SOLTEQ

2017
Annual Report

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Solteq in brief

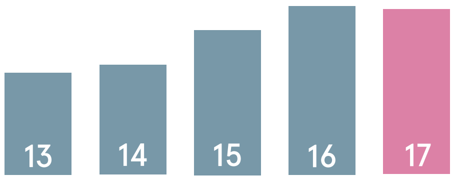
Solteq is a Nordic industry-independent IT provider and software house that specialises in digital business solutions. Our mission is to simplify the digital world to make a better tomorrow. We are a partner who knows what it takes to win in digital disruption, regardless of our customer's industry.

In 2018 our over 550 experts, who work in five countries, develop and implement solutions for clients mainly in the Nordic countries.

Revenue

61,5 MEUR

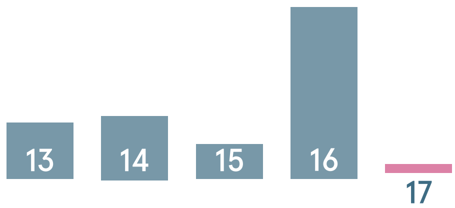
(63,0 MEUR 2016)



Operating profit

322 TEUR

(6 444 TEUR 2016)



Adjusted operating profit

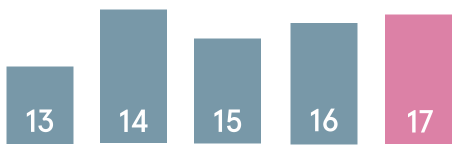
2 115 TEUR

(3 114 TEUR 2016)

Number of personnel

485

(454 2016)



Solteq's Year 2017

The year 2017 was a year of expansion, expedited particularly by acquisitions and the strengthening of the digital transformation in new industries.

In 2017, we redefined our strategy to position ourselves as a Nordic industry-independent IT provider and software house that specialises in digital business solutions. There were also changes in our management, with a new CEO coming in and some members of the Executive Team changing.

We have stated trying to increase the share of revenue generated by cloud services and other continuity services in our solution offering. We also focused on the development of our own software products and services.

We expanded our operations both geographically and in terms of the industries served. Through ***acquisitions***, we expanded into the Utilities industry, deepened our analytics expertise and strengthened our position in the Nordics.

Solteq's revenue in 2017 totalled 61,5 million euros (63,0 million euros).

Highlights of the year 2017:

December:
- Expanding to Denmark and Norway
- Agreement to acquire Theilgaard Mortensen

June:
- Acquisition of inPulse Works Ltd

April:
- New CEO and Executive Team
- Strategy adjustment and the decision to expand into new industries
- Acquisition of Analyteq Ltd

	2017	2016	Change %
Revenue, TEUR	61,536	63,049	-2.4%
Operating profit, TEUR	322	6,444	-95.0%
Adjusted operating profit, TEUR	2,115	3,114	-32.1%
Result for the financial year, TEUR	-1,501	4,612	-132.5%
Earnings per share, EUR	-0.08	0.26	-130.8%
Operating profit %	0.5%	10.2%	
Adjusted operating profit %	3.4%	4.9%	
Equity ratio %	33.7%	33.5%	
Number of personnel, average	485	454	6.8%

CEO's review

Growth for the future through internationalisation

During the past year, we have grown to become a Nordic industry-independent IT provider and software house that specialises in digital business solutions. Our mission is to simplify the digital world to make a better tomorrow.

The review period was challenging. We balanced our business operations by reorganising and cost reduction. These actions will have a positive impact for the outcome of the upcoming financial years. The outcomes of the previous quarters were burdened by the maintenance of the certain large scale projects, investing in our business operations in Sweden as well as increased subcontracting. Despite the challenging year, we succeeded in expanding our operations by acquisitions. We estimate that one fifth of our revenue will come from outside Finland in 2018.

In addition to organic growth, acquisitions have played a significant role in our internationalisation. We completed the integration of our Swedish subsidiary, Aponsa AB, in an operative sense by combining our previous Swedish operations to create a single entity.

We took a significant step on our path of Nordic growth in the final quarter of 2017 by agreeing to acquire the entire share capital of TM United A/S. The acquisition saw us expand our operations into the Danish and Norwegian markets. TM's solutions are focused on digital transactions and the optimisation of the online customer experience. In addition to supporting our international growth, the acquisition complements our product offering with a new component that is an excellent fit with our strategy: the Deep Vision cloud service, which facilitates the development of online services driven by the customer experience.

We have stated trying to increase the share of revenue generated by cloud services and other continuity services in our solution offering. Revenue from cloud services is expected to see significant growth in the coming years. We are also focusing on the development of our own software products and services. The share of revenue represented by continuous services will be reported separately starting from the beginning of the year. We estimate that this will account over one fourth of our revenue this year. We are especially active in areas that enable us to incorporate artificial intelligence and robotics into our products and services. In 2017, our product development investments amounted to 333 thousand euros, centering around the last half of the year.

Our operations are based on the expertise and competencies of Solteqians. Early in the year, we announced our aim of recruiting 100 new professionals during 2017. We achieved this target.

I am confident that we will improve our profitability significantly in 2018. Our business outlook for the early part of the year is strong and the full effect of the cost reduction measures we implemented in 2017 will be seen this year.

Olli Väätäinen, CEO

Competitive advantage ensured by in-depth customer and technology insight

As the digital transformation picks up speed, the demand for digital services is increasing across all industries and customer expectations are growing.

The significance of optimising digital customer engagement and ensuring a convenient user experience is constantly increasing across all industries. Recognising this, we decided to specify our strategy and expand our business environment during the review period. We are a Nordic industry-independent IT provider and software house that specialises in digital business solutions.

Through ***acquisitions*** made in 2017, we expanded our operations into the Utilities sector (electricity, heating and water), which is undergoing a rapid digital transformation, as well as strengthened our market position in the Nordics.

The market is prepared to pay for a good user experience

The accelerating digital revolution has expanded not only our business area but also the markets. Solutions related to digital services are now offered by a variety of providers in addition to traditional IT companies, including agencies specialising in design, marketing and service design.

As the range of services available in the market becomes broader, customer requirements and expectations increase. Digital services are an integral element of efficiency in daily life, and their benefits are now understood better than before. The market is prepared to pay for a good user experience and innovative solutions.

For Solteq, this creates significant opportunities for leveraging our in-depth understanding of customers and technologies as well as our insight into the future. Few operators have the ability to provide the comprehensive service offering that Solteq possesses. Having further strengthened our expertise and introduced new tools last year, we now have the capacity to help our customers provide superior services.

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Customers' happiness: your greatest opportunity for digitalisation

Customers and employees determine your online B2B store's success

Business disruption and the difficulty of unlearning old ways

The second tsunami of digitalisation will hit your company's engine room

Olli Väätäinen: Are your online services designed for your customers – or for you? Double your online business by simplifying!

Opportunities of our business is riding the wave of the digital revolution

Our 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 recognise the need for optimised digital customer engagement solutions.

In 2017, we established a strong foothold in the Utilities sector (electricity, heating and water), where the digital transformation of the industry is dramatically changing the business environment. We also developed deeper expertise in analytics and future technologies to provide even better support for our customers' business operations.

Acquisitions and divestments

Our expansion into the Utilities sector was executed by acquiring inPulse Works Ltd. The acquisition enables us to offer services that address the changing needs of electricity, district heating and water utilities. The acquisition also helped us deepen our expertise in business intelligence and analytics. We also invested in analytics earlier in the review period by acquiring a majority stake in Analyteq Ltd.

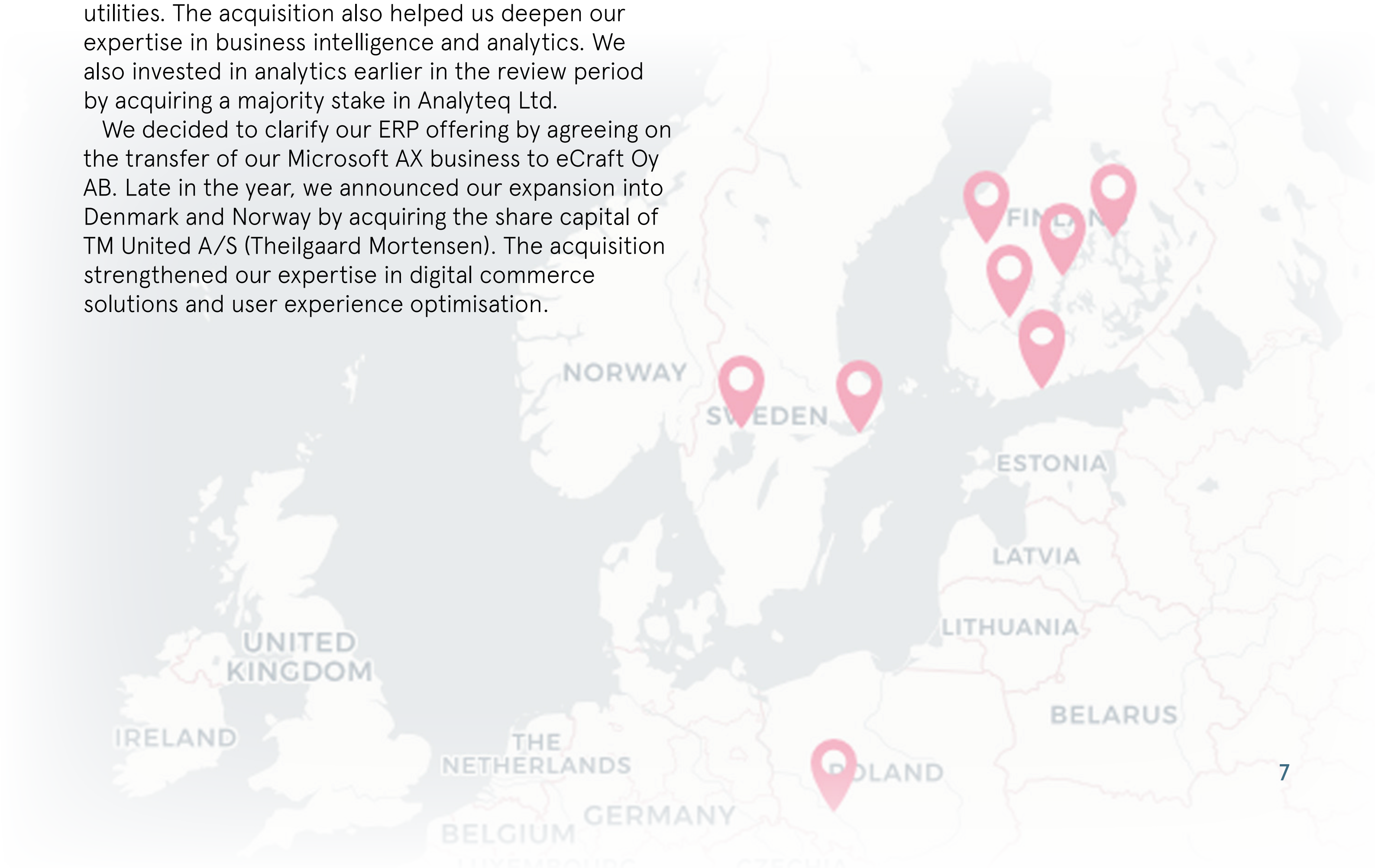
We decided to clarify our ERP offering by agreeing on the transfer of our Microsoft AX business to eCraft Oy AB. Late in the year, we announced our expansion into Denmark and Norway by acquiring the share capital of TM United A/S (Theilgaard Mortensen). The acquisition strengthened our expertise in digital commerce solutions and user experience optimisation.

Our expansion into Denmark and Norway made our business environment more broadly Nordic and doubled our international revenue to twenty per cent.

Development of the service offering

As the digital transformation picks up speed, we want to be among the firsts to take advantage of emerging technologies. We established the Incubator business unit to develop and commercialise the opportunities presented by new technologies.

We are especially active in incorporating artificial intelligence, machine learning and robotics into our products and services.



ACQUISITIONS 2017

Analyteq Ltd

5.4.2017

In spring 2017, Solteq agreed to acquire 51 per cent of Analytec Ltd, a new company into which Tuko Logistics Osk had corporatised their business focused on store and stock replenishment services. After the deal, Tuko Logistics holds 49 per cent of Analytec. Analyteq specialises in producing a stock replenishment service based on demand forecasting and an analytics service based on supply chain management.

Read more >>

inPulse Works Ltd

12.6.2017

In June 2017, Solteq acquired inPulse Works Ltd. The acquisition enabled Solteq to offer services that meet the varying needs of electricity, district heating and water companies. The acquisition also strengthened Solteq's current BI and analytics expertise. The acquisition was in line with Solteq's strategy revision stating that Solteq will expand its operations to sectors in which digital disruption is shaking the foundations.

Read more >>

TM United A/S

1.12.2017

In December 2017, Solteq agreed to acquire the entire share capital of TM United A/S. The acquisition allowed Solteq to expand to the Danish market and open an office in Norway. TM's solutions are focused on digital transactions and the optimisation of the online customer experience. The acquisition was completed in January 2018. Solteq estimated that after the acquisition about one fifth of the company's annual net revenue comes outside Finland.

Read more >>

We deliver tomorrow's solutions today

We are a partner who knows what it takes to win in digital disruption, regardless of our customer's industry.

3 good reasons to invest in Solteq

1. *We have a broad-based understanding of the impacts of the digital revolution and we know how to turn them into our customer's advantage.*

We have invested substantial resources in new digital services, the market for which is estimated by Inderes to grow at an annual rate exceeding 20 per cent. Powered by more than 550 experts in five countries, we leverage our broad industry experience and high-level technological competence to create winning solutions for our customers.

2. *A large proportion of our revenue streams come from continuous services.*

SaaS and cloud services are crucial forms of our operations and will be an important engine of our future growth.

3. *Competence and improvement are at the centre of our business.*

Competence, the continuous improvement of our solution offering and innovation are Solteqians core values. This is how we ensure our ability to deliver tomorrow's solutions today.

We want to simplify the digital world to make a better tomorrow

Solteq is a Nordic industry-independent IT provider and software house that specialises in digital business solutions.

According to the strategy specification made in 2017, we are a Nordic industry-independent IT provider and software house that specialises in digital business solutions. Our mission is to simplify the digital world to make a better tomorrow.

We are a full-service IT provider and software house. Our services cover all aspects of our customers' operations, from digital business development consulting and service design to implementation and maintenance. A large proportion of our revenue streams come from continous services. SaaS and cloud services are crucial forms of our operations.

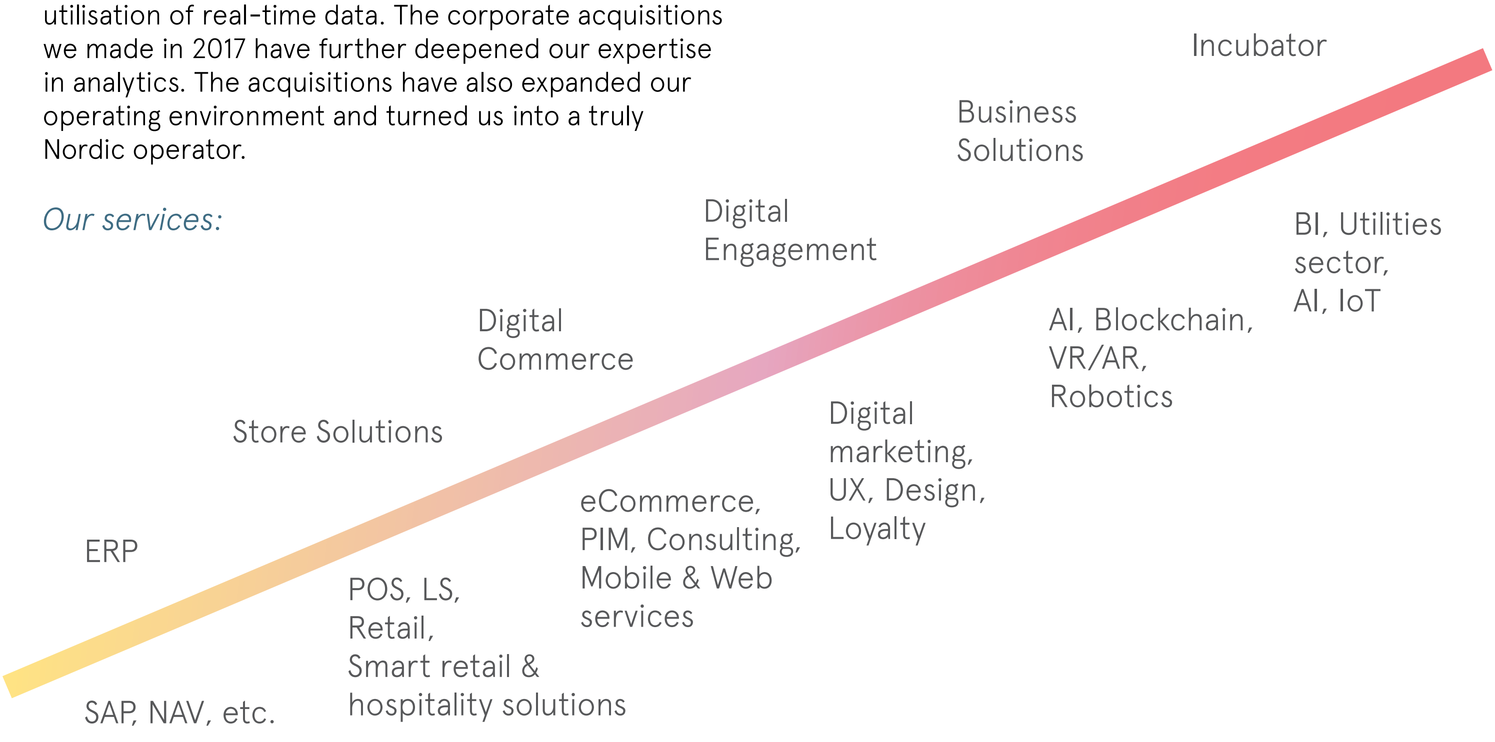
Our service offering is characterised by the combination of extensive experience and deep customer and industry insight. We want to make everyday digital services as easy and convenient to use as possible. We have solid business expertise in the retail and wholesale trade, logistics, the hospitality sector, the manufacturing industry and the energy sector.

We strengthen our customers' competitive edge and decision-making through extensive analysis and utilisation of real-time data. The corporate acquisitions we made in 2017 have further deepened our expertise in analytics. The acquisitions have also expanded our operating environment and turned us into a truly Nordic operator.

In the spring, we acquired a majority of Analyteq Ltd, a company specialising in inventory replenishment and analytics services, and we also acquired inPulse Works Ltd, a company operating in the Utilities (electricity, heating and water) sector that is undergoing a rapid digital transformation.

Towards the end of the year, we announced that we will expand into Denmark and Norway through acquiring the entire share capital of TM United A/S (Theilgaard Mortensen). As part of the transaction, we acquired the new **Deep Vision service** that provides unprecedented and refined data to drive the optimisation of the user experience in online services. With services like Deep Vision, we create the best possible user experiences for our customers.

Our services:



Solteq's success stories in 2017

Ruohon-juuri

Solteq Plc provided LS Nav store solution to Ruohonjuuri's store in Stockholm as well as back end system for the Sweden's country organisation. At the beginning of 2018, Solteq has also been responsible of Ruohonjuuri's sales and back end systems in Finland. **Read more >>**

Fingrid

Fingrid Datahub Plc, owned by Fingrid Ltd, chose Solteq's subsidiary inPulse Works Ltd to deliver the implementation of Finland's datahub's conversion information service and its support service.

Karhu-voima

Solteq's subsidiary inPulse Works Ltd and the service company Karhu Voima, owned by Kotka Energia and Hamina Energia, have signed a contract on delivering the inWorks customer management and invoicing solution as well as the diverse digital services and information storage solution.

ASSA ABLOY

ASSA ABLOY, the global leader in door opening solutions chose to let Solteq lead the entire rollout project, including implementation, technical development and systems integration, licenses, systems administration, support and training. **Read more >>**

Inion

Solteq Plc and Inion Ltd have signed a contract on delivering the SAP S/4HANA enterprise resource planning system. The system is better in line with the current and future challenges of the business.

Moventas

Solteq Plc implemented Moventas's integration service as a whole. The integration included for example Moventas's finance and enterprise resource planning systems, information storage and lifecycle management systems as well as customer and partner databases.

Elkjøp

Elkjøp had a vision to be the most customer centric retailer, and in order to do that, the company needed a deeper knowledge of their customers' online behavior. With Solteq's Deep Vision Elkjøp has access to real time data on the web shops's customer behaviour. **Read more >>**

Solteq – an organisation of highly skilled professionals and humble listeners

We are an insightful and dedicated team of experts. We are passionate and humble listeners, driven by the desire for the best customer understanding.

Comprehensive digital services are not based on technology alone. Expertise is created in people and by people. The passion and insight of Solteq's professionals, combined with their willingness to listen, is key to solving the challenges of our customers' business operations.

To ensure our capacity for continued growth, we recruited more than 100 new Solteqians in 2017. Some of the new recruits are experienced digital professionals, while others are what we like to call junior diamonds. As our company evolves, we have sought new kinds of expertise and recruited employees with various backgrounds and networks.

We invest heavily in developing the competence of our personnel. We want Solteqians to have the competence and insight that gives us the edge over our competitors. Competence development is based on traditional training as well as learner-driven learning. Our increasingly international business offers new career paths and opportunities for developing and maintaining professional competencies. We encourage our employees to get involved in international projects and expand their skills into new areas.

Ensuring employee wellbeing is important to us. We improve the wellbeing of our employees by supporting various forms of physical exercise, among other things. We also recognise the significant role the work community plays in employee wellbeing. We want our people to have fun at work! We keep track of the wellbeing of Solteqians by measuring employee satisfaction three times a year. One of the key indicators in the surveys is the employee promoter score, which showed an upward trend throughout 2017.

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A steady job after two years of IT studies – Markus' job search tips

Even a super robot needs human help in the workplace

Responsibility is seen in our choices and actions

We are a respected and responsible company. We make good choices as a member of society and take good care of each other.

Responsibility is built in everyday work through the choices and actions of our personnel, guided and supported by the company. All Solteqians are committed to complying with our business principles in their daily work. We want to act with integrity and make good choices, and we expect the same from our partners.

As people and wellbeing are especially important to us, social responsibility is given a high priority in Solteq's day-to-day operations. We care for each other's wellbeing and continuously develop our workplace to make it better.

We provide good working conditions and flexible operating methods to help everyone at Solteq achieve the right balance in their lives. For example, our employees can take advantage of the services of wellbeing coaches at our largest sites. The work of an expert is full of challenges, sitting at the computer and hectic moments. As the years go by at work, a lot can happen in other areas of our lives as well.

In 2017, we achieved a lot in the area of responsibility. Getting together to ride bicycles for a charity campaign to benefit children from low-income families allowed us to get to know each other in a new way. We also gave children the chance to spend time with a real robot when we visited a primary school with our robot, Rob Ottinen. Besides giving children a fun opportunity to meet a robot, the visit also had a more significant purpose: inspiring the children to one day join the IT industry and also give them a sense of what working life in the future will be like, working alongside robots.

We also did many more routine things to promote responsibility. In 2017, we initiated measures aimed at implementing systematic responsibility training for our personnel.

These principles are the building blocks of a sustainable future. By working together, we can share good things with each other and with those around us. Small streams make a big river.

Read more > >

The value of a well-being strategy becomes visible on Tuesday

Solteq's
Code of conduct

SOLTEQ

2017

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BUSINESS ENVIRONMENT AND BUSINESS DEVELOPMENT

Competitive advantage ensured by in-depth customer and technology insight

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New strategy and acquisitions

During the past year, we have grown to become a Nordic industry-independent operator that specialises in digital business solutions. Our mission is to simplify the digital world to make a better tomorrow.

We have stated trying to increase the share of revenue generated by cloud services and other continuity services in our solution offering. Revenue from cloud services is expected to see significant growth in the coming years. We are also focusing on the development of our own software products and services.

Our growth into a Nordic industry-independent operator that specialises in digital business solutions was accelerated by corporate restructuring carried out during the financial year.

In the beginning of the year, we enhanced our expertise in core commercial processes and analytics by acquiring 51 per cent of Analyteq Oy from Tuko Logistics Osk. Analyteq Oy is specialised in producing product replenishment services based on demand forecasting and an analytics service based on supply chain management for shops. With the acquisition, the number of analytics professionals on our team grew by 19 people. The transaction was carried out on 4 April 2017. Analyteq Oy's impact on the revenue for the financial year was EUR 1.5 million, and its impact on operating profit was EUR 0.3 million.

Our industry-independent BI and analytics expertise was strengthened on 12 June 2017, when we acquired inPulse Works Oy. With the acquisition of inPulse Works Oy, we also expanded our operations into the rapidly digitalising Utilities sector. The acquisition of inPulse Works Oy increased the number of experts on our team by 60 people. inPulse Works Oy has an impact on revenue for the review period was EUR 3.1 million and on operating profit EUR +0.3 million.

We concluded a cooperation agreement with eCraft Oy Ab, in which our Microsoft AX business and its customers and personnel were transferred to eCraft Oy Ab. The agreement and transaction clarified our ERP offering.

We took a significant step on our path of Nordic growth in the final quarter of 2017 by agreeing to purchase the entire share capital of TM United A/S. The transaction was carried out on 15 January 2018.

PROFIT GUIDANCE 2018

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

REVENUE AND RESULT

Revenue decreased by 2.4 percent compared to the previous year and totalled 61,536 thousand euros (previous financial year 63,049 thousand euros).

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

The operating result for the financial year was 322 thousand euros (6,444 thousand euros). The adjusted operating result was 2,115 thousand euros (3,114 thousand euros).

Result before taxes was -1,443 thousand euros (4,731 thousand euros) and result for the financial year was -1,501 thousand euros (4,612 thousand euros).

Alternative performance measures to be used by Solteq in financial reporting

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

Solteq's other alternative performance measures will be sales margin, 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 financial statement.

Adjusted items to the operating profit:

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 reorganisation 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):

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

	Q4/17	Q3/17	Q2/17	Q1/17	1-12/17	Q4/16	Q3/16	Q2/16	Q1/16	1-12/16
Adjusted operating profit										
Adjusted operating profit (EBIT)	**381**	**-116**	**827**	**1 023**	**2 115**	**905**	**603**	**874**	**732**	**3 114**
Adjusted items:										
Divestment of MainIoT Software Oy	0	0	0	0	0	0	0	58	-4 187	-4 129
Incentive scheme and option scheme (IFRS 2)	-79	39	49	29	38	93	93	0	0	186
Impairments	0	0	0	0	0	57	0	0	0	57
Discontinued company acquisition	0	0	0	0	0	0	503	0	0	503
Acquisition of subsidiaries	244	61	104	0	409	53	0	0	0	53
Transfer of AX business	0	0	25	0	25	0	0	0	0	0
Non-recurring severance packages	237	280	0	504	1 021	0	0	0	0	0
Reconciliation agreement	0	0	0	300	300	0	0	0	0	0
Adjustment items, total	402	380	178	833	1 793	203	596	58	-4 187	-3 330
Operating profit (EBIT)	**-21**	**-496**	**649**	**190**	**322**	**702**	**7**	**816**	**4 919**	**6 444**

BALANCE SHEET AND FINANCE

The total assets amounted to 61,463 thousand euros (61,232 thousand euros). Liquid assets totaled 1,552 thousand euros (8,477 thousand euros). In addition to liquid assets, the company has unused bank account limits amounting to a total of 2,000 thousand euros in the end of the financial year and in addition the company has an unused standby credit limit amounting to a total of 4,000 thousand euros.

During the financial year, there was more working capital tied up than a normal year. The company has initiated actions for increasing the working capital turnover. The actions taken have had a satisfactory impact and they will be continued during the financial year 2018.
The Group's interest-bearing liabilities were 25,860 thousand euros (25,752 thousand euros). Solteq Group's equity ratio was 33.7 percent (33.5 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 AND DEVELOPMENT

The net investments during the financial year are -6,051 thousand euros (+208 thousand euros). -1,716 thousand euros of the net investments of the financial year are replacement investments and -4,335 thousand euros related to the company acquisitions. -1.696 thousand euros of the net investments of the reference year were mainly replacement investments. -1,381 thousand euros were related to the company acquisitions and +3,285 thousand euros to the divestment of a subsidiary.
Research and development
Solteq's research and development costs consist mainly of personnel costs. During the review year the company has started further development of the existing software products and the development of new software services.
During the financial year 333 thousand euros development costs were capitalized (none in the reference year).

PERSONNEL

The number of permanent employees at the end of the financial year was 480 (441). Personnel of the subsidiaries acquired during the financial year was 79 people at the time of acquisition and personnel of the sold business was 11 at the time of transaction. MainIoT Software Oy, sold during the comparison year, was 41 people at the time of transaction. Personnel of the subsidiaries acquired during the financial year 2016 was 28 people at the time of acquisition.

Key figures for Group's personnel:

	2017	2016	2015
Average number of the personnel during the financial year	485	454	391
Employee benefit expenses (1 000 €)	26 610	24 756	21 484

RELATED PARTY TRANSACTIONS

Solteq's related parties include the board of directors, managing director and the management team. Related party actions and the euro amounts are presented in attachment 28.

SHARES, SHAREHOLDERS AND TREASURY SHARES

Solteq Plc's equity on 31 December 2017 was 1,009,154.00 euros which was represented by 18,677,597 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 its treasury shares in the end of the financial year 2017.

On 5 December 2016, Solteq Plc announced a share issue directed to personnel. The shares subscribed and paid in the share issue were presented in the share issue account on the previous financial statement. The costs related to the issue were also booked to that account. The Board of Directors of Solteq Plc accepted the subscription of 205,576 new shares on 25 January 2017. The new shares were entered into the Finnish Trade Register and applied for public trading on 24 February 2017. The number of the company's shares increased to 18,003,635 shares. The new shares represent 1.14 percentage of the shares and votes of the Company. The payments of subscriptions were fully credited to the reserve for the company's invested unrestricted equity.

Directed share issues related to the acquisitions of Aponsa Ab and Pardco Group Oy and the related transfers of shares, in which a total number of 461,348 shares were subscribed, were executed in the review period on 10 March 2017. According to the terms and conditions of the directed share issues the subscription prices are fully credited to the reserve for the company's invested unrestricted equity. The number of company's shares did not increase because the share issues were carried out with the Company's own shares.

On 21 April 2017, Solteq Plc's Board of Directors directed a share issue of 400,000 shares to the company's CEO Olli Väätäinen. Väätäinen subscribed the directed share issue in full. In addition, the Board of Directors decided to cancel all treasury shares held by the company, totaling to 339,533 shares. The new shares and the cancellation of the treasury shares were registered into the Finnish Trade Register on 22 May 2017. The new shares were publicly traded as of 22 May 2017 as well. After the changes, the total number of the company's shares was 18,064,102. The payments of subscriptions were fully credited to the reserve for the company's invested unrestricted equity.

As a part of the company acquisition Solteq Plc directed a share issue, totaling to 613,495 shares, to the shareholders of inPulse Works Oy on 12 June 2017. The total number of shares subscribed was 613,495. The new shares were registered into the Finnish Trade Register on 3 July 2017 and they were publicly traded as of 3 July 2017 as well. After the changes, the total number of the company's shares is 18,677,597. The new shares represent in total 3.3 percent of the shares and votes in Solteq Plc. The payments of subscriptions were fully credited to the reserve for the company's invested unrestricted equity.

Two flagging announcements were made during the financial year. According to the notification of major shareholding received on 16 March 2017, Profiz Business Solution Oy's holdings and proportion of voting rights of Solteq Plc decreased under the 10 percent threshold on 24 February 2017, when the new shares approved in the Solteq Plc share issue directed to the personnel were entered into the Finnish Trade Register. Profiz Business Solution Oy held 1,781,790 shares in Solteq Plc, which represented 9.90 percent of all of the company's shares and votes after entering the new shares to the Finnish Trade Register (10.01 percent before).

According to the notification of major shareholding received on 21 April 2017, Profiz Business Solution Oy's holdings and proportion of voting rights of Solteq Plc increased over the 10 percent threshold on 20 April 2017 due to acquisition of shares. Profiz Business Solution Oy holds 1,808,221 shares in Solteq Plc, which represented 10.04 percent of all of the company's shares and votes (9.90 percent before).

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

During the financial year 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.

On 4 April 2017 Solteq Plc announced that a total of 25,000 shares held by the company were transferred to persons included in the share-based incentive scheme of the financial years 2016–2018 in the earning period 2016.

Exchange and rate

During the financial year, the exchange of Solteq's shares in the Helsinki Stock Exchange was 1.7 million shares (1.7 million shares) and 2.7 million euros (2.9 million euros). The highest rate during the financial year was 1.76 euros and lowest rate 1.44 euros. The weighted average rate of the share was 1.64 euros and end rate 1.52 euros. The market value of the company's shares in the end of the financial year totalled 28.4 million euros (28.5 million euros).

Ownership

In the end of the financial year, Solteq had a total of 2,281 shareholders (1,984 shareholders). Solteq's 10 largest shareholders owned 13,119 thousand shares i.e. they owned 70.2 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 December 2017 (15 thousand shares on 31 December 2016).

ANNUAL GENERAL MEETING

Solteq's Annual General Meeting on 17 March 2017 approved the financial statement for period 1.1. – 31.12.2016 and discharged the CEO and the Board of Directors from liability.

The Board of Directors' proposal of to the General Meeting that a dividend of EUR 0.05 per share will be paid from the financial year ended on 31 December 2016 was accepted. Dividend was paid out on 28 March 2017 to the shareholders who at the date of the reconciliation of dividend pay-out, 21 March 2017, were in the directory of shareholders. The directory of shareholders is administered by Euroclear Finland Oy.

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 5,000,000. 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, e.g. to improve the capital structure, to finance and execute business acquisitions and other business improvement arrangements or to be 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 2018.

BOARD OF DIRECTORS AND AUDITORS

The Annual General Meeting on 17 March 2017 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 FINANCIAL YEAR

The board of the company has on 15 January 2018 decided on a share emission of 628,930 shares on terms of contribution in kind to Theilgaard Mortensen Holding ApS in connection to the acquisition of the shares of TM Holding A/S.

Chief Financial Officer Antti Kärkkäinen has on 6 February 2018 announced his resignation from the company by 30 April 2018. The company has taken an action for hiring a new Chief Financial Officer.

RISKS AND 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 management team's duties. In addition, the Company has the Audit Committee appointed by the Board of Directors.

PROPOSAL OF THE BOARD OF DIRECTORS ON THE DISPOSAL OF PROFIT FOR THE FINANCIAL YEAR

At the end of the financial year 2017, the distributable equity of the Group's parent company is 19,500,629,76 euros.

Solteq Plc's Board of Directors proposes to the Annual General Meeting that for the financial year 2017, no dividend will be paid out.

The Board of Directors is of the opinion that there are no financial prerequisites for dividend pay-outs, or other kind of distribution of funds. According the terms and conditions of the company debenture stock, distribution of funds would lead to expiration of the credit.

No essential changes have taken place in the company's financial situation after the end of the financial year.

CORPORATE GOVERNANCE STATEMENT

Documentation on administration and governance structure is given as a separate report attached to the annual report.

FIVE YEAR FIGURES

	FINANCIAL YEAR 1 Jan 2017 - 31 Dec 2017				
KEY FIGURES OUTLINING THE GROUPS FINANCIAL DEVELOPMENT (MILLION EUR)	**2017**	**2016**	**2015**	**2014**	**2013**
Revenue	61,5	63,1	54,2	40,9	38,1
Increase in revenue	-2,4 %	16,3 %	32,5 %	7,4 %	-2,3 %
Operating profit/-loss	0,3	6,4	1,3	2,5	2,1
% of revenue	0,5 %	10,2 %	2,4 %	6,1 %	5,6 %
Profit/loss before taxes	-1,4	4,7	0,3	2,3	1,9
% of revenue	-2,3 %	7,5 %	0,6 %	5,7 %	5,1 %
Return on equity, %	-7,4 %	25,8 %	0,8 %	16,8 %	15,5 %
Return on investment, %	0,8 %	14,8 %	4,5 %	15,5 %	13,2 %
Equity ratio, %	33,7 %	33,5 %	24,4 %	48,0 %	43,5 %
Net investments in non-current assets	6,1	-0,2	23,3	1,0	1,0
% of revenue	9,8 %	0,3 %	42,9 %	2,3 %	2,5 %
Research and development costs	1,8	0,8	0,9	1,1	0,9
% of revenue	3,0 %	1,3 %	1,7 %	2,7 %	2,4 %
Net Gearing	118,7 %	85,0 %	167,4 %	16,3 %	29,4 %
Average number of employees over the financial pei	485	454	391	281	287

	FINANCIAL YEAR 1 Jan 2017 - 31 Dec 2017				
GROUP'S KEY FIGURES PER SHARE	**2017**	**2016**	**2015**	**2014**	**2013**
Earnings per share, EUR	-0,08	0,26	0,01	0,13	0,11
Equity attributable to the equity holders of the parent, EUR	1,10	1,20	0,91	0,79	0,72
Dividends per share, EUR*	0,00*	0,05	0,00	0,03	0,06
Dividend from result, %	0,00 %	19,2%	0,00 %	23,7 %	55,4 %
Effective dividend yield, %	0,00 %	3,1%	0,00 %	2,3 %	4,1 %
Price/earnings (P/E)	-19,0	6,2	178,0	10,2	13,3
Highest share price, EUR	1,76	1,96	1,97	1,59	1,77
Lowest share price, EUR	1,44	1,50	1,32	1,33	1,20
Average share price, EUR	1,64	1,70	1,71	1,45	1,49
Market value of the shares, 1,000 EUR	28 390	28 477	31 681	19 947	21 897
Shares trade volume, 1,000 pcs	1 672	1 717	5 023	795	929
Shares trade volume, %	9,2 %	9,7 %	29,7 %	5,3 %	6,2 %
Weighted average of the share issue corrected number of shares during the financial period, 1,000 pcs	18 197	17 639	15 719	14 933	14 972
Number of shares corrected by share issue at the end of the financial period, 1,000 pcs	18 197	17 639	16 937	14 882	14 974

When calculating the number of shares, the number of own shares retained by the company has been deducted from the number of shares, except the own shares related to the ongoing directed share issues as presented in the financial statements 2016.

* Solteq Plc's Board of Directors proposes to the Annual General Meeting that for the financial year 2017, no dividend will be paid out.

CALCULATION OF FINANCIAL RATIOS

Return on equity (ROE) %:

net result x 100
equity (average)

Return on investment %:

result after the financial items + financial expen x 100
total assets - interest-free liabilities (average)

Equity ratio:

equity x 100
total assets - advances received

Net gearing:

interest bearing liabilities - cash, bank and securities x 100
equity

Diluted earnings per share:

net result -/+ ownership share of the non-controlling interest
average number of shares added with number of shares at the end of the period

Earnings per share:

net result -/+ ownership share of the non-controlling interest
average number of shares

Equity per share:

equity
number of shares

Dividend per share:

dividend for the period
number of shares at the time of payment

Dividend from result %:

dividend per share x100
earnings per share

Effective dividend yield:

dividend per share x100
share price at the year-end

Price/earnings:

share price at the year-end
earnings per share

The market value of company's shares

the number of shares at the year-end x share price at the year-end

Sales margin:

Revenue – Materials and services

DISTRIBUTION OF OWNERSHIP AND SHAREHOLDER INFORMATION

DISTRIBUTION OF OWNERSHIP BY SECTOR ON 31 Dec 2017

	Number of owners	Number of share and votes %	PCS
Private companies	78	3,4 %	7 257 648
Financial and insurance institutions	7	0,3 %	698 351
Public-sector organisations	2	0,1 %	3 245 597
Households	2 187	95,9 %	7 458 758
Non-profit organisations	2	0,1 %	231
Foreigners	5	0,2 %	17 012
Total	2 281	100,0 %	18 677 597
Total of nominee registered	6	0,3 %	456 273

DISTRIBUTION OF OWNERSHIP BY SIZE ON 31 Dec 2017

NUMBER OF SHARES	Number of owners	Number of shares and votes %	PCS
1 - 100	460	20,2 %	29 555
101 - 1 000	1 265	55,5 %	615 715
1 001 - 10 000	459	20,1 %	1 459 083
10 001 - 100 000	80	3,5 %	2 352 763
100 001 - 1 000 000	12	0,5 %	2 997 987
1 000 000 -	5	0,2 %	11 222 494
Total	2 281	100,0 %	18 677 597
of which nominee registered	6	0,3 %	456 273

	Number of shares and votes PCS	%
1. Sentica Buyout III Ky	4 621 244	24,7
2. Keskinäinen Työeläkevakuutusyhtiö Elo	2 000 000	10,7
3. Profiz Business Solution Oy	1 955 653	10,5
4. Saadetdin Ali	1 400 000	7,5
5. Keskinäinen Työeläkevakuutusyhtiö Varma	1 245 597	6,7
6. Aalto Seppo	671 882	3,6
7. Roininen Matti	420 000	2,2
8. Väätäinen Olli	400 000	2,1
9. Lamy Oy	225 000	1,2
10. Sentica Buyout III Co-Investment	180 049	1,0
10 largest Total	13 119 425	70,2
Nominee registered total	456 273	2,4
Others	5 101 899	27,3
Total	18 677 597	100,0

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		The group		The parent company	
THOUSAND EUR	**Note**	**1 Jan 2017 - 31 Dec 2017**	**1 Jan 2017 - 31 Dec 2017**	**1 Jan 2017 - 31 Dec 2017**	**1 Jan 2017 - 31 Dec 2017**
Revenue	2	61 536	63 049	55 696	61 238
Other income	3	52	4 222	34	4 998
Materials and services		-17 079	-17 937	-16 221	-17 951
Employee benefit expenses	6	-32 880	-31 001	-28 687	-29 676
Depreciation and impairments	5	-2 076	-1 946	-1 516	-1 553
Other expenses	4,7	-9 231	-9 943	-8 095	-9 663
Operating result		**322**	**6 444**	**1 211**	**7 393**
Financial income	8	40	139	85	26
Financial expenses	9	-1 805	-1 852	-1 743	-1 919
Result before taxes		**-1 443**	**4 731**	**-447**	**5 500**
Income tax expenses	10	-58	-119	28	-83
Result for the financial year		-1 501	**4 612**	-419	**5 417**
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Translation differences		14	-56	0	0
Other comprehensive income, net of tax		14	-56	0	0
Total comprehensive income		-1 487	**4 556**	-419	**5 417**
Earnings per share attributable to equity holders of the parent					
Earnings per share undiluted (EUR)		-0,08	0,26	-0,02	0,31

Diluted result does not differ from the undiluted result for the financial year or the previous year.

Result for the financial year and total comprehensive income belong exclusively to the owners of the parent company.

CONSOLIDATED BALANCE SHEET

		The group		The parent company	
THOUSAND EUR	**Notes**	**31 Dec 2017**	**31 Dec 2016**	**31 Dec 2017**	**31 Dec 2016**
ASSESTS					
Non-current assets					
Property, plant and equipment	12	2 220	2 342	2 188	2 283
Goodwill	13	36 912	33 520	1 416	1 416
Other intanglible assets	13	5 227	3 990	35 285	34 635
Available-for-sales financial assets	14	556	562	571	528
Shares in subsidiaries	28	0	0	5 496	1 411
Trade receivables	17	184	347	184	347
		45 099	**40 761**	**45 140**	**40 621**
Current assets					
Inventories	16	149	55	132	31
Trade and other receivables	17	14 663	11 939	14 569	10 694
Cash and cash equivalents	18	1 552	8 477	438	7 707
		16 364	**20 471**	**15 139**	**18 432**
Total assets		**61 463**	**61 232**	**60 279**	**59 053**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	19	1 009	1 009	1 009	1 009
Share issue	19	0	164	0	164
Share premium reserve	19	75	75	75	75
Reserve for own shares	19	0	-1 109	0	0
Distributable equity reserve	19	11 960	10 449	13 074	10 449
Retained earnings	19	7 439	9 726	6 759	7 978
Total equity		**20 483**	**20 313**	**20 917**	**19 675**
Non-current liabilities					
Deferred tax liabilities	15	988	821	640	690
Financial liabilities	22	25 170	25 511	25 170	25 467
		26 158	**26 332**	**25 810**	**26 157**
Current liabilities					
Trade and other payables	23	13 715	13 576	12 439	12 350
Financial liabilities	22	691	241	690	101
Provisions	21	417	770	423	770
		14 823	**14 587**	**13 552**	**13 221**
Total liabilities		**40 981**	**40 919**	**39 362**	**39 378**
Total equity and liabilities		**61 463**	**61 232**	**60 279**	**59 053**

CONSOLIDATED STATEMENT OF CASH FLOWS

		The group		The parent company	
THOUSAND EUR	Note	1 Jan 2017 - 31 Dec 2017	1 Jan 2016 - 31 Dec 2016	1 Jan 2017 - 31 Dec 2017	1.1.-31.12.2016 31 Dec 2016
Cash flow from operating activities					
Result for the financial period		-1 501	4 612	-419	5 417
Adjustments for operating profit	25	2 410	-1 877	1 581	-3 040
Changes in working capital		-1 216	2 903	-1 785	2 878
Interest paid		-1 804	-1 852	-1 744	-1 919
Interest received		40	139	85	25
Net cash from operating activities		**-2 071**	**3 925**	**-2 282**	**3 361**
Cash flows from investing activities					
Acquisition of subsidiaries		-2 395	-584	-3 304	-602
Cash flow from subsidiary mergers		0	0	10	859
Divestment of subsidiary		0	6 700	0	8 038
Investments in tangible and intangible assets		-1 074	-890	-1 113	-1 702
Net cash used in investing activities		**-3 469**	**5 226**	**-4 407**	**6 593**
Cash flow in financing activities					
Long-term loans, decrease	22	-554	-3 101	251	-2 425
Payment of finance lease liabiliti	22	-618	-356	-618	-356
Share issue to personnel		17	164	17	164
Directed issue to CEO		652	0	652	0
Dividend payment		-882	0	-882	0
Net cash used in financing activities		**-1 385**	**-3 293**	**-580**	**-2 617**
Changes in cash and cash equivalents		**-6 925**	**5 858**	**-7 269**	**7 337**
Cash and cash equivalents 1 Jan		8 477	2 619	7 707	370
Cash and cash equivalents 31 Dec	18	**1 552**	**8 477**	**438**	**7 707**

Cash and cash equivalents presented in the cash flow statement consist of the following items:

	The group		The parent company	
THOUSAND EUR	2017	2016	2017	2016
Cash and bank accounts	1 552	8 477	438	7 707
Total	**1 552**	**8 477**	**438**	**7 707**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Group	EQUITY BELONGING TO SHAREHOLDERS							
THOUSAND EUR	**Share capital**	**Share issue**	**Own shares**	**Share premium account**	**Translation difference**	**Invested unrestricted equity reserve**	**Earnings**	**Total**
Equity 1 Jan 2016	**1 009**	**0**	**-1 109**	**75**	**0**	**10 449**	**4 938**	**15 407**
Total comprehensive income financial period					-56		4 612	4 556
Total income and expenses financial period					**-56**		**4 612**	**4 556**
Transactions with owners								
Incentive scheme and option scheme							186	186
Share issue directed to the personnel		164						164
Transactions with owners		**164**					**186**	**350**
Equity 31 Dec 2016	**1 009**	**164**	**-1 109**	**75**	**-56**	**10 449**	**9 781**	**20 313**
Profit for the financial period					14		-1 501	-1 487
Total comprehensive income and expenses for the financial period					**14**		**-1 501**	**-1 487**
Transactions with owners								
Incentive scheme and option scheme							82	82
Company acquisitions with own shares						779		779
Share issue directed to the personnel		-164				164		0
Directed issue to CEO						652		652
Directed issue to the owners of inPulse Works Ltd						1 025		1 025
Conveyance/cancellation of own share			1 109			-1 109		0
Dividend distribution							-882	-882
Transactions with owners		**-164**	**1 109**	**0**	**0**	**1 511**	**-800**	**1 656**
Equity 31 Dec 2017	**1 009**	**0**	**0**	**75**	**-42**	**11 960**	**7 480**	**20 482**

The Parent Company

THOUSAND EUR	Share capital	Share issue	Share premium account	Invested unrestricted equity reserve	Earnings	Total
	EQUITY BELONGING TO SHAREHOLDERS					
Equity 1 Jan 2016	**1 009**	**0**	**75**	**10 449**	**2 375**	**13 908**
Total comprehensive income financial period					5 417	5 417
Total income and expenses financial period					**5 417**	**5 417**
Transactions with owners						
Incentive scheme and option scheme					186	186
Share issue directed to the personnel		164				164
Transactions with owners		**164**			**186**	**350**
Equity 31 Dec 2016	**1 009**	**164**	**75**	**10 449**	**7 878**	**19 675**
Profit for the financial period					-419	-419
Total comprehensive income and expenses for the financial period					**-419**	**-419**
Transactions with owners						
Incentive scheme and option scheme					82	82
Company acquisitions with own shares				779		779
Share issue directed to the personnel		-164		164		0
Directed issue to CEO				652		652
Directed issue to the owners of inPulse Works Ltd				1 031		1 031
Dividend distribution					-882	-882
Transactions with owners		**-164**		**2 625**	**-800**	**1 661**
Equity 31 Dec 2017	**1 009**	**0**	**75**	**13 074**	**6 759**	**20 917**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

GROUP INFORMATION

In its meeting 15 February 2018, the Board of Directors of Solteq Plc has approved these financial statements to be published. According to the Finnish Companies act, the shareholders may adopt or reject the financial statements in the annual general meeting held after the publication. The annual general meeting also has an option to make changes in the financial statements.

ACCOUNTING POLICIES

Solteq's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) complying with the IAS and IFRS standards as well as the SIC and IFRIC interpretations valid as at 31.12.2017. International Financial Reporting Standards mean the standards and their interpretations that have been approved for adoption in the EU in accordance with the procedure No. 1606/2002 enacted in the Finnish Accounting Act and EU (EC) regulations laid down by the Act. The notes to the consolidated financial statements are also in accordance with the requirements of the Finnish Accounting and Companies legislation.

The Parent Company Solteq Oy adopted IFRS compliant financial statements as from 1 January 2011. The IFRS 1 Standard ”First-time Adoption of International Financial Reporting” was applied in the transition. According to the Standard, when the parent company becomes a first time adopter of IFRS for the part of its Separate Financial Statements later than on the part of the Consolidated Financial Statements, the parent company shall measure its assets and liabilities to the same values as in the Consolidated Financial Statements, with the exception of adjustments based on the accounting policies applied to the Consolidated Financial Statements.

New and amended standards applied in financial year ended

Group has applied as from 1 January 2017 the following new and amended standards that have come into effect.

- Amendments to IAS 7 *Disclosure Initiative* (effective for financial years beginning on or after 1 January 2017). The changes were made to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments have an impact on the disclosures in Solteq's consolidated financial statements.
- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses (*effective for financial years beginning on or after 1 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments have no impact on Solteq's consolidated financial statements.
- Amendments to IFRS 12*, Annual Improvements to IFRSs *(2014-2016 cycle)* (effective for financial years beginning on or after 1 January 2017). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments have no impact on Solteq's consolidated financial statements.

* = not yet endorsed for use by the European Union as of 31 December 2017.

The Group accounting policies described here are applied to both the Group financial statement as well as to the parent company financial statement, unless otherwise mentioned. In addition to this, the term “company” refers to both the Group as well as the parent company.

The consolidated financial statements have been prepared on the historical cost basis of accounting, except for available-for-sale financial assets measured at fair value. The values are presented in thousand euros. As the values have been rounded, the total of the individual values may deviate from the presented totals.

The preparation of the financial statement in accordance with the IFRS standards requires the group management to make certain estimates and assumptions that affect the application of accounting policies. Information of these considerations that the management has used in applying accounting policies and which have the most effect in the figures shown in the financial statement, have been presented in the section ”Accounting policies requiring management judgement and significant uncertainties relating to accounting estimates”.

ACCOUNTING POLICIES FOR CONSOLIDATED COMPANIES

Subsidiaries

Consolidated financial statements include Solteq Plc and its subsidiaries.

The aforementioned subsidiaries are companies where the group holds the right of control. Right of control is assumed when the group owns more than half of the votes or it otherwise has the right of control. Right of control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The group’s mutual shareholdings have been eliminated using the acquisition method. Companies acquired are included in the consolidated financial statements from the date when the group has acquired right of control and subsidiaries sold until the date when the right of control seizes. All intra-group business transactions, receivables, debts and unrealised profits as well as internal distribution of profit are eliminated in the preparation of the consolidated financial statements. Unrealised losses are not eliminated in the event that they are caused by impairment.

FOREIGN CURRENCY ITEMS

Figures on the result and the financial position of the Group’s entities are measured in the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements are presented in euros, which is the parent company’s functional and presentation currency.

Transactions in foreign currencies are translated to the presentation currency at the monthly average rate close to the date of the transaction. At the time of closing the annual accounts, receivables and debts in foreign currencies have been converted to functional currency at the exchange rate of that date. Any exchange rate gain or loss from transactions in foreign currencies has been recognised in the financial statements under financial income and expense.

TANGIBLE ASSETS

Property, plant and equipment consist mainly of machines and equipment. They are measured at historical cost less accumulated depreciation and possible impairment losses.

Depreciation is calculated on a straight-line basis over their estimated useful life. The estimated useful lives are as follows:

Machinery and equipment 2-5 years
Other tangible assets consist of works of art which are not depreciated.

The residual values and useful lives are reviewed at each reporting date and, when necessary, are corrected to reflect any possible changes in expected future economic benefit.

Gains and losses from disposal and divestment of tangible assets are recognised under other income or expenses.

INTANGIBLE ASSETS

An intangible asset is recognised in the balance sheet only if the asset's acquisition cost can be reliably measured and if it is probable that future economic benefits will flow to the entity. Intangible assets with a finite useful life are recognised in the balance sheet at historical cost and are amortised on a straight-line basis during their useful life. Estimated amortisation periods are as follows:

Development costs	3-10 years
Intangible rights	3-10 years
Other intangible assets	3-10 years

In the balance sheet of the mother company, under the immaterial rights section, there are merger losses, which are not depreciated evenly. These are instead tested as goodwill by performing impairment tests.

GOODWILL

The goodwill deriving from merging businesses is booked to the amount with which the remuneration is exceeding the group's part of the acquired net equity's value. The remuneration includes also the portion held by the owners without mastery rights, as well as the portion which has already previously been held by the company.

Goodwill is not amortised but is tested annually for impairment. For this purpose the goodwill is allocated to cash-generating units. The goodwill is valued at the original acquisition cost less impairment losses.

In the parent company, the transaction is handled at book value as for companies under mutual control.

Research and development costs

Research costs are recorded as expenses in the income statement. Development cost for new or substantially improved product or service processes are capitalised in the balance sheet as intangible assets from the date when the product is technically and commercially feasible and it is expected to bring financial benefit. Development costs previously expensed will not be capitalised at a later date. Assets are amortised from the date when they are ready for use. Assets that are not yet ready for use are tested annually for impairment. Development expenses that have been capitalised have a useful life of 3 to 10 years, during which capitalised assets are expensed on a straight-line basis.

GOVERNMENT GRANTS

Government grants, such as grants from public institutions for acquisition of intangible assets, are deducted from the carrying amount of the asset when it is reasonably certain that they will be received and the group fulfils the requirements to receive such grants. Grants are recognized in the form of lower depreciation expense during the useful life of the asset. Grants that compensate for expenses incurred are recognized in the income statement when the expenses are recognized. These grants are presented in other income. During the financial year 2017 total of 52 thousand euros of Government grants were received (42 thousand euros 2016).

LEASES

Group as lessee

Lease contracts for tangible assets for which the group have a significant part of the risks and rewards incidental to ownership, are classed as financial leases. At the inception of the lease term, a finance lease is recognised on the balance sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payment. Assets acquired by a finance lease are depreciated during the asset's useful life or, if shorter, the lease term. Lease payments are apportioned between financial expenses and loan repayments during the rental period so that the remaining debt at the end of a financial period has a constant periodic interest rate. Lease liabilities are included in the financial liabilities.

Lease agreements where the risks and rewards incidental to ownership remain with the lessor, are classified as other lease agreements. Lease payments under other lease agreements are recognised as expense in the income statement in equal amounts throughout the lease term.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The Company estimates at the end of each financial period whether or not there is any indication of impairment on any asset. In the event of any such indication, the recoverable amount of the asset is estimated. Recoverable amounts are also estimated annually on the goodwill and intangible assets not yet available for use regardless of whether or not there is any indication of impairment. Need for impairment is monitored at the cash-generating unit level, that is, at the level of units that are independent from other units and whose cash flows can be separated from other cash flows.

Recoverable amount is the greater of the asset's fair value less selling costs or its value in use. Value in use is defined as the present value of the future cash flows expected to be derived from an asset or a cash generating unit. In the calculation of present value, discounting percentage is pretax rate which reflects the market's view of time value of money and asset-specific risks.

Impairment loss is recognised when the asset's carrying amount is higher than its recoverable amount. Impairment loss is immediately recognised in the income statement. If the impairment loss is allocated to a cash-generating unit, it is first allocated to decrease the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Impairment loss is reversed, if circumstances change and the asset's recoverable value has changed from the time of the recognition of the impairment loss. Reversal amount cannot, however, be higher than the asset's book value would be without the recognition of the impairment loss. Impairment loss on goodwill is not reversed under any circumstances.

EMPLOYEE BENEFITS

Pension liabilities

Pension arrangements are classed as defined benefit plans and defined contribution plans. The group has only defined contribution plans. Payments under the Finnish pension system and other contribution based pension schemes are recognised as expenses as incurred.

SHARE-BASED PAYMENTS

The Group has share and option based incentive schemes in which payments are made in equity instruments or in cash. The benefits granted in the arrangements are measured at fair value at the granting date and recognised as expenses in profit or loss over the vesting period. In arrangements payable in cash, the liability to be recognised and the change in its fair value are correspondingly allocated as expenses. The impact of the arrangements on the financial result is presented under employee benefit expenses.

The expense determined at the time the options are granted is based on the Group's estimate of the number of options that are assumed to be exercised at the end of the vesting period. The Group updates the expected final number of options at the closing date of each reporting period. Changes in the estimates are recognised in profit or loss. The fair value of the option arrangements is determined by using the Black-Scholes option pricing model, and the value of the share-based incentive arrangements is based on market data. The assets acquired through share prescriptions, adjusted with transaction expenses, are recognised in the reserve for unrestricted equity or share capital in accordance with the terms and conditions of the arrangement.

PROVISION AND CONTINGENT LIABILITIES

Provision is recognised when the group has a present legal or constructive obligation as a result of a past event, realisation of the payment obligation is probable and the amount of the obligation can be reliably estimated. Provisions are valued at the present value required to cover the obligation. Present values are determined by discounting the expected future cash flows at a pre-tax rate that reflects the market's view of that moment's time value and risks associated with the obligation. If part of the obligation is possible to be covered by a third party, the obligation is recognised as a separate asset, but only once this coverage is virtually certain.

The warranty provision is accumulated for the project business expenses while the project proceeds. The amount of the warranty provision is an estimate of anticipated warranty work based on previous experiences. The Group recognises a provision for onerous contracts when the expected benefits from a contract are less than the unavoidable costs of meeting the obligations.

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Also present obligation that is not probable to cause liability to pay or the amount of obligation cannot be measured with sufficient reliability are considered contingent liabilities. Contingent liabilities are disclosed as notes to the financial statements.

INCOME TAXES

Tax expenses for the financial period comprise current tax based on the taxable income of the financial period and deferred taxes. Tax calculated from the taxable income of the financial period is based on the tax rate prevailing in each country. Taxes are adjusted with possible taxes relating to previous financial periods.

Deferred taxes are calculated from temporary differences between book value and taxable value. Deferred taxes are not recognised on temporary differences arising from goodwill impairment losses that are not tax deductible. Deferred taxes are neither recognised on undistributed profit from subsidiaries when the differences are unlikely to reverse in the foreseeable future.

Deferred taxes are calculated using the tax rates enacted at the end of the financial period. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available, against which the temporary differences can be utilised.

The calculated tax receivables and liabilities are deducted from each other, only in the case that the company has a legally enforceable right to even the tax receivables and liabilities of the period, and these are related to the income taxes of the same tax holder.

REVENUE RECOGNITION

Income from the sale of goods, software licences and hardware is recognised at fair value excluding indirect taxes, discounts and exchange rate differences from sales in currencies

Services rendered and sale of software licences and hardware

Income from services is recognised when the service has been rendered. Maintenance income is recognized over the agreement period.
In order to recognise revenue from sales of software licences and hardware, there must be a binding agreement, delivery of product or equipment has taken place, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the group has transferred to the buyer the significant risks and rewards of ownership of the software licence or hardware. When the sale of licence and hardware is included in a long-term project they are recognized as income and expense based on the stage on completion.

Long-term projects

When the outcome of the project can be estimated reliably, income and expenses for long-term projects are recognised as income and expenses based on the stage of completion. A long-term project includes the services related to the project, software user rights as well as devices and costs related to them. For each project, the stage of completion is defined as a percentage share of the completed working days of the estimated total number of the working days. When it is likely that a project's completion costs are going to exceed the income from the project, the expected loss is immediately recognised in income statement.

When the final result of a long-term project cannot be reliably estimated, costs incurred are recognised as expense during the period when incurred. Revenue from the project is recognised only to the extent of contract costs incurred and when it is probable that it will be recoverable. Losses from the project will immediately be recognised as cost in income statement.

Other income

Other income comprises gains from assets and income not relating to actual sales, such as rental income and government grants. Government grants are recognised in the income statement at the same time with those expenses that the government grants were intended to cover.

Interest income and dividend

Interest income is recognised using the effective interest method and dividends at the time the right for the dividend has been earned.

Operating profit

IAS 1 Presentation of financial statements standard does not define operating profit. The group has defined it as follows: operating profit is the net sum that is calculated by adding other income to the revenue, deduct material and services, employee benefit expense, depreciation and amortisation expense, possible impairment losses and other expenses. Everything else, except the aforementioned items, is presented below the operating profit.

FINANCIAL ASSETS AND LIABILITIES

Financial assets

The group has classified its financial assets to the following classes: loans and receivables and available-for-sale financial assets. The classification is based on the purpose of purchasing financial assets and the classification is made at the time of the initial purchase.

Transaction costs are included in the financial asset value at initial measurement. All purchases and sales of financial assets are recognised on the trade date.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the group has transferred substantially all the risks and rewards of ownership outside the group.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and the group is not holding them for trading. They are valued at amortised cost. They are classified in the balance sheet under current assets due to their nature.

Available-for-sale financial assets are assets that are not designated to other categories. They are classified in non-current assets. Available-for-sale financial assets consist of shares. They are recognised at fair value or, if fair value can not be measured reliably, at cost.

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank deposits that can be withdrawn on demand. Account with overdraft facility is included in current financial liabilities. Unused overdraft facility has not been recognised in the balance sheet

Impairment of financial assets

The group assesses at the end of the financial period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the loss is recognised in the income statement.

Doubtful sales receivables are written down through profit or loss based on risk assessment.

Financial liabilities

Financial liabilities are initially recognised at fair value. Transaction costs are included in the financial liability value at the initial measurement. Later all financial liabilities are valued at amortised cost using the effective interest method. Financial liabilities are classified under non-current and current liabilities which can be either interest-bearing or interest-free.

Cash flow hedges

For cash flow hedges, the effective portion of the change in fair value of the derivative that is determined to be an effective hedge shall be recognized in other comprehensive income and shall be disclosed in the hedging reserve in that case the hedging relationship qualifies the requirements for hedge accounting as set in IAS 39. The ineffective portion of the change in fair value of the derivative shall be recognised in profit or loss. Cumulative gain or loss of the effective portion of derivatives deferred to other comprehensive income is transferred to the profit and loss and classified as revenue or expense for the accounting period or periods when the hedged item is recognized in the profit and loss, e.g. when the interest expenses of a loan are accrued in the profit and loss. The group has applied hedge accounting on an interest rate swap that is hedging cash flows. Interest rate swaps are used to hedge against interest rate risks arising from fluctuating rate loans.

Determination of fair value

When the Group measures an asset item or a liability at fair value, the measurement is based on as highly observable input in the market as possible. The fair values are categorised at various hierarchy levels, depending on the input data used as follows:

- Level 1: The fair values are based on the quoted prices (unadjusted) of identical asset items or liabilities in a well-functioning market.

- Level 2: The fair values of the instruments are mostly based on other inputs than the quoted prices included at Level 1, however, on inputs that are observable for the asset item or the liability concerned either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: The fair values of the instruments are based on such inputs for the asset item or liability that are not based on observable market inputs (other than observable inputs) but are mainly based on the estimates of the management and on their use in generally accepted measurement models.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they incur. If there is certain known criteria concerning qualifying asset, the borrowing costs are capitalized. Transaction costs directly attributable to acquisition of loans which clearly relate to a certain loan are included in the original amortised cost of the loan and are expensed using effective interest method.

EQUITY

Costs relating to the acquisition of own shares are deducted from the equity. If Solteq Plc acquires its own shares, the acquisition costs are deducted from the equity.

ACCOUNTING POLICIES REQUIRING MANAGEMENT JUDGEMENT AND SIGNIFICANT UNCERTAINTIES RELATING TO ACCOUNTING ESTIMATES

In preparation of the consolidated financial statements, estimates and assumptions regarding the future must be made. The end results may deviate from these assumptions and estimates. In addition, some judgement must be exercised in the application of the policies of the financial statements.

Management judgement regarding selection and application of accounting policies

The group management uses judgement regarding selection and application of accounting policies. This applies especially to those cases where the IFRS standards and interpretations in effect have recognition, measurement and presentation alternatives.

Uncertainties relating to accounting estimates

Accounting estimates in preparation of the financial statements are based on management's best estimate at the end of the financial period. These estimates and assumptions are based on experience and other reasonable assumptions, which are believed to be appropriate in the circumstances that form the basis on which the consolidated financial statements are prepared. Uncertainties are related to, inter alia, existing uncertainty in the assessment of project outcomes, valuation of accounts receivable, the measuring and recognition of deferred tax assets and the development of the overall financial environment. Possible changes in estimates and assumptions are recognised in accounting during the financial year when the estimate or assumption is revised, and all the periods after that.

Impairment test

The group carries out annual tests for the possible impairment of goodwill and intangible assets not yet available for use, and indications of impairment are evaluated in accordance with the principles described earlier in these financial statements. Recoverable amount of cash-generating units is defined with calculations based on value in use. These calculations require the use of estimates. Additional information about sensitivity analyses regarding changes in assumptions relating to recoverable amount are disclosed under note 13 Intangible assets.

ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE FINANCIAL YEARS

Solteq Plc has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.
* = not yet endorsed for use by the European Union as of 31 December 2017.

- IFRS 9 Financial Instruments* (effective for financial years beginning on or after 1 January 2018): IFRS 9 replaces the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The impacts of IFRS 9 on Solteq Groups's consolidated financial statements have been preliminary assessed and the expect impacts are not significant. For defining the impairment of financing funds, the group and mother company is applying, starting Jan 1, 2018, a simple model. In the model, the value with which the accounts receivables is written down, is equivalent to the value of the expected amount of bad debts during the whole period of validity. The one-off adjustment of taking into use the standard is estimated to have only a small impact to the equity and accounts receivables of the group and mother company.
- IFRS 15 *Revenue from Contracts with Customers, Effective date of IFRS 15 and Clarifications to IFRS 15* (effective for financial years beginning on or after 1 January 2018): The new standard replaces current IAS 18 and IAS 11 -standards and related interpretations. In IFRS 15 a five-step model is applied to determine when to recognise revenue, and at what amount. Revenue is recognised when (or as) a company transfers control of goods or services to a customer either over time or at a point in time. The standard introduces also extensive new disclosure requirements. Solteq has analyzed the effects of the IFRS 15 standard, which took effect on 1 January 2018, from the point of view of different revenue streams. These are own licences and their administration, third-party licences and their administration, third-party hardware, media sales and service sales. Third-party licences and their administration and media sales will affect revenue the most because of the new instructions on principals versus agents. The role of Solteq Oyj with regard to the end client has been assessed. The change from gross- to net-based reporting—i.e. the

reporting of agent's fees as revenue—is estimated to have an effect of EUR -9.8 million on the 2017 revenue. The implementation of the new standard is not expected to have significant effects on the result. Solteq Oyj will implement the new standard retroactively. The IFRS 15 adjusted figures for 2017 will be reported in the Q1 interim report.

- IFRS 16 *Leases (*effective for financial years beginning on or after 1 January 2019): The new standard replaces the current IAS 17 –standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contacts in which the lease term is 12 months or less, or to low value items i.e. assets of value about USD 5 000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. During the year, the Group and parent company have continued to evaluate the effects of the standard, beginning with the mapping of lease agreements. According to preliminary estimates, right-of-use assets and rental obligations will need to be entered in the Group's and parent company's balance sheets primarily for fixed-term leases on business premises. The quantitative impact is not yet known. The preliminary estimate is that upon implementation, a simplified approach will be applied, in which case the impact of implementation will be entered as an adjustment to retained earnings on 1 January 2019, and the comparative figures will not be adjusted. The Group and parent company will continue to assess the effects and prepare for implementation during 2018.
- Amendments to IFRS 2 - *Clarification and Measurement of Share-based Payment Transactions* * (effective for financial years beginning on or after 1 January 2018). The amendments clarify the accounting for certain types of arrangements. Three accounting areas are covered: measurement of cash-settled share-based payments; classification of share-based payments settled net of tax withholdings; and accounting for a modification of a share-based payment from cash-settled to equity-settled. Following the change in standards, the Group's share rewards arrangements will be classified entirely as arrangements to be settled as shares, whereas they were previously classified as arrangements to be settled as shares and funds. As a result of the application of the change in standards starting 1 January 2018, the portion of the arrangement previously classified as liabilities will be entered under equity. The change in standards will not, however, have a significant impact on the Group's financial statements.

The Company estimates that the other published standards or interpretations published before the closing date will have no impacts on its Financial Statements.

1. BUSINESS COMBINATIONS

Financial year 2017

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.

Aggregate figures for the 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
The goodwill value from the acquisition	3 397
Cash flow from the acquisition	
Consideration paid in cash in 2017	3 304
Cash and cash equivalents of the acquired companies	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 62 thousand euros (software products).

Other expenses	92
Total expenses related to the acquisition	92
Impact on the Solteq Group's number of personnel	79

Impact on the Solteq Group's comprehensive income statement	**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 1 April 2017. InPulse Works Oy has 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 significant effect on Solteq Group's figures in financial year 2017.

Financial year 2016

Aponsa Ab and Pardco Group Oy

Solteq acquired the entire share capital of Swedish Aponsa Ab on 25 October 2016. The acquisition executes the strategy focusing on digital commerce and international growth that Solteq announced earlier in the financial year 2016. The company is consolidated to Solteq Group's figures from November 1 2016.

On December 20 Solteq acquired the entire share capital of Pardco Group Oy. The acquisition is a part of the digital commerce growth strategy that Solteq published earlier in the financial year 2016 and the related decision to invest in Nordic omni-commerce growth. The company is consolidated to Solteq Group's figures from 31 December 2016.

IMPACT OF THE ACQUIRED COMPANY TO SOLTEQ GROUP

AGGREGATE FIGURES FOR THE ACQUISITION	
THOUSAND EUR	
Consideration	
Paid in cash	602
Directed issue	779
Total	**1 381**
Provisional values of the assets and liabilities from the acquisition, preliminary values on acquisition date	
Tangible fixed assets	39
Deferred tax assets	40
Available-for-sale financial assets	31

Inventories	12
Trade and other receivables	456
Cash and cash equivalents	18
Total assets	**596**
Trade payables and other liabilities	-583
Loans	-125
Total liabilities	**-708**
The preliminary goodwill value from the acquisition	**1 493**
Cash flow from the acquisition	
Consideration paid in cash 2016	602
Cash and cash equivalents of acquired company on the acquisition date	18
Total cash flow from the acquisition	**584**

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

Expenses related to the acquisition	
Other expenses	53
Total expenses related to the acquisition	**53**
Impact on the Solteq Group's number of personnel	**28**

Impact on the Solteq Group's comprehensive income statement	**11-12/2016**
Revenue*	326
Operating profits*	-133

* The amount of revenue and operating profit that is included in Group's operating profit from the acquisition date to the end of the financial year. Aponsa Ab is consolidated to Solteq Group from 1 November 2016. As regards to Pardco Group Oy, only the balance sheet is consolidated to Groups figures on 31 December 2016 as the acquisition took place on 20 December 2016.

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 significant effect on Solteq Group's figures in financial year 2016.

2. REVENUE AND LONG-TERM CONTACTS

	The Group		The parent company	
Thousand EUR	**2017**	**2016**	**2017**	**2016**
Services	47 409	42 892	42 015	41 649
Income from construction contracts	4 215	11 052	4 147	10 737
Income from software licenses	8 467	8 133	8 089	7 938
Sales of hardware	1 445	972	1 445	914
Total	**61 536**	**63 049**	**55 696**	**61 238**

By the end of the year, actual income amounting to a total of 9,221 thousand EUR (12,964 thousand euros in 2016) were recognised from ongoing long-term projects in the Group and 9,153 thousand EUR (12,684 thousand euros in 2016) in the Parent company.

At 31 December 2017, receivables connected with ongoing long-term projects amounted to 460 thousand EUR in the Group and in the Parent company (428 thousand EUR in the Group and in the Parent company at 31 December 2016) and advances amounting to 607 thousand euros received for long-term projects in the Group in the Parent company (501 thousand euros received advances in the Group and in the Parent company at December 31, 2016).

3. OTHER INCOME

	The Group		The Parent company	
thousand EUR	**2017**	**2016**	**2017**	**2016**
Other income	52	4 222	34	4 998
Total	**52**	**4 222**	**34**	**4 998**

A significant share of the other income in 2016 consists of the capital gain from the divestment of subsidiary MainIoT Software Ltd which was 4,129 thousand euros in the Group and 4,965 thousand euros in the Parent company.

4. OTHER EXPENSES

	The Group		The Parent company	
thousand EUR	**2017**	**2016**	**2017**	**2016**
Telephone and telecommunications costs	611	635	491	613
Rental expenses	2 287	2 215	1 988	2 174
Car and travel expenses	1 197	1 207	998	1 160
External services	2 854	3 489	2 429	3 234
Loss-making projects	-87	-95	-87	-95
Impairment losses	103	58	103	58
Warranty provisions	-159	241	-159	241
Other expenses	2 425	2 193	2 332	2 278
Total	**9 231**	**9 943**	**8 095**	**9 663**

Auditor's fee

	The Group		The Parent company	
thousand EUR	**2017**	**2016**	**2017**	**2016**
Auditing	67	45	49	35
Certificates and statements	6	0	5	0
Tax consulting	40	21	30	21
Other services	23	10	24	10
Total	**136**	**76**	**108**	**66**

5. DEPRECIATION, AMORTISATION AND IMPAIRMENT

	The Group		The Parent company	
Thousand EUR	**2017**	**2016**	**2017**	**2016**
Depreciation by asset group				
Intangible assets				
Goodwill	0	0	0	8
Development costs	0	19	0	0
Intangible rights	1 073	912	572	561
Other intangible assets	0	42	0	43
Total	**1 073**	**973**	**572**	**612**
Tangible assets				
Machinery and equipment	1 003	916	944	884
Total	**1 003**	**916**	**944**	**884**
Impairment by asset group				
Other intangble assets	0	57	0	57
Total	**0**	**57**	**0**	**57**

6. EMPLOYEE BENEFIT EXPENSES

	The Group		The Parent company	
thousand EUR	**2017**	**2016**	**2017**	**2016**
Salaries and wages	26 572	24 756	23 490	23 754
Pension expenses - defined contribution plan	4 608	4 438	3 994	4 245
Other personnel expenses	1 662	1 561	1 165	1 431
Share based payments	38	246	38	246
Total	**32 880**	**31 001**	**28 687**	**29 676**
Average number of employees in group during financial period	485	454	420	431

The number of employees of the companies acquired in the financial year was 79 people at the acquisition dates. The number of employees of the companies sold in the financial year was 11 people.

Information on management's employee benefits is presented in note 28 Related party transactions.

7. RESEARCH AND DEVELOPMENT COSTS

Income statement for 2017 includes research and development costs in the amount of 927 thousand euros (795 thousand euros in 2016).

8. FINANCIAL INCOME

	The Group		The Parent company	
thousand EUR	**2017**	**2016**	**2017**	**2016**
Interest income from loans and receivable	38	137	83	24
Dividend income from held-for-sale financial assets	2	2	2	2
Total	**40**	**139**	**85**	**26**

9. FINANCIAL EXPENSES

	The Group		The Parent Company	
thousand EUR	**2017**	**2016**	**2017**	**2016**
Interest expenses from financial expenses in amotized costs	1 693	1 778	1 691	1 762
Other financial expenses	112	74	52	74
Impairment loss, long-term investments	0	0	0	83
Total	**1 805**	**1 852**	**1 743**	**1 919**

Financial expenses include 125 thousand euros of variable rents relating to financial leasing contracts in the Group and in the Parent company (61 thousand euros in 2016).

10. INCOME TAXES

	The Group		The Parent Company	
thousand EUR	**2017**	**2016**	**2017**	**2016**
Tax based on the taxable income for the period	61	319	15	266
Taxes from previous periods	7	-212	7	-212
Deferred taxes	-10	12	-50	29
Total	**58**	**119**	**-28**	**83**

thousand EUR	The Group 2017	2016	The Parent Company 2017	2016
Result before tax	-1443	4 731	-447	5 500
Taxes based on domestic tax rate	-289	946	-89	1 100
Non-taxable sale of shares	0	-826	0	-993
Amortization of the shares of subsidiaries	0	0	0	28
Non-deductible expenses	10	15	10	15
Unrecognised losses in taxation relationg to subsidiaries	284	27	0	0
Expenses recognised to the share value of the company acquisition	60	11	60	11
Carryforward of unused tax losses	0	82	0	82
Management incentives	8	49	8	49
Other differences	-23	27	-24	2
Taxes from previous periods	7	-212	7	-212
Taxes in the income statement	**58**	**119**	**-28**	**83**

11. EARNINGS PER SHARE

Undiluted EPS is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding.

When calculating the result per share, the weighted average will also have to consider the dilutive impact of the shares owned by the company. The company has a stock option program for the key persons (announced July 15, 2016). At the balance sheet date, however, these do not have a dilutive impact. This is because the share price, 3,00 euros, at which the stock option is set, is clearly higher than the share price at balance sheet date, 1,52 euros. The emission of shares to the personnel, 206 thousand shares, which was ongoing at the previous balance sheet date, as well as the two share emissions of own shares, 461 thousand shares, were taken into account when calculating the result per share. The current value of the shares is based on the average price during the period.

	2017	**2016**
Profit for the financial period attributable to equity holders of the parent company (thousand EUR)	-1 501	4 612
Weighted average of the number of shares during the financial period (1000)	18 197	17 639
Undiluted EPS (EUR/share)	-0,08	0,26

12. TANGIBLE ASSETS

The Group

thousand EUR	**Machinery and equipment**	**Other tangible assets**	**Total**
Acquisition cost 1 Jan 2017	9 122	27	9 149
Acquisition of subsidiary	12	0	12
Additions	1 076	0	1 076
Reductions	-206	-1	-207
Acquistition cost 31 Dec 2017	**10 004**	**26**	**10 030**
Accumulated depreciation and impairment 1 Jan 2017	6 807	0	6 807
Depreciation	1 003	0	1 003
Accumulated depreciation and impairment 31 Dec 2017	**7 810**	**0**	**7 810**
Book value 1 Jan 2017	2 315	27	2 342
Book value 31 Dec 2017	2 194	26	2 220
Acquisition cost 1 Jan 2016	7 902	21	7 923
Acquistion of subsidiary	39	0	39
Additions	1 497	6	1 503
Reductions	-316	0	-316
Acquistition cost 31 Dec 2016	**9 122**	**21**	**9 149**
Accumulated depreciation and impairment 1 Jan 2016	5 891	0	5 891
Depreciation	916	0	916
Accumulated depreciation and impairment 31 Dec 2015	**6 807**	**0**	**6 807**
Book value 1 Jan 2016	2 011	21	2 032
Book value 31 Dec 2016	2 315	27	2 342

The Parent Company

thousand EUR	**Machinery and equipment**	**Other tangible assets**	**Total**
Acquisition cost 1 Jan 2017	6 095	21	6 116
Merger of the subsidiary	10	0	0
Additions	1 044	0	1 044
Reductions	-206	0	-206
Acquisition cost 31 Dec 2017	**6 943**	**21**	**6 964**
Accumulated depreciation and impairment 1 Jan 2017	3 833	0	3 833
Depreciation	944	0	944
Accumulated depreciation and impairment 31 Dec 2017	**4 777**	**0**	**4 777**
Book value 1 Jan 2017	2 262	21	2 283
Book value 31 Dec 2017	2 166	21	2 187
Acquisition cost 1 Jan 2016	3 981	21	4 002
Business transfer	902	0	902
Additions	1 528	0	1 528
Reductions	-316	0	-316
Acquisition cost 31 Dec 2016	**6 095**	**21**	**6 116**
Accumulated depreciation and impairment 1 Jan 2016	2 949	0	2 949
Depreciation	884	0	884
Accumulated depreciation and impairment 31 Dec 2016	**3 833**	**0**	**3 833**
Book value 1 Jan 2016	1 032	21	1 053
Book value 31 Dec 2016	2 262	21	2 283

EUR 1,840 thousand remained to be depreciated of the group's and parent company's machinery and equipment on 31.12.2017 (1,934 thousand euros 31.12.2016).

Financial leases

Property, plant and equipment include computers, other devices and automobiles acquired by financial leases as follows:

	The Group	The Parent Company
thousand EUR	Machinery and equipment	Machinery and equipment
31 Dec 2017		
Acquisition cost	7 175	7 175
Accumulated depreciation	-5 687	-5 687
Book value	1 488	1 488
31 Dec 2016		
Acquisition cost	6 275	6 275
Accumulated depreciation	-4 984	-4 984
Book value	1 291	1 291

EUR 840 thousand worth of assets under financial leases is included in the additions In the Group and in the Parent Company in 2017 (1,034 thousand euros in the Group and in the Parent Company 2016).

13. INTANGIBLE ASSETS

The Group

thousand EUR	**Payments in advance and the uncompleted acquisitions**	**Goodwill**	**Development costs**	**Intangible rights**	**Other intangible assets**	**Total**
Acquisition cost 1 Jan 2017	208	35 717	2 173	8 686	846	47 630
Acquisition of subsidiary	753	3 389	0	92	0	4 234
Exchange differences	0	3	0	0	0	3
Additions	-628	0	0	2 093	0	1 465
Acquisition cost 31 Dec 2017	**333**	**39 109**	**2 173**	**10 871**	**846**	**53 332**
Accumulated depreciation and impairment 1 Jan 2017	0	2 197	2 173	4 904	846	10 120
Depreciation	0	0	0	1 073	0	1 073
Accumulated depreciation 31 Dec 2017	**0**	**2 197**	**2 173**	**5 977**	**846**	**11 193**
Book value 1 Jan 2017	208	33 520	0	3 782	0	37 510
Book value 31 Dec 2017	333	36 912	0	4 894	0	42 139
Acquisition cost 1 Jan 2016	0	37 431	2 618	8 442	846	49 337
Sale of subsidiary	0	-3 207	-445	-32	0	-3 684
Acquisition of subsidiary	0	1 493	0	0	0	1 493
Additions	208	0	0	276	60	484
Acquisition cost 31 Dec 2016	**208**	**35 717**	**2 173**	**8 686**	**846**	**47 630**
Accumulated depreciation and impairment 1 Jan 2016	0	2 197	2 154	3 992	804	9 147
Depreciation	0	0	19	912	42	973
Accumulated depreciation and impairment 31 Dec 2016	0	**2 197**	**2 173**	**4 904**	**846**	**10 120**
Book value 1 Jan 2016	0	35 236	464	4 450	44	40 194
Book value 31 Dec 2016	208	33 520	0	3 782	0	37 510

The Parent Company

thousand EUR	Payments in advance and the uncompleted acquisitions	Goodwill	Development costs	Intangible rights	Other intangile assets	Total
Acquistion cost 1 Jan 2017	208	3 781	2 037	38 522	401	44 949
Merger of subsidiary	0	0	0	344	0	344
Additions	753	0	0	754	0	1 507
Deductions	-628	0	0	0	0	-628
Acquisition cost 31 Dec 2017	**333**	**3 781**	**2 037**	**39 620**	**401**	**46 172**
Accumulated deprecation and impairment 1 Jan 2017	0	2 365	2 038	4 095	401	8 899
Depreciation	0	0	0	572	0	572
Accumulated depreciation and impairment 31 Dec 2017	**0**	**2 365**	**2 038**	**4 667**	**401**	**9 471**
Book value 1 Jan 2017	208	1 416	0	34 427	0	36 051
Book value 31 Dec 2017	333	1 416	0	34 953	0	36 702
Acquisition cost 1 Jan 2016	0	3 774	2 037	12 117	401	18 329
Merger of subsidiary	0	7	0	26 129	0	26 136
Additions	208	0	0	276	0	484
Acquisition cost 31 Dec 2016	**208**	**3 781**	**2 037**	**38 522**	**401**	**44 949**
Accumulated depreciation and impairment 1 Jan 2016	0	2 357	2 038	3 534	358	8 287
Depreciation	0	8	0	561	43	612
Accumulated depreciation and impairment 31 Dec 2016	0	**2 365**	**2 038**	**4 095**	**401**	**8 899**
Book value 1 Jan 2016	0	1 416	0	8 583	42	10 041
Book value 31 Dec 2016	208	1 416	0	34 427	0	36 051

At the end of the financial period, there were investments in progress of a value of 333 thousand euros in development projects (compared to none in the comparison period).

Impairment

The goodwill values related to business combinations are allocated to the cash-generating units which are based on the Group’s budgeting and reporting structure and which are smallest independent entities with separate cash flows. The content of the cash-generating units is the same as the Company’s segmentation.

The book value of the goodwill in the Group at December 31, 2017 was 36,912 thousand euros in the group company (33,520 thousand euros 31.12.2016) and 33,014 euros in the parent company (32,027 thousand euros 31.12.2016).

Impairment tests have been carried out at the cash-generating unit level. The recoverable amount has been determined by means of the value in use. The determined anticipated cash flows are based on the operating result budget for 2018 and operating result forecasts for the subsequent four years.
For the part of the development of cash flows in the forecast period, the cash-generating units are expected to grow at the inflation rate of the estimated market growth.

The development of the cashflows in the cash generating units is expected to follow the inflation or estimated market growth during the forecast period.

The discount rate of 9.5 % used in the calculations is the weighted average cost of capital after taxes (equals 11.8 % before taxes).

Based on testing performed in 2017, no need was found for recognising impairment losses: a clear margin was left for each tested unit. No impairment losses were recognised in 2017.

thousand EUR	**The Group**		**The Parent Company***	
	2017	**2016**	**2017**	**2016**
Digital Solutions	25 368	22 733	23 040	22 506
Customer Solutions	11 544	10 787	9 974	9 521
Total	**36 912**	**33 520**	**33 014**	**32 027**

*The losses from mergers are included in the Parent Company

Development costs in progress have been tested with use value calculations. The expected return has been discounted to present value. The interest rate used in the calculations is 9.5 % after tax. Based on the calculations, there is no need for write-down in the financial year.

Sensitivity analysis

Based on the sensitivity analyses performed, it can be stated that a change in the operating profit is the most critical factor in testing the goodwill values of the units. A summary of unit-specific sensitivities is below:

- Digital Solutions Unit, there will be need for write-downs, if the operating profit decreases by 2.0 percentage units or the discount rate increases by 2.0 percentage units.

- Customer Solutions Unit, there will be need for write-downs, if the operating profit decreases by 7.0 percentage units or the discount rate increases by 17.2 percentage units.

There are no significant differences in the Group and the Parent Company in the impairment testing and sensitivity analysis results.

14. AVAILABLE FOR SALE FINANCIAL ASSETS

		The Group			**The Parent Company**	
thousad EUR	**2017**	**Change**	**2016**	**2017**	**Change**	**2016**
Beginning of financial period	556	-6	562	571	43	528
End of financial period	**556**	**-6**	**562**	**571**	**43**	**528**

The item includes unquoted shares that have been measured at acquisition value, as their fair value cannot be determined in a reliable manner.

15. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred taxes:

The Group thousand EUR	31 Dec 2015	Recognized in the income statement	Sold/ Acquired companies	31 Dec 2016	Recognized in the income statement	Acquired companies	31 Dec 2017
Deferred tax assets							
Provisions	345	-165	14	194	-188	89	95
Postponed depreciations	46	9	9	64	18	0	82
Other items	14	-14	0	0	0	0	0
Total	**405**	**-170**	**23**	**258**	**-170**	**89**	**177**
Deferred tax liabilities							
Tax-deductible goodwill	421	0	-195	226	0	0	226
Allocated intangible liabilities	857	-160	-1	696	-179	265	782
Other items	147	2	8	157	0	0	157
Total	**1 425**	**-158**	**-188**	**1 079**	**-179**	**265**	**1 165**

The Parent Company thousand EUR	31 Dec 2015	Recognized in the income statement	Business transfer	31 Dec 2016	Recognized in the income statement	31 Dec 2017
Deferred tax assets						
Provisions	130	-126	150	154	-69	85
Postponed depreciations	45	-5	24	64	18	82
Total	**175**	**-131**	**174**	**218**	**-51**	**167**
Deferred tax liabilities						
Tax-deductible goodwill	225	0	0	225	0	225
Allocated intangible liabilities	0	-88	660	573	-88	485
Other items	123	-13	0	110	-13	97
Total	**348**	**-101**	**660**	**907**	**-101**	**806**

The deferred taxes have been booked in full with the exception of the deferred tax receivables from the loss-bringing subsidiaries.

16. INVENTORIES

	The Group		The Parent Company	
thousand EUR	**2017**	**2016**	**2017**	**2016**
Finished products	149	55	132	31
Total	**149**	**55**	**132**	**31**

17. TRADE AND OTHER RECEIVABLES

	The Group		The Parent Company	
thousand EUR	**2017**	**2016**	**2017**	**2016**
Trade receivables	11 800	8 981	9 473	7 466
Receivables from clients concerning long-term acquisitions	460	428	460	428
Accrued income	2 488	2 824	1 954	2 717
Internal receivales	0	0	2 819	408
Other receivables	99	53	47	22
Total	**14 847**	**12 286**	**14 753**	**11 041**

Receivables from clients concerning long-term acquisitions are related to credited ongoing projects in accordance with the readiness degree. Significant items included in prepayments and accrued income relate to normal business accruals.

The aging of accounts receivable and items recorded as impairment losses:

The Group **thousand EUR**	**2017**	**Impairment losses**	**Net 2017**	**2016**	**Impairment losses**	**Net 2016**
Not due	6 689	-	6 689	6 293	-	6 293
Due	5 018	-130	4 888	2 861	-172	2 689
Under 30 days	2 018	-	2 018	1 879	-	1 879
31-60 days	554	-	554	624		624
61-90 days	758	-	758	55	-	55
Yli 90 days	1 688	-130	1 558	303	-172	131
Total	**11 707**	**-130**	**11 577**	**9 154**	**-172**	**8 981**

thousand EUR	2017	Impairment losses	Net 2017	2016	Impairment losses	Net 2016
Not due	4 932	-	4 932	5 681	-	5 681
Due	4 970	-130	4 840	1 911	-126	1 785
Under 30 days	2 043	-	2 043	1 407	-	1 407
31-60 days	540	-	540	146	-	146
61-90 days	699	-	699	55	-	55
Yli 90 days	1 688	-130	1 558	303	-126	177
Total	**9 902**	**-130**	**9 772**	**7 592**	**-126**	**7 466**

All current receivables are denominated in euros. There are no significant concentrations of risk related to receivables. The balance sheet values correspond to the maximum amount of credit risk. Because the receivables are current their fair value is equivalent to carrying value.

18. CASH AND CASH EQUIVALENTS

	The Group		The Parent Company	
thousand EUR	**2017**	**2016**	**2017**	**2016**
Cash and bank accounts	1 552	8 477	438	7 707
Total	**1 552**	**8 477**	**438**	**7 707**

19. NOTES TO EQUITY

Below is the reconciliation of the number of shares:

thousand EUR	Number of shares (1 000)	Share capital	Directed share issue	Reserve for own shares	Share premium reserv	Invested unrestricted equity reserve	Total
1 Jan 2017	17 798	1 009	164	-1 109	75	10 449	10 588
Conveyance of own share	-340			1 109		-1 109	0
Registration of share issue	260		-164			164	0
Company acquisitions with own shares						779	779
Directed issue to CEO	400					652	652
Rights issue in company acquisitions	614					1 025	1 025
31 Dec 2017	**18 678**	**1 009**	**0**	**0**	**75**	**11 960**	**13 044**

The maximum number of shares is 28,539,504 (28,539,504 in 2016). The shares have no nominal value. The Group’s maximum share capital according to the articles of association is 2.4 million euros (2.4 million euros in 2016).

The reserves included in equity are as follows:

Share premium reserve

A reserve to be used in accordance with the old Companies Act § 12:3a.

Invested unrestricted equity reserve

In accordance with the Companies Act 8:2 §, the proportion of payments received from shares that is not recognised as share capital is recognised in this reserve.

Reserve for own shares

Reserve for own shares consists of acquisition cost of own shares acquired by the group. At the end of the financial year Solteq Plc had 0 own shares in its possession (2016: 825,881 shares).

Dividends

Solteq Plc's Board of Directors proposes to the Annual General Meeting that for the financial year 2017, no dividend will be paid out.

20. SHARE-BASED PAYMENTS

General information on the share-based incentive arrangements

The Group has share and option based incentive arrangements directed to the Group's key personnel.

Based on the decision of the Board of Directors, Solteq Plc adopted a new share option scheme and a share-based incentive scheme directed to the key personnel in the financial year 2016. The aim of both the schemes is to encourage the key personnel to undertake a long-term commitment to increasing the shareholder value and to commit the key personnel to the employer.

The CEO and the CFO have committed to a reward structure in which a significant share of their total earnings for the financial years 2016-2018 is paid either in company shares or share options. As the reward structure does not include annual bonuses tied to short-term targets, the total earnings of the key personnel are closely tied to the development of the shareholder value during the three-year period.

Main terms and conditions of the share-based incentive arrangements

Option-based incentive scheme 2016*

Arrangement	2016 A	2016 B	2016 C
Granting date	15 July 2016		
Vesting period	2016	2016-2017	2016-2018
Vesting condition	Employment condition		
Number of options	333,000	333,000	334,000
Subscription price (EUR)	3.00		
Price at the granting date	1.80		
To be exercised	In shares		

Share-based incentive scheme 2016

Granting date	15 July 2016
Vesting period	2016-2018
Vesting condition	Employment condition
Number of shares	210 000
To be exercised	In shares and cash
Price at the granting date	1.80
Value at the granting date	378,000

***Main assumptions used in the Black-Scholes option pricing model**

Granting date	15 July 2016
Volatility, %	39 %
Contractual life (years)	3.6
Price at the granting date	1.80
Value of the option	0.2071
Number of options	1,000,000
Value, total	207,100

Changes in the number of outstanding options

	2017	**2016**
At the beginning of the period	750,000	0
Granted during the period	0	750,000
Forfeited	-300,000	0
Exercised	0	0
Expired	0	0
At the end of the period	**450,000**	**750,000**
Exercisable	**200,000**	**0**

The subscription price of the options is presented further above.

Amounts of share-based expenses included in employee benefits.

Thousand EUR	**2017**	**2016**
To be settled in shares	+40	-186
To be settled in cash	0	-60
Total	**+40**	**-246**

The share-based arrangements settled in cash are recognised as liability in the vesting period.
At the closing date, the amount recognised as liability in 2017 was 15 thousand euro (2016 closing date, 60 thousand euro).

Directed share issue to personnel 2016

Based on the authorisation of the Annual General Meeting of 16 March 2016, Solteq Plc's Board of Directors made a decision on 21 November 2016 and 5 December 2016 on a share issue in which, in deviation from the shareholders' pre-emptive subscription rights, a maximum of 500,000 new shares of the company in total were offered to the personnel for subscription. The subscription period started on 7

December 2016 and ended on 30 December 2016.The subscription prices of the shares were based on the volume-weighted average price of the company's share in the period 1 to 30 November 2016 and on two reductions of different sizes calculated from it. The subscriber will not have the right to sell or otherwise transfer or pledge the subscribed shares before 1 January 2018. As from their registration, the new shares have the same rights as the other shares of the company. The subscription price is recognised in the company's reserve for invested unrestricted equity. Owing to the terms and time of the directed issue to personnel, no expense arising from share-based payments was recognised for the financial year 2016. Expense arising from share-based payment transactions will be allocated to the financial year 2017.

21. PROVISIONS

The Group thousand EUR	Warranty provisions	Other provisions	Total
31 Dec 2016	**492**	**277**	**770**
Additional provisions	172	189	361
Deducted provisions	332	381	713
31 Dec 2017	**332**	**85**	**417**

The Parent Company thousand EUR	Warranty provisions	Other provisions	Total
31 Dec 2016	**533**	**237**	**770**
Additional provisions	172	189	361
Deducted provisions	332	376	708
31 Dec 2017	**373**	**50**	**423**

Warranty provisions

Warranty provision is recorded for long term projects based on anticipated warranty work. The general warranty period is 6 – 12 months. The warranty provisions are based on the historical information on the amount of warranty obligations. The warranty provisions are expected to be used during the next financial period.

Other provisions

Other provisions connected with long-term projects in which the total expenses of completing the project are expected to exceed the total income from the project.

22. FINANCIAL LIABILITIES

The Group

Thousand EUR	**2017 Book value**	**2017 Fair value**	**2016 Book value**	**2016 Fair value**
Financial liabilities at amortized cost				
Non-current				
Loans from financial institutions	0	0	44	44
Bond	24 306	24 306	24 235	24 235
Financial lease obligations	864	864	1 232	1 232
	25170	**25170**	**25 511**	**25 511**
Current				
Loans from financial institutions	0	0	140	140
Financial lease obligations	690	690	101	101
	690	**690**	**241**	**241**

The Parent Company

thousand EUR	**2017 Book value**	**2017 Fair value**	**2016 Book value**	**2016 Fair value**
Financial liabilities at amortized cost				
Non-current				
Bond	24 306	24 306	24 235	24 235
Financial lease obligations	864	864	1 232	1 232
	25 170	**25 170**	**25 467**	**25 467**
Current				
Financial lease obligations	690	690	101	101
	690	**690**	**101**	**101**

As interests are tied to short-term reference rates, the fair value of the financial liabilities is mainly the same as the book value. In 2016, Solteq repurchased and cancelled a share of 2.5 million euros of the 27 million euros bond. Financial liabilities, including finance lease liabilities and the interest rate swap are categorised at fair value level 2.

Cash flow notes: Non-cash flow related changes

The Group			**Non-cash flow related changes**			
	31 Dec 2016	**Cash flows**	**Acquisitions**	**New financial lease contracts**	**Other changes ***	**31 Dec 2017**
Non-current liabilities	24 280	-415	371		70	24 306
Current liablilities	140	-139				1
Financial lease obligations	1 332	-618		840		1 554
Total financing liabilities	**25 752**	**-1 172**	**371**	**840**	**70**	**25 861**

The Parent Company			Non-cash flow related changes			
	31 Dec 2016	Cash flows	Acquisitions	New financial lease contracts	Other changes *	31 Dec 2017
Non-current liabilities	24 236				70	24 306
Current liabilities	0					0
Financial lease obligations	1 332	-618		840		1 554
Total financing liabilities	**25 568**	**-618**	**0**	**840**	**70**	**25 860**

* The cumulative effective interests during the financial period, which are valuated to the acquisition costs.

Due dates of financial liabilities:

The Group				
2017	**2018**	**2019**	**2020**	**2021-2023**
Thousand EUR				
Bond	0	0	24 306	0
Financial lease obligations	690	415	347	102
Long-term debt total	**690**	**415**	**24 653**	**102**

The Group				
2016	**2017**	**2018**	**2019**	**2020-2022**
Thousand EUR				
Loans from financial institutions	140	12	12	20
Bond	0	0	0	24 235
Financial lease obligations	101	458	380	394
Long-term debt total	**241**	**470**	**392**	**24 649**

The Parent Company				
2017	**2018**	**2019**	**2020**	**2021-2023**
Thousand EUR				
Bond	0	0	24 306	0
Financial lease obligations	690	415	347	102
Long-term debt total	**690**	**415**	**24653**	**102**

The Parent Company				
2016	**2017**	**2018**	**2019**	**2020-2022**
Thousand EUR				
Bond	0	0	0	24 235
Financial lease obligations	101	458	380	394
Long-term debt total	**101**	**458**	**380**	**24 629**

In 2017, the average interest rate of the loans was 6.0 percent (6.0 percent in 2016). All financial liabilities are denominated in euros.

Due dates for financial lease obligations:

	The Group		The Parent Company	
Thousand EUR	**2017**	**2016**	**2017**	**2016**
Financial lease obligations present value of future minimun lease payments				
Within 12 months	690	101	690	101
Between 1 and 5 years	864	1 232	864	1 232
	1554	**1 333**	**1554**	**1 333**
Finance lease obligations total amount of minimum lease payments				
Within 12 months	804	210	804	210
Between 1 and 5 years	975	1 351	975	1 351
	1779	**1 561**	**1779**	**1 561**
Future financing expenses	-225	-228	-225	-228
Total financial lease obligations	**1554**	**1 333**	**1554**	**1 333**

23. Trade and other receivables

	The Group		The Parent Company	
Thousand EUR	**2017**	**2016**	**2017**	**2016**
Financial liabilities at amortized costlat				
Curret				
Trade payable	2 759	3 038	2 273	2 784
Advances received from customers, long-term projects	607	501	607	501
Accruals and deferred income	7 371	6 843	6 835	6 178
Other liabilities	2 979	3 194	2 060	2 798
Internal liabilities	0	0	664	89
Total	**13 716**	**13 576**	**12 439**	**12 350**

Current liabilities are denominated in euros and their fair values equal their book values. Significant items included in accruals and deferred income relate to usual accruals for business operations. Withheld taxes for paid wages and salaries, social security payments and other social security related items to be accounted for in connection with tax withholding, as well as VAT liability are disclosed in other payables

24. Financial risk management and capital management

The Company is subject to a number of financial risks in its business operations. The Company's risk management aims to minimize the adverse effects of the finance markets to the Company's result. The general principles of the Company's risk management are approved by the board and their implementation is the responsibility of the accounting department together with the operating segment units. The Audit Committee is responsible for monitoring the risk management.

Credit risk

The Company's operating style defines the customers' and investment transactions' credit-worthiness demands and investment principles. The Company does not have any significant credit risk concentrations in its receivables, because it has a wide customer base and it gives credit only to companies who have an unblemished credit rating. During the financial period, the effect of credit losses has not been significant. The Company's credit risk's maximum amount is the carrying value of financial assets as at 31 December 2017.

Liquidity risk

The Company monitors and estimates continuously the amount of funds needed to run the business operations, so that the group will, at all times, retain enough liquid assets to fund the operation and repay debts that fall due. The availability of funding and its flexibility is ensured by unused credit limits and by using a number of different banks and financing methods in the procurement of funding. The amount of unused credit limits as at 31 December 2017 totaled 2,000 thousand euros and in addition the company has an unused standby credit limit amounting to a total of 4,000 thousand euros.

Interest rate risk

The Company's income and operative cash flows are mainly free from market rate fluctuation effects. Company is able to take out either fixed-rate or fluctuating rate loans and to use interest rate swaps to achieve its objective relating to the financial principles. With the current financial structure, the company is not exposed to significant interest rate risk related to the market rate fluctuation, because only the credit limits used to control the liquidity risk are tied to market rates. The most of the company's interest-bearing liabilities consists of fixed-rate bond totaling to 24,500 thousand euros and lease agreements with fixed interest rates.

In the end of the reporting period the Company did not have open interest rate swaps or other instruments used to manage interest rate risks or other risks.

Currency rate risk

Because the most of the Company's cash flows are in euros, the Company is exposed only to low currency rate risk. The currency rate risks related to the business operations are mainly arising from the business practiced in Sweden and Poland (the part that is not in euros) and in small amounts from the Group's purchases. The most essential currencies are Swedish crown (SEK), Polish zloty (PLN) and the US Dollar (USD). Other currencies have only minor significance. The currency rate hedges were not used in the financial year 2017. The Group's financial liabilities do not include currency rate risk.

Capital management

The objective for the Group's capital management is to secure the continuance of activities (going concern) and increase in shareholder value. The capital structure can be managed among other things through decisions regarding dividend distribution and return of equity, purchase of own shares as well as share issues.

The financial covenants concerning the company's bond (24,500 thousand euros 31 December 2017) and the account limits and liquidity limits (6,000 thousand euros 31 December 2017) are tied to the terms of the bond, which are monitored regularly.

The terms and conditions of the Bond contain financial and other covenants as well as the prerequisites for early maturity and repurchase. 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 per cent, 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.

In addition, the Bond Issue includes other covenants related to divestment of assets, negative pledge, changes in the nature of business, related party dealings, use of credit limits, listing of the Bond, and to preserving and maintaining intellectual property rights. In addition, it includes an obligation of early repayment associated with a change in the control of the Company as well as maturity conditions related to a merger, de-merger, discontinuation of business, failures to pay and insolvency. The terms of the bond are available as a whole at company's website.

25. ADJUSTMENTS TO CASH FLOW FROM BUSINESS OPERATIONS

Significant events are listed in the cash flow statement. Significant adjustments to cash flow from business operations are due to depreciation and asset write-downs and the items related to the business acquisition made during the financial period, 2,410 thousand euros in the Group and 1,581 thousand euros in the Parent company.

The significant adjustments to the cashflow of the business for previous financial period were related to depreciations and impairments, as well as the acquisitions carried out. For the depreciations and impairments part, the impact to the group was 1,946 thousand euros and in the mother company 1,553 thousand euros, and for the acquisitions part, the impact to the group was -3,822 thousand euros and in the mother company -4,593 thousand euros.

26.OTHER LEASE AGREEMENTS

Company as a lessee
Non-cancellable other lease agreements carry the following minimum lease amounts to be paid:

	The Group		The Parent Company	
Thousand EUR	**2017**	**2016**	**2017**	**2016**
Within a year	1 682	2 213	1 510	2 111
One to five years	5 856	3 004	5 310	2 963
More than five years	513	75	513	75
Total	**8 051**	**5 292**	**7 333**	**5 149**

The Company has leased most of the cars and copiers in its use. The lease agreements include the possibility to continue the agreement after the expiration of the original.
The agreements differ in terms of index, renewal and other conditions. Lease liability for all premises has been presented for the set lease period.

The income statement for 2017 includes lease expenses based on other lease agreement 2,287 thousand euros (1,990 thousand euros in 2016).

27. CONDITIONAL DEBTS AND LIABILITIES

	The Group		The Parent Company	
Thousand EUR	**2017**	**2016**	**2017**	**2016**
Collateral given on our own behalf				
Business mortages	10 000	10 000	10 000	10 000
Total	**10 000**	**10 000**	**10 000**	**10 000**

Until the issuance of the bond the business mortgages as well as the pledged shares are given as collateral by the parent company for credit limits and long-term loans. After the issuance of the bond the business mortgages are given as collateral by the parent company for financing working capital and credit limits.

Conditional debts
The company has been presented a claim of 778 thousand euros related to a claimed error in one of the businesses. The company declines the claim both to its amount as well as the motivations for it. There is in the balance sheet a receivable of 370 thousand euros related to this.

28. RELATED PARTY TRANSACTIONS

Group's related parties consist of the parent company and its subsidiaries. The related parties also include the key persons, i.e. members of the Board of Directors and Executive Team, including the CEO and his family members

Group's parent and subsidiary relations 31 December 2017 are as follows:

COMPANY	DOMICILE	SHARE OF OWNERSHIP (%)	SHARE OF VOTES (%)
Solteq Oyj			
Analyteq Oy	Finland	51 %	51 %
Aponsa AB	Sweden	100 %	100 %
Sia Aponsa	Latvia	100 %	100 %
inPulse Works Oy	Finland	100 %	100 %
Solteq Denmark Aps	Denmark	100 %	100 %
Solorus Holding Oy	Finland	100 %	100 %
Solteq Finance Oy	Finland	100 %	100 %
Solteq Poland Sp. z.o.o.	Poland	100 %	100 %
Qetlos Oy	Finland	100 %	100 %

Subsidiary Pardo Group Oy has merged with the Parent Company Solteq Plc on 30 September 2017. Subsidiary Descomdigree AB has merged with Aponsa AB on 29 September 2017 and subsidiary of Aponsa Business Consulting AB has merged with Aponsa AB on 29 September 2017.

The option scheme and the share-based incentive scheme for the key persons of the Company

On 15 July 2016 Solteq Plc announced that the Board of Directors of Solteq Plc decided to adopt a new stock option scheme and a share-based incentive scheme according to the authorization granted by the Annual General Meeting on 16 March 2016. In accordance with the option scheme of 15 July 2016, the CEO and the CFO of the Company have subscribed 750,000 option rights in total.

The maximum total number of stock options issued will be 1,000,000. The share subscription price is 3,00 euros per share.

The following related party transactions took place

	The Group		The Parent Company	
Thousand EUR	**2017**	**2016**	**2017**	**2016**
Service sales	54	0	54	0
Renting arrangements	2	0	2	0
Purchases	48	0	48	0
Liabilities	2	0	2	0
Total	**106**	**0**	**106**	**0**

Transactions with the insiders have been done at market price and are part of the company's normal software service business. At the closure of accounts, there are no significant receivables from or payables to related parties

Management employee benefits

	The Group		The Parent Company	
Thousand EUR	**2017**	**2016**	**2017**	**2016**
Salaries and other short-term employment benefits	1 282	884	1 282	884
Total	**1 282**	**884**	**1 282**	**884**

The compensations of managing director, board of directors and management group are included in the management employee benefits.

Wages and salaries of the members of the board and the CEO

	The Group		The Parent Company	
Thousand EUR	**2017**	**2016**	**2017**	**2016**
CEO Repe Harmanen until 17 Feb 2017	258	239	258	239
Ceo Olli Väätäinen from 1 Apr 2017	207	0	207	0
Board members				
Pietilä Markku, Chairman of the board	38	16	38	16
Aktan Aarne	25	16	25	16
Grannenfelt Eeva	27	17	27	17
Harra-Vauhkonen Kirsi	24	17	24	17
Uotila Mika	24	17	24	17
Väätäinen Olli	3	17	3	17

The CEO’s accrual-based pension costs amount to 43 thousand euros. The CEO’s pension plan complies with the employment pension legislation. The Managing Director’s notice period is four months. In the managing director agreement is not included any separate severance payments.

The members of the Board and the CEO owned 415,000 shares at the end of 2017 (2016 15,000 shares).

29. EVENTS AFTER THE BALANCE SHEET DATE

The board of the company has on 15 January 2018 decided on a share emission of 628,930 shares on terms of contribution in kind to Theilgaard Mortensen Holding ApS in connection to the acquisition of the shares of TM Holding A/S.

Chief Financial Officer Antti Kärkkäinen has on 6 February 2018 announced his resignation from the company by 30 April 2018. The company has taken an action for hiring a new Chief Financial Officer.

PROPOSAL FOR DISTRIBUTION OF PROFITS AND SIGNATURES

The distributable equity of the parent company Solteq Plc as at 31.12.2017 is:

Invested unrestricted equity reserve	13,074,498.17 euros
Result for previous financial periods	7,178,191.38 euros
Result for the financial year	-419,343.53 euros
Total non-restricted equity	19,833,346.02 euros
Capitalized development costs	-332,716.26 euros
Total distributable funds	19,500,629.76 euros

Solteq Plc's Board of Directors proposes to the Annual General Meeting that for the financial year 2017, no dividend will be paid out.

The board is of the opinion that there is no financial prerequisites for a dividend payment or any other distribution of funds. According to the terms and conditions of the debenture stock, the distribution of funds would lead to a motivation for the expiration of these credits.

No essential changes have taken place in the company's financial situation after the end of the financial period.

Signatures of financial statements and the report of the board of directors

Vantaa, 15 February 2018

Markku Pietilä
Chairman of the Board

Aarne Aktan
Board Member

Eeva Grannenfelt
Board Member

Kirsi Harra-Vauhkonen
Board Member

Mika Uotila
Board Member

Olli Väätäinen
CEO

The auditor's note

Our auditors' report has been issued today.

Tampere, 15 February 2018

KPMG Oy Ab

Lotta Nurminen

Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Solteq Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Solteq Plc (business identity code 0490484-0) for the year ended 31 December, 2017. 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 financial statements give a true and fair view of the group's and parent company's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and comply with statutory requirements.
Our opinion is consistent with the additional report submitted to the Audit Committee.

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.
In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 4 to the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. The significant risks of material misstatement referred to in the EU

Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

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.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Goodwill and merger loss impairment assessment
(Refer to Accounting policies and note 13)

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
— In recent years the Group has expanded its activities through acquisition of companies. As a result, the consolidated balance sheet includes a significant amount of goodwill. Due to merging the acquired companies to the parent company, there is a significant amount of merger losses in the parent company's other intangible assets. — Goodwill and merger loss is not amortized but is tested at least annually for impairment. Determining the cash flow forecasts underlying the impairment tests requires the Directors make judgments over certain key inputs, for example revenue growth rate, discount rate, long-term growth rate and inflation rates. — Due to the high level of judgement related to the forecasts used, and the significant carrying amounts involved, impairment of goodwill and merger loss is considered a key audit matter.	— Our audit procedures included, among others, assessing key inputs in the calculations such as revenue growth, profitability and discount rate, by reference to the Board approved budgets, data external to the Group and our own views. We assessed the historical accuracy of forecasts prepared by management by comparing actual results for the year with the original forecasts. — We involved KPMG valuation specialists that assessed the technical accuracy of the calculations and compared the assumptions used to market and industry information. — Furthermore, we considered the appropriateness of the Group's disclosures in respect of goodwill and parent company's merger loss and impairment testing.

Revenue recognition
(Refer to Accounting policies and note 3)

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
— The Group's revenue consists of sale of services, licenses and hardware as well as long-term projects. — The most significant risks relate to long-term projects accounted for using the percentage-of–completion method, which involve judgment on the following matters, among others:	— Our audit procedures included considering the Group's revenue recognition policies and assessing them against IFRS standards. — We identified and assessed internal controls over revenue recognition and tested their operating effectiveness. In addition, we performed tests of detail and analytical audit procedures in order to

- Total project costs
- Stage of completion of a project
- Total project revenue
- Possible loss-making projects

— Different views on these judgmental items may lead to different revenue recognition outcome.

— Preparation of revenue recognition entries for long-term projects includes manual phases, which causes a risk of human error.

assess the accuracy of revenue recognition and recording sales in the correct accounting period.

— Regarding long-term projects, we discussed the categorization applied and related revenue recognition principles with management. In addition, we assessed and tested controls over revenue recognition of long-term projects, including, among others, updating of project forecasts, regular project reviews performed by management as well as project provision practices. Regarding the percentage-of-completion accounting at year-end, we assessed the determination of the stage of completion as well as compared the actual and forecasted information used in the calculations to the supporting documentation.

— Furthermore, we considered the appropriateness of the financial statements disclosures in respect of revenue recognition principles and revenue.

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 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 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Information on our audit engagement

Solteq Plc became a public interest entity on 6 September 1999. We have been the company's auditors since it became a public interest entity

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. 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.

Tampere 15 February 2018

KPMG OY AB

Lotta Nurminen
Authorised Public Accountant, KHT

CORPORATE GOVERNANCE STATEMENT

General principles

Solteq Corporation is a public limited company registered in Finland and its head office is located in Vantaa. Solteq Group consisted of the parent company Solteq Plc and its four Finnish and six foreign subsidiaries.

Decision-making and governance at Solteq comply with the company’s Articles of Association the Finnish Companies Act and other applicable legislation. In addition, the company complies with the Securities Market Assosiation’s Corporate Governance Code as well as NASDAQ Helsinki Ltd’ Guidelines for Insiders. The foreign subsidiaries comply with local legislations.

Tasks and responsibilities of bodies

The General Meeting of Shareholders, Board of Directors and CEO are in charge of the management of Solteq Group and their tasks are determined as specified by the Finnish Companies Act. The CEO is in charge of Group level operative activity, assisted by the group’s Executive Team.

General Meeting

The General Meeting is the highest decision-making body of the company. The Annual General Meeting is arranged once a year on the date determined by the Board of Directors within six months of the end of the financial period. Extraordinary General Meetings can be arranged during the year, if necessary. In accordance with the Articles of Association, the General Meeting is held in the company’s registered office Vantaa. A Summons to a General Meeting of Shareholders and the matters to be discussed in the meeting are issued in a newspaper announcement placed in at least one Finnish-language national daily newspaper and published as a stock exchange release and on the company’s web site.

The Annual General Meeting each year resolves the following matters:

• approval of the income statement and balance sheet
• measures occasioned by the profit or loss shown in the approved balance sheet
• discharging members of the Board of Directors and the CEO from liability
• number of Board members and their appointment
• election of the auditor
• remuneration of the Board of Directors and auditors
• other matters mentioned in the summons to the meeting

Board of directors

The Board of Directors of Solteq Corporation is responsible for the Company’s management and the appropriate arrangement of its operations. The Board of Directors is responsible of duties that are specified in the Articles of Association and the Finnish Companies Act. The main duty for the Board of Directors is to confirm company’s strategy and budget, make decisions of financial agreements and make decisions of purchase and sale of significant assets. The Board of Directors follow company’s financial development by monthly reports and other information that company’s management provides to the Board.

The essential duties and responsibilities of the Board are defined primarily by the Articles of Association and the Finnish Companies Act. The Board annually ratifies a working order that specifies the meeting procedure of the Board of Directors and its tasks.

In accordance with the working order, the tasks of the Board of Directors are to:

- steer the operations of the Company in in a manner that brings maximum long-term added value to the assets invested in the Company, taking the various stakeholders groups into consideration,

- approve the incentive systems of the CEO and other management members,
- appoint and dismiss the CEO and decides on the terms of the CEO's service contract,
- confirm the strategy, business objectives and annual budget and supervises their implementation,
- approve significant financing agreements and the purchases and sales of significant asset items,
- review and approves interim reports and financial statements,
- review and approve the mergers, acquisitions and corporate restructuring arrangements whose total value exceeds 500,000 euro and exceptional balance sheet items of more than 100,000 euro that are not part of the Company's regular business operations,
- review all contracts, agreements and business transactions with the owners of the Company and the Executive Team, with their related parties, and with companies in which Solteq Plc holds a controlling interest,
- approve the Company's structural changes and confirm the organisation of the Company at the proposal of the CEO,
- appoint the directors who report to the CEO at the proposal of the CEO and decide on the remuneration principles of the Executive Team Members,
- regularly assesse its own operations and collaboration with the management, and
- deal with other matters that the Chairperson of the Board and the CEO have agreed to be dealt with by the Board of Directors or matters that are otherwise within the decision-making power of the Board of Directors based on the Limited Liability Companies Act, other Acts, the Company's Articles of Association and other possible rules and regulations.

Special duties of the chairman of the Board of Directors:

- steers the work of the Board of Directors in a manner that ensures that the Board attends to its duties as efficiently and appropriately as possible,
- maintains regular contact with the CEO between Board meetings to monitor the operations of the Company,
- if necessary, maintains regular contacts with other Board Members between Board meetings,
- if necessary, maintains regular contacts with the owners of the Company and other stakeholder groups, and
- bears responsibility for the planning and assessment of the activities of the Board of Directors and the assessment of the CEO.

In accordance with the Articles of Association the Solteq Board of Directors has a minimum of five and a maximum of seven regular members. The Board members are elected by the Annual General Meeting for one term of office at a time. The term of office begins at the end of the General Meeting that elected the Board and expires at the end of the first Annual General Meeting of Shareholders following the election. The Articles of Association place no restrictions on the power of the General Meeting to elect members for the Board of Directors. The Board of Directors elects a Chair from its members and the Board of Directors is deemed to have a quorum present when half of its members are present. In addition to matters to be resolved, the Board of Directors is given real-time information on the operation, financial standing and risks of the group in the meeting. The Board of Directors convenes 12 to 14 times a year according to an agreed schedule, in addition to which the Board of Directors convenes when necessary. Minutes are kept for all meetings.

The annual General Meeting elected five (5) members to the Solteq Board of Directors: Markku Pietilä (Chair), Aarne Aktan, Eeva Grannenfelt, Kirsi Harra-Vauhkonen and Mika Uotila.

The Board of Directors convened 17 times and participation percentage was 95 %.

Audit Committee of the Board of Directors

The Audit Committee monitors the Group's profit performance, budget preparation principles, budgeting, financing situation and risk management. The Audit Committee has the following tasks:

- to monitor the Company's financial and financing situation,
- to monitor the process of the Company's financial statement reporting,
- to supervise the Company's financial reporting and merger and acquisition processes,
- to monitor the efficiency of the Company's internal control, possible internal auditing and risk management systems,
- to review the report of the Company on its governance system, including the description of the main features of the control and risk management systems related to the financial reporting process,
- to monitor the financial statements and statutory audits of the consolidated financial statements,
- to assess the independence of the statutory auditor or audit firm,
- to assess the audit firm's offering of auxiliary services,
- to prepare a proposal for decision concerning the election of an auditor,
- to maintain contact with the auditor and review the reports prepared by the auditor for the Audit Committee, and
- to assess the compliance with laws and statutory regulations.

The Audit Committee consists of three members. The Board of Directors elects the members and the chairperson of the Committee from among its members.

The members of the Committee shall have the qualifications required for performing the tasks of the Committee, and at least one member shall have expertise in accounting, bookkeeping or auditing. The Company's CEO and CFO present the matters to the Audit Committee. If necessary, the Audit Committee may use external experts and advisors.
The chairperson of the Audit Committee prepares the meeting agendas of the Committee and decides on their contents after discussing the matter with the management of the Company.

The CFO or another person appointed by the Audit Committee acts as secretary of the Committee.

The minutes of the Committee meetings shall be made available to the Board of Directors. The chairperson of the Committee shall also report to the Board of Directors on essential observations. Solteq Plc's Board of Directors has an Audit Committee and the members of the Committee are: Aarne Aktan, Markku Pietilä and Mika Uotila. The Chairman of the Committee is Markku Pietilä. All members of the Audit Committee are independent of the Company and Aarne Aktan is independent of significant shareholders.

During the financial year 2016 the members of the Audit Committee were paid a fee, decided by General Meeting, for their work in the Committee.

CEO

The Board of Directors appoints the CEO. The CEO is in charge of the management of the company's business operations and governance in accordance with the Articles of Association, the Finnish Companies Act and the instructions given by the Board. The CEO is assisted in the management of the group by the Executive Team. Repe Harmanen acted as the CEO of the company from January 1 2017 to February 17 2017 and Olli Väätäinen acted as the CEO of the company from April 1 to December 31 2017.

Executive team

The Executive Team assists the CEO in the operative management of the Company, prepares matters handled by the Board and the CEO as well as plans and monitors the operations of the business units. The Executive Team convenes regularly monthly. The CEO acts as a chairman of the Executive Team.

Solteq Group were from January 1 2017 to February 17 2017 Repe Harmanen (CEO), Ilkka Brander (Client Technologies), Harri Ilvonen (Digital Customerships), Kai Hinno (Operations), Antti Kärkkäinen (CFO) and Timo A. Rantanen (Sales and Customerships).

Solteq Group were from 17 February 2017 to 21 February 2017 Antti Kärkkäinen (CFO), Ilkka Brander (Client Technologies), Harri Ilvonen (Digital Customerships), Kai Hinno (Operations) and Timo A. Rantanen (Sales and Customerships).

Solteq Group were from February 21 2017 to April 1 2017 Antti Kärkkäinen (CFO), Ilkka Brander (Client Technologies), Harri Ilvonen (Digital Customerships), Kai Hinno (Operations).

Solteq Group were from April 1 2017 to June 12 2017 Olli Väätäinen (CEO), Ilkka Brander (Sales and Client Technologies), Kai Hinno (Operations), Harri Ilvonen (Digital Customerships), Kirsi Jalasaho (VP and IR, from April 3 2017) and Antti Kärkkäinen (CFO).

Due to acquisitions, Solteq appointed new Executive Team from June 12 2017. The members of the Solteq Group were from June 12 2017 to December 31 2017 Olli Väätäinen (CEO), Ilkka Brander (Sales and Client Technologies), Matti Djateu (Digital Marketing, from June 16 2017), Kirsi Jalasaho (VP and IR), Antti Kärkkäinen (CFO) and Juha Rokkanen (Digital Customerships).

Internal audit

The Group does not have any separate organization for the internal audit. The financial department is responsible for the internal audit in practice and the implementation of internal audit is supervised by the Audit Committee appointed by the Board of Directors. The goal is to make sure that the whole group has similar administration and accountancy.

External audit

Solteq Corporation has one auditor and if the auditor is not a firm accredited by the Central Chamber of Commerce (Authorized Public Accountants), the company has additionally one deputy auditor. The auditors are elected until further notice. The primary function of audit is to verify that the Financial Statements give accurate and adequate information about Solteq Corporation's result and financial position for the financial period. In addition to the Auditors report to the Audit Committee, and if needed, to the Board of Directors on the ongoing auditing of administration and operations. In 2017 Solteq's auditor was KPMG Oy Ab, Authorized Public Accountants, with Lotta Nurminen, APA as the auditor in charge.

Compensation

Management of compensation

The General Meeting decides on the remuneration paid to the Board of Directors and auditors.
The Board decides on the service terms and conditions of the CEO, specified in writing. The compensation principles of the top management are decided by the Board. The Board annually approves the possible personnel incentive schemes.

Board of Directors

The General Meeting decides on the remuneration paid to the Board of Directors and auditors. The Annual General Meeting resolved on March 17, 2017 to compensate the Chairman of the Board is paid a remuneration of 3,000 euros per month and the board members are paid a remuneration of 1,500 euros per month. In addition to this, it was decided that a remuneration of 500 euros per board meeting is paid to the Chairman of the Board and the board members.

According to share register maintained by Euroclear Finland Oy, members of the Board held 15,000 shares of Solteq Corporation at December 31, 2017.

Chairman of the Board

The salary of the Chairman of the Board Markku Pietilä was 37,600,00 euros in 2017. The Chairman of Board is not included in the bonus program of the company.

According to share register maintained by Euroclear Finland Oy, Chairman of the Board Markku Pietilä held 15,000 shares of Solteq Corporation at December 31, 2017.

CEO

The Board decides on the service terms and conditions of the CEO, specified in writing. Currently the CEO has:
• 3 months' period of notice and salary for the period of notice should the Company give notice, in addition to which he is entitled to severance pay equivalent of 9 months' fixed salary.
The CEO's and his substitute's remuneration consists of salary in money, fringe benefits and of share and option based incentive scheme. In the financial year 2016 the CEO's total salary including benefits, totaled 239,163,79 euros.

The salary and benefits including compensations was for the time period Jan 1, 2017 – Feb 17, 2017 to CEO Repe Harmanen 258,301,20 euros, and for the time period April 1, 2017 – December 31, 2017 to CEO Olli Väätäinen 210,000,00 euros.

According to the share register, administered by Euroclear Finland Oy, CEO Olli Väätäinen held 400,000 shares in Solteq Plc at December 31, 2017.

Executive team

The remunerations of the other members of the Executive team consist of salary in money, fringe benefits, a possible annual bonus based on performance and share-based incentive scheme. The compensation principles of the Executive Team members are decided by the Board.

The management team members held 126,457 shares in Solteq Plc at December 31, 2017.

Shares in executive team

On July 15 2016 the Board of Directors of Solteq Plc decided to adopt a new stock option scheme and a share-based incentive scheme to tie to the key persons to work for development of the shareholder value and to commit key persons to the Company.

The maximum total number of stock options issued will be 1,000,000, and they entitle the holders to subscribe for a maximum of 1,000,000 of new shares of the Company or existing shares held by the Company. The stock options are divided into three series: 333,000 under stock option 2016A, 333,000 under stock option 2016B, and 334,000 under stock option 2016C. The subscription period for shares under stock option 2016A will be 1 January 2017 – 31 December 2019, under stock option 2016B 1 January 2018 – 31 December 2019, and under stock option 2016C 1 January 2019 – 31 December 2019. The share subscription price will be 3.00 euro. If the company distributes dividends or equity, the subscription price of the shares subscribed for through the exercise of stock options will be reduced by the amount of the dividends or equity to be distributed. The Board of Directors decided on the stock option scheme by virtue of authorisation granted by the Annual General Meeting on 16 March 2016. The terms and conditions of the stock options are appended to this Stock Exchange Release and also available on the Company's web pages.

The earnings periods of the share-based incentive scheme will fall on the calendar years 2016-2018. Each key person in the scheme will be entitled to an incentive corresponding to the total value of a maximum of 70,000 shares (including the share to be paid in cash), which means that the total scope of the scheme will correspond to the total value of a maximum of 210,000 shares of the Company. The incentive will be paid as a combination of shares and cash, half each. The incentive to be paid in cash will mainly be used to cover the taxes and other tax-like charges payable for the incentive. The shares may be either new shares or existing shares held by the Company

The Company's Board of Directors has decided at the commencement of the scheme that the CEO and the CFO will be included in the scheme. The Board of Directors may decide later on the acceptance of new key persons to the scheme. The share-based incentive will be paid by the end of March following the end each calendar year. If a key person's employment relationship terminates before the payment date, no incentive will be paid. The shares received as rewards may not be transferred to third parties during the restriction period which will begin when the shares are transferred to the recipient and which will end on 1 April 2019 for all shares. The Company has the right to terminate the restriction period before its due date.

Chief Financial Officer Antti Kärkkäinen has been granted on April 4, 2017, according to the conditions of the share reward program, a reward with a value equivalent to 20,000 shares. In addition to this, Kärkkäinen owns at the balance sheet date 100,000 shares of each stock option series (2016A, 2016B and 2016C).

The former Chief Executive Officer Repe Harmanen has been granted on April 4, 2017, according to the conditions of the share reward program, a reward with a value equivalent to 30,000 shares. In addition to this, Harmanen owns at the balance sheet date 150,000 shares of the stock option series 2016A.

Internal control and risk management systems associated with financial reporting

The ultimate responsibility for accounting and financial administration lies with Solteq Corporation's Board of Directors. The Board is responsible for internal control, and the CEO is responsible for the practical arrangements and monitoring of the control system. The steering and monitoring of business operations is based on the reporting and business planning system covering the entire Group. The CEO and CFO give both Board and Executive Team meetings presentations of the Group's situation and development based on monthly reports.

Risk management system

The Group's risk management is guided by legal requirements, business requirements set by the owners of the company as well as the expectations of the other important stakeholders.
The goal of risk management is to identify and acknowledge the risks involved in the company's operations as well as to make sure that the risks are appropriately managed when making business decisions. The company's risk management supports the attainment of strategic goals and ensures the continuity of business operations.

Solteq takes risks that are a natural part of its strategy and objectives. The company is not ready to take risks that might endanger the continuity of operations or that are uncontrollable or that can significantly harm the company's operations. Risks are divided into risks related to business operations, personnel, finance, legal and financial risks. In the process of risk management, the goal is to identify and evaluate the risks, after which a risk-specific plan is drawn up and concrete action is taken. Such actions may include, for example, avoiding the risk, diminishing the risk by different means or transferring the risk by insurance or agreements. When necessary the Board of Directors will be reported all material changes and new significant risks that are identified in the process of risk management.

In 2017 to the Board of Directors has been reported material risks concerning Company's financial result in the uncertain general financial situation, risks in projects, credit and finance risks and valuation of immaterial assets in the balance sheet.

Control environment

The goal of Solteq's internal control is to support the implementation of the Group strategy and ensure compliance with regulations. The system is based on Group-level policies, guidelines and processes and controls of business operations and support processes. The operating culture is being built by the steering and control of the company's operations by the Board of Directors, the management methods of the company's management, the company's organizational structure and management system, effective utilization of global information system as well as the employees' competence.

The financial department operating under the CFO is responsible for the general controlling function in the financial reporting. The controlling operations are guided by the Audit Committee appointed by the Board of Directors. The Group applies the International Financial Reporting Standards (IFRS).

Risk assessment in financial reporting

The aim of financial reporting is to ensure that assets and liabilities belong to the company; all rights and liabilities of the company are presented in the financial statements; items in the financial statements have been classified, disclosed and described correctly assets, liabilities, income and expenditure are entered in the financial statements at the correct amounts; all the transactions during the reporting period are included in the accounts; transactions entered in the accounts are factual transactions; and that the assets have been secured. The risk management
process includes an annual identification and analysis of risks related to financial reporting. In addition, the aim is to analyze and report all new risks immediately after they have been identified. Taking into account the quality and extent of the Group's business operations, the most significant risks associated with the reliability of financial reporting are associated with revenue recognition, processing of bad debt reservation, capitalization of product development expenses, impairment testing of assets (including goodwill, capitalized product development expenses and unfinished projects) and deferred tax.

Control functions

The correctness and reliability of financial reporting are ensured through compliance with the Group guidelines. Controls that ensure the correctness of financial reporting include controls related to accounting transactions, controls related to the selection of and compliance with the accounting principles, information system controls and fraud controls.

Revenue recognition is based on the existence of obligatory sale documents. Goodwill is tested for impairment during the last quarter of the year. In addition to indications of impairment are continuously monitored. Information systems support compliance with the Group's acceptance authorizations. Personnel expenses account for a majority of Solteq's expenditure. Actual and forecasted personnel expenses are monitored and the forecasts are updated at a very detailed level regularly. The result of business operations and attainment of annual goals is assessed monthly by Executive Team and Board meetings. Monthly management and Board reporting includes both actual and forecast data compared to the goals and actual results of previous periods.

Solteq has complemented its organic growth with acquisitions in accordance with its strategy. In making acquisitions, the company aims to follow due diligence and utilize its internal and external competence in the planning phase (e.g. due diligence), and in the takeover phase

Communication and information

The purpose of the management's reporting is to produce aptly timed and essential information for making decisions. The financial department provides the guidelines on monthly reporting for the entire organization and is in charge of special reporting instructions associated with budgeting and forecasting. The Financial department internally distributes information on financial reporting-related processes and procedures on a regular basis and the personnel perform their internal control tasks according to such information. When necessary, financial department also arranges targeted training for the rest of the organization on the procedures associated with financial reporting and changes in them. The investor relations maintain the guidelines on the disclosure of financial information in cooperation with financial department.

Monitoring

Monitoring refers to the process to assess Solteq's internal control system and its performance. Solteq also continuously monitors its operations through various assessments, such as internal audits and external audits. Solteq's management monitors internal control as a part of routine management work. The business management is responsible for ensuring that all operations comply with applicable laws and regulations. The financial department monitors the compliance of the financial reporting process and control. The financial department also monitors the correctness of external and internal financial reporting. The Board of Directors assesses and ensures the appropriateness and effectiveness of Solteq's internal control and risk management. Solteq's internal control is also assessed by the company's Auditor. The external auditor verifies the correctness of external annual financial reporting. Performed as part of continuous auditing process, auditing targets on typical controls that ensure the correctness of financial reporting. The most significant observations and recommendations of the audit process according to the auditing plan are reported to the Board of Directors.

Insider administration

Solteq Plc complies with the Guidelines for Insiders issued by Nasdaq Helsinki Ltd which took effect on July 3 2016. Pursuant to Market Abuse Regulation (MAR) the persons holding managerial positions in the Company comprise of the members of the Board of Directors and the Executive Team and some other persons that meet the manager-criteria based on their positions.

A person holding a managerial position in the Company is prohibited from all trading in the Company's securities 30 days before the date of publication of the interim report or financial statements bulletin. Persons holding managerial positions must report all their business transactions related to the Company's securities to the Company and the Financial Supervisory Authority. The Company must publish the information as a stock exchange bulletin.

People who have access to specific insider information are included in the project-specific insiders. The project-specific insiders are prohibited from all trading in the Company's securities until he or she is included in the project-specific insiders.

THE BOARD OF DIRECTORS 31 DECEMBER 2017

Markku Pietilä, Chairman of the Board of Directors
Year of birth: 1957
Education: M.Sc. (Tech.), MBA
Main Occupation: Professional Board Member Profiz Business Solution Oy
Career history: Profiz Business Solution Oy
Member of the Board of Directors since: 2008
The Board Member is independent from the Company

Aarne Aktan
Year of birth: 1973
Education: B.Sc. (Econ.)
Main Occupation: Professional Board of Directors
Career history: CEO, Pihlajalinna Plc, CEO, Talentum Oyj; Managerial duties, Quartal Oy
Member of the Board of Directors since: 2015
The Board Member is independent from the Company and Company’s significant shareholders

Eeva Grannenfelt
Year of birth: 1958
Education: KTM, CEFA
Career history: Over thirty years’ senior management experience in banking and mutual insurance company investments, latest Mutual Insurance Company Elo
Member of the Board of Directors since: 2015
The Board Member is independent from the Company and Company’s significant shareholders

Kirsi Harra-Vauhkonen
Year of birth: 1967
Education: M.Sc. (Econ.)
Main Occupation: Managing Director, CEO, Sanoma Pro Oy
Career history: Industry Head (retail, branded goods and technology industries), Google; Senior management positions, Nokia Oyj
Member of the Board of Directors since: 2015
The Board Member is independent from the Company and Company’s significant shareholders

Mika Uotila
Year of birth: 1971
Education: M. Sc. (Econ.)
Main Occupation: Managing Partner, Sentica Partners Oy
Career history: Senior management positions, Sentica Partners Oy, Sentio Invest Oy and Sonera Oy Func Food Group
Member of the Board of Directors since: 2015
The Board Member is independent from the Company

EXECUTIVE TEAM 31 DECEMBER 2017

Olli Väätäinen
Year of birth: 1966
Education: M.Sc.(Econ.)
Main occupation: CEO, Solteq Plc
Essential work experience: Kotipizza Group Plc Fujitsu Services Member of the
Executive team since: 1.4.2017
Current key positions of trust: -

Ilkka Brander
Year of birth: 1976
Education: B.Soc.Sc, MBA
Main occupation: EVP – Core Business Solutions -department and Client technologies
Essential work experience: S-Verkkopalvelut Oy 2011-2016; 2011-2016; SOK Consumer Goods 2009-2011; Sokos retail chain 2005-2009
Member of the Executive team since: 22.11.2016
Current key positions of trust: SGN Group, Member of Board of Directors, Saarioinen Oy, Member of Board of Directors

Matti Djateu
Year of birth: 1975
Education: -
Main occupation: CDO
Essential work experience: Scotch & Soda
Member of the executive team since: 16.6.2017
Current key positions of trust: –

Kirsi Jalasaho
Year of birth:1974
Education: M.Sc. (Econ)
Main occupation: Vice President, Personnel, corporate culture and IR
Essential work experience: Solteq Plc Vice President, marketing and IR, Descom CFO
Member of the executive team since: 3.4.2017
Current key positions of trust: Jyväs-Parkki Oy, Member of Board of Directors, Teknologiateollisuus ry, Member of Regional Management in Middle-Finland

Antti Kärkkäinen
Year of birth: 1970
Education: M.Sc.(Econ.)
Main occupation: CFO, Solteq Plc
Essential work experience: Solteq Plc 2001- ; KPMG Wideri Oy Ab 1995-2001
Member of the Executive team since: 2001
Current key positions of trust: –

Juha Rokkanen
Year of birth: 1969
Education: BBA
Main occupation: EVP – Digital Services
Essential work experience: CEO, inPulse Works, 2016-2017, Managing Director, Innofactor Finland, 2006-2013; Sales Director, WM-Data Novo Plc, 2003-2006
Member of the Executive team since: 12.6.2017
Current key positions of trust: -

INVESTOR INFORMATION

Annual general meeting

Annual General Meeting of Shareholders will be held on March 27, 2018 at 10.a.m, in Clarion Hotel Helsinki Airport, Karhumäentie 5, Vantaa. Each shareholder who latest on March 15, 2018 is registered in the shareholders' register held by Euroclear Finland Oy has the right to participate in the General Meeting.

A shareholder who wants to participate in the General Meeting shall register for the meeting no later than Tuesday March 20, 2018 at 16.p.m, by giving a prior notice of participation. Such notice can be given by telephone +358 41 5297 745 or by email to maria.viiru@solteq.com.

SOLTEQ'S FINANCIAL REPORTING 2018

- Financial Statements 2017 on Friday February 16, 2018 at 8 am
- Interim Report 1-3/2018 on Thursday April 26, 2018 at 8 am
- Interim Report 1-6/2018 on Friday August 10, 2018 at 8 am
- Interim Report 1-9/2018 on Thursday October 25, 2018 at 8 am

STOCK EXCHANGE BULLETINS 2017

Date	Bulletin
29.12.2017	Solteq Oyj: Solteq Plc – Manager's transactions
28.12.2017	Solteq Oyj: Solteq Plc – Manager's transactions
27.12.2017	Solteq Oyj: Solteq Plc – Manager's transactions
22.12.2017	Solteq Oyj: Solteq Plc Financial Reporting and General Meeting in 2018
8.12.2017	Solteq Oyj: Solteq Plc – Manager's transactions
8.12.2017	Solteq Oyj: Solteq Plc – Manager's transactions
5.12.2017	Solteq Oyj: Solteq Plc – Manager's transactions
1.12.2017	Solteq Oyj: Solteq to acquire TM United A/S group, expands to Denmark and Norway
26.10.2017	Solteq Oyj: Solteq Plc Interim Report 1 January – 30 September 2017
23.8.2017	Solteq Oyj: Solteq Plc – Manager's transactions
21.8.2017	Solteq Oyj: Solteq Plc – Manager's transactions
18.8.2017	Solteq Oyj: Solteq Plc – Manager's transactions
17.8.2017	Solteq Oyj: Solteq Plc – Manager's transactions
16.8.2017	Solteq Oyj: Solteq Plc – Manager's transactions
10.8.2017	Solteq Oyj: Solteq Plc – Manager's transactions
9.8.2017	Solteq Oyj: Solteq Plc – Manager's transactions
7.8.2017	Solteq Oyj: Solteq Plc – Manager's transactions
3.8.2017	Solteq Oyj: Solteq Plc – Manager's transactions
27.7.2017	Solteq Oyj: Solteq Plc – Manager's transactions
26.7.2017	Solteq Oyj: Solteq Plc – Manager's transactions
24.7.2017	Solteq Oyj: Solteq Plc – Manager's transactions
20.7.2017	Solteq Oyj: Solteq Plc – Manager's transactions
20.7.2017	Solteq Oyj: Solteq Plc – Manager's transactions
19.7.2017	Solteq Oyj: Solteq Plc – Manager's transactions
18.7.2017	Solteq Oyj: Solteq Plc – Manager's transactions
14.7.2017	Solteq Plc Half Year Financial Report 1 January – 30 June 2017
3.7.2017	Solteq Oyj: Solteq Plc – Manager's transactions

3.7.2017	Solteq Oyj: Solteq Plc – Manager's transactions
30.6.2017	Solteq Oyj: New shares in Solteq Plc entered in the trade register
14.6.2017	Solteq Oyj: Solteq Plc – Manager's transactions
14.6.2017	Solteq Oyj: Solteq Plc – Manager's transactions
12.6.2017	Solteq Oyj: Changes in Solteq Plc´s Executive Team
12.6.2017	Solteq Oyj: Solteq acquires inPulse Works Oy, expands to the utilities sector and strengthens its BI and analytics expertise
22.5.2017	Solteq Oyj: Solteq Plc – New shares in Solteq Plc and the cancellation of the treasury shares entered in the trade register
24.4.2017	Solteq Oyj: Solteq Plc – Manager's transactions
24.4.2017	Solteq Oyj: Solteq Plc – Manager's transactions
21.4.2017	Solteq Oyj: Solteq Plc – Correction to the amount of treasury shares to be cancelled
21.4.2017	Solteq Oyj: Solteq Plc – Directed share issue to the company´s CEO
21.4.2017	Solteq Oyj: Solteq Plc: Disclosure of change in shareholdings under chapter 9, section 10 of the Securities Markets Act
20.4.2017	Solteq Oyj: Solteq Plc Interim Report 1 January – 31 March 2017
5.4.2017	Solteq Oyj: Solteq Plc – Manager's transactions
4.4.2017	Solteq Oyj: Solteq Plc – Transfer of the Company´s own shares
3.4.2017	Solteq Oyj: Change in the Management Team of Solteq Plc
21.3.2017	Solteq Oyj: Solteq Plc – Manager's transactions
17.3.2017	Solteq Oyj: Decisions by the annual general meeting of Solteq Plc
16.3.2017	Solteq Oyj: Solteq Plc: Disclosure of change in shareholdings under chapter 9, section 10 of the Securities Markets Act
16.3.2017	Solteq Oyj: Solteq Plc: Proposal of the shareholders concerning remuneration, number and election of the Members of The Board of Directors
10.3.2017	Solteq Oyj: Solteq has paid company acquisitions with its own shares
24.2.2017	Solteq Oyj: New shares in Solteq Plc entered into trade register
21.2.2017	Solteq Oyj: Change in the Management Team of Solteq Plc
17.2.2017	Solteq Oyj: CEO of Solteq Plc. to change
17.2.2017	Solteq Oyj: Solteq Plc: Notice to the annual general meeting of shareholders 17.3.2017
17.2.2017	Solteq Oyj: Solteq Plc Financial Statement Bulletin 1.1.-31.12.2017 (IFRS)
17.2.2017	Solteq Oyj: Solteq Plc publishes its 2016 annual report and financial statements
16.2.2017	Solteq Oyj: Solteq to purchase the majority of Tuko's store and inventory replenishment services, thereby strengthening its analytics expertise
30.1.2017	Solteq Oyj: Solteq to change stock symbol to SOLTEQ – effective on February 1st, 2017
27.1.2017	Solteq Oyj: Solteq Plc – Managers´ Transactions
27.1.2017	Solteq Oyj: Solteq Plc – Managers´ Transactions
27.1.2017	Solteq Oyj: Solteq Plc – Managers´ Transactions
26.1.2017	Solteq Oyj: Directed share issue to personnel of Solteq Plc has ended – roughly half of the Solteqlans to become shareholders