

24.4.2014 at 9.00 am.

SOLTEQ PLC'S INTERIM REPORT 1.1.-31.3.2014 (IFRS)

Solteq Plc Stock Exchange Bulletin 24.4.2014 at 9.00 am.

- Revenue totalled 9,9 million euros (10,0 million euros).
- The operating result for the review period was 586 thousand euros (544 thousand euros).
- The company's operating margin was 5,9 % (5,5 %).
- Solteq Group's equity ratio was 42,3 per cent (35,9 %).
- Earnings per share was 0,03 euros (0,03 euros).

KEY FIGURES

Turnover by operation:

%	1-3/14	1-3/13	1-12/13
Softwareservices	65	67	66
Licences	26	27	27
Hardware	9	6	7

CEO Repe Harmanen:

For Solteq, this year has started in a positive way despite the general market situation and some of the negative signs we predicted last autumn. Our turnover was at the same levels as in 2013, and we also improved our profitability.

In the first quarter, targeted growth of the turnover did not materialize as expected, but general demand improved from last year. Although we foresee the year to continue much the same, we expect that demand for our new solution assortment will pick up. We believe that we will reach the organic growth targets set for the turnover in the course of this year.

As to the risk management of a large ongoing project that we reported on earlier, the measures we took during the first quarter were successful and the project will not burden the operating profit in the same way as it did in the previous financial year.

The turnover from the service sector lags slightly behind our expectations, but at the same time our new total solutions have reduced the gap in terms of the turnover and result. The implementation of our strategy has helped us maintain the positive development. We will continue cost monitoring and rationalization programs, and we will also search for new solutions to convert our fixed cost into variable costs for the years to come.

Market demand picked up from the previous year and last autumn, but there are still delays and postponements in project launches. On the other hand, the radical changes in the market will speed up the schedules of certain new projects. We believe that there will be positive signs in demand in the second half of the year.

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Our strategy work has proceeded as planned, and the implementation of the strategy has started at all levels. Our aim is that the first concrete steps will be taken by the end of the year and that we will be able to make use of the advantages from 2015 onwards.

The first quarter did not bring any major surprises or developments. We will continue the steady development of our business operations.

I wish all our stakeholders and interest groups a pleasant spring season.

BUSINESS ENVIRONMENT AND BUSINESS DEVELOPMENT

Solteq is a leading retail and service industry software service company. We offer long-term partnership and the markets' widest range of retail and service industry software services, from the optimisation of the entire supply chain to the management of consumer-customer information. Our technology-independent solutions help our customers to guide their business operations as efficiently and profitably as possible.

Solteq Plc's reported segments are Grocery and special retail, HoReCa; Wholesale, Logistics and Services and Enterprise Asset & Service Business Management.

The aim of the segmentation is to respond to customer demand as a field total supplier and therefore to improve the availability of services and ease for our customers.

Solteq's turnover totalled 9.865 thousand euros in which contains decrease of 1,2 per cent compared to corresponding period in 2013. Solteq's operating result increased 7,7 per cent to 586 thousand euros from 544 thousand euros that was the operating result in the corresponding period 2013.

The company's operating margin was 5,9 % (5,5 % in 2013).

Grocery and Special Retail, HoReCa

Solteq's *Grocery and Special Retail* Segment provides its clients with total solutions that they can utilise to improve efficiency in terms of logistics, store operations, customer service, point of sale operations, as well as loyal customer management.

The grocery and special retail solutions help optimise the management of the product selection, space, deliveries, logistics and customer satisfaction while increasing sales and improving the result. The solutions speed up the basic operations, improve delivery reliability, reduce storage value, increase stock turnover and enhance predictability. The store always has the right products in the right place, at the right time, and at the right price.

During the review period the revenue of the Grocery and Special Retail segment totalled 5,1 million euros and the operating result was 0,3 million euros.

Wholesale, Logistics and Services

Solteq's Wholesale, Logistics and Services Segment provides its clients with ERP and financial management systems, as well as optimisation, integration and reporting solutions that support these systems.

Solteq's solutions help clients manage their operations and enhance purchases, sales, stock management and reporting. The systems can be utilised to improve delivery reliability, reduce storage value, increase stock turnover and enhance predictability. Materials flow management ensures that the right goods reach the right customers at the right time, packed in an optimal manner.

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Solteq's wholesale, logistics and services systems improve the effectiveness of operations and enable more flexible and versatile customer service. At the same time, automated data management enhances the company's internal operations. Solteq's solutions are used daily by a large number of clients representing various industries and sectors, such as wholesale, retail and public administration.

During the review period the revenue of the Wholesale, Logistics and Services segment totalled 3,4 million euros and the operating result was 0,1 million euros.

Enterprise Asset & Service Business Management

Solteq's Enterprise Asset & Service Business Management Segment provides its clients with ERP and master data management solutions.

The enterprise resource planning solutions developed for the optimisation of service processes help clients manage their operations in many ways, for instance enhance production plant reliability, task and resources management, field work, sales and customer service, partner network management and materials management. The solutions are utilised by a large number of clients representing various industries and sectors, such as energy production, maintenance services, life cycle services, engineering and technical services of cities and municipalities, property management services, and home and care services.

The Enterprise Asset & Service Business Management Segment also provides client companies with services and products related to business critical data (master data) in the form of master data improvement projects, data maintenance services outsourced to master data service centers, software technologies for master data management, and consultation services. The aim of these services is to ensure that the data in the systems that support the clients' enterprise resource planning and decision making processes are of high quality, compatible and up-to-date. Solteq's master data management solutions are used by clients across industries and sectors.

During the review period the revenue of the Enterprise Asset & Service Business Management segment totalled 1,3 million euros and the operating result was 0,2 million euros.

REVENUE AND RESULT

Revenue totalled 9.865 thousand euros (9.987 thousand euros 2013).

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 review period was 586 thousand euros (544 thousand euros), result before taxes was 507 thousand euros (481 thousand euros) and result for the review period 411 thousand euros (360 thousand euros).

Previously in the latest Financial Statements reported financial risks in a single major project in Wholesale, Trade and Logistics segment, were limited reasonable way in business operations during the first quarter of the year. According to Solteq's view the project will no longer have negative impact on result during this financial year.

BALANCE SHEET AND FINANCE

The total assets amounted to 26.246 thousand euros (27.522 thousand euros). Liquid assets totalled 1.963 thousand euros (2.169 thousand euros). In addition to liquid assets, the company has unused bank account limits amounting to a total of 1.500 thousand euros in the end of the financial year.

The Group's interest-bearing liabilities were 5.101 thousand euros (6.333 thousand euros).

Solteq Group's equity ratio was 42,3 per cent (35,9 per cent).

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INVESTMENTS, RESEARCH AND DEVELOPMENT

Gross investment during the review period was 150 thousand euros (420 thousand euros). The investments of the review period and the corresponding period in 2013 are mainly replacement investments.

Research and development

Solteq's research and development costs consist mainly of personnel costs. When developing basic products, it is Solteq's strategy to cooperate with global actors such as SAP, Symphony EYC and Microsoft and utilize their resources and distribution channels. Own development efforts are focused on added value products and developing tailored service concepts.

During the review period product development costs were not amortized (none in the corresponding review period, either).

PERSONNEL

The number of permanent employees at the end of the review period was 279 (290). The average number of personnel during the review period was 284 (289). In the end of the review period the number of personnel could be divided as follows: Grocery and special retail, HoReCa segment: 119 people; Wholesale, Logistics and Services: 87 people; Enterprise Asset & Service Business Management; 39 people and 34 people in shared functions.

RELATED PARTY TRANSACTIONS

Solteq's related parties include the board of directors, managing director, the management team and the companies owned by the management.

SHARES, SHAREHOLDERS AND TREASURY SHARES

Solteq Plc's equity on 31.3.2014 was 1.009.154,17 euros which was represented by 14.998.061 shares. The shares have no nominal value.

At the end of the review period, the amount of treasury shares in Solteq Plc and the group companies Solteq Management Oy's and Solteq Management Team Oy's possessions were 790.794 shares. The amount of treasury shares represented 5,3 % of the total amount of shares and votes at the end of the review period. The equivalent value of acquired shares was 53.209 euros.

No flagging announcements were made during the review period.

Exchange and rate

During the review period, the exchange of Solteq's shares in the Helsinki Stock Exchange was 0,3 million shares (0,3 million shares) and 0,4 million euros (0,5 million euros). Highest rate during the review period was 1,59 euros and lowest rate 1,35 euros. Weighted average rate of the share was 1,44 euros and end rate 1,41 euros. The market value of the company's shares in the end of the review period totalled 21,1 million euros (21,9 million euros).

Ownership

In the end of the review period, Solteq had a total of 1.780 shareholders (1.795 shareholders). Solteq's 10 largest shareholders owned 11.234 thousand shares i.e. they owned 74,9

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per cent of the company's shares and votes. Solteq Plc's members of the board owned a total of 5.538 thousand shares which equals 36,9 per cent of the company's shares and votes.

ANNUAL GENERAL MEETING

At Solteq Plc's Annual General Meeting on 17 March 2014 the 2013 financial statements were adopted and the members of the board and the managing director were discharged from liability for the 2013 review period.

In the meeting was accepted the proposal by the board that for the financial year 2013, there will be paid a dividend of 0.03 euros per each share on the market. In addition to this, the annual general meeting authorized the board to decide on a distribution of dividend, or other distribution of funds from the equity trust, for an amount of maximum 0.05 euros. The board is also allowed to decide on the timing and other details of this. The authorization is valid until the beginning of the next Annual General Meeting.

The Annual General Meeting authorized the board to acquire or pledge the company's own shares in such a way that the amount of own shares can be at any time maximum 10 per cent of the whole amount of company shares. With this authorization, shares can be acquired or pledged in order to develop the equity structure; or to be used as part of the personnel incentive system; or as a funding or for the realization of acquisitions of another company; or for other business arrangements; or they can be disclosed or invalidated. These shares can be acquired also in other ratios than the shareowners ownership ratio. The shares should be acquired from the public stock exchange. The board can decide on the other conditions for this procedure. This authorization is valid until next annual general meeting.

The Annual General Meeting authorized the board to decide on an issue of shares for a maximum amount of 3 000 000 new or existing shares, owned by the company, in one or several lots. The issue of shares should be implemented as a directed issue, on the contrary to shareowners subscription rights. With this authorization the board decides on all other conditions for the share issue. This authorization is valid until next Annual General Meeting.

BOARD OF DIRECTORS AND AUDITORS

Seven members were elected to the Board of Directors. Ali Saadetdin, Seppo Aalto, Markku Pietilä, Sirpa Sara-aho, Jukka Sonninen and Matti Roininen continued as members of the board. Olli Välimäki was elected as a new member of the board. The Board elected Ali Saadetdin to act as the Chairman of the Board.

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

EVENTS AFTER THE REVIEW PERIOD

No events requiring reporting have taken place after the review period.

RISKS AND UNCERTAINTIES

The key uncertainties and risks in short term are related to 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. The company has not organized a separate internal audit organization or committee.

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PROSPECTS

Both revenue and operating result are expected to grow compared to financial year 2013.

Financial reporting

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting –standard and using the same accounting policies as the financial statements 2013.

The financial result is reported through three business areas. Grocery and special retail, HoReCa segment, Wholesale, Logistics and Services and Enterprise Asset & Service Business Management. The most essential product and service types of the Solteq group of companies are software services, licenses and hardware sales.

All forecasts and estimates presented in the bulletin are based on the current views of management on the economic environment and outlook. Because of this, the results can differ as a result of, among other factors, changes in economy, markets and competitive conditions, changes in the regulatory environment and other government actions.

The interim report is unaudited.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (TEUR)

	1.1.- 31.3.2014	1.1.- 31.3.2013	1.1.- 31.12.2013
REVENUE	9 865	9 987	38 124
Other income	0	4	50
Materials and services	-2 437	-2 185	-9 151
Employee benefit expenses	-4 861	-5 042	-19 386
Depreciation and impairments	-317	-299	-1 228
Other expenses	-1 664	-1 921	-6 268
OPERATING RESULT	586	544	2 141
Financial income and expenses	-79	-63	-214
RESULT BEFORE TAXES	507	481	1 927

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Income tax expenses	-96	-121	-306
RESULT FOR THE PERIOD	411	360	1 621
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Cash flow hedges	6	20	27
Taxes related to cash flow hedge	-1	-5	-6
Other comprehensive income, net of tax	5	15	21
TOTAL COMPREHENSIVE INCOME	416	375	1 642
Total profit for the period attributable to owners of the parent	411	360	1 621
Total comprehensive income attributable to owners of the parent	416	375	1 642
Earnings/share, e(undiluted)	0,03	0,03	0,11
Earnings/share, e(diluted)	0,03	0,03	0,11

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

CONSOLIDATED BALANCE SHEET (TEUR)	31.3.2014	31.3.2013	31.12.2013
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1 380	1 276	1 399
Intangible assets			
Goodwill	12 730	12 730	12 730
Other intangible rights	2 702	3 408	2 853
Available-for-sale financial assets	548	546	546

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Trade and other receivables	32	63	32
Total non-current assets	17 393	18 023	17 560
CURRENT ASSETS			
Inventories	144	101	156
Trade and other receivables	6 746	7 229	5 303
Cash and cash equivalents	1 963	2 169	2 367
Total current assets	8 853	9 499	7 826
TOTAL ASSETS	26 246	27 522	25 386
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
Hedging reserve	-23	-34	-28
Reserve for own shares	-958	-933	-933
Distributable equity reserve	6 392	6 392	6 392
Retained earnings	4 294	3 364	4 331
Total equity	10 789	9 873	10 846
Non-current liabilities			
Deferred tax liabilities	570	1 196	593
Financial liabilities	3 180	4 562	3 695
Current liabilities			
Total liabilities	11 707	11 891	10 252
Total liabilities	15 457	17 649	14 540
TOTAL EQUITY AND LIABILITIES	26 246	27 522	25 386

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CASH FLOW STATEMENT (MEUR)

	1-3/2014	1-3/2013	1-12/2013
Cash flow from business operations	0,60	2,00	3,83
Cash flow from capital expenditure	-0,15	-0,46	-0,96
Cash flow from financing activities			
Own shares	-0,02	0,00	0,00
Dividend distribution	-0,38	-0,52	-0,90
Loan agreements	-0,45	-0,09	-0,85
Cash flow from financing activities	-0,85	-0,61	-1,75
Change in cash and cash equivalents	-0,40	0,93	1,12

STATEMENT OF CHANGES IN GROUP EQUITY (TEUR)

A=Share capital
 B=Reserve for own shares
 C=Share premium account
 D=Hedging reserve
 E=Distributable equity reserve
 F=Retained earnings
 G=Total

	A	B	C	D	E	F	G
EQUITY 1.1.2013	1 009	-933	75	-49	6 368	3 607	10 077
Total comprehensive income				15		360	375
Directed issue					24		24
Dividend distribution						-599	-599
EQUITY 31.3.2013	1 009	-933	75	-34	6 392	3 364	9 873
EQUITY 1.1.2014	1 009	-933	75	-28	6 392	4 331	10 846
Total comprehensive income				5		411	416
Acquiring of own shares		-25					-25
Dividend distribution						-449	-449
EQUITY 31.3.2014	1 009	-958	75	-23	6 392	4 294	10 789

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SEGMENT INFORMATION

Turnover by segment:

Me	1-3/14	1-3/13	Change
Grocery and special retail, HoReCa	5,1	4,7	0,4
Wholesale, Logistics and Services	3,4	3,9	-0,5
Enterprise Asset & Service Business			
Management	1,3	1,4	-0,1
Total	9,9	10,0	-0,1

Operating result by segment:

Me	1-3/14	1-3/13	Change
Grocery and special retail, HoReCa	0,3	0,6	-0,3
Wholesale, Logistics and Services	0,1	-0,2	0,3
Enterprise Asset & Service Business			
Management	0,2	0,2	0,0
Total	0,6	0,5	0,1

QUARTERLY KEY INDICATORS (MEUR)

	2Q/12	3Q/12	4Q/12	1Q/13
Net turnover	10,40	8,52	11,21	9,99
Operating result	0,39	0,51	0,88	0,54
Result before taxes	0,32	0,44	0,84	0,48
	2Q/13	3Q/13	4Q/13	1Q/14
Net turnover	9,73	8,59	9,82	9,87
Operating result	0,54	0,63	0,43	0,59
Result before taxes	0,49	0,60	0,36	0,51

TOTAL INVESTMENTS (TEUR)

	1-3/2014	1-3/2013	1-12/2013
Continuing operations, group total	150	420	957

LIABILITIES (MEUR)

	31.3.2014	31.3.2013	31.12.2013
Business mortgages	10,00	10,00	10,00
Other lease liabilities	3,32	3,97	3,53

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RELATED PARTY TRANSACTIONS
(TEUR)

	31.3.2014	31.3.2013	31.12.2013
Renting arrangements	21	21	83
Outsourcing expenses	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 SHAREHOLDERS 31.3.2014

	Shares and votes	
	Number	%
1. Saadetdin Ali	3 481 383	23,2
2. Keskinäinen Työeläkevakuutusyhtiö Elo	2 000 000	13,3
3. Profiz Business Solution Oyj	1 756 180	11,7
4. Aalto Seppo	1 662 206	11,1
5. Keskinäinen Työeläkevakuutusyhtiö Varma	644 917	4,3
6. Pirhonen Jalo	408 480	2,7
7. Solteq Management Oy	400 000	2,7
8. Roininen Matti	374 000	2,5
9. Solteq Management Team Oy	350 000	2,3
10. Saadetdin Katiye	156 600	1,0
10 largest shareholders total	11 233 766	74,9 %
Total of nominee-registered	125 887	0,8 %
Others	3 638 408	24,3 %
Total	14 998 061	100,0 %

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FINANCIAL PERFORMANCE
INDICATORS (IFRS)

	1-3/2014	1-3/2013	1-12/2013
Net turnover MEUR	9,9	10,0	38,1
Change in net turnover	-1,2 %	12,9 %	-2,3 %
Operating result MEUR	0,6	0,5	2,1
% of turnover	5,9 %	5,5 %	5,6 %
Result before taxes MEUR	0,5	0,5	1,9
% of turnover	5,1 %	4,8 %	5,1 %
Equity ratio, %	42,3	35,9	43,5
Gearing, %	29,1 %	42,2 %	29,4 %
Gross investments in non current assets MEUR	0,2	0,4	1,0
Return on equity, %	16,2 %	15,1 %	15,5 %
Return on investment, %	15,0 %	13,8 %	13,2 %
Personnel at the end of period	279	290	277
Personnel average for period	284	289	287

KEY INDICATORS PER SHARE

Earnings/share, e	0,03	0,03	0,11
Earnings/share, e(diluted)	0,03	0,03	0,11
Equity/share, e	0,72	0,66	0,72

CALCULATION OF FINANCIAL
RATIOS

Solvency ratio, in
percentage:

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

Gearing:

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

Return on equity (ROE) in
percentage:

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

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Profit from invested equity in percentage:

profit or loss before taxation + interest expenses and other financing expenses	

balance sheet total- non-interest bearing liabilities	x 100

Earnings per share:

pre-tax result – taxes +/- minority interest

diluted average share issue corrected number of shares

Diluted earnings per share:

diluted profit before taxation - taxes -/+ minority interest

diluted average share issue corrected number of shares

Equity per share :

equity

number of shares

Financial reporting

Solteq Plc's financial information bulletins in 2014 have been scheduled as follows:

- Interim Report 1-6/2014 on Thursday July 17, 2014 at 9 am
- Interim Report 1-9/2014 on Friday October 17, 2014 at 9 am

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

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