

AFFECTO PLC -- INTERIM REPORT -- 29 APRIL 2014 at 12.30

Affecto Plc's Interim Report 1-3/2014

Group key figures

| MEUR | 1-3/14 | 1-3/13 | 2013 | last 12m |
|-----------------------------------|--------|--------|-------|----------|
| Net sales | 31.2 | 34.4 | 132.9 | 129.7 |
| Operational segment result | 0.1 | 2.6 | 10.3 | 7.8 |
| % of net sales | 0.4 | 7.4 | 7.7 | 6.0 |
| Operating profit | -0.4 | 2.0 | 8.3 | 5.8 |
| % of net sales | -1.4 | 5.9 | 6.2 | 4.5 |
| Profit before taxes | -0.6 | 2.1 | 8.0 | 5.3 |
| Profit for the period | -0.6 | 1.5 | 5.6 | 3.5 |
| Equity ratio, % | 56.0 | 54.1 | 53.0 | - |
| Net gearing, % | 14.1 | 19.0 | 7.4 | - |
| Earnings per share, eur | -0.03 | 0.07 | 0.26 | 0.16 |
| Earnings per share (diluted), eur | -0.03 | 0.07 | 0.26 | 0.16 |
| Equity per share, eur | 3.11 | 3.32 | 3.14 | - |

CEO Lars Wahlström comments:

The first quarter was difficult for us. Net sales decreased by 9% to 31.2 MEUR (34.4 MEUR). Sales decreased somewhat in all areas, but the drop was largest in Norway. In general, customers are still slow in investment decision making and we see more decision postponements than really lost cases.

Some of our traditionally strong expertise areas are not growing and we are shifting our offerings and resources to match the changing customer needs. The streamlining actions we took in Q1 in Norway and Sweden are part of that adjustment process and caused one-off costs of approx. 0.9 MEUR.

The streamlining actions pushed our operating profit negative and operating profit was -0.4 MEUR (2.0 MEUR). Profitability was best in Denmark, 9%, and in Finland, 7%.

The order backlog was 47.5 MEUR, somewhat below last year (50.5 MEUR), mainly due to Norway. Our visibility is somewhat lower than it typically has been which increases the uncertainty related to our forecasts.

Year 2014 net sales and operating profit are estimated to be below last year's level.

Earlier guidance: Year 2014 net sales and operating profit are estimated to be near last year's level.

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This release is unaudited. The amounts in this report have been rounded from exact numbers.

NET SALES

Affecto's net sales in 1-3/2014 were 31.2 MEUR (1-3/2013: 34.4 MEUR). Net sales in Finland were 12.6 MEUR (12.8 MEUR), in Norway 6.3 MEUR (8.5 MEUR), in Sweden 5.8 MEUR (6.1 MEUR), in Denmark 3.5 MEUR (3.8 MEUR) and 4.1 MEUR (4.3 MEUR) in Baltic.

Net sales by reportable segments

| Net sales, MEUR | 1-3/14 | 1-3/13 | 2013 | last 12m |
|-----------------|--------|--------|-------|----------|
| Finland | 12.6 | 12.8 | 53.2 | 53.0 |
| Norway | 6.3 | 8.5 | 29.6 | 27.4 |
| Sweden | 5.8 | 6.1 | 23.2 | 22.9 |
| Denmark | 3.5 | 3.8 | 15.4 | 15.0 |
| Baltic | 4.1 | 4.3 | 16.0 | 15.9 |
| Other | -1.1 | -1.0 | -4.4 | -4.4 |
| Group total | 31.2 | 34.4 | 132.9 | 129.7 |

Net sales decreased by 9% in the first quarter. Net sales decreased in all areas, most in Norway, 26%, where also a weaker NOK contributed to the decrease. Resource utilization was low especially in Norway and also in Finland.

Net sales of Information Management Solutions business in 1-3/2014 were 29.1 MEUR (32.2 MEUR) and net sales of Karttakeskus GIS business were 3.0 MEUR (2.8 MEUR).

Customers' interest continues to be for short and small projects, and investment decisions take a long time. The general market sentiment continues cautious especially in Finland and Norway. The order backlog decreased to 47.5 MEUR (50.5 MEUR).

PROFIT

Affecto's operating profit in 1-3/2014 was -0.4 MEUR (2.0 MEUR) and the operational segment result was 0.1 MEUR (2.6 MEUR). Operational segment result was in Finland 0.9 MEUR (1.4 MEUR), in Norway -0.3 MEUR (0.9 MEUR), in Sweden -0.3 MEUR (-0.1 MEUR), in Denmark 0.3 MEUR (0.3 MEUR) and in Baltic 0.2 MEUR (0.3 MEUR).

Operational segment result by reportable segments

| Operational segment result, MEUR | 1-3/14 | 1-3/13 | 2013 | last 12m |
|----------------------------------|--------|--------|------|----------|
| Finland | 0.9 | 1.4 | 6.9 | 6.3 |
| Norway | -0.3 | 0.9 | 2.7 | 1.5 |
| Sweden | -0.3 | -0.1 | -0.2 | -0.4 |
| Denmark | 0.3 | 0.3 | 1.9 | 1.9 |
| Baltic | 0.2 | 0.3 | 0.2 | 0.0 |
| Other | -0.6 | -0.3 | -1.2 | -1.5 |
| Operational segment result | 0.1 | 2.6 | 10.3 | 7.8 |
| IFRS3 Amortization | -0.5 | -0.5 | -2.0 | -2.0 |
| Operating profit | -0.4 | 2.0 | 8.3 | 5.8 |

Operating profit decreased to -0.4 MEUR (2.0 MEUR) and profitability decreased to -1% (6%). Finland made 7% profit, and suffered somewhat from low resource utilization especially in the Karttakeskus GIS business. Norway's profitability was -5% due to low license sales, low resource utilization and the streamlining actions taken. Profitability was -5% in Sweden and also there the streamlining actions decreased profitability. Denmark slightly improved its profitability to 9% thanks to less low-margin business in the sales mix than last year. Baltic made a 4% profit.

According to the IFRS3 requirements, operating profit includes 0.5 MEUR (0.5 MEUR) of amortization on intangible assets related to acquisitions. The other intangible assets impacting in the IFRS3 amortization totaled 1.2 MEUR at the end of the reporting period and the amortization will end during year 2014.

Taxes corresponding to the profit of the period have been entered as tax expense. Net profit for the period was -0.6 MEUR, while it was 1.5 MEUR last year.

FINANCE AND INVESTMENTS

At the end of the reporting period Affecto's balance sheet totaled 130.8 MEUR (12/2013: 139.5 MEUR). Equity ratio was 56.0% (12/2013: 53.0%) and net gearing was 14.1% (12/2013: 7.4%).

The financial loans were 26.5 MEUR (12/2013: 26.5 MEUR) at the end of reporting period. The company's cash and liquid assets were 17.1 MEUR (12/2013: 21.5 MEUR). The interest-bearing net debt was 9.4 MEUR (12/2013: 5.0 MEUR).

Cash flow from operating activities for the reported period was -4.4 MEUR (-1.9 MEUR) and cash flow from investing activities was -0.1 MEUR (-0.5 MEUR). Investments in tangible and intangible assets were 0.1 MEUR (0.5 MEUR).

EMPLOYEES

The number of employees was 1068 persons at the end of the reporting period (1083). 442 employees were based in Finland (421), 120 in Norway (130), 143 in Sweden (138), 68 in Denmark (68) and 295 in the Baltic countries (326). The average number of employees during the period was 1078 (1084).

Board member Lars Wahlström has been the interim CEO since 1 January 2014 and serves in that position during the CEO recruitment process.

REVIEW OF MARKET DEVELOPMENTS

Uncertainty about the general economic development continued to affect Affecto's business negatively. Customers' decision-making pace was slow and they are ordering short and small projects, which has decreased the size of the order backlog especially in Norway. In other countries the backlog is near last year's level, although in Finland some business areas are lagging. In Sweden there are also regional differences and the Gothenburg area is the weakest. Customers in Finland and Norway have remained cautious, which has lowered sales visibility. Baltic has seen some improvement, but full recovery will take some time.

Some of our traditionally strong expertise areas are not growing and we are shifting our offerings and resources to match the changing customer needs. The streamlining actions we took in Q1 in Norway and Sweden are part of that adjustment process. Regarding growth areas, we are e.g. increasing focus on the collaborative solutions. Similarly, we are assessing cloud or hybrid cloud solutions' role in our area. We are also evaluating the possibilities to increase our offshore delivery capabilities e.g. through partnerships, to be able to better serve those customer segments where we have identified demand for those capabilities.

BUSINESS REVIEW BY AREAS

The group's business is managed through five country units. Finland, Norway, Sweden, Denmark and Baltic are also the reportable segments.

In 1-3/2014 the net sales in Finland decreased by 2% to 12.6 MEUR (12.8 MEUR). Operational segment result was 0.9 MEUR (1.4 MEUR) and profitability was 7%. General mood is still cautious and customers are slow with their investment decisions, which tend to be toward small projects. Sales visibility is rather low. There was some resource underutilization, especially on the Karttakeskus GIS business.

In 1-3/2014 the net sales of Karttakeskus GIS business, reported as part of Finland, increased by 7% to 3.0 MEUR (2.8 MEUR) and but its profitability weakened.

In 1-3/2014 the net sales in Norway were 6.3 MEUR (8.5 MEUR) and operational segment result was -0.3 MEUR (0.9 MEUR). Net sales decreased by 26% to which also the weakened NOK contributed. Profitability

decreased to -5% due to low license sales, low resource utilization and the streamlining actions taken. Resources in certain areas were streamlined, which caused an 0.5 MEUR one-off cost. Customers prefer shorter and smaller projects than earlier, which has also clearly decreased the order backlog.

In 1-3/2014 the net sales in Sweden were 5.8 MEUR (6.1 MEUR) and operational segment result -0.3 MEUR (-0.1 MEUR). Net sales decreased by 4%, due to low license and maintenance sales. Revenue for consultancy work increased. Operational profitability was slightly positive, but streamlining actions taken during the quarter caused 0.3 MEUR one-off costs, pushing the profitability to -5%. Development actions continue and the goal is to achieve normal profitability, but structural and operational changes for the business will take some time.

In 1-3/2014 the net sales in Denmark were 3.5 MEUR (3.8 MEUR) and operational segment result was 0.3 MEUR (0.3 MEUR). Net sales decreased by 10% mainly due to less low-margin third-party subcontracting work being included in the sales mix, but profit was at last year's level and profitability increased to 9%. Market situation in Denmark is rather normal, although competition is tight, and order backlog is above last year's level.

In 1-3/2014 the net sales in Baltic (Lithuania, Latvia, Estonia, Poland, South Africa) were 4.1 MEUR (4.3 MEUR). Operational segment result was 0.2 MEUR (0.3 MEUR). Net sales decreased by 3% and profitability decreased to 4%. Especially the Lithuanian public sector, a key market for us, has slowed its IT investments. The Estonian market situation is more normal. The situation in Lithuania is expected to improve slowly during 2014 due to new funding decisions by the European Union and the possible entrance of Lithuania into Euro. Several large orders were received in the first quarter, improving the order backlog.

ANNUAL GENERAL MEETING AND GOVERNANCE

The Annual General Meeting of Affecto Plc, held on 10 April 2014, adopted the financial statements for 1.1.-31.12.2013 and discharged the members of the Board of Directors and the CEO from liability. Approximately 33 percent of Affecto's shares and votes were represented at the Meeting. The Annual General Meeting decided on a dividend distribution of EUR 0.16 per share for the year 2013.

Aaro Cantell, Magdalena Persson, Jukka Ruuska, Olof Sand, Tuija Soanjärvi and Lars Wahlström were elected as members of the Board of Directors. The organization meeting of the Board of Directors re-elected Aaro Cantell as Chairman and Jukka Ruuska as Vice-Chairman. KPMG Oy Ab was elected as the auditor of the company.

The Meeting approved the Board's proposal for appointing a Nomination Committee to prepare proposals concerning members of the Board of Directors and their remunerations for the following Annual General Meeting. The Nomination Committee will consist of the representatives of the three largest shareholders and the Chairman of the Board of Directors, acting as an expert member, if he/she is not appointed representative of a shareholder. The members representing the shareholders will be appointed by the three shareholders whose share of ownership of the shares of the company is largest on 31 October preceding the Annual General Meeting.

According to the Articles of Association, the General Meeting of Shareholders annually elects the Board of Directors by a majority decision. The term of office of the board members expires at the end of the next Annual General Meeting of Shareholders following their election. The Board appoints the CEO. The Articles of Association do not contain any special rules for changing the Articles of Association or for issuing new shares.

THE AUTHORIZATIONS GIVEN TO THE BOARD OF DIRECTORS

The Board has not used in the review period the authorizations given by the Annual General Meeting in 2013, that expired on 10 April 2014.

The complete contents of the new authorizations given by the Annual General Meeting held on 10 April 2014 have been published in the stock exchange release regarding the Meetings' decisions. Key facts about the authorizations:

The Annual General Meeting decided to authorize the Board of Directors to decide to acquire the company's own shares with distributable funds. A maximum of 2 100 000 shares may be acquired. The authorization shall be in force until the next Annual General Meeting.

The Annual General Meeting decided to authorize the Board of Directors to decide to issue new shares and to convey the company's own shares held by the company in one or more tranches. The share issue may be carried out as a share issue against consideration or without consideration on terms to be determined by the Board of Directors and in relation to a share issue against consideration at a price to be determined by the Board of Directors. A maximum of 4 200 000 new shares may be issued. A maximum of 2 100 000 own shares held by the company may be conveyed. In addition, the authorization includes the right to decide on a share issue without consideration to the company itself so that the amount of own shares held by the company after the share issue is a maximum of one-tenth (1/10) of all shares in the company. The authorization shall be in force until the next Annual General Meeting.

SHARES AND TRADING

During the review period a total of 31 617 new shares have been subscribed with the 2008C options.

The company has one share series and all shares have similar rights. At the end of the review period Affecto Plc's share capital consisted of 22 350 221 shares. The company owned directly 64 552 shares and a fully owned subsidiary Affecto Management Oy owned 823 000 shares. Thus there are 887 552 treasury shares in total, approx. 4 % of the total amount of the shares.

In 1-3/2014 the highest share price was 4.62 euro, the lowest price 3,59 euro, the average price 3.97 euro and the closing price 3.68 euro. The trading volume was 0.8 million shares, corresponding to annualized 15% of the number of shares at the end of the period. The market value of shares was 79.0 MEUR at the end of the period excluding the treasury shares.

2008C options have been listed on Nasdaq OMX Helsinki since 2 April 2013 and their exercise period ends on 31 May 2014.

SHAREHOLDERS

The company had a total of 2 987 owners on 31 March 2014 and the foreign ownership was 10%. The list of the largest owners can be found in the company's web site. Information about the ownership structure and option programs is included as a separate section in the financial statements. The ownership of the board members, CEO and their controlled corporations totaled approx. 10.4%.

ASSESSMENT OF RISKS AND UNCERTAINTIES

Affecto's order backlog has traditionally been only for a few months, which decreases the reliability of longer-term forecasts. The changes in the general economic conditions and the operating environment of customers have direct impact in Affecto's markets. The uncertain economy may affect Affecto's customers negatively, and their slower investment decision making, postponing or cancellation of IT investments may have negative impact on Affecto. Slower decision making by customers may decrease the predictability of the business and may decrease the utilisation rate of resources.

Affecto sells third party software licenses as part of its solutions. Typically the license sales have most impact on the last month of each quarter and especially in the fourth quarter. This increases the fluctuation in net sales between quarters and increases the difficulty of accurately forecasting the quarters. Affecto had license sales of approx. 10 MEUR in 2013.

Affecto's balance sheet includes a material amount of goodwill. Goodwill has been allocated to cash generating units. Cash generating units, to which goodwill has been allocated, are tested for impairment both annually and whenever there is an indication that the unit may be impaired. Potential impairment losses may have material effect on reported profit and value of assets. The greatest uncertainty is related to Sweden.

Affecto's success depends also on good customer relationships. Affecto has a well-diversified customer base. In 2013 the largest customer generated 3% of Affecto's net sales, while the 10 largest together

generated 17%. Although none of the customers is critically large for the whole group, there are large customers in various countries who are significant for local business in the country.

Approximately a half of Affecto's business is in Sweden, Norway and Denmark, thus the development of the currencies of these countries (SEK, NOK and DKK) may have impact on Affecto's profitability. The main part of the companies' income and costs are within the same currency, which decreases the risks.

EVENTS AFTER THE REPORTING PERIOD

The Annual General Meeting, held on 10 April 2014, has been explained in the interim report.

FUTURE OUTLOOK

Year 2014 net sales and operating profit are estimated to be below last year's level.

Earlier guidance: Year 2014 net sales and operating profit are estimated to be near last year's level.

The company does not provide exact guidance for net sales or EBIT development, as single projects and timing of license sales may have large impact on quarterly sales and profit.

Affecto Plc
Board of Directors

You can order Affecto's stock exchange releases to be delivered automatically by e-mail.
Please visit the Investors section of the company website: www.affecto.com

A briefing for analysts and media will be arranged at 14.00 at Restaurant Savoy, Eteläesplanadi 14, Helsinki.

www.affecto.com

Financial information:

1. Consolidated income statement, consolidated comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity
2. Notes
3. Key figures

1. Consolidated income statement, consolidated comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity

CONSOLIDATED INCOME STATEMENT

| (1 000 EUR) | 1-3/2014 | 1-3/2013 | 2013 | last 12m |
|---|----------|----------|---------|----------|
| Net sales | 31 187 | 34 393 | 132 896 | 129 691 |
| Other operating income | 0 | 1 | 65 | 64 |
| Changes in inventories of finished goods and work in progress | 9 | 437 | 306 | -123 |
| Materials and services | -5 999 | -7 844 | -29 952 | -28 107 |
| Personnel expenses | -20 134 | -19 782 | -74 031 | -74 383 |
| Other operating expenses | -4 625 | -4 349 | -17 803 | -18 079 |
| Other depreciation and amortisation | -312 | -294 | -1 230 | -1 248 |
| IFRS3 amortisation | -549 | -523 | -1 989 | -2 015 |
| Operating profit | -424 | 2 037 | 8 262 | 5 801 |
| Financial income and expenses | -180 | 27 | -289 | -497 |
| Profit before income tax | -604 | 2 064 | 7 973 | 5 305 |
| Income tax | 53 | -527 | -2 407 | -1 827 |
| Profit for the period | -551 | 1 537 | 5 566 | 3 478 |
| Profit for the period attributable to: | | | | |
| Owners of the parent company | -551 | 1 547 | 5 493 | 3 395 |
| Non-controlling interest | - | -10 | 73 | 83 |
| Earnings per share (EUR per share): | | | | |
| Basic | -0.03 | 0.07 | 0.26 | 0.16 |
| Diluted | -0.03 | 0.07 | 0.26 | 0.16 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (1 000 EUR) | 1-3/2014 | 1-3/2013 | 2013 | last 12m |
|---|----------|----------|--------|----------|
| Profit for the period | -551 | 1 537 | 5 566 | 3 478 |
| Other comprehensive income | | | | |
| Items that may be reclassified subsequently to the statement of income: | | | | |
| Translation difference | -43 | 145 | -3 074 | -3 262 |
| Total Comprehensive income for the period | -594 | 1 682 | 2 491 | 215 |
| Total Comprehensive income attributable to: | | | | |
| Owners of the parent company | -594 | 1 692 | 2 419 | 133 |
| Non-controlling interest | - | -10 | 73 | 83 |

CONSOLIDATED BALANCE SHEET

| (1 000 EUR) | 3/2014 | 3/2013 | 12/2013 |
|--|----------------|----------------|----------------|
| Non-current assets | | | |
| Property, plant and equipment | 1 777 | 1 876 | 1 947 |
| Goodwill | 72 117 | 74 927 | 72 166 |
| Other intangible assets | 1 519 | 3 616 | 2 072 |
| Deferred tax assets | 1 649 | 1 524 | 1 606 |
| Trade and other receivables | 2 | 11 | 4 |
| | 77 064 | 81 954 | 77 795 |
| Current assets | | | |
| Inventories | 622 | 754 | 622 |
| Trade and other receivables | 35 039 | 40 068 | 38 969 |
| Current income tax receivables | 1 063 | 611 | 615 |
| Cash and cash equivalents | 17 054 | 17 289 | 21 469 |
| | 53 779 | 58 723 | 61 675 |
| Total assets | 130 844 | 140 677 | 139 470 |
| Equity attributable to owners of the parent Company | | | |
| Share capital | 5 105 | 5 105 | 5 105 |
| Reserve of invested non-restricted equity | 47 516 | 46 759 | 47 448 |
| Other reserves | 784 | 714 | 763 |
| Treasury shares | -2 165 | -2 202 | -2 165 |
| Translation differences | -2 172 | 1 091 | -2 128 |
| Retained earnings | 17 633 | 17 328 | 18 184 |
| | 66 701 | 68 795 | 67 207 |
| Non-controlling interest | - | 301 | - |
| Total equity | 66 701 | 69 097 | 67 207 |
| Non-current liabilities | | | |
| Loans and borrowings | 22 428 | 26 395 | 22 420 |
| Deferred tax liabilities | 397 | 856 | 505 |
| | 22 824 | 27 251 | 22 924 |
| Current liabilities | | | |
| Loans and borrowings | 4 000 | 4 000 | 4 000 |
| Trade and other payables | 35 150 | 38 022 | 42 788 |
| Current income tax liabilities | 1 631 | 2 036 | 1 913 |
| Provisions | 537 | 271 | 638 |
| | 41 318 | 44 329 | 49 339 |
| Total liabilities | 64 143 | 71 580 | 72 264 |
| Equity and liabilities | 130 844 | 140 677 | 139 470 |

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

| (1 000 EUR) | 1-3/2014 | 1-3/2013 | 2013 |
|---|---------------|---------------|---------------|
| Cash flows from operating activities | | | |
| Profit for the period | -551 | 1 537 | 5 566 |
| Adjustments to profit for the period | 973 | 1 343 | 6 271 |
| | 423 | 2 880 | 11 837 |
| Change in working capital | -3 991 | -3 695 | 2 863 |
| Interest and other financial cost paid | -104 | -133 | -566 |
| Interest and other financial income received | 22 | 58 | 123 |
| Income taxes paid | -736 | -1 031 | -3 343 |
| Net cash from operating activities | -4 386 | -1 922 | 10 915 |
| Cash flows from investing activities | | | |
| Acquisition of tangible and intangible assets | -135 | -495 | -1 566 |
| Proceeds from sale of tangible and intangible assets | - | - | 1 |
| Net cash used in investing activities | -135 | -495 | -1 564 |
| Cash flows from financing activities | | | |
| Repayments of non-current borrowings | - | - | -4 000 |
| Proceeds from share options exercised | 68 | 117 | 781 |
| Acquisition of non-controlling interest | - | - | -30 |
| Dividends paid to the owners of the parent company | - | - | -3 444 |
| Net cash from financing activities | 68 | 117 | -6 694 |
| (Decrease)/increase in cash and cash equivalents | -4 453 | -2 300 | 2 657 |
| Cash and cash equivalents | | | |
| at the beginning of the period | 21 469 | 19 767 | 19 767 |
| Foreign exchange effect on cash | 38 | -177 | -954 |
| Cash and cash equivalents at the end of the period | 17 054 | 17 289 | 21 469 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (1 000 EUR) | Equity attributable to owners of the parent company | | | | | | | Total equity |
|----------------------------|---|---|----------------|-----------------|------------------|---------------|--------------------------|--------------|
| | Share capital | Reserve of invested non-restricted equity | Other reserves | Treasury shares | Trans lat. diff. | Ret. earnings | Non-controlling interest | |
| Equity at 1 January 2014 | 5 105 | 47 448 | 763 | -2 165 | -2 128 | 18 184 | - | 67 207 |
| Profit | | | | | | -551 | - | -551 |
| Translation differences | | | | | -43 | | | -43 |
| Total comprehensive income | | | | | -43 | -551 | - | -594 |
| Share-based payments | | | 21 | | | | | 21 |
| Exercise of share options | | 68 | | | | | | 68 |
| Equity at 31 March 2014 | 5 105 | 47 516 | 784 | -2 165 | -2 172 | 17 633 | - | 66 701 |

| (1 000 EUR) | Equity attributable to owners of the parent company | | | | | | | Total equity |
|----------------------------|---|---|----------------|-----------------|------------------|---------------|--------------------------|--------------|
| | Share capital | Reserve of invested non-restricted equity | Other reserves | Treasury shares | Trans lat. diff. | Ret. earnings | Non-controlling interest | |
| Equity at 1 January 2013 | 5 105 | 46 643 | 693 | -2 202 | 946 | 15 781 | 311 | 67 277 |
| Profit | | | | | | 1 547 | -10 | 1 537 |
| Translation differences | | | | | 145 | | | 145 |
| Total comprehensive income | | | | | 145 | 1 547 | -10 | 1 682 |
| Share-based payments | | | 22 | | | | | 22 |
| Exercise of share options | | 117 | | | | | | 117 |
| Equity at 31 March 2013 | 5 105 | 46 759 | 714 | -2 202 | 1 091 | 17 328 | 301 | 69 097 |

2. Notes

2.1. Basis of preparation

This interim report has been prepared in accordance with the IFRS recognition and measurement principles and in accordance with IAS 34, Interim Financial reporting. The interim report should be read in conjunction with the annual financial statements for the year ended 31 December 2013. In material respects, the same accounting policies have been applied as in the 2013 annual consolidated financial statements. The amendments to and interpretations of IFRS standards that entered into force on 1 January 2014 had no material impact on this interim report.

2.2. Segment information

Affecto's reporting segments are based on geographical locations and are Finland, Norway, Sweden, Denmark and Baltic.

Segment net sales and result

| (1 000 EUR) | 1-3/2014 | 1-3/2013 | 2013 | last 12m |
|---|---------------|---------------|----------------|----------------|
| Total net sales | | | | |
| Finland | 12 582 | 12 781 | 53 175 | 52 977 |
| Norway | 6 274 | 8 465 | 29 554 | 27 363 |
| Sweden | 5 827 | 6 067 | 23 152 | 22 912 |
| Denmark | 3 458 | 3 834 | 15 363 | 14 988 |
| Baltic | 4 135 | 4 254 | 16 018 | 15 898 |
| Other | -1 090 | -1 008 | -4 366 | -4 447 |
| Group total | 31 187 | 34 393 | 132 896 | 129 691 |
| Operational segment result | | | | |
| Finland | 861 | 1 416 | 6 863 | 6 307 |
| Norway | -293 | 944 | 2 718 | 1 481 |
| Sweden | -279 | -144 | -229 | -364 |
| Denmark | 294 | 310 | 1 884 | 1 868 |
| Baltic | 160 | 313 | 193 | 39 |
| Other | -618 | -280 | -1 177 | -1 515 |
| Total operational segment result | 125 | 2 560 | 10 251 | 7 816 |
| IFRS3 amortisation | -549 | -523 | -1 989 | -2 015 |
| Operating profit | -424 | 2 037 | 8 262 | 5 801 |

Net sales by business lines

| (1 000 EUR) | 1-3/2014 | 1-3/2013 | 2013 | last 12m |
|-------------------------------|---------------|---------------|----------------|----------------|
| Information Management | | | | |
| Solutions | 29 055 | 32 164 | 123 608 | 120 497 |
| Karttakeskus GIS business | 2 965 | 2 769 | 12 239 | 12 435 |
| Other | -832 | -541 | -2 950 | -3 242 |
| Group total | 31 187 | 34 393 | 132 896 | 129 691 |

2.3. Changes in intangible and tangible assets

| (1 000 EUR) | 1-3/2014 | 1-3/2013 | 1-12/2013 |
|--|----------|----------|-----------|
| Carrying amount at the beginning of period | 76 185 | 80 460 | 80 460 |
| Additions | 135 | 495 | 1 566 |
| Disposals | - | - | -1 |
| Depreciation and amortization for the period | -861 | -817 | - 3 219 |
| Exchange rate differences | -46 | 282 | -2 621 |
| Carrying amount at the end of period | 75 413 | 80 419 | 76 185 |

2.4. Share capital, reserve of invested non-restricted equity and treasury shares

| (1 000 EUR) | Number of shares outstanding | Share capital | Reserve of invested non-restricted equity | Treasury shares |
|---------------------------|------------------------------|---------------|---|-----------------|
| 1.1.2013 | 20 641 641 | 5 105 | 46 643 | -2 202 |
| Exercise of share options | 62 986 | - | 117 | - |
| 31.3.2013 | 20 704 627 | 5 105 | 46 759 | -2 202 |
| 1.1.2014 | 21 431 052 | 5 105 | 47 448 | -2 165 |
| Exercise of share options | 31 617 | - | 66 | - |
| Payment for share options | - | - | 2 | - |
| 31.3.2014 | 21 462 669 | 5 105 | 47 516 | -2 165 |

At the end of reporting period Affecto Plc owned 64 552 treasury shares. In addition to that Affecto Management Oy, a fully owned subsidiary, owned 823 000 shares in Affecto Plc. In total these 887 552 shares correspond to 4.0% of the total amount of the shares. The amount of registered shares was 22 350 221 shares.

2.5. Interest-bearing liabilities

| (1 000 EUR) | 31.3.2014 | 31.12.2013 |
|--|-----------|------------|
| Interest-bearing non-current liabilities | | |
| Loans from financial institutions, non-current portion | 22 428 | 22 420 |
| Loans from financial institutions, current portion | 4 000 | 4 000 |
| | 26 428 | 26 420 |

Affecto's loan facility agreement includes financial covenants, breach of which might lead to an increase in cost of debt or cancellation of the facility agreement. The covenants are based on total net debt to earnings before interest, taxes, depreciation and amortization and total net debt to total equity. The covenants will be measured quarterly, and these terms and conditions of covenants were met at the end of the reporting period.

2.6. Contingencies and commitments

The future aggregate minimum lease payments under non-cancelable operating leases:

| (1 000 EUR) | 31.3.2014 | 31.12.2013 |
|-----------------------------|-----------|------------|
| Not later than one (1) year | 3 565 | 3 675 |

| | | |
|---|--------------|--------------|
| Later than one (1) year, but not later than five (5) years | 4 637 | 3 719 |
| Later than five (5) years | - | - |
| Total | 8 202 | 7 394 |

Guarantees given:

| | | |
|-----------------------------------|-----------|------------|
| (1 000 EUR) | 31.3.2014 | 31.12.2013 |
| Liabilities secured by a mortgage | | |
| Financial loans | 26 500 | 26 500 |

The above-mentioned liabilities are secured by bearer bonds with a nominal value of 52.5 million euro. The bonds are held by Nordea Pankki Suomi Oyj and secured by a mortgage on company assets of the group companies. In addition, the shares in Affecto Finland Oy and Affecto Norway AS have been pledged to secure the financial liabilities above.

Other securities given on own behalf:

| | | |
|------------------|-----------|------------|
| (1 000 EUR) | 31.3.2014 | 31.12.2013 |
| Pledges | 36 | 36 |
| Other guarantees | 3 105 | 2 836 |

Other guarantees are mostly securities issued for customer projects. These guarantees include both bank guarantees secured by parent company of the group and guarantees issued by the parent company and subsidiaries.

2.7. Related party transactions

Key management compensation and remunerations to the board of directors:

| | | | |
|--|------------|------------|--------------|
| (1 000 EUR) | 1-3/2014 | 1-3/2013 | 1-12/2013 |
| Salaries and other short-term employee benefits | 645 | 516 | 2 017 |
| Post-employment benefits | 77 | 79 | 288 |
| Termination benefits | - | -1 | 85 |
| Share-based payments | 2 | 2 | 6 |
| Total | 724 | 596 | 2 395 |

Loans to related party:

| | | | |
|--------------------------------------|-----------|-----------|------------|
| (1 000 EUR) | 31.3.2014 | 31.3.2013 | 31.12.2013 |
| Loans to key management of the group | - | 1 636 | - |

Purchases from related party:

| | | | |
|---|----------|----------|-----------|
| (1 000 EUR) | 1-3/2014 | 1-3/2013 | 1-12/2013 |
| Purchases from the entity that are controlled by key management personnel of the group | - | 5 | 5 |

3. Key figures

| | 1-3/2014 | 1-3/2013 | 2013 | last 12m |
|--|----------|----------|---------|----------|
| Net sales, 1 000 eur | 31 187 | 34 393 | 132 896 | 129 691 |
| EBITDA, 1 000 eur | 437 | 2 854 | 11 481 | 9 064 |
| Operational segment result, 1 000 eur | 125 | 2 560 | 10 251 | 7 816 |
| Operating result, 1 000 eur | -424 | 2 037 | 8 262 | 5 801 |
| Result before taxes, 1 000 eur | -604 | 2 064 | 7 973 | 5 305 |
| Profit attributable to the owners of the parent company, 1 000 eur | -551 | 1 547 | 5 493 | 3 395 |
| EBITDA, % | 1.4 % | 8.3 % | 8.6 % | 7.0 % |
| Operational segment result, % | 0.4 % | 7.4 % | 7.7 % | 6.0 % |
| Operating result, % | -1.4 % | 5.9 % | 6.2 % | 4.5 % |
| Result before taxes, % | -1.9 % | 6.0 % | 6.0 % | 4.1 % |
| Net income for equity holders of the parent company, % | -1.8 % | 4.5 % | 4.1 % | 2.6 % |
| Equity ratio, % | 56.0 % | 54.1 % | 53.0 % | |
| Net gearing, % | 14.1 % | 19.0 % | 7.4 % | |
| Interest-bearing net debt, 1 000 eur | 9 373 | 13 106 | 4 950 | |
| Gross investment in non-current assets (excl. acquisitions), 1 000 eur | 135 | 495 | 1 566 | |
| Gross investments, % of net sales | 0.4 % | 1.4 % | 1.2 % | |
| Order backlog, 1 000 eur | 47 523 | 50 512 | 48 682 | |
| Average number of employees | 1 078 | 1 084 | 1 081 | |
| Earnings per share, eur | -0.03 | 0.07 | 0.26 | 0.16 |
| Earnings per share (diluted), eur | -0.03 | 0.07 | 0.26 | 0.16 |
| Equity per share, eur | 3.11 | 3.32 | 3.14 | |
| Average number of shares, 1 000 shares | 21 437 | 20 644 | 20 906 | 21 101 |
| Number of shares at the end of period, 1 000 shares | 21 463 | 20 705 | 21 431 | 21 463 |

Calculation of key figures

| | | | |
|----------------------------|---|---|------|
| EBITDA | = | Earnings before interest, taxes, depreciation, amortization and impairment losses | |
| Operational segment result | = | Operating profit before amortizations on fair value adjustments due to business combinations (IFRS3) and goodwill impairments | |
| Equity ratio, % | = | $\frac{\text{Total equity}}{\text{Total assets – advance payments}}$ | *100 |
| Gearing, % | = | $\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Total equity}}$ | *100 |
| Interest-bearing net debt | = | Interest-bearing liabilities – cash and cash equivalents | |
| Earnings per share (EPS) | = | $\frac{\text{Profit attributable to owners of the parent company}}{\text{Weighted average number of ordinary shares in issue during the period}}$ | |
| Equity per share | = | $\frac{\text{Total equity}}{\text{Adjusted number of shares at the end of the period}}$ | |
| Market capitalization | = | Number of shares at the end of period (excluding company's own shares held by the company) x share price at closing date | |
