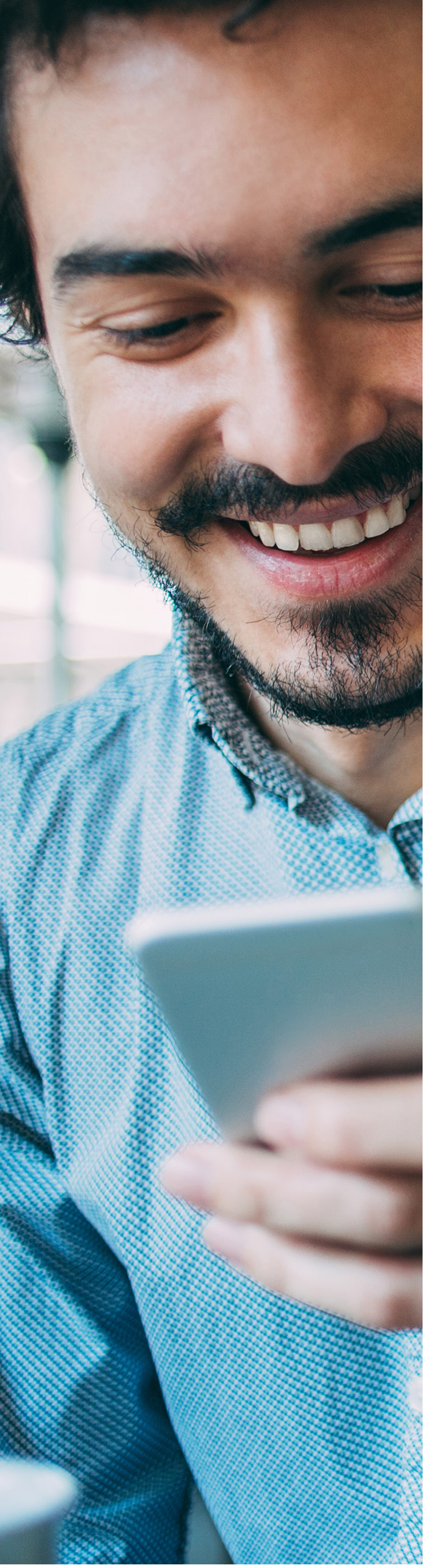
SOLTEQ

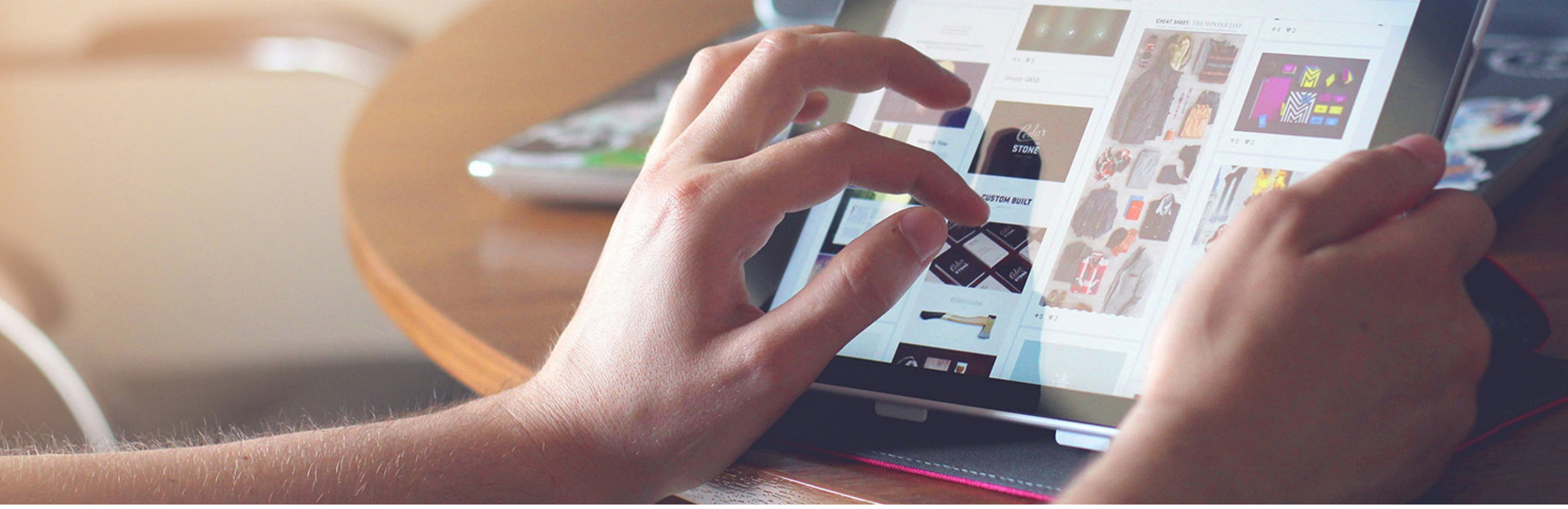
Interim report Q1 2018

January-March



Solteq interim report 1.1.-31.3.2018 (IFRS)

- Revenue totalled 14.9 million euros (13.1 million euros).
- EBITDA was 1,924 thousand euros (662 thousand euros).
- The adjusted EBITDA was 1,910 thousand euros (1,495 thousand euros).
- Operating profit was 1,305 thousand euros (178 thousand euros).
- The adjusted operating profit was 1,291 thousand euros (1,011 thousand euros).
- Solteq Group's equity ratio was 32.9 % (34.2 %).
- Earnings per share was 0,04 euros (-0,02 euros).
- The comparable revenue grew 14% higher compared to Q1 last year. Acquisitions completed in 2017 were the main driver for growth.
- The company´s profitability improved significantly, and the adjusted operating profit was the best in the recent history.
- We invest strongly in future growth by focusing on the development of our own cloud-based software products and services. We estimate that this year's product development investments will amount to EUR 2.0 million.



Key figures

	1-3/18	1-3/17	Change-%	1-12/17	Rolling 12mo
Revenue, TEUR	14 871	13 088	13,6%	50 720	52 503
EBITDA, TEUR	1 924	662	190,6%	4 177	3 027
Adjusted EBITDA, TEUR	1 910	1 495	27,8%	2 384	3 973
Operating profit, TEUR	1 305	178	633,1%	308	1 435
Adjusted operating profit, TEUR	1 291	1 011	27,7%	2 101	2 381
Profit for the financial period, TEUR	658	-291	326,1%	-1 514	-565
Earnings/share, e	0,04	-0,02	300,0%	-0,08	-0,06
Operating profit-%	8,8%	1,4%		0,6%	2,7%
Adjusted operating profit	8,7%	7,7%		4,1%	4,5%
Equity ratio, %	32,9 %	34,2 %		33,7 %	33,9 %

The company has taken the IFRS 15 standard into use on 1 January 2018 retroactively and the comparison figures for 2017 have been adjusted.

Profit guidance 2018

Solteq Group's adjusted operating profit is expected to grow significantly compared to the financial year 2017.

Profitability improved significantly

CEO Olli Väätäinen

The adjusted operating profit was the best in the recent history. Profit development was driven by the measures taken in the previous financial year to improve profitability. The company's adjusted EBITDA for the first quarter was EUR 1.9 million and the adjusted operating profit was EUR 1.3 million

A particularly positive development was the 14 percent increase in the comparable revenue. The drivers of this growth were mainly the acquisitions executed in 2017. Last year's investments in expanding our services to new sectors and to all Nordic countries bore fruit. The company's business operations in the Nordic countries proceeded as expected in the first months of the year. During the first quarter, nearly one fifth of the company's revenue originated from outside Finland.

In the previous financial year, we made the strategic decision to invest in growing the revenue from our own cloud-based software products and SaaS. At that time, we estimated that revenue from continuous services revenue from the above-mentioned operations would rise to one fourth of the annual revenue in 2018. In the first quarter, continuous services accounted for more than one third of the company's revenue.

We invest strongly in future growth by focusing on the development of our own cloud-based software products and services. We have been especially active in areas that enable us to incorporate artificial intelligence and robotics into our products and services.

In addition, we will continue the development of the software products and software services that we have acquired through corporate acquisitions. These focus mainly on the optimization of industry-independent digital service solutions and online customer experience as well as services related to online customer services and customer data management in the energy sector. We estimate that this year's product development investments will grow to EUR 2.0 million.

At the end of the quarter, the company's number of personnel exceeded 550 employees. Our operations are strongly based on the expertise and competencies of Solteqians. The company's personnel increased by 71 employees during the first quarter, of which half came from an acquisition made.

Our reported revenue, EUR 14,9 million, has been calculated using IFRS 15 standard principles. The standard is related to the handling of pass-through revenue and the calculation principle was changed as of the beginning of the financial year. Our comparable revenue during the review period amounted to EUR 13,1 million.

The business outlook remains good and the company's profitability is expected to continue to develop positively.

Business environment & business development

Solteq is a Nordic industry-independent IT provider and software house that specializes in digital business solutions. Our mission is to simplify the digital world to make a better tomorrow. We are a partner who knows what it takes to win in digital disruption, regardless of our customer's industry. Our over 550 experts, who work in five countries, develop and implement solutions for clients mainly in the Nordic countries.

Solteq business strategy is to serve those industries whose traditional operating models are being shaken by the digital revolution. Our business opportunities are expanding as a growing number of industries regognize the need for optimized digital customer engagement solutions. On the other hand, these solutions and services are now offered by a variety of providers in addition to traditional IT companies, including agencies specializing in design, marketing and service design. As the range of services available in the market becomes broader, customer requirements and expectations increase. The market is prepared to pay for a good user experience. For Solteq, this creates significant opportunities for leveraging our in-depth understanding of customers and technologies as well as our insight into the future. We know what it takes to transform digitalization into good user experience and service.

In line with Solteq strategy, we have stated trying to increase the share of revenue generated by cloud services and other continuity services in our solution offering. In addition, we are also focusing on the development of our own software products and services. We are especially active in areas that enable us to incorporate artificial intelligence and robotics into our products and services.

Solteq completed the acquisition of the entire share capital of TM United Holding A/S in January as previously communicated. TM's solutions are focused on digital transactions and the optimization of the online customer experience. The acquisition expanded Solteq's business operations to Denmark and Norway. TM United A/S is consolidated to Solteq Group from January 1st, 2018 onwards.

Changes in the Executive Team

Chief Financial Officer Antti Kärkkäinen has announced his resignation from the company by 30 April 2018. Martti Nurminen has been appointed as CFO as of April 18th, 2018.

Revenue & result

Revenue increased by 13.6 percent compared to the previous year and totalled 14,871 thousand euros (previous review period 13,088 thousand euros).

Revenue consists of several individual customer ships. At the most, one client corresponds to less than ten percentages of the revenue.

The operating result for the review period was 1,305 thousand euros (178 thousand euros). The adjusted operating result was 1,291 thousand euros (1,011 thousand euros).

Result before taxes was 897 thousand euros (-277 thousand euros) and result review period was 658 thousand euros (-291 thousand euros).

Revenue by operation:

%	1-3/18	1-3/17	1-12/17
Software services	97	97	96
Licenses	3	3	3
Hardware	0	0	1

Balance sheet & finance

The total assets amounted to 67,506 thousand euros (59,023 thousand euros). Liquid assets totalled 2,071 thousand euros (5,731 thousand euros). In addition to liquid assets, the company has used 1,371 thousand euros bank account limits amounting to a total of 2,000 thousand euros in the end of the review period and in addition the company has an unused standby credit limit amounting to a total of 4,000 thousand euros.

During the review period, there was more working capital tied up than a normal year. The company has initiated actions for increasing the working capital turnover.

The Group's interest-bearing liabilities were 29,273 thousand euros (25,579 thousand euros).

Solteq Group's equity ratio was 32.9 percent (34.2 percent).

On 1 July 2015 Solteq Plc (Solteq) issued an unsecured bond of 27 million euros. The bond carries a fixed annual interest of 6 percent and its maturity is five years. To reduce the company's interest costs Solteq Plc repurchased and cancelled the share of 2.5 million euros of the above-mentioned bond during the financial year 2016.

The financial covenants concerning the distribution of funds and incurring financial indebtedness other than permitted in the terms of the Bond (Incurrence Covenant) require that at any agreed review date, the Equity Ratio exceeds 27.5 percent, the Interest Coverage Ratio (EBITDA / net interest cost) exceeds 3.00:1 and that the Group's Net Interest Bearing Debt to EBITDA ratio does not exceed 3.50:1.

Investments, research & development

The net investments during the review period were 4,910 thousand euros (-238 thousand euros). 469 thousand euros of the net investments of the review period were replacement investments and 4,441 thousand euros related to the company acquisitions. The net investments of the corresponding review period were mainly replacement investments.

Research and development

Solteq's research and development costs consist mainly of personnel costs. During the review period the company has continued further development of the existing software products and the development of new software services. During the review period 343 thousand euros development costs were capitalized (none in the corresponding review period).

Personnel

Key figures for Group's personnel:

	1-3/18	1-3/17	1-12/17
Average number of the personnel during the financial period	512	445	485
Employee benefit expenses (1 000 €)	7 307	6 727	26 610

The number of permanent employees at the end of the review period was 551 (440).

Related party trans-actions

Solteq's related parties include the Board of Directors, CEO and Executive team.

The related party actions and euro amounts are presented in the tables in the end of this Interim report.

Shares, shareholders & treasury shares

Solteq Plc's equity on 31 March 2018 was 1,009,154.00 euros which was represented by 19,306,527 shares. The shares have no nominal value. All shares have an equal entitlement to dividends and company assets. Shares are governed by a redemption clause. Solteq Plc did not hold any treasury shares in the end of the review period.

In the review period Solteq Plc directed a share issue, totaling to 628,930 shares, to the shareholders of TM United A/S as a part of the company acquisition on 15 January 2018.

The new shares were registered into trade register and publicly traded as of 22 March 2018. After the changes, the total number of shares was 19,306,527. The issued shares represent 3.3 percent of the company´s shares and votes. The subscription price was recorded in its entirety to the invested non-restricted fund of the company.

Stock option scheme & share-based incentive scheme of the management

During the financial year 2016 Solteq's Board of Directors decided to adopt a new stock option scheme and share-based incentive scheme for the key employees of the company. The purpose of both schemes is to encourage the key employees to work for the growth of the shareholder value and to commit the key employees to the employer. Terms and conditions of the stock option scheme and share-based incentive scheme are presented in more detail in the Stock Exchange Bulletin published on 15 July 2016.

The theoretical market value of the incentive scheme is about 0.6 million euros which will be recognized as an expense in accordance with IFRS 2 in the years 2016–2018. The expense will not be recognized on a cash flow basis except for the share of the share-based arrangement paid in cash.

Exchange & rate

During the review period, the exchange of Solteq's shares in the Helsinki Stock Exchange was 0.2 million shares (0.4 million shares) and 0.4 million euros (0.6 million euros). The highest rate during the review period was 1.55 euros and lowest rate 1.39 euros.

The weighted average rate of the share was 1.50 euros and end rate 1.50 euros. The market value of the company's shares in the end of the financial year totalled 29,0 million euros (29.5 million euros).

Ownership

In the end of the review period, Solteq had a total of 2,237 shareholders (2,178 shareholders). Solteq's 10 largest shareholders owned 13,193 thousand shares i.e. they owned 68.3 percent of the company's shares and votes.

Solteq Plc's members of the Board of Directors and CEO owned 415 thousand shares on 31 March 2018 (15 thousand shares on 31 March 2017).

Annual general meeting

Solteq's Annual General Meeting on 27 March 2018 approved the financial statement for period 1 January – 31 December 2017 and discharged the CEO and the Board of Directors from liability.

The Board of Directors' proposal of to the General Meeting that no dividend will be paid from the financial year ended on 31 December 2017 was accepted.

The Annual General Meeting authorized the Board of Directors to decide on share issue, carried out with or without payment and on issuing share options, and other special rights referred to in Chapter 10, Section1 of the Finnish Companies Act as follows:

The maximum total amount of shares or other rights is 3,500,000. The authorization includes the right to give new shares and rights or convey company's own shares. The authorization includes a right to deviate from the shareholders' pre-emptive right of subscription if there is a significant financial reason in company's opinion. These reasons include, but are not limited to, improving the capital structure, financing and executing business acquisitions and other business improvement arrangements or being used as a part of remuneration of personnel. The authorization includes that the Board of Directors may decide all the other terms and other matters concerning the share issue and rights. The authorization is effective until the next Annual General Meeting, however, no longer than until 30 April 2019. In addition, the Board of Direc-

tors proposes that the Board of Directors is authorized to decide on accepting the company's own shares as pledge as follows:

The Board of Directors is authorized to decide on accepting the company's own shares as pledge (direct) regarding business acquisitions or when executing other business arrangements.

Accepting pledge may occur at once or in multiple transactions. The number of own shares to be accepted as pledge shall not exceed 2,000,000 shares. The authorization includes that the Board of Directors may decide on other terms concerning the pledge. The authorization is effective until the next Annual General Meeting, however, no longer than until April 30, 2019.

Board of directors & auditors

The Annual General Meeting on 27 March 2018 decided that The Board of Directors includes five members. Aarne Aktan, Eeva Grannenfelt, Kirsi Harra-Vauhkonen, Markku Pietilä and Mika Uotila were re-elected as Board members. In the Board meeting, held after the Annual General Meeting, Markku Pietilä was elected as the Chairman of the Board.

In addition Aarne Aktan, Markku Pietilä and Mika Uotila were appointed to the members of the Audit Committee. Mika Uotila acts as the Chairman of the Audit Committee.

KPMG Oy Ab, Authorized Public Accountants, was re-elected as Solteq's auditors. Lotta Nurminen, APA, acted as the chief auditor.

Events after the balance sheet date

Martti Nurminen started as a new CFO and a member of executive team in Solteq Group on 18 April 2018.

Risks & uncertainties

The key uncertainties and risks in short term are related to the management of changes in financing and balance sheet structures, the timing and pricing of business deals that are the basis for revenue, changes in the level of costs and the company's ability to manage extensive contract agreements and deliveries.

The key business risks and uncertainties of the company are monitored constantly as a part of the Board of Directors' and Executive team's duties. In addition, the Company has the Audit Committee appointed by the Board of Directors.

Financial reporting

This Financial Statements Bulletin has been prepared in accordance with the recognition and valuation principles of IFRS standards and using the same accounting policies as the Financial Statements 2017, in addition, from January 1, 2018 we have followed the changes to IFRS standards which have been approved by the EU. Solteq Group has taken into use the new IFRS 15 and IFRS 9 and applied the changes to IFRS 2 standards. The IFRS 15 standard is applied in full retroactively. The impact of the adjustments is presented in the chapter "Impact of the new and changed standards". In the interim review has not been followed all of the IAS 34 standard's requirements.

Beginning from 1 January 2017 Solteq Group has one reported segment, Software Services.

The most essential product and service types of the Solteq Group are software services, licenses and hardware sales.

The interim report is unaudited.

SOLTEQ

Financial information

Consolidated statement of comprehensive income (TEUR)

	1.1.- 31.3.2018	1.1.- 31.3.2017*	1.1.- 31.12.2017*
REVENUE	14 871	13 088	50 720
Other income	0	2	52
Materials and services	-2 112	-1 475	-6 276
Employee benefit expenses	-8 837	-8 326	-32 880
Depreciation and impairments	-619	-484	-2 076
Other expenses	-1 998	-2 627	-9 231
OPERATING RESULT	1 305	178	308
Financial income and expenses	-408	-456	-1 764
RESULT BEFORE TAXES	897	-277	-1 456
Income tax expenses	-239	-14	-58
RESULT FOR THE FINANCIAL PERIOD	658	-291	-1 514

Other comprehensive income to be reclassified to profit or loss in subsequent priods:

Translation difference	-68	16	14
Other comprehensive income, net of tax	-68	16	14
TOTAL COMPREHENSIVE INCOME	590	-275	-1 500
Total profit for the period attributable to owners of the parent	658	-291	-1 514
Total comprehensive income attributable to owners of the parent	590	-275	-1 500
Earnings/share, e (undiluted)	0,04	-0,02	-0,08
Earnings/share, e (diluted)	0,04	-0,02	-0,08

Taxes corresponding to the result have been presented as taxes for the period.

Consolidated balance sheet (TEUR)

	31.3.2018	31.3.2017*	31.12.2017*
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	2 137	2 239	2 220
Intangible assets			
Goodwill	39 952	33 520	36 912
Other intangible assets	6 573	3 882	5 227
Available-for-sale financial assets	465	560	556
Trade and other receivables	163	311	184
Total non-current assets	49 290	40 512	45 099
CURRENT ASSETS			
Inventories	146	49	149
Trade and other receivables	15 999	12 731	14 701
Cash and cash equivalents	2 071	5 731	1 552
Total current assets	18 216	18 511	16 402
TOTAL ASSETS	67 506	59 023	61 501
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	1 009	1 009	1 009
Share premium reserve	75	75	75
Reserve for own shares	0	-1 109	0
Distributable equity reserve	12 922	11 392	11 960
Retained earnings	8 021	8 648	7 477
Total equity	22 027	20 015	20 520
Non-current liabilities			
Deferred tax liabilities	1 238	796	987
Financial liabilities	25 347	25 462	25 170
Current liabilities	18 894	12 750	14 824
Total liabilities	45 479	39 008	40 981
TOTAL EQUITY AND LIABILITIES	67 506	59 023	61 501

Cash flow statement (TEUR)

	1-3/2018	1-3/2017*	1-12/2017*
Cash flow from business operations			
Result for the finacial period	658	-291	-1 514
Adjustments for operating profit	527	495	2 423
Changes in working capital	-1 275	-1 646	-1 216
Interest paid	-15	-6	-1 804
Interest received	11	12	40
Net cash from operating activities	-94	-1 436	-2 071
Cash flows from investing activities			
Acquisition of subsidiaries	-2 238	0	-2 395
Investments in tangible and intangible assets	-338	-167	-1 074
Net cash used in investing activities	-2 576	-167	-3 469
Cash flow in financing activities			
Long-term loans, decrease	0	-152	-554
Short-term loans, increase	3 371	0	0
Short-term loans, decrease	-25	0	0
Payment of finance lease liabilities	-157	-109	-618
Share issue to personnel	0	0	669
Dividend payment	0	-882	-882
Net cash used in financing activities	3 189	-1 143	-1 385
Changes in cash and cash equivalents	519	-2 746	-6 925
Cash and cash equivalents 1 Jan 2018	1 552	8 477	8 477
Cash and cash equivalents 31 Mar 2018	2 071	5 731	1 552

*The company has taken the IFRS 15 standard into use retroactively and the comparison figures for 2017 have been adjusted.

Statement of changes in group equity (TEUR)

A=Share capital

B=Share issue

C=Reserve for own shares

D=Share premium account

E=Translation differences

F=Invested unrestricted equity reserve

G=Retained earnings

H=Total

	A	B	C	D	E	F	G	H
EQUITY 1 Jan 2017	1 009	164	-1 109	75	-56	10 449	9 781	20 313
Impact of the implementation of IFRS 15							51	51
ADJUSTED EQUITY 1 Jan 2017	1 009	164	-1 109	75	-56	10 449	9 832	20 364
Total comprehensive income					16		-291	-275
Incentive scheme and option scheme							29	29
Company acquisitions with own shares						779		779
Share issue directed to the per- sonnel		-164				164		0
Dividend distribution							-882	-882
Transactions with owners	1 009	-164	0	0	0	943	-853	-74
EQUITY 31 March 2017	1 009	0	-1 109	75	-40	11 392	8 688	20 015
EQUITY 1 Jan 2018	1 009	0	0	75	-42	11 960	7 518	20 520
Impact of the implementation of IFRS 9							-16	-16
Change of IFRS 2- standard							-15	-15
ADJUSTED EQUITY 1 Jan 2018	1 009	0	0	75	-42	11 960	7 487	20 489
Result for the financial period							658	658
Other comprehensive income					-68			-68
Total comprehensive income					-68		658	590

Incentive scheme and option scheme							-14	-14
Directed issue to the owners of TM United A/S						962		962
Transactions with owners						962	-14	948
EQUITY 31 March 2018	1 009	0	0	75	-110	12 922	8 131	22 027

Total investments (TEUR)

	1-3/2018	1-3/2017	1-12/2017
Continuing operations,			
group total	-4 910	238	-6 051

Liabilities (MEUR)

	31.3.2018	31.3.2017	31.12.2017
Business mortgages	10,00	10,00	10,00
Other lease liabilities	0,25	0,10	0,25
Lease liabilities for premises	7,93	4,81	7,80

Related party transactions (TEUR)

	31.3.2018	31.3.2017	31.12.2017
Service sales	1	0	54
Renting arrangements	0	0	2
Purchases	0	35	48
Liabilities	0	0	2

Transactions with the insiders have been done at market price and are part of the company's normal software service business.

FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair values of the financial assets and liabilities are mainly the same as the book values both on 31 March 2018 and on 31 March 2017.
Hence they are not presented in table form in the bulletin.

Major shareholders 31 March 2018

	Shares and votes	
	kpl	%
1. Sentica Buyout III Ky	4 621 244	23,9
2. Profiz Business Solution Oy	2 022 031	10,5
3. Keskinäinen Työeläkevakuutusyhtiö Elo	2 000 000	10,4
4. Saadetdin Ali	1 400 000	7,3
5. Varma Keskinäinen Eläkevakuutusyhtiö	1 245 597	6,5
6. Aalto Seppo	671 882	3,5
7. Roininen Matti	427 000	2,2
8. Väätäinen Olli	400 000	2,1
9. Lamy Oy	225 000	1,2
10. Sentica Buyout III Co-Investment Ky	180 049	0,9
10 largest shareholders total	13 192 803	68,3%
Total of nominee registered	1 073 416	5,6 %
Others	5 040 308	26,1 %
Total	19 306 527	100,0%

Financial performance indicators (IFRS)

	1-3/2018	1-3/2017*	1-12/2017*
Net revenue MEUR	14,9	13,1	50,7
Change in net revenue	13,6%	-0,1%	-0,2%
Operating result MEUR	1,3	0,2	0,3
% of revenue	8,8%	1,4%	0,6%
Result before taxes MEUR	0,9	-0,3	-1,5
% of revenue	6,0%	-2,1%	-2,9%
Equity ratio, %	32,9%	34,2%	33,7%
Gearing, %	123,5%	99,2%	118,5%
Net investments in non-current assets MEUR	4,9	0,2	6,1
Return on equity, rolling 12mo, %	-2,7%	-0,3%	-7,4%
Return on investment, rolling 12mo, %	3,0%	4,0%	0,8%
Personnel at end of perioid	551	440	480
Personnel avarage of perioid	512	445	485
KEY INDICATORS PER SHARE			
Earnings / share, e	0,04	-0,02	-0,08
Earnings / share, e(diluted)	0,04	-0,02	-0,08
Equity / share, e	1,14	1,13	1,10

*The company has taken the IFRS 15 standard into use retroactively and the comparison figures for 2017 have been adjusted.

Alternative performance measures to be used by Solteq Group in financial reporting

The new guidelines of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APM) entered into force on 3 July 2016. In response to the new regulations, Solteq has revised its terminology related to financial key figures.

Solteq uses alternative performance measures to describe the company's underlying financial performance and to improve the comparability between reporting periods. The alternative performance measures should not be regarded as indicators that replace the financial key figures as defined in IFRS standards.

Solteq´s definition for the earlier term "excluding (or before) non-recurring items" is "adjusted". Operating profit (EBIT) excluding non-recurring items will be replaced by adjusted operating profit.

Other alternative performance measures used by Solteq Group are sales margin, EBITDA, equity ratio, gearing, return on equity, profit from invested equity and net debt. The calculation principles of these financial key figures are presented as part of this Interim Report. The performance measures presented as rolling 12 months include the total figures of the past four quarters.

The adjusted items and alternative performance measures in terms of the new terminology are the following:

Adjusted items:

Transactions that are not related to the regular business operations or valuation items that do not affect the cash flow but have an important impact on the income statement are adjusted as items that affect comparability. These non-recurring items may include the following:

- Significant restructuring arrangements and related financial items
- Impairments
- Items related to the sale or discontinuation of significant business operations
- Costs incurred by the re-organisation of operations
- Costs incurred by the integration of acquired business operations
- Non-recurring severance packages
- Fee items that are not based on cash flow
- Costs incurred by changes in legislation
- Fines and similar indemnities, damages and legal costs

Adjusted operating profit (EBIT):

By their contents, the definitions correspond to the financial key figures reported earlier as "excluding non-recurring items".

The reconciliations of the adjusted operating to operating profit are presented in the table below:

Adjusted operating profit

	Q1/18	Q4/17*	Q3/17*	Q2/17*	Q1/17*	1-12/2017
Adjusted operating profit (EBIT)	1 291	375	-115	830	1 011	2 101
Adjusted items:						
Incentive scheme and option scheme (IFRS 2)	-14	-79	39	49	29	38
Acquisition of subsidiaries	0	244	61	104	0	409
Transfer of AX business	0	0	0	25	0	25
Non-recurring severance packages	0	237	280	0	504	1 021
Reconciliation agreement	0	0	0	0	300	300
Adjustment items, total	-14	402	380	178	833	1 793
Operating profit (EBIT)	1 305	-27	-495	652	178	308

***The company has taken the IFRS 15 standard into use retroactively and the comparison figures for 2017 have been adjusted.**

Calculation of financial ratios

Solvency ratio, in percentage:

$$\frac{\text{equity}}{\text{balance sheet total} - \text{advances received}} \times 100$$

Gearing:

$$\frac{\text{interest bearing liabilities} - \text{cash, bank balances and securities}}{\text{equity}} \times 100$$

Return on Equity (ROE) in percentage:

$$\frac{\text{profit or loss before taxation} - \text{taxes}}{\text{equity}} \times 100$$

Profit from invested equity in percentage:

$$\frac{\text{profit or loss before taxation} + \text{interest expenses and financing expenses}}{\text{equity}} \times 100$$

Earnings per share:

$$\frac{\text{pre-tax result} - \text{taxes} +/- \text{minority interest}}{\text{diluted average share issue corrected number of shares}}$$

Diluted earnings per share

$$\frac{\text{diluted profit before taxation} - \text{taxes} +/- \text{minority interest}}{\text{diluted average share issue corrected number of shares}}$$

Equity per share:

$$\frac{\text{equity}}{\text{number of shares}}$$

Sales margin: Revenue – Materials and services

Operating margin: Operating result + Depreciation and impairments

Business combinations

Acquisitions in the review period

During the review period 1 Jan – 31 Mar 2018, one company acquisition was made.

TM United A/S

Solteq Plc purchased the entire share capital of TM United A/S on 15 January 2018. TM´s solutions are focused on digital transactions and the optimization of the online customer experience. TM United A/S has been consolidated to Solteq Group since 1 January 2018.

IMPACT OF THE ACQUIRED COMPANIES TO SOLTEQ GROUP

AGGREGATE FIGURES FOR THE ACQUISITION		**Acquisition**
Thousand EUR		Jan 15 2018
Preliminary consideration		
Paid in cash		3 479
Directed issue		962
Total		4 441
Provisional values of the assets and liabilities arising from the acquisition		
Tangible fixed assets		14
Intaglible assets, software products**		1 000
Intangible assets		68
Deferred tax assets		0
Available-for-sale financial assets		0
Inventories		6
Trade and other receivables		1 298
Cash and cash equivalents		1 241
Total assets		3 627
Trade payables and other liabilities		-2 242
Financial liabilites		-40
Total liabilities		-2 282
The goodwill value from the acquisition		3 096

Cash flow from the acquisition		
Consideration paid in cash in 2018		3 479
Cash and cash equivalents of the acquired companies		1 241
Total cash flow from the acquisition		2 238
Goodwill consists of assets that cannot be separated like synergy benefits, competent personnel, market share and entrance to new markets		

**** Depreciations of the intangible rights during the financial year 2018 are 31 thousand euros (software products)**		
Other expenses		245
Total expenses related to the acquisition		245

Impact on the Solteq Group's number of personnel		35

Impact on the Solteq Group's comprehensive income statement		1-3/2018
Revenue*		1 749
Operating profit*		92
***The amount of the revenue and the operating profit from acquisition date to the end of the reporting period. TM United is consolidated into to Solteq Group as of 1 January 2018.**		

Financial year 2017

During the financial year 1 Jan – 31 Dec 2017, two company acquisitions were made.

Analyteq Oy & inPulse Works Oy

Solteq acquired 51 percent of the shares of Analyteq Oy from Tuko Logistics Osk on 4 April 2017. The acquisition of Analyteq Oy deepens Solteq's knowledge on the core processes in commerce and analytics. Analyteq Oy has been consolidated to Solteq Group from the moment of acquisition onwards.

Solteq acquired 100 percent of the shares of inPulse Works Oy on 12 June 2017. With the acquisition, Solteq strengthens the knowledge of BI and analytics independently of the line of business. InPulse Works Oy has been consolidated to Solteq Group since 1 June 2017.

IMPACT OF THE ACQUIRED COMPANIES TO SOLTEQ GROUP

AGGREGATE FIGURES FOR THE ACQUISITION	Acquisition	
THOUSAND EUR		
Consideration		
Paid in cash	3 794	
Directed issue	1 031	
Total	4 825	
Provisional values of the assets and liabilities arising from the acquisition		
Tangible fixed assets	12	
Intangible assets, software products **	1 329	
Intangible assets	92	
Deferred tax assets	0	
Available-for-sale financial assets	0	
Inventories	0	
Trade and other receivables	1 016	
Cash and cash equivalents	909	
Total assets	3 358	
Trade payables and other liabilities	-1 558	

Loans	-372	
Total liabilities	-1 930	
Goodwill value from the acquisition	3 397	

Cash flow from the acquisition

Consideration paid in cash 2017	3 304	
Cash and cash equivalents of acquired company on the acquisition date	909	
Total cash flow from the acquisition	2 395	

Goodwill consists of assets that cannot be separated like synergy benefits, competent personnel, market share and entrance to new markets.

**** Depreciations of the intangible rights during the reporting period are 103 thousand euros (software products).**

Expenses related to the acquisition

Other expenses	92	
Total expenses relate to the acquisition	92	
Impact on the Solteq Group's number of personnel	79	
Impact on the Solteq Group's number of personnel		**4-12/2017**
Revenue*	3 153	
Operating profit*	269	

*** The amount of the revenue and the operating profit from acquisition date to the end of the reporting period. Analyteq Oy is consolidated into the Solteq Group as of 4 April 2017.**

inPulse Works Oy is consolidated into the Solteq Group as of 1 June 2017.

The revenue and operating profit of the acquired companies is not presented as the consolidation would have happened in the beginning of the financial year because it has not a significant effect on Solteq Group's figures in financial year 2017.

The impact of the new and changed standards

IFRS 2 Share based payments: change of standards (applicable from January 1, 2018)

Due to the change of standards, the Group's share reward arrangements are handled in full as share based payments, whereas they used to be handled as both share based and monetary based. When the change of standards was applied from January 1, 2018, the part which earlier was handled as debt is now booked to equity. The impact of this change of standards to the Group's equity at January 1, 2018 was 15 thousand euros.

IFRS 9 Financial instruments (applicable from January 1, 2018)

The standard requires an evaluation of the risk for bad debts for all receivables. Solteq applies the simplified method (allowed by the standard) for the evaluation of the risk for bad debts related to its accounts receivables. The expected amount of bad debts from the whole contract period is based on the materialized bad debts during the review period. The impact to the provision for bad debts as required by the change of standards to the Group's equity as per January 1, 2018 was 16 thousand euros.

IFRS 15 Revenue from customer contracts (applicable from January 1, 2018)

The pivotal concepts of IFRS 15 have been analyzed through different revenue streams. These are own licenses and their maintenance, 3rd party licenses and their maintenance, 3rd party hardware and equipment, media sales and service sales. The biggest impact to turnover is deriving from the 3rd party licenses and their maintenance, and media sales. This is because of the new principal vs agent guidance. For these, an evaluation has been made regarding what role Solteq Plc has towards its end customer. The impact of the change in in revenue recognition principle to the year 2017's turnover was -10,8 million euros, when a net principle for presenting the turnover is applied and as turnover is presented the agent fee (earlier turnover was presented as gross). In the enclosure for the 2017 annual closing, the impact is preliminarily -9,8 million euros. The change to the preliminary estimate is due to the qualification of the handling of the sales revenue of the subsidiaries. No material impact was seen in the Group's operating profit or equity from applying the new standard. Solteq Plc has taken totally the standard into use retroactively. The numbers for the financial year 2017 and Q1 2017 adjusted with the new standard are presented enclosed.

Consolidated statement of comprehensive income

(TEUR)	Reported value		Adjusted value	Reported value		Adjusted value
	1.1.-	IFRS15	1.1.-	1.1.-	IFRS15	1.1.-
	31.3.2017		31.3.2017	31.12.2017		31.12.2017
REVENUE	15 404	-2 316	13 088	61 536	-10 816	50 720
Other income	2		2	52		52
Materials and services	-3 780	2 305	-1 475	-17 079	10 803	-6 276
Employee benefit expenses	-8 326		-8 326	-32 880		-32 880
Depreciation and impairments	-484		-484	-2 076		-2 076
Other expenses	-2 627		-2 627	-9 231		-9 231
OPERATING RESULT	190	-11	178	321	-13	308
Financial income and expenses	-456		-456	-1 765		-1 764
RESULT BEFORE TAXES	-266	-11	-277	-1 443	-13	-1 456
Income tax expenses	-14		-14	-58		-58
RESULT FOR THE FINANCIAL PERIOD	-280	-11	-291	-1 501	-13	-1 514
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PRIODS:						
Translation difference	16		16	14		14
Other comprehensive income, net of tax	16		16	14		14
TOTAL COMPREHENSIVE IN-COME	-264	-11	-275	-1 487	-13	-1 500
Total profit for the period attribut-able to owners of the parent	-280	-11	-291	-1 501	-13	-1 514
Total comprehensive income at-tributable to owners of the parent	-264	-11	-275	-1 487	-13	-1 500
Earnings/share, e(undiluted)	-0,02		-0,02	-0,08		-0,08
Earnings/share, e(diluted)	-0,02		-0,02	-0,08		-0,08

Taxes corresponding to the result have been presented as taxes for the period.

Consolidated balance sheet (TEUR)

	Reported value 31.3.2017		Adjusted value 31.3.2017	Reported value 31.12.2017		Adjusted value 31.12.2017
		IFRS15			IFRS15	
ASSETS						
NON-CURRENT ASSETS						
Tangible assets	2 239		2 239	2 220		2 220
Intangible assets						
Goodwill	33 520		33 520	36 912		36 912
Other intangible assets	3 882		3 882	5 227		5 227
Available-for-sale financial assets	560		560	556		556
Trade and other receivables	311		311	184		184
Total non-current assets	40 512		40 512	45 099		45 099
CURRENT ASSETS						
Inventories	49		49	149		149
Trade and other receivables	12 690	40	12 731	14 663	38	14 701
Cash and cash equivalents	5 731		5 731	1 552		1 552
Total current assets	18 470	40	18 511	16 364	38	16 402
TOTAL ASSETS	58 982	40	59 023	61 463	38	61 501
EQUITY AND LIABILITIES						
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT						
Share capital	1 009		1 009	1 009		1 009
Share premium reserve	75		75	75		75
Reserve for own shares	-1 109		-1 109	0		0
Distributable equity reserve	11 392		11 392	11 960		11 960
Retained earnings	8 608	41	8 649	7 439	38	7 477
Total equity	19 975	41	20 016	20 482	38	20 520
Non-current liabilities						
Deferred tax liabilities	796		796	987		987
Financial liabilities	25 462		25 462	25 170		25 170
Current liabilities	12 749		12 749	14 824		14 824
Total liabilities	39 007		39 007	40 981		40 981
TOTAL EQUITY AND LIABILITIES	58 982	41	59 023	61 463	38	61 501

Financial reporting

Solteq Plc's financial information bulletins in 2018 have been scheduled as follow:

- Interim Report 1-6/2018 Friday August 10, 2018 at 8.00 am
- Interim Report 1-9/2018 Thursday October 25, 2018 at 8.00 am

More investor information is available on Solteq's website at investors.solteq.com/en.

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