

SOLTEQ

**Interim Report
Q3 2018
1.1.–30.9.2018**

SOLTEQ PLC INTERIM REPORT 1.1.–30.9.2018 (IFRS)

- Revenue totalled 41,937 thousand euros (38,195 thousand euros).
- EBITDA was 3,619 thousand euros (1,886 thousand euros).
- The adjusted EBITDA was 3,800 thousand euros (3,277 thousand euros).
- Operating profit was 1,821 thousand euros (335 thousand euros).
- The adjusted operating profit was 2,002 thousand euros (1,726 thousand euros).
- Earnings per share was 0,01 euros (-0,06 euros).
- Solteq Group's equity ratio was 32.7 % (34.4 %).
- Net cash from operating activities was 2,354 thousand euros (-4 658 thousand euros).
- The comparable revenue was 9.8 percent higher than in the comparison period, the drivers for this growth were mainly the acquisitions performed. Continuous services accounted for approximately one third of the revenue.
- We invest strongly in future growth by focusing on the development of our own cloud-based software products and services. We estimate that this year's product development investments will amount to EUR 2.0 million.

Key figures

	7-9/18	7-9/17*	Change %	1-9/18	1-9/17*	Change %	1-12/17*	Rolling 12mo
Revenue, TEUR	12 834	11 638	10.3 %	41 937	38 195	9.8 %	50 720	54 461
EBITDA, TEUR	1 066	56	1796.6 %	3 619	1 886	91.9 %	2 384	4 117
Adjusted EBITDA, TEUR	1 132	436	160.0 %	3 800	3 277	16.0 %	4 177	4 701
Operating profit, TEUR	492	-495	199.3 %	1 821	335	443.4 %	308	1 794
Adjusted operating profit, TEUR	558	-115	585.6 %	2 002	1 726	16.0 %	2 101	2 377
Profit for the financial period, TEUR	-105	-803	86.9 %	247	-980	125.2 %	-1 514	-287
Earnings/share, e	-0,01	-0,05	84.1 %	0,01	-0,06	121.3 %	-0,08	-0,01
Operating profit-%	3.8 %	-4.3 %		4.3 %	0.9 %		0.6 %	3.3 %
Adjusted operating profit-%	4.4 %	-1.0 %		4.8 %	4.5 %		4.1 %	4.4 %
Equity ratio, %	32.7 %	34.4 %		32.7 %	34.4 %		33.7 %	32.0 %

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

Profit guidance 2018

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

CEO OLLI VÄÄTÄINEN:

The Company grew, and profitability improved

Solteq Group's revenue was EUR 41.9 million for the review period, a 9.8 percent increase year-on-year. The drivers of this growth were mainly the acquisitions executed in 2017 and the good demand for digital services. Nearly one fifth of the Group's revenue originated from outside Finland and continuous services accounted for approximately one third of the revenue.

For the review period, the company's adjusted EBITDA was EUR 3.8 million and its adjusted operating profit was EUR 2.0 million. The company's adjusted operating profit for the third quarter was EUR 0.6 million, which was in line with the company's expectations.

The company continued significant investments in the development of its own cloud-based software products and services. We are especially active in areas that enable us to incorporate artificial intelligence and physical autonomous robotics into our products and services. The product and services development investments resulted into first orders related to the Solteq Smart Retail suite. Solteq Smart Retail is a modular, cloud-based solution platform that simplifies business management and planning in small and medium-sized retail companies especially. Sales management, customer experience optimization and operational improvements can all be executed via the solution platform. The Smart Retail suite is primarily based on company's own software and it is delivered as a Service.

We also continued the development of the software products and services acquired through acquisitions. In the energy industry, the company received two major orders. Solteq will deliver a new customer service application for Lappeenrannan Energia and Porvoon Energia. The applications will include customer service and invoicing functionalities for district heating and the sales and transfer of electricity. The applications will be delivered as SaaS.

In the third quarter, the Group's personnel increased from 569 to 584.

The business outlook for the last quarter of the current financial year is good and the company's profitability is expected to develop positively.

OPERATING ENVIRONMENT AND BUSINESS DEVELOPMENT

Solteq is a Nordic industry-independent IT provider and software house that specializes in digital business solutions. Our mission is to simplify the digital world to make a better tomorrow. For our customers, we are a partner who knows what it takes to win in digital disruption. Most of our current business operations are within industries where we have strong competence. These include retail and wholesale trade, the hospitality sector, manufacturing industry and the energy sector. Solteq develops and implements solutions for customers mainly in the Nordic countries. The company has offices in Finland, Sweden, Denmark, Norway and Poland. Nearly one fifth of the personnel works outside Finland.

Solteq serves those industries whose traditional operating models are being shaken by the digital revolution. Digital customer engagement becomes more versatile with the aid of service robotics and artificial intelligence, among other things. Combined with innovative solutions that make customers operations more efficient, this increases Solteq's business opportunities. Solteq is actively exploring new industries where the company has significant opportunities for leveraging its in-depth understanding of customers and technologies as well as its insight into the future.

In January, Solteq completed the purchase of the entire share capital of TM United A/S, as announced earlier. TM United A/S's solutions are focused on digital transactions and the

optimization of the online customer experience. With the acquisition, the company expanded its business operations to Denmark and Norway. TM United A/S was consolidated into Solteq Group on 1 January 2018.

Growth in Denmark and other Nordic countries was boosted by a business transaction with the Danish company ProInfo A/S on 15 June 2018. Through the transaction, Solteq acquired certain competencies and customers related to retail and Horeca IT systems. 12 IT professionals joined Solteq as part of the acquisition.

REVENUE AND PROFIT

Revenue by operation:

	Group	Group
TEUR	1-9/2018	1-9/2017
Services	36 465	31 547
Income from long-term contracts	1 115	2 882
Income from software licenses	4 107	3 585
Sales of hardware	250	181
Total	41 937	38 195

Revenue increased by 9.8 percent compared to the previous year and totalled 41,937 thousand euros (previous review period 38,195 thousand euros).

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

The operating result for the review period was 1,821 thousand euros (335 thousand euros). The adjusted operating result was 2,002 thousand euros (1,726 thousand euros).

Result before taxes was 610 thousand euros (-985 thousand euros) and result review period was 247 thousand euros (-980 thousand euros).

BALANCE SHEET AND FINANCE

The total assets amounted to 67,413 thousand euros (61,826 thousand euros). Liquid assets totalled 1,606 thousand euros (844 thousand euros). The company has used 2,000 thousand euros of the standby credit limit amounting to a total of 4,000 thousand euros. In addition, the company has a credit limit of 2,000 euros, which was unused at the end of the review period.

The measures taken to improve the working capital circulation during the second quarter have progressed as expected and will continue.

The Group's interest-bearing liabilities were 28,043 thousand euros (27,004 thousand euros).

Solteq Group's equity ratio was 32.7 percent (34.4 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.

In the third quarter, the terms of the Bond were changed regarding the definition of the Permitted Debt. After the change, the terms will allow the company to obtain development loans provided by Business Finland, or equivalent, up to three million euros.

INVESTMENTS, RESEARCH AND DEVELOPMENT

The net investments during the review period were 6,608 thousand euros (5,364 thousand euros). During the review period 4,441 thousand euros (4 304 thousand euros) of the net investments were company acquisitions, 1,320 thousand euros (266 thousand euros) were capitalized development costs relating to continued further development of the existing software products and the development of new software products, and 847 thousand euros (794 thousand euros) were replacement investments.

PERSONNEL

The number of permanent employees at the end of the review period was 584 (505).

Key figures for Group's personnel:

	1-9/18	1-9/17	1-12/17
Average number of personnel during the financial period	546	475	485
Employee benefit expenses (TEUR)	22 300	19 691	26 610

RELATED PARTY TRANSACTIONS

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

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

SHARES, SHAREHOLDERS AND TREASURY SHARES

Solteq Plc's equity on 30 September 2018 was 1,009,154.00 euros which was represented by 19,306,527 shares. The shares have no nominal value. All shares have an equal entitlement to dividends and company assets. Shares are governed by a redemption clause.

Solteq Plc did not hold any treasury shares in the end of the review period.

In the review period Solteq Plc directed a share issue, totaling to 628,930 shares, to the shareholders of TM United A/S as a part of the company acquisition on 15 January 2018. The new shares were registered into trade register and publicly traded as of 22 March 2018. After the changes, the total number of shares was 19,306,527. The issued shares represent 3.3 percent of the company's shares and votes. The subscription price was recorded in its entirety to the invested non-restricted fund of the company.

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

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

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

Exchange and rate

During the review period, the exchange of Solteq's shares in the Helsinki Stock Exchange was 0.7 million shares (1.3 million shares) and 1.0 million euros (2.2 million euros). The highest rate during the review period was 1.64 euros and lowest rate 1.39 euros. The weighted average rate of the share was 1.51 euros and end rate 1.45 euros. The market value of the company's shares in the end of the financial year totalled 28.0 million euros (31.4 million euros).

Ownership

In the end of the review period, Solteq had a total of 2,166 shareholders (2,312 shareholders). Solteq's 10 largest shareholders owned 13,238 thousand shares i.e. they owned 68.6 percent of the company's shares and votes. Solteq Plc's members of the Board of Directors and CEO owned 415 thousand shares on 30 September 2018 (15 thousand shares on 30 September 2017).

ANNUAL GENERAL MEETING

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

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

The Annual General Meeting authorized the Board of Directors to decide on share issue, carried out with or without payment and on issuing share options, and other special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act as follows:

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

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

The Board of Directors is authorized to decide on accepting the company's own shares as pledge (direct) regarding business acquisitions or when executing other business arrangements. Accepting pledge may occur at once or in multiple transactions. The number of own shares to be accepted as pledge shall not exceed 2,000,000 shares. The authorization includes that the Board of Directors may decide on other terms concerning the pledge. The authorization is effective until the next Annual General Meeting, however, no longer than until April 30, 2019.

BOARD OF DIRECTORS AND AUDITORS

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

In the Board meeting, held after the Annual General Meeting, Markku Pietilä was elected as the Chairman of the Board.

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

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

EVENTS AFTER THE REPORTING PERIOD

Solteq Plc's board member Kirsi Harra-Vauhkonen resigned from the board of directors on 2 October 2018. At this moment, Solteq Plc's board of directors consists of four members.

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

FINANCIAL REPORTING

This Financial Statements Bulletin has been prepared in accordance with the recognition and valuation principles of IFRS standards and using the same accounting policies as the Financial Statements 2017, in addition, from January 1, 2018 we have followed the changes to IFRS standards which have been approved by the EU. Solteq Group has taken into use the new IFRS 15 and IFRS 9 and applied the changes to IFRS 2 standards. The IFRS 15 standard is applied in full retroactively. The impact of the adjustments is presented in the chapter "Impact of the new and changed standards".

Solteq Group has one reported segment, Software Services.

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

Financial information

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (TEUR)	7-9/18	7-9/17*	1-9/18	1-9/17*	1-12/17*
REVENUE	12 834	11 638	41 937	38 195	50 720
Other income	10	39	10	52	52
Materials and services	-1185	-2 017	-5 016	-5 380	-6 276
Employee benefit expenses	-8 629	-7 363	-27 304	-24 291	-32 880
Depreciation and impairments	-574	-551	-1 798	-1 551	-2 076
Other expenses	-1 964	-2 241	-6 008	-6 690	-9 231
OPERATING RESULT	492	-495	1 821	335	308
Financial income and expenses	-442	-407	-1 211	-1 320	-1 764
RESULT BEFORE TAXES	50	-902	610	-985	-1 456
Income tax expenses	-155	99	-363	5	-58
RESULT FOR THE FINANCIAL PERIOD	-105	-803	247	-980	-1 514
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Translation difference	8	-3	-90	55	14
Other comprehensive income net of tax	8	-3	-90	55	14
TOTAL COMPREHENSIVE INCOME	-97	-806	157	-925	-1 500

Total profit for the period attributable to owners of the parent	-105	-803	247	-980	-1 514
Total comprehensive income attributable to owners of the parent	-97	-806	157	-925	-1 500
Earnings/share, e (undiluted)	-0,01	-0,05	0,01	-0,06	-0,08
Earnings/share, e (diluted)	-0,01	-0,05	0,01	-0,06	-0,08

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

CONSOLIDATED BALANCE SHEET (TEUR) 30.9.2018 30.9.2017* 31.12.2017*

ASSETS

NON-CURRENT ASSETS

Tangible assets	2 227	2 208	2 220
Intangible assets			
Goodwill	39 978	36 886	36 912
Other intangible assets	7 148	5 098	5 227
Available-for-sale financial assets	470	522	556
Trade and other receivables	169	253	184
Total non-current assets	49 992	44 967	45 099

CURRENT ASSETS

Inventories	138	400	149
Trade and other receivables	15 677	15 615	14 701
Cash and cash equivalents	1 606	844	1 552
Total current assets	17 421	16 859	16 402
TOTAL ASSETS	67 413	61 826	61 501

EQUITY AND LIABILITIES

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Share capital	1 009	1 009	1 009
Share premium reserve	75	75	75
Distributable equity reserve	12 922	11 935	11 960
Retained earnings	7 588	8 032	7 476
Total equity	21 594	21 051	20 520
Non-current liabilities			
Deferred tax liabilities	1 031	919	987
Financial liabilities	25 607	25 156	25 170
Current liabilities	19 181	14 700	14 824
Total liabilities	45 819	40 775	40 981
TOTAL EQUITY AND LIABILITIES	67 413	61 826	61 501

CASH FLOW STATEMENT (TEUR)	1-9/18	1-9/17*	1-12/17*
Cash flow from business operations			
Result for the financial period	247	-980	-1 514
Adjustment for operating profit	3 703	1 559	2 423
Changes in working capital	-15	-3 794	-1 216
Interest paid	-1 689	-1 471	-1 804
Interest received	108	28	40
Net cash from operating activities	2 354	-4 658	-2 071
Cash flows from investing activities			
Acquisition of subsidiaries	-2 272	-2 395	-2 395
Investments in tangible and intangible assets	-1 818	-621	-1 074
Net cash used in investing activities	-4 090	-3 016	-3 469
Cash flow in financing activities			
Long-term loans, increase	0	0	0
Long-term loans, decrease	0	-554	-554
Short-term loans, increase	2 000	1 270	0
Short-term loans, decrease	-40	0	0
Payment of finance lease liabilities	-170	-462	-618
Share issue to personnel	0	669	669
Dividend payment	0	-882	-882
Net cash used in financing activities	1 790	41	-1 385
Changes in cash and cash equivalents	54	-7 633	-6 925
Cash and cash equivalents 1 Jan 2018	1 552	8 477	8 477
Cash and cash equivalents 30 Sep 2018	1 606	844	1 552

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

STATEMENT OF CHANGES IN GROUP EQUITY (TEUR)

A=Share capital

B=Share issue

C=Own shares

D=Share premium account

E=Translation difference

F=Distributable equity reserve

G=Earnings

H=Total

	A	B	C	D	E	F	G	H
EQUITY 1 Jan 2017	1 009	164	-1 109	75	-56	10 449	9 781	20 313
Impact of the implementation of IFRS 15							44	44
ADJUSTED EQUITY 1 Jan 2017	1 009	164	-1 109	75	-56	10 449	9 825	20 357
Total comprehensive income					55		-972	-917
Incentive scheme and option scheme							62	62
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 Oy						1 000		1 000
Conveyance/cancellation of own shares			1 109		0	-1 109		0
Dividend distribution							-882	-882
Total transactions with owners	0	-164	1 109	0	0	1 486	-820	1 611
EQUITY 30 Sep 2017	1 009	0	0	75	-1	11 935	8 033	21 051
EQUITY 1 Jan 2018	1 009	0	0	75	-42	11 960	7 518	20 520
Impact of the implementation of IFRS 9							-16	-16
Change of IFRS 2 standard							-15	-15
ADJUSTED EQUITY 1 Jan 2018	1 009	0	0	75	-42	11 960	7 487	20 489
Result for the financial period							247	247
Other comprehensive income					-90			-90
Total comprehensive income					-90		247	157
Incentive scheme and option scheme							-14	-14
Directed issue to the owners of TM United A/S						962		962
Transactions with owners						962	-14	948
EQUITY 30 Sep 2018	1 009	0	0	75	-132	12 922	7 720	21 594
TOTAL INVESTMENTS (TEUR)	1-9/18		1-9/17			1-12/17		
Group total	6 608		5 364			6 051		
LIABILITIES (MEUR)	30.9.2018		30.9.2017			31.12.2017		
Business mortgages	10,00		10,00			10,00		
Other lease liabilities	0,17		0,09			0,25		
Lease liabilities for premises	7,12		4,60			7,80		
RELATED PARTY TRANSACTIONS (TEUR)	30.9.2018		30.9.2017			31.12.2017		
Service sales	14		0			54		
Renting arrangements	0		0			2		
Purchases	103		48			48		
Liabilities	0		0			2		

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

Fair values of financial assets and financial liabilities

The fair values of the financial assets and liabilities are mainly the same as the book values. Hence, they are not presented in table form in the bulletin.

MAJOR SHARE HOLDERS 30 SEPTEMBER 2018	Shares and votes		
		Number	%
1. Sentica Buyout III Ky		4 621 244	23.9
2. Profiz Business Solution Oy		2 037 997	10.6
3. Keskinäinen Työeläkevakuutusyhtiö Elo		2 000 000	10.4
4. Saadetdin Ali		1 400 000	7.3
5. Varma Keskinäinen Eläkevakuutusyhtiö		1 245 597	6.5
6. Aalto Seppo		686 986	3.6
7. Roininen Matti		441 000	2.3
8. Väätäinen Olli		400 000	2.1
9. Lamy Oy		225 000	1.2
10. Sentica Buyout III Co-Investment Ky		180 049	0.9
10 largest shareholders total		13 237 873	68.6
Total of nominee-registered		1 028 006	5.3
Others		5 040 648	26.1
Total		19 306 527	100.0
FINANCIAL PERFORMANCE INDICATORS (IFRS)			
	1-9/18	1-9/17*	1-12/17*
Net revenue MEUR	41,9	38,2	50,7
Change in net revenue	9,8 %	-15,8 %	-0,2 %
Operating result MEUR	1,8	0,3	0,3
% of revenue	4,3 %	0,9 %	0,6 %
Result before taxes MEUR	0,6	-1,0	-1,5
% of revenue	1,5 %	-2,6 %	-2,9 %
Equity ratio, %	32,7 %	34,4 %	33,7 %
Gearing, %	122,4 %	124,3 %	118,5 %
Net investments, non-current assets MEUR	6,6	5,4	6,1
Return on equity, rolling 12mo, %	-1,4 %	-3,7 %	-7,4 %
Return on investment, rolling 12mo, %	3,9 %	2,5 %	0,8 %
Personnel at the end for period	584	505	480
Personnel average for period	546	475	485
KEY INDICATORS PER SHARE			
Earnings / share, e (undiluted)	0,01	-0,06	-0,08
Earnings / share, e (diluted)	0,01	-0,06	-0,08
Equity / share, e	1,12	1,13	1,10

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

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

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

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

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

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

Adjusted items:

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

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

Adjusted operating profit (EBIT):

By their contents, the definitions correspond to the financial key figures reported earlier as "excluding non-recurring items". The reconciliation of the adjusted operating profit to operating profit is presented in the table below. The same adjusting items apply when reconciling the adjusted EBITDA to EBITDA.

Adjusted operating profit	Q3/18	Q2/18	Q1/18	1-9/18	Q4/17*	Q3/17*	Q2/17*	Q1/17*	1-12/17*
Adjusted operating profit (EBIT)	558	153	1 291	2 002	375	-115	830	1 011	2 101
Adjusted items:									
Incentive scheme and option scheme (IFRS 2)	0	0	-14	-14	-79	39	49	29	38
Acquisition of subsidiaries	0	12	0	12	244	61	104	0	409
Transfer of AX business	0	0	0	0	0	0	25	0	25
Non-recurring severance packages	66	117	0	183	237	280	0	504	1 021
Reconciliation agreement	0	0	0	0	0	0	0	300	300
Adjusted items total	66	128	-14	181	402	380	178	833	1 793
Operating profit (EBIT)	492	24	1 305	1 821	-27	-495	652	178	308

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

Calculation of financial ratios

Solvency ratio, in percentage:	$\frac{\text{equity}}{\text{balance sheet total} - \text{advances received}} \times 100$
Gearing:	$\frac{\text{interest bearing liabilities} - \text{cash, bank balances and securities}}{\text{equity}} \times 100$
Return on Equity (ROE) in percentage:	$\frac{\text{profit or loss before taxation} - \text{taxes}}{\text{equity}} \times 100$
Profit from invested equity in percentage:	$\frac{\text{profit or loss before taxation} + \text{interest expenses and financing expenses}}{\text{equity}} \times 100$
Earnings per share:	$\frac{\text{pre-tax result} - \text{taxes} + / - \text{minority interest}}{\text{diluted average share issue corrected number of shares}} \times 100$
Diluted earnings per share:	$\frac{\text{diluted profit before taxation} - \text{taxes} + / - \text{minority interest}}{\text{diluted average share issue corrected number of shares}} \times 100$
Equity per share:	$\frac{\text{equity}}{\text{number of shares}} \times 100$
Gross profit:	revenue – materials and services
EBITDA:	operating result + depreciation and impairments

Business combinations

Acquisitions in the review period

During the review period 1 Jan – 30 September 2018, two company acquisitions were made.

TM United A/S

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

ProInfo A/S

Growth in Denmark and the Nordic countries was boosted with a business acquisition with ProInfo A/S on 15 June 2018. Solteq Group acquired expertise and customer relationships related to IT and Horeca IT systems. In the acquisition 12 IT professionals were transferred to Solteq. ProInfo A/S has been consolidated to Solteq Group since 1 June 2018.

IMPACT OF THE ACQUIRED COMPANIES TO SOLTEQ GROUP

AGGREGATE FIGURES FOR THE ACQUISITION	Acquisition
TEUR	Jan 15 / Jun 15 2018
Preliminary consideration	
Paid in cash	3 513
Directed issue	962
Total	4 475
Tangible fixed assets	17
Intangible assets, software products **	1 031
Intangible assets	68
Deferred tax assets	0
Available-for-sale financial assets	0
Inventories	6
Trade and other receivables	1 298
Cash and cash equivalents	1 241
Total assets	3 661
Trade payables and other liabilities	-2 242
Financial liabilities	-40
Total liabilities	-2 282
The goodwill value from the acquisition	3 096

Cash flow from the acquisition	
Consideration paid in cash in 2018	3 479
Cash and cash equivalents of the acquired companies	1 241
Total cash flow from the acquisition	2 238

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

** Depreciations of the intangible rights during the reporting period are 94 thousand euros (software products).

Expenses related to the acquisition	
Other expenses	245
Total expenses related to the acquisition	245

Impact on the Solteq Group's number of personnel	47
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Impact on the Solteq Group's comprehensive income statement	1-9/2018
Revenue*	4 474
Operating profit*	168

* The amount of the revenue and the operating profit from acquisition date to the end of the reporting period. TM United is consolidated into to Solteq Group as of 1 January 2018 and ProInfo as of 1 June 2018.

The revenue and operating profit of the acquired companies is not presented as the consolidation would have happened in the beginning of the financial year because it has not a significant effect on Solteq Group's figures in financial year 2018.

Financial year 2017

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

Analyteq Oy & inPulse Works Oy

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

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

IMPACT OF THE ACQUIRED COMPANIES TO SOLTEQ GROUP

AGGREGATE FIGURES FOR THE ACQUISITION

TEUR

Preliminary 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
Loan	-372
Total liabilities	-1 930
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 company on the acquisition date	909
Total cash flow from the acquisition	2 395
Goodwill consists of assets that cannot be separated like synergy benefits, competent personnel, market share and entrance to new market.	
** Depreciations of the intangible rights during the reporting period are 103 thousand euros (software products).	
Expenses related to the acquisition	
Other expenses	92
Total expenses 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 4 April 2017. InPulse Works Oy is consolidated into the Solteq Group as of 1 June 2017.

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

The impact of the new and changed standards

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

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

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

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

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

The pivotal concepts of IFRS 15 have been analyzed through different revenue streams. These are own licenses and their maintenance, 3rd party licenses and their maintenance, 3rd party hardware and equipment, media sales and service sales. The biggest impact to revenue is deriving from the 3rd party licenses and their maintenance, and media sales. This is because of the new principal vs agent guidance. For these, an evaluation has been made regarding what role Solteq Plc has towards its end customer. The impact of the change in revenue recognition principle to the revenue of the year 2017 was -10,8 million euros, when a net principle for presenting the revenue was applied and revenue will be presented as agent fee (earlier revenue was presented as gross). In the enclosure for the 2017 annual closing, the impact was preliminarily -9,8 million euros. The change to the preliminary estimate is due to the qualification of the handling of the sales revenue of the subsidiaries. No material impact was seen in the Group's operating profit or equity from applying the new standard. Solteq Plc has taken totally the standard into use retroactively. The numbers for the financial year 2017 and Q3 2017 adjusted with the new standard are presented enclosed.

IFRS 16 Leases (applicable from January 1, 2019)

Solteq Group will apply IFRS 16 from 1 January 2019. A more detailed assessment of the effects of the change is pending.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (TEUR)

	Reported value		Adjusted value		Reported value		Adjusted value		Reported value		Adjusted value	
	1.7.-	IFRS15	1.7.-	1.1.-	IFRS15	1.1.-	1.1.-	IFRS15	1.1.-	IFRS15	1.1.-	IFRS15
	30.9.2017		30.9.2017	30.9.2017		30.9.2017	31.12.2017		31.12.2017		31.12.2017	
REVENUE	14 242	-2 604	11 638	45 466	-7 271	38 195	61 536	-10 816	50 720			
Other income	39		39	52		52	52		52			
Materials and services	-4 622	2 605	-2 017	-12 643	7 263	-5 380	-17 079	10 803	-6 276			
Employee benefit expenses	-7 363		-7 363	-24 291		-24 291	-32 880		-32 880			
Depreciation and impairments	-551		-551	-1 551		-1 551	-2 076		-2 076			
Other expenses	-2 241		-2 241	-6 690		-6 690	-9 231		-9 231			
OPERATING RESULT	-496	1	-495	343	-8	335	321	-13	308			
Financial income and expenses	-407		-407	-1 320		-1 320	-1 764		-1 764			
RESULT BEFORE TAXES	-903	1	-902	-977	-8	-985	-1 443	-13	-1 456			
Income tax expenses	99		99	5		5	-58		-58			
RESULT FOR THE FINANCIAL PERIOD	-804	1	-803	-972	-8	-980	-1 501	-13	-1 514			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:												
Translation difference	-3		-3	55		55	14		14			
Other comprehensive income, net of tax	-3		-3	55		55	14		14			
TOTAL COMPREHENSIVE INCOME	-807	1	-806	-917	-8	-925	-1 487	-13	-1 500			
Total profit for the period attributable to owners the parent	-804	1	-803	-972	-8	-980	-1 501	-13	-1 514			
Total comprehensive income attributable to owners the parent	-807	1	-806	-917	-8	-925	-1 487	-13	-1 500			
Earnings/share, e (undiluted)	-0,04		-0,05	-0,05		-0,06	-0,08		-0,08			
Earnings/share, e (diluted)	-0,04		-0,05	-0,05		-0,06	-0,08		-0,08			

	Reported value		Adjusted value		Reported value		Adjusted value	
CONSOLIDATED BALANCE SHEET (TEUR)	30.9.2017	IFRS15	30.9.2017	31.12.2017	IFRS15	31.12.2017	31.12.2017	31.12.2017
ASSETS								
NON-CURRENT ASSETS								
Tangible assets	2 208		2 208	2 220			2 220	
Intangible assets								
Goodwill	36 886		36 886	36 912			36 912	
Other intangible assets	5 098		5 098	5 227			5 227	
Available-for-sale financial assets	522		522	556			556	
Trade and other receivables	253		253	184			184	
Total non-current assets	44 967		44 967	45 099			45 099	
CURRENT ASSETS								
Inventories	400		400	149			149	
Trade and other receivables	15 571	44	15 615	14 663	38		14 701	
Cash and cash equivalents	844		844	1 552			1 552	
Total current assets	16 815	44	16 859	16 364	38		16 402	
TOTAL ASSETS	61 782	44	61 826	61 463	38		61 501	
EQUITY AND LIABILITIES								
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								
Share capital	1 009		1 009	1 009			1 009	
Share premium reserve	75		75	75			75	
Reserve for own shares	11 935		11 935	11 960			11 960	
Retained earnings	7 988	44	8 032	7 439	38		7 476	
Total equity	21 007	44	21 051	20 482	38		20 520	
Non-current liabilities								
Deferred tax liabilities	919		919	987			987	
Financial liabilities	25 156		25 156	25 170			25 170	
Current liabilities								
Total liabilities	14 700		14 700	14 824			14 824	
Total liabilities	40 775		40 775	40 981			40 981	
TOTAL EQUITY AND LIABILITIES	61 782	44	61 826	61 463	38		61 501	

FINANCIAL REPORTING

Solteq Plc estimates to publish the financial statements bulletin from the financial year 2018 February 28, 2019.

More investor information is available on Solteq's website at www.solteq.com.

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