and they entitle to subscribe altogether a maximum of 35,356,560 of new Company shares. The Board of Directors may decide on any additional condi-tions related to the receipt of option rights and on the redistribution of option rights that later revert back to the Company.

Each option right entitles its holder to subscribe for one new Ixonos share. Shares subscribed on the basis of the option rights represent, on 3 November 2016, altogether a maximum of approxi-mately 10 per cent of all Company shares and votes, corresponding to a dilution effect of approxi-mately 9 per cent.

The subscription period for shares subscribed for under option rights 2016A starts on 1 October 2017 and ends on 30 September 2018. The subscription price of a share subscribed for under op-tion right 2016A is EUR 0.08, which corresponds to the weighted average price of the Company's shares quoted on Nasdaq Helsinki Ltd ("Helsinki Stock Exchange") between 18 May and 18 No-vember 2016 rounded up to the nearest cent.

The subscription period for shares subscribed for under option rights 2016B starts on 1 October 2018 and ends on 30 September 2019. The subscription price of a share subscribed for under op-tion right 2016B is the weighted average price of the Company's shares quoted on the Helsinki Stock Exchange between 1 July and 31 December 2017 rounded up to the nearest cent.

The subscription period for shares subscribed for under option rights 2016C starts on 1 October 2019 and ends on 30 September 2020. The subscription price of a share subscribed under option right 2016C is the weighted average price of the Company's shares quoted on the Helsinki Stock Exchange between 1 July and 31 December 2018 rounded up to the nearest cent.

The subscription price may be decreased by, inter alia, the amount of dividends paid and may also otherwise be subject to revision in accordance with the terms and conditions. The subscription price, however, may never be lower than EUR 0.01.

The complete terms and conditions of the option plan are appended to this stock exchange release and available on the Company's homepage at www.ixonos.com/fi/investor/shares/option-schemes.

The theoretical market value of the incentive scheme is approximately EUR 1.2 million, which is recognised as an expense in accordance with IFRS 2 for the years 2016-2020.The write-down is not based on cash flows.

The theoretical market value of the option rights has been calculated using the Black & Scholes model.

In order to ensure the equal treatment of shareholders and the 2014 stock option holders, the Board of Directors of Ixonos has due to the Rights Offering on December 2015 adjusted the subscription ratio and the subscription price of the 2014 stock options in accordance with the terms and conditions of the 2014 stock options as follows: As regards stock options 2014A, the subscription ratio shall be amended to 1.65 and the subscription price shall be amended to EUR 0.0903 per share. As regards stock options 2014B, the subscription ratio shall be amended to 1.65 and the subscription price shall be amended to EUR 0.06 per share.

All options are valued using the Black–Scholes pricing model. During the financial period, an expense of EUR 49.7 thousand (2015: EUR 49.7 thousand) for stock options and share-based compensation EUR 0.0 thousand (2015: EUR 0.0 thousand) was entered in the consolidated income statement.

Fair value of options in determining the most significant assumptions used

Option plan	2016A	2014A	2011A	2011C
Date of issue	21.11.16	30.6.14	30.11.11	24.9.13
Number of shares, date of issue	2 651 670	2 500 000	495 000	155 000
Subscription Price	0,08	0,11	0,86	0,31
End of exercise period	30.9.18	31.12.18	30.12.18	31.12.18
Share price, date of issue	0,11	0,12	0,81	0,24
Number of persons, date of issue	38	17	100	9
Number of options on 31.12.2015	0	1 690 000	210 000	120 000
Granted options	7 507 870	0	0	0
Expired option rights	0	0	0	0
Number of options on 31.12.2016	7 507 870	1 690 000	210 000	120 000
Volatility	55 %	53 %	35 %	35 %
Dividend yield	0 %	0 %	0 %	0 %
Closing share price 31.12.2015	0,07	0,07	0,07	0,07
Closing share price 31.12.2016	0,10	0,10	0,10	0,10
Fair value 31.12.2015	0	118 300	14 700	8 400
Fair value 31.12.2016	750 787	169 000	21 000	12 000

31. Commitments and contingent liabilities

At December 31, 2015, the Group had pledged nineteen company mortgages of EUR 1,000,000 each, one company mortgage of EUR 800,000, one company mortage of EUR 55,000, two company mortage of EUR 50,000 and one company mortage of EUR 45,000 as guarantee for leasing and other commitments and credit limits with financial institutions. Two company mortgage of EUR 1,000,000 and three company mortgage of EUR 500,000 were as security for its short term borrowings from Oy Turret Ab. The total amount of company mortgages is EUR 23,500,000.

The mortgages are pledged as security for EUR 10,685,301 for its own borrowings and credit limits with financial institutions.

Civil actions. 31.12.2016 The Group has no civil actions on-going. 31.12.2015 the Group was involved in a pending case in the district court of Pirkanmaa which is related to receiving payment for services the company had rendered. Ixonos had initiated the case in order to recover the amounts due. The case is solved in the district court of Pirkanmaa during the year 2016 and it had not any significant economic impact on the company.

32. Events after the financial period

3. February 2017 Ixonos has secured a EUR one (1) million loan agreement in order to strengthen its working capital with Tremoko Oy Ab.

3 February 2017 the Board of Directors have decided to accept Tremoko Oy Ab's two (2) million euro binding offer of a financial arrangement to strengthen it's working capital. The Financial arrangement is combined with the additional financial arrangement of EUR 1.0 million implemented earlier and announced on 3 February 2017.

33. Financial risk management

The company is exposed to several financial risks in the course of its normal business operations. The management of financial risks aims to minimise any adverse effects that changes on the finance market might have on the company's profit. The main financial risks of the Ixonos Group are capital adequacy risk and interest rate risk.

The long-term funding of the Ixonos Group has chiefly been arranged through two main financiers. Later, the company may also resolve to issue shares. Should the general economic situation tumble into an exceptionally long decline, the Ixonos Group's financial expenses in proportion to the earnings from the Group's operations would be likely to increase, as the Group's earning power as well as the cash flow from its business operations presumably would decrease during a general recession. The same circumstances might also reduce the availability of external funding for the Ixonos Group and weaken the Group's financial standing.

The financing function of the parent company is responsible for the implementation of risk management. It is tasked with identifying and estimating as well as hedging against financial risk in co-operation with the business units.

Interest rate risk. The company's income and its operational cash flow are largely independent from fluctuations in market rates. The company is exposed to cash flow interest rate risk through its loan portfolio, which consists of short- and long-term variable rate borrowings. In respect of interest rate risk, the company's risk management aims to minimise any adverse effects that changes in interest rates may inflict on the company's profit. The company manages interest rate risk by using various interest rate hedging instruments. The company has interest rate swaps for a total loan capital of EUR 0.5 million. The company has used interest rate swaps to convert a floating rate to a fixed rate plus margin. The fixed rate of the interest rate swaps is 0.92 per cent plus margin. At December 31, 2016, the company has EUR 2.3 million (2015: EUR 2.2 million) in unhedged floating rate loan capital including overdrafts in use. The company's average interest rate between 1 January and 31 December 2016 has been 5.45 per cent (2015: 5.95 per cent). An interest rate rise of one percentage point would increase the interest costs for the company's floating-rate borrowings from financial institutions by approximately EUR 24 thousand per year. The realization of interest risk exposure would have a negative impact on the availability of external funding and financial position of the company.

The company had unhedged loans 31 December 2016 in total EUR 9.6 million (2015: EUR 7.2 million) that consisted totally of loans to related parties. The average interest rate 1 January – 31 December 2016 of these loans were 5.8 percentage (2015:10.0%). An interest rate rise of one percentage point would increase the interest costs for these floating-rate borrowings by approximately EUR 96 thousand per year. The related party borrowings are presented in the attachment 29.

Interest rate risk of borrowings from financial institutions should the interest rate rise by one percentage point during the next year.

1 000 EUR	Amount	Avarage rate, per cent	Interest rate sensitivity
Borrowings from financial institutions			
31.12.16	2 862	5,45	-24
31.12.15	2 995	5,95	-22
Other loans			
31.12.16	9 585	5,80	-96
31.12.15	7 192	10,00	-72

Loans' interest rate hedgings have been taken into account in calculations.

The company does not use IAS 39 hedge accounting. Changes in the fair value of derivatives acquired for hedging are recorded through profit and loss as financial income and expenses. The amount of such changes in the fair value of derivatives as were recorded through profit and loss was EUR 9,000 for the period from January 1 to December 31, 2016 and EUR 45,000 for the financial period ending on December 31, 2015. Profit and loss entries related to hedging can cause substantial variation in financial income and expenses from one financial period to another. At December 31, 2016, an interest rate rise of one percentage point would have had a positive effect of approximately EUR 24,000 (2015: EUR 70,000) on the fair value of the company's derivative position. The effect of taxes has not been considered in the sensitivity analyses.

Of the company's borrowings at 31 December, 2016, a portion of 82 per cent (2015: 75 per cent) have floating rates. Considering the effect of derivative interest-rate contracts, 82 per cent (2015: 75 per cent) of the borrowings have floating rates. The figures include the overdrafts in use.

Other loans are all floating rate.

Liquidity risk. In respect of liquidity risk, the company's risk management aims to ensure sufficient liquid assets for financing the company's operations and repaying loans due. To reach this goal, the company aims continuously to assess and monitor the amount of financing its operations require. At 31 December, 2016, almost all the company's liquid assets consisted of funds in bank accounts. The function responsible for the Group's financing continuously monitors the company's liquidity and the adequacy of the company's funding. Possible disruption in the cash flow from basic business operations would weaken the company's financial position.

The company has been granted an open-ended EUR 0.2 million credit facility of which EUR 0.2 million was used at 31 December 2016

The company's existing working capital may not be sufficient to cover the company's funding needs over the next 12 months. The financial gap in the cash flow forecast in the beginning of the year 2017 can be filled with bridge financing. After the balance sheet day the company has secured a EUR 1 million loan agreement with its main owner and a EUR 1 million commitment for additional loan with its main owner which company's Board of Directors has approved.

Loan agreements related to the financing arrangement on December 2016 include semi-annual covenants regarding equity ratio, which will be considered at the first time on 31 December, 2017.

Maturity of financial liabilities

31.12.2016	Balance sheet value	Cash flow	Less than 1 year	1-5 years	More than 5 years
Bank loans	2 862	2 964	2 592	372	0
Other debts	9 585	13 975	829	13 146	0
Financial leasing debt	77	78	41	37	0
Accounts payables	1 425	1 425	1 425	0	0

31.12.2015	Balance sheet value	Cash flow	Less than 1 year	1-5 years	More than 5 years
Bank loans	2 995	3 092	2 465	627	0
Other debts	7 192	9 543	716	8 827	0
Financial leasing debt	497	504	379	126	0
Accounts payables	754	754	754	0	0

The Company has agreed with its main financier an instalment free period for the loans until June 22, 2018. The company has been granted an open-ended EUR 2.0 million credit facility of which MEUR 2.0 was used at December 31, 2016.

The bank loans granted in December 2016 have covenants attached. Should the company not be within the limits of a covenant, the financiers are entitled to call in the loans to which that covenant applies. The covenant levels are adjusted for the first time on December 31, 2017 and thereafter semi-annually on a rolling twelve-month basis.

Depending on the point in time, the equity ratio must be at least 35 per cent. The ratio of interest-bearing liabilities (i.e. interest-bearing liabilities in the balance sheet, including leasing liabilities) to EBITDA may not exceed 2.5 on June 30, 2013 onward. The ratios of interest-bearing liabilities to EBITDA as well as the ratio of interest-bearing net liabilities to EBITDA are calculated based on IFRS principles.

The amount of those financing loans that included covenants had a capital of EUR 6.1 million on December 31, 2014 (December 31, 2013: EUR 6.4 million). On December 31, 2014 the company's equity ratio was -5.6 per cent (2013: 14.2 per cent) and the ratio of interest-bearing liabilities and the EBITDA was negative (2013: negative). Thus, the company does not fulfil the covenant terms on December 31, 2014 and the loans under covenant agreements are presented as short-term current liabilities. However, the company has received releasing covenant statements from its financiers for these base covenants until March 31, 2015.

According to the covenant agreement the equity ratio must be 30 per cent.

At December 31, 2016, covenanted financial institution borrowings were MEUR 0.5 (2015: MEUR 8.2).

Foreign exchange risk. The functional currency of the parent is the euro. The assets and liabilities in foreign currencies, translated to euros at the exchange rates prevailing at the closing date, are presented below.

	2016							2015					
1 000 €	USD	CNY	DKK	GBP	SGD	CAD	HKK	USD	CNY	DKK	GBP	SGD	HKK
Current assets													
Other financial assets	143	0	0	2	2	37	0	307	1	0	27	2	10
Trade and other receivables	2 014	0	22	369	0	43	0	1 064	0	22	216	0	0
Current liabilities													
Non-interest-bearing liabilities	512	-2	27	137	9	100	0	-314	-2	-11	-144	0	-16
Open position	2 668	-2	49	508	11	180	0	1 058	-1	10	99	2	-5

A sensitivity analysis of the foreign currency translation risk associated with the United States dollar, the Chinese yuan renminbi, the Danish krone, the Great Britain pound, the Singapore dollar and the Hong Kong dollar is presented in the following table. The effects of +5/-5 per cent exchange rate changes on assets and liabilities in foreign currencies at the closing date have been taken into account in the analysis. The analysis does not include net investments in foreign units.

	2016							2015					
1 000 €	USD	CNY	DKK	GBP	SGD	CAD	HKK	USD	CNY	DKK	GBP	SGD	HKK
Effect on profit before tax	133	0	2	25	1	9	0	53	0	1	5	0	0

Capital management. With the help of an optimal capital structure, Ixonos' capital management strives to support the Group's business operations by safeguarding normal operational conditions as well as to increase shareholder value with a view to achieving the best possible profit. An optimal capital structure also ensures smaller capital costs.

The company considers as capital both shareholders' equity and borrowings from financial institutions and related party company Tremoko Oyj Ab.

The capital structure is influenced e.g. through distribution of dividends and through share issues. The Group may vary and adjust the amount of dividends or capital refunds paid to shareholders as well as the number of shares to be issued. The Group may also resolve to sell assets in order to reduce debt.

The Group netgearing ratio were December 31, 2016 and December 31, 2015 the following:

EUR 1,000	2016	2015
Interest-bearing liabilities	-12 525	-10 685
Cash and cash equivalents	422	1 901
Interest-bearing net liabilities	-12 103	-8 784
Total equity	-4 199	2 708
Gearing	288,2%	324.4%

Net gearing from the equity attributable to the owners of the parent was -288,2 per cent.
Borrowings from financial institutions have covenants attached. Those covenants are described under 'Liquidity risk'.

34. Financial lease agreements

	2016	2015
Initial carrying value of intangible assets		
under financing lease agreements	443	473
Accumulated depreciations	-443	-319
Carrying amount at the end of the financial period	11	154
Initial carrying value of tangible assets		
under financing lease agreements	619	3 235
Accumulated depreciations	-577	-3 161
Carrying amount at the end of the financial period	42	74
The PV of the minimum lease payments at the end of the period		
non-cancellable financial lease agreements		
Future minimum lease payments, total	79	508
Less interest expenses	-1	-11
Present value of the minimum lease payments	78	497
The gross liability of financial leases - minimum lease payments		
by maturity		
Within a year	41	429
After a year to 5 years	38	80
After 5 years	0	0
Total	79	508
Future financing expenses	-1	-11
PV of the financing lease liabilities	78	497
Maturity of PV of the financing lease liabilities		
Within 1 year	40	425
After a year to 5 years	37	73
After 5 years	0	0
Total	78	497

Income statement of the parent company (FAS)

EUR	1.1.-31.12.2016	1.1.-31.12.2015
Other operating income	1 056 688	2 563 803
Materials and services		
Raw materials and consumables	0	456
Materials and services total	0	456
Personnel expenses		
Salaries and remuneration	-979 141	-970 640
Indirect employee costs		
Pension costs	-146 530	-153 904
Other indirect employee costs	-26 947	-19 949
Indirect employee costs total	-173 477	-173 854
Personnel costs total	-1 152 618	-1 144 494
Depreciation and impairment		
Depreciation on tangible and intangible assets	-27 517	-110 558
Depreciation and impairment total	-27 517	-110 558
Other operating expenses	-2 069 682	-3 410 553
Expenses total	-3 249 817	-4 665 149
Operating profit	-2 193 129	-2 101 346
Financial income and expenses		
Interest and financial income		
Interest income	43 485	63 878
Other financial income	28 621	4 061 377
Interest and financial income total	72 106	4 125 255
Interest and other financial expenses		
Interest expenses	-570 666	-580 535
Impairment of non-current assests	-13 198	0
Other financial expenses	-178 213	-403 429
Interest and financial expenses total	-762 078	-983 964
Financial income and expenses total	-689 972	3 141 291
Profit before appropriation and taxes	-2 883 101	1 039 945
Profit for the period	-2 883 101	1 039 945

Balance sheet of the parent company (FAS)

EUR	31.12.2016	31.12.2015
ASSETS		
FIXED ASSETS		
Intangible assets		
Intangible rights	71 999	4 426
Intangible assets total	71 999	4 426
Tangible assets		
Machinery and equipment	117 024	63 405
Other tangible assets	11 477	11 477
Tangible assets total	128 501	74 883
Investments		
Shares in Group companies	26 149 556	23 649 488
Other shares	2 453	2 453
Investments total	26 152 009	23 651 941
TOTAL FIXED ASSETS	26 352 509	23 731 250
CURRENT ASSETS		
Current receivables		
Trade receivables	1 631 069	2 762 212
Accruals	53 058	67 595
Other receivables	6 202 055	4 077 165
Current receivables total	7 886 182	6 906 972
Cash and cash equivalents		
Cash on hand and in banks	205 704	1 257 381
TOTAL CURRENT ASSETS	8 091 886	8 164 353
TOTAL ASSETS	34 444 395	31 895 603

EQUITY AND LIABILITIES	31.12.2016	31.12.2015
SHAREHOLDERS' EQUITY		
Share capital	585 394	585 394
Share premium reserve	218 725	218 725
Invested non-restricted equity fund	48 374 170	48 374 170
Retained earnings	-29 029 438	-30 069 383
Result for the period	-2 883 101	1 039 945
TOTAL SHAREHOLDERS' EQUITY	17 265 750	20 148 851
LIABILITIES		
Non-current liabilities		
Borrowings from financial institutions	253 030	506 060
Other non-current liabilities	2 500 000	7 158 108
The convertible bond	9 200 001	0
Non-current liabilities total	11 953 031	7 664 168
Current liabilities		
Borrowings from financial institutions	253 030	253 030
Trade payables	488 946	490 977
Other current liabilities	3 481 088	2 581 013
Accrued expenses	1 002 550	757 563
Current liabilities total	5 225 614	4 082 584
TOTAL LIABILITIES	17 178 645	11 746 752
TOTAL EQUITY AND LIABILITIES	34 444 395	31 895 603

Cash flow statement of the parent company

EUR	1.1.-31.12.2016	1.1.-31.12.2015
Cash flow from operating activities		
Profit for the period	-2 883 101	1 039 945
Adjustments to cash flow from operations		
Other income and expenses with no payment relation	0	-4 047 314
Depreciation and amortisation	27 517	110 559
Financial income and expenses	514 428	776 513
Net cash generated before working capital changes, interest and tax	-2 341 156	-2 120 297
Change in working capital	1 322 514	-9 621 355
Interest received	1 065	66 374
Interest paid	-179 294	-1 249 456
Net cash flow from operating activities	-1 196 871	-12 924 734
Cash flow from investing activities		
Acquisition of subsidiaries, net of cash acquired	-2 000 068	-124 651
Investments in property, plant and equipment and in intangible assets	-148 708	0
Cash from tangible and intangible assets	47 000	-1 649
Total cash flow from investing activities	-2 101 776	-126 300
Cash flow before financing	-3 298 647	-13 051 034
Cash flow from financing activities		
Increase in long term loans	2 500 000	10 794 189
Payment of long term loans	0	-4 000 000
Increase in short term loans	0	5 500 000
Payment of short term loans	-253 030	-3 783 765
Proceeds from rights issues	0	5 792 991
Net cash flow from financing activities	2 246 970	14 303 415
Change in cash and cash equivalents	-1 051 677	1 252 381
Cash and cash equivalents at the beginning of the period	1 257 381	5 000
Cash and cash equivalents at the end of the period	205 704	1 257 381

Changes in equity of the parent company

EUR	Share capital	Share premium reserve	Invested non-restricted equity fund	Retained earnings	Total
Shareholders equity at January 1, 2015	585 394	218 725	33 296 251	-30 069 383	4 030 987
Proceeds from rights issues	0	0	15 077 918	0	15 077 918
Profit for the period	0	0	0	1 039 945	1 039 945
Shareholders equity at December 31, 2015	**585 394**	**218 725**	**48 374 169**	**-29 029 438**	**20 148 850**
Shareholders equity at January 1, 2016	585 394	218 725	48 374 169	-29 029 438	20 148 851
Profit for the period	0	0	0	-2 883 101	-2 883 101
Shareholders equity at December 31, 2016	**585 394**	**218 725**	**48 374 169**	**-31 912 539**	**17 265 750**

The parent company's distributable funds at December 31, 2016 were EUR 16.461.630 (2015: EUR 19.344.732).

1. Accounting policies

Tangible and intangible assets. Tangible and intangible assets are shown in the balance sheet at historical cost less depreciation and impairment according to plan.

Depreciations begin from the commissioning date of each asset.

Depreciation periods:	
Machinery and equipment	25 per cent, reducing balance or straight-line depreciation 3-5 years
Intangible rights	4 years, straight-line
Other long-term expenses	3–5 years, straight-line

INVESTMENTS. Long term investments are valued at acquisition cost or lower estimated discounted future value. The goodwill evaluation of Subsidiary shares at 31 December 2016 is based on long term forecasts and calculations.

VALUATION OF FINANCIAL ASSETS

Derivatives. The derivatives of the company include interest rate swaps, which are used to convert the floating rate of the borrowings from financial institutions to a fixed rate. The fair value of swaps are included characteristically either to current receivables or liabilities. The goodwill evaluation of Subsidiary shares at 31 December 2016 is based on ling term forecasts and calculations.

Retirement benefits. The pension cover of parent employees is handled by external pension companies. Pension expenditure is expensed in the year of accrual.

Foreign currency items. Receivables and liabilities denominated in foreign currencies have been translated into euros using the exchange rate prevailing on the closing date. The notes of the parent company has been presented as euros, unless mentioned otherwise.

2. Accompanying notes to the income statement of the parent company

	2016	2015
OTHER OPERATING INCOME		
Finland, concists totally of management service fees	961 124	2 475 495
Other items	95 564	88 308
Total	1 056 688	2 563 803
ACCOMPANYING NOTES ON PERSONNEL AND OFFICERS		
Number of parent employees during the period, average	5	8
Number of parent employees at the end of the period	4	6
Personnel expenses		
Salaries and remuneration of the management and the Board of Directors	-869 533	-918 823
Salaries and remuneration	-109 608	-51 817
Pension costs	-146 530	-153 904
Other personnel expenses	-26 947	-19 949
Total	-1 152 618	-1 144 493
OTHER OPERATING EXPENSES		
AUDITOR'S FEE	2016	2015
KPMG Oy Ab		
Audit fees	-53 302	-43 389
Tax advice	-18 258	-10 436
Other services	-1 620	-32 629
Auditor's fees total	-73 180	-86 454
DEPRECIATION AND IMPAIRMENT		
Depreciation and amortisation of intangible rights	-2 985	-86 395
Depreciation and amortisation of tangible assets	-24 532	-24 163
Total	-27 518	-110 558
FINANCIAL INCOME AND EXPENSES		
Interest and financial income		
From group companies	43 474	63 866
From others	28 631	4 061 389
Total	72 105	4 125 255
Interest and financial expenses		
From group companies	-3 820	-4 524
Impairment of non-current assets	-13 198	0
To others	-745 059	-979 441
Total	-762 078	-983 965

ACCOMPANYING NOTES ON OFFICERS	2016	2015
Salaries and remuneration		
Harju Esa CEO (until 30.6.2015)	0	229 100
Paihonen Sami CEO (from 1.7.2015)	295 800	127 560
Board of Directors		
Ehrnrooth Paul (Deputy chairman until 29.4.2015, chairman from 29.4.2015)	51 500	45 167
Marttila, Päivi (Deputy Chairman from 7.4.2016)	25 250	0
Ekström Bo-Erik (from 7.4.2016)	17 500	0
Eloholma, Pekka (from 7.4.2016)	17 000	0
Konttinen Samu	26 000	26 250
Pylkäs Pekka (from 29.4.2015)	27 500	16 583
Ervi Pertti (Chairman until 29.4.2015, deputy chairman until 29.4.2015)	13 000	41 083
Heikkonen Matti (until 29.4.2015)	0	9 417
Koskelo Ilari	10 667	16 833
Wiiala May	10 917	27 750
Total salaries and remuneration of officers (*	495 134	539 743

*) Including fringe benefits.

Salaries and remuneration are presented on an accrual basis.

The President and CEO has a voluntary supplementary pension arrangement. Please refer to note 29.

3. Accompanying notes to the parent company balance sheet

ASSETS	2016	2015
Intangible assets		
Acquisition cost at the beginning of the financial period	7 004 939	7 004 939
Additions during the financial period	74 613	
Acquisition cost at the end of the financial period	7 079 552	7 004 939
Accumulated depreciations	-7 004 939	-7 004 939
Depreciation and amortisation for the financial period	-4 055	0
Accumulated depreciations at the end of the financial period	-7 008 994	-7 004 939
Book value at the end of the financial period	70 558	0
Intangible rights		
Acquisition cost at the beginning of the financial period	1 570 766	1 570 766
Acquisition cost at the end of the financial period	1 570 766	1 570 766
Accumulated depreciations	-1 566 340	-1 479 946
Depreciation and amortisation for the financial period	-2 985	-86 395
Accumulated depreciations at the end of the financial period	-1 569 326	-1 566 340
Book value at the end of the financial period	1 441	4 426
Tangible assets		
Machinery and equipment		
Acquisition cost at the beginning of the financial period	794 933	793 283
Additions during the financial period	74 095	1 649
Acquisition cost at the end of the financial period	869 027	794 933
Accumulated depreciations	-720 050	-695 887
Depreciation and amortisation for the financial period	-20 477	-24 163
Accumulated depreciations at the end of the financial period	-740 527	-720 050
Book value amount at the end of the financial period	128 500	74 883
Investments		
Acquisition cost at the beginning of the financial period	23 651 941	22 632 925
Additions during the financial period	2 500 068	1 019 016
Acquisition cost at the end of the financial period	26 152 009	23 651 941

CURRENT ASSETS	2016	2015
Receivables from Group companies		
Trade receivables	1 631 069	2 762 212
Other receivables	6 161 166	4 039 541
Total	7 792 235	6 801 754
Receivables from others		
Accruals	53 058	67 595
Other receivables	40 888	37 624
Total	93 947	105 219
Current receivables total	7 886 182	6 906 972
Accruals and other receivables		
Prepaid expenses	53 058	66 251
Rent guarantees	40 888	36 424
Others	0	2 543
Total	93 947	105 219

NON-CURRENT LIABILITIES		
The convertible bond	9 200 001	0
Borrowings from financial institutions	2 753 030	7 664 168

CURRENT LIABILITIES		
Borrowings from financial institutions	253 030	253 030
Liabilities to Group companies		
Trade payables	131 121	133 271
Loans and group account liabilities	3 271 087	2 193 567
Other liabilities	18 603	14 783
Total	3 420 811	2 341 621
Liabilities to others		
Trade payables	357 825	357 706
Other current liabilities	191 398	372 664
Accrued expenses	1 002 550	757 563
Total	1 551 773	1 487 933
Current liabilities total	5 225 614	4 082 584
Accrued expenses		
Provision for holiday pay	96 365	89 595
Interest rate hedge	6 978	12 662
Salaries	1 827	17 250
Others	897 380	638 056
Total	1 002 550	757 563

	2016	2015
CONTINGENT LIABILITIES AND GUARANTEES		
Leasing and rental liabilities		
Leasing liabilities, 12 months	35 439	72 443
Leasing liabilities, over 12 months	36 173	64 407
Leasing liabilities total	71 612	136 849
Rental liabilities	1 076 664	2 093 258
Financial guarantee contracts on behalf of Group companies	2 309 485	2 015 254

Mortgages. At December 31, 2016, the company had pledged nine company mortgages of EUR 1,000,000 each and one company mortgage of EUR 800,000 as collateral for its borrowings from financial institutions and two company mortgages of EUR 1,000,000 and three mortgages of EUR 500,000 as collateral for its borrowing of EUR 1,000,000 from Tremoko Oy Ab. The total amount of company mortgages is EUR 13,300,000. The mortgages are collateral for EUR 506,059.79 in borrowings from financial institutions and EUR 9.585.313 loans from Oy Tremoko Oy Ab.

SUBSIDIARIES

Name	Domicile City and country	Parent ownership
Ixonos Finland Oy	Finland, Helsinki	100 %
Ixonos Canada Ltd.	Canada, Vancouver	100 %
Ixonos Estonia OÜ	Tallinn, Estonia	100 %
Ixonos Germany GmbH	Berlin, Germany	100 %
Ixonos Slovakia s.r.o.	Košice, Slovakia	100 %
Beijing Ixonos Technology Co., Ltd.	Beijing, China	100 %
Chengdu Ixonos Technology Co., Ltd.	Chengdu, China	100 %
Ixonos Denmark ApS	Alborg, Denmark	100 %
Ixonos USA Ltd.	San Francisco, USA	100 %
Ixonos Hong Kong Ltd	Hong Kong, China	100 %
Ixonos UK Ltd	London, United Kingdom	100 %
Cresense Oy	Helsinki, Suomi	100 %
Cresense Pte. Ltd.	Singapore, Singapore	0 %
Cresense, Inc.	San Francisco, Yhdysvallat	0 %
Cresense Hong Kong Limited	Hongkong, Kiina	0 %
Cresense China (Company) Limited	Shanghai, Kiina	0 %

Signatures to the financial statements and to the report of the Board of Directors

Helsinki, 2.3.2017

Sami Paihonen
President and CEO

Paul Ehrnrooth
Chairman of the Board of Directors

Päivi Marttila
Vice Chairman of the Board of Directors

Bo-Erik Ekström
Member of the Board of Directors

Pekka Eloholma
Member of the Board of Directors

Samu Konttinen
Member of the Board of Directors

Pekka Pylkäs
Member of the Board of Directors

Auditor's note

An auditor's report has been issued today.

Helsinki, 2.3.2017

KPMG Oy
Authorised Public Accountants

Esa Kailiala
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of Ixonos Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion. We have audited the financial statements of Ixonos Plc (business identity code 0997039-6) for the year ended 31 December 2016. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion:

- the consolidated financial statements give a true and fair view of the group's financial performance, 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 financial statements in Finland and comply with statutory requirements.

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 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.

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

Material uncertainty related to going concern basis. We would like to draw attention to the fact that the Group has been generating losses in recent years and its financial position is challenging. The Group has carried out several financing arrangements to strengthen its balance sheet and secure liquidity. On 31 December 2016 the consolidated current liabilities exceeded current assets. In accordance with note 33 the liabilities falling due within next 12 months amounted to EUR 4.8 million at the financial year-end. Consolidated cash flow from operating activities was negative in the financial years 2015 and 2016.

As described in the report of the Board of Directors and in Accounting policies for the consolidated financial statements, section Basis for preparation, subsection Going Concern, on the balance sheet day, the company estimated that its existing working capital may not be sufficient to cover the company's funding needs over the next 12 months. At the time financial statement were prepared the negotiations for restructuring of short-term financing were unfinished. The financial gap in the cash flow forecast in the beginning of the year 2017 can be filled with bridge financing. The Directors believe that financing negotiations will result in a positive solution for the company securing future operations. After the balance sheet day the company has secured a EUR 1 million loan agreement with its main owner and a EUR 1 million commitment for additional loan with its main owner which company's Board of Directors has approved.

As described in Accounting policies for the consolidated financial statements, subsection Going concern, the financial statements have been prepared on a going concern principle taking into account the realised financial arrangements during the financial year 2016 and financial estimations made up for the year 2017. During the past year the company's confirmed orders improved significantly compared to the previous year. In addition to that the cost structure was lightened. There is, however, material uncertainty related to operational profitability, financial position improvements and the end result of the financing negotiations, which may cast doubt upon the company's ability to continue as a going concern.

Furthermore, we would like to draw attention to the fact that the goodwill balance in the consolidated balance sheet amounts to EUR 11.5 million. As described in the previous chapter there is uncertainty related to the Group's ability to continue as a going concern and thus the carrying value of goodwill may not be supported.

Our opinion has not been qualified by this matter.

Emphasis of a matter – valuation of subsidiary shares and intra-group receivables in the parent company's balance sheet
The carrying value of the subsidiary shares in the parent company Ixonos Plc's balance sheet totalled EUR 26.1 million as at 31 December 2016. Furthermore, the parent company's intragroup receivables amounted to EUR 7.7 million. The Group has been generating losses in recent years. As described in the notes to the parent company's financial statements the Group has prepared long-term forecasts to assess the valuations of goodwill and subsidiary shares. The valuation of subsidiary shares and intra-group receivables is highly dependent on the subsidiaries' future result development and the Group's business model. Our opinion has not been qualified by this matter.

Materiality. The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

In addition to the matters described in the sections Material uncertainty related to going concern basis and Emphasis of a matter – valuation of subsidiary shares and intra-group receivables in the parent company's balance sheet we have found that the key audit matters described below are to be included in our Auditor's Report.

Valuation of Goodwill (Refer to note 13 to the consolidated financial statements)

- At the financial year-end, the goodwill balance amounted to EUR 11.5 million representing approximately 72 percent of the consolidated total assets. Consequently goodwill is the most significant individual item in the consolidated balance sheet. As at 31 December 2016 the Group's equity was negative amounting to EUR 4.2 million.
- As described in the report of the Board of Directors, the Group's business primarily consists of relatively short-term customer contracts. Forecasting the starting dates and scope of new projects may be challenging from time to time. This may result in unexpected fluctuation in turnover and Group's profitability.
- Preparation of impairment tests requires management apply judgement and make assumptions. Valuations prepared to support the carrying amount of goodwill are highly dependent on the Group's result development and business model.
- We evaluated the company's estimation process and analyzed the assumptions used in the impairment tests for 2015 by comparing to performance in 2016 in respect of turnover and profitability.
- Furthermore, we involved KPMG valuation specialists when analyzing the reasonableness of the assumptions underlying the goodwill impairment tests, and the technical accuracy of the impairment model.
- As part of our audit procedures during the financial year and at year-end, we assessed whether there was any external or internal indication that may warrant preparation of impairment calculations at some other date than the regular date of impairment testing, and result in an impairment.
- At year-end audit we considered the adequacy and appropriateness of the Group's notes in respect of goodwill and impairment testing.

Valuation of Trade Receivables (Refer to note 16 to the consolidated financial statements)

- Trade receivables, amounting to EUR 2.9 million as at 31 December 2016, make up a significant balance sheet item. Regardless of the fact that there are no significant credit losses incurred in the past, there is a valuation risk associated with the trade receivables.
- We evaluated monitoring routines for trade receivables and tested the effectiveness of the key internal controls. We also analyzed trade receivables and assessed the payments received after the year-end to identify any trade receivables potentially impaired.

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 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 on 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

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 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 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.

Helsinki, 2 March 2017

KPMG OY AB
Esa Kailiala
Authorised Public Accountant, KHT

Ixonos Plc | PL 284, 00811 Helsinki | www.ixonos.com
Business ID 0997039-6