Financial statements release January 1 - December 31, 2014

LOSS FOR THE FINANCIAL YEAR DECREASED AND CASH FLOW IMPROVED- STRATEGIC DIRECTION REMAINS UNCHANGED

Q4 2014 in brief (last year's reference figures inside brackets):

- Turnover was EUR 5.9 million (2013: 7.0 million) a change of -16.2 per cent.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) were EUR -0.8 million, -13.8 per cent of turnover, (2013: EUR -1.9 million, -27.0 per cent of turnover).
- Operating profit was EUR -1.8 million, -31.0 per cent of turnover (2013: EUR -2.5 million, -36.1 per cent of turnover).
- Net profit was EUR -2.8 million, -47.5 per cent of turnover (2013: EUR -3.1 million, -43.9 per cent of turnover).
- Earnings per share were EUR -0.03 (2013: EUR -0.10).

2014 in brief (last year's reference figures inside brackets):

- Turnover for the financial period was EUR 23.9 million (2013: EUR 33.4 million), a change of -28.3 per cent.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) were EUR -4.6 million, -19.4 per cent of turnover, (2013: EUR -9.0 million, -27.0 per cent of turnover).
- Operating profit was EUR -7.4 million, -31.0 per cent of turnover (2013: EUR -13.4 million, -40.1 per cent of turnover).
- Net profit was EUR -8.3 million, -34.5 per cent of turnover (2013: EUR -12.4 million, -37.2 per cent of turnover),
- Non-recurring items was EUR -0.07 million (2013: EUR -2.4 million)
- Earnings per share were EUR -0.09 (2013: EUR -0.65).
- Net cash flow from operating activities was EUR -5.8 million (2013: EUR -9.7 million).
- Directed share issues and a convertible bond strengthened the financial position and balance sheet during the first half of the year, as well as a short term loan in September.
- Ixonos got two new significant owners during the first half of the year

A EUR 1.6 million goodwill impairment impacts the 2013 comparative numbers.

The financing arrangement done in February 2015 considerably improved the financing situation and own capital situation of the group.

Future prospects in brief

The operating profit of the company before non-recurring items is expected to improve compared to 2014. The cash flow is expected to remain negative during the beginning of the year but improve in the second half of the year 2015.

Esa Harju, President and CEO:

“The sales development during the end of the year remained below forecast and therefore the expected positive EBITDA of the second half of the year did not materialize. During the last quarter of the year we managed to secure important customer contract renewals with our customers and to find new customers.

The improvement of the company’s profitability continued but slower than expected. Our operational cost structure for 2014 as a whole was 33 per cent below the previous year and even if we were still unprofitable the relative profitability improved. The company is working with determination to improve its profitability.

Although the beginning of 2015 looks challenging, our strategic direction remains unchanged. We have continuously developed our capability to build design based digital service solutions. Finland, USA and UK have become our main markets and USA rose in 2014 becoming an important market area together with Finland.”

OPERATIONS

Ixonos is a design-led technology company that provides creative digital solutions and services for customer companies in selected target industries. We help our customer companies embrace digitalisation, Internet and mobility for productivity, new business models and unique user experiences for competitive advantage. Our primary geographical markets are Finland, USA and Great Britain, where our Design Studios are located. The software development is primarily located in Finland, but we have technical knowhow in the customer interface in all target markets.

Our core strength and key differentiator is our ability to combine our world-class design capability with strong technical implementation skills, hence offering total end-to-end solutions that deliver strategic value to our customers. We call this our Dream - Design - Deliver approach.

Ixonos design services cover digital-, mobile, and web design as well as service and industrial design. These holistic design services consist of design strategy, design and user research, design innovation and workshops, visual and interaction design, and prototyping for various connected devices and services and range to complete cross-platform design.

As a technology company we excel in creative software development, both in embedded SW as well as in online SW. We utilise open standard technologies (e.g. Linux, Android, iOS, Windows). We combine our software development capabilities with our world-leading technology knowhow and our deep understanding of user interface design and usability, as well as professional project management capabilities. This enables us to provide solutions for our customers with quality and agility. Our technology competences cover e.g. wireless connectivity, RF, audio, imaging and video technologies.

Our primary business areas are:

- Industrial Internet: Providing embedded and creative digital solutions for the industrial companies. We help industrial companies to transform from proprietary technologies into standard open source technologies enabling increased productivity and value for their customers. We also provide digital innovations that help our customers in their business model transformation towards service business. Our clientele in this segment consists of companies such as Kone, Outotec, Cargotec, Kemppi and Metso.

- Media: Helping TV broadcasters, studios, production companies and operators to offer increasingly interactive and personalised viewing experiences, as well as new business models, through innovations such as Ixonos TV Compass™ 2nd screen solution. Our clientele in this segment consists of companies such as Al-Jazeera, Discovery and MBC Group.

- Online consumer brands: Helping consumer-facing retail and service brands to embrace Internet-based digital and mobile solutions for differentiation, customer experience, productivity and service innovation. Our clientele in this segment consists of companies such as Stockmann, Viking Line and ST1.

- Cloud Solutions: Providing secure and robust cloud and managed hosting services with Ixonos Cloud™ solution. Ixonos virtual private cloud has been designed for demanding enterprise use. It combines the security of a private cloud with the scalability of public clouds. Information is secured and stored in our machine rooms in Finland. Ixonos Cloud™ is also used as a back-end platform for several end-to-end solutions. Our clientele in this segment consists of companies such as Microsoft, Fonecta and Veikkaus.

- Smart Devices & Platforms, where our customers include HP and Samsung.

We continue to serve our customers also in several other market segments, including:

- Automotive and Transportation, where our customers include Honda, VW and MarcoPolo.
- Finnish Public Sector, where our customers include several ministries and municipalities, as well as Tiera.
- Defence & Security, where our customers include Airbus and Savox Communications.

ORGANISATION

Our organisation consists of:

- Sales & Marketing function in charge of customer relationships, sales pipeline and order intake.

- Solution Creation function in charge of technical solution implementation, software development, and customer project management.
- Design function in charge of the design capabilities that are a unique differentiator in our Dream Design Deliver approach.
- The whole organisation's operations are supported by support functions: Finance & Control and Human Resources.

OFFICE LOCATIONS

Our offices are situated in our main markets Finland, USA and Great Britain. Additionally the company has employees in Estonia.

- Our Solution Creation development sites are mainly located in Finland. Additionally we have customer-facing technical personnel in USA and Great Britain.
- Our Design Studios are located in Finland, USA and Great Britain.
- Our Sales offices are located in Finland, Great Britain and the United States.

TURNOVER

Turnover in the fourth quarter was EUR 5.9 million (2013: EUR 7.0 million), 16.2 per cent less than in the previous year.

Consolidated turnover for 2014 was EUR 23.9 million (2013: EUR 33.4 million), which is 28.3 per cent less than in the previous year.

The turnover remained below expectations due to the lower number of projects in new sales as well as smaller than expected project size. USA had most success in new sales.

During 2014, no single customer exceeded one fourth of the total turnover.

FINANCIAL RESULT

Operating profit for the fourth quarter was EUR -1.8 million (2013: EUR -2.5 million) and profit before tax was EUR -2.1 million (2013: EUR -2.8 million). Profit for the fourth quarter was EUR -2.8 million (2013: EUR -3.1 million). Fourth quarter earnings per share were EUR -0.03 (2013: EUR -0.10). Cash flow from operating activities per share in the fourth quarter was EUR 0.00 (2013: EUR -0.04).

The group's operating profit for 2014 was EUR -7.4 million (2013: EUR -13.4 million) and profit before tax was EUR -8.5 million (2013: EUR -14.3 million). Profit for the period was EUR -8.3 million (2013: EUR -12.4 million). Earnings per share were EUR -0.09 (2013: EUR -0.65). Cash flow per share from operating activities was EUR -0.05 (2013: EUR -0.13).

The relative improvement of the financial result was due to adjusting the costs to the volume. The financial result remained below expectations as the turnover fell more than expected.

RETURN ON CAPITAL

Consolidated return on equity (ROE) during 2014 was -672.5 per cent (2013: -224.2 per cent) and return on investment (ROI) was -46.4 per cent (2013: -75.4 per cent).

INVESTMENTS

During the fourth quarter the investments where EUR 0.3 million (2013: EUR 0 million).

Investments during 2014 totalled EUR 1.1 million (2013: EUR 0.5 million). Investments consisted mainly of capitalised R&D expenses. The most significant investments were made in the cloud and industrial internet businesses.

RESEARCH AND DEVELOPMENT

The group's R&D expenses during the financial period 2014 were EUR 2.4 million (2013: EUR 1.2 million). The profit for the financial period includes EUR 1.6 million (2013: EUR 1.2 million) in R&D expenses. A total of EUR 0.8 million (2013: EUR 0.0 million) in R&D expenses was capitalised during the financial period. The R&D expenses during 2014 were primarily associated to the cloud and industrial internet business areas.

BALANCE SHEET AND FINANCING

The balance sheet total was EUR 21.9 million (2013: EUR 25.8 million). Shareholders' equity was EUR -1.2 million (2013: EUR 3.7 million). The equity ratio was -5.6 per cent (2013: 14.2 per cent). The Group's liquid assets at the end of 2014 amounted to EUR 0.3 million (2013: EUR 0.5 million). Non-controlling interest of the equity was EUR 0.2 million (2013: EUR 0.2 million).

In the fall of 2014 the board of the company started a program aiming at strengthening the financial situation. The program was completed in February 2015 and is described below in "Events after the financial period".

During 2014 the company carried out the share issues described in "Shares and share capital".

At the end of 2014, the balance sheet showed EUR 10.5 million (2013: EUR 9.6 million) in bank loans. This amount includes overdraft in use.

The group agreed with its main financiers on March 7, 2014 on a period free of instalments regarding the bank loans until March 15, 2015. The covenants related to these loans are described in “Loan covenants”.

On December 31, 2014, the company did not meet the terms of the covenants. However, the company has received releasing covenant statements from its financers. The company’s non-current borrowings are therefore presented as current liabilities, in accordance with IFRS. Bank loans under the covenants were on December 31, 2014 EUR 6.1 million (2013: EUR 6.4 million).

Turret Oy Ab, which is a related party to the company, subscribed on March 7, 2014 to a capital loan and the associated special rights of EUR 3.5 million directed to it by the board of the company. Turret paid the loan to the company in full by setting off the principal of the existing debts to Turret, amounting to EUR 3.5 million. The terms and conditions of the loans were described in a company release on March 7, 2014.

The company concluded simultaneously a loan agreement with Turret Oy Ab on a long-term interest bearing loan of EUR 1.0 million and gave some of the company's business mortgages as collateral. The maturity of the loan was changed in June 2014. At closing of 2014 the whole loan is classified as short term loan.

The company raised a short-term interest-bearing loan from Turret Oy Ab on September 19, 2014. The loan amount was EUR 1.3 million.

CASH FLOW

The Group’s cash flow during the fourth quarter was EUR 0.4 million (2013 EUR -3.0 million).

Consolidated cash flow from operating activities during 2014 was EUR -5.8 million (2013: EUR -9.7 million).

In order to reduce the turnaround time of its receivables the group sells most of its Finnish account receivables. Out of the accounts receivables in the balance sheet on December 31, 2014, the group sold EUR 1.3 million (2013: EUR 2.2 million) to the financing companies during the beginning of January 2015. During 2014 EUR 12.8 million (2013: EUR 14.2 million) receivables were sold.

GOODWILL

On December 31, 2014, the consolidated balance sheet included EUR 10.8 million in goodwill (2013: EUR 10.8 million).

The following parameters were used in the goodwill impairment testing:
- A review period of 4 years
- WACC discount rate 10 per cent
- 1 per cent growth estimate used for terminal value calculation

The company made an impairment test on December 31, 2014 confirming there is no need for a write-down. The present value of future cash flows exceeded the carrying value of assets by EUR 11.9 million. The WACC discount rate used in the calculation is lower than the one used earlier, primarily due to the impact of lower market interest rates on the required rate of return.
The present value of the cash flow calculation, EUR 22.9 million corresponds fairly well with the sum of the company's financial liabilities (EUR 17.3 million) and the market price of the shares (EUR 6,0 million) on December 31, 2014.

PERSONNEL

The number of personnel during the fourth quarter averaged 269 (2013: 453).

During 2014 the number of personnel averaged 320 (2013: 505). At the end of the period, the company had 264 (2013: 442) employees. Staff decreased in Finland as well as abroad. At the end of 2014, the Group had 230 employees (2013: 312) in Finnish companies, while Group companies in other countries employed 34 (2013: 130). During 2014 the number of employees decreased by 178. The main changes were related to Finland and the shutdowns of Ixonos Denmark Aps and Ixonos Slovakia s.r.o. during the first half of the year.

SHARES AND SHARE CAPITAL

Share turnover and price

Share related indicators have been adjusted by share issues and de-split in 2013. During the financial period, the share issue adjusted highest price of the company’s share was EUR 0.16 (2013: EUR 0.79) and the lowest price was EUR 0.05 (2013: EUR 0.06). The closing price on December 31, 2014 was EUR 0.06 (2013: EUR 0.08). The weighted average time and de-split adjusted price was EUR 0.11 (2013: EUR 0.22). The number of shares traded during 2014 was 40,744,745 (2013: 32,326,570), which corresponds to 38.3 per cent (2013: 42.6 per cent) of the total number of shares at the end of 2014.

The number of shares has been affected by a rights issue in February 2013, a de-split in November 2013, a second rights issue in 2013 and the directed share issues decided on by the board on March 31, and April 30, 2014. According to the closing price December 31, 2014, the market value of the company’s shares was EUR 5,953,558 (2013: EUR 6,068,669).

The company executed several directed share issues during the first half of the year. In March 15,255,177 shares were subscribed by Holdix Oy at a subscription price of EUR 0.12 per share amounting to a total of appr. EUR 1.83 million.

In May Holdix Oy and InfoSec Global (Schweiz) AG both subscribed 4,166,667 shares and in June Turret Oy Ab subscribed 6,866,666 shares. The subscription price was EUR 0.12 per share amounting to a total of appr. EUR 1.82 million. The shares issued in the share Issues in total are equivalent to approximately 40.15 per cent of all of the company's shares and votes before the share issues and approximately 28.65 per cent in total of all of the company's shares and votes after the share issues.

Share capital

At the beginning of 2014, the company's registered share capital was EUR 585,394.16 and the number of shares was 75,858,359. At the end of 2014, registered share capital was EUR 585,394,16 and the number of shares was 106,313,536.

The company has not paid any dividends or returned any equity during 2014.

Option plans 2011 and 2014

2011 plan

The Board of Directors of Ixonos Plc decided on November 30, 2011 to grant new options. This decision was based on the authorisation given by the Annual General Meeting on March 29, 2011.

The options were issued by December 31, 2011, free of charge, to a subsidiary wholly owned by Ixonos Plc. This subsidiary will distribute the options, as the Board decides, to employees of Ixonos Plc and other companies in the Ixonos Group, to increase their commitment and motivation. Options will not be issued to members of the Board of Directors of Ixonos Plc or to the Ixonos Group's senior management.

The options will be marked IV/A, IV/B and IV/C. A total of 600,000 options will be issued. According to the terms of the options, the Board of Directors decides how the options will be divided between option series and, if needed, how undistributed options will be converted from one series to another.

Each option entitles its holder to subscribe for one new or treasury share in Ixonos Plc.

The exercise period for the IV/A options began on October 1, 2014, for the IV/B options it begins on October 1, 2015 and for the IV/C options on October 1, 2016. The exercise periods for all options will end on December 31, 2018. The exercise price for each option series is a trade volume weighted average price at NASDAQ OMX Helsinki. The exercise prices will be reduced by the amount of dividends, and they can also be adjusted under other circumstances specified in the option terms.

In order to ensure the equal treatment of shareholders and the 2011 stock option holders and taking into account the adjustment made on October 30, 2013 following the consolidation of the company's shares, the Board of Directors of Ixonos has due to the Rights Offering adjusted the subscription ratio and the subscription price of the 2011 stock options in accordance with the terms and conditions of the 2011 stock options.

For stock options IV/A, the subscription ratio has been amended to 5.022 and the subscription price to EUR 0.291 per share. For stock options IV/C, the subscription ratio has been amended to 5.022 and the subscription price to EUR 0.208 per share. The option plan's IV/B options have been cancelled.

The total amount of shares is rounded down to full shares in connection with subscription of the shares and the total subscription price is calculated using the rounded amount of shares and rounded to the closest cent. Due to the above adjustments the maximum total number of shares to be subscribed for based on the 2011 stock options is 3,013,313.

2014 plan

The Board of Directors of Ixonos Plc decided to issue stock options on February 18, 2014, on the basis of the authorization granted by the Extraordinary General Meeting held on October 30, 2013.

The stock options will be offered to the global management team and certain key personnel of Ixonos Plc and its subsidiaries for the purpose of improving commitment and motivation. The stock options will be marked as series 2014A, 2014B and 2014C. The aggregate number of stock options is 5,000,000. The Board of Directors will, in accordance the terms and conditions of the stock options, decide on the allocation of the stock options between different series and, if necessary, on the conversion of stock options that has not been allocated into another series of stock options.

Each option entitles its holder to subscribe for one new or treasury share in Ixonos Plc. The share subscription period with 2014A stock options starts on March 1, 2016, with 2014B stock options on March 1, 2017 and with 2014C stock options on March 1, 2018. The share subscription period ends with all stock options on December 31, 2018. The share subscription price for each series is the volume weighted average price of the company's share on the Helsinki Exchanges during the period March 1 to May 31, 2014 for 2014A, January 1 to March 31, 2015 for 2014B and January 1 to March 31, 2016 for 2014C. The subscription price may be decreased with e.g. the amount of dividends paid and may also otherwise be subject to change in accordance with the terms and conditions of the stock options. The subscription price for 2014A is EUR 0.11.

Shareholders

On December 31, 2014, the company had 4,045 shareholders (2013: 3,983). Private persons owned 40.6 per cent (2013: 51.6 per cent) and institutions 59.4 per cent (2013: 48.4 per cent) of the shares. Foreign ownership was 7.1 per cent (2013: 8.8 per cent) of all shares.
The company owns no own shares and no shares have been pledged to it.

Related-party transactions

In March the company converted a total of EUR 3.5 million short-term loans into a long-term convertible loan and raised a EUR 1.0 million long-term interest bearing loan from Turret Oy Ab, a related party. The convertible loan has no collateral. As collateral for the loan of EUR 1.0 million the Group has put up corporate mortgage bonds.

In the share issue decided upon on April 30, 2014 Turret Oy Ab subscribed 6,866,666 shares at a price of EUR 0.12 per share totaling EUR 824 thousand. In conjunction with this transaction the payback plan of the EUR 1.0 million loan from Turret Oy Ab was speeded up.

In order to finance its increasing foreign sales, Ixonos has on September 20, 2014 agreed on a short-term, interest bearing loan of EUR 1.3 million with Turret Oy Ab.

During the reporting period 2014 the ownership of Finance Link Oy has changed whereby it has become a related party to the company. During 2014 Ixonos Finland sold receivables to Finance Link for a total of EUR 4.6 million (2013: EUR 7.0 million).

OTHER EVENTS DURING THE FINACIAL PERIOD

Market events

During 2014 Ixonos opened a design studio in San Francisco to meet the growing demand for design services. The demand for the company's services among the selected business areas is good and the value promise remains strongly relevant. Especially the new solution based contracts around Industrial Internet are worth mentioning.

In January and February Ixonos participated in CES 2014 and Mobile World Congress in Barcelona, as well as in the 2nd Screen Summit that was organized there at the same time. The evolution of Ixonos' smartphone reference design did get continuation when two new mobile reference designs, Taipan 2 and Taipan 3 were introduced. In February Ixonos did also launch SmartSign, the next generation in-store interactive digital signage design-concept for retailers.

In May it was publicly announced that Samsung is integrating Ixonos Super App™ and Ixonos Android Multi-Window™ on all Samsung Galaxy Pro tablets. In addition to this Ixonos published the new load balancers to Ixonos Cloud™ allowing the efficient handling of even larger amounts of data. In May the first FIE (Future of Industrial Experience) event gathered a group of forerunners in Industrial Internet to share their thoughts about the future of this area. The event was a great success and the second event was arranged in September. The event series will also be continued in upcoming review periods.

In June Ixonos published Fox Fan, the 2nd Screen solution for Fox International Channels, and the modernised system architecture of a machine used in the mining industry for Outotec. Ixonos did also participate in the Red Hat Forum organized in Helsinki in June.

In July Ixonos arranged, in co-operation with the Producers Guild of America, the Ixonos Experience Forum in San Francisco. The main theme of the event was the use of new technologies for integrating contextual content into digital media. In September a similar event was organized during Advertising Week under the theme "What UX Design Means for Content Monetization".

In August Ixonos announced the hyperlocal news service application that it helped a device manufacturer launch.

In September Ixonos published both the new video editing experience on Forscene for Forbidden Technologies, as well as the mobile media channel for Al Jazeera Plus. The Windows Server platform support for Ixonos Cloud™ was also announced in September.

The In-car digital content store for Honda was published in October. The solution is built on Ixonos Experience Store™ and it will be a standard feature on all new Honda vehicles sold across Europe starting in 2015. At the same time Ixonos introduced its vision of the Electronic Program Guide of the Future for media companies in the CableLabs UX/UI Summit in Sunnyvale, California. In October Ixonos also presented Ixonos Remote Dashboard™, a customizable web portal to display data from industrial automation systems.

Ixonos In-Venue Platform was launched in November and the first concept, the smart amusement park, did receive its first customers. The Ixonos In-Venue Platform is a digital solution for engaging customers within a defined area: a smart space, like for example an amusement park. In November Ixonos also participated in the OTTtv Wold Summit in London.

In December Ixonos published the Ixonos Wearable Device Platform™ concept that is a customizable platform for wearable devices. Its modular structure allows introducing intelligence to clothing, gadgets or any other objects.

Customer relations

When the Nokia mobile phone business in May was transferred to Microsoft the customer relationship to Ixonos transferred unchanged.

On June 25, 2014 Ixonos published that it had been awarded a USD 4 million order by a large US technology corporation, for the delivery of design and software services. The order covered UX/UI design and development, visual design, technical architecting, software development and quality assurance. The service delivery started immediately and continued to the end of the year. The cooperation continues also in 2015.

Changes in guidance in 2014

Ixonos published new market guidance on June 25, 2014. The company estimated the 2014 revenue to be in the range of EUR 23-29 million and that EBITDA for the full year would be negative.
For the second half of the year EBITDA was expected to be positive, due to the strengthened order book for second half of the year and lowered costs. Previous guidance for the 2014 revenue was in the range of EUR 26-34 million and EBITDA for the full year was expected to be positive.

On October 30, 2014 the company updated its future outlook. The company estimated 2014 revenue to be in the range of EUR 24-26 million and that EBITDA for the full year will be negative. For the second half of the year EBITDA was expected to be positive.

Ixonos updated its guidance on November 27, 2014. Due to lower than expected revenue in Europe and projects being postponed the company’s updated revenue forecast for 2014 was EUR 23-25 million. Due to this the EBITDA for the second half of the year was expected to turn negative. Previously the company expected the revenue for 2014 to be EUR 24-26 million and the EBITDA for the second half of the year to be positive.

New registration document and securities note

Ixonos published on May 16, 2014 Ixonos Plc's registration document, prepared pursuant to the Finnish Securities Market Act and the securities note related to the Company's directed share issues announced on March 31, 2014 and April 30, 2014. The registration document was approved by the Finnish Financial Supervisory Authority on May 16, 2014. An updated version of the registration document approved by the Finnish Financial Supervisory Authority was published on June 12, 2014. The registration document contains information on the Company and its financial position. The registration document is valid for 12 months after its approval. The Securities Note contains a summary and information on the share issues.

2014 option plan

Ixonos published a stock exchange release regarding a new option plan on February 18, 2014.

Financing arrangements in March 2014

The board of directors of Ixonos Plc, by virtue of the authority granted by the general meeting on October 30, 2013, decided to direct a convertible capital loan with a capital of EUR 3.5 million and attached option rights or other special rights referred to in Chapter 10 Section 1(2) of the Finnish Limited Liability Companies Act (624/2006 as amended) to Turret Oy Ab for subscription in deviation from the pre-emptive subscription right of the shareholders of the company. The special sights entitle Turret or the holder of the special rights to subscribe new shares of Ixonos in accordance with the terms and conditions concerning the loan and the special rights.

The loan and related special rights were issued in order to strengthen the company's position of liquid assets, self-sufficiency and working capital and to optimize the capital structure. Hence, there were weighty financial reasons for taking the loan and granting the special rights. The loan's issuing price and conversion price were defined on market terms.

The company's board of directors also decided to conclude a loan agreement on long-term complementary financing in borrowed capital terms of EUR 1.0 million and given some of the company's business mortgages as collateral.

In the arrangement, the financiers party to the company's main financing agreement accepted a period free of instalments of the loans of the year 2014 until March 15, 2015 in such a way that the instalment falling due during the period free of instalments are transferred to the end of the term of the loan into one bullet repayment without otherwise extending the term of the loan.

Directed share issue in March 2014

The Board of Directors of Ixonos Plc decided to issue in a directed share issue 15,255,177 new shares to be subscribed for by Holdix Oy Ab in derogation from the pre-emptive subscription right of the shareholders on the authorization of the Annual General Meeting on April 24, 2013 and the Extraordinary General Meeting on October 30, 2013. The subscription price of the shares in the share Issue was EUR 0.12 per share. The subscription price was defined as the mean price weighted with the trading amounts of the last three (3) months rounded to the nearest cent. The funds derived from the share issue will be used to strengthen the balance sheet and financial standing of the group and the company, so there were weighty financial reasons for the share issue and for deviating from the pre-emptive right of the shareholders as described in the Finnish Limited Liability Companies Act.

Holdix Oy Ab subsequently subscribed for the share issue in full on March 31, 2014 and the Board of Directors of the Company accepted Holdix share subscription. According to what was stated to the company, the investment of Holdix is meant to be a long-term investment.

Directed share issues in April 2014

The Board of Directors of Ixonos Plc decided based on the authorization of the Annual General Meeting on April 2, 2014 to issue in a directed share issues up to 15,200,000 new shares in total in derogation from the pre-emptive subscription right of the shareholders to be subscribed for by Holdix Oy Ab, InfoSec Global (Schweiz) AG and Turret Oy Ab. Holdix and InfoSec Global (Schweiz) both subscribed 4,166,667 shares and Turret subscribed 6,866,666 shares The subscription price of the shares in the share issues was EUR 0.12 per share. The subscription price was defined as the mean price weighted with the trading amounts of the period between January 1, 2014 and April 28, 2014 rounded up to the nearest cent. The funds derived from the share issue, EUR 1,824 million, will be used to maintain and improve the solvency of the group, i.e. there were weighty financial reasons for the share issue and for deviating from the pre-emptive right of the shareholders as described in the Finnish Limited Liability Companies Act.

Financing arrangement in September 2014

Due to increasing foreign sales, Ixonos agreed on a EUR 1.3 million short-term interest bearing loan with Turret Oy Ab, which is a related party to the company.

Improving operational efficiency

The company informed on February 19, 2014 that it would improve its operational efficiency by closing down its Danish office during the spring of 2014. The closedown of the Danish operations was in practice concluded by end of May. The legal company still exists.

The company informed on July 30, 2014 that it had decided to centralize its program development to Finland. The closedown of the Slovakian operations was concluded by end of August. The legal company still exists.

On November 3, 2014 Ixonos informed that the Co-operation negotiations started on October 21st had been concluded in Finland. As the result of the negotiations, temporary lay-offs of maximum 90 working days were to affect maximum of 50 people. Additionally maximum 6 people were to be permanently laid off.

Changes in the Management Team

During 2014 the Group's Management team changed as follows

- Financial Director Teppo Talvinko left the company on May 18, 2014.
- New Financial Director Mikael Nyberg started in the company on May 2, 2014.
- HR Director Satu Roininen left the company on August 31, 2014.

EVENTS AFTER THE FINANCIAL PERIOD

Extraordinary General meeting

On January 16, 2015 the board of directors issued a notice of Ixonos Plc extraordinary meeting on February 10, 2015. The proposal of the Board of Directors was that the Extraordinary General Meeting would authorise the board to decide on a paid share issue and on granting option rights and other special rights entitling to shares that are set out in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act (LLCA) or on the combination of some of the aforementioned instruments in one or more tranches on the following terms and conditions:

- The number of new shares to be issued pursuant to the authorisation was not to exceed 96,670,000 shares, equivalent to approximately 91 per cent of all company shares at the time of convening the Extraordinary General Meeting.
- The authorisation was to be used to finance investments related to the operations of the company and to strengthen the company's balance sheet and financial position or for other purposes decided by the Board of Directors.
- Within the limits of the authorisation, the Board of Directors may decide on all terms and conditions applied to the share issue and to the option rights and to special rights entitling to shares, such as that payment of the subscription price may take place also by setting off the convertible capital loan or any other receivable that the subscriber has from the company.

- The Board of Directors was to be entitled to decide on crediting the subscription price of the shares either to the company's share capital or, entirely or in part, to the reserve for invested unrestricted equity.
- Shares as well as option rights and special rights entitling to shares may also be issued in a directed way that deviates from the pre-emptive rights of shareholders if a weighty financial reason laid out in the LLCA for this exists.

Strengthening Ixonos funding and balance sheet structure

On January 16, 2015 Ixonos Plc announced how it intended to strengthen its financial position and balance sheet structure. The proposed arrangement included a directed share issue as well as a loan facility.

The planned measures will significantly enhance Ixonos's equity ratio and position of liquid assets.

Ixonos plans to increase its efficiency by streamlining its production site structure

On January 22, 2015 Ixonos started co-operational negotiations in order to secure its production efficiency. The negotiations concerned the personnel in Jyväskylä, excluding those who performed their work at customer's premises.

The goal of the co-operational negotiations is to adjust operational costs through enhancing the production efficiency, and by focusing software development to company's other production sites. It was estimated that the negotiations would result in closure of the Jyväskylä office and in job terminations for a maximum of 35 persons.

Decisions of Ixonos Plc's extraordinary general meeting on February 10, 2015

The Extraordinary General Meeting authorised the Board of Directors, according to the Board's proposal, to decide on a paid share issue and on granting option rights and other special rights entitling to shares that are set out in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act or on the combination of all or some of the aforementioned instruments in one or more tranches.

Decision of the Ixonos Plc Board of Directors on a directed share Issue of approximately EUR 5.8 million, acceptance of Tremoko Oy Ab's share subscription and the strengthening of funding and balance sheet structure

On January 10, 2015 the Board of Directors of Ixonos Plc decided to issue in a directed share issue 96,670,000 new shares to be subscribed for by Tremoko Oy Ab in derogation from the pre-emptive subscription right of the shareholders on the authorisation of the Extraordinary General Meeting on

February 10, 2015. The subscription price of the shares in the share issue was EUR 0.06 per share. The subscription price was defined as the mean price weighted with the trading amounts of the period December 16, 2014 – January 15, 2015 rounded up to the nearest cent.

The funds derived from the share issue, EUR 5.8 million, will be used to maintain and strengthen the financial standing of the group so there are weighty financial reasons for the share issue and for deviating from the pre-emptive right of the shareholders as described in the Finnish Limited Liability Companies Act.

The Shares issued and subscribed for in the Share Issue are equivalent to approximately 90.9 per cent of all of the Company’s shares and votes before the Share Issue and approximately 47.6 per cent of all of the Company’s shares and votes after the Share Issue.

Tremoko Oy Ab subscribed for the share issue in full on February 10, 2015. The Board of Directors of the company accepted Tremoko’s share subscription. The shares were registered in the trade register on February 11, 2015.

Furthermore the board announced that

- Tremoko had paid the subscription price of the Shares it subscribed for in connection with the Directed Share Issue by setting off the receivables based on convertible capital loan that it has from Ixonos approximately for an amount of EUR 3.86 million.
- Ixonos had been granted total amount of EUR 4.0 million loans by financial institutions. Tremoko gave a collateral of EUR 4.0 million for the loans. Ixonos shall pay a remuneration of 3.5 per cent of the amount of the collateral per year to Tremoko for giving the collateral.
- Ixonos has paid the debts worth approximately EUR 2.43 million (incl. interest) to Turret Oy Ab.
- Concerning the arrangement, Ixonos agreed with its creditors on the restructuring of its funding based on liabilities. The creditors granted the loans of the Ixonos group taken out before the Arrangement (hereinafter collectively the “Loan”) an exemption from amortisations for the period of March 15, to December 31, 2015 so that only 25 per cent of the capital of the Loan falling due during the exemption from amortisations will be paid, in deviation from what has been agreed previously. In addition, the original term of the Loan is changed so that the total term of the Loan will be extended until December 31, 2018. The original terms of payment and the instalments have been altered so that the instalments falling due January 1, 2016 to December 31, 2018 will be equal in size and they will be determined on the basis of the capital of the Loan that does not fall due as on December 31, 2015. The provisions concerning the interest and margin will remain as they are despite the exemption from amortisations, the extension of the term of the loan and changing the terms of payment and the instalments.

Public takeover bid of Ixonos Plc’s shares

On February 10, 2015 the new majority owner of Ixonos, Tremoko Oy Ab announced a public takeover bid.

Tremoko, a limited liability company in private Finnish ownership, acquired on February 10, 2015 altogether 49,008,088 shares of Ixonos from Turret Oy Ab and Holdix Oy Ab. The amount corresponded to approximately 46.1 per cent of all of Ixonos's shares. In addition, Tremoko subscribed for altogether 96,670,000 new shares of Ixonos in a directed share issue decided upon by Ixonos's board of directors.

After the new shares were entered in the Trade Register, Tremoko owned altogether 145,678,088 of Ixonos's shares and, thus, Tremoko's share of ownership and votes rose to altogether 71.8 per cent of all of Ixonos's shares and votes.

As a result of the share acquisition and the share subscription, Tremoko formed an obligation to launch a public takeover bid for all other shares of Ixonos and for securities entitling thereto, as referred to in Chapter 11 Section 19 of the Finnish Securities Markets Act.

The cash consideration offered in the mandatory takeover bid will be EUR 0.06 for each share of Ixonos. The consideration paid for Ixonos's options is determined using the pricing models generally applied to pricing options.

Under Chapter 11 Section 22 of the Securities Markets Act, the party obliged to launch a bid shall make the bid public within one month from the arising of the obligation to launch a bid. The takeover bid procedure shall be started within one month from making the bid public. Tremoko aims to make the takeover bid public around March 2, 2015. Tremoko's aim is that the offer period will begin approximately on March 3, 2015 and end on March 23, 2015.

The board of Ixonos Plc will publish its opinion on the takeover bid in accordance with the Securities Markets Act after the final offer document has been issued by Tremoko.

RISK MANAGEMENT AND NEAR-FUTURE UNCERTAINTY FACTORS

Ixonos Plc's risk management aims to ensure undisturbed continuity and development of the company's operations, support attainment of the commercial targets set by the company and promote increasing company value. Details on the risk management organisation and process as well as on recognised risks are presented on the company's website at www.ixonos.com/investor.

Changes in key customer accounts may have adverse effects on Ixonos' operations, earning power and financial position. Should a major customer switch its purchases from Ixonos to its competitors or make forceful changes to its own operating model, Ixonos would have limited ability to acquire, in the short term, new customer volume to compensate for such changes.

The group's turnover consists primarily of relatively short term customer contracts. Forecasting the starting dates and scope is from time to time challenging. At the same time the cost structure is fairly rigid. This may result in unexpected fluctuation in turnover and profitability.

Part of the company's business operations is based on fixed-price project deliveries. Fixed-price projects may include risks related to their duration and content. These risks are being managed by means of contract management as well as project management.

A significant part of the group's turnover is invoiced in foreign currency. Risks related to currency fluctuation are managed through different means.

The company's balance sheet includes a significant amount of goodwill, which may still be impaired should internal or external factors reduce the profit expectations of the company's cash flow. Goodwill is tested each quarter and, if necessary, at other times.

Deferred tax assets in company's balance sheet are subject to future profit expectations. There is risk of impairment related to deferred tax assets if the profit expectations are not materialized.

The company's financial agreements have covenants attached to them. A covenant breach may increase the company's financial expenses or lead to a call for swift partial or full repayment of non-equity loans. The main risks related to covenant breaches are associated with EBITDA fluctuation due to the market situation and with a potential need to increase the company's working capital through non-equity funding. The company manages these risks by negotiating with financiers and by maintaining readiness for various financing methods.

WORKING CAPITAL STATEMENT

The company's working capital is not sufficient to fund the company's operations over the next 12 months. The company estimates that it has sufficient working capital for the next 5 months at the time of publishing the financial statement bulletin provided that the cash flow estimates for 2015 materialize.

The fact that the working capital is unsufficient for the next 12 months is primarily due to a lowered sales forecast for the beginning of the year and lower summer turnover expectations due to seasonality.

The company assesses its need for additional working capital to be EUR 0-1.5 million after 5 months.

The company's working capital is expected to be sufficient to fund the company's operations over the next 12 months if the sales development is better than the current forecast or the company is able to make larger cost savings than forecasted. A possible financial shortage remaining can be filled with bridge financing.

The company has taken and has planned to take several measures to secure its financial position:

- A share issue on February 10, 2015 with a refinancing arrangement linked to it

- Ixonos agreed on February 10, 2015 with its creditors on the restructuring of its funding based on liabilities. The creditors granted the loans of EUR 6.1 million the Ixonos group taken out before the Arrangement (hereinafter collectively the "Loan") an exemption from amortisations for the period of

March 15, to December 31, 2015 so that only 25 per cent of the capital of the Loan falling due during the exemption from amortisations will be paid, in deviation from what has been agreed previously. In addition, the original term of the Loan is changed so that the total term of the Loan will be extended until December 31, 2018. The original terms of payment and the instalments have been altered so that the instalments falling due January 1, 2016 to December 31, 2018 will be equal in size and they will be determined on the basis of the capital of the Loan that does not fall due as on December 31, 2015. The provisions concerning the interest and margin will remain as they are despite the exemption from amortisations, the extension of the term of the loan and changing the terms of payment and the instalments.

- The company has received a waiver for the covenants from its creditors related to its loans valid until March 31, 2015. New covenant levels will be agreed upon after this with the financiers.

- The company has continued adapting its costs and the efficiency of its operations will be further developed. Also in the field of fixed costs the company has done and continues to adapt, e.g. related to office costs. The impacts of the measures already on their way will be seen improving the profitability during 2015.

- The company resolutely invests in developing its sales and its sales offering in the chosen target markets. The resources of sales have been renewed and enforced in the target markets.

- If needed the company will agree upon added financing. The company considers it likely that temporary financing can be attained if needed.

If the above measures do not occur as planned, this may result in a shortage of working capital, premature payback of loans with covenants and difficulties to continue company's operations. If the cash flow forecast for 2015 do not materialize as planned the company is likely to lose its liquidity if no further measures are taken and it would not under those circumstances be able to finance its planned operations or pay back its loans as per original amortization plans. The loss of liquidity described above could in the worst case lead to liquidation, company restructuring or being declared insolvent.

LONG-TERM GOALS AND STRATEGY

In the long term, Ixonos aims to achieve an operating profit of at least 10 per cent. To reach its long-term goals, Ixonos focuses its strategy on deepening the company’s product, solution and service operations as well as on new accounts in selected industries.

FUTURE PROSPECTS

The operating profit of the company before non-recurring items is expected to improve compared to 2014. The cash flow is expected to remain negative during the beginning of the year but improve in the second half of the year 2015.

THE BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING

The Board of Directors of Ixonos Plc proposes to the Annual General Meeting that the distributable funds will be left in shareholders' equity and that no dividend for the financial period 2014 will be paid to shareholders. The parent company's distributable funds on December 31, 2014 are EUR 3,226,868.41.

Ixonos Plc's Annual General Meeting will be held on Wednesday, April 29, 2015, in Helsinki, Finland.

NEXT REPORT

The interim report for the period January 1 – March 31, 2015 will be published on Friday, April 24, 2015.

IXONOS PLC
Board of Directors

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THE IXONOS GROUP

ABBREVIATED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES January 1 - December 31, 2014

Accounting policies

This financial statement release has been prepared in accordance with IAS 34 (Interim Financial Reporting) and the accounting policies for the annual financial statement of December 31, 2013. The IFRS amendments and interpretations that entered into force on January 1, 2014 have not affected the consolidated Financial Statements.

Preparing interim reports in accordance with IFRS requires Ixonos' management to make estimates and assumptions that affect the amounts of assets and liabilities on the balance sheet date as well as the amounts of income and expenses for the financial period. In addition, judgement must be used in applying the accounting policies. As the estimates and assumptions are based on views prevailing at the time of releasing the interim report, they involve risks and uncertainty factors. Actual results may differ from estimates and assumptions.

The figures in the income statement and balance sheet are consolidated. The consolidated balance sheet includes all group companies as well as Ixonos Management Invest Oy, a company owned by members of Ixonos' management.

As the figures in the report have been rounded, sums of individual figures may differ from the sums presented. The financial statement release is unaudited.

Going Concern

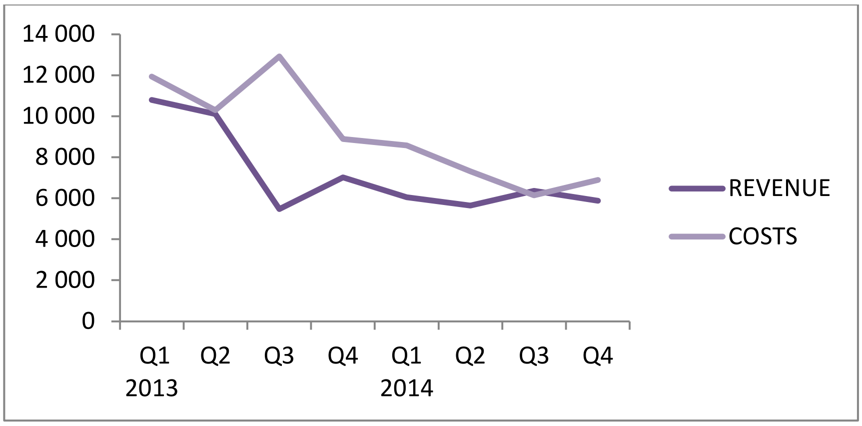
This financial statement release has been made according to the going concern principle taking into account the financial arrangement done in the beginning of 2015, financial estimations made for the year 2015 and the issues presented in the working capital statement. The estimations take into consideration probable or foreseeable changes in future expectations in revenues as well as costs.

The balance sheet of the group on December 31, 2014 was not strong but the financing arrangement made on February 10, 2015 improves the situation, particularly with regards to the working capital.

The commitment of the main owners has resulted in repeated financial inputs during the previous two years. The financing arrangements which took place in February 2015 which is described in "Events after the financial period" is a continuation of this commitment.

There have been significant challenges as almost the whole customer base and the business have changed over the past 2-3 years. The profitability has been negative, even though the company has adopted its operations to meet significantly lower cost level and gained new customers. The executed cost savings and structural changes together with the new strategic focus have resulted in significant improvements in profitability during 2014.

The earnings before interest and tax has improved in absolute terms compared to the previous quarter except for the last quarter 2014 which still improved compared to the corresponding quarter in the previous year.



As per the plans of the group the profit improvement continues during the upcoming years as the group is aiming at growth particularly in the USA and Great Britain where the macro economics is more favorable than in Finland, creating a better investment environment for the customers.

Deferred tax assets

The Group has deferred tax assets EUR 4.9 million in its balance sheet. The group made a write-off of EUR 0.6 million related to its tax assets in December 2014 as the period of negative results was prolonged in relation to previous expectations.

EUR 4.4 million of the tax assets arises from Finnish companies from the years 2012-2014. According to the current tax regulations in Finland, Ixonos has time to utilize tax assets up to 2024.

Confirmed loss	Expires	MEUR
2012	2022	7.6
2013	2023	11.0
2014 – not confirmed	2024	7.1

The subsidiary in UK carries EUR 0.5 million deferred tax assets. The subsidiary was established in October 2011. The subsidiary in UK is part of Ixonos' new, design oriented strategy. The validity of deferred tax assets in UK has no time limit. Ixonos views that the subsidiary has probable possibilities to utilize tax assets during the time.

There are EUR 0.7 million of non-booked tax assets at the closing of 2014. The company has evaluated the utilization of deferred tax assets and decided in accordance with the principle of prudence, to limit the amount of receivables in the balance sheet.

As per the calculations of the company the estimated future profits of the company up to year 2024 would be sufficient at current tax rates to cover a tax receivable twice the size of the current one.

CONDENSED CONSOLIDATED INCOME STATEMENT, EUR 1.000

	1.1.-31.12.2014	**1.1.-31.12.2013**	**Change, per cent**	**1.10.-31.12.2014**	**1.10.-31.12.2013**
Turnover	23 939	33 397	-28,3	5 876	7 009
Operating expenses	-31 363	-45 197	-30,6	-7 697	-9 537
OPERATING PROFIT BEFORE GOODWILL IMPAIRMENT	**-7 424**	**-11 799**	**-37,1**	**-1 821**	**-2 528**
Goodwill impairment	0	-1 600	-100,0	0	0
OPERATING PROFIT	**-7 424**	**-13 399**	**-44,6**	**-1 821**	**-2 528**
Financial income and expenses	-1 054	-890	18,4	-314	-286
Result before tax	-8 478	-14 289	-40,7	-2 135	-2 814
Income tax	210	1 854	-88,7	-656	-265
RESULT FOR THE PERIOD	**-8 267**	**-12 435**	**-33,5**	**-2 791**	**-3 080**
Attributable to:					
Equity holders of the parent	-8 249	-12 511	-34,1	-2 783	-3 079
Non-controlling interests	-18	75	-124,4	-8	-1
Earnings per share					
undiluted, EUR	-0,09	-0,65	-86,2	-0,03	-0,10
diluted, EUR	-0,09	-0,65	-82,4	-0,03	-0,10

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, EUR 1.000

	1.1.-31.12.2014	**1.1.-31.12.2013**	**Change, per cent**	**1.10.-31.12.2014**	**1.10.-31.12.2013**
Result for the period	-8 267	-12 435	-33,5	-2 791	-3 080
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Change in translation difference	-138	-5	2 660,0	10	-11
COMPREHENSIVE INCOME FOR THE PERIOD	**-8 405**	**-12 440**	**-32,4**	**-2 781**	**-3 091**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION, EUR 1.000

ASSETS	**31.12.2014**	**31.12.2013**
NON-CURRENT ASSETS		
Goodwill	10 847	10 847
Other intangible assets	1 254	1 584
Property, plant and equipment	697	2 106
Deferred tax assets	4 947	4 517
Available-for-sale investments	3	14
TOTAL NON-CURRENT ASSETS	**17 748**	**19 069**
CURRENT ASSETS		
Trade and other receivables	3 894	6 278
Cash and cash equivalents	255	496
TOTAL CURRENT ASSETS	**4 149**	**6 774**
TOTAL ASSETS	**21 897**	**25 843**
EQUITY AND LIABILITIES	**31.12.2014**	**31.12.2013**
SHAREHOLDERS' EQUITY		
Share capital	585	585
Share premium reserve	219	219
Invested non-restricted equity fund	32 345	28 794
Retained earnings	-26 346	-13 664
Profit for the period	-8 249	-12 511
Equity attributable to equity holders of the parent	**-1 446**	**3 423**
Non-controlling interests	229	247
TOTAL SHAREHOLDERS' EQUITY	**-1 217**	**3 670**
LIABILITIES		
Non-current liabilities	3 909	546
Current liabilities	19 204	21 626
TOTAL LIABILITIES	**23 114**	**22 173**
TOTAL EQUITY AND LIABILITIES	**21 897**	**25 843**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY, EUR 1.000

A: Share capital
B: Share premium reserve
C: Share Issue
D: Invested non-restricted equity fund
E: Translation difference
F: Retained earnings
G: Total equity attributable to equity holders of the parent
H: Non-controlling interests
I: Total equity

	A	B	C	D	E	F	G	H	I
Shareholders' equity January 1, 2013	**585**	**219**	**0**	**20 247**	**75**	**-13 810**	**7 317**	**172**	**7 489**
Result for the period						-12 511	-12 511	75	-12 436
Other comprehensive income:									
Change in translation difference					-8	3	-5		-5
Transactions with shareholders:									
Share issue				9 045			9 045		9 045
Expenses for equity procurement				-498			-498		-498
Share-based remuneration						75	75		75
Shareholders' equity December 31, 2013	**585**	**219**	**0**	**28 794**	**67**	**-26 243**	**3 423**	**247**	**3 670**
Shareholders' equity January 1, 2014	**585**	**219**	**0**	**28 794**	**67**	**-26 243**	**3 423**	**247**	**3 670**
Result for the period						-8 249	-8 249	-18	-8 267
Other comprehensive income:									
Change in translation difference					-138		-138		-138
Transactions with shareholders:									
Share issue				3 655			3 655		3 655
Expenses for equity procurement				-104			-104		-104
Share-based remuneration						-34	-34		-34
Shareholders' equity December 31, 2014	**585**	**219**	**0**	**32 345**	**-71**	**-34 526**	**-1 446**	**229**	**-1 217**

CONSOLIDATED CASH FLOW STATEMENT, EUR 1.000

	1.1.- 31.12.2014	**1.1.- 31.12.2013**
Cash flow from operating activities		
Result for the period	-8 267	-12 435
Adjustments to cash flow from operating activities		
Income tax	-210	-1 854
Depreciation and impairment	2 788	4 385
Financial income and expenses	731	890
Other adjustments	130	-78
Change in provisions	-67	-979
Cash flow from operating activities before change in working capital	**-4 896**	**-10 071**
Change in working capital	-113	782
Interest received	181	288
Interest paid	-799	-1 004
Tax paid	-141	326
Net cash flow from operating activities	**-5 767**	**-9 680**
Cash flow from investing activities		
Investments in tangible and intangible assets	-1 025	-461
Dividends received	0	0
Net cash flow from investing activities	**-1 025**	**-461**
Net cash flow before financing	**-6 793**	**-10 141**
Cash flow from financing activities		
Increase in long-term borrowings	4 500	0
Repayment of long-term borrowings	-1 133	-800
Increase in short-term borrowings	3 526	5 500
Repayment of short-term borrowings	-3 891	-3 002
Proceeds from share issue	3 655	9 045
Expenses for equity procurement	-104	-584
Net cash flow from financing activities	**6 552**	**10 160**
Change in cash and cash equivalents	-240	19
Liquid assets at the beginning of the period	496	477
Liquid assets at the end of the period	255	496

Notes

Goodwill impairment

Ixonos made impairment test for goodwill on December 31, 2014. The impairment test showed a surplus of EUR 11.9 million in discounted cash flow compared to tested amount and no impairment was recognized. The carrying amount of goodwill is EUR 10.8 million.
The present value of the cash flow calculation, 22.9 million corresponds fairly well with the sum of the company's financial liabilities (17.3 million) and the market price of the shares (6,0 million) on December 31, 2014.

The Company has one common Sales & Marketing function and common production and product development functions. These functions will serve all chosen customers. The company prepares its budgets and forecasts as one cash generating unit.

The impairment test of the Company is based on value in use. The forecasting period used in impairment testing at December 31, 2014 included forecasted years 2015 to 2018.
In the forecast the year 2015 is a year of consolidation and stabilization with relatively small growth. For the years 2016-2018 the company expects to reach stronger growth as digitalization will impact an ever growing part of the business community. The forecasted EBIT level is on average 6.8 per cent. The impairment test is done by comparing the carrying value of assets to present value of future cash flow taking into consideration forecasted cash flows during the forecast period, discount factor and growth rate used in calculating terminal value. The discount factor used is 10 per cent p.a. and growth rate used in calculating terminal value is 1 per cent p.a. When calculating the terminal value the average EBIT percentage level for the period was used.

The impairment test is most sensitive besides to the cash flow forecast itself and the assumptions behind it, to the growth rate used when calculating the terminal value and the discount factor. If the growth rate -16 per cent had been used instead of 1 per cent, the tested value would have been equal to the discounted cash flow. If the discount factor had been 19 per cent instead of 10 per cent, the tested value would have been equal to the discounted cash flow. If the EBIT percentage used had been 3.1 per cent instead of 6.8 per cent, the tested value would have been equal to the discounted cash flow. Even though the company’s longer term target level for EBIT is 10% the uncertainty of forecasts has been taken into consideration and therefore the average, normalized EBIT level has been used in the calculation.

Loan covenants

The Company has agreed with its main financiers an instalment free period for the loans until March 15, 2015. These covenants are based on quarterly EBITDA levels. On December 31, 2014, the company did not meet the terms of the covenants. However, the company has received releasing covenant statements from its financiers.

Loans granted in 2012 by the company's financiers have covenants attached. Should the company not be within the limits of a covenant, the financiers are entitled to call in the loans to which that covenant applies. The covenant levels are adjusted semi-annually on a rolling twelve-month basis.

Depending on the point in time, the equity ratio must be at least 35 per cent. The ratio of interest-bearing liabilities (i.e. interest-bearing liabilities in the balance sheet, including leasing liabilities) to EBITDA may not exceed 2.5 on June 30, 2013 onward. The ratios of interest-bearing liabilities to EBITDA as well as the ratio of interest-bearing net liabilities to EBITDA are calculated based on IFRS principles.

The amount of those financing loans that included covenants had a capital of EUR 6.1 million on December 31, 2014 (December 31, 2013: EUR 6.4 million). On December 31, 2014 the company's equity ratio was -5.6 per cent (2013: 14.2 per cent) and the ratio of interest-bearing liabilities and the EBITDA was negative (2013: negative). Thus, the company does not fulfil the covenant terms on December 31, 2014 and the loans under covenant agreements are presented as short-term current liabilities. However, the company has received releasing covenant statements from its financiers for these base covenants until March 31, 2015.

Instalment scheme for borrowings under covenants – Amount of installment EUR 1,.000

Period	31.12.2014	As per agreement 10.2.2015
01.01. - 31.12.2015	1 608	402
01.01. - 31.12.2016	1 621	1 892
01.01. - 31.12.2017	2 797	1 892
01.01. - 31.12.2018	54	1 894

Instalment scheme for all loans – Amount of installment EUR 1,000. The installments of some loans continue after 2018

Period	31.12.2014	As per agreement 10.2.2015
01.01. - 31.12.2015	3 908	402
01.01. - 31.12.2016	1 621	2 198
01.01. - 31.12.2017	2 797	2 337
01.01. - 31.12.2018	3 554	2 339

CONSOLIDATED INCOME STATEMENT, QUARTERLY, EUR 1.000

	Q4/2014 1.10.-31.12.14	**Q3/2014** 1.7.-30.9.14	**Q2/2014** 1.4.-30.6.14	**Q1/2014** 1.1.-31.3.14	**Q4/2013** 1.10.-31.12.13
Turnover	5 876	6 362	5 646	6 055	7 009
Operating expenses	-7 697	-6 975	-7 726	-8 965	-9 537
OPERATING PROFIT BEFORE GOODWILL IMPAIRMENT	-1 821	-613	-2 080	-2 910	-2 528
Goodwill impairment	0	0	0	0	0
OPERATING RESULT	-1 821	-613	-2 080	-2 910	-2 528
Financial income and expenses	-314	-223	-258	-259	-286
Result before tax	-2 135	-836	-2 342	-3 165	-2 814
Income tax	-656	250	241	376	-266
RESULT FOR THE PERIOD	-2 791	-586	-2 101	-2 790	-3 080

CHANGES IN FIXED ASSETS, EUR 1.000

	Good-will	Intangible assets	Property, plant and equipment	Available-for-sale invest-ments	Total
Carrying amount at January 1, 2013	**12 447**	**2 646**	**3 410**	**19**	**18 522**
Additions		63	395		458
Changes in exchange rates			-2		-2
Disposals and transfers			-38	-5	-43
Impairment	-1 600				-1 600
Depreciation for the period		-1125	-1 660		-2 785
Carrying amount at December 31, 2013	**10 847**	**1 585**	**2 106**	**14**	**14 552**
Carrying amount at January 1, 2014	**10 847**	**1 585**	**2 106**	**14**	**14 552**
Additions		1 062	77	1	1 139
Changes in exchange rates			8		8
Disposals and transfers		-4	-94		-98
Impairment				-12	-12
Depreciation for the period		-1 389	-1 399		-2 788
Carrying amount at December 31, 2014	**10 847**	**1 254**	**697**	**3**	**12 801**

FINANCIAL RATIOS

	1.1.-31.12.2014	**1.1.-31.12.2013**
Earnings per share, diluted, EUR	-0,09	-0,65
Earnings per share, EUR	-0,09	-0,65
Equity per share, EUR	-0,01	0,05
Operating cash flow per share, diluted, EUR	-0,06	-0,51
Operating cash flow per share, EUR	-0,06	-0,51
Return on investment, per cent	-46,4	-75,4
Return on equity, per cent	-672,5	-224,2
Operating profit / turnover, per cent	-31,0	-40,1
Net gearing, per cent	-1 397,7	375,1
Equity ratio, per cent	-5,6	14,2
Equity ratio, per cent, excluding non-controlling interest	-6,6	13,2
EBITDA, 1000 EUR	-4 636	-9 014

OTHER INFORMATION

	1.1.- 31.12.2014	**1.1.- 31.12.2013**
PERSONNEL Employees, average	320	505
Employees, at the end of the period	264	442
COMMITMENTS, EUR 1,000		
Collateral for own commitments		
Corporate mortgages	23 300	23 300
Financial bonds *)	66	350
Leasing and other rental commitments		
Falling due within 1 year	2 189	2 092
Falling due within 1-5 years	3 305	3 128
Falling due after 5 years	0	0
Total	5 495	5 220
Nominal value of interest rate swap agreement		
Falling due within 1 year	0	0
Falling due within 1-5 years	4 941	4 941
Falling due after 5 years	0	0
Total	4 941	4 941
Fair value	-60	-47

*) Financial bonds have previously been stated in other rental commitments

CALCULATION OF KEY FIGURES

EBITDA = Earnings before Interest, Taxes, Depreciation and Amortization

Diluted earnings per share = result for the period ⁄ number of shares, adjusted for issues and dilution, average

Earnings per share = result for the period ⁄ number of shares, adjusted for issues, average

Shareholders' equity per share = shareholders' equity ⁄ number of shares, undiluted, on the closing date

Cash flow from operating activities, per share, diluted = net cash flow from operating activities ⁄ number of shares, adjusted for issues and dilution, average

Return on investment (rolling 12 months) = (result before taxes + interest expenses + other financial expenses) ⁄ (balance sheet total - non-interest-bearing liabilities, average) × 100

Return on equity (rolling 12 months) = net result ⁄ shareholders' equity, average × 100

NetGearing from total equity= (interest-bearing liabilities - liquid assets) / shareholders' equity × 100