

ASIAKASTIETO GROUP

# Annual report 2018

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One of the leading Nordic companies in  
digital services and data innovation



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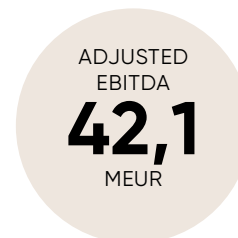
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# A leading Nordic company in digital services and data innovation

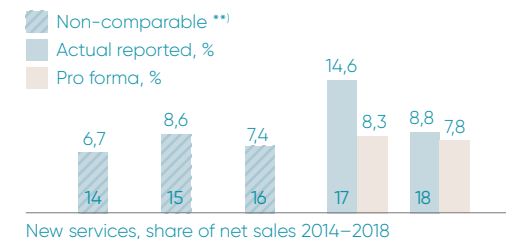
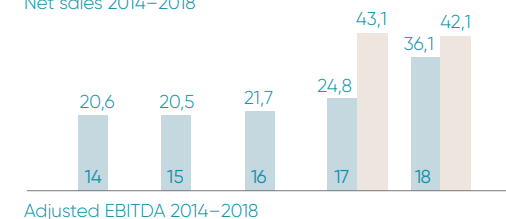
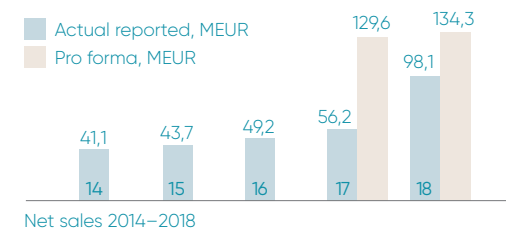
**THE YEAR 2018 WILL BE REMEMBERED** for the combination between Asiakastieto and the Swedish company UC AB, which was completed at the end of June. The combination represents a strategically important step for Asiakastieto. It creates a strong and balanced foundation for the Group to grow to become

one of the leading Nordic producers of digital services and data innovations. The combination has progressed as planned and, following a successful integration planning phase, we resumed normal operations under the new organisational structure on 1 October 2018.



<sup>\*)</sup> comparable foreign exchange rates

## Year 2018



<sup>\*\*) The method for calculating the share of new products and services has been changed from the financial year 2017 onwards so that the total sales of products launched during the past 24 months are included in the shares. For the financial years 2014 – 2016, the share was calculated as the net sales for products and services launched during the past 12 months added by the change in net sales for products and services launched during the preceding 12 months.</sup>

# Together

## we are stronger

- ➔ *In 2018, Asiakastiето Group took a big step forward. The combination of Asiakastiето and the Swedish UC was announced in the spring and the acquisition was completed at the end of June. The combination of the companies was well-founded, and the news of it was received positively.*
- ➔ *Bigger development resources and developing the Nordic offering will serve our customers even better than before. For our employees, the new ways of working and more extensive operational field offer diverse opportunities to develop their expertise. Together we are stronger.*

**ASIAKASTIETO GROUP TODAY** is a completely different company to what it was a year ago. We are now a leading Nordic digital information service company. We operate under two brands: Asiakastiето in Finland and UC in Sweden. We have a strong market position in both countries. Our net sales have more than doubled and the number of employees has tripled. We now have a greater capacity to respond to the changing market and our customers' needs.

### Fast-track integration

Combining the operations of two companies from two different countries requires planning, competence and a lot of work. We implemented the integration within a tight schedule. The process was launched in the summer, adaptation actions were implemented during September and the new organ-

isation was introduced at the beginning of October. All significant measures were completed by the end of the year.

The past six months have been extremely busy, but interesting. Now I can say that we succeeded: we combined two different company cultures and organisations, developed our offering, and managed to serve our customers at the same time. One setback during the combination was that the employee turnover increased, especially in Sweden.

Our pro forma net sales increased to EUR 134,3 million at comparable exchange rates, which means a growth of 7,3 per cent with currency-adjusted figures. The net sales were increased by new services, which accounted for 7,8 per cent (8,3 per cent) of the net sales. Our EBITDA remained unchanged from the levels of the previous year, being EUR 42,1 million at

comparable exchange rates. The number of our employees at the end of the year was 447.

### Towards a Nordic offering

Our markets are mainly similar in Finland and Sweden, regardless of some country-specific differences. Since the market potential of the services that we have developed is far greater than before, we can invest more in developing new digital services as well as in exploring and utilising new technologies, such as artificial intelligence and blockchain technologies. At the same time, we can harmonise our offering and bring services from Sweden to Finland and vice versa. Greater volumes also enable more effective production of services.

One example of harmonising the service offering is the GDPR-compatible outsourcing service of



customer registers. The EU's General Data Protection Regulation which entered into force in 2018 was the most significant legislative change last year. We developed a customer register outsourcing service with an automated inquiry interface, meeting the requirements of the regulation. This service was well received in Finland. A similar service was launched in Sweden at the beginning of 2019.

### Need for positive credit information

Our basic mission is to maintain trust in the markets, that is, in trading and concluding agreements between different companies as well as between companies and consumers. Consumer financing has strongly increased due to positive economic development in both of our markets in recent years. Creditors need sufficient information on credit applicants in order to make responsible credit decisions. This is also beneficial for the consumers and the society. Here there is a distinct difference between Sweden and Finland, since we maintain a positive credit register in Sweden, whereas in Finland the legislation does not permit such a register. The development of payment defaults is also different in these two countries. In Sweden, payment defaults have decreased, whereas in Finland their number has been growing at an alarming rate. Asiakastieto has developed a Consumer Credit Information System in the Finnish regulatory environment, which will cover the tasks of a positive credit register once we manage to get the

operators to share their information in the system as comprehensively as possible. The utilisation of the inquiry system requires the consumer's consent. In 2018, the system took a step forward when several Finnish banks were in the process of joining the inquiry system.

### Concentrating on customers

The year 2019 has started with positive expectations. Our customers' need to utilise our data in their business decisions continues to grow. Due to our strong market position, reliable brands and quality services, we have a good competitive position. We are again able to concentrate on service development and serving our customers. We have stronger and more versatile expertise and the cooperation between the two countries is running smoothly. We have created shared ways of working, although in some issues we continue to work according to our country-specific ways.

I would like to thank all our employees for the good team spirit and hard work during the exceptional last year. Many colleagues were nearly pushed to their limits during the combination process, so I hope that the coming year provides opportunities for more stable working. I would like to thank our customers, owners and partners for their valuable support.

Jukka Ruuska  
CEO

# Asiakastieto Group

**2018**

Asiakastieto Group and  
UC AB have joined forces.

Operations continues under strong  
company brands, Asiakastieto in  
Finland and UC in Sweden.



LISTED ON  
NASDAQ HELSINKI

NUMBER OF EMPLOYEES 31.12.2018

164  
FINLAND

283  
SWEDEN

447  
TOGETHER



UC

Since 1977

asiakastieto  
Since 1905

Intelligent Decisions.  
Bigger Dreams.

MARKET CAPITALISATION

31.12.2018

589,3 MEUR



Partners in  
Nordic region  
and in Europe

Almost 70 000 customers within  
banking, finance, retail, public  
sector and small companies

Around  
400 000  
consumer  
customers



# Completion of the combination

We joined our  
forces to meet the  
changing customer  
needs.



- Asiakastieto Group Plc and UC AB agreed on a combination on 24 April 2018 and the combination was completed on 29 June 2018.
- The combination created one of the leading Nordic producers of digital services and data innovations which has strong market position in Finland and in Sweden
- Asiakastieto Group Plc acquired on 29 June 2018 the shares in UC AB for a total consideration of EUR 338,9 million. The consideration consisted of EUR 98,8 million in cash and 8 828 343 newly issued shares in the Company.
- After the completion of the corporate arrangement, the share of UC's former shareholders in Asiakastieto's shares was 36,9 per cent.

## Benefits

### Future growth potential

Joining our forces helps us to build a stronger future and better meet the changing customer needs by launching new digital services, on which we base our growth.

### Nordic offering

We develop and offer a genuinely Nordic and smooth solution together with our cooperation partners. We introduce services from the Swedish market to Finland and vice versa.

### Added value to shareholders

Our goal is to achieve at least EUR 17 million of synergy benefits a year. Full synergy benefits are expected to be realised by 2021.

## Combination of the operations

The combination  
was completed by  
fast schedule



**ON SEPTEMBER** Asiakastieto Group completed the employee negotiations that led to gross headcount decrease



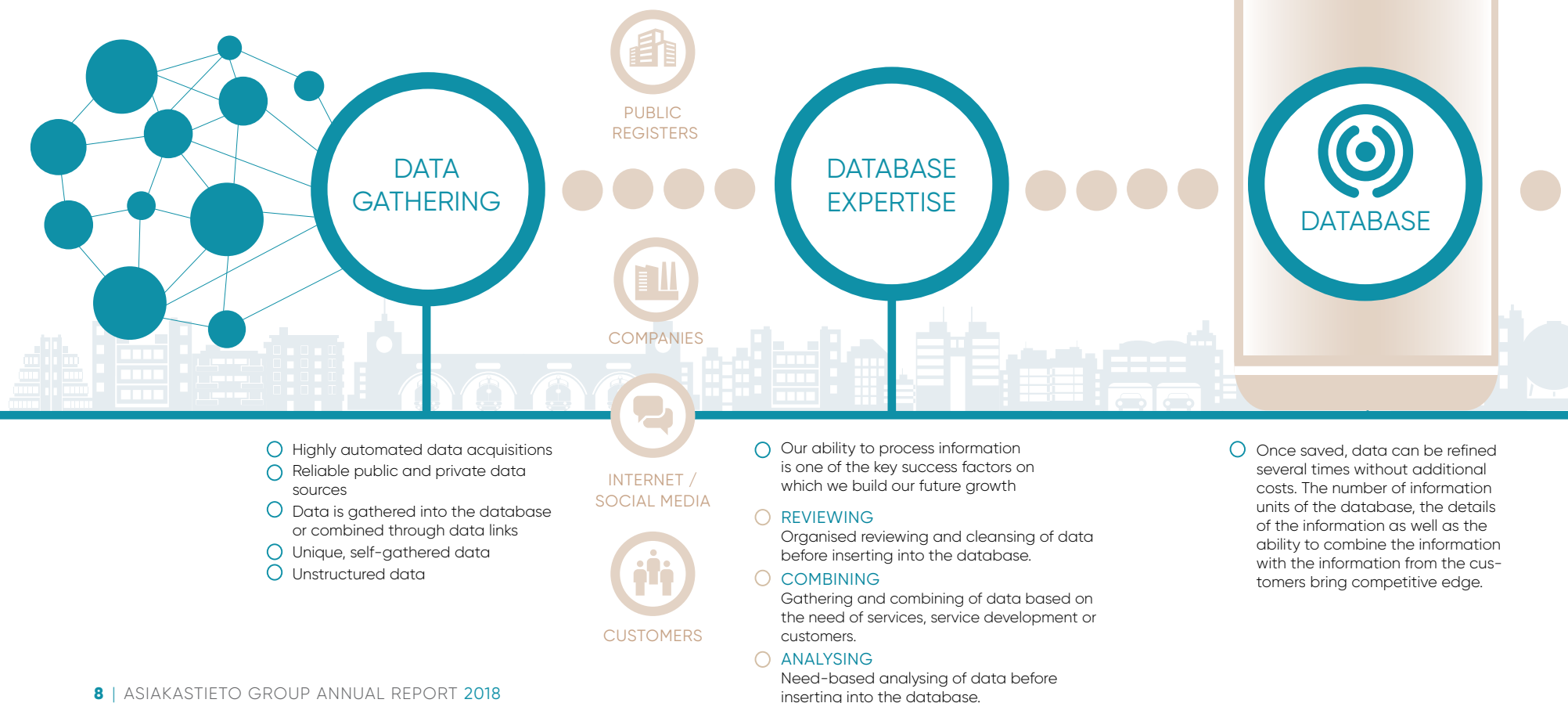
**IN OCTOBER** the implementation of the new organisation began.



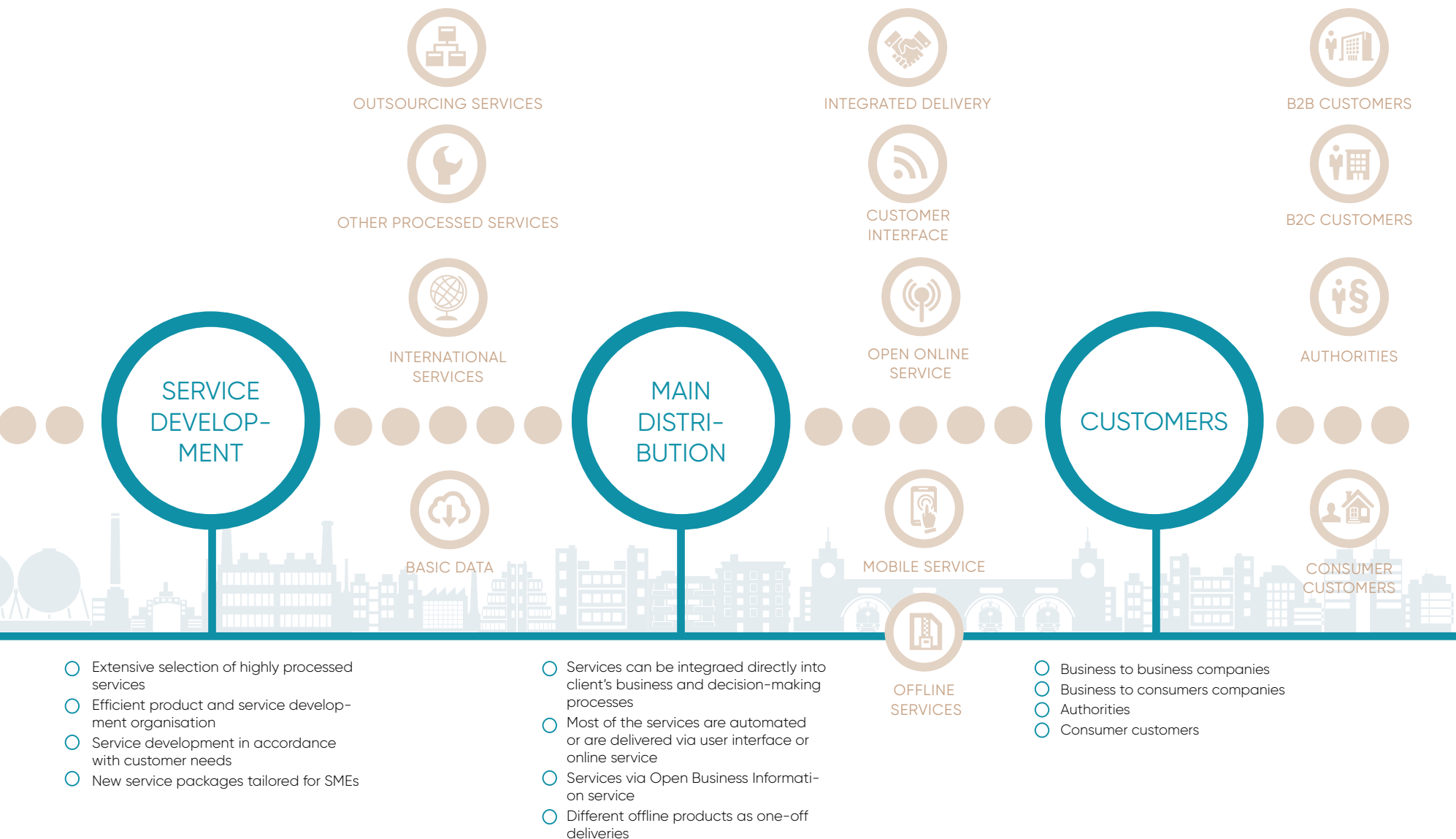
**JUKKA RUUSKA** continues as Asiakastieto's CEO, and *Anders Hugosson*, CEO of UC, acts as Asiakastieto's Deputy CEO.

# Database as the core of business operations

→ We offer a broad selection of services that are based on our comprehensive database. Data is acquired from several public data sources, from companies themselves as well as through our own data gathering processes. In accordance with our strategy, we will focus in the utilisation of so-called unstructured data during the remainder of the year, such as data collected from companies' websites and social media.







# Strategic themes 2019



## Customer first

We emphasize even better customer service. In our operation we aim to strengthen further reliability as a cornerstone of our brand.



## Personnel

We will build our new company culture using a coaching leadership style, retaining personnel and recruiting new talents.

By doing this, we create even more engaged and competent personnel, and a great Nordic way-of-working.



## Development

We strive for a fast Business Development with many new service launches and to start our platform development.

### Growth formula

- New services
- Nordic offering
- Market share
- Pricing
- Acquisitions
- Cross selling
- Volume



## Long term financial targets

### GROWTH:

Achieve 5-10 percent average growth in Net sales.

### PROFITABILITY:

Achieve a rate of EBITDA growth that exceeds the percentage growth of Net sales.

### BALANCE SHEET STRUCTURE:

Maintain net debt to EBITDA of less than 3x while continuing to maintain an efficient capital structure.

**Vision:** Intelligent decisions made easy. **Mission:** We provide information services for intelligent decisions. Our information creates high transparency and deeper trust in our society.

# Business areas

65,5 %\*

## RISK DECISIONS

Companies engaging in corporate and consumer business use decision services and solutions for general risk management, credit risk management, financial management, customer acquisition, decision-making, fraud and credit loss prevention as well as for gaining knowledge of and identifying their customers.

21,7 %\*

## SME AND CONSUMERS

Digital services for small and micro companies with easy-to-use applications and user interfaces for the evaluation of risks and sales potential, acquisition of other relevant information on customers and business partners.

Services for consumers help consumers to understand and better manage their finances, while simultaneously protecting them from identity theft and fraud.

7,1 %\*

## CUSTOMER DATA MANAGEMENT

Customer data management services help sales and marketing professionals to improve the efficiency of their work and to boost customer management by providing target group tools, services for surveying potential customers, register updates and maintenance, as well as various target group extractions.

5,7 %\*

## DIGITAL PROCESSES

Services in this business area include, among others, real estate and apartment information, information about buildings and their valuation as well as solutions that help customers to automate their collateral management processes and digitalise the administration of housing purchases.

Services of the business area are also used for compliance purposes, for instance to identify companies' beneficial owners and politically exposed persons.

\* of the the pro forma net sales  
of Asiakastieto Group



# Combination accelerated service development

- ➔ *General economic development was favourable in both Finland and Sweden in 2018. Consumer confidence in the economy was particularly reflected in the growth of the credit market, which led to higher demand for consumer information services and positive credit information.*
- ➔ *The development of the corporate credit market was flat in both Finland and Sweden. The business area's pro forma net sales grew by 8,5 percent to EUR 88,0 million at comparable exchange rates.*

**IN ADDITION TO THE FAVOURABLE MARKET** climate, the growth of the business area was supported by successful new customer acquisition as well as new products and services. Many existing customers also adopted more advanced solutions than before.

## New services

Asiakastieto is one of the leading providers of business information services in Finland and Sweden. The Group's strong position is based on close cooperation and service development in collaboration with customers. To support their decisions, customers need increasingly comprehensive and up-to-date information that is accessible through digital, smart and cost-effective services. The combination of the business operations of Asiakastieto and UC in 2018

accelerated the development of the service offering, with new and innovative products launched in both Finland and Sweden. The first artificial intelligence applications were completed in 2018 and launched in the market in early 2019. The most significant launches were the Growth Indicator, Digital Activity Indicator and Family Relationship Check products in the Finnish market and the Score Consumer Loan and Signatory Check products in the Swedish market. Development also began on services that take advantage of the new EU Payment Services Directive (PSD2) as well as Income Intelligence, a service related to the processing of income information. Launched in early 2019, Income Intelligence is a machine learning based solution for the verification of income information for loan applications, among other uses.

Growth Indicator evaluates the growth prospects of a company based on various factors. The Growth Indicator model takes into account not only financial statements information, but also industry information, the breadth of management competence, the publication of recruitment advertisements and the frequency at which the company's information has been queried via Asiakastieto's services. The Digital Activity Indicator evaluates a company's activity and visibility in digital channels and media, along with information pertaining to e-invoicing addresses, registration with certain registers and information on the submission of financial statements to the authorities. Family Relationship Check provides access to information on family relationships, particularly to serve the needs of banks and insurance companies in determining the parties to an estate.

Developed for the Swedish market, Score Consumer Loan is a credit rating system for unsecured consumer loans. It collects information from a number of different sources to determine a credit rating for a consumer credit applicant. The rating helps lenders evaluate a customer's risk level in order to determine the interest rate to be offered. Score Consumer Loan is a necessary tool in an operating environment where the number of different forms of credit keeps increasing, making the assessment of overall risk more difficult.

### Towards comprehensive positive credit information

Today's companies need increasingly detailed information on their customers starting from the beginning of the customer relationship. This is made possible by the availability of comprehensive positive credit information. In Sweden, positive credit information on consumers has been available via the



To support their decisions, customers need increasingly comprehensive and up-to-date information.

Credit Register since 1990. In Finland, the scope of positive credit information – which is essential for responsible lending – took a major step forward in 2018, with several banks and financial institutions moving ahead with joining the Consumer Credit Inquiry System maintained by Asiakastieto. The expansion of the positive credit information distribution system will continue in 2019.

## SERVICE

**RISK DECISIONS BUSINESS AREA:** The services and solutions promote trust between market participants and improve decision-making. Companies engaging in corporate and consumer business use the services and solutions for risk management, financial management, customer acquisition, decision-making, fraud and credit loss prevention as well as for obtaining customer information and identifying customers. The business area's customer base consists of companies of various sizes in many different industries.



# The demand for online services is growing

- *The demand in the SME and Consumers market remained positive during 2018. The business' pro forma turnover was EUR 29,2 million, of which annual growth was 5 percent based on the comparable exchange rates. The growth in turnover was driven mainly by growth in sales of online consumer services in the Swedish market and service packages for the small and medium-sized business segment in Finland.*

**SMALL BUSINESSES ARE CONTINUING** their shift to online and during 2018 this manifested as a strong growth in the use of our online services. Asiakastieto's public online service is one of the most popular B2B-media in Finland, and its free of charge search database is used by approximately 600 000 unique users every month. In the Swedish market similar type of service Allabolag.se gained popularity of 2 million unique users on monthly basis. In addition to basic financial information, both services offer in-depth analysis at a competitive price. Further developing the usability of these services and expanding the service offerings have been significant priorities during the last year.

Other services that made their way from product development into the market in 2018 was a new online store for businesses in Sweden that gives small business the possibility to buy and consume products on-

line 24/7. In Finland the Company ID Guard service for businesses was launched. Company ID Guard allows companies to monitor their own as well as business partners' and competitors' basic information, credit ratings and company image. In addition to these new services, existing services were further developed to improve the usability of business reports for customers in Finland, whilst on the Swedish Allabolag.se site advertising and especially programmatic advertising were improved. Additionally, certificates based on Rating Alfa credit classification were renewed and the Nordic Information service (UC Direkt) was expanded to include data from the Nordic countries.

## Strong market position

Asiakastieto's leadership position in the market for services based on consumer data is based on consumer-

oriented operations, reliable data, and a strong drive to develop services on a continuous basis. A fast response to changes in customer needs requires agility and the courage to try new approaches. In particular, the level of quality required for online services and online stores is growing constantly. The objective of our consumer services is to help the customers to better understand their creditworthiness and credit assessment information and simultaneously guide them in managing and influencing their own finances. At the same time, new competitors have entered the market, and therefore maintaining the market share demands fast and high quality product and service development.

## Great potential

The new services launched to the market last year have laid a strong foundation for 2019. The large volume of users for the online services also reflect the significant potential for additional users that can be converted into paying customers. The active process of service development and automation of internal functions enables continued competitiveness in the future. In addition to online services, there will be an increased effort to improve phone services, which is a significant growing market segment among business clients.

## SERVICE

**SME AND CONSUMERS BUSINESS AREA:** Digital services for small and micro companies with easy-to-use applications and user interfaces for the evaluation of risks and sales potential, acquisition of other relevant information on customers and business partners and proof of own creditworthiness. Services for consumers help consumers to understand and better manage their finances, while simultaneously protecting them from identity theft and fraud.

# GDPR changed the markets

- ➔ *Net sales of the Customer Data Management business area in 2018 were EUR 9,5 million. The net sales, mainly generated in the Finnish markets, decreased by 6,4 percent*
- ➔ *at comparable exchange rates. This development was largely influenced by the challenging market situation and termination of the consumer data management sales in Sweden.*

**THE EU'S GENERAL DATA PROTECTION REGULATION** that entered into force in May decreased the amount of our customers' consumer communication and marketing. The Regulation limited the rights of the marketers to some extent, but the marketers were also uncertain which measures are still permitted. Since the imposed penalties are high, many customers are acting cautiously and have clearly decreased their volume of direct marketing. Therefore, the entire direct marketing market shrank at least for a while. We prepared our internal operations carefully for the GDPR's entry into force. We updated our registers according to the Regulation, which decreased the amount of personal data in the registers.

On the other hand, the business area also benefited from the law reform. In February 2018, we launched

a new GDPR service in the Finnish markets. This service enables customers to maintain their own registers in accordance with the Regulation. The service was well received. It is a cost-effective solution that suits companies of all sizes and provides our customers with a responsible way of increasing their business. We continue to develop the service, and we launched a similar service in Swedish markets in the beginning of 2019.

## Active service development

We continued our service development actively by improving our existing products and introducing new products onto the market. The use of the Company Filter Pro target group tool, which was introduced onto the Finnish market a year ago, continued to grow and new features were developed. The new

features help the customers to find the most potential customers. We will next investigate the market potential of the Company Filter Pro in Sweden.

The Emaileri electronic customer communication and direct marketing services, which were acquired at the end of 2017, were renewed. The automatization need of different forecast and analytics models and markets continues to grow. With analytics, customers can analyse their target groups and predict their behaviour even better than before. This kind of services are, for example, income, moving and payment default forecasts.

## Potential in Sweden

The business area has a strong market position in Finland both in BtoC as well as BtoB marketing. In





Customers target  
their marketing  
more precisely by  
investing in quality.

Sweden, the operations are concentrated on BtoB and we are a market challenger. The markets are clearly larger in Sweden than in Finland and offer significant growth potential for Asiakastieto Group. Our aim for 2019 is to actively launch new services to the Swedish markets. In Finland, we will invest, for example, in analytics services.

We anticipate that the uncertainties related to the GDPR will clear up during 2019 and the customers' needs for targeted marketing are more likely to grow than decrease. The meaning of communication and marketing in promoting business will be emphasised. Customers target their marketing more precisely and invest in quality instead of quantity. Customers want to continue to buy targeted and tailored information as well as more extensive service packages.

## SERVICE

### **CUSTOMER DATA MANAGEMENT BUSINESS AREA:**

Services help customer data management services help sales and marketing professionals improve the efficiency of their work and increase their sales by providing tools and services for surveying current and potential customers, register updates and maintenance, as well as various target group extractions. The customers of this product area are companies from different industries that are involved in consumer and corporate marketing.

# Strong growth

## from new services

- *The strong growth of the Digital Processes business area continued in 2018. Net sales increased to EUR 7,6 million, up 24,1 percent at comparable exchange rates compared to 2017. A fairly good level of activity in the real estate and housing market supported the demand for services, but the primary driver of growth was the successful introduction of new services. In particular, the Tambur service launched in Sweden became very popular among customers. Demand was also high for housing valuation services in Sweden and compliance services in Finland.*
- 

**ONE OF THE BUSINESS AREA'S KEY OBJECTIVES** is the digital transformation of real estate and housing transactions to save customers' time and reduce risks. Developed for the Swedish market and launched in April 2018, Tambur became a genuine success story. By the end of the year, it was used in nearly half of all housing transactions in Sweden. Tambur is a service platform that facilitates transactions and the exchange of information between housing agents and banks. Agents use the platform to collect the necessary information and documentation and carry out communications and various other activities in a partially automated manner. The service makes housing transaction processes smoother and more efficient while also reducing risks. The service is free for agents in Sweden. Banks pay for their use of the platform



in exchange for a significant decrease in their costs associated with housing transactions. For example, there is no need to have transactions finalised at bank branches, as banks can handle their share of the process conveniently and reliably through the Tambur platform. The development of a corresponding service for the Finnish market is already underway.

A housing valuation service has been available in the Swedish market for a long time, primarily to help banks evaluate collateral. A similar valuation service will be introduced in Finland in spring 2019. The new service from Asiakastieto will provide price estimates by external parties, required by banks for homes used as collateral. It can also be used to issue estimates of the entire portfolio of collateral held by a bank.

### Digital trading powered by the blockchain

A significant project announced in the autumn sees Asiakastieto join forces with Nordea, OP Group, Privanet and Tieto to digitalise the trading and shareholder management of non-listed shares. The solution is based on blockchain technology. The goal is to improve the tradeability and valuation of non-listed shares as well as the reliable organisation of shareholder management. The system is scheduled to be piloted in 2019. The scalable system can also be used in the other Nordic countries in the future. The platform is based on the open source Corda and Hyperledger Indy technologies.

### Stronger together

The combination of the services and resources of Asiakastieto and UC further strengthened the company's position in the Nordic market. Asiakastieto's competitiveness is built on active service development and strong know-how. The increased versatility of expertise gained from the combination will be leveraged in the development of products and services. Investments in new services will continue in 2019. Already in the pipeline for launch in spring 2019 are digital housing information services and price estimation services for banks, among other things.

One of the key objectives is the digital transformation to save customers' time and reduce risks.

## SERVICE

**DIGITAL PROCESSES BUSINESS AREA:** Services include, among others, real estate and apartment information, information about buildings and their valuation as well as solutions that help customers automate their collateral management processes and digitalise the administration of housing purchases. The services of the Digital Processes business area are also used for compliance purposes, such as identifying companies' beneficial owners and politically exposed persons. The most important customer groups are banks, real estate agents, the construction industry, electricity companies, law firms, forest owners' associations, municipalities, property management companies and rental housing companies.

# Customer first

- *Our business environment is constantly changing. Our customers want to utilise new data and obtain solutions and services instead of DIY packages.*
- *Our customers want to digitalise their data-intensive processes to improve effectiveness and offer a better customer experience to their own customers, and they expect the same from their service suppliers.*

## SECURITAS DIRECT

### Custom tools help Securitas Direct reach the right customers

**SECURITAS DIRECT PROVIDES** security services targeted at private and corporate customers. The customers range from households to major international corporations representing a wide range of industries.

Reaching this varied customer base requires a service provider that understands the nature and diversity of its customers' business operations. For more than 10 years, Securitas Direct has engaged in close cooperation with UC on the acquisition of market and credit information.

The UC Select market intelligence tool contains detailed information on Swedish companies. It gives Securitas Direct's sales organisation quick and easy access to information on credit-worthy contacts.

"UC Select provides us with recom-

mendations on new companies we should get in touch with. It saves time for our sales team by allowing them to focus on the right customer groups," says Petra Berger, Credit Administrator at Securitas Direct.

The selection criteria have been customised according to the company's needs to ensure accurate results. Securitas Direct and UC have also engaged in close cooperation to develop customised credit information models.

According to Petra Berger, both companies are driven by a desire to simplify daily life, increase security and improve their customers' productivity. "The most important reason for our long-term partnership is UC's flexibility and ability to develop tailored solutions for customers. The way UC works is a good fit for us and their contact persons are always ready to help," Berger explains.



## ZMARTA

### Zmarta participates in joint projects to develop responsible lending

**ZMARTA FINLAND, A SUBSIDIARY** of the Nordic Zmarta Group, offers online comparison services to help customers choose electricity providers, insurance and loans, among other things.

Zmarta and Asiakastieto have built a partnership through joint service development projects. In the Income Intelligence pilot project, for example, the two companies developed the digitalisation of income data. When information on wages is analysed by artificial intelligence, the lender can obtain the necessary income data faster and in a clearer form. The two companies also have other joint projects underway to support the development of responsible lending.

"Identity verification and background checks are important aspects of responsibility. Digitalisation makes it faster to check information and provides even more re-

liable data to support our work," says Tuomas Riski, CEO of Zmarta Finland.

Riski is satisfied with Asiakastieto's approach and desire to develop better services and solutions together with its partners. "When solutions and features are built together, we get to be involved from the planning and design phase, which allows us to develop the services in line with our needs right from the start. It also makes it possible for us to take customers' individual wishes into consideration."

There is a lot of talk in the industry about a positive credit register, but the schedule of its implementation is yet to be confirmed.

"Asiakastieto's approach is excellent in this regard: they focus on what they can do right now in order to respond to today's challenges as well as future challenges," Riski adds.



## CONSUMER CUSTOMER

### Identity theft was a big scare

**ABOUT A WEEK BEFORE** his wedding, Jesper Johansson experienced a nasty surprise. He found out he had been the victim of identity theft, and someone had ordered products online using his name.

It started when the telephone company contacted him to check whether he had really ordered two telephone subscriptions. Jesper realised something was amiss. He found two phone numbers registered under his name that he had not been aware of. Soon, he started to receive invoices at his home address that he knew nothing about. Johansson doesn't know how the identity thief gained access to his personal information. Perhaps someone had used a fake identification document or seen his social security code.

"When I realised what had happened, I felt naked and violated. The timing could not have been worse: my wedding was only a week and a half away. It was a lot to deal with," he says.

Johansson immediately filed a report with the police and contacted UC to have his social security code frozen.

"UC's customer service representatives understood what I was going through and genuinely wanted to help me sort out the problem. It was a big relief," Johansson explains.

Once he had filed a report with the police, Johansson was able to get the invoices cancelled, but dealing with the ramifications was practically a full-time job.

The situation wasn't completely resolved until eight months later, when invoices and payment reminders stopped showing up in his mail. The invoices amounted to approximately SEK 100 000 in total.

Fortunately, on the day of his wedding Johansson was able to get his mind off the identity theft he had experienced. "I had more important things to think about that day," he says with a smile.



## BO FAMILY GROUP

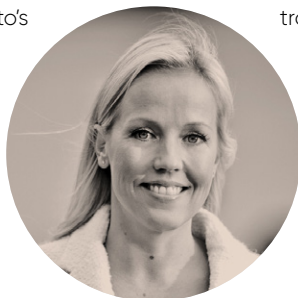
### Bo Family Group accesses real estate documentation through a single platform

**ESTABLISHED IN 2015**, Bo Family Group is a rapidly growing Finnish real estate agency that focuses on a comprehensive service experience. Bo LKV has been awarded the Strongest in Finland certificate by Asiakastieto. Since its inception, Bo Family Group has used Asiakastieto's services to access housing companies' articles of association, tenants' credit information as well as information on corporate customers.

Bo has subsequently also started using Asiakastieto's Real Estate Information Services to obtain direct access to the full range of official documentation required for property transactions. In the past, the documents had to be separately ordered from the National Land Survey of Finland. The Real Estate Information Services also enable Bo to check information on transaction prices as well as other background

information.

"Our cooperation with Asiakastieto has been excellent. We have opened new offices at a rapid rate of expansion and our contact person at Asiakastieto has been active in getting in touch and quickly training our personnel on how to use the services," says Sirena Kiviranta, Co-Founder of Bo.



According to Kiviranta, digital services and customer management tools are under constant development. Continuously developing and mutually integrated services help the company maintain closer contact with customers and enhance its reporting.

"Digital systems and faster flow of information are making the entire industry more transparent and efficient, which is a welcome development," Kiviranta adds

## TAMBUR

### Tambur gives Svensk Fastighetsförmedling more time for its core business

**ESTABLISHED IN 1937**, Svensk Fastighetsförmedling is the largest real estate agency in Sweden. It operates as an agent for residential properties, commercial properties, land and forest areas across the country. The company uses UC's digital Tambur service portal, which supports the effective sharing and management of housing information during a sales transaction.

Tambur allows real estate agencies and banks to securely share the full range of information necessary for managing residential properties and related transactions. Real estate agency assistant Erik Andersen from Svensk Fastighetsförmedling says the service helps the company focus directly on customers instead of administrative processes.

"Using Tambur frees up a lot of time by making all of the necessary information accessible on a single plat-

form. In the past, I had to send scanned documents here and there, but now everything is on the portal. Finding the right contact person at the bank used to take a lot more time as well. Now Tambur gives me a direct connection to the right person. A task that used to take an hour now only takes 15 minutes," Andersen explains.



Information on the portal is shared securely and access is restricted to authorised users. Andersen emphasises the importance of security. "It is important that sensitive information does not end up in the wrong hands, which can happen when it is sent by e-mail or letter," he says.

For an organisation with dozens of housing transactions in process at any given time, the efficient management of information is essential. "Tambur makes it easy for us to stay on top of everything we do," Andersen sums up.

## RESURS BANK

### Justified recommendations speed up Resurs Bank's decision-making

**RESURS BANK IS A NORDIC** provider of consumer loans, credit cards, insurance and financing solutions for consumers and enterprises. It uses Asiakastieto's Optimi decisions and Consumer Credit Inquiry System, which lenders use to share consenting consumers' credit information.

"Speed and accuracy are key in credit decision processes, and we want to be on the leading edge of this development," says Karri Holopainen, Credit Manager at Resurs Bank.

Optimi is a decision-making service that speeds up credit decisions. It retrieves population data, creates a cross-section of the customer's background information and issues a recommendation regarding the credit decision: yes, no or subject to consideration.

"Optimi provides us with a reliable decision-making system that supports

our operations. It is also a system that we have been able to customise to our needs on a quick schedule," Holopainen explains.

The Consumer Credit Inquiry System also provides additional information on the background and

financial standing of credit applicants. "It allows us to more effectively identify applicants who already have excessive debt and in whose case granting additional loans would be irresponsible," Holopainen adds.

Resurs Bank's cooperation with Asiakastieto has been very smooth and getting in touch with the bank's contact person is easy.

"The long cooperation means that we know each other well and there is no need for us to explain who we are and what we do. Asiakastieto has a good understanding of our needs," Holopainen concludes.



## VANAJANLINNA

### Vanajanlinna Group updated its customer registers to ensure GDPR compliance

**VANAJANLINNA GROUP PROVIDES** accommodation, restaurant and event services at locations including Hotel Vanajanlinna, Mukkula Manor and Linna Golf. The customers include companies, groups as well as private individuals.

Vanajanlinna Group's cooperation with Asiakastieto began in spring 2018 as the entry into force of the General Data Protection Regulation approached. With the help of Asiakastieto's GDPR service, Vanajanlinna was able to update all of its registers to comply with the new legislation.

"When we look for new customers by conducting electronic campaigns, we need to have our registers in order," says Sari Vilenius, Director of Development at Vanajanlinna.

At the same time, Vanajanlinna adopted the Emaileri service to enhance its electronic communications with existing and potential customers.

The Emaileri service is complemented by the Company Filter Pro tool, which helps Vanajanlinna search for suitable target groups. The services have been customised according to the company's needs.

"Working with a Finnish company has made it easy to implement the necessary changes and integration processes. Our target groups are now smaller but more effective, and we have been successful in generating new leads," Vilenius adds. Accurate statistics make it easy to develop messages and target groups further.

Having all of the services provided by the same partner makes their coordination easier. "In the past, we had different partners responsible for registers, electronic letters and target groups, which got confusing at times. We now have a partner that speaks our language and understands our needs," Vilenius concludes.





# Increasing trust

## and transparency in the market

- ➔ *Asiakastieto Group maintains and creates trust in the market; in business-to-business transactions as well as transactions and agreements between businesses and private individuals. Trust is created through the provision of services that help companies verify the reliability of their contractual counterparties. The foundation for these services consists of Asiakastieto's databases of up-to-date information on companies and consumers.*
- ➔ *The services shaped from the Group's data improve the efficiency of customers' operations, increase responsibility and reduce the carbon footprint. As the carbon footprint of Asiakastieto's own operations is low, the Group's overall impact on its communities is very favourable.*

**THE SIGNIFICANCE OF RESPONSIBILITY** in the operations of Asiakastieto Group and its customers is constantly growing. The Group's database holds a large amount of information on companies and consumers. The appropriate processing of this data and maintaining the reliability and smooth functioning of services, along with the necessary standard of information security and privacy protection, require Asiakastieto to set ambitious objectives and operate at a high level of quality. The observance and continuous development of responsibility have always been an essential precondition for the continuity of the Group's business.

As corporate responsibility is a very broad issue, focusing development efforts on areas where the most positive outcomes can be achieved requires an understanding of the Group's impacts on all of its stake-

holders. Asiakastieto defined the material themes of its corporate responsibility in 2018 as maintaining trust in the market, having a needs-driven and continuously evolving product and service offering, developing the Group's competitiveness, being perceived as an attractive investment and being a good corporate citizen. From the perspective of human resources, the material themes are the opportunity to develop one's work and oneself as well as being able to work in a good workplace community.

### Maintaining trust

Asiakastieto helps companies enhance their decision-making processes and customer relationship management by providing automated business and credit information solutions that promote transpar-

ency between parties in business transactions, increase trust and promote commercial activity. The Group's service solutions make it possible for all parties to trust each other, trade on credit and ensure that the counterparty fulfils their obligations. For this to happen, the services provided by Asiakastieto must be efficient and their production must be smooth and free of disruptions. The data that underpins the services must be up-to-date and comprehensive. Service quality is measured by customer satisfaction surveys, among other things.

The use of credit in commerce is rising, the provision of various types of consumer credit is becoming increasingly diverse and many consumers have multiple creditors. In this environment, responsible lending calls for sufficient and comprehensive information to



keep both consumer indebtedness and creditors' risks under control. The need for positive credit information is unquestionable. A positive credit information register is used in Sweden, but Finnish legislation does not currently allow it. Asiakastieto has promoted the availability of positive credit information in Finland by developing a Consumer Credit Inquiry System that enables various parties to share information subject to consumer consent. After several Finnish banks are joining the system in 2019, the information it contains is even more comprehensive than before.

### An evolving service offering

Asiakastieto develops its services and their usability and availability with a customer-oriented approach. Customer needs are changing rapidly, and Asiakastieto keeps a close eye on market development, the opportunities presented by the digital transformation and the need to modify services in response to new regulations. At the same time, the

Group invests in the development of its expertise and ability to innovate. Launching new services in the Nordic markets and continuously improving the existing services are core aspects of the Group's operations. There is a particularly significant need to quickly introduce innovations based on digitality and automation, as they help enhance the efficiency of customers' processes and reduce the carbon footprint. Customers are often engaged in development efforts and their views are increasingly taken into consideration in the Group's business as a whole. Development work also involves frequent cooperation with the authorities and other partners.

Developing the product and service offering while maintaining the efficiency and high quality of the Group's internal processes ensures high customer satisfaction and the financial profitability of operations. The quality management system and the ISO 9001:2015 standard are among the cornerstones of Asiakastieto's day-to-day operations.

### The environmental impacts of our own activity are minor

Asiakastieto strives to reduce the environmental impacts of its operations, although their significance is relatively low in the big picture. The Group's most significant environmental impacts arise from business travel and the energy consumption of office premises. Efforts are made to reduce travel through the use of modern technology that enables remote work and the partial use of remote meetings. In modern office environments, the requirements for heated space per employee are lower than in the past. Asiakastieto also encourages employees to use public transport instead of creating a larger environmental impact through the use of employees' own cars and company cars. To this end, employees are provided with travel cards for commuting. The CO<sub>2</sub> emission limit on Asiakastieto's company cars is 150 mg/km.

## Materiality assessment



The material aspects of Asiastieto's corporate responsibility will guide our responsibility work.

### Transparency and trust

- Maintaining trust in the market
- Promoting social transparency
- Reliable, comprehensive and up-to-date information and services
- Maintaining trust between Asiastieto and various stakeholders
- Ensuring information security and privacy protection
- Promoting the availability of positive credit information
- Guidance to help consumers manage their finances
- Providing information and support to people with payment defaults

### A needs-driven and continuously evolving product and service offering

- Understanding changes in customer needs
- Services that increase the efficiency of customers' operations and reduce the carbon footprint
- Quick adoption of digital innovations

### Development of competitiveness

- Improving the customer experience
- Competence development
- Ensuring the efficiency of the Group's own operations and keeping production processes smooth and free of disruptions
- Strengthening the Nordic corporate identity and brand

### Opportunities for developing your work and yourself

- Committed and competent employees
- Customer-oriented expert organisation
- Tasks that support competence development
- Opportunity to develop services
- Opportunities presented by Nordic operations and the business combination
- Promoting training, career development and job rotation

### Good work community

- Coaching-oriented and supportive management culture creating trust
- Flat organisation and flexible cooperation
- A motivating and developing work community with a high level of well-being
- An employer image that helps attract top professionals
- Open communication and equal treatment
- Motivating and fair remuneration
- Maintaining a healthy work-life balance in various circumstances



## Stakeholders

- Customers
- Personnel
- Business partners
- Shareholders
- Competitors
- Society and media

### An attractive investment

- Growth and profitability, leading to higher shareholder value and dividends
- A liquid share
- Good governance and risk management
- Open, honest and timely communication
- Good investor relations

### Good corporate citizenship

- Taking stakeholders, the authorities and partners into consideration
- Fulfilling obligations and paying taxes
- Honest and fair competition
- Active participation in the development of society
- Minimising the carbon footprint of the Group's own operations







# A Nordic team

## of qualified workers

- ➔ *Introductory paragraph: Asiakastieto's combination with Swedish UC AB laid out as the most important themes of 2018: the implementing of an integrated Nordic organisation model and the development of a common company culture. These development efforts were led by an integration planning project, which focused on improving and simplifying the organisational structure, clarifying of roles and responsibilities, and improving working methods. The focus of the project was in particular on employees and had the aim of creating a workplace in which we can each develop personally the same time as we improve our work, achieve good results, and enjoy what we do.*
- ➔

**LEARNING AT WORK HAS A SIGNIFICANT ROLE** in ensuring that employees are able to consistently and better solve problems for clients, by offering them new, more innovative services and by helping them increase the efficiency of their internal processes. Offering employee career opportunities to advance internally is one of the main principles guiding Asiakastieto's operations. The integrated Nordic organisation model provides good opportunities for employee development and learning through operating in two market zones. The company employees' professional development is monitored in Finland through Oma Polku discussions and in Sweden with Development discussions. The aim of these discus-

sions is to support wellbeing at work, build a goal-based learning model, and offer opportunities in line with these goals.

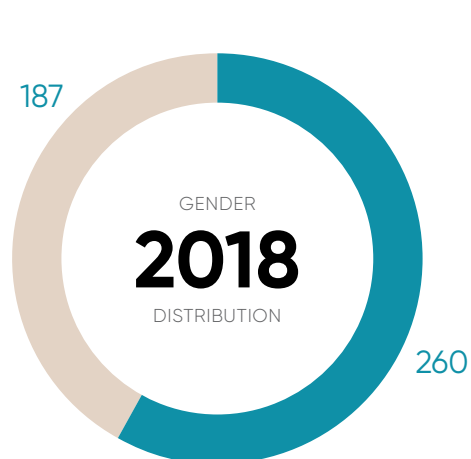
### The human factor at the heart of guiding change

Asiakastieto's business, growth, and success are based on qualified employees. The knowledge base of employees is constantly being developed with the awareness that it is equally important to develop the skills of the employees as it is to develop the leadership skills of the management team. The new organisational format started on 1.10.2018, and during the course of the autumn the principles on which the

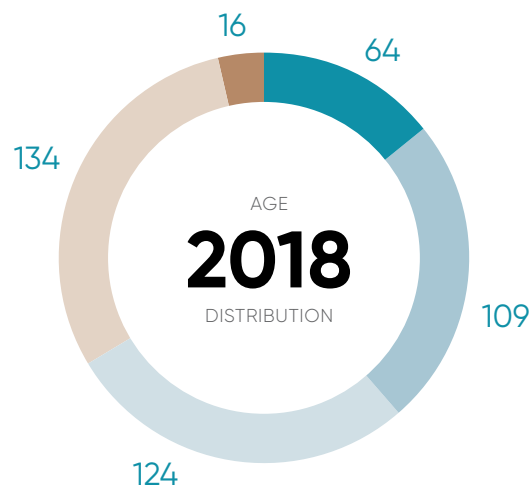
new organisation will be led, as well as, a common vision of what good leadership means to the company, were determined. In November a leadership training program for company managers was launched, with the aim to develop managers as individuals, and as mentors and leaders, who can support the new changes and build a community of leadership.

### The Nordic Activity Group team-building concept strengthening community

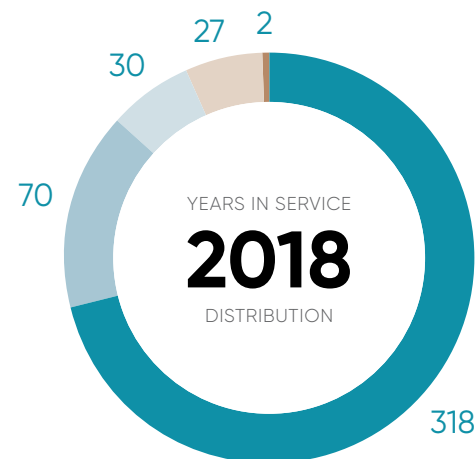
Community is a growing part of Asiakastieto's company culture. For several years now the company has had a team-building group, Nordic Activity Group, which is responsible for planning and executing col-



● Male ● Female



● under 30 years ● 30 – 40 years  
● 41 – 50 years ● 51 – 60 years  
● over 60 years



● under 10 years ● 10 – 20 years  
● 21 – 30 years ● 31 – 40 years  
● over 40 years

lective activities. Their role is to come up with and execute various ideas and events to improve and develop team spirit. The Nordic Activity Group concept has been a success internally, and will be implemented in Sweden as well, to create a team-building effort that stretches across both countries and the whole of the organisation. To facilitate this, a new, collective, and Nordic name will be devised for the team. During 2018 the Nordic Activity Group team organised several events, for example: Bring Your Child to Work Day, in which 25 children participated, and other events including activities, communal

breakfasts, Christmas porridge, and a soft ice cream machine.

### A multi-purpose environment creates new ways to work

Asiakastieto's headquarters moved in 2017 to new premises with a multi-use work environment. One of the internal themes of 2018 became the effective utilisation of this multi-use environment. Adjusting to the new office layout required some acclimatising and learning. The new work spaces provide more opportunities for people to interact and different teams

to cooperate, as well as providing quiet work rooms when necessary. In the personnel survey conducted in the spring of 2018, over 50 % of responders gave the new work space a grade of 9–10 out of 10. In particular, positive feedback was given over the spaciousness and ample light provided by the new work environment, as well as for the quality of air and the fact that the new space allows for informal gatherings.

### Employees 2018

Asiakastieto Group had on average 453 employees during the last quarter of 2018 and during the whole



Together we  
are stronger.

of 2018 they had an average of 315 employees. At the end of the financial year Asiakastieto had exactly 447 employees, of which 164 employees were located in Finland and 283 in Sweden.

Asiakastieto and UC are building one of the leading Nordic businesses in digital services and information innovation, and as a part of this process Asiakastieto announced on 14.8.2018 its plans to rearrange its operations both in Finland and Sweden to improve efficiency. Asiakastieto completed the employee negotiations relating to the new operations plan on 24.9.2018, in compliance with Finnish

and Swedish labour laws, and has begun reforming its operations. Planned reductions in the gross quantity of personnel were completed, in accordance with the Stock Exchange Release statement made on 14.8.2018, in three different ways: natural wastage, retirements, and ending of contracts. During the whole of 2018, the gross quantity of personnel was reduced by approximately 40 work contracts. Asiakastieto has been functioning under the new reformed organisation since 1.10.2018.

As a result of the organisational restructuring employee turnover increased and the quantity of open

positions at the end of 2018 was higher than had been initially estimated. To speed up the lengthy recruitment processes, Asiakastieto invested in a new recruitment system to strengthen their team of Nordic professionals, in an organisation with a strong brand image and positive employer image.

One of Asiakastieto's strategic themes is engaged and qualified workers. At the end of 2018 we began cooperation with the Great Place to Work institute. Through this cooperation we are developing the employee experience with a long-term and systematic approach.







# **Board of Directors' Report and Financial Statements**

2018



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# Board of Directors' Report 2018

## Business Overview

Asiakastieto Group Plc (the "Company") is a Finnish public limited liability company and the parent company to Asiakastieto Group ("Asiakastieto Group" or "the Group"). On the balance sheet date, the Group consisted of a parent company named Asiakastieto Finland Plc, Suomen Asiakastieto Oy, UC AB and its subsidiaries, and Emleri Oy. Suomen Asiakastieto Oy, UC AB, UC Affärsfakta AB, UC Affärsinformation AB and Emleri Oy are the operating companies in the Group.

Asiakastieto Group Plc announced on 24 April 2018 that it had signed an agreement to combine with UC AB. The combination was completed, as announced, by Asiakastieto Group Plc acquiring the shares in UC during the second quarter, on 29 June 2018. As a result of the transaction, UC's consolidated balance sheet has been consolidated as part of Asiakastieto Group Plc's consolidated balance sheet starting from 30 June 2018, and UC's consolidated income statement has been consolidated as part of Asiakastieto Group Plc's consolidated income statement starting from 1 July 2018. More detailed information on the impacts of the acquisition on the Group's balance sheet is presented under note 5 Acquisitions.

Asiakastieto Group is one of the leading Nordic providers of business and consumer information services. The Group operates in the business and consumer information services, collateral valuation, real estate information, sales and marketing information as well as consumer credit information markets in Finland and Sweden. The Group's products and services are primarily used for risk management, finance and administration, decision-making, sales and marketing, automation, compliance, real estate transactions and real estate financing as well as personal financial management. The Group's largest clients include financial institutions and other financial service providers, expert service companies, insurance companies as well as wholesale and retail companies. The Group's customer base includes corporations as well as private individuals.

Asiakastieto Group has comprehensive databases consisting of information gathered from the authorities and other public sources as well as privately acquired information. The databases are the basis for the Group's product and ser-

vice offering and the development of new products and services. The Group has a strong track record of developing and launching new products and services. Some of the new products and services launched by the Group have not been previously available in Finland and/or Sweden.

Asiakastieto Group has an extensive product and service offering that is based on the Group's own databases, data links to public sources, data provided by the Group's clients and other companies as well as data gathered from the Internet. The Group's product and service offering ranges from simple information concerning corporations and private individuals to advanced risk management services, analyses as well as sales and marketing services. The Group delivers its products and services to clients, for example, by integrating its services into the client's business processes, through a contractual client's user interfaces and open online services that do not require separate subscription agreements. The Group also offers printed products and credit rating certificates.

Asiakastieto Group restructured its organisation in conjunction with the UC acquisition. From 1 July 2018 onwards, Asiakastieto Group's new organisation consists of two types of units: business areas and functional units supporting the business. The business areas are responsible for the Group's service offering and the functional units for the production, maintenance and active development of the operations in their own focus area and business processes. The functional units are Sales Units, Marketing and Communications, IT and Technology, HR, and Finance.

The Group's new business areas are:

**Risk Decisions:** Companies engaging in corporate and consumer business use decision services and solutions for general risk management, credit risk management, financial management, customer acquisition, decision-making, fraud and credit loss prevention as well as for gaining knowledge of and identifying their customers.

**Customer Data Management:** Customer management services help sales and marketing professionals to improve the efficiency of their work and to boost customer management by providing target group tools, services for surveying potential customers, register updates and maintenance, as well as various target group extractions.

**Digital Processes:** Services in this business area include, among others, real estate and apartment information, information about buildings and their valuation as well as solutions that help customers to automate their collateral management processes and digitalise the administration of housing purchases. The services of the business area are also used for compliance purposes; for instance, to identify companies' beneficial owners and politically exposed persons.

**SME and Consumers:** Digital services for small and micro companies with easy-to-use applications and user interfaces for the evaluation of risks and sales potential, acquisition of other relevant information on customers and business partners and proof of own creditworthiness. Services for consumers help consumers to understand and better manage their finances, while simultaneously protecting them from identity theft and fraud.

## Financial Results

### Net Sales

Asiakastieto Group's net sales in the financial year 2018 amounted to EUR 98,1 million (EUR 56,2 million) and increased by 74,6 % compared with corresponding period of the previous year. Net sales from new products and services were EUR 8,6 million (EUR 5,2 million), which was 8,8 % (14,6 %) of the total net sales for the financial year. The growth in net sales resulted mainly from the consolidation of UC's figures into the Group from 1 July 2018, the favourable development of consumer-related risk management services, customers' interest in the company's new products and services, and the consolidation of Emaileri Oy's figures into the Group from 1 October 2017.

### Financial Results

Asiakastieto Group's operating profit (EBIT) for the financial year 2018 amounted to EUR 16,7 million (EUR 21,2 million). Operating profit included items affecting

comparability of EUR 9,4 million (EUR 0,5 million) mainly resulting from UC acquisition-related M&A and integration expenses and redundancy-related expenses as well as amortisation from fair value adjustments of EUR 5,9 million (EUR 0,2 million) related to the acquisitions.

Adjusted EBIT margin for the financial year 2018 was lower compared with the previous financial year. The consolidation of UC's figures into the Group from 1 July 2018 has a negative effect on the EBIT margin percentage when compared with the previous financial year, because the relative profitability of UC has been lower than that of the Finnish operations. Strong growth in services that involve a variable data acquisition cost has a negative effect on the margin percentage. The development of adjusted EBIT margin was also affected by investments in IT systems and growth of depreciation and amortisation related to capitalised product development costs.

The Group's depreciation and amortisation for the financial year 2018 amounted to EUR 10,0 million (EUR 3,1 million). Of the depreciation and amortisation, EUR 5,9 million (EUR 0,2 million) resulted from amortisation from fair value adjustments related to the acquisitions.

Net financial expenses for the financial year 2018 were EUR 2,2 million (EUR 1,1 million).

The tax amount booked by the Group as expense for the financial year 2018 was EUR -3,6 million (EUR -4,1 million)

The Group's profit for the financial year 2018 was EUR 10,9 million (EUR 16,0 million).

### Cash Flow

Cash flow from operating activities in the financial year 2018 amounted to EUR 19,5 million (EUR 19,9 million). The effect of the change in the Group's working capital on cash flow was EUR 0,2 million (EUR 0,0 million). The impact of items affecting comparability on operating cash flow was EUR -8,5 million (EUR -0,5 million). The Group paid EUR 3,6 million (EUR 3,7 million) in taxes in the financial year 2018.

Cash flow from investing activities for the financial year 2018 amounted to EUR -90,8 million (EUR -10,0 million). The impact of the acquisition of UC on cash flow from investing activities for the financial year amounted to EUR -84,9 million. It consists of the cash portion of the purchase price deducted by cash and cash equivalents of UC as per acquisition date.

Cash flow from financing activities for the financial year 2018 amounted to EUR 85,2 million (EUR -13,6 million). Cash flow from financing activities for the financial year consisted mainly of the drawdown of a loan of EUR 99,6 million to finance the acquisition of UC and EUR 14,3 million (EUR 13,6 million) payment of dividend.

### Statement of financial position

On 31 December 2018, the Group's total assets were EUR 545,9 million (EUR 160,3 million), total equity amounted to EUR 321,3 million (EUR 81,1 million) and total liabilities to EUR 224,6 million (79,2 million). Of total liabilities, EUR 170,1 million (EUR 69,8 million) were non-current interest-bearing liabilities, EUR 25,5 million (EUR 0) deferred tax liabilities, EUR 4,4 million (EUR 0) non-current pension liabilities, EUR 0 (EUR 0,7 million) non-current, non-interest-bearing liabilities, EUR 0,1 million (EUR 0) current, interest-bearing liabilities and EUR 24,4 million (EUR 8,8 million) current, non-interest-bearing liabilities. Goodwill amounted to EUR 348,7 million (EUR 118,4 million) at the end of the financial year. In the financial year 2018, goodwill was increased by the recognition of the goodwill resulting from the UC acquisition.

Asiakastieto Group's cash and cash equivalents at the end of the financial year 2018 were EUR 33,2 million (EUR 18,9 million), and net debt was EUR 137,0 million (EUR 50,9 million). Of the Company's revolving credit facility EUR 10 million was used (EUR 0) on 31 December 2018.

Rental liabilities are described under note 27 Contingent liabilities. The Group has rental agreements on its premises.

### Capital Expenditure

The majority of Asiakastieto Group's capital expenditure is related to the development of products and services as well as investments in IT infrastructure. Other capital expenditure mainly comprises purchases of company cars and office equipment. The Group's capital expenditure in 2018 was EUR 5,5 million (EUR 4,3 million). Capital expenditure on intangible assets in 2018 was EUR 4,6 million (EUR 2,9 million) and capital expenditure on tangible assets was EUR 0,9 million (EUR 1,5 million).

### Research and Development

The product development activities of Asiakastieto Group involve development of

the product and service offering. In 2018, the capitalised development and software costs of the Group amounted to EUR 4,6 million (EUR 2,9 million). Capitalised development and software costs consist of costs related to the Group's product and service offering as well as intangible IT infrastructure. The Group had no material research activities in 2018.

### Personnel

At the end of the financial year, Asiakastieto Group had a total of 447 (158) employees, of whom 164 (158) were employed by the Group companies in Finland and 283 (0) by the Swedish subsidiary. Of the Group personnel, 7 worked in management, 108 in business areas, 219 in Sales Units and Marketing and Communications, 76 in IT and Technology and 37 in Finance and HR. The table below presents Asiakastieto Group's number of employees as well as wages and salaries for 2016–2018.

#### Key figures describing the Group's personnel

Personnel	2018	2017	2016
Number of personnel on average	315	153	159
Full time	305	148	146
Part time and temporary	10	5	13
Geographical distribution			
Finland	162	153	159
Sweden	153	-	-
Wages and salaries for the financial year (EUR million)	20,2	10,4	9,8

The Group's personnel expenses for the financial year 2018 amounted to EUR 26,8 million (EUR 12,6 million). This figure includes an accrued cost of EUR 0,4 million (EUR 0,5 million) from the management's long-term incentive plan. More information on the management's long-term incentive plan is provided in note 28 Related parties in the notes to the consolidated financial statements.

Asiakastieto Group outsourced functions related to financial statements information and financial statements analysis effective from 1 January 2017. The change concerned 12 employees and it had no major impact on expenses. Five employees were transferred to the Group as a result of the Emaileri Oy acquisition



in October 2017, and 344 employees were transferred to the Group in June 2018 as a result of the UC acquisition.

On 14 August 2018, Asiakastieto Group Plc announced its plans to reorganise its operations both in Finland and Sweden to gain efficiencies. On 24 September 2018, Asiakastieto Group finalised negotiations with employee representatives, as required by Finnish and Swedish legislation, pertaining to the planned new organisation. The planned gross headcount decrease was achieved in accordance with the stock exchange release issued on 14 August 2018 in three ways: natural attrition, retirement and redundancies. The gross headcount decreased by approximately 40 positions during the year.

## Shares and Shareholders

The Company has one share class. Each share carries one vote at the General Meeting of Shareholders and each share confers equal right to dividends and net assets of the Company. The shares have no nominal value. The shares of the Company are entered in the book-entry securities system maintained by Euroclear Finland Ltd.

A total of 23 443 new shares were subscribed for in Asiakastieto Group Plc's share issue directed to the company key personnel without payment. The shares were registered in the Trade Register on 29 May 2018. After the registration, the company's shares totalled 15 125 621. The new shares produce the right to dividends and other distribution of assets as well as other shareholder rights as of the registration date 29 May 2018. The trading of new shares commenced on 30 May 2018.

Asiakastieto Group Plc issued 8 828 343 new shares as part of the consideration for the acquisition of UC AB. The consideration shares were registered with the Trade Register on 29 June 2018, after which the total number of the company's shares increased to 23 953 964 shares. All shares carry equal voting rights. The Finnish Financial Supervisory Authority approved the prospectus on 10 September 2018 and Nasdaq Helsinki Ltd approved the listing of the new shares on 11 September 2018. Trading in the new shares began on 12 September 2018.

At the end of financial year, the Company's share capital amounted to EUR 80 thousand (EUR 80 thousand) and the total number of shares was 23 953 964 (15 102 178).

The Company did not hold any of its own shares at the end of the financial year. Asiakastieto Group Plc's Annual General Meeting of Shareholders on 22 March 2018 authorised the Board of Directors to decide on the repurchase of a maximum of 1 000 000 own shares of the Company. The authorisation replaced the corresponding authorisation issued to the Board of Directors by the Annual General Meeting held on 30 March 2017. The maximum amount corresponds to approximately 4,2 % of the Company's shares and voting rights. The authorisation is effective for 18 months from the date of the resolution. Further information on the authorisation is provided under "Authorisations of the Board of Directors".

## Share price and volume

During the financial year, a total of 3 533 838 (1 816 212) shares were traded, and the total value of the exchanged shares was EUR 98,3 million (EUR 36,9 million). The highest share price during the financial year was EUR 32,60 (EUR 24,35), the lowest price was EUR 21,10 (EUR 17,14), the average price was EUR 27,82 (EUR 20,31) and the closing price was EUR 24,60 (EUR 23,90). Market capitalisation measured at the closing price of the financial year was EUR 589,3 million (EUR 360,9 million).

## Shareholders

According to the book-entry securities system, the Company had 2 546 (2 470) shareholders, including 10 (7) nominee-registered shareholders, on 31 December 2018. A list of the largest shareholders is available on the Company's investor pages at [investors.asiakastieto.fi](http://investors.asiakastieto.fi).

## Significant shareholders on 31 December 2018

Shareholder	Number of shares	% of shares
1 Sampo Plc	2 920 000	12,19
2 Skandinaviska Enskilda Banken AB	2 441 920	10,19
3 Nordea Bank ABP <sup>1</sup>	2 403 854	10,04
4 Skandinaviska Enskilda Banken AB (Publ) Helsinki Branch <sup>1</sup>	2 397 844	10,01
5 Nordea Bank ABP	2 303 315	9,62
6 Svenska Handelsbanken AB (Publ)	2 161 178	9,02
7 Swedbank	1 765 668	7,37
8 OP-Finland -Mutual Fund	843 464	3,52
9 Keva	811 647	3,39
10 Svenska Handelsbanken AB (Publ) filial verksamheten i Finland <sup>1</sup>	566 106	2,36
11 Mutual Pension Insurance Company Elo	410 528	1,71
12 Mutual Fund Nordea Nordic Small Cap	394 561	1,65
13 Clearstream Banking S.A. <sup>1</sup>	392 886	1,64
14 Mutual Pension Insurance Kaleva	370 907	1,55
15 Mutual Fund Evli Finnish Small Cap	285 000	1,19
16 Mutual Pension Insurance Company Ilmarinen	224 380	0,94
17 SR Danske Invest Finnish Small Cap Fund	210 744	0,88
18 Church Pension Fund	202 172	0,84
19 Säästöpankki Interest Plus -Mutual Fund	190 500	0,80
20 Mutual Fund Nordea Pro Finland	168 267	0,70
<b>20 largest shareholders total</b>	<b>21 464 941</b>	<b>89,61</b>
<b>All shares</b>	<b>23 953 964</b>	<b>100,00</b>

<sup>1</sup> Nominee-registered.

## Shareholder structure by sector, 31 December 2018

Sector	Number of shareholders	% of shareholders	Number of shares	% of shares
Companies and housing companies	211	8,29	680 248	2,84
Finance and insurance institutions	37	1,45	12 737 930	53,18
General government	10	0,39	1 552 369	6,48
Households	2 194	86,18	826 942	3,45
Non-profit organisations	78	3,06	138 213	0,58
Foreign shareholders	16	0,63	8 018 262	33,47
<b>Total</b>	<b>2 546</b>	<b>100,00</b>	<b>23 953 964</b>	<b>100,00</b>

The information is based on the list of the Company's shareholders maintained by Euroclear Finland Ltd. Each nominee-registered shareholder is registered as one shareholder. It is possible to manage several shareholders' portfolios through one nominee-registered shareholder.

## Management's share ownership on 31 December 2018

Board of Directors	Number of shares
<b>Lapveteläinen Patrick, Chairman of the Board</b>	10 000
Related party's ownership	8 000
<b>Carpén Petri</b>	0
Related party's ownership	0
<b>Harald Bo</b>	0
Related party's ownership	0
<b>Ilebrand Nicklas</b>	0
Related party's ownership	0
<b>Johansson Martin</b>	0
Related party's ownership	0
<b>Månsson Carl-Magnus</b>	0
Related party's ownership	0
<b>Ronkainen Anni (Anna-Maria)</b>	0
Related party's ownership	0
<b>Total</b>	<b>18 000</b>

## Management

## Number of shares

<b>Ruuska Jukka, CEO</b>	68 244
Related party's ownership	0
<b>Hugosson Anders</b>	2 200
Related party's ownership	0
<b>Bengtsson Siri</b>	1 450
Related party's ownership	0
<b>Karemo Mikko</b>	7 317
Related party's ownership	0
<b>Kaupila Antti</b>	700
Related party's ownership	0
<b>Koivula Heikki</b>	16 669
Related party's ownership	0
<b>Kumpu Esa</b>	0
Related party's ownership	0
<b>Preger Victoria</b>	1 500
Related party's ownership	0
<b>Ylipekkala Heikki</b>	1 500
Related party's ownership	0
<b>Öhlander Eleonor</b>	1 500
Related party's ownership	0
<b>Total</b>	<b>101 080</b>

## Auditor

## Number of shares

<b>Martin Grandell, auditor in charge</b>	0
Related party's ownership	0
<b>Total</b>	<b>0</b>



## Management

### Board of Directors

The Company's Board of Directors consists of a minimum of four and maximum of eight members. The Annual General Meeting elects the Board members and decides on their remuneration. The Board of Directors elects the Chairman of the Board and also, if necessary, the Vice Chairman of the Board from among its members. The term of office of the Board members ends at the conclusion of the first Annual General Meeting following their election. There are no limitations to the number of terms a person can be a Board member.

Asiakastieto Group Plc's Annual General Meeting held on 22 March 2018 confirmed the financial statements and discharged the Board members and CEO from liability for the financial year ended 31 December 2017. The General Meeting confirmed that the annual remuneration for the Board chairman is EUR 40 000 and the annual remuneration for members is EUR 25 000. Separate remuneration is not paid for attending Board meetings. The chairmen of the Board committees receive an attendance fee of EUR 500 and the committee members are paid an attendance fee of EUR 400 per committee meeting.

The Annual General Meeting held on 22 March 2018 re-elected, in accordance with the Nomination Committee's proposal, Bo Harald, Petri Carpen and Anni (Anna-Maria) Ronkainen, Patrik Lapveteläinen and Carl-Magnus Månsson. Following these elections, the Board of Directors consisted of five members. In its organisational meeting held on 22 March 2018, the Board of Directors elected Patrick Lapveteläinen as the Chairman of the Board. The Board of Directors met 12 times in 2018. In addition, on three occasions, pursuant to Chapter 6, Section 3 of the Companies Act, the Board of Directors made a decision without holding a meeting.

### Board Committees

The Board of Directors appoints two committees from among its members: i) the Audit Committee and ii) the Nomination and Remuneration Committee. The Board of Directors may also appoint other committees, if deemed appropriate. The committees assist the Board of Directors by preparing and drawing up proposals and recommendations for the Board of Directors' consideration.

On 22 March 2018 Board of Directors re-nominated Petri Carpen, Anni (Anna-Maria) Ronkainen and Carl-Magnus Månsson as members of the Audit

Committee. Petri Carpen continued as the Chairman of the Audit Committee.

The Nomination and Remuneration Committee consists of at least three members. On 22 March 2018, Board of Directors decided not to appoint the Nomination and Remuneration Committee.

### Authorisations of the Board of Directors

#### *Share issue authorisation of 22 March 2018*

The Annual General Meeting of Shareholders held on 22 March 2018 authorised the Company's Board of Directors to decide on one or more share issues, including the right to issue new shares or transfer shares held by the Company. The maximum number of shares covered by the authorisation is 1 000 000. The Board of Directors was authorised to decide on a directed share issue. The authorisation can be used for material arrangements from the Company's point of view, such as financing or implementing business arrangements or investments or for other purposes determined by the Board of Directors, in which case there would be a significant financial reason for issuing shares, potentially in the form of a directed share issue.

The company's Board of Directors was authorised to decide on all other share issue conditions, including payment term, specification grounds for subscription of shares and subscription price or issue shares without payment or that subscription price can be paid by cash, but also fully or partially by other property.

The authorisation is effective for 18 months from the date of the resolution of the Annual General Meeting. The authorisation replaced the corresponding share issue authorisation issued to the Board of Directors by the Annual General Meeting held on 30 March 2017.

On 4 May 2018, the Board of Directors of Asiakastieto Group Plc resolved on a directed share issue related to the reward payment for the performance period 2015–2018 of the Performance Share Plan 2015. The performance period ended on 31 March 2018. In the share issue, 23 443 new Asiakastieto Group Plc shares were issued without consideration to the key employees participating in the Performance Share Plan 2015 in accordance with the terms and conditions of the plan. The resolution on the directed share issue is based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 22 March 2018.

### *Authorisation for repurchasing own shares 22 March 2018*

The Annual General Meeting authorised the Board of Directors to decide on the repurchase of a maximum of 1 000 000 company's own shares, in one or several instalments. The shares will be repurchased with the company's unrestricted shareholders' equity, and the repurchases will reduce funds available for the distribution of profits. Shares could be repurchased, for example, in order to develop the Company's capital structure, to finance or carry out potential acquisitions or other business rearrangements, to be used as part of the Company's incentive arrangement, or otherwise to be transferred further, to be retained by the Company as treasury shares, or to be cancelled.

In accordance with the resolution of the Board of Directors, shares may also be repurchased in a proportion other than in which shares are owned by the shareholders (directed acquisition), using funds belonging to the Company's unrestricted equity and at the market price of the shares quoted on the regulated market organised by Nasdaq Helsinki Ltd or otherwise established on the market at the time of the repurchase. The Board of Directors will decide how the shares will be repurchased. Among other means, derivatives may be used in acquiring the shares. According to authorisation, the Board of Directors decides on all other matters relating to the repurchase of the shares.

The authorisation is effective for 18 months from the date of the resolution of the Annual General Meeting. The authorisation replaced the corresponding share repurchase authorisation issued to the Board of Directors by the Annual General Meeting held on 30 March 2017. The authorisation had not been exercised as of 15 February 2019.

### *Share issue authorisation 25 May 2018*

For the purpose of carrying out the acquisition of UC AB, the Extraordinary General Meeting held on 25 May 2018 authorised the Board of Directors to decide on the issuance of new shares in deviation from the shareholders' pre-emptive rights by way of a directed issue. The directed share issue was directed to the current shareholders of UC AB pro rata to the respective number of ordinary shares of UC AB sold in the transaction. The number of shares to be issued in the directed share issue was capped at 8 828 343, corresponding to approximately 58,5 per cent of the share capital of Asiakastieto Group Plc at that time, and would cor-

respond to approximately 36,9 per cent of the Company's share capital following the completion of the transaction.

The Board of Directors was authorised to decide on all other conditions of the directed share issue, including the grounds for determining the subscription price and the subscription price as well as that the subscription price may also be partially or entirely paid in assets other than cash.

The authorisation was valid until 31 December 2018 and it did not replace the share issue authorisation issued to the Board of Directors by the Annual General Meeting of Shareholders held on 22 March 2018.

The Company publishes a separate Corporate Governance Statement.

### **CEO and Executive Team**

Jukka Ruuska served as the Chief Executive Officer (CEO) of the Company in 2018. Until 30 June 2018, the other members of the Executive Team were Heikki Koivula (Business Information), Mikko Karemo (Sales), Jouni Muhonen (Consumer Information), Esa Kumpu (Customer Management), Risto Kallio (Service Production), Jari Julin (IT and Quality), Terhi Kauppi until 9 May 2018 and Antti Kauppila from 9 May 2018 onwards (Finance, Legal, HR and IR) and Heikki Ylipekkala (Real Estate and Collateral Information).

On 20 June 2018, the Board of Directors of Asiakastieto Group decided on a new organisational structure and Executive Team. From 1 July 2018 onwards, the Company's organisation consists of business areas and functional units supporting the business. The new business areas are Risk Decisions, Customer Data Management, Digital Processes, and SME and Consumers. The functional units are Sales Units, Marketing and Communications, IT and Technology, HR, and Finance.

From 1 July 2018 onwards, the composition of the new Executive Team and their areas of responsibility are as follows: Jukka Ruuska (CEO), Anders Hugosson (Deputy CEO), Antti Kauppila (Finance), Heikki Koivula (Risk Decisions), Esa Kumpu (Customer Data Management), Heikki Ylipekkala (Digital Processes), Siri Bengtsson (SME and Consumers), Mikko Karemo (Sales Units), Victoria Preger (Marketing and Communications), Jari Julin until 31 August 2018 and Anders Hugosson from 1 September 2018 onwards (IT and Technology) and Eleonor Öhlander (HR).

Deputy CEO Anders Hugosson was appointed as Asiakastieto Group Plc's acting CIO in addition to his normal duties effective from 10 August 2018. The former

CIO, Jari Julin, was assigned responsibility for the IT and Technology unit in Finland. Following this change, Jari Julin is no longer a member of Asiakastieto Group's Executive Team effective from 1 September 2018.

Karl-Johan Werner will take charge of Asiakastieto Group's Customer Data Management business area at the end of March 2019 at the latest. When he takes up his post, he will replace Esa Kumpu on the Executive Team. Esa Kumpu will continue to be employed by Asiakastieto Group, with his new position to be confirmed later.

### Auditor

Authorised Public Accountants PricewaterhouseCoopers Oy served as the Company's auditor in 2018. The auditor in charge was Martin Grandell, Authorised Public Accountant.

### Loans, Liabilities and Commitments to Third Parties

Asiakastieto Group Plc concluded an agreement on the refinancing of its long-term loans in October 2018. The Company signed a loan agreement concerning a financing package totalling EUR 180 million with Danske Bank A/S, OP Yrityspankki Oyj and Nordea Bank Oyj. The new unsecured financing package consists of a term loan of EUR 160 million and a revolving credit facility of EUR 20 million. In accordance with the terms of the loan agreement, the Company took out the term loan partly in EUR and partly in SEK.

With the new financing package, Asiakastieto Group Plc refinanced the EUR 75 million term loan and revolving credit facility agreement signed with Danske Bank A/S and Pohjola Bank Plc in November 2014 as well as the EUR 100 million temporary loan agreement signed with Danske Bank Oyj and OP Yrityspankki Oyj in May 2018 for the purpose of financing the UC acquisition.

Asiakastieto Group's cash and cash equivalents on 31 December 2018 amounted to EUR 33,2 million (EUR 18,9 million). The Company's revolving credit facility was used EUR 10 million (EUR 0) on 31 December 2018.

Further information on loans, liabilities and commitments to related parties is provided in note 23 Interest-bearing liabilities, note 27 Contingent liabilities and note 28 Related parties in the consolidated financial statements.

### Group Structure and Organisation

At the end of the financial year, Asiakastieto Group consisted of Asiakastieto Group Plc, its wholly-owned subsidiaries Suomen Asiakastieto Oy and Emaileri Oy, as well as UC AB and its wholly-owned subsidiaries UC Affärsfakta AB and UC Affärsinformation AB.

Suomen Asiakastieto Oy, UC AB, UC Affärsfakta AB, UC Affärsinformation AB and Emaileri Oy are the operating companies in the Group.

Intellia Oy owned by Asiakastieto Group Plc was merged to its subsidiary Suomen Asiakastieto Oy on 31 March 2017 and was dissolved without liquidation procedure. The merger was implemented according to the merger plan dated on 28 October 2016 gratuitously.

Suomen Asiakastieto Oy's subsidiaries Omatieto Oy and Suomen Maksutieto Oy were dissolved through a voluntary liquidation procedure on 27 December 2017. The companies did not have any business.

On 20 June 2018, the Board of Directors of Asiakastieto Group decided on a new organisational structure. From 1 July 2018 onwards, Asiakastieto Group's new organisation consists of two types of units: business areas and functional units supporting the business. The business areas are responsible for the Group's service offering and the functional units for the production, maintenance and active development of the operations in their own focus area and business processes. The functional units are Sales Units, Marketing and Communications, IT and Technology, HR, and Finance.

### Legal proceedings

Disputes arise from time-to-time in the course of day-to-day operations of Asiakastieto Group. However, Asiakastieto Group was not party to any material litigation, arbitration proceeding or administrative proceeding in 2018 that may have a material effect on its financial position or profitability. The Company is not aware of any material such proceedings being pending or threatened.

### Events after the end of the financial year

#### Asiakastieto Group outsources its telemarketing unit in Sweden

Asiakastieto Group Plc and UC Affärsfakta AB have undersigned a letter of intent on the outsourcing of their telemarketing unit on 16 January 2019. According to the

letter of intent, Asiakastieto Group will transfer the telesales operations practised by Affärsfakta to the company founded by the unit's current management. By outsourcing, Asiakastieto Group increases its efficiency and encourages to entrepreneurial ways of action.

At the moment Affärsfakta has approximately 120 employees, and it operates in four locations in Sweden. Along with the outsourcing, the employees will be transferred to the employment of the new company with current benefits and obligations, and the unit's present managing director Krister Ahlberg will continue to lead the company. The intention is to sign the outsourcing contract during the first quarter in 2019, and the outsourcing is planned to be finalised by the end of the third quarter of the year 2019, at the latest.

#### **Asiakastieto Group acquires the business of Solidinfo.SE and strengthens company information services in Sweden**

UC Affärsinformation AB, part of Asiakastieto Group, has signed an agreement to acquire the business and assets of Solidinfo.SE from Social Media Support Sverige AB. The agreement was signed on 12 February 2019 and the transaction will be closed on 28 February 2019. The price of the transaction will not be published.

The net sales of Social Media Support Sverige AB for the financial year 2017 amounted to EUR 0,4 million. The core of Solidinfo.SE services is a website that provides free business information similar to UC Affärsinformation AB's online service, offering company and financial information on Swedish companies.

#### **Risks and uncertainties**

Asiakastieto Group is exposed to a number of risks and uncertainties that are related, for instance, to the market conditions and the Group's industry, strategy, business and financing. The realisation of such risks could have a considerable adverse effect on Asiakastieto Group's business, financial situation, performance and future outlook.

#### **Market and strategic risks**

The demand for the Group's products and services depends on customers' transaction volumes, which are sensitive to changes in the general economic situation. Demand tends to follow the general activity level of the economy and the

commercial transaction volumes. Economic growth has picked up in recent years, which has had a positive effect on demand for the Group's products.

Asiakastieto Group operates in a number of product and service markets in which competition is continuously becoming tougher and customers' needs keep changing. Information services are available more easily than before. This is primarily attributable to better availability of public information, increase of digital information and new service providers, who may increase competition in the markets. Better availability of information may also provide the Group's customers with better opportunities for in-house development of services, such as analysis services.

Tendering carried out by customers and general cost-awareness may put some pressure for lower prices on the Group's markets. In addition, price pressures caused by Asiakastieto Group's competitors may have a negative effect on the Group's margins and result and hamper its opportunities to acquire new customers on the current terms and conditions.

No customer of the Group accounted for more than ten per cent of the Group's total invoicing in 2018. Even though the Group's customer base is diverse, the loss of one or more major customers or a significant decrease in sales to one or more such customers for any reason could have a very harmful effect on the Group's business, financial position, business result and future outlook.

The gathering, storage and use of information is subject to strict regulations, and in Sweden a licence is required for certain operations of the Group, such as credit register-related operations. In addition, according to UC's shareholder agreement, UC's minority shareholders may veto certain decisions concerning UC's credit register and the control of credit register data. This may restrict Asiakastieto Group's possibilities to materially change business operations related thereto. The Group and its employees must also comply with numerous other laws and regulations. Changes to the regulatory framework may require Asiakastieto Group to adapt its service offering or strategy. Any actions in breach of regulations concerning operations subject to a licence may lead to changing of Asiakastieto Group's operations, imposing additional conditions to the licence or cancellation of the licence. The above may also lead to higher costs, force the Group to stop providing some products or services, or prevent or delay development of its operations, or the Group may end up in legal proceedings or become subject to legal claims.

In order to achieve synergies, Asiakastieto Group must carry out extensive and



correctly timed integration work on acquired businesses, particularly for UC acquisition. Failure of integration, unexpected costs or delays in schedule may lead to partial or total non-achievement or the synergies and advantages expected of the acquisitions. In the future, the Group may also seek growth through M&A transactions or provide more services also outside Finland and Sweden. M&A transactions and geographical expansion involve many risks that may have an effect on the Group's future business.

Asiakastieto Group has a significant goodwill recognised on acquisitions. Impairment of goodwill and other assets could have a material effect on the Group's reported result.

### Operational risks

In its business, Asiakastieto Group relies on information from external sources, such as government offices and other public sources, customers and other sources. If one or more of them stopped providing information for any reason or considerably increased the price of the information provided, this could have a harmful effect on Asiakastieto Group's ability to offer its products and services to its customers.

Asiakastieto Group believes that its continued success will be influenced by its ability to meet customers' needs through the development of products and services that are easy to use and that seek to increase customers' business process efficiency, offer cost savings, and facilitate better business decisions. The Group's financial result may suffer if the development of new products or services or improvements to existing products are delayed for reasons related to possible technical challenges, problems related to external IT development resources, information acquisition or regulatory requirements.

Asiakastieto Group has invested and will continue to invest in its technical infrastructure, including equipment and software. If Asiakastieto Group fails in its technological investments, its income may not develop as expected and its expenses may increase. In addition, the Group may end up in an unfavourable competitive position in the market if it cannot, for example, offer certain new products and services or gather certain type of new information.

Safe and uninterrupted functioning of Asiakastieto Group's IT network and systems are critical for the company's business. Unauthorised access to or disclosure of information as well as loss or abuse of information may lead to a breach of

data protection and other applicable laws by Asiakastieto Group, harm to reputation, loss of income, claims or measures taken by the authorities.

Despite testing and information quality control, products and services developed and supplied by Asiakastieto Group as well as the operating systems and software it uses may contain errors or faults. Material defects or errors in the Group's information, products or services as well as delays in providing products and services may harm its reputation or lead to loss of income, increased costs, regulatory measures or legal claims. Asiakastieto Group's IT network and infrastructure may be exposed to damage and problems resulting from many reasons. Such damage or problem may lead to a failure of Asiakastieto Group's IT infrastructure, which in turn may complicate the company's work and lead, for instance, to breaches of contract.

The Group's brands and reputation are important competitive advantages. The company's success is also based on its own technologies, processes, methods and information. The company protects its intellectual rights with trademarks and domain names, for instance, and by relying on business secrets and the development of products and technology. Failure to protect intellectual rights, damage to reputation or negative views of the company in the market may have a negative effect on the company.

Asiakastieto Group's success also depends on its management and other professional personnel as well as its ability to recruit competent personnel and develop, train and retain them. The Group's inability to retain or recruit new employees may have a material harmful effect on the Group.

Successful implementation of Asiakastieto Group's strategy depends on a number of factors, some of which are completely or partially beyond the company's control. Costs related to the implementation of the strategy or failure to implement it may have a harmful effect on the Group's business.

The Group's tax burden depends on applicable laws and decrees as well as their application and interpretation. Amendments to tax laws and decrees or their interpretation may increase the Group's tax burden, which in turn may affect the Group's financial result.

Asiakastieto Group has taken out insurances to cover various risks or loss events. The Group's insurance coverage may be insufficient or the Group may not be able to maintain its current insurance coverage, in which case the company

may suffer losses not covered by its insurances.

Asiakastieto Group is exposed to various financing risks, including currency exposure, interest rate risk and solvency risk. The Group's financing risks and their management are described in note 4 in Notes to the consolidated financial statements.

## Financial targets, Dividends and Outlook

### Financial targets

The Board of Directors of Asiakastieto Group has adopted long-term financial targets and dividend policy for the Group. The long-term financial targets are:

- **Growth:** Achieve 5–10 per cent average growth in net sales
- **Profitability:** Achieve a rate of EBITDA growth that exceeds the percentage growth of net sales.
- **Balance sheet structure:** Maintain net debt to EBITDA of less than 3x while continuing to maintain an efficient capital structure

### Dividend Policy

The Company's dividend policy is to distribute as dividends at least 70 per cent of the Company's net profit, whilst, taking into consideration the business development and investment needs of the Group. Any dividends to be paid in future years, their amount and the time of payment will depend on Asiakastieto Group's future earnings, financial condition, cash flows, investment needs, solvency and other factors.

Asiakastieto distributed dividends to its shareholders totalling EUR 14 347 thousand for the financial year 2017 and EUR 13 592 for the financial year 2016. The dividend was EUR 0,95 per share for the financial year 2017 and EUR 0,90 per share for the financial year 2016.

Pursuant to the Companies Act, the Annual General Meeting of Shareholders resolves on the distribution dividend based on the Board of Directors' proposal. Dividends are typically distributed once per financial year, and dividends can only be distributed once the Annual General Meeting of Shareholders has approved the financial statements. If dividends are distributed, all shares confer equal rights to dividends.

### Proposal for the Distribution of Funds

At the end of the financial year 2018, distributable funds of the Group's parent

company amounted to EUR 383 863 026,74, of which the profit for the financial year was EUR 11 327 560,07. The Board of Directors proposes to the Annual General Meeting convening on 28 March 2019 that from the financial year ended 31 December 2018, funds be distributed EUR 0,95 per share, EUR 22 756 265,80 in total based on the Company's registered total number of shares at the time of the proposal, as follows:

	EUR / share	EUR
From the profit of the financial year as dividend	0,47	11 258 363,08
From the invested unrestricted equity reserve as a repayment of capital	0,48	11 497 902,72
To be retained in unrestricted equity		361 106 760,94
<b>Total</b>		<b>383 863 026,74</b>

The dividend and equity repayment from the reserve for invested unrestricted shareholders' equity will be paid to a shareholder registered in the company's shareholders' register held by Euroclear Finland Ltd on the payment record date of 1 April 2019. The Board of Directors proposes that the funds be paid on 11 April 2019.

The remunerations to be paid on the basis of the Performance Share Plan 2016 and Matching Share Plan 2015 of the company's management's Long Term Incentive Plan are further expected to result in an issuance of 40 000 new shares in Asiakastieto Group Plc, entitling to the distribution of funds from the financial year 2018. Thus, the proposed total amount of distributed funds would increase by approximately EUR 40 000.

### Future outlook

- **Net sales:** Asiakastieto Group expects its net sales growth in 2019 to be in the middle of the range of its long-term target (5–10 %) or slightly below it compared to the previous year's pro forma net sales.
- **EBITDA:** Asiakastieto Group expects its adjusted EBITDA, excluding the effect of IFRS 16 transition, to grow in 2019 at a percentage rate that exceeds the rate of net sales growth compared to the previous year's pro forma adjusted EBITDA.
- **Capital expenditure:** Asiakastieto Group expects its capitalised product development and software expenses in 2019 to exceed the previous year's level on a pro forma basis.

## Key financial information for the Group

### Key income statement and cash flow figures and ratios

EUR million (unless otherwise mentioned)	2018	2017	2016
Net sales	98,1	56,2	49,2
EBITDA	26,7	24,3	22,5
EBITDA margin, %	27,2	43,3	45,7
Adjusted EBITDA	36,1	24,8	21,7
Adjusted EBITDA margin, %	36,8	44,2	44,1
Operating profit (EBIT)	16,7	21,2	20,0
Operating profit (EBIT) margin, %	17,0	37,8	40,7
Adjusted EBIT <sup>1</sup>	32,0	22,0	19,2
Adjusted EBIT margin, % <sup>1</sup>	32,7	39,1	39,1
Free cash flow <sup>4</sup>	15,9	16,5	17,2
Cash conversion, % <sup>4</sup>	59,6	68,0	76,5
Net sales from new products and services <sup>2</sup>	8,6	8,2	3,6
New products and services share of net sales, % <sup>2</sup>	8,8	14,6	7,4
Net sales from value-added services <sup>3</sup>	76,0	38,9	32,2
Value-added services share of net sales, % <sup>3</sup>	77,4	69,2	65,4

### Key balance sheet ratios

EUR million (unless otherwise mentioned)	2018	2017	2016
Balance sheet total	545,9	160,3	156,6
Net debt	137,0	50,9	47,0
Net debt to adjusted EBITDA, x <sup>5</sup>	n/a	2,1	2,2
Return on equity, %	5,4	20,1	19,6
Return on capital employed, %	5,2	14,2	13,5
Equity ratio, %	59,6	51,0	50,5
Gearing, %	42,6	63,0	59,9
Gross investments	5,6	4,3	3,8

<sup>1</sup> The method used for calculating the adjusted operating profit (EBIT) has been changed from 1 January 2018 so that also amortisation from fair value adjustments related to the acquisitions and external expenses arising from significant regulatory changes are taken into account as items to be adjusted. The reference data for the financial years 2017 and 2016 have been adjusted.

<sup>2</sup> The method for calculating the share of new products and services has been changed from 1 January 2018 so that the total sales of products launched during the past 24 months are included in the shares. The reference data for the financial year 2017 have been adjusted to reflect the change. Previously, the share was calculated as the net sales for products and services launched during the past 12 months added by the change in net sales for products and services launched during the preceding 12 months.

<sup>3</sup> The services of Emaileri Oy have been included in value-added services starting 1 January 2018.

<sup>4</sup> The method for calculating free cash flow has been changed from 1 January 2018 so that the impact of paid taxes is no longer added to the cash flow of business operations. The reference data for the financial years 2017 and 2016 have been adjusted.

<sup>5</sup> Resulting from the effect of the UC acquisition on Asiakastieto's net debt, the relation of net debt for the financial year 2018 to adjusted EBITDA is not presented, because it is not considered to be comparable to the figures presented for the financial years 2017 and 2016.

## Share-related key figures

EUR (unless otherwise mentioned)	2018	2017	2016
Earnings per share, basic	0,56	1,06	1,01
Earnings per share, diluted	0,56	1,06	1,01
Earnings per share, comparable <sup>6</sup>	0,78	1,07	1,02
Equity per share	16,39	5,37	5,20
Dividend per share	0,95	0,95	0,90
Dividend per earnings, %	170,6	89,4	88,7
Effective dividend yield, %	3,9	4,0	4,7
Price per earnings	44,2	22,5	19,0
Share price development			
Average price	27,82	20,31	16,59
Highest price	32,60	24,35	22,00
Lowest price	21,10	17,14	13,15
Closing price	24,60	23,90	19,25
Market capitalisation, EUR million	589,3	360,9	290,7
Trading volume, pcs	3 533 838	1 816 212	2 249 787
Trading volume, %	18,0	12,0	14,9
Adjusted number of shares			
Weighted average during financial year	19 603 022	15 102 178	15 102 178
At the end of the financial year	23 953 964	15 102 178	15 102 178
Number of shares adjusted for share issue, diluted			
Weighted average during financial year	19 649 487	15 158 471	15 127 345
At the end of the financial year	24 000 429	15 166 273	15 127 345

<sup>6</sup> The comparable earnings per share does not contain amortisation from fair value adjustments related to the acquisitions or their tax impact.



### Alternative performance measures used in financial reporting

Asiakastieto Group Plc discloses a summary on the use of alternative performance measures used by the Group, definitions of the performance measures used and their matching with the IFRS financial statements figures in accordance with the ESMA (European Securities and Markets Authority) Guidelines on Alternative Performance Measures<sup>1</sup>.

Asiakastieto Group Plc presents alternative performance measures in addition to the performance measures presented in the Group's IFRS income statements, statements of financial position and cash flow statements to reflect the underlying business performance and to enhance comparability from period to period. The management's view is that alternative performance measures provide meaningful supplemental information to the management and investors, securities analysts and other parties regarding the Group's operating result, financial position and cash flows. Alternative performance measures are not included in IFRS-based consolidated financial statements as such, but they are derived from IFRS-based consolidated financial statements by adjusting the items in the consolidated income statements, statements of financial position and cash flow statements and/or making them proportional. Alternative performance measures should not be considered as a substitute for measures in accordance with IFRS. Not all companies calculate alternative performance measures in a uniform way, and thus the alternative performance measures of the Company are not necessarily comparable with similarly named performance measures of other companies.

Certain non-operational or non-cash valuation transactions with significant income statement impact are adjusted as items affecting comparability, if they arise from:

- profit on the sale of shares of office premises as one-off transaction
- negotiated redundancy payments omitted from the operative cost structure
- compensation for damages as one-off transactions
- M&A and integration-related expenses as one-off transactions
- external expenses arising from significant regulatory changes as one-off transactions

<sup>1</sup> Alternative Performance Measure refers to a financial measure other than financial measure defined or specified in IFRS norms.

Alternative performance measures are defined as follows:

- **EBITDA**

EBITDA is the profit (loss) for the financial year before (i) income taxes, (ii) financial income and expenditure and (iii) depreciation and amortisation.

- **Adjusted EBITDA**

Adjusted EBITDA is defined as EBITDA excluding items affecting comparability

- **Adjusted EBITDA excluding IFRS 16 impact.**

The Company is presented adjusted EBITDA excluding IFRS 16 impact as alternative performance measure starting 1 January 2019.

- **Adjusted EBIT**

Adjusted EBIT is defined as EBIT excluding items affecting comparability. The method used for calculating the adjusted operating profit (EBIT) was changed effective from 1 January 2018 due to the UC acquisition so that amortisation from fair value adjustments related to acquisitions are also taken into account as items to be adjusted. This redefinition of adjusted operating profit (EBIT) has not had a material effect on the previously reported adjusted operating profit (EBIT) figures.

- **Net sales from new products and services**

New products and services are a significant driver of growth in the company and consumer data market. The impact of new products and services is especially important in times of poor economy, because they dilute the impact of the poor economic situation on the demand for current products and services. New products and services replace or update old products and services. They are often more advanced than old products and services, or they respond to potential market demand. In addition to customer needs, the development of new products and services is also guided by opportunities recognised by service providers. According to the Company's view, company and consumer data markets in Finland and Sweden are somewhat immature compared to many European countries, and there is potential for new products and services in the market.

- **Net sales from value-added services**

Net sales from value-added services is calculated as net sales from such services, which have been tailored for special purposes or which contain intelligent characteristics, such as credit ratings and decisioning systems. Examples of value-added services comprise aot. data packages, standardised rating and decisioning services, and outsourced solutions and

solutions running in the technical environment of Asiakastieto Group. It is not possible to categorise part of the Group's net sales into value-added services or basic data products, for example, due to subscription fees and fixed-priced customer agreements, which cover the Group's entire product and service range. These are not included in the net sales from value-added services.

- **Free cash flow**

Free cash flow consists of the cash flow from operating activities before (i) paid interests and other financing expenses, (ii) received interests and other financing income deducted by (iii) acquisitions of tangible and intangible assets. The method used for calculating the free cash flow was changed effective from 1 January 2018 so that the impact of paid taxes is no longer added to the cash flow of business operations.

- **Cash conversion**

Cash conversion is calculated by dividing free cash flow by EBITDA

- **Net debt**

Net debt is calculated as difference of interest-bearing liabilities and cash and cash equivalents. Interest-bearing liabilities include loans from financial institutions (short- and long-term loans), and cash and cash equivalents include short-term deposits, cash assets and bank accounts.

- **Net debt to adjusted EBITDA**

Net debt to adjusted EBITDA is calculated by dividing net debt by adjusted EBITDA.

- **Return on equity**

Return on equity is calculated by dividing (i) profit (loss) for the financial year by (ii) total equity (average for the financial year).

- **Return on capital employed**

Return on capital employed is calculated (i) by adding financial expenses to the profit (loss) before taxes and (ii) by dividing the sum by the average of the difference of the balance sheet total and non-interest bearing debts of the opening and closing balance sheet.

- **Gearing**

Gearing is calculated by dividing net debt by total equity.

- **Equity ratio**

Equity ratio is calculated by dividing (i) total equity by (ii) balance sheet total, deducted by advances received.

- **Gross investments**

Gross investments are fixed asset acquisitions with long-term effect, from which no sales of property or renunciation of business have been deducted. As a general rule, fixed assets comprise property, plant and equipment and intangible assets.

### **Purpose of use of alternative performance measures**

EBITDA, adjusted EBITDA and adjusted EBIT are presented as alternative performance measures, as they, according to the Company's view, enhance the understanding of the Group's results of operations and are frequently used by analysts, investors and other parties.

Adjusted EBITDA excluding IFRS 16 impact is presented as alternative performance measure starting 1 January 2019 as according to the Company's view it will improve the understanding of Group's profitability compared to prior year. Implementation of IFRS 16 Lease Agreements standard will have a significant impact on adjusted EBITDA, which is one of the main alternative performance measures used to describe the development of Group profitability.

Net sales from new products and services and net sales from value-added services are presented as alternative performance measures, as they, according to the Company's view, describe the development and structure of the Company's net sales.

Free cash flow, cash conversion and gross investments are presented as alternative performance measures, as they provide, according to the Company's view, a good insight into the needs relating to the Group's business cash flow and are frequently used by analysts, investors and other parties.

Net debt, net debt to adjusted EBITDA, return on equity and return on capital employed are presented as alternative performance measures, as they are, according to the Company's view, useful measures of the Group's ability to obtain financing and pay its debts, and they are frequently used by analysts, investors and other parties.

Gearing and equity ratio are presented as alternative performance measures, as they, according to the Company's view, reflect the level of risk related to financing and help to monitor the level of capital employed in the Group's business.

Comparable earnings per share is presented as an alternative performance measure, as it, according to the Company's view, helps to reflect the profit attributable to the owners.

## Matching of alternative performance measures to the closest IFRS performance measure

### Adjusted EBIT

EUR thousand	2018	2017	2016
<b>EBIT</b>	<b>16 704</b>	<b>21 232</b>	<b>20 013</b>
Amortisation from fair value adjustments related to acquisitions	5 915	221	34
Items affecting comparability			
Profit on the sale of shares of office premises	-	-	-1 106
M&A and integration-related expenses	7 266	409	275
Redundance payments	1 935	107	22
External expenses arising from significant regulatory changes	142	-	-
Compensations paid for damages	80	-	10
Total items affecting comparability	9 424	516	-799
<b>Adjusted EBIT</b>	<b>32 042</b>	<b>21 969</b>	<b>19 248</b>

### EBITDA and adjusted EBITDA

EUR thousand	2018	2017	2016
<b>EBIT</b>	<b>16 704</b>	<b>21 232</b>	<b>20 013</b>
Depreciation and amortisation	9 995	3 074	2 450
<b>EBITDA</b>	<b>26 699</b>	<b>24 307</b>	<b>22 463</b>
Items affecting comparability			
Profit on the sale of shares of office premises	-	-	-1 106
M&A and integration-related expenses	7 266	409	275
Redundance payments	1 935	107	22
External expenses arising from significant regulatory changes	142	-	-
Compensations paid for damages	80	-	10
Total items affecting comparability	9 424	516	-799
<b>Adjusted EBITDA</b>	<b>36 122</b>	<b>24 822</b>	<b>21 664</b>

### Free cash flow

EUR thousand	2018	2017	2016
<b>Cash flow from operating activities</b>	<b>19 527</b>	<b>19 914</b>	<b>20 779</b>
Interest and other financing expenses paid	2 092	962	988
Received interest and other financing income	-7	-4	-7
Acquisition of tangible assets and intangible assets	-5 691	-4 344	-4 565
<b>Free cash flow</b>	<b>15 921</b>	<b>16 529</b>	<b>17 194</b>

## Formulas for key figures

EBITDA	EBIT + Depreciations and amortisations
Items affecting comparability	Material items outside the ordinary course of business that concern i) M&A and integration-related expenses, ii) redundancy payments, iii) compensations paid for damages, (iv) external expenses arising from significant regulatory changes and (v) profit from the sale of office premises shares.
Adjusted EBITDA	Operating margin + items affecting comparability
Adjusted operating profit (EBIT)	Operating profit excluding amortisation from fair value adjustments related to acquisitions + items affecting comparability.
Net sales from new products and services	Net sales of new products and services is calculated as net sales of those products and services introduced within the past 24 months.
Net sales from value-added services	Net sales generated from value-added services during the financial year.
Free cash flow	Cash flow from operating activities added by paid interests and other financing expenses, deducted by received interest and other financing income and deducted by the acquisition of tangible and intangible assets.
Cash conversion, %	$\frac{\text{Free cash flow}}{\text{EBITDA}} \times 100$
Net debt	Interest-bearing liabilities – cash and cash equivalents
Net debt to adjusted EBITDA, x	$\frac{\text{Net debt}}{\text{Adjusted EBITDA}}$
Return on equity, %	$\frac{\text{Profit (loss) for the financial year}}{\text{Total equity (average for the financial year)}} \times 100$
Return on capital employed, %	$\frac{\text{Profit (loss) before taxes + financial expenses}}{\text{Total assets – non-interest-bearing liabilities (average for the financial year)}} \times 100$
Gearing, %	$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Total equity}} \times 100$
Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets – advances received}} \times 100$
Dividend per earnings, %	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Market value per share on the last day of the financial year}} \times 100$
Price per earnings	$\frac{\text{Market value per share on the last day of the financial year}}{\text{Earnings per share}}$
Earnings per share, basic	Profit for the period attributable to the owners of the parent company divided by the weighted average number of shares in issue.
Earnings per share, diluted	Profit for the period attributable to the owners of the parent company divided by the weighted average number of shares in issue, taking into consideration the possible impact of the Group's management's long-term incentive plan.
Earnings per share, comparable	Profit for the period attributable to the owners of the parent company excluding amortisation from fair value adjustments related to acquisitions and their tax impact, divided by the weighted average number of shares in issue.
Gross investments	Gross investments are fixed asset acquisitions with long-term effect, from which no sales of property or disposal of business have been deducted. As a general rule, fixed assets comprise property, plant and equipment and intangible assets.



# Consolidated Statement of Comprehensive Income

EUR thousand	Note	1.1. – 31.12.2018	1.1. – 31.12.2017
<b>Net sales</b>	6	<b>98 135</b>	<b>56 201</b>
Other operating income	7	86	208
Materials and services	8	-18 334	-11 963
Personnel expenses	9	-26 763	-12 635
Other operating expenses	10	-28 055	-8 756
Work performed by the entity and capitalised		1 630	1 251
Depreciation and amortisation	11	-9 995	-3 074
<b>Operating profit</b>		<b>16 704</b>	<b>21 232</b>
Finance income	12	7	4
Finance expenses	12	-2 195	-1 076
Finance income and expenses		-2 188	-1 072
<b>Profit before income tax</b>		<b>14 516</b>	<b>20 160</b>
Income tax expenses	13	-3 598	-4 117
<b>Profit for the financial year</b>		<b>10 918</b>	<b>16 043</b>

	Note	1.1. – 31.12.2018	1.1. – 31.12.2017
<b>Items that may be reclassified to profit or loss:</b>			
Translation differences from foreign units		5 450	-
Hedging of net investments made in foreign units		-858	-
Income taxes relating to these items		172	-
		<b>4 763</b>	<b>-</b>
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurements of post-employment benefit obligations	22	-687	-
Income taxes relating to these items		142	-
		<b>-546</b>	<b>-</b>
<b>Other comprehensive income for the financial year, net of tax</b>		<b>4 218</b>	<b>-</b>
<b>Total comprehensive income for the financial year</b>		<b>15 136</b>	<b>16 043</b>
<b>Profit attributable to:</b>			
Owners of the parent company		10 918	16 043
<b>Total comprehensive income attributable to:</b>			
Owners of the parent company		15 136	16 043
<b>Earnings per share attributable to the owners of the parent during the financial year:</b>			
Basic, EUR	14	0,56	1,06
Diluted, EUR	14	0,56	1,06

# Consolidated Statement of Financial Position

EUR thousand	Note	31.12.2018	31.12.2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	15	348 654	118 411
Other intangible assets	15	137 877	11 085
Property, plant and equipment	16	3 285	1 996
Deferred tax assets	25	1 127	1 647
Loan and other receivables	17	187	365
<b>Total non-current assets</b>		<b>491 130</b>	<b>133 505</b>
<b>Current assets</b>			
Account and other receivables	18	21 526	7 896
Cash and cash equivalents	20	33 215	18 919
<b>Total current assets</b>		<b>54 741</b>	<b>26 815</b>
<b>Total assets</b>		<b>545 871</b>	<b>160 320</b>

EUR thousand	Note	31.12.2018	31.12.2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	21	80	80
Invested unrestricted equity reserve	21	351 690	112 355
Translation differences		4 592	-
Accumulated losses	21	-35 071	-31 336
<b>Equity attributable to owners of the parent</b>		<b>321 290</b>	<b>81 099</b>
Share of equity held by non-controlling interests		0	-
<b>Total equity</b>		<b>321 290</b>	<b>81 099</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing liabilities	23	170 113	69 775
Pension liabilities	22	4 445	-
Deferred tax liabilities	25	25 482	-
Accounts payable and other payables	24	-	652
<b>Total non-current liabilities</b>		<b>200 040</b>	<b>70 428</b>
<b>Current liabilities</b>			
Interest-bearing liabilities		130	-
Advances received	26	6 375	1 358
Accounts payable and other payables	26	18 036	7 434
<b>Total current liabilities</b>		<b>24 541</b>	<b>8 793</b>
<b>Total liabilities</b>		<b>224 581</b>	<b>79 220</b>
<b>Total equity and liabilities</b>		<b>545 871</b>	<b>160 320</b>

# Consolidated Statement of Changes in Equity

Attributable to owners of the parent

EUR thousand	Share capital	Invested unrestricted equity reserve	Translation differences	Accumulated losses	Total	Share of equity held by non-controlling interests	Total equity
<b>Equity at 1.1.2018</b>	<b>80</b>	<b>112 355</b>	-	<b>-31 336</b>	<b>81 099</b>	-	<b>81 099</b>
Adoption of amendments to IFRS 2	-	-	-	594	594	-	594
Adoption of IFRS 9	-	-	-	-24	-24	-	-24
Adoption of IFRS 15	-	-	-	-22	-22	-	-22
<b>Adjusted equity at the beginning of the period</b>	<b>80</b>	<b>112 355</b>	-	<b>-30 787</b>	<b>81 648</b>	-	<b>81 648</b>
Profit for the period	-	-	-	10 918	10 918	-	10 918
Other components of comprehensive income	-	-	4 592	-374	4 218	-	4 218
Total comprehensive income for the period	-	-	4 592	10 544	15 136	-	15 136
Transactions with equity holders							
Distribution of dividend	-	-	-	-14 347	-14 347	-	-14 347
Management's incentive plan	-	-	-	-481	-481	-	-481
Directed share issue	-	240 131	-	-	240 131	-	240 131
Costs related to share issue and the listing of new shares	-	-796	-	-	-796	-	-796
Share of equity held by non-controlling interests related to the acquisition of subsidiary	-	-	-	-	-	0	0
<b>Equity at 31.12.2018</b>	<b>80</b>	<b>351 690</b>	<b>4 592</b>	<b>-35 071</b>	<b>321 290</b>	<b>0</b>	<b>321 290</b>



## Attributable to owners of the parent

EUR thousand	Share capital	Invested unrestricted equity reserve	Translation differences	Accumulated losses	Total	Share of equity held by non-controlling interests	Total equity
<b>Equity at 1.1.2017</b>	<b>80</b>	<b>112 355</b>	<b>-</b>	<b>-33 935</b>	<b>78 501</b>	<b>-</b>	<b>78 501</b>
Profit for the year	-	-	-	16 043	16 043	-	16 043
Other components of comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	16 043	16 043	-	16 043
Transactions with equity holders							
Distribution of dividend	-	-	-	-13 592	-13 592	-	-13 592
Management's incentive plan	-	-	-	148	148	-	148
<b>Equity at 31.12.2017</b>	<b>80</b>	<b>112 355</b>	<b>-</b>	<b>-31 336</b>	<b>81 099</b>	<b>-</b>	<b>81 099</b>

# Consolidated Statement of Cash Flows

EUR thousand	Note	1.1.–31.12.2018	1.1.–31.12.2017
<b>Cash flow from operating activities</b>			
Profit before income tax		14 516	20 160
Adjustments:			
Depreciation and amortisation	11	9 995	3 074
Finance income and expenses	12	2 188	1 072
Profit (-) / loss (+) on disposal of property, plant and equipment		-71	-167
Other adjustments		-1 662	464
Cash flows before change in working capital		24 966	24 603
Change in working capital:			
Increase (-) / decrease (+) in account and other receivables		834	-726
Increase (+) / decrease (-) in account and other payables		-633	734
Change in working capital		200	8
Interest and other financing expenses paid		-2 092	-962
Received interest and other financing income		7	4
Income taxes paid		-3 554	-3 739
<b>Cash flow from operating activities</b>		<b>19 527</b>	<b>19 914</b>

EUR thousand	Note	1.1.–31.12.2018	1.1.–31.12.2017
<b>Cash flows used in investing activities</b>			
Purchases of property, plant and equipment	16	-893	-1 475
Purchases of intangible assets	15	-4 799	-2 869
Purchases of subsidiaries, net of cash acquired	5	-85 247	-5 997
Proceeds from sale of property, plant and equipment		170	306
Long-term receivables		-	-1
<b>Cash flows used in investing activities</b>		<b>-90 769</b>	<b>-10 035</b>
<b>Cash flows from financing activities</b>			
Proceeds from Interest bearing borrowings	23	269 573	-
Repayment of Interest bearing borrowings	23	-170 000	-
Dividends paid and other profit distribution		-14 347	-13 592
<b>Cash flows from financing activities</b>		<b>85 226</b>	<b>-13 592</b>
<b>Net increase / decrease in cash and cash equivalents</b>		<b>13 985</b>	<b>-3 713</b>
Cash and cash equivalents at beginning of the financial year		18 919	22 632
Net increase / decrease in cash and cash equivalents		13 985	-3 713
Currency exchange rate adjustments		311	-
<b>Cash and cash equivalents at end of the financial year</b>		<b>33 215</b>	<b>18 919</b>

# Notes to the Consolidated Financial Statements

## 1 General information

Asiakastieto Group Plc (the "Company") is a Finnish public limited liability company and the parent company to Asiakastieto Group ("Asiakastieto Group" or the "Group"). The registered address of Asiakastieto Group Plc is Hermannin rantatie 6, PO BOX 16, 00581 Helsinki, Finland.

Asiakastieto Group is one of the leading Nordic providers of business and consumer information services. The Group operates in the business and consumer information services, collateral valuation, real estate information, sales and marketing information as well as consumer credit information markets in Finland and Sweden. The Group's products and services are primarily used for risk management, finance and administration, decision-making, sales and marketing, automation, compliance, real estate transactions and real estate financing as well as personal financial management. The Group's largest clients include financial institutions and other financial service providers, expert service companies, insurance companies as well as wholesale and retail companies. The Group's customer base includes corporations as well as private individuals.

Asiakastieto Group has a scalable business model that makes it possible to increase net sales at minor additional cost. A large proportion of the Group's income is based on automated processes and the automatic sharing of information from the Group's own databases. The Group can use and relay the same data multiple times and include it in a number of services provided for different customers. The Group also earns income from advertising, particularly in Sweden.

Asiakastieto Group has comprehensive databases consisting of information gathered from the authorities and other public sources as well as privately acquired information. The databases are the basis for the Group's product and service offering and the development of new products and services.

Copies of the consolidated financial statements are available at the Company's head office at Hermannin rantatie 6, 00580 Helsinki and at the Group's website [www.asiakastieto.fi](http://www.asiakastieto.fi).

The Board of Directors of Asiakastieto Group Plc has approved these consolidated financial statements for publication on 15 February 2019. Under the Finnish Limited Liability Companies Act, shareholders can approve or reject the consolidated financial statements in the Annual General Meeting held after the release. The Annual General Meeting may also resolve to amend the consolidated financial statements.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of Asiakastieto Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, conforming with the IAS standards and IFRS standards as well as SIC and IFRIC interpretations applicable as per 31 December 2018. IFRS refer to the standards and interpretations applicable by corporations set out by the Finnish accounting ordinance and other guidance set out on the basis of this ordinance enforced for application in accordance with the procedure stipulated in the regulation (EC) No 1606/2002 of the European Parliament and of the Council. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation complementing the IFRS standards.

The consolidated financial statements have been prepared primarily under the historical cost convention unless otherwise indicated. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in euros,

which is Asiakastieto Group's functional and presentation currency.

The amounts are presented in thousands of euros unless otherwise stated. Amounts presented in the consolidated financial statements are rounded, so the sum of individual figures may differ from the sum reported.

### 2.1.1 New standards and interpretations adopted in 2018

Asiakastieto Group has implemented the new IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers standards together with amendment to IFRS 2 Share based payment standard effective for the financial period beginning on 1 January 2018. During the financial year amendments to standards or interpretations come to force have not had a material impact on the consolidated financial statements.

The amendment to the IFRS 2 standard concerns incentive schemes with net settlement features to cover withholding obligations and where the employer is obligated to withhold tax from the received benefit obtained from the share-based payment. Previously, the total remuneration was divided into the items to be paid as shareholders' equity and in cash. According to the amended standard, compensation costs will be recognised for such payments based on the entire scheme being an equity-settled payment. Compensation costs are recognised based on the number of gross shares awarded, in spite of the employee ultimately only receiving the net shares and the Group paying the portion required to meet the withholding obligations to the tax authority in cash. The withholding tax paid by the Group to the tax authority is recognised directly from equity. The consolidated financial statements for 2017 included EUR 402 thousand of long-term and EUR 192 thousand of short-term debt relating to the share to be paid in cash. These shares have been adjusted in the opening statement of financial position from liabilities to the retained earnings.

The IFRS 9 standard, effective as mandatory in the beginning of 2018, replaces in its entirety the IAS 39 standard. Per IFRS 9 standard, financial assets are measured at fair value except under certain conditions when they are measured at residual acquisition cost. Valuation methods have also been simplified. The new standard brought changes to hedging calculations and a new method for impairment assessment, which requires an earlier recognition of anticipated credit losses. For Asiakastieto Group, the standard concerns account receivables and

earlier recognition of their anticipated credit losses. The account receivables do not include a significant financial component in accordance with the definition of the IFRS 15 standard so the Group has used a simplified model for assessing the expected credit losses. In the model, the expected credit losses are recognized for the entire validity period of the financial assets, its base being the amount of matured receivables and how long they have been matured. A provision matrix based on historical data has been used as an expedient in the assessment of expected credit losses. The adjustment relating to the standard's implementation, EUR 24 thousand, has been recognised as an adjustment to retained earnings.

The IFRS 15 standard specifies how and when an IFRS reporting entity will recognise revenue. According to the standard, the revenue is recognized when the customer assumes control of the goods or service. The basic principle of IFRS 15 is that the revenue is recognized in a way describing the delivery of promised goods and services to the customer, and the recognized amount indicates the monetary amount which the company considers itself to be entitled to against the goods and services in question. In conformity with this principle, the revenue is recognized following a five-step recognition model.

Asiakastieto Group has applied the modified retrospective method in implementing the new standard, applying IFRS 15 only to contracts open on 1 January 2018, and presents these contracts as if they had been recognized as per IFRS 15 at the beginning of the contract periods. Asiakastieto Group specified revenue recognition of customer specific projects at the time of applying the new standard to comply in a more accurate way to the transfer of authority of a service. The accumulated EUR 22 thousand profit impact of the implementation of the new standard has been accounted as an adjustment to the opening balance of retained earnings as per the date of implementation, and the figures of the corresponding financial year have not been adjusted. The adjustment impact on short-term receivables was EUR -59 thousand, EUR 6 thousand on deferred tax assets and EUR -31 thousand on short-term liabilities of the opening statement of financial position. The impact of the application of the IFRS 15 standard is EUR 117 thousand on the Group's net sales in the financial year and EUR 28 thousand on the Group's operating profit.

The impact of new and changed standards on the Group's statement of financial position:

EUR thousand	Book value 31.12.2017	IFRS 2	IFRS 9	IFRS 15	Book value 1.1.2018
<b>Assets</b>					
Non-current assets	133 505	-	-	6	133 510
Current assets	26 815	-	-24	-59	26 732
<b>Total assets</b>	<b>160 320</b>	<b>-</b>	<b>-24</b>	<b>-54</b>	<b>160 243</b>

EUR thousand	Book value 31.12.2017	IFRS 2	IFRS 9	IFRS 15	Book value 1.1.2018
<b>Equity and liabilities</b>					
Equity	81 099	594	-24	-22	81 648
Non-current liabilities	70 428	-402	-	-	70 025
Current liabilities	8 793	-192	-	-31	8 569
<b>Total equity and liabilities</b>	<b>160 320</b>	<b>-</b>	<b>-24</b>	<b>-54</b>	<b>160 243</b>

## 2.1.2 New standards and interpretations not yet adopted

Asiakastieto Group has not yet applied the following new and amended standards and interpretations already issued. The Group will adopt them as at the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

IFRS 16 *Lease Agreements* standard will be adopted starting 1 January 2019 and standard will define accounting, valuation, presentation and disclosure requirements for lease agreements. Adoption of the standard will result in the removal of distinction between operating and finance leases and under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized unless lease period is 12 months or shorter or lease object is low-value. Lease expenses are no longer recognised in the income statement but depreciations are recognised from the right-of-use asset and interest expense on the lease liability. Each lease payment is allocated between the finance cost and liability.

The group will apply IFRS 16 standard from its mandatory adoption date of 1 January 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The Group applies exemp-

tions by the standard and does not recognise lease liability on the transition date from leases ending during the financial year 2019. The standard will affect primarily the accounting for the Group's operating leases. Existing Finance lease agreements have already been presented as right-of-use assets and lease liabilities and adoption of the standard will not have an impact on Finance lease agreements.

Lessors will continue to classify lease agreements as finance lease agreements and other lease agreements. According to IFRS 16 standard treatment of lease agreements by the lessor in the Financial Statements will remain for the material parts unchanged compared to current standards. Group does not have a material leasing activity as lessor and for this part implementation of the standard will not have a significant impact on future financial statements.

As at the reporting date, the Group has non-cancellable discounted operating lease commitments of EUR 18,7 million. For these lease commitments the Group management expects to recognise right-of-use assets of EUR 11,6 million and lease liabilities of EUR 11,6 million of which EUR 2,1 million relate to short-term leases. The Group expects that net profit will decrease by approximately EUR 0,1 million result of adopting the new rules in 2019. Adjusted EBITDA used to measure group profitability is expected to increase by approximately EUR 2,2 million, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure. Operating cash flows will increase and financing cash flows decrease by approximately EUR 2,2 million in 2019 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on Asiakastieto Group.

## 2.2 Consolidation

### Subsidiaries

Subsidiaries are all such entities over which Asiakastieto Group has control. Asiakastieto Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to Asiakastieto Group. They are deconsolidated from the date that the control ceases.



Intercompany transactions, receivables and liabilities as well as unrealised gains and losses on transactions between group companies are eliminated. When needed, the financial statements by subsidiaries have been adjusted to conform to the Group's accounting policies.

### Acquired businesses

Acquired subsidiaries have been consolidated into the Group's accounts from the date which the Group has acquired the control and correspondingly the divested functions are included until the termination of control. The mutual owning of shares of the group companies is eliminated by past-equity method. The surrendered consideration, including the conditional acquisition price and the identifiable assets and liabilities are valued to the fair value at the moment of acquisition. Purchase related expenses are recognized as an expense.

Further information for business combinations of Asiakastieto Group is disclosed under 2.4 Goodwill and intangible assets and 5 Acquisitions.

## 2.3 Segment reporting

The Group constitutes a single operating segment, which is consistent with the way internal reporting is provided to the chief operating decision-maker and the way chief operating decision-maker determines allocation of resources and assessment of performance.

The CEO of the Company has been determined as the chief operating decision-maker. The CEO is responsible for allocating resources and assessing performance as well as making key strategic and operative decisions.

## 2.4 Goodwill and intangible assets

Intangible assets comprise goodwill and other intangible assets. Other intangible assets consist primarily of capitalised development costs related to new products and services, off the shelf software and intangible assets recognised separately from goodwill in connection with the company acquisitions.

### Goodwill

Goodwill recorded at the consolidated financial statements of the Group arose from the acquisition of Asiakastieto Group business by the Group in 2008, pur-

chase of share capital of Intellia Oy in 2016 and purchase of share capital of Emaileri Oy in 2017 and purchase of share capital of UC AB in year 2018. For internal monitoring and impairment testing purposes, goodwill is followed at the level of the Group's cash generating units. The cash generating units of the Group are Finland and Sweden. This also reflects the way the acquirer is expecting to realise the benefits of the acquisition.

Goodwill impairment review is undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the cash generating unit is compared to the recoverable amount, which is the higher of the value in use and the fair value less costs of disposal of the related cash generating unit.

### Other intangible assets

Other intangible assets are initially recognised in the balance sheet at historical cost if the cost can be measured reliably and it is probable that future economic benefits associated with the asset will flow to Asiakastieto Group.

Other intangible assets acquired in connection with company acquisitions are recognised separate from goodwill if they meet a definition of intangible asset and are separable or are based on agreements or legal rights. Intangible assets recognised in connection with company acquisitions consist, among others, of the value of customer agreements and related customer relations as well as the value of acquired IT systems and databases. The value of customer agreements and customer relations is defined by the assumed length of customer relationship and on the basis of cash flows assessed.

Amortisations are calculated along straight-line method over their useful economic lives. The applied useful economic lives are:

Capitalised development costs .....	5–10 years
Off the shelf software .....	3–5 years
Customer and contract portfolios .....	5–20 years
IT systems, databases and technology .....	5–12 years
Trademarks .....	5–15 years

The assets' residual values and useful lives and amortisation method are reviewed

at minimum at the end of each reporting period and adjusted, if appropriate, to reflect changes in the expected economic benefits. The amortisation of intangible assets is commenced when the asset is ready for its intended use.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of impairment testing, assets are allocated to the Group's cash-generating units. Prior impairments of tangible and intangible assets (other than goodwill) are reviewed for possible reversal at each reporting date.

#### *Capitalised development and software costs*

Costs associated with maintaining current products and services are recognised as an expense as incurred. Development costs of new products and services that are directly attributable to building and testing of new products and services controlled by Asiakastieto Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the new product and service so that it will be available for use;
- the management intends to complete the new product and service and use or sell it;
- there is an ability to use or sell the new product and service;
- it can be demonstrated how the new product and service will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the new product and service are available; and
- the expenditure attributable to the new product and service during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. New service development costs recognised as assets are amortised over their estimated useful lives, which does not exceed ten years.

## **2.5 Property, plant and equipment**

Property, plant and equipment comprise machinery and equipment as well as other tangible assets and advances paid.

Other tangible assets comprise mainly capitalised modernisation and renovation expenses of office premises. Other tangible assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Machinery and equipment comprise mainly IT, office machines and equipment as well as company cars. Machinery and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. For machinery and equipment leased under finance lease contracts see section 2.19 Lease contracts.

Depreciation on tangible assets is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

Machinery and equipment .....	3 - 10 years
Capitalised modernisation and renovation expenses of office premises ....	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating income" or "Other operating expenses" in the income statement.

## 2.6 Financial assets

Asiakastieto Group has implemented IFRS 9 Financial Instruments standard which replaces the IAS 39 Financial instruments: Recognition and measurement standard. IFRS 9 was adopted without restating the comparatives and hence the group does not expect any significant impact on the financial statements.

Financial assets are classified either to be measured at amortised cost or to be measured subsequently at fair value through profit or loss. The classification of financial assets is driven by the contractual cash flow characteristics and by the entity's business model used for managing the financial assets.

### *Classification of financial assets at amortised cost*

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

This group includes account receivables of the group, other financial assets and cash and cash equivalents. These financial assets are recognised in the current assets except if they are due in 12 months from the reporting date in which case they are classified to non-current assets. Prior to January 1 2018 these items were classified to loans and other receivables. The valuation technique of these items has not changed.

Expected credit losses related to the financial assets at amortised cost are calculated based on the expected credit loss model. Credit losses of the group may originate mainly from account receivables and contract assets. Accounting policy for these impairments is described in section 2.7 Account receivables.

### *Financial assets measured at fair value*

The group recognises investments to unlisted securities in this group because the gains and losses due to the changes in fair value of such securities have not been decided to be recognised through other comprehensive income. Prior to

January 1 2018 these unlisted securities were classified according to IAS 39 to Available-for-sale financial assets. Fair value changes were recognised through other comprehensive income in the line item fair value reserves in the equity. Re-classification did not have any significant impact on the Group's consolidated financial statements. Investments to unlisted securities are recognised in non-current assets except if they are due or management intends to dispose them within 12 months since the end of the reporting period. In this case they are recognised in current assets.

## 2.7 Account receivables

Account receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. These receivables are usually due within 14 to 30 days. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Account receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Account receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value.

The group applies the simplified impairment model for accounts receivables and contract assets in accordance which the Group recognises expected credit losses since the initial recognition of the receivable for the whole amount of expected credit losses during the receivables lifetime. To measure the expected credit losses, account receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the account receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 24 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the

receivables. For the amount for recognition of expected credit loss provision, see note 4 – Credit risk management.

Account receivables and contract assets are derecognised when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, potential bankruptcy of the debtor or inability to prepare a payment plan with the group and delay of the contractual payments for more than a year.

Prior to January 1 2018 impairment losses were recognized based on defaults. The change of the model has no significant impact on the financial statement of the Group.

## 2.8 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and bank accounts with banks.

## 2.9 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Interest-bearing liabilities are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the interest-bearing liabilities using the effective interest method. The Group also has unused credit facilities and recognises the related fees in the income statement on a straight-line basis. A financial liability is derecognised when the Group either discharges the liability (or part of it) by paying the creditor or is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor.

## 2.10 Account payables

Account payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Account payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Account payables are recognised initially at fair value and subsequently measured at amortised cost.

## 2.11 Foreign currency translation and net investment hedge

The consolidated financial statements are presented in euros, which is the functional currency of the parent company. Swedish krona denominated income statements and cash flows of the subsidiaries are translated into euros on a monthly basis using the average monthly exchange rate published by the European Central Bank and the balance sheet is translated using the closing exchange rates at the balance sheet date published by the European Central Bank. A translation difference arises from translating the result for the period using different exchange rates for the income statement and the balance sheet. The difference is recorded in the equity and the change in the translation difference is recorded into other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss unless they are not allocated as net investment hedge. In such case the exchange rate differences are recognised in other comprehensive income and accumulated into translation differences in the equity.

Foreign exchange gains and losses related to cash and cash equivalents, borrowings and interests related to borrowings are presented in the finance income and finance cost in the statement of profit or loss. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other operating income or operating expenses.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is disposed the associated exchange differences, including the effective portion of the hedge, are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions. For more information related to the hedging of the net investment, see note 4 Currency risk management.

## 2.12 Interest income

The Group earns interest mainly from overdue interest from account receivables. Interest income is recognised when they occur.

## 2.13 Share capital

Ordinary shares are classified as equity.

## 2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

The current income tax charge is calculated based on the Finnish and Swedish tax laws enacted or substantively enacted at the balance sheet date. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The group establishes provisions where appropriate on the basis of amounts expected to

be paid to the tax authorities and assets when expected to receive tax returns.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax liabilities are recognised in full for all taxable temporary differences, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by Asiakastieto Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized and up to the amount of the deferred tax liabilities.

Deferred tax assets arising from past losses above the amount of deferred tax liabilities are recognised if convincing evidence exists that the Group will be able to utilise the tax losses carried forward.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2.15 Employee benefits

### *Short-term employee benefit obligations*

Short-term employee benefits include salaries including fringe benefits and vacation pay payable within 12 months. Short-term employee benefits are recognized as other liabilities in respect of employee service up to the reporting date and measured at the amounts expected to be paid when the liabilities are settled. A liability is recognized for the amount expected to be paid under short-term bonus plan if the criteria for paying such bonuses are met.

### *Pension obligations*

The Group operates both defined benefit and defined contribution pension plans.



For defined contribution plans, Asiakastieto Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Asiakastieto Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group has defined benefit obligations in the Swedish BTP 2 plans which are partly funded by plan assets underlying the insurance policies with SPP. The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. The Group has derived its interest rate from the Swedish market of covered mortgage bonds, with an extrapolated duration corresponding to the Group's pension obligations. The fair value of any plan assets is remeasured as of the reporting date.

Service cost is recognised as part of personnel expenses and net interest expenses are presented as part of finance costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The Swedish special salary taxes on pension costs (SLP) constitute part of the actuarial assumptions and is therefore recognised as part of the net pension defined benefit liability.

Swedish tax on returns from pension funds is recognised on an ongoing basis

in profit or loss for the period in which the tax relates and is therefore not included in the liability calculation. The tax relates to a hypothetical return on plan assets determined for tax purposes only and is recognised in other comprehensive income. In the case of unfunded or partially unfunded plans, the tax is included in the profit or loss for the year.

#### *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### **2.16 Provisions**

Provisions for restructuring and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions include termination benefits related to personnel. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## 2.17 Share-based payments

The Group has share-based incentive plans which include incentives paid as shares or in cash. The benefits granted in accordance with the incentive plan are valued at fair value at the grant date and are expensed on a straight-line basis over the vesting period.

The fair value of the equity-settled incentives is the market value at the grant date. The share-based payments settled with equity instruments are not revalued subsequently, and cost from these arrangements is recognised as an increase in equity. Share based incentive plans are treated as equity settled and the cost is recognised based on gross amount of the shares despite the fact that the employee receives net amount of the shares and the Group pays the portion needed to cover withholding tax in cash to tax authorities. The tax expense paid to tax authorities is recognised as a deduction from the equity. The cash-settled share-based incentives are valued at fair value at the end of each financial reporting period until the settlement date and recognised as a liability. The expensed amount of the benefits is based on the group's estimate of the amount of benefits to be paid at the end of the vesting period. Market conditions and non-vesting conditions are considered in determining the fair value of the benefit. Instead, the non-market criteria, such as profitability or increase in sales, are not considered in measuring the fair value of the benefit but taken into account when estimating the final amount of benefits. The group updates the estimate of the final amount of the benefits at every financial reporting end and recognises changes in estimates through the statement of income.

## 2.18 Revenue recognition

Asiakastieto Group provides information services. The majority of revenue is transaction based generated from the delivery of individual pieces or bundles of credit, business and market information. The information is collected by the Group from several data sources, e.g. its customers, trade registers, population registers and real estate registers, processed or refined by the Group and made available to the customers mainly through online facilities.

The major sales transactions are derived from the following business areas and performance obligations.

### *Risk Decisions:*

Companies engaging in corporate and consumer business use decision services and solutions for general risk management, credit risk management, financial management, customer acquisition, decision-making, fraud and credit loss prevention as well as for gaining knowledge of and identifying their customers. The Risk Decisions revenue stream includes three main types of performance obligations which are online services (transactions), customised service packages for online services and customer projects.

Online services (transactions) are information services typically delivered as reports, bundles of information or individual pieces of information when, and if, the customer orders. Order and delivery are usually performed simultaneously. Despite of the physical form of a report that Asiakastieto delivers to customer Asiakastieto considers that the nature of its performance is a service as a report consists of information that is valid only at the time it is extracted/issued. Revenue is recognised at the point in time when the performance obligation is satisfied by the delivery of information.

Customised service packages include in practice an unlimited number volume of transactions, of predetermined information services for the contract period delivered to customer whenever needed. The services in the customised packages are substantially the same and have the same pattern of transfer to the customer. The agreements include fixed charges i.e. minimum charges irrespective of the customer's actual use of the inquiry based services. Asiakastieto Group has concluded that it provides a series of distinct services (i.e. stand ready to deliver). Therefore, a customised service package contract includes one performance obligation which is recognised as revenue over time on a straight-line basis. Orders outside the service package, if any, are separate performance obligations. If customer orders additional reports or information the promises in additional orders are distinct performance obligations with stand-alone selling prices and are recognised as revenue as separate contracts.

Asiakastieto Group also provides customer specific projects. The scope of work is defined on a contract-by-contract basis. These contracts may include several deliverables such as different types of formulas to calculate the credit rating of private customers for consumer credit or mortgage loans. Each of the deliverables is a distinct performance obligation. Contracts for customer projects are analysed sep-

arately to conclude whether revenue is recognised over time or at the point in time due to customised contract terms. Projects may include subsequent services linked to the formula such as input data for the formulas or support service. Revenue from services provided after the customer project, i.e. support and maintenance services for the formulas created in the customer project is recognised over time.

Asiakastieto management has used judgement in online services contracts including a fixed access fee that do not transfer a promised good or service to the customer. These fixed access fees are advance payments for online services (transactions) and should be recognised based on the satisfaction of the underlying performance obligation i.e. allocated to each piece of delivered information. Instead, these fixed fees have been recognised as revenue linearly over the term of the contract for simplification reasons. As the volume of delivered online services (transactions) under these contracts do not vary significantly during the year, the over time revenue recognition has been judged reasonable by management.

#### *Customer Data Management:*

Customer management services help sales and marketing professionals to improve the efficiency of their work and to boost customer management by providing target group tools, services for surveying potential customers, register updates and maintenance, as well as various target group extractions.

Performance obligations related to Customer Data Management services are each of the services provided e.g. a service that alerts of changed information of selected entities or a service which enables the customer to do searches of entities by selected criteria such as location or line of business. Revenue from these services are recognised over time on a straight-line basis. If customer orders additional reports or information the promises in the additional orders are distinct performance obligations with stand-alone selling prices and they are recognised as revenue as separate contracts.

#### *Digital Processes:*

Services in this business area include, among others, real estate and apartment information, information about buildings and their valuation as well as solutions that help customers to automate their collateral management processes and digitalise the administration of housing purchases. Services of the business area

are also used for compliance purposes, for instance to identify companies' beneficial owners and politically exposed persons. The Digital Processes revenue stream includes two main types of performance obligations which are online services (transactions) and service packages.

Online services (transactions) are information services typically delivered as reports, bundles of information or individual pieces of information when, and if, the customer orders. Order and delivery are usually performed simultaneously. Despite of the physical form of a report that Asiakastieto delivers to customer Asiakastieto considers that the nature of its performance is a service as a report consists of information that is valid only at the time it is extracted/issued. Revenue is recognised at the point in time when the performance obligation is satisfied by the delivery of information.

For service packages, each of the services provided is a performance obligation e.g. a drafting service, property valuation service, or digitalised residential sale process, which are available to customers on when and if needed basis. Drafting service provides tools to use the authority's e-service effectively such as contract templates. Digitalised residential sale process enables banks and realtors to communicate through a portal and collect all the information that is exchanged between banks and realtors throughout the purchase and sales process. Revenue from these services are recognised over time on a straight line basis.

#### *SME and Consumers:*

Digital services for small and micro companies with easy-to-use applications and user interfaces for the evaluation of risks and sales potential, acquisition of other relevant information on customers and business partners and proof of own creditworthiness. Services for consumers help consumers to understand and better manage their finances, while simultaneously protecting them from identity theft and fraud. SME and Consumers revenue stream has two main type of performance obligations.

Performance obligation is the deliverable provided e.g. analysis of entity's credit rating or a certificate of entity's payment behaviour of which each is a distinct performance obligation. Revenue is recognised when the control transfers to customer at the point in time, when the ordered certificate or analysis is delivered to customer.

Standardised service packages for online services include unlimited number of predetermined information services provided whenever needed during the contract period. The services in the standardised packages are substantially the same and have the same pattern of transfer to the customer. Asiakastieto Group has concluded that it provides a series of distinct services (i.e. stand ready to deliver) which is accounted for as one performance obligation. Revenue from standardised service package is recognised over time on a straight-line-basis. Orders outside the service package, if any, are separate performance obligations and recognised as revenue at the point in time, when the service is performed and delivered to the customer.

Private services include primarily ID security and blocking services i.e. notifying customers immediately if credit information is queried or changed. These services are delivered continuously over time and recognised as revenue over time on a straight-line basis.

The Group provides advertising services by providing advertisement space on its websites. The performance obligation is to publish the advertisement on Group's webpages during the contract period and the revenue is recognised over time on straight-line basis during the advertisement period.

The Group sells corporate and governmental reports with market industry information and regional reports published every three- or four-month period. The revenue is invoiced and recognised at the point in time of publication and delivery of each report.

Asiakastieto Group recognises as revenue transaction price to which Asiakastieto Group expects to be entitled in exchange for transferring goods and services to customer. Amounts collected on behalf of third parties e.g. value added taxes are excluded. Some of the Group's contracts include service level agreements (SLA) which include penalties to be paid, if the provided services are not in accordance with the agreed service level. As penalties have not realised in the past, management has concluded that even though the contracts include a variable consideration, it is highly unlikely that a significant reversal of revenue will occur in the future. Therefore, penalties have not been deducted from transaction price. Telephone sales to small and micro companies have resulted in reversals of revenue in the past. The time between issue of invoice and issue of credit note is on average two months. Based on historical data, and in the absence of indica-

tors that future reversal rate should change, the Group has adjusted transaction prices for the latest two months' telephone sales. The accrual effect on revenue in the financial statement as of 31 December 2018 is EUR 14 thousand.

Private customers, and entities ordering one-off analyses and certificates through Group's online facilities, are typically charged directly through the customers' credit cards on the web site as order is placed. The corresponding service is provided immediately or within days of the payment. Majority of corporate customers are invoiced as services have been transferred to customer or on a monthly basis. Typical payment terms are from 14 to 30 days. The Group also provides some continuous services with a fee invoiced yearly, twice a year, quarterly or monthly which indicate that the transaction price includes financing component. As the Group applies the practical expedient for significant financing components the Group does not adjust transaction price for effects of time value of money when it expects that the period between transferring the promised good or service to a customer and the customer paying for that good or service will be one year or less. Customer specific projects have milestone payments but timing difference between payments and revenue recognition do not typically exceed one year. The yearly fees and milestone payments related to projects result in recognising contract assets or contract liabilities depending on timing of invoicing. The yearly fees and milestone payments are invoiced either in advance, during the contract period or after providing the service. A contract asset is recognised, if fee is not invoiced as the services are provided. Contract assets are transferred to account receivables as the underlying services have been invoiced. Contract liability i.e. advances received is recognised if payment is received prior to providing the underlying services. Contract liabilities are recognised as revenue when the underlying services have been provided.

#### *Principal agent considerations*

Asiakastieto Group's revenue is generated from the sale of credit, business and market information which is collected by the Group from several data sources e.g. its customers, trade register, population register and real estate register. Most of the information is processed or refined by the Group and stored in Group's databases. The management has analysed whether Asiakastieto Group acts as a principal or as an agent related to the information sold. For majority of the information sold to

customers the Group takes control over the information collected, has discretion in establishing selling prices and has the primary responsibility for the information provided. Therefore, the management has concluded the Group to act as principal to most of its information services. However, within the Digital Processes online services the Group also provides its customers official reports derived from authority's register at customer's request. The official reports are purely forwarded to customers as pdf files with no data input or modification by Asiakastieto Group and pricing is set by the authority. Asiakastieto Group has concluded that it does not have control over the official reports and acts as an agent in the arrangement and recognises revenue from the official reports as net amount.

#### Contract costs

Asiakastieto Group pays sales commission to external and internal sales persons when obtaining a contract. The Group applies the practical expedient, if amortisation period of the asset would be one year or less, and does not capitalise the costs but recognises incremental costs of obtaining a contract as expenses when incurred.

#### 2.19 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. In addition the Group has analysed that certain of its IT contracts include a lease agreement for the equipment. In these lease agreements the control of the leased equipment as transferred to the Group based on the IT agreement. These rent agreement components are accounted for as operating leases. Asiakastieto Group leases certain office equipment, and these leases are classified as operating leases.

The group has rented its office premises. These leases are presented in non-cancellable leases.

Leases where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each

lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term. Leased company cars of the group subsidiaries in Sweden are treated as finance leases.

#### 2.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

#### 2.21 Operating profit (EBIT)

IAS Standard 1 Presentation of Financial Statements does not define operating profit. The Group has defined the concept as follows: operating profit is the net total which is formed when other operating income is added to net sales and the following items are detracted: the cost of materials and services, personnel expenses, other operating expenses, the cost adjustment of work performed by the entity and capitalised, depreciation, amortisation and potential impairment loss. All other items of the income statement are presented below the operating profit line.

### 3 Critical accounting estimates and judgements

The management of Asiakastieto Group makes estimates and assumptions concerning the future as well as exercises judgement in applying the accounting principles when preparing financial statements. Estimates and judgements are continually evaluated and they are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have



a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### 3.1 Segment reporting and goodwill allocation

The management of Asiakastieto Group has used judgement when determining operating segments and allocating goodwill for impairment testing purposes. Areas requiring judgement in applying the requirements of IFRS 8 Operating segments, and IAS 36, Impairment of assets, have been the decisions made and reports used when managing the Group and the expected synergy benefits. Applying the judgement, the management of Asiakastieto Group has determined that the Group has a single operating segment and goodwill is allocated for goodwill impairment testing purposes to cash-generating units Finland and Sweden.

### 3.2 Assumptions used for impairment testing of goodwill

The Group's goodwill amounted to EUR 348,7 million (EUR 118,4 million) as at 31 December 2018. Asiakastieto Group tests the carrying value of goodwill annually or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. For the purpose of impairment testing, goodwill is allocated to the Group's two cash-generating units (Finland and Sweden). The recoverable amount of the Group's cash-generating units has been determined based on value-in-use calculations, which require the use of estimates including projected future cash flows, estimates of discount rate and development of economy in Finland and Sweden. See also note 15 Intangible assets.

### 3.3 Business combinations

Net assets acquired in business combinations are measured at fair value. Measurement of fair values of the acquired net assets are based on market values of similar assets or estimates of expected cash flows (e.g. intangible assets like customer relationships, technology and trademarks). The management of Asiakastieto Group has exercised judgement and made assumption when determining fair values of the acquired intangible assets that are based on assumptions and estimates on expected long-term development of net sales and profitability, useful lives of the assets and discount rates. The management believes that the estimates and assumptions used are sufficiently reliable for determining fair values.

### 3.4 Accounting for the shareholder agreement

Asiakastieto Group Plc is a party in a shareholder agreement, which concerns the control of UC's credit register and credit register information, as the company owned jointly by the sellers received, as part of the transaction, a small number of UC's B shares, granting their holders certain administrative rights. The B shares do not entitle to dividends or UC's result or balance sheet. Furthermore, according to UC's Articles of Association, among others, certain resolutions concerning the credit register and credit register information require a unanimous decision of the Board of Directors and the requirement for the making of such a decision at UC's General Meeting is that the minority shareholders vote in favour of the decision. The management of Asiakastieto Group has used judgement when reporting the B shares as a non-controlling interest.

### 3.5 Share-based payments

Long-term incentive plans for the management of Asiakastieto Group are included in the scope of IFRS 2 Share-based Payment. In order to recognise the expense, Group must measure grant date fair values for the benefits. Market based condition (TSR) included in the incentive plans is included in the grant date fair value calculation. In addition, management judgment is used in classification of share-based payment plans to cash-settled, equity-settled or combination of both. A long-term incentive plans for the management and their impact on the financial statements are disclosed in note 28 Related Parties.

### 3.6 Capitalised development expenses

Costs incurred in the development phase of an internal project are capitalised as intangible assets if a number of criteria are met. The management has made judgements and assumptions when assessing whether a project meets these criteria, and on measuring the costs and the economic life as well as the future cash inflows generated by the development projects. Expected returns from capitalised development projects involve estimates and judgement from the management about the future net sales and related costs. These estimates involve risks and uncertainties and it is possible that, following changes in circumstances, expected returns from capitalised development projects change.

Asiakastieto Group assesses indications of impairment for capitalised devel-

opment projects. The value for capitalised development projects may decrease, if the expected returns from new services change. See also note 15 Intangible assets.

### 3.7 Recoverability of deferred tax assets

Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on the management's estimates of future cash flows. Estimates of these future cash flows are dependent on the management's estimates that relate among others to the amount of future net sales, operating costs and finance costs. The Group's ability to generate taxable income depends also on factors related to general economy, finance, competitiveness and regulations beyond the Group's control. These estimates and assumptions are subject to risk and uncertainty, hence it is possible that changes in circumstances will alter expectations. This may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of temporary differences. Deferred tax assets that comprise mainly non-deductible net interest expenses that can be deducted from the following years' taxable income, amounted to EUR 1 127 thousand (EUR 1 647 thousand) at 31 December 2018. Deferred tax liabilities relating to other intangible assets recognised at acquisition amounted to EUR 25 482 thousand (EUR 0) at 31 December 2018. See also note 25 Deferred tax assets and liabilities.

### 3.8 Defined benefit pension obligations

Recognition of defined benefit pension obligation and plan assets are based on the actuarial calculations. The actuarial calculations require assumptions on the discount rate used, future inflation rate, mortality and salary increases. The actual outcome may deviate from the assumptions used, which may result in changes in the carrying values of defined benefit pension items. See also note 22 Pension liabilities.

## 4 Financial risk management

### 4.1 Financial risk factors

Asiakastieto Group's activities expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's finance function under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, use of derivative financial instruments, and investment of excess liquidity.

#### 4.1.1 Market risk

##### *Cash flow and fair value interest rate risk*

Asiakastieto Group's interest rate risk arises from long-term interest-bearing liabilities amounting to EUR 170,1 million (EUR 69,8 million) at 31 December 2018 and all of which were issued with variable rates. Interest-bearing liabilities issued at variable interest rates expose the Group's cash flow to interest rate risk. The rise in interest rates may affect the cost of available financing and the Group's current financing costs. Loans are denominated in euros and Swedish kronas. The Group does not hedge against cash flow interest rate risk. See also note 23 Interest-bearing liabilities.

At 31 December 2018, if interest rates on interest-bearing liabilities had been 50 basis points higher with all other variables held constant, profit before tax for the year would have been EUR 251 thousand (EUR 355 thousand) lower as a result of higher interest expense on variable interest rate interest-bearing liabilities. Interest rate sensitivity has been calculated by increasing the interest curve by 50 basis points (due to low market interest environment the lower scenario has not been presented). The interest position includes all external variable interest rate interest-bearing liabilities.

##### *Currency risk*

The Group is exposed to currency fluctuations, especially in relation to the Swedish krona. The objective of currency risk management is to reduce the uncertainty arising from the potential impact of fluctuating exchange rates on the value of

the future cash flows, receivables, liabilities and other balance sheet items.

Transaction risk arises from the foreign currency cash flows related to business operations and financing when transactions are carried out in a currency other than the functional currency of each group company. The Group operates in Finland and Sweden, which is why its net sales are generated mainly in Swedish kronas. Currently no currency derivatives are used to hedge against transaction risks in business operations but risks are minimised by operational means. As the sales and purchases are mainly generated in the functional currency of each group company, the Group has not been exposed to a significant transaction risk.

The Group's operating result is particularly exposed to a translation risk related to foreign exchange rates arising from the translation of the income statements and balance sheets of foreign subsidiaries into the Group's presentation currency of Group's financial statements, euros. Euro is also the functional currency for Asiakastieto Group Plc. The Group mainly uses operational means to minimise the negative impacts of the currency rate fluctuations. The Group aims to finance its Swedish operations in Swedish krona, in order to cover the changes in operating profit due to exchange rate fluctuations partly in changes in finance costs.

Under normal circumstances, the Group does not use foreign currency derivative instruments to hedge against translation risks but the Group applies hedge accounting of net investment in a foreign operation for the loan. In October 2018, the parent company has entered into a bank loan of EUR 63,6 million which is denominated in Swedish kronas (SEK). The loan has maturity date of 18 October 2023. The loan was drawn to finance an equity investment to be made in the Swedish subsidiary and its spot rate has been designated as a hedge of the net investment in this subsidiary. No ineffectiveness was recorded from net investments in foreign entity hedges.

The impacts of the foreign currency denominated loan designated as a net investment hedge to the Group's financial position and profit for the period were as follows:

### 31.12.2018

EUR thousand (unless otherwise stated)	31.12.2018
Net investment in foreign operation	
Carrying amount (bank loan)	64 506
SEK carrying amount (thousand)	661 491
Hedge ratio	1:1
Change in carrying amount of bank loan as a result of foreign currency movements since 25 October 2018 (recognised in OCI)	-858
Change in value of hedged item used to determine hedge effectiveness	858
Weighted average hedged rate for the year (EUR / SEK)	10,2975

### 4.1.2 Credit risk

The Group is exposed to credit and counterparty risks through outstanding receivables from customers and cash balances. Credit and counterparty risks occur when counterparties are unable or unwilling to fulfill their obligations.

Credit risk is managed in the Group's finance function which is responsible for preparing the credit policy complied in Asiakastieto Group. The Group assesses the creditworthiness of a new customer, taking into account mainly its financial position and available past experiences for the customer. When the credit risk is assessed high, a guarantee payment is requested. The amount of guarantee payments received was immaterial for the periods presented. The Group's client base is widespread hence there are no large concentrations of credit risk. Majority of the clients are companies and the amount of consumers is in minority.

The Group holds excess cash (bank accounts and short-term deposits) with financial institutions whose credit rating is minimum 'A'. The Group's outstanding receivables are not exposed to significant credit risk and its credit losses have been small. See also note 18 Account and other receivables.

In accordance with the accounting policies, the Group applies a simplified approach to the recognition of expected credit losses, according to which expected credit losses on any trade receivables and contract assets can be recognised for the entire validity period according to the delay of payment and different types of trade receivables.

The loss-related deductible item on 31 December 2018 and 1 January 2018 (in connection with adopting IFRS 9) was specified as follows for trade receivables and contract assets:

**31.12.2018**

EUR thousand	Not due	Due 1-30 days	Due 31-60 days	Due 61-90 days	Due 91-180 days	Due 181-360 days	Due over 360 days	Total
Expected loss rate	0,07 %	1,30 %	10,00 %	15,00 %	20,00 %	50,00 %	100,00 %	
Gross carrying amount – account receivables	6 399	64	1	13	22	54	8	6 560
<b>Loss allowance</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>27</b>	<b>8</b>	<b>47</b>

**31.12.2018**

31.12.2018		Due 1-30 days	Due 31-60 days	Due 61-360 days	Due over 360 days	
EUR thousand	Not due					Total
Gross carrying amount – account receivables	6 322	3 036	282	155	11	9 806
Loss allowance	-	22	-	48	9	79

**1.1.2018**

EUR thousand	Not due	Due 1-30 days	Due 31-60 days	Due 61-90 days	Due 91-180 days	Due 181-360 days	Due over 360 days	Total
Expected loss rate	0,07 %	1,30 %	10,00 %	15,00 %	20,00 %	50,00 %	100,00 %	
Gross carrying amount – account receivables	5 510	892	32	9	-8	9	7	6 450
<b>Loss allowance</b>	<b>4</b>	<b>12</b>	<b>3</b>	<b>1</b>	<b>-2</b>	<b>5</b>	<b>7</b>	<b>30</b>

The closing loss allowances for account receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

EUR thousand	Account receivables 2018
<b>31.12.2017 – calculated under IAS 39</b>	-
Amounts restated through opening retained earnings	30
<b>Opening loss allowance as at 1.1.2018 – calculated under IFRS 9</b>	<b>30</b>
Increase in account receivables loss allowance thru acquisition	45
Increase in account receivables loss allowance recognised in profit or loss during the year	108
Receivables written off during the year as uncollectible	-57
<b>31.12.2018</b>	<b>126</b>

#### 4.1.3 Liquidity risk

The Group's ability to finance its operations depends mainly on the amount of cash flows from operations and the sources of financing available.

Cash flow forecasting is performed on group basis. The Group finance function monitors Asiakastieto Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed loan facilities at all times so that the Group does not breach loan limits or covenants. At 31 December 2018 the Group has undrawn interest-bearing facilities of EUR 10 million (EUR 5 million). The net debt position of the Group is considered in the forecasts.

In October 2018, Asiakastieto Group has arranged term loan and credit facility agreement with Danske Bank A/S, OP Yrityspankki Plc and Nordea Bank Plc for the total value of EUR 180,0 million. The arrangement consists of EUR 160,0 million term loan and EUR 20,0 million revolving credit facility. In accordance with the term and conditions of the loan agreement, the company drew down the term loans partially in euros and partially in Swedish kronas. The loans will mature to be paid in one installment in October 2023. See more information on note 23 Interest-bearing liabilities.

The loan from a financial institution includes a financial covenant that is net debt to EBITDA, calculated as defined under the financing agreement. The covenants are monitored on a quarterly basis. Group's net debt to EBITDA adjusted in accordance with terms and conditions of the loan agreement was 3,4 (2,1) as at 31 December 2018. According to the financing agreement, the covenant limit for the financial year of 2018 was 4,5 and for the financial year 2017 3,5. The Group has met all covenant requirements during the periods presented.

All Group excess cash is placed in bank or short term investments with suitable maturity and which enable sufficient liquidity. Group has not made any short term investments in 2018 or 2017.

The table below shows future repayments, interest expenses and capitalised interest expenses of the Group's financial liabilities divided into maturity groupings

based on the remaining contractual maturity at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

#### 31.12.2018

EUR thousand	Under 1 year	1-2 years	2-5 years	Total
Loans from financial institutions	2 515	2 456	177 853	182 823
Finance lease liabilities	130	166	98	394
Account payables	5 999	-	-	5 999
<b>Total</b>	<b>8 643</b>	<b>2 622</b>	<b>177 951</b>	<b>189 215</b>

#### 31.12.2017

EUR thousand	Under 1 year	1-2 years	2-5 years	Total
Loans from financial institutions	958	70 869	-	71 827
Account payables	2 032	-	-	2 032
<b>Total</b>	<b>2 990</b>	<b>70 869</b>	<b>-</b>	<b>73 859</b>

#### 4.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns and increase in value of invested capital for shareholders.

The Group defines the capital as including equity and loans from financial institutions. The capital ratios are monitored by the equity ratio and net debt of which net debt is the most important ratio followed by the Group. Net debt is calculated as loans from financial institutions (included in 'current and non-current interest-bearing liabilities') less short-term deposits and cash in hand and at banks. The management does not have a target level for net debt but follows it regularly.

The table below shows the net debt position at reporting date.

EUR thousand	31.12.2018	31.12.2017
Loans from Financial institutions	169 849	69 775
Finance lease liabilities	394	-
Cash and cash equivalents	33 215	18 919
<b>Net debt</b>	<b>137 028</b>	<b>50 857</b>



Net debt reconciliation which presents the movements of cash flows and other movements has been presented below:

EUR thousand	Cash	Finance lease under 1 year	Finance lease over 1 year	Loans over 1 year	Total
Net debt 1.1.2017	22 632	-	-	-69 661	-47 029
Cash flow	-3 713	-	-	-	-3 713
Other adjustments	-	-	-	-114	-114
<b>Net debt 31.12.2017</b>	<b>18 919</b>	<b>-</b>	<b>-</b>	<b>-69 775</b>	<b>-50 857</b>
Cash flow	66	53	7	-99 573	-99 447
Acquisitions	13 919	-180	-266	-	13 473
Exchange rate adjustments	311	-3	-5	-858	-554
Other adjustments	-	-	-	357	357
<b>Net debt 31.12.2018</b>	<b>33 215</b>	<b>-130</b>	<b>-264</b>	<b>-169 849</b>	<b>-137 028</b>

## 5 Acquisitions

### Purchase of shares in UC AB

On 24 April 2018, the Board of Directors of Asiakastieto Group Plc and the then-owners of UC AB announced that they had agreed on the combination of the companies. Pursuant to the terms of the combination agreement, Asiakastieto Group Plc acquired on 29 June 2018 the entire share capital of UC AB for a total consideration of EUR 338,9 million. The consideration consisted of EUR 98,8 million in cash and 8 828 343 newly issued shares in the Company.

UC AB is one of the leading business and credit reference agencies in Sweden. The company provides refined business information and comprehensive credit reports that enable companies and private individuals to make more reliable business decisions. The clientele includes companies, private individuals and the public sector. The company has over 300 employees in Stockholm, Gothenburg, Malmö, Örebro and Östersund. After the completion of the transaction, UC became a subsidiary of Asiakastieto Group Plc, and it continues to operate as its own company.

The Group has carried out an allocation of the consideration for intangible assets identified and recognised in the acquisition. Of the purchase consideration,

EUR 20,3 million was allocated to customer relations, which will be amortised in 8–20 years, EUR 31,0 million to trademarks, which will be amortised in 15 years, and EUR 65,4 million to technology, which will be amortised in 5–12 years. The fair value of the acquired accounts receivable was EUR 10,5 million, which corresponded to their book value at the time of acquisition. The accounts receivable are expected to be collectable in their entirety. Goodwill resulting from the acquisition amounted to EUR 227,0 million. Goodwill is not deductible in taxation.

Goodwill recognised in connection with the acquisition consists of expected synergies focused on customer relations of the acquired subject and the acquiring party, technology and cost structure, future income based on the knowhow of the subject and new technologies based on existing technologies, future income expected from new customer relations, and knowhow and abilities of the personnel of the subject of acquisitions.

UC's balance sheet has been consolidated with Asiakastieto Group's balance sheet starting from 30 June 2018, and the figures of the income statement from

1 July 2018. At the moment of acquisition, there were no material mutual business operations between the Group and the acquired company that should have been taken into account in the combination of the businesses.

The consolidated income statement includes EUR 36,6 million in UC AB's post-acquisition net sales and EUR 0,8 million in UC AB's profit. The full-year net sales of the Group created by the acquisition would have amounted to EUR 134,3 million and profit for the period EUR 12,9 million if the business combination had taken effect at the beginning of the financial year 2018.

### Consideration transferred

#### EUR thousand

Cash paid	98 800
Consideration shares	240 131
<b>Total cost of acquisition</b>	<b>338 931</b>

### Net assets acquired

#### EUR thousand

Customer base	20 294
Trademarks	30 993
Technology	65 410
Other intangible assets	11 991
Property, plant and equipment	1 431
Accounts receivable and other receivables	14 190
Cash and cash equivalents	13 919
Deferred tax liabilities	-26 036
Interest-bearing liabilities	-446
Pension liabilities	-3 807
Advances received	-5 237
Accounts payable and other payables	-10 738
Net assets acquired	111 965
Share of equity held by non-controlling interests	0
	<b>111 965</b>

### Goodwill arising from business combination

#### EUR thousand

Consideration transferred	338 931
Net assets acquired	111 965
<b>Goodwill</b>	<b>226 966</b>

### Effects of acquisition on cash flow

#### EUR thousand

Purchase price paid in cash	-98 800
Cash and cash equivalents of the acquired entity	13 919
	<b>-84 881</b>

Expenses of EUR 7,3 million relating to the acquisition of UC shares and the integration of the companies were recognised in under the item "other operating expenses" in the consolidated profit and loss statement. The expenses are mainly linked with expert fees for the purchase of the shares and transaction.

### *Provisions of the Articles of Association concerning the credit register and credit register information and shareholder agreement*

Asiakastieto Group Plc and the sellers concluded a shareholder agreement concerning the control of UC's credit register and credit register information, as the company owned jointly by the sellers received, as part of the transaction, a small number of UC's B shares, granting their holders certain administrative rights. The B shares do not entitle their holders to dividends or UC's result or balance sheet. Furthermore, UC's Articles of Association stipulate that, among others, certain resolutions concerning the credit register and credit register information require a unanimous decision of the Board of Directors and the requirement for the making of such a decision at UC's General Meeting is that the minority shareholders vote in favour of the decision. These requirements are applied to changes containing a risk that UC is, from time to time, not able to fulfil its legal obligations and/or contractual obligations concerning, among others, the use, availability or processing of the credit register or credit register information, secured distribution of credit register information and the interface used for the delivery of credit infor-

mation. Asiakastieto Group has further undertaken not to transfer UC's shares to any other party, unless such a party is in possession of sufficient capacities and unless the party does not commit to the same restrictions as Asiakastieto Group in relation to the credit register and credit register information. The purpose of these arrangements has been to ensure the maintenance of the credit register and the control of credit register information provided by the sellers.

### Purchase of shares of Emleri Oy

Asiakastieto Group Plc acquired the entire capital stock of Emleri Oy, a provider of services in electronic communications and marketing established on 30 September 2017 through a division from Websonic Oy, with an agreement signed on 28 September 2017. The transaction entered into force on 1 October 2017. The transaction price was EUR 6,5 million, with EUR 0,4 million of the total transaction price paid as a post-transaction price on 1 October 2018 and EUR 0,3 million of the total transaction price as a post-transaction price on 1 October 2019.

The consolidated income statement for the financial year 2017 includes EUR 0,4 million in Emleri Oy's post-acquisition net sales and EUR 0,2 million in Emleri Oy's profit.

Based on the purchase price allocation calculation EUR 2,0 million were allocated to customer base, which will be depreciated in 8 years, and EUR 0,4 million to IT systems, which will be depreciated in 5 years. The acquisition generated goodwill of EUR 4,5 million. Expert fees of EUR 0,1 million relating to the purchase of the shares and carrying out the transaction and asset transfer tax expenses of EUR 0,1 million for the share purchase transaction were recognised as expenses in the financial year 2017.

Emleri Oy was consolidated into the Group's accounts effective from 1 October 2017. The consolidated income statement for the financial year 2017 includes EUR 0,4 million in Emleri Oy's post-acquisition net sales and EUR 0,2 million in Emleri Oy's profit.

### Asset deal

Asiakastieto Group outsourced by asset deal functions related to financial statements information and financial statements analysis to BSH Partners Oy from 1 January 2017. The change concerned 12 employees and it has no major financial impact.

## 6 Net sales

### Net sales by market area

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Finland	56 405	52 478
Sweden	36 077	-
Other EU countries	1 424	1 674
Other countries	4 229	2 049
<b>Total</b>	<b>98 135</b>	<b>56 201</b>

### Net sales by products and services

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Risk Decisions	65 192	38 503
Customer Data Management	7 391	4 723
Digital Processes	6 337	4 537
SME and Consumers	19 216	8 438
<b>Total</b>	<b>98 135</b>	<b>56 201</b>

On 20 June 2018, the Board of Directors of Asiakastieto Group decided on a new organisational structure. From 1 July 2018 onwards, Asiakastieto Group's new organisation consists of two types of units: business areas and functional units supporting the business. Net sales figures are presented for both the reporting year and the comparison year using these new business areas.

The growth in net sales resulted mainly from the consolidation of UC's figures into the Group from 1 July 2018, the favourable development of consumer-related risk management services, customers' interest in the company's new products and services, and the consolidation of Emleri Oy's figures into the Group from 1 October 2017.

In conjunction with the adoption of IFRS 15, Asiakastieto Group specified the recognition of revenue from customer-specific projects to better correspond to the standard's definition of the timing of the transfer of control of a service to the customer. The effect of the adoption of IFRS 15 on the Risk Decisions business area's net sales for the financial year was EUR 117 thousand.

Net sales for the financial year 2018 included EUR 516 thousand (EUR 421 thousand) revenue from long-term client specific projects which is recognized using method of measuring progress toward complete satisfaction of performance obligation.

## 7 Other operating income

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Capital gains from the sale of property, plant and equipment	71	168
Grants	5	18
Other operating income	10	21
<b>Total</b>	<b>86</b>	<b>208</b>

## 8 Materials and services

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Purchases during the financial year	-16 416	-10 024
External services	-1 918	-1 940
<b>Total</b>	<b>-18 334</b>	<b>-11 963</b>

## 9 Personnel expenses

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Salaries and benefits <sup>1</sup>	-20 172	-10 445
Pension costs – defined contribution plans	-3 270	-1 821
Pension costs – defined benefit plans <sup>2</sup>	-159	-
Social security costs	-3 162	-369
<b>Total</b>	<b>-26 763</b>	<b>-12 635</b>

<sup>1</sup> For the financial year 2018 the personnel expenses include an accrued cost of EUR 415 thousand from the management's long-term incentive plan and for the financial year 2017 EUR 464 thousand.

<sup>2</sup> More information on pension costs in note 22 Pension liabilities.

## Salaries and benefits of the management

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Salaries and benefits	-3 769	-1 853
Pension costs – defined contribution plans	-9	-9
<b>Total</b>	<b>-3 777</b>	<b>-1 862</b>

Specification of salaries and benefits to the management is included in note 28 Related parties.

## Number of personnel on average

Employees	1.1.–31.12.2018	1.1.–31.12.2017
Full-time	305	148
Part-time and temporary	10	5
<b>Total</b>	<b>315</b>	<b>153</b>

Asiakastieto Group outsourced functions related to financial statements information and financial statements analysis effective from 1 January 2017. The change concerned 12 employees and it had no major impact on expenses. Five employees were transferred to the Group as a result of the Emaileri Oy acquisition in October 2017, and 344 employees were transferred to the Group in June 2018 as a result of the UC acquisition.

On 14 August 2018, Asiakastieto Group Plc announced its plans to reorganise its operations both in Finland and Sweden to gain efficiencies. On 24 September 2018, Asiakastieto Group finalised negotiations with employee representatives, as required by Finnish and Swedish legislation, pertaining to the planned new organisation. The planned gross headcount decrease was achieved in accordance with the stock exchange release issued on 14 August 2018 in three ways: natural attrition, retirement and redundancies. The gross headcount decreased by approximately 40 positions during the year.

## 10 Other operating expenses

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Other employment expenses	-1 089	-919
Expenses related to premises	-2 083	-830
Marketing expenses	-1 669	-720
Paid commissions on sales	-1 732	-1 090
Office expenses	-1 207	-759
IT expenses	-9 160	-2 324
Purchased services	-9 292	-1 644
Other expenses	-1 822	- 469
<b>Total</b>	<b>-28 055</b>	<b>-8 756</b>

Breakdown of 2017 other operating expenses has been regrouped to correspond new grouping in 2018.

### Auditor's fee

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
PricewaterhouseCoopers Oy		
Statutory fees	-140	-78
Tax advisory	-119	-4
Other services	-777	-168
<b>Total</b>	<b>-1 035</b>	<b>-250</b>
KPMG AB		
Statutory fees	-66	-
Other services	-182	-
<b>Total</b>	<b>-248</b>	<b>-</b>

## 11 Depreciation and amortisation

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Amortisation on intangible assets	-8 990	-2 361
Depreciation on property, plant and equipment	-1 005	-713
<b>Total</b>	<b>-9 995</b>	<b>-3 074</b>

## 12 Finance income and expenses

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Finance income		
Interest income from loan and other receivables	2	3
Exchange rate profit	5	-
Other finance income	-	1
<b>Total finance income</b>	<b>7</b>	<b>4</b>
Finance expenses		
Interest expenses from financial liabilities at amortised cost	-1 972	-1 047
Net interest expenses relating to defined benefit pension plans	-56	-
Interest expenses for Finance lease liabilities	-3	-
Other interest expenses	-2	-1
Exchange rate loss	-50	-
Other finance expenses	-112	-28
<b>Total finance expenses</b>	<b>-2 195</b>	<b>-1 076</b>
<b>Total</b>	<b>-2 188</b>	<b>-1 072</b>

## 13 Income tax expenses

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Current tax on profits for the financial year	-3 598	-3 278
Change in deferred taxes	0	-839
<b>Total</b>	<b>-3 598</b>	<b>-4 117</b>



Income taxes recognised in consolidated income statement differ from the income taxes calculated using the Finnish tax rate as follows:

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Result before income tax	14 516	20 160
Tax calculated at Finnish tax rate	-2 903	-4 032
Differences in tax rates in foreign subsidiaries	-17	-
Other:		
Income not subject to tax	7	0
Non-deductible expenses	-684	-89
Tax losses for which deferred income tax asset was not recognised	-0	-0
Other items	-	4
<b>Total</b>	<b>-3 598</b>	<b>-4 117</b>

Finland introduced interest deduction limitation rules starting from 1 January 2014 limiting the deductibility of intra-group net interests. Interests from the Parent Company's loans were subject to these interest deductibility limitation rules. EUR 22 268 thousand of the Parent Company's net interest expenses for the financial year 2014 was non-deductible for tax purposes. As a result, the Parent Company generated taxable income against which previously unrecognised tax losses were utilised. This non-deductible net interest from the financial year 2014 is carried forward and can be deducted from the following years' taxable income. Net interest expense carry-forwards do not expire.

## 14 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share reflect the possible impact of the Group's management's long-term incentive plan.

	1.1.–31.12.2018	1.1.–31.12.2017
Profit attributable to the owners of the Parent Company (EUR)	10 918 320	16 042 852
Weighted average number of shares (number of shares)	19 603 022	15 102 178
<b>Basic earnings per share</b>	<b>0,56</b>	<b>1,06</b>
Management's incentive plan (number of shares)	46 465	64 095
Number of shares, weighted average diluted	19 649 487	15 166 273
<b>Diluted earnings per share</b>	<b>0,56</b>	<b>1,06</b>

## 15 Intangible assets

EUR thousand	Goodwill	Capitalised development and software costs	Trademarks	Allocations from business combinations	Work in progress and advances paid	Total
Cost at 1.1.2018	118 411	11 333	7	3 785	992	134 528
Additions thru business combinations	226 966	818	7	116 698	11 167	355 655
Additions	-	131	1	-	4 915	5 047
Disposals	-	-997	0	-	-389	-1 386
Reclassifications	-	6 223	2	-	-6 226	-
Translation differences	3 277	16	0	2 256	216	5 765
<b>Cost at 31.12.2018</b>	<b>348 654</b>	<b>17 524</b>	<b>16</b>	<b>122 738</b>	<b>10 676</b>	<b>499 609</b>
Accumulated amortisation at 1.1.2018	-	-4 677	-3	-352	-	-5 032
Disposals	-	997	0	-	-	997
Translation differences	-	-3	0	-54	-	-57
Amortisation for the financial year	-	-2 991	-3	-5 992	-	-8 986
<b>Accumulated amortisation at 31.12.2018</b>	<b>-</b>	<b>-6 674</b>	<b>-5</b>	<b>-6 398</b>	<b>-</b>	<b>-13 078</b>
Net book value at 1.1.2018	118 411	6 656	4	3 433	992	129 496
<b>Net book value at 31.12.2018</b>	<b>348 654</b>	<b>10 850</b>	<b>11</b>	<b>116 340</b>	<b>10 676</b>	<b>486 531</b>

EUR thousand	Goodwill	Capitalised development and software costs	Trademarks	Allocations from business combinations	Work in progress and advances paid	Total
Cost at 1.1.2017	113 872	9 075	8	1 353	1 302	125 611
Additions	4 539	132	-	2 432	2 793	9 895
Disposals	-	-863	-3	-	-112	-978
Reclassifications	-	2 990	1	-	-2 991	-
<b>Cost at 31.12.2017</b>	<b>118 411</b>	<b>11 333</b>	<b>7</b>	<b>3 785</b>	<b>992</b>	<b>134 528</b>
Accumulated amortisation at 1.1.2017	-	-3 463	-5	-54	-	-3 522
Disposals	-	848	3	-	-	851
Amortisation for the financial year	-	-2 062	-1	-298	-	-2 361
<b>Accumulated amortisation at 31.12.2017</b>	<b>-</b>	<b>-4 677</b>	<b>-3</b>	<b>-352</b>	<b>-</b>	<b>-5 032</b>
Net book value at 1.1.2017	113 872	5 612	3	1 300	1 302	122 089
<b>Net book value at 31.12.2017</b>	<b>118 411</b>	<b>6 656</b>	<b>4</b>	<b>3 433</b>	<b>992</b>	<b>129 496</b>

### Allocations from business combinations:

EUR thousand	31.12.2018	31.12.2017
Trademarks	30 518	-
Customer and contract database	21 749	2 244
IT systems, database and technology	64 073	1 189
<b>Total</b>	<b>116 340</b>	<b>3 433</b>

### Impairment test for goodwill

The management monitors business performance at Group level. The Group has two cash generating units, Finland and Sweden. The Group monitors goodwill at this level. EUR 175,8 million of goodwill has been recognised on the Finnish cash generating unit and EUR 172,8 million on the Swedish cash generating unit. The recoverable amounts of the company's cash generating units are based on value in use calculations. These calculations use cash flow forecasts for five years, based on forecasts approved by the management and determined before tax.

Key parameters affecting the forecasts are the development of net sales and the most important expense items. The forecasts take into account the Group's market position in its market areas and the general economic environment, as well as the realised development of the Group's cash generating units in the most important parameters affecting the forecasts. The average annual growths included in the forecasts do not exceed the Group's long-term goals in the forecast period. Cash flows that will be realised later than within five years are extrapolated using the estimated long-term growth rates presented below.

### The key assumptions used for value-in-use calculations are as follows

	31.12.2018	31.12.2017
Finland		
Long-term growth rate	1,5 %	1,0 %
Discount rate	7,3 %	7,0 %
Sweden		
Long-term growth rate	1,5 %	-
Discount rate	7,3 %	-

The discount rates used are pre-tax and reflect specific risks relating to the CGU. As part of the performance review the management has performed a sensitivity analysis around the key parameters. The results suggest that a situation in which the carrying value of goodwill and other assets under impairment testing would exceed the recoverable value is unlikely.

Changed parameters used in the sensitivity analysis were:

#### Finland:

- 10 %-point (10 %-point) decrease in annual net sales growth rate
- 5 %-point (5 %-point) decrease in annual EBITDA margin
- Pre-tax discount rate of 10,9 % (13,2 %)

#### Sweden:

- 5 %-point decrease in annual net sales growth rate
- 2,5 %-point decrease in annual EBITDA margin
- Pre-tax discount rate of 7,7 %

The sensitivity analysis did not indicate impairment, when the parameters above were changed one at a time, while others remained constant. If all the parameters above would be changed at the same time, the recoverable amount would equal the carrying value for the tested assets.

## 16 Property, plant and equipment

EUR thousand	Machinery and equipment	Leased machinery and equipment	Other tangible assets	Advances paid	Total
Cost at 1.1.2018	7 996	-	2	54	8 052
Additions thru business combinations	895	465	70	-	1 431
Additions	739	-	76	132	948
Disposals	-627	-12	-2	-1	-643
Reclassifications	185	-	-	-185	-
Translation differences	17	9	1	-	28
<b>Cost at 31.12.2018</b>	<b>9 206</b>	<b>462</b>	<b>148</b>	<b>-</b>	<b>9 815</b>
Accumulated depreciation at 1.1.2018	-6 054	-	-2	-	-6 056
Disposals	534	-	2	-	537
Translation differences	-1	-1	0	-	-2
Depreciation for the financial year	-928	-68	-13	-	-1 009
<b>Accumulated depreciation at 31.12.2018</b>	<b>-6 449</b>	<b>-68</b>	<b>-13</b>	<b>-</b>	<b>-6 530</b>
Net book value at 1.1.2018	1 942	-	-	54	1 996
<b>Net book value at 31.12.2018</b>	<b>2 757</b>	<b>394</b>	<b>134</b>	<b>-</b>	<b>3 285</b>

EUR thousand	Machinery and equipment	Leased machinery and equipment	Other tangible assets	Advances paid	Total
Cost at 1.1.2017	7 102	-	2	-	7 104
Additions	1 139	-	-	340	1 479
Disposals	-530	-	-	-	-530
Reclassifications	286	-	-	-286	-
<b>Cost at 31.12.2017</b>	<b>7 996</b>	<b>-</b>	<b>2</b>	<b>54</b>	<b>8 052</b>
Accumulated depreciation at 1.1.2017	-5 716	-	-	-	-5 716
Disposals	373	-	-	-	373
Depreciation for the financial year	-711	-	-2	-	-713
<b>Accumulated depreciation at 31.12.2017</b>	<b>-6 054</b>	<b>-</b>	<b>-2</b>	<b>-</b>	<b>-6 056</b>
Net book value at 1.1.2017	1 386	-	2	-	1 388
<b>Net book value at 31.12.2017</b>	<b>1 942</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>1 996</b>

## 17 Financial instruments

### Financial instruments by category

#### 31.12.2018

EUR thousand	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
<b>Assets as per balance sheet</b>			
Loan and other receivables	87	100	187
Account and other receivables	16 241	-	16 241
Cash and cash equivalents	33 215	-	33 215
<b>Total</b>	<b>49 543</b>	<b>100</b>	<b>49 643</b>

#### 31.12.2018

EUR thousand	Financial liabilities at amortised cost	Total
<b>Liabilities as per balance sheet</b>		
Interest-bearing liabilities	170 243	170 243
Accounts payable and other payables	6 761	6 761
<b>Total</b>	<b>177 004</b>	<b>177 004</b>

#### 1.1.2018

EUR thousand	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
<b>Assets as per balance sheet</b>			
Loan and other receivables	68	100	168
Account and other receivables	6 450	-	6 450
Cash and cash equivalents	18 919	-	18 919
<b>Total</b>	<b>25 437</b>	<b>100</b>	<b>25 537</b>

#### 1.1.2018

EUR thousand	Financial liabilities at amortised cost	Total
<b>Liabilities as per balance sheet</b>		
Interest-bearing liabilities	69 775	69 775
Accounts payable and other payables	2 499	2 499
<b>Total</b>	<b>72 275</b>	<b>72 275</b>



## 18 Accounts receivable and other receivables

EUR thousand	31.12.2018	31.12.2017
Account receivables	16 298	6 493
Prepaid expenses and accrued income	4 965	1 173
Accrued income from long-term client specific projects	225	272
Other receivables	96	-
<b>Total</b>	<b>21 583</b>	<b>7 939</b>
Amount recognised as actual credit loss	-57	-43
<b>Net carrying value</b>	<b>21 526</b>	<b>7 896</b>

The fair values of account and other receivables equal their carrying amount. The maximum exposure to credit risk is the carrying value of each receivable.

As at 31 December 2018, account receivables of EUR 3 645 thousand (EUR 939 thousand) were past due but not impaired. These relate to a number of individual customers.

The ageing analysis of account receivables is as follows:

EUR thousand	31.12.2018	31.12.2017
Not due	12 721	5 511
Overdue by		
Less than 1 month	3 100	880
1 – 3 months	358	51
3 months or over	187	8
<b>Total</b>	<b>16 366</b>	<b>6 450</b>
Loss allowance	-126	-
<b>Total</b>	<b>16 241</b>	<b>6 450</b>
Amount recognised as actual credit loss	57	43

As at 31 December 2018, account receivables of EUR 57 thousand (EUR 43 thousand) were recognized as actual credit loss. The individually impaired receivables relate to sales receivables of a number of independent customers.

The carrying amounts of the Group's account and other receivables are denominated in euro at 31 December 2017 and euro and Swedish krona at 31 December 2018.

## 19 Assets and liabilities based on contracts with customers

EUR thousand	31.12.2018	31.12.2017
Asset recognised on income based on contract liabilities	1 001	433
Asset recognised on expenses based on contract liabilities	161	1
<b>Contract assets total</b>	<b>1 162</b>	<b>434</b>
Advances received from contracts with customers	-6 375	-1 358
<b>Contract liabilities total</b>	<b>-6 375</b>	<b>-1 358</b>

### Changes in contract assets and liabilities

EUR thousand	Contract assets	Contract liabilities
Opening balance 1 January 2018	434	-1 358
Acquired through combination of business activities	712	-5 080
Reclassifications from contract assets to trade receivables	-1 666	-
Reclassifications from assets based on contracts to expenses	-1	-
Advances for expenses recognised for the financial year relating to performance obligations	161	-
Recognised sales proceeds from contract liabilities during the financial year	-	6 508
Sales proceeds not yet invoiced recognised for the period	1 515	-
Advances received during the period relating to unfulfilled performance obligations	-	-6 350
Translation differences	7	-95
<b>Total net changes</b>	<b>728</b>	<b>-5 016</b>
<b>Closing balance 31 December 2018</b>	<b>1 162</b>	<b>-6 375</b>

Of the opening balance for Contract liabilities EUR 1 358 thousand has been recognised as revenue during the financial year.

## Transaction price allocated to remaining performance obligations

EUR thousand	31.12.2018
Transaction price allocated to remaining performance obligations	11 487

The Group has applied the practical expedient allowed by IFRS 15 and presented the transaction price allocated to remaining performance obligations only for customer contracts continuing for more than 12 months. Of the transaction price allocated to remaining performance obligations EUR 6 383 thousand will be recognised as revenue in 2019 and EUR 5 104 thousand in 2020 and 2021.

## 20 Cash and cash equivalents

EUR thousand	31.12.2018	31.12.2017
Cash at bank and in hand	33 215	18 919
<b>Cash and cash equivalents</b>	<b>33 215</b>	<b>18 919</b>

## 21 Shareholders' equity

The total shareholders' equity consists of the share capital, the invested unrestricted equity reserve, translation differences and accumulated losses.

### Shares and share capital

The Parent Company has one share class, and each share has equal right to dividend. Each share carries one vote at the general meeting. All shares issued by the Parent Company are fully paid. The shares have no nominal value.

The total amount of shares was at 31 December 2018 23 953 964 and at 31 December 2017 15 102 178.

In the financial year 2018 and 2017, the share capital of the Company amounted to EUR 80 000.

## Invested unrestricted equity reserve

EUR thousand	
1.1.2017	112 355
-	-
<b>31.12.2017</b>	<b>112 355</b>
Directed share issue	240 131
Costs related to share issue and the listing of new shares	-796
<b>31.12.2018</b>	<b>351 690</b>

Asiakastieto Group Plc issued 8 828 343 new shares as part of the consideration for the acquisition of UC AB. The share subscription price was recognised in the reserve for invested unrestricted equity, excluding expenses, totalling EUR 240 131 thousand. The expenses related to this directed share issue and the listing of new shares, EUR 796 thousand, consist mainly of costs of the listing prospectus less taxes.

## Accumulated losses

EUR thousand	
1.1.2017	-33 935
Distribution of dividend	-13 592
Management's incentive plan	148
Profit for the financial year	16 043
<b>31.12.2017</b>	<b>-31 336</b>
Adjustments related to the adoption of new standards	548
Distribution of dividend	-14 347
Management's incentive plan	-481
Profit for the financial year	10 918
Other components of comprehensive income	-374
<b>31.12.2018</b>	<b>-35 071</b>

Long-term incentive plans for the management are described in note 28, Related Parties. An accrued expense of EUR 415 thousand (EUR 148 thousand) for the financial year 2018 has been recognised as an increase in equity. In addition, equity has been adjusted with the amount of awards paid, EUR 896 thousand, previously recognised as expense.

The company paid EUR 14 347 as dividend from the profit of the financial year 2017 on 4 April 2018 in accordance with the resolution of the Annual General Meeting held on 22 March 2018, and EUR 13 592 thousand from the profit of the financial year 2016 on 10 April 2017 in accordance with the resolution of the Annual General Meeting held on 30 March 2017.

## 22 Post-employment obligations

As a result of Defined benefit pension plans Group is exposed to plan asset volatility risk, life expectancy risk and inflation risk materializing in salary increase rate. Post-employment obligations are described accounting policies section under item 2.15 Employee benefits.

### Liabilities related to defined benefit obligations

EUR thousand	31.12.2018
Current value of defined benefit obligations	24 969
Fair value of plan assets	-20 524
Net amount of current value of obligations and fair value of assets	4 445
Effect of minimum funding requirement / asset item	-
<b>Recognised net obligation</b>	<b>4 445</b>

### Change in current value of defined benefit obligations

EUR thousand	1.1.-31.12.2018
Current value of defined benefit obligations 1 January 2018	-
Acquired through combination of business activities	23 471
Benefits paid	-435
Current service cost	159
Interest expenses recognised in profit or loss	281
Actuarial gains (-) and losses (+):	
Changes in financial assumptions	224
Experience adjustments	804
Translation differences	464
<b>Current value of defined benefit obligations 31 December 2018</b>	<b>24 969</b>

### Change in fair value of plan assets

EUR thousand	1.1.-31.12.2018
Fair value of plan assets 1 January 2018	-
Acquired through combination of business activities	19 664
Employer contributions	339
Interest income recognised in profit or loss	225
Income on plan assets excluding items included in interest income	347
Benefits paid	-435
Translation differences	385
<b>Fair value of plan assets 31 December 2018</b>	<b>20 524</b>

**Plan assets consist of the following items:**

	31.12.2018
Shares	9,0 %
Debt investments	
Government bonds	25,0 %
Mortgage loans	15,0 %
Corporate bonds	28,0 %
Real estate	12,0 %
Other investments	11,0 %
<b>Total</b>	<b>100,0 %</b>

**Items recognised in profit or loss**

EUR thousand	1.1.-31.12.2018
Current service cost	-159
Interest expenses/income	-56
<b>Net expense recognised in profit or loss</b>	<b>-215</b>

**Items recognised in other comprehensive income**

EUR thousand	1.1.-31.12.2018
Remeasurements:	
Actuarial gains (-) and losses (+)	1 037
Income on plan assets excluding items included in interest income	-350
<b>Net amount recognised in other comprehensive income</b>	<b>687</b>

**Actuarial assumptions and sensitivity analysis**

		2018
Discount rate		2,2 %
Salary increase rate		2,0 %
Inflation		2,0 %
Lifetime		DUS 14
EUR thousand	Increase	Decrease
Discount rate (one percentage unit change)	-4 791	6 624

**23 Interest-bearing liabilities**

EUR thousand	31.12.2018	31.12.2017
<b>Non-current</b>		
Loans from financial institutions	169 849	69 775
Finance lease liabilities	264	-
<b>Total non-current interest-bearing liabilities</b>	<b>170 113</b>	<b>69 775</b>
<b>Current</b>		
Finance lease liabilities	130	-
<b>Total current interest-bearing liabilities</b>	<b>130</b>	<b>-</b>
<b>Total interest-bearing liabilities</b>	<b>170 243</b>	<b>69 775</b>

Of the loans from financial institutions, EUR 105,3 million are EUR-denominated and EUR 64,5 million are SEK-denominated at 31 December 2018. Finance lease liabilities are SEK-denominated.

**Loans from financial institutions**

On 18 October 2018, Asiakastieto Group Plc signed an agreement on the refinancing of its long-term loans. The company entered into a loan agreement on a total of EUR 180 million of financing with Danske Bank A/S, OP Corporate Bank Plc and Nordea Bank Plc. Asiakastieto Group Plc used this financing to refinance the EUR 75 million term loan and revolving credit facility agreement entered into with Danske Bank A/S and Pohjola Bank Plc on 28 November 2014 and to refinance the financing agreement entered into with Danske Bank A/S and OP Corporate Bank Plc on 31 May 2018, concerning a bridge loan of EUR 100 million.

The new agreement consists of a term loan of EUR 160 million and a credit facility of EUR 20 million. The company drew down the term loan on 25 October 2018, partially in euro and partially in Swedish krona in accordance with the terms of the loan agreement. The loans mature in October 2023. On 31 December 2018, the company had used EUR 10 million of its credit facility.

The Group's management has determined that there is no essential difference between carrying value and fair value because there have not been significant

changes in interest rates since the issue date of the loans and margins of loans are considered to reflect different conditions and the subordination of the loans with reasonable accuracy.

## 24 Other non-current liabilities

EUR thousand	31.12.2018	31.12.2017
Other liabilities	-	250
Accrued expenses	-	402
<b>Total</b>	<b>-</b>	<b>652</b>

Accrued liabilities for the reference year consist of accrued expense related to the long-term incentive plans for the management.

## 25 Deferred tax assets and liabilities

The net movement on the deferred income tax account is as follows:

EUR thousand	2018	2017
<b>1.1.</b>	<b>1 647</b>	<b>2 973</b>
Charged to balance sheet	-26 172	-486
Charged to income statement	0	-839
Recognised in comprehensive income	142	-
Translation differences	28	-
<b>31.12.</b>	<b>-24 355</b>	<b>1 647</b>

At 31 December 2018 Group has deferred tax assets for EUR 1 127 thousand (EU 1 647 thousand) and deferred tax liabilities EUR 25 482 thousand (EUR 0). The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of tax balances, is as follows:

### Deferred tax assets

EUR thousand	Financial instruments	Defined benefit pension plans	Tax loss carryforwards and other temporary differences	Other	Total
<b>1.12.2017</b>	<b>66</b>	<b>-</b>	<b>3 121</b>	<b>116</b>	<b>3 303</b>
Charged to income statement	-23	-	-879	72	-830
<b>31.12.2017</b>	<b>44</b>	<b>-</b>	<b>2 243</b>	<b>187</b>	<b>2 474</b>
Charged to balance sheet	6	854	-	414	1 274
Charged to income statement	91	-25	-479	-482	-895
Recognised in comprehensive income	-	142	-	-	142
Translation differences	-	-54	-	0	-54
<b>31.12.2018</b>	<b>140</b>	<b>916</b>	<b>1 764</b>	<b>120</b>	<b>2 940</b>

### Deferred tax liabilities

EUR thousand	Financial instruments	Change in depreciation and amortisation method	Allocations of the acquisition	Depreciation difference	Other	Total
<b>1.12.2017</b>	<b>68</b>	<b>90</b>	<b>155</b>	<b>17</b>	<b>-</b>	<b>330</b>
Charged to balance sheet	-	-	486	-	-	486
Charged to income statement	-23	-17	-44	94	-	10
<b>31.12.2017</b>	<b>45</b>	<b>73</b>	<b>597</b>	<b>111</b>	<b>-</b>	<b>826</b>
Charged to balance sheet	-	-	24 754	-	2 692	27 446
Charged to income statement	86	-20	-1 292	68	262	-895
Translation differences	-	-	-12	-	-70	-82
<b>31.12.2018</b>	<b>131</b>	<b>53</b>	<b>24 047</b>	<b>179</b>	<b>2 883</b>	<b>27 295</b>

The Group has recognised deferred tax asset amounting to EUR 1 764 thousand (EUR 2 243 thousand) from non-deductible net interest expense, that amounted to EUR 8 818 thousand (EUR 11 214 thousand) as at 31 December 2017. Non-deductible net interest expense can be deducted from the taxable income in the future periods within the limits of interest deduction limitation rules. Net interest expense carryforwards do not expire.



## 26 Other current liabilities

EUR thousand	31.12.2018	31.12.2017
Advances received from unrecognised net sales	6 016	1 072
Advances received from long-term client specific projects	359	286
<b>Total</b>	<b>6 375</b>	<b>1 358</b>

EUR thousand	31.12.2018	31.12.2017
Account payables	5 999	2 032
Other liabilities	2 965	1 986
Accrued expenses	9 072	3 416
<b>Total</b>	<b>18 036</b>	<b>7 434</b>

Accrued liabilities consist mainly of accruals of personnel expenses. Accrued liabilities for the financial year 2017 include an accrued cost of EUR 192 thousand from the management's long-term incentive plan.

## 27 Contingent liabilities

### Own guarantees

EUR thousand	31.12.2018	31.12.2017
Pledges	394	-

### Guarantees given

Until the refinancing of loans on 25 October 2018, Asiakastieto Group Plc and its subsidiary, Suomen Asiakastieto Oy, had guaranteed EUR 70,0 million of loans from financial institutions and EUR 5,0 million of undrawn facilities on behalf of each other.

### Minimum rents based on non-cancellable lease

EUR thousand	31.12.2018	31.12.2017
No later than 1 year	4 406	720
Later than 1 year and no later than 5 years	12 000	3 880
Later than 5 years	2 306	3 000
<b>Total</b>	<b>18 712</b>	<b>7 600</b>

### Operating lease commitments

EUR thousand	31.12.2018	31.12.2017
Due within the next financial year	21	25
Due later	41	58
<b>Total</b>	<b>62</b>	<b>83</b>

In December 2017, Asiakastieto Group moved as a tenant to newly built premises, the rental agreement of which started on 1 January 2018 and lasts for a maximum of 10 years. The rental agreement can be terminated for the first time on 31 December 2027, compliant with a 12-month notice period.

The Group's lease commitments increased as a result of the UC acquisition. UC's lease commitments relate mainly to its office premises and the right to use specific server capacity in Sweden, included in IT service contracts.

The Group's leases of office equipment are treated as operating leases.

## 28 Related parties

The related parties of the Group consist of group entities and shareholders exercising significant influence over the Company, as mentioned in note 29. The shareholders who have had the right to nominate a representative to the Company's Board of Directors are considered to exercise significant influence over the Company. In addition, key persons, including the Board of Directors, CEO and Executive Team are considered related parties of the Group, along with their close family members and companies controlled by the aforementioned persons. In connection with the UC acquisition, the Company further specified the definition of related parties and adjusted the related party disclosures accordingly in the 2017 consolidated financial statements.

The following transactions were carried out with related parties:

### 1.1.–31.12.2018

EUR thousand	Sales of goods and services	Purchases of goods and services	Finance income and expenses
Shareholders exercising significant influence over the Group	5 389	-482	-181
<b>Total</b>	<b>5 389</b>	<b>-482</b>	<b>-181</b>

### 31.12.2018

EUR thousand	Receivables	Liabilities
Shareholders exercising significant influence over the Group	1 091	57 516
<b>Total</b>	<b>1 091</b>	<b>57 516</b>

### 1.1.–31.12.2017

EUR thousand	Sales of goods and services	Purchases of goods and services	Finance income and expenses
Shareholders exercising significant influence over the Group <sup>1</sup>	328	-	-
<b>Total</b>	<b>328</b>	<b>-</b>	<b>-</b>

### 31.12.2017

EUR thousand	Receivables	Liabilities
Shareholders exercising significant influence over the Group <sup>1</sup>	26	-
<b>Total</b>	<b>26</b>	<b>-</b>

Transactions with related parties were carried out on an arm's length basis. The Group's transactions with related parties in connection to key management and the Board of Directors during the financial year consisted of normal salaries and fees.

Related to the acquisition of UC, certain members of the Executive Team are entitled to a stay-on bonus corresponding to three months' salary at a maximum.

### Long-term incentive plans for the management

#### *Long-term incentive plan for the management 2015–2018*

In March 2015, the Board of Directors of the Company established an incentive plan for the management of the Group. The plan is based on the Group's management making personal investments in Asiakastieto Group Plc's shares and the opportunity for the Group's management to be awarded further shares on the basis of meeting long-term performance criteria and a commitment to the company. In order to participate in the plans and receive an award from the plans, the members of the Group's management acquired, in the personnel offering, the number of shares determined by the Board of Directors. Any shares acquired

<sup>1</sup> The figures reflecting related party sales and purchases as well as receivables from, and liabilities to, related parties presented as comparison figures for the financial year 2017 have been corrected.

above the number of shares determined by the Board of Directors are not entitled to an award. The long-term incentive plan contains two elements: a performance based share plan and a matching share plan.

In general, no award shall be paid if the employment or service contract terminates before the award payment. Any award shall be paid in net amount of shares after deducting the tax-related costs.

The participants must retain at least 50 per cent of all net shares received on the basis of the plan until the participant's share ownership equals his/her annual gross base salary. Such number of shares must be held as long as the participant's employment or service at Asiakastieto Group continues.

The plan is directed to approximately ten key members of the Group's personnel, including all members of the executive team. The awards to be paid out through the performance based share plan and the matching share plan of year 2015, correspond to the value of 108 000 shares at a maximum including also the cash proportion and with the assumption that the criteria for the performance based share plan are achieved to their maximum.

In June 2016, the Board of Directors of Asiakastieto Group Plc resolved to continue the key employee performance share plan as resolved by the Board in March 2015. Should the targets of the plan resolved in June be attained in full, the payable rewards will correspond to a maximum total of 72 000 Asiakastieto Group shares, including also the cash proportion.

The long-term incentive plan to the management is in the scope of IFRS 2. For the financial year, an accrued expense EUR 415 thousand (EUR 464 thousand) has been recognised in personnel expenses.

#### *Matching Share Plan 2015*

In the personnel offering, the members of the Group's management subscribed Personnel Shares, the ownership of which is a prerequisite for participating in the long-term incentive plan. The acquisition of Personnel Shares within the matching share plan entitles the participant to be awarded one additional share for each Personnel Share within the plan in four years' time, provided that the participant's employment or service at the company continues and the Personnel Shares acquired within the plan are still held by the participant at such time. The matching share plan award will be paid to the participants in spring 2019.

#### *Performance Based Share Plan 2015*

The long-term incentive plan includes the possibility to be awarded with further shares based on a set of performance criteria. The performance-based award for the period March 2015 – March 2018 shall be based on the total shareholder return calculated on the Asiakastieto Group Plc's share, adjusted for dividends paid. Performance Based Share Plan 2015 ended on 31 March 2018 and paid out on 29 May 2018.

In the directed issue, key persons participating in the share programme were given 23 443 (net amount) Asiakastieto Group Plc's shares without consideration in compliance with the terms of the programme. Withholding tax EUR 0,7 million was withheld from the shares issued and paid to the tax authorities. The resolution of a directed issue of shares was based on the authorisation given to the Board of Directors by the Annual General Meeting on 22 March 2018. The new shares were registered in the Trade Register on 29 May 2018, and they became the subject of public trading on 30 May 2018.

A person participating in the programme must own 50 per cent of net shares obtained on the basis of the programme until the time the value of the participant's holding is equivalent to their annual gross basic salary. The shares must be owned as long as the participant's employment or service relationship in the Group continues.

#### *Performance Based Share Plan 2016*

The long-term incentive plan includes the possibility to be awarded with further shares based on a set of performance criteria. The performance-based award for the period July 2016 – December 2018 shall be based on the total shareholder return calculated on the Asiakastieto Group Plc's share, adjusted for dividends paid. Any earned award shall be paid out to participants in spring 2019.

#### *Long-term incentive plan for the management 2018–2020*

In August 2018, the Board of Directors decided on a new share-based long-term incentive plan for key persons of Asiakastieto Group. The target group of the plan includes approximately 40 key persons, including the members of the Executive Team. In order to participate in the plan and receive award, the participant must purchase Asiakastieto Group Plc's shares or allocate previously held Asiakastieto shares to the programme in the number determined by the Board of Directors.

The possible award for the commitment period depends on the continuation of employment or service at the time of payment award and meeting of the shareholding requirement. The award for the commitment period will be paid after the end of the commitment period in 2020. Furthermore, the possible award for the performance period is based on total shareholder return (TSR) on Asiakastieto Group Plc share and the Group's adjusted EBITDA in 2020. The award for the performance period will be paid in two increments in 2021.

Awards payable under the plan will not total more than the value of approximately 300 000 Asiakastieto Group Plc shares, including also the amount paid in cash. Net amount of shares will be awarded after deducting the personal withholding tax. For the financial year, an accrued expense of EUR 169 thousand has been recognised in personnel expenses.

	Matching share plan 2018–2019	Performance Based Share Plan 2018–2020 / I 2021	Performance Based Share Plan 2018–2020 / II 2021
Original allocation date	21 September 2018	21 September 2018	21 September 2018
Performance period begins	1 September 2018	1 September 2018	1 September 2018
Performance period ends	31 December 2019	31 December 2020	31 December 2020
Vesting conditions	Shareholding, employment until payment	Shareholding, employment until payment, EBITDA and TSR	Shareholding, employment until payment, EBITDA and TSR
Vesting date	31 May 2020	31 May 2021	30 November 2021
Maximum duration, years	1,7	2,7	3,2
Time to maturity, years	1,4	2,4	2,9
Persons at the end of the financial year	9	9	9
Implementation method	Shares	Shares	Shares

### Changes in the plan during the period

Number	Matching share plan 2018–2019	Performance-based share plan 2018–2020 / I 2021	Performance-based share plan 2018–2020 / II 2021	Total
<b>1.1.2018</b>				
Outstanding at beginning of period	-	-	-	-
<b>Changes during period</b>				
Granted	17 000	76 500	76 500	170 000
<b>31.12.2018</b>				
Outstanding at end of period	17 000	76 500	76 500	170 000

## The remuneration of Board of Directors

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Patrick Lapveteläinen	40	40
Bo Harald	25	25
Petri Carpen	27	27
Nicklas Ilebrand (member from 29 June 2018)	–	–
Martin Johansson (member from 29 June 2018)	–	–
Carl-Magnus Månsson	26	27
Anni (Anna-Maria) Ronkainen	26	27
<b>Total</b>	<b>144</b>	<b>145</b>

## Remuneration of the Executive Team members (excluding the CEO)

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Salaries and benefits	1 817	1 068
Long-term incentive bonus	627	–
Performance – based incentives paid in cash <sup>1</sup>	406	360
<b>Total</b>	<b>2 850</b>	<b>1 428</b>

<sup>1</sup> The incentives have been reported on a payment basis and paid on the basis of the result for the previous financial year.

## Remuneration of the CEO

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Salaries and benefits	477	236
Long-term incentive bonus	254	–
Performance – based incentives paid in cash <sup>1</sup>	188	189
Pension costs – defined contribution plans	9	9
<b>Total</b>	<b>928</b>	<b>433</b>

<sup>1</sup> The incentives have been reported on a payment basis and paid on the basis of the result for the previous financial year.

The Group has a supplementary voluntary pension plan for the CEO that is classified as defined contribution plan and has a cost of EUR 8 500 per year. The CEO will receive additional voluntary old age pension between ages 63 and 73.

The termination period for the CEO's employment contract is 6 months. In addition, in case of termination of the employment contract, the CEO is entitled to one-time payment under certain conditions that corresponds to six months' salary.

The CEO's contract of service and the assignment as the CEO of the Company will expire at the end of the month during which the CEO reaches 63 years of age.

## 29 Group companies

The following table presents the Group's subsidiaries as at 31 December 2018. The Group had no shared functions as at 31 December 2018. All group companies are related parties of the Group.

Parent company	Nature of activities	Country of incorporation		
Asiakastieto Group Plc	Headquarter activities	Finland		
Subsidiaries			Group ownership (%)	Voting rights (%)
Suomen Asiakastieto Oy	Operative company	Finland	100,0	100,0
Emaileri Oy	Operative company	Finland	100,0	100,0
UC AB	Operative company	Sweden	99,9 <sup>1</sup>	100,0
UC Affärsfakta AB	Operative company	Sweden	100,0	100,0
UC Affärsinformation AB	Operative company	Sweden	100,0	100,0

<sup>1</sup> Asiakastieto Group Plc and the sellers of UC shares signed a shareholder agreement concerning the control of UC's credit register and credit register information. The company owned jointly by the sellers received, as part of the transaction, a small number of UC's B shares, granting their holders certain administrative rights. The B shares do not entitle to dividends and UC's result or balance sheet. See more information on note 5 Acquisitions.

## 30 Events after the end of financial year

### **Asiakastieto Group outsources its telemarketing unit in Sweden**

Asiakastieto Group Plc and UC Affärsfakta AB have undersigned a letter of intent on the outsourcing of their telemarketing unit on 16 January 2019. According to the letter of intent, Asiakastieto Group will transfer the telesales operations practised by Affärsfakta to the company founded by the unit's current management. By outsourcing, Asiakastieto Group increases its efficiency and encourages entrepreneurial ways of action.

At the moment Affärsfakta has approximately 120 employees, and it operates in four locations in Sweden. Along with the outsourcing, the employees will be transferred to the employment of the new company with current benefits and obligations, and the unit's present managing director Krister Ahlberg will continue to lead the company. The intention is to sign the outsourcing contract during the first quarter in 2019, and the outsourcing is planned to be finalised by the end of the third quarter of the year 2019, at the latest.

### **Asiakastieto Group acquires the business of Solidinfo.SE and strengthens company information services in Sweden**

UC Affärsinformation AB, part of Asiakastieto Group, has signed an agreement to acquire the business and assets of Solidinfo.SE from Social Media Support Sverige AB. The agreement was signed on 12 February 2019 and the transaction will be closed on 28 February 2019. The price of the transaction will not be published.

The net sales of Social Media Support Sverige AB for the financial year 2017 amounted to EUR 0,4 million. The core of Solidinfo.SE services is a website that provides free business information similar to UC Affärsinformation AB's online service, offering company and financial information on Swedish companies.



# Parent Company Income Statement (FAS)

EUR	Note	1.1.–31.12.2018	1.1.–31.12.2017
<b>Net sales</b>	2	<b>2 003 715,10</b>	<b>1 539 684,00</b>
Other operating income		-	450,82
Personnel expenses	3	-2 453 140,02	-1 502 999,45
Other operating expenses	4	-5 759 257,01	-588 986,48
<b>Operating loss</b>		<b>-6 208 681,93</b>	<b>-551 851,11</b>
Finance income and expenses			
Other interest and finance income	5	52 278,29	5 590,89
Interest expenses and other finance expenses	5	-3 026 908,03	-1 075 414,41
Total finance income and expenses		-2 974 629,74	-1 069 823,52
<b>Loss before appropriations and taxes</b>		<b>-9 183 311,67</b>	<b>-1 621 674,63</b>
Appropriations			
Group contributions	6	23 342 888,00	21 971 792,00
Income tax expenses	7	-2 832 016,26	-4 069 521,01
<b>Profit for the financial year</b>		<b>11 327 560,07</b>	<b>16 280 596,36</b>

## Parent Company Balance Sheet (FAS)

EUR	Note	31.12.2018	31.12.2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	8	534 707 291,14	175 912 719,57
<b>Total non-current assets</b>		<b>534 707 291,14</b>	<b>175 912 719,57</b>
<b>Current assets</b>			
Long-term receivables	9	2 282 227,51	2 346 221,13
Short-term receivables	10	24 890 359,51	22 381 687,96
Cash in hand and at banks		10 071 293,89	9 595 938,43
<b>Total current assets</b>		<b>37 243 880,91</b>	<b>34 323 847,52</b>
<b>Total assets</b>		<b>571 951 172,05</b>	<b>210 236 567,09</b>

EUR	Note	31.12.2018	31.12.2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	11	80 000,00	80 000,00
Invested unrestricted equity reserve	11	369 386 707,53	112 393 642,80
Retained profit	11	3 148 759,14	1 215 231,88
Profit for the financial year		11 327 560,07	16 280 596,36
<b>Total equity</b>		<b>383 943 026,74</b>	<b>129 969 471,04</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans from financial institutions		170 505 519,43	70 000 000,00
Other liabilities		-	250 000,00
<b>Total non-current liabilities</b>		<b>170 505 519,43</b>	<b>70 250 000,00</b>
<b>Current liabilities</b>			
Accounts payable		129 960,53	33 790,33
Payables to Group companies	12	15 958 015,43	8 853 400,52
Other liabilities		284 388,94	475 727,22
Accrued expenses	12	1 130 260,98	654 177,98
<b>Total current liabilities</b>		<b>17 502 625,88</b>	<b>10 017 096,05</b>
<b>Total liabilities</b>		<b>188 008 145,31</b>	<b>80 267 096,05</b>
<b>Total equity and liabilities</b>		<b>571 951 172,05</b>	<b>210 236 567,09</b>

# Parent Company Statement of Cash Flows (FAS)

EUR	Note	1.1.–31.12.2018	1.1.–31.12.2017
<b>Cash flow from operating activities</b>			
Loss before appropriations and taxes		-9 183 311,67	-1 621 674,63
Adjustments:			
Finance income and expenses	5	2 974 629,74	1 069 823,52
Cash flows before change in working capital		-6 208 681,93	-551 851,11
Change in working capital:			
Increase (-) / decrease (+) in account and other receivables		-393 295,88	24 471,62
Increase (+) / decrease (-) in account and other payables		197 299,53	92 842,32
Change in working capital		-195 996,35	117 313,94
Interest and other financing expenses paid		-2 092 793,27	-961 318,54
Interest and other finance income received		264,83	9 745,68
Income taxes paid		-3 073 719,85	-3 687 575,41
<b>Cash flow from operating activities</b>		<b>-11 570 926,57</b>	<b>-5 073 685,44</b>
<b>Cash flows used in investing activities</b>			
Proceeds from repayments of loans		-	674 000,00
Acquisition of subsidiary	8	-102 202 045,40	-6 287 145,08
<b>Cash flows used in investing activities</b>		<b>-102 202 045,40</b>	<b>-5 613 145,08</b>
<b>Cash flows from financing activities</b>			
Proceeds from short term borrowings		6 975 840,74	8 368 782,66
Proceeds from long term borrowings		269 647 763,79	-
Repayment of long term borrowings		-170 000 000,00	-
Group contributions received	6	21 971 792,00	20 120 824,00
Dividends paid and other profit distribution	11	-14 347 069,10	-13 591 960,20
<b>Cash flows from financing activities</b>		<b>114 248 327,43</b>	<b>14 897 646,46</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>		<b>475 355,46</b>	<b>4 210 815,94</b>
Cash and cash equivalents at beginning of the financial year		9 595 938,43	5 385 122,49
<b>Cash and cash equivalents at end of the financial year</b>		<b>10 071 293,89</b>	<b>9 595 938,43</b>

# Notes to the Parent Company Financial Statements

## 1 Accounting principles

Asiakastieto Group Plc is a Finnish limited liability company and the Parent Company of the group named Asiakastieto Group. The Company listed its shares on the main list of Nasdaq Helsinki Ltd on 31 March 2015.

Asiakastieto Group Plc's financial statements have been prepared in accordance with the accounting principles based on the Finnish accounting legislation (FAS).

### 1.1 Valuation principles

#### *Financial instruments*

The fees paid on draw-down loans and financial instruments hedging the loans have been entered in accrued income. These will be booked as financial expenses on the basis of time in equal proportions. At the time of loan amortisation the respective share of the remaining fees in the balance sheet will be booked as expenses.

#### *Deferred tax assets*

Deferred tax assets are calculated on the temporary differences between taxation and the financial statements using the tax rates effective for future years confirmed on the balance sheet date. The balance sheet includes the deferred tax assets at their estimate realisable amount.

### 1.2 Items denominated in foreign currencies

Transactions in foreign currencies are entered at the exchange rates prevailing at the transaction dates. The unsettled balances on foreign currency receivables and liabilities are converted into euros at the rates of exchange prevailing at the end of the financial year.

### 1.3 Cash pooling arrangement

Suomen Asiakastieto Oy's bank account of Danske Bank belongs as a member account to the consolidated bank account of Asiakastieto Group Plc. The positive balance of this member account is shown in the balance sheet item "Payables to Group companies" and the negative balance in the balance sheet item "Receivables from Group companies".

## 2 Net sales

### Net sales by market area

EUR	1.1.–31.12.2018	1.1.–31.12.2017
Finland	2 003 715,10	1 539 684,00
<b>Total</b>	<b>2 003 715,10</b>	<b>1 539 684,00</b>

Net sales consist of management fees from Group companies.

## 3 Personnel expenses

EUR	1.1.–31.12.2018	1.1.–31.12.2017
Salaries and benefits	-2 217 752,07	-1 268 496,65
Pension expenses	-216 679,21	-212 431,08
Other social security expenses	-18 708,74	-22 071,72
<b>Total</b>	<b>-2 453 140,02</b>	<b>-1 502 999,45</b>

The pension provision for the personnel is arranged at Elo Mutual Pension Insurance Company.

### Salaries and benefits of the management

EUR	1.1.–31.12.2018	1.1.–31.12.2017
Board members and CEO	-1 063 006,32	-570 117,84
<b>Total</b>	<b>-1 063 006,32</b>	<b>-570 117,84</b>

The salaries and benefits paid to the management are itemised in more detail in note 28 Related parties to the consolidated financial statements.

### Number of personnel on average

Employees	1.1.–31.12.2018	1.1.–31.12.2017
Full-time	10	10
<b>Total</b>	<b>10</b>	<b>10</b>

## 4 Other operating expenses

EUR	1.1.–31.12.2018	1.1.–31.12.2017
Other employment related expenses	-58 379,59	-80 259,74
Expenses related to premises	-64 049,14	-2 707,78
Marketing expenses	-61 955,65	-78 911,41
Office expenses	-263 530,84	-10 020,60
IT expenses	-75 215,00	-26 151,75
Purchased services	-4 993 860,01	-31 849,87
Other expenses	-242 266,78	-359 085,33
<b>Total</b>	<b>-5 759 257,01</b>	<b>-588 986,48</b>

### Auditor's fees

EUR	1.1.–31.12.2018	1.1.–31.12.2017
PricewaterhouseCoopers Oy		
Statutory fees	-79 702,87	-35 175,15
Tax advisory	-118 772,00	-3 590,00
Other services	-751 426,16	-113 635,23
<b>Total</b>	<b>-949 901,03</b>	<b>-152 400,38</b>

## 5 Finance income and expenses

EUR	1.1.–31.12.2018	1.1.–31.12.2017
Other interest and finance income		
Interest income		
from Group companies	-	5 539,73
from parties outside the Group	264,83	51,16
Other finance income		
from parties outside the Group	52 013,46	-
<b>Total finance income</b>	<b>52 278,29</b>	<b>5 590,89</b>
Interest expenses and other finance expenses		
Interest expenses		
to Group companies	-10 240,65	-
to parties outside the Group	-1 515 708,09	-932 975,72
Other finance expenses		
to parties outside the Group	-1 500 959,29	-142 438,69
<b>Total finance expenses</b>	<b>-3 026 908,03</b>	<b>-1 075 414,41</b>
<b>Total</b>	<b>-2 974 629,74</b>	<b>-1 069 823,52</b>

## 6 Appropriations

EUR	1.1.–31.12.2018	1.1.–31.12.2017
Group contributions received	23 342 888,00	21 971 792,00
<b>Total</b>	<b>23 342 888,00</b>	<b>21 971 792,00</b>

## 7 Income tax expenses

EUR	1.1.–31.12.2018	1.1.–31.12.2017
On business operations	-2 352 851,54	-3 190 968,94
Change in deferred tax asset	-479 164,72	-878 552,07
<b>Total</b>	<b>-2 832 016,26</b>	<b>-4 069 521,01</b>



## 8 Investments

EUR	31.12.2018	31.12.2017
Shares in Group companies		
Cost at 1.1.	175 811 389,57	169 099 244,49
Additions	358 828 770,13	6 712 145,08
Disposals	-34 198,56	-
<b>Cost at 31.12.</b>	<b>534 605 961,14</b>	<b>175 811 389,57</b>
Other shares		
Cost at 1.1.	101 330,00	101 330,00
<b>Cost at 31.12.</b>	<b>101 330,00</b>	<b>101 330,00</b>
Net book value at 1.1.	175 912 719,57	169 200 574,49
<b>Net book value at 31.12.</b>	<b>534 707 291,14</b>	<b>175 912 719,57</b>
	Ownership (%)	Ownership (%)
<b>Group companies</b>		
Suomen Asiakastieto Oy, Helsinki	100,00	100,00
Emaileri Oy, Turku	100,00	100,00
UC AB, Stockholm	99,99	-
UC Affärsfakta AB, Stockholm	100,00	-
UC Affärsinformation AB, Stockholm	100,00	-

All the group companies have been consolidated to the Parent Company's consolidated financial statements. Specification of Group companies is included in note 29 to the consolidated financial statement.

## 9 Long-term receivables

EUR	31.12.2018	31.12.2017
Deferred tax assets		
From non-deductible net interest expenses	1 763 588,65	2 242 753,37
<b>Total deferred tax assets</b>	<b>1 763 588,65</b>	<b>2 242 753,37</b>
Prepaid expenses and accrued income		
Financial expenses periodised	518 638,86	103 467,76
<b>Total prepaid expenses and accrued income</b>	<b>518 638,86</b>	<b>103 467,76</b>
<b>Total</b>	<b>2 282 227,51</b>	<b>2 346 221,13</b>

## 10 Short-term receivables

EUR	31.12.2018	31.12.2017
Receivables from Group companies		
Accounts receivable	639 429,19	70 769,28
Prepaid expenses and accrued income		
Group contribution	23 342 888,00	21 971 792,00
<b>Total receivables from Group companies</b>	<b>23 982 317,19</b>	<b>22 042 561,28</b>
<b>Other receivables</b>	<b>1 136,57</b>	<b>-</b>
Prepaid expenses and accrued income		
Financial expenses periodised	143 037,16	123 164,36
Other periodised expenses	22 623,81	193 614,41
Taxes	740 706,22	19 837,91
Other	538,56	2 510,00
<b>Total prepaid expenses and accrued income</b>	<b>906 905,75</b>	<b>339 126,68</b>
<b>Total</b>	<b>24 890 359,51</b>	<b>22 381 687,96</b>

## 11 Shareholders' equity

EUR	31.12.2018	31.12.2017
Share capital at 1.1.	80 000,00	80 000,00
Share capital at 31.12.	80 000,00	80 000,00
<b>Total restricted shareholders' equity</b>	<b>80 000,00</b>	<b>80 000,00</b>
Invested unrestricted equity reserve at 1.1.	112 393 642,80	112 393 642,80
Directed issue	256 993 064,73	-
Total invested unrestricted equity reserve at 31.12.	369 386 707,53	112 393 642,80
Retained profit at 1.1.	17 495 828,24	14 807 192,08
Distribution of dividend	-14 347 069,10	-13 591 960,20
Total retained profit at 31.12.	3 148 759,14	1 215 231,88
Profit for the financial year	11 327 560,07	16 280 596,36
<b>Total unrestricted shareholders' equity</b>	<b>383 863 026,74</b>	<b>129 889 471,04</b>
<b>Total equity</b>	<b>383 943 026,74</b>	<b>129 969 471,04</b>

### Distributable funds

EUR	31.12.2018	31.12.2017
Invested unrestricted equity reserve	369 386 707,53	112 393 642,80
Retained profit	3 148 759,14	1 215 231,88
Profit for the financial year	11 327 560,07	16 280 596,36
<b>Total</b>	<b>383 863 026,74</b>	<b>129 889 471,04</b>

## 12 Current liabilities

### Payables to Group companies

EUR	31.12.2018	31.12.2017
Accounts payable	185 266,19	66 732,67
Other liabilities	15 762 508,59	8 786 667,85
Accrued expenses	10 240,65	-
<b>Total</b>	<b>15 958 015,43</b>	<b>8 853 400,52</b>

### Accrued expenses

EUR	31.12.2018	31.12.2017
Holiday pay liabilities	178 885,81	136 603,65
Other personnel expenses periodisations	338 171,55	450 619,33
Interest expenses	502 144,21	65 625,00
Other	111 059,41	1 330,00
<b>Total</b>	<b>1 130 260,98</b>	<b>654 177,98</b>

## 13 Contingent liabilities

### Guarantees given and contingent liabilities

EUR	31.12.2018	31.12.2017
Guarantees given on own and Group companies' behalf		
Guarantees	-	75 000 000,00
<b>Total</b>	<b>-</b>	<b>75 000 000,00</b>

### Guarantees given

EUR	31.12.2018	31.12.2017
Loans from financial institutions	-	70 000 000,00
Revolving facility (drawn amount)	-	-
<b>Total</b>	<b>-</b>	<b>70 000 000,00</b>

## Board's Proposal for the Distribution of Funds

The parent company's distributable funds as at 31 December 2018 amounted to EUR 383 863 026,74, of which the profit for the financial year was EUR 11 327 560,07. The Board of Directors proposes to the Annual General Meeting convening on 28 March 2019 that from the financial year ended 31 December 2018, funds be distributed EUR 0,95 per share, EUR 22 756 265,80 in total based on the Company's registered total number of shares at the time of the proposal, as follows:

	EUR / share	EUR
From the profit of the financial year as dividend	0,47	11 258 363,08
From the invested unrestricted equity reserve as a repayment of capital	0,48	11 497 902,72
To be retained in unrestricted equity		361 106 760,94
<b>Total</b>		<b>383 863 026,74</b>

The dividend and equity repayment from the reserve for invested unrestricted shareholders' equity will be paid to a shareholder registered in the company's shareholders' register held by Euroclear Finland Ltd on the payment record date of 1 April 2019. The Board of Directors proposes that the funds be paid on 11 April 2019.

The remunerations to be paid on the basis of the Performance Share Plan 2016 and Matching Share Plan 2015 of the company's management's Long Term Incentive Plan are further expected to result in an issuance of 40 000 new shares in Asiakastieto Group Plc, entitling to the distribution of funds from the financial year 2018. Thus, the proposed total amount of distributed funds would increase by approximately EUR 40 000.

After the financial year there are no material changes in the Company's financial position. Company's liquidity is good and based on the Board of Directors' outlook the proposed Distribution of Profits does not threaten the Company's liquidity.

# Signatures to the Financial Statements

Helsinki, 15 February 2019

Patrick Lapveteläinen  
*Chairman of the Board*

Carl-Magnus Månsson  
*Member of the Board*

Bo Harald  
*Member of the Board*

Petri Carpén  
*Member of the Board*

Nicklas Ilebrand  
*Member of the Board*

Martin Johansson  
*Member of the Board*

Anni (Anna-Maria) Ronkainen  
*Member of the Board*

Jukka Ruuska  
*CEO*

## Auditor's Note

The report of the audit has been submitted today.

Helsinki, 15 February 2019

PricewaterhouseCoopers Oy  
Authorised Public Accountants

Martin Grandell  
*Authorised Public Accountant*

# Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Asiakastieto Group Plc

## Report on the Audit of the Financial Statements

### Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

### What we have audited

We have audited the financial statements of Asiakastieto Group Plc (business identity code 2194007-7) for the year ended 31 December 2018. The financial statements comprise:

- the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's

Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 10 to the Financial Statements.

## Our Audit Approach

### Overview

- **Overall group materiality:**

€ 980 thousand, which represents approximately 1 % of net sales

- **Audit scope:**

We performed an audit of the parent company and all subsidiaries to the parent company.

- **Goodwill:**

Goodwill in Asiakastieto Group's consolidated statement of financial position was EUR 348 654 thousand which is approximately 64 % of the total assets of EUR 545 871 thousand. We have tested the impairment assessment and assessed the appropriateness of the estimates used by Group's management in their impairment assessment.

- **Net sales:**

Asiakastieto Group's net sales in the financial year 2018 amounted to EUR 98 135 thousand. There is a risk in revenue recognition that revenue accounted for in the financial statements are not real or revenue has been recognised in incorrect amount or in incorrect accounting period, whether caused by fraud or error. We have tested revenue recognition principles as well as revenue transactions in order to respond to risks in revenue recognition.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

**Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

**Overall group materiality**

€ 980 thousand (previous year € 950 thousand)

**How we determined it**

Approximately 1 % of net sales

**Rationale for the materiality benchmark applied**

We chose net sales as the benchmark because, in our view, it represents the most stable and relevant benchmark to measure the performance of the Group. In addition, net sales is a generally accepted benchmark. We chose 1 % which is within the range of acceptable quantitative materiality thresholds in auditing standards.

**How we tailored our group audit scope**

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group audit scope included group parent company and all subsidiaries to parent company.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



## Key audit matter in the audit of the group

## How our audit addressed the key audit matter

**Goodwill** *Refer to note 15 of the financial statements*

The Group's goodwill amounted to EUR 348 654 thousand as at 31 December 2018 which is approximately 64 % of total assets EUR 545 871 thousand. Goodwill is material to the consolidated financial statements. The Group's management uses significant judgement when assessing future estimated cash flows.

For the purpose of impairment testing, the recoverable amount of the Group's two cash-generating units have been determined based on value-in-use calculations which require the use of estimates. These calculations use cash flow projections based on financial estimates approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates.

Key parameters in the projections are the development of net sales and key cost items as well as long-term growth rate and discount rate. Management has performed a sensitivity analysis around the key parameters of the goodwill allocated to each cash generating units in which the combined effect of changes in the parameters is tested.

We tested the cash flow estimates prepared by the Group's management for years 2018-2022 as well as the determination of the discount rate used. We compared the used cash flow estimates to financial budgets and projections prepared by the management and approved by the board to verify that cash flow estimates used in the assessment are not greater than the financial budget. We assessed the reasonableness and consistency of estimated profitability levels to approved financial budgets and cash flow estimates. We compared estimated growth rates used in the cash flow estimates to the Group's historic growth and tested mathematical accuracy of these cash flow estimates. We assessed appropriateness of the discount rate used in the calculations and tested the mathematical accuracy of the discount rate calculations.

We tested the sensitivity analysis prepared by management in order to ascertain the combined effect of changes in key parameters that would lead to impairment. We tested the mathematical accuracy of the sensitivity analysis related to the goodwill impairment assessment.

**Net sales** *Refer to note 6 and to summary of significant accounting policies section 2.18 of the financial statements*

Asiakastieto Group provides information services. The majority of revenue is transaction based generated from the delivery of individual pieces or bundles of credit, business and market information. The information is processed or refined by the Group and made available to the customers mainly through online facilities.

Revenue is recognised at the point in time when the performance obligation is satisfied by the delivery of information or over time depending on performance obligation to be satisfied. The Group recognises as revenue transaction price to which Asiakastieto Group expects to be entitled in exchange for transferring goods and services to customer.

There is a risk in revenue recognition that revenue accounted for in the financial statements are not real or revenue has been recognised in incorrect amount or in incorrect accounting period, whether caused by fraud or error. The Company aims to ensure by its internal processes and controls that revenue recognition in the financial statements is materially correct.

This matter is a significant risk of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014

We assessed and tested the effectiveness of sales process key controls. We also tested revenue transactions by using computer assisted audit techniques and by substantive testing procedures in order to respond to risk of fraud in revenue recognition and to the risk that recognised revenue is not real or has been recognised incorrectly. We also tested that revenue transactions have been accounted for in the correct financial period.

We audited journal entries related to revenue. In addition we have performed analytical procedures to respond to risk of material misstatement in the financial statements.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

## Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Reporting Requirements

### Appointment

We have been acting as auditors appointed by the annual general meeting since 5.5.2008. Our appointment represents a total period of uninterrupted engagement of 10 years. Authorised Public Accountant (KHT) Martin Grandell has acted as the responsible auditor since 30.3.2017, which represents a total period of uninterrupted engagement of 2 years. Asiakastiето Group Plc became a public interest entity on 31.3.2015 as a result of the initial public offering.

### Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion:

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 15 February 2019

PricewaterhouseCoopers Oy  
Authorised Public Accountants

Martin Grandell  
Authorised Public Accountant (KHT)

# Corporate Governance Statement 2018

Asiakastieto Group Plc (the "Company" or "Asiakastieto") is a Finnish public limited liability company. The shares of the Company are listed on Nasdaq Helsinki Ltd starting from 31 March 2015.

The Company's governance is subject to the Finnish Companies Act, the Finnish Securities Markets Act, the Accounting Act, the rules of Nasdaq Helsinki Ltd as well as the Company's Articles of Association. In addition, Asiakastieto complies with the Finnish Corporate Governance Code issued by the Securities Market Association in 2015 (the "CG Code"). The CG Code is available at [www.cgfinland.fi](http://www.cgfinland.fi). Compliance with the CG Code is based on a comply-or-explain principle, whereby deviations from the CG Code shall be explained and disclosed.

This Company's Corporate Governance Statement is published separately from the Board of Directors' report.

## Group structure

The parent company of the Group is Asiakastieto Group Plc, the domicile is Helsinki, Finland. The Group consists of the Parent Company's two wholly-owned subsidiaries Suomen Asiakastieto Oy and Emleri Oy, as well as UC AB (which is 99.9 % owned by the Parent Company) and its two wholly-owned subsidiaries UC Affärsfakta AB and UC Affärsinformation AB. The acquisition of UC AB was completed on 29 June 2018.

The Company's governance is organised through the General Meeting, the Board of Directors and the Chief Executive Officer. Further, the Company has an Executive Team led by the Chief Executive Officer.

## General Meeting

The General Meeting is Asiakastieto's highest decision-making body, which normally convenes once a year. Its tasks and procedures are defined in the Finnish Companies' Act and the Company's Articles of Association. Certain important matters, such as amending the Articles of Association, approval of the financial statements, approval of the dividend, election of the members of the Board of Directors and the auditors fall within the sole jurisdiction of the General Meeting.

The General Meeting is convened by the Board of Directors. The Annual General Meeting shall be held within six (6) months of the end of the financial year. An Extraordinary General Meeting shall be held whenever the Board of Directors deems necessary, the auditor of the Company or shareholders with at least 10 % of the shares so demand in writing in order to deal with a given matter, or if this is otherwise required by law.

The General Meeting handles the matters presented on the agenda by the Board of Directors. According to the Finnish Companies Act, a shareholder may also request that his/her proposal be handled at the next General Meeting. Such a request shall be made in writing to the Company's Board of Directors at the latest on the date specified by the Company on its website. This date shall be published no later than by the end of the financial period preceding the general meeting. The request is always deemed to be on time, if the Board of Directors has been notified of the request no later than four (4) weeks before the delivery of the notice of the General Meeting.

According to the Company's Articles of Association, notices of the General Meetings shall be published on the Company's website no more than three months before the record date pursuant to the Limited Liability Companies Act (eight working days before the General Meeting) and at the latest three weeks before the General Meeting, however, always at least nine days before the said record date. In addition, the Board of Directors may decide to publish the notice in full or in part in an alternative manner as it deems appropriate. The notice shall contain information on the Member of the Board of Directors, their remuneration, the matters to be handled at the General Meeting and other information required under the Companies Act and the CG Code.

The notice of the General Meeting, documents to be submitted to the General Meeting (e.g. financial statements, report by the Board of Directors, auditor's report) and the resolution proposals to the General Meeting are made available on the Company's website at least three (3) weeks before the General Meeting.

The minutes of the General Meeting are published on the Company's website

within two (2) weeks after the General Meeting. In addition, the decisions of the General Meeting are also published by means of a stock exchange release immediately after the General Meeting. The documents related to the General Meeting are available on the Company's website at least for a period of three (3) months after the General Meeting.

Shareholders may attend a General Meeting either in person or by proxy. Notification regarding the attendance to a meeting must be made by the date mentioned in the notice to the General Meeting.

Only shareholders, who are registered in Asiakastieto's shareholders' register maintained by Euroclear Finland Ltd on the record date (i.e. eight (8) working days before the General Meeting) are entitled to attend a General Meeting. Holders of nominee registered shares may be registered temporarily in said shareholders' register and therefore, they are advised to request from their custodian banks necessary instructions regarding such temporary registration and the issuing of proxy documents. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder.

The Board of Directors may decide that the shareholders may participate in the General Meeting by post or telecommunications or by other technical means.

Asiakastieto has one series of shares. Each share has one vote in all matters dealt with by a General Meeting. A shareholder shall have the right to vote at the General Meeting, if he/she has registered to participate in the meeting by the date specified in the notice to the General Meeting, which date shall not be earlier than ten (10) days before the meeting. A shareholder may at the General Meeting vote with different shares in a different manner and a shareholder may also vote with only part of his/her shares. The Articles of Association of Asiakastieto include no redemption clauses or voting limitations.

Most resolutions by the General Meeting require a simple majority of the votes cast at the meeting. In an election, the person receiving the highest number of votes shall be deemed elected. The General Meeting may, however, prior to an election, decide that to be elected, a person shall receive more than half of the votes cast. However, there are several matters, which according to the Companies Act require a two-third (2/3) majority of the votes cast and of the shares represented at the meeting.

All Members of the Board of Directors, the auditor and CEO shall attend the General Meeting.

The Annual General Meeting was held on 22 March 2018. An Extraordinary General Meeting was held on 25 May 2018 to authorize the Board of Directors to decide on the issuance of shares for the purposes of the directed share issue in connection with the acquisition of UC AB and to elect two new members of the Board of Directors.

### Shareholders' Nomination Board

Based on the proposal by the Board of Directors, the sole shareholder of the Company resolved on 10 March 2015 to establish a Shareholders' Nomination Board for an indefinite period to prepare proposals to the Annual General Meeting for the election and remuneration of the members of the Board of Directors and the remuneration of the Board Committees and the Nomination Board. In accordance with the proposal of the Board of Directors, the Extraordinary General Meeting resolved on 25 May 2018 to amend the Charter of the Shareholders' Nomination Board. According to the Charter of the Shareholders' Nomination Board, it shall comprise representatives of the Company's three largest shareholders who, on 30 September preceding the next Annual General Meeting, hold the largest number of votes calculated of all shares in the Company and, in addition, of the Chairperson of the Board of Directors and a person nominated by the Company's Board of Directors as expert members.

The right to nominate the shareholder representatives lies with those three shareholders whose share of all the voting rights in the Company is on 30 September preceding the next Annual General Meeting the largest on the basis of the shareholders' register of the Company held by Euroclear Finland Ltd. However, holdings by a shareholder who, under the Finnish Securities Market Act, has the obligation to disclose its shareholdings (flagging obligation) that are divided into several funds or registers, will be summed up when calculating the share of all the voting rights, provided that such shareholder presents a written request to that effect to the Chairperson of the Company's Board of Directors no later than on 29 September preceding the next Annual General Meeting.

In accordance with the proposal of the Board of Directors, the Extraordinary General Meeting resolved on 25 May 2018 that in deviation from the dates mentioned above in 2018 the largest shareholders of the Company would be determined as at 9 November 2018, and the written request for aggregation of holdings

should be presented no later than on 8 November 2018.

The aforementioned shareholders appoint, in accordance with the Charter of the Nomination Board, from the request of the Chairperson of the Company's Board of Directors their representatives to the Nomination Board after 30 September.

Shareholders' Nomination Board submits its proposal to the Board of Directors of the Company at the latest on 31 January preceding the next Annual General Meeting. Shareholders' Nomination Board reviews its performance and procedures once a year and gives out a report of its actions annually. The report is published in the Corporate Governance Statement.

### Principles concerning the diversity of the Board of Directors

The Company has defined the principles concerning the diversity of the Board of Directors in the following way:

In Asiakastieto Group Plc, the proposal concerning the composition of the Board of Directors is prepared and made to the Annual general Meeting by the Shareholders' Nomination Board, which consists of the representatives of the Company's three largest shareholders and of the chairperson of the Board of Directors and a representative nominated by the Board of Directors amongst them as expert members. When making their proposal for the composition of the Board of Directors, the Shareholders' Nomination Board applies these diversity principles defined by the Company or the assessment of diversity.

Diversity of the Board of Directors supports the development of the Company's business and the achievement of strategic objectives as well as the promoting of customer insight. The complementing expertise of the members and experience in the lines of business essential for the Company (financing, commerce, information technology) are considered important. From the point of view of diversity, experience in international operational environment and international representation are considered essential. The objective is that both genders be represented in the Board of Directors. Long-term needs and adequate turnover shall be taken into account when electing the members of the Board of Directors.

### Realization of diversity of the Board of Directors

At the moment (2018), the Company's Board of Directors consists of seven members, three of whom are foreign nationals. The members are experienced in Board

duties in various types of companies. Of the members of the Board of Directors, two have acted in the Board of Directors of the Company or its subsidiary already before the Company's listing in 2015; three persons became members of the Board of Directors in connection with the listing or were nominated in the general meeting in 2016; and two persons became members of the Board of Directors in connection with the completion of the acquisition of UC AB in 2018. Both genders are represented in the Company's Board of Directors.

These principles and the realization of diversity are presented as part of the Company's corporate governance.

### Report of the actions of the Shareholders' Nomination Board in 2018

#### General

The Company's sole shareholder (before the Company's listing on the stock exchange) decided on 10 March 2015 to found the Shareholders' Nomination Board to prepare the proposals to the Annual General Meeting for the selection and remuneration of Board members and the remuneration of the Board committees and the Nomination Board. The term of the Nomination Board is until next Annual General Meeting.

The three largest shareholders according to the share register as at 9 November 2018 were Sampo Plc, Nordea Bank AB (publ) and Skandinaviska Enskilda Banken AB (publ).

The companies appointed Peter Johansson (Sampo Plc), Stefan Dahl (Nordea Bank AB (publ)) and Mats Torstendahl (Skandinaviska Enskilda Banken AB (publ)) as members of the Nomination Board. Patrick Lapveteläinen is a member of the Nomination Board as the Chairman of the Board of Directors and Bo Harald as a member appointed by the Board of Directors.

Personal details on the Shareholders Nomination Board members are set forth in the table below:

Name	Occupation
Peter Johansson	Sampo Plc, CFO
Stefan Dahl	Nordea Bank AB (publ), Head of Group Mergers & Acquisitions
Mats Torstendahl	Skandinaviska Enskilda Banken AB (publ), Head of Corporate & Private Customers

The Board elected Peter Johansson as Chairman. The Board assembled two times in 2018 and continued its work in two meetings in 2019. All members of the Nomination Board participated to these meeting.

### Shareholders' Nomination Board's proposal to Annual General Meeting 2019

The Nomination Board proposes that the number of Board members be six (6).

The Board proposes that Petri Carpén, Patrick Lapveteläinen, Carl-Magnus Månsson and Martin Johansson be reelected as members of the Board of Directors. The Board proposes Petri Nikkilä and Tiina Kuusisto to be elected as new members of the Board.

The Board proposes that the remuneration payable to the Board of Directors Chairperson be EUR 50 000 per year and to other Board members EUR 35 000 per year. A separate remuneration will not be paid for the attendance to Board meetings.

The chairpersons of Board of Directors committees shall be paid an attendance fee of EUR 500 and the committee members shall be paid an attendance fee of EUR 400 per committee meeting.

The Board proposes that no remuneration will be paid to the Nomination Board members.

The Board proposes that reasonable travelling expenses for the attendance to the meetings shall be paid to members.

The Board proposes that the aforementioned proposed remuneration will become effective immediately after the next Annual General Meeting of the Company.

### Board of Directors

The Board's role is to manage the Company's business in the best possible way and in their work protect the interests of the Company and its shareholders. In accordance with the Articles of Association of Asiakastieto, the Board of Directors shall consist of a minimum of four (4) and a maximum of eight (8) members elected by the General Meeting. The members of the Board of Directors shall be appointed for one year at a time. The Shareholders' Nomination Board prepares a proposal on the composition of the Board to the Annual General Meeting for its decision.

Asiakastieto's Board members shall be professionally competent and as a group have sufficient knowledge of and competence, inter alia, in the Company's

field of business and markets. A new Member of the Board must have induction of the activities. The majority of the directors shall be independent of the Company. In addition, at least two of the directors, representing the aforementioned majority, shall be independent of significant shareholders of the Company. Independency from the Company is determined based on the fact whether a person has been employed by any of the Asiakastieto Group companies within the last 5 years. Independency from the shareholders is determined based on the fact whether a person has either directly or through controlling interest company owned Asiakastieto's shares during the last year.

The Board has general authority to decide on and act in any matters not reserved by law or under the provisions of the Articles of Association to any other governing body of the Company. The Board of Directors is responsible for the management of the Company and its business operations. Additionally, the Board is responsible for the appropriate arrangement of the bookkeeping and financial administration.

The operating principles and main duties of the Board of Directors have been defined in the Charter for the Board of Directors and include, among other things, to:

- establish business objectives and strategy,
- appoint, continuously evaluate and, if required, remove the CEO from office,
- ensure that there are effective systems in place for monitoring and controlling the Group's operations and financial position compared to its stated objectives,
- ensure that there is satisfactory control of the Company's compliance with laws and other regulations applicable to the Company's operations, and ensure that the Company's external disclosure of information is marked by openness and is correct, timely, relevant and reliable, by way of, among other things, adopting a disclosure policy.

By the resolution of Annual General Meeting on 22 March 2018, Bo Harald, Petri Carpén, Patrick Lapveteläinen, Carl-Magnus Månsson and Anni (Anna-Maria) Ronkainen were appointed as members to the Board of Directors. By the resolution of Extraordinary General Meeting on 25 May 2018, Martin Johansson and Nicklas Ilebrand were further appointed as members to the Board of Directors as of 29 June 2018.



## Independence of the Board of Directors

Under the Finnish Corporate Governance Code 2015, the majority of directors shall be independent of the Company. In addition, at least two directors of this majority shall be independent of the Company's major shareholders. The Board shall evaluate the independence of directors and report which directors it determines to be independent of the Company and which directors it determines to be independent of major shareholders.

Based on an evaluation by the Board of Directors pursuant to the Finnish Corporate Governance Code, all members of the Company's new Board of Directors are considered to be independent of the Company. In addition, all members of the Board, except for Patrick Lapveteläinen and Martin Johansson are independent of the significant shareholders. The Company is in compliance with recommendation 10 of the Corporate Governance Code.

Personal details on the Board members are set forth in the table below:

Name	Birth year	Position	Education	Occupation	Positions of trust
Bo Harald	1948	Member (from 22 December 2014)	Master of Arts (Pol.Sc.)	CEO of Why-Advisory Oy	Chairman of the Board of Directors: Nordea Bank foundation, Oy Transmeri Group Ab, ZEF Ltd Member of the Board of Directors: Why-Advisory Oy, European Mobile Operator Ltd, Moi Mobile Ltd, Demos Helsinki ry
Petri Carpén	1958	Member (from 22 December 2014)	Master's degree in law (LL.M.)	Director of Nets Oy	–
Anni (Anna-Maria) Ronkainen	1966	Member (from IPO 31 March 2015)	Master's degree in science (Econ.)	Chief Digital Officer of Kesko Corporation	Member of the Board of Directors: Nordic Morning Group Plc, Invesdor Ltd, The Association of Finnish Advertisers
Patrick Lapveteläinen	1966	Chairman (from 1 April 2016)	Master's degree in science (Econ.)	Chief Investment Officer of Sampo Group	Chairman of the Board of Directors: Leviathan Oy Member of the Board of Directors: If P&C Insurance Holding Ltd, If P&C Insurance Ltd (publ), Mandatum Life Insurance Company Limited (Sampo Life Insurance Company)
Carl-Magnus Månsson	1966	Member (from 1 April 2016)	Master's degree in science (Eng.)	CEO of Acando AB (publ)	Member of the Board of Directors of several companies belonging to the Acando Group
Niclas Ilebrand	1980	Member (from 29 June 2018)	Master's degree in science (Comp.Sc.)	Head of Product & Business Development, Personal Banking at Nordea Bank AB (publ)	Vice Chairman of the Board of Directors: Nordea Mortgage Bank Plc (Finland), Nordea Hypotek AB (Sweden), Nordea Kredit Realkreditaktieselskap (Denmark), Nordea Eiendomskredit AS (Norway). Member of the Board of Directors: Bohemian Wrappsody AB
Martin Johansson	1962	Member (from 29 June 2018)	Master's degree in science (Econ.)	Head of Business Support & Chief of Staff of Skandina- viska Enskilda Banken AB (publ)	Chairman of the Board of Directors: Repono Holding AB, Försäkrings AB Suecia, Försäkringsaktiebolaget Skandinaviska Enskilda Captive. Member of the Board of Directors of several other companies belonging to the SEB Group

1/7 of the Members of the Board are women at the end of year 2018. The age distribution is 38–70 years. Members present two nationalities and they have gained experience from various industries.

The performance of the Board is evaluated annually. In 2018 the Board evaluated time allocation in meetings, the frequency and length of the meetings, practicalities of the meetings, the material received by the Board and the material distribution, the culture of the Board, the role and actions of the Chairman as well as gave proposals to make performance more efficient.

Meetings of the Board of Directors are convened by its Chairperson. The Board of Directors constitutes a quorum when more than half of the members appointed by the General Meeting are present at the meeting. When votes are cast, the majority opinion will be the Board's decision and, in the case of a tie, the Chairperson will have the casting vote.

The Board of Directors is always obliged to act in the Company's interests and in such a way that its acts or measures are not likely to produce unjustified benefit to any shareholder or other third party at the cost of the Company or another shareholder.

A Board member is disqualified from participating in the handling of a matter pertaining to a contract or other transaction between the Board member and the Company or of such matter where the member is to derive an essential benefit and that benefit may be contrary to the interests of the Company. In principle, a Board member may not participate in the handling of a matter if the Board member is involved in the matter under assessment in another capacity.

The Board of Directors shall convene as frequently as necessary to discharge its responsibilities. The Chief Executive Officer ensures that the Board is provided with sufficient information to assess the operations and financial situation of the group.

The secretary of the Board of Directors is Manager, legal affairs Juuso Jokela.

## Board meetings 2018

The Board of Directors convened altogether 12 times during year 2018. Average attendance was 97 per cent. In addition, the Board made three separate times resolution in accordance with Chapter 6, Section 3 of the Finnish Companies Act without convening a meeting.

## Board Committees

The Board annually appoints an Audit Committee and may also appoint other permanent Committees if considered necessary at its organization meeting following the Annual General Meeting. The Board did not appoint Nomination and Remuneration Committee in its organizational meeting 22 March 2018. The composition, duties and working procedures of the Committees shall be defined by the Board in the Charters confirmed for the Committees. The Committees regularly report on their work to the Board.

### Audit Committee

The Audit Committee consists of at least three (3) members, the majority of which must be independent of the Company. The members shall have the qualifications necessary to perform the responsibilities of the Committee. At least one (1) member shall be independent of the significant shareholders and at least one (1) member shall have expertise specifically in accounting, bookkeeping or auditing. All members of the Committee shall be versed in financial matters.

According to its Charter, the Audit Committee assists the Board in fulfilling its supervisory responsibilities and also prepares certain accounting and auditing matters to be handled by the Board. In addition, the Audit Committee makes recommendations for the election and removal of the external auditors and for their compensation and approves the external auditors' audit plan based on the auditors' proposal. Among its other duties, the Audit Committee reviews and monitors the financial reporting process, the efficiency of the system of internal control and risk management, and the audit process.

Petri Carpén serves as the Chairperson of the Audit Committee and Carl-Magnus Månsson and Anni (Anna-Maria) Ronkainen serve as members of the Audit Committee.

Audit Committee convened 6 times during 2018. Average attendance was 100 per cent.

In accordance with its financial calendar, the Audit Committee discussed matters relating to internal control and auditing, and reviewed the audit plan and remarks from auditing during the financial year. The Audit Committee reviewed IFRS changes and especially paid attention to analysis performed by the Company about IFRS15 implications. The Audit Committee also reviewed financial actual

amounts and forecasts for the financial year, budget for the next financial year and impairment testing. The Audit Committee also discussed calculations relating to a corporate acquisition.

### Attendance to Board and Committee Meetings

	Board meeting	Audit Committee
Bo Harald	11/12	
Petri Carpén	12/12	6/6
Anni (Anna-Maria) Ronkainen	12/12	6/6
Patrick Lapveteläinen	12/12	
Carl-Magnus Månsson	12/12	6/6
Martin Johansson	5/6	
Nicklas Ilebrand	6/6	

### Chief Executive Officer

The Chief Executive Officer ("CEO") of Asiakastieto is appointed by the Board. The CEO is in charge of the day-to-day management of the Company. The duties of the CEO are governed primarily by the Finnish Companies Act. The CEO leads the operational activities and prepares information and decisions to support the Board and presents his findings at Board meetings.

In accordance with the Finnish Companies Act, the CEO has a right to decide himself on certain urgent matters which otherwise would require a Board decision. Jukka Ruuska is the CEO of the Company.

Jukka Ruuska (born 1961) has been an Executive Team member since 2011 and was appointed as Asiakastieto Group Plc's CEO as of 2012. He currently serves as Chairman of the Board of Suomen Asiakastieto Oy, Emaileri Oy, UC AB, UC Affärsfac-ta AB, UC Affärsinformation AB and as a member of the board of Finnish Foundation for Share Promotion, Suomen Kansallisteatterin Osakeyhtiö and Nordic Morning Oyj. He has served as a member of the Board of Asiakastieto Group Plc, Affecto Oyj, B10 Asset Management Oy, AB Lindex and Destia Oy. His previous positions also include President of Nordic Exchange Oyj, Deputy CEO of OMX Abp, Senior Partner at CapMan and Head of Corporate Planning at Elisa Corporation. He holds a LL.M from University of Helsinki and MBA degrees from Helsinki University of Technology.

### Executive Team

The Company had an Executive Team at the end of year 2018 consisting of Jukka Ruuska, Anders Hugosson, Antti Kauppila, Heikki Koivula, Mikko Karemo, Esa Kumpu, Heikki Ylipekkala, Siri Bengtsson, Victoria Preger and Eleonor Öhlander. The mem-bers of the Executive Team are appointed by the Board based on a proposal by the CEO. The members of the Executive Team report to the CEO.

The Executive Team members handle the issues that concern managing of the group in their respective areas and on the basis of the guidance provided by the Board of Directors. The Executive Team meets one to two times per month, or as required, and supports the CEO in, for example, the preparation and execution of strategic matters, operating plans, matters of principle and any other significant mat-ters. The Executive Team also assists the CEO in ensuring the flow of information and sound internal cooperation.

Name	Birth year	Position	Appointed
Jukka Ruuska	1961	CEO	2011
Anders Hugosson	1963	Deputy CEO, Director, IT and Technology, acting Chief Information Officer	2018
Antti Kauppila	1982	CFO	2018
Heikki Koivula	1974	Director, Risk Decisions	2018
Mikko Karemo	1971	Director, Sales Units	2012
Esa Kumpu	1964	Director, Customer Data Management	2016
Heikki Yli-Pekkala	1967	Director, Digital Processes	2016
Siri Bengtsson	1982	Director, SME and Consumers	2018
Victoria Preger	1976	Director, Marketing and Communications	2018
Eleonor Öhlander	1970	Director, HR	2018

### Remuneration

The remuneration of the members of the Board of Directors, the Board Committees and the Shareholders' Nomination Board is decided by the Annual General Meeting of Asiakastieto based on a proposal by the Shareholders' Nomination Board.

The Board of Directors decides on the remuneration of the CEO. The remunera-tion of the senior management, i.e. members of the Executive Team, is decided by

the Board based on a proposal by the CEO.

In accordance with the Finnish Corporate Governance Code, the Company publishes its Remuneration Statement on the Company's website.

### Board Remuneration

The Annual General Meeting 22 March 2018 decided that the remuneration payable to the Board of Directors Chairperson be EUR 40 000 and to other Board members EUR 25 000 per year. A separate remuneration will not be paid for the attendance to Board meetings. The chairpersons of Board of Directors committee shall receive an attendance fee of EUR 500 and the committee members shall be paid an attendance fee of EUR 400 per committee meeting.

The Company decided on a practice where Board Members are remunerated always by end of term in connection with the Annual General Meeting. During 2018 EUR 144 thousand were paid to Members of the Board according to the table below.

### Board remuneration

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Anni (Anna-Maria) Ronkainen (member from 31 March 2015)	26	27
Bo Harald (member from 22 December 2014)	25	25
Petri Carpén (member from 22 December 2014)	27	27
Patrick Lapveteläinen (member from 1 April 2016)	40	40
Carl-Magnus Månsson (member from 1 April 2016)	26	27
Martin Johansson (member from 29 June 2018)	-	-
Nicklas Illebrand (member from 29 June 2018)	-	-
<b>Total</b>	<b>144</b>	<b>145</b>

### Remuneration for Executive Team (CEO not included)

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Salaries and benefits	1 817	1 068
Long Term Incentives	627	-
Performance based incentives <sup>1</sup>	406	360
<b>Total</b>	<b>2 850</b>	<b>1 428</b>

### CEO remuneration

EUR thousand	1.1.–31.12.2018	1.1.–31.12.2017
Salaries and benefits	477	236
Long Term Incentives	254	-
Performance based incentives <sup>1</sup>	188	189
Pension cost - voluntary contribution plan	9	9
<b>Total</b>	<b>928</b>	<b>433</b>

<sup>1</sup> Incentives have been reported on the basis of the payment and paid on the previous period's result.

## Board of Directors' and management's share ownership 31 December 2018

Board members	Number of Shares
<b>Lapveteläinen Patrick</b>	10 000
Chairman of the Board	
Related party's ownership	8 000
<b>Carpén Petri</b>	0
Related party's ownership	0
<b>Harald Bo</b>	0
Related party's ownership	0
<b>Månsson Carl-Magnus</b>	0
Related party's ownership	0
<b>Ronkainen Anni (Anna-Maria)</b>	0
Related party's ownership	0
<b>Johansson Martin</b>	0
Related party's ownership	0
<b>Ilebrand Nicklas</b>	0
Related party's ownership	0
<b>Total</b>	<b>18 000</b>

CEO and Executive Team	Number of Shares
<b>Ruuska Jukka</b>	68 244
CEO	
Related party's ownership	0
<b>Hugosson Anders</b>	2 200
Related party's ownership	0
<b>Kauppila Antti</b>	700
Related party's ownership	0
<b>Karemo Mikko</b>	7 317
Related party's ownership	0
<b>Bengtson Siri</b>	1 450
Related party's ownership	0
<b>Koivula Heikki</b>	16 669
Related party's ownership	0
<b>Kumpu Esa</b>	0
Related party's ownership	0
<b>Öhlander Eleonor</b>	1 500
Related party's ownership	0
<b>Preger Victoria</b>	1 500
Related party's ownership	0
<b>Ylpekkala Heikki</b>	1 500
Related party's ownership	0
<b>Total</b>	<b>101 080</b>

### Auditor

The main function of the statutory audit is to verify that the financial statements provide true, accurate and sufficient information on the Asiakastieto Group's performance and financial position for the financial year. The Asiakastieto Group's financial year is the calendar year. The auditor's responsibility is to audit the correctness of the Group's accounting in the respective financial year and to provide an auditor's report to the General Meeting. In addition, Finnish law requires that the auditor also monitors the lawfulness of the Company's administration. The auditor reports to the Board of Directors at least once a year.

The Audit Committee prepares a proposal on the appointment of Asiakastieto's auditors, which is then presented to the AGM for its decision. The compensation paid to the auditors is decided by the AGM and assessed annually by the Audit Committee.

Pursuant to Article 8 of the Company's Articles of Association, the Company must have one auditor that is a company of public accountants approved by the Central Chamber of Commerce of Finland. The term of the Auditor of the Company shall end at the close of the Annual Meeting following the election.

The Annual General Meeting 22 March 2018 has appointed PricewaterhouseCoopers Oy, Authorised Public Accountants as its auditor. PricewaterhouseCoopers Oy has appointed Martin Grandell, Authorised Public Accountant, as the principal responsible auditor.

In 2018 auditor Company was paid EUR 140 thousand for auditing and for other services EUR 896 thousand.

KPMG AB, Authorised Public Accountants acted as auditor of the Company's Swedish subsidiaries. KPMG AB has appointed Anders Malmby, Authorised Public Accountant, as the principal responsible auditor.

In 2018 auditor Company KPMG AB was paid EUR 66 thousand for auditing and for other services EUR 182 thousand.

### Auditor's share ownership 31 December 2018

Auditor	Number of Shares
Grandell Martin	0
Auditor in charge	
Related party's ownership	0
<b>Total</b>	<b>0</b>

## Internal control and risk management

### Risk management

Asiakastieto is exposed to a number of risks and uncertainties related to, among other factors, the market conditions, the Company's industry, the Company's strategy, business operations of the Company and financial risks. The materialisation of any such risks could have a material adverse effect on Asiakastieto's business, financial condition, results of operations and future prospects

The objective of Risk Management is to secure profitable performance of the

Asiakastieto Group and to ensure the continuity of the business by executing risk management in a cost-effective and systematic manner in the different functions of the Company. Risk management is part of Asiakastieto's strategic and operative planning, daily decision-making process and internal control.

### Main Principles for Organizing Risk Management

The Company complies with a policy approved by the Company's Board of Directors for the management of risks. Risk Management covers all activities that are related to the objectives being achievable and consistent with the strategy, to the identification, measuring, assessment, processing, reporting and control of risks and to the reaction to risks.

### Main Features of Risk Management Process

In conjunction with the strategy process and annual planning, the Company's CEO and members of the management group evaluate the business risks which may prevent or endanger the achieving of the group's strategic and result objectives. The units provide risk assessments of their own operations for the support of the strategy process. The directors of the units have to provide assessments of the risks of their own area of responsibility and present action plans for the management of risks. Changes taking place in the strategic and operative risks are discussed in the management group.

Asiakastieto's CEO reports the identified risks as well as planned and implemented actions for the risk mitigation to the Audit Committee and the Board of Directors. In accordance with the recommendation 26 of the Finnish Corporate Governance Code, the Company shall disclose the major risks and uncertainties that the Board is aware of and the principles along which risk management is organised. The Audit Committee shall assure that the Corporate Governance Statement published by the Company shall contain an appropriate description of the main features of the internal control and risk management systems in relation to the financial reporting process.

The report by the Board of Directors contains an evaluation of the major risks and uncertainties. In addition, the interim reports and financial statements releases shall describe major short-term risks and uncertainties related to the business operations.

As part of the integration work in 2018, practices for the management of risk, data protection, security and business continuity are in the process of being har-

monized across the group. Frameworks are being translated and rolled out to the business. Revised practices are based on the best of what each company brought to the table at the time of the merger.

Both Asiakastieto and UC have made investments in GDPR readiness during 2018. An external Data Protection Officer (DPO) has been appointed.

Security management has been enhanced by establishing a group level security function with strong focus on information security and by strengthening the IT security function. A first benchmark evaluation against NIST Cybersecurity Framework has been done and improvement actions are in various status of implementation.

### Internal control

The objective of the internal control in Asiakastieto Group is to ensure that business operations are efficient and profitable, financial reporting is reliable, and that applicable laws and regulations for the Company's business, as well as Company's internal instructions are followed. The specific objective of the internal control over financial reporting is to ensure that interim reports, financial statement releases and other financial reporting made available to the public, and financial statements and annual reports are reliable and are prepared in accordance with the accounting and reporting principles adopted by the Company.

The Audit Committee of Asiakastieto is responsible for, according to its working order, the monitoring of the financial statement preparation and financial reporting processes, and it monitors the effectiveness of the Company's internal control and risk management processes.

CEO is operationally responsible for the organization of the internal control. It includes that the Company has designed and implemented adequate internal control mechanisms as stipulated in the operating principles approved by the Board. CEO, supported by the Management Team, is responsible to ensure that the Company operates in accordance with the agreed and defined principles, follows laws and regulations, and reacts towards identified exceptions and takes adequate corrective actions.

The duty of the CFO is to make sure and control that the bookkeeping and financial reporting practices of the group are in accordance with the law and that the financial and management reporting is reliable.

An integral part of the internal control is the document indicating the Com-

pany's delegation of authority, as defined by the Board (Delegation of Authority Summary). The guideline defines authorisations of the Board, the CEO and other management team members. The guideline deals with the situations where authorisations may be required for annual financial accounts, budget, remuneration, investments, acquisitions, financing and one-off transactions. Asiakastieto Code of Ethics is applicable for all the group employees. It has been published in the Company's intranet and is also introduced to all new employees.

Asiakastieto has adopted the ISO 9001-based quality system. This describes the Company's principal processes and related controls, by means of which the units can control and develop their process risk management. Financial department has created a control catalogue which is being updated and also defined control points which are being tested on regular basis.

### *General Description of Internal Control and Operational Principles*

Internal control is carried out by the Board of Directors, management and the Company's entire personnel so that it can reasonably be asserted that:

- the operations are functioning, efficient and in compliance with the strategy
- the financial reporting and information given to the management is reliable, sufficient, and timely
- applicable laws and regulations as well as the Company's internal instructions and ethical values are complied with at Asiakastieto

Asiakastieto's internal control contain the following structural elements:

- instructions and principles set by the Board of Directors for internal control, risk management and administration
- the implementation and application of instructions and principles under the supervision of the management
- control of the efficiency and functionality of operations as well as the reliability of the financial and management reporting by the financial department
- the Company's risk management process, the purpose of which is to identify, assess and reduce risks threatening the achievement of objectives
- compliance processes, the purpose of which is to ensure that all applicable laws, regulations, internal instructions and ethical values are complied with common ethical values and strong internal control culture amongst all employees



Asiakastieto has no specific internal audit organisation. This has been taken into consideration in the content and extent of the annual audit plan. The Audit Committee of the Board shall, according to its working order, evaluate on a yearly basis whether such function should be established. The Audit Committee may use either internal or external resources to carry out specific internal audit assignments. The Group Finance of the Company monitors adherence of the approval limits as defined in the Delegation of Authority guidelines.

#### *Focus areas in 2018 for internal control development*

Areas of focus for the internal control in 2018 were the examination of key processes, identification of development targets and preparation of development plans to improve and standardise controls in the entire combined group after the acquisition of UC AB.

#### **Related party transactions**

Asiakastieto has not conducted related party transactions that are material from the perspective of the company and where such transactions deviate from the company's normal business operations or are not made on market or market equivalent terms.

#### **Compliance with laws and regulation**

It is the policy of Asiakastieto to comply throughout the organization with all applicable laws and regulations and to maintain an ethical workplace for its officers and employees as well as an ethical relationship with its customers, suppliers and other business partners.

In its insider administration Asiakastieto follows the Guidelines for Insiders issued by Nasdaq Helsinki Ltd complemented by the Company's own Insider Guidelines approved by the Board. The Company's own Insider Guidelines were changed according to the MAR regulation (Market Abuse Regulation, 596/57/EU; MAR). The Company maintains the list of persons discharging managerial responsibilities and persons closely associated to them and project specific insider registers in the SIRE system of Euroclear Finland Ltd. In accordance with MAR regulation persons discharging managerial responsibilities include the members of the Board (and their deputies, if any) and in addition, based on a decision made by Asiakas-

tieto's Board of Directors, the CEO, the Deputy CEO and the CFO. Asiakastieto has no company-specific permanent insider register.

According to Asiakastieto's Insider Guidelines, persons discharging managerial responsibilities shall always obtain a prior approval for trading in the Company's securities from the Company's Insider Officer. Persons discharging managerial responsibilities may not in any event trade in the Company's securities during the period of 30 days before the publication of the (quarterly) interim report or annual result (Closed Window). According to the Insider Guidelines approved by the Board also the persons who participate in the financial reporting of the Company are concerned by this prohibition to trade during the Closed window.

A project-specific insider register is also maintained when required by law or regulations. Project specific insiders are prohibited from trading in the Company's securities until the termination of the project.

#### **Shareholders' Agreement and Articles of Association relating to the Credit Register and the Credit Register Information**

The Company and UC AB's former owners Skandinaviska Enskilda Banken AB (publ), Nordea Bank AB (publ), Svenska Handelsbanken AB (publ), Swedbank AB (publ), Danske Bank A/S Swedish branch and Länsförsäkringar Bank AB (publ) (together, the "Sellers") have entered into a shareholders agreement relating to the governance of UC AB's Credit Register and Credit Register Information, as a company jointly owned by the Sellers received as part of the acquisition of UC AB a small number of UC AB's Class B shares that grant their holders certain governance related rights. The purpose of these arrangements has been to secure the maintenance of the Credit Register and the management of Credit Register Information provided by the Sellers.

The Company is not aware of any other shareholders' agreements regarding the shares of the Company.

#### **Board of Directors' report**

Board of Directors published in 7 March 2019 its report for financial year 2018. Board of Directors report is published at the same time with Corporate Governance Statement.

## Board of Directors



### Patrick Lapveteläinen

b. 1966

**Education:** M.Sc. (Econ.)  
Chairman of the Board of Directors from  
1 April 2016

**Main duty:** Investment Director of Sampo Plc

**Positions of trust:** Member of the Board of  
Directors: If P&C Insurance Holding Ltd and  
Mandatum Life Insurance Company Limited  
(Sampo Life Insurance Company).

Independent of the company but non-  
independent of its significant shareholders.

*Shareholding in Asiakastieto Group Plc on  
31 December 2018: 10 000 shares, holdings  
of interest parties 8 000 shares.*



### Petri Carpén

b. 1958

**Education:** Master of Laws (LL.M.)  
Board member from 22 December 2014

**Main duty:** Director of Nets Oy

**Positions of trust:** –

Independent of the company and indepen-  
dent of its significant shareholders.

*Shareholding in Asiakastieto Group Plc on  
31 December 2018: 0 shares, no holdings  
of interest parties.*



### Bo Harald

b. 1948

**Education:** Master of Arts (Pol. Sc.)  
Board member from 22 December 2014

**Main duty:** CEO of Why-Advisory Oy

**Positions of trust:** Chairman of the Board of  
Directors: Transmeri Group Ab and ZEF Oy  
Member of the Board of Directors: Why-  
Advisory Oy, Enterpay Oy, European Mobile  
Operator Oy, Moi Mobiili Oy and Demos  
Helsinki ry.

Independent of the company and indepen-  
dent of its significant shareholders.

*Shareholding in Asiakastieto Group Plc on  
31 December 2018: 0 shares, no holdings  
of interest parties.*



### Nicklas Ilebrand

b. 1980

**Education:** M.Sc. (Computer Science)  
Board member from 29 June 2018

**Main duty:** Head of Product & Business  
Development at Nordea Bank AB's (publ.)  
Personal Banking function

**Positions of trust:** Member of the Board of  
Directors: Nordea Kiinnitysluottopankki Oyj  
(Finland), Nordea Hypotek AB (Sweden),  
Nordea Kredit Realkreditaktieselskap (Den-  
mark), Nordea Eiendoms kreditt AS (Norway)  
and Bohemian Wrappsody AB.

Independent of the company and inde-  
pendent of its significant shareholders.

*Shareholding in Asiakastieto Group Plc on  
31 December 2018: 0 shares, no holdings  
of interest parties.*



### Martin Johansson

b. 1962

**Education:** M.Sc. (Econ.)  
Board member from 29 June 2018

**Main duty:** Head of Business Support &  
Chief of Staff at SEB Group

**Positions of trust:** Member of the Board of  
Directors: AS SEB Pank (Estonia), SEB Banka  
AS (Latvia) and AB SEB Bankas (Lithuania).

Independent of the company but non-  
independent of its significant shareholders.

*Shareholding in Asiakastiето Group Plc on  
31 December 2018: 0 shares, no holdings  
of interest parties*



### Carl-Magnus Månsson

b. 1966

**Education:** M.Sc. (Eng.)  
Board member from 1 April 2016

**Main duty:** CEO of Acando Abp

**Positions of trust:** –

Independent of the company and indepen-  
dent of its significant shareholders.

*Shareholding in Asiakastiето Group Plc on  
31 December 2018: 0 shares, no holdings  
of interest parties.*



### Anni (Anna-Maria) Ronkainen

b. 1966

**Education:** M.Sc. (Econ.)  
Board member from 31 March 2015

**Main duty:** Chief Digital Officer of Kesko  
Corporation

**Positions of trust:** Member of the Board of  
Directors: Nordic Morning Plc, Invesdor Ltd  
and The Association of Finnish Advertisers

Independent of the company and indepen-  
dent of its significant shareholders

*Shareholding in Asiakastiето Group Plc on  
31 December 2018: 0 shares, no holdings of  
interest parties.*

## Executive Management Team



Jukka Ruuska



Anders Hugosson



Antti Kauppila



Siri Bengtsson



Mikko Karemo



Heikki Koivula



Esa Kumpu



Victoria Preger



Karl-Johan Werner



Heikki Ylipekkala



Eleonor Öhlander

**Jukka Ruuska**

b. 1961  
CEO  
Master of Laws (LL.M.), MBA

Employed by Asiakastiето Group since 2011. Executive Management Team Member since 2011 and Asiakastiето Group's CEO since 2012. He has previously acted as President of Nordic Exchange Oyj, Deputy CEO of OMX Abp, Senior Partner at CapMan Oyj and Head of Corporate Planning at Elisa Corporation.

*Shareholding in Asiakastiето Group Plc on 31 December 2018: 68 244 shares, no holdings of interest parties.*

**Anders Hugosson**

b. 1963  
Deputy CEO, acting CIO  
M.Sc. (Eng.)

Employed by Asiakastiето Group since 2018. Executive Management Team Member since 29 June 2018. He has previously acted as CEO at UC AB and UC Affärsinformati-on AB, CEO at Steria Sweden AB and Vice President at Capgemini.

*Shareholding in Asiakastiето Group Plc on 31 December 2018: 2 200 shares, no holdings of interest parties.*

**Antti Kauppi**

b. 1982  
CFO  
M.Sc. (Econ.)

Employed by Asiakastiето Group since 2017. CFO and Executive Management Team Member since 9 May 2018. He has previously acted as the acting CFO and Director of Controlling and Accounting at Asiakastiето Group, Senior Manager at Ernst & Young Oy as well as in various finance positions at PerkinElmer Inc.

*Shareholding in Asiakastiето Group Plc on 31 December 2018: 700 shares, no holdings of interest parties.*

**Siri Bengtsson**

b. 1984  
Director, SME and Consumers  
M.Sc. (Econ.)

Employed by Asiakastiето Group since 2018. Executive Management Team Member since 29 June 2018. She has previously acted as Business Area Manager Consumer at UC AB, Head of Consumer at Collector Bank and CEO at Lendo AS.

*Shareholding in Asiakastiето Group Plc on 31 December 2018: 1 450 shares, no holdings of interest parties.*

**Mikko Karemo**

b. 1971  
Director, Sales and Customers  
Master of Laws (LL.M.)

Employed by Asiakastiето Group since 2012. He has previously acted as Sales and Marketing Director at Asiakastiето Group, Regional Director at If P&C Company and in expert and leading positions in finance and service sector in Finland, Sweden and China.

*Shareholding in Asiakastiето Group Plc on 31 December 2018: 7 317 shares, no holdings of interest parties.*

**Heikki Koivula**

b. 1974  
Director, Risk Decisions  
eMBA

Employed by Asiakastiето Group since 2010. He has previously acted as Deputy CEO, Head of Business Information, Head of Consumer Information and Development Director at Asiakastiето Group and Vice President at OP Group.

*Shareholding in Asiakastiето Group Plc on 31 December 2018: 16 669 shares, no holdings of interest parties.*

**Esa Kumpu**

b. 1964  
Director, Customer Data Management  
until 3 March 2019  
Diploma in Business and Administration

Employed by Asiakastiето Group since 2016. Executive Management Team Member until 3 March 2019. He has previously acted as Head of Customer Management Services at Asiakastiето Group, CEO at Intellia Oy and Business Director of the Customer Marketing unit at Fonecta Oy.

*Shareholding in Asiakastiето Group Plc on 31 December 2018: 0 shares, no holdings of interest parties.*

**Victoria Preger**

b. 1976  
Director, Marketing and Communications  
B.Sc. in Economics and in Communications

Employed by Asiakastiето Group since 2018. Executive Management Team Member since 29 June 2018. She has previously acted as Chief Marketing Officer at UC AB and as Head of Marketing and Communications at Swedish IT and Telecom company Dialect.

*Shareholding in Asiakastiето Group Plc on 31 December 2018: 1 500 shares, no holdings of interest parties.*

**Karl-Johan Werner**

b. 1973  
Director, Customer Data Management  
from 4 March 2019  
M.Sc. (Econ.)

Employed by Asiakastiето Group since 2019. Executive Management Team Member since 4 March 2019. He has previously acted as Head of Customer Insight at Skandia. Alongside that position he has had several other responsibilities, such as head of online financial advisory services, information content owner of customer data and GDPR business representative.

*Shareholding in Asiakastiето Group Plc on 31 December 2018: 0 shares, no holdings of interest parties.*

**Heikki Ylipekkala**

b. 1967  
Director, Digital Processes  
B.Pol.Sc., eMBA

Employed by Asiakastiето Group since 2016. He has previously acted as Head of Real Estate and Collateral Information at Asiakastiето Group and in the executive teams of the national central securities depositories of Finland and Sweden (Euroclear Finland and Euroclear Sweden).

*Shareholding in Asiakastiето Group Plc on 31 December 2018: 1 500 shares, no holdings of interest parties.*

**Eleonor Öhlander**

b. 1970  
Director, HR  
B.Sc. in Business Administration and Economics

Employed by Asiakastiето Group since 2018. Executive Management Team Member since 29 June 2018. She has previously acted as Head of HR at UC Group, Head of HR at Aon Sweden AB, Head of HR at Acta, HR Manager at Manpower and Accountant at PwC and Ernst & Young.

*Shareholding in Asiakastiето Group Plc on 31 December 2018: 1 500 shares, no holdings of interest parties.*

**Other changes in the Executive Management Team during the financial year**

Terhi Kauppi, CFO, employed by Asiakastiето Group and Executive Management Team Member until 9 May 2018.

Risto Kallio, Service Director, Executive Management Team Member until 28 June 2018.

Jouni Muhonen, Director, Consumer Information, Executive Management Team Member until 28 June 2018.

Jari Julin, CIO, Executive Management Team member until 31 August 2018.

# Shares and Shareholders

Asiakastieto Group Plc has one share class. Each share carries one vote at the General Meeting of shareholders and each share confers equal right to dividends and net assets of the company. The shares have no nominal value. The shares of the Company are incorporated in the book-entry securities system maintained by Euroclear Finland Ltd.

A total of 23 443 new shares were subscribed for in Asiakastieto Group Plc's share issue directed to the company key personnel without payment. The shares were registered into the Trade Register on 29 May 2018. After the registration, the company's shares totaled 15 125 621. The new shares produce the right to dividends and other distribution of assets as well as other shareholder rights as of the registration date 29 May 2018. The trading of new shares commenced on 30 May 2018.

Asiakastieto Group Plc issued 8 828 343 new shares as part of the consideration for the acquisition of UC AB. The consideration shares were registered in the Trade Register on 29 June 2018, after which the total number of the company's shares increased to 23 953 964 shares. All shares carry equal voting rights. On 10 September 2018, the Financial Supervisory Authority approved the listing prospectus prepared by the company. On 11 September 2018, Nasdaq Helsinki Ltd approved the listing of the new shares. Trading in the new shares commenced on 12 September 2018.

At the closing of the financial year, the share capital of the company amounted to EUR 80 thousand and the total number of shares was 23 953 964.

## Share price and volume

During the financial year, a total of 3 533 838 shares were traded, and the total exchange value was EUR 98,3 million. The highest share price in the financial year was EUR 32,60 and the lowest EUR 21,10. The average price was EUR 27,82 and the

closing share price was EUR 24,60. Market capitalisation measured at the closing price of the financial year was EUR 589,3 million.

## Shareholders

According to the book-entry securities system, the company had 2 546 shareholders at 31 December 2018. A list of the largest shareholders is available on the company's investor pages at [investors.asiakastieto.fi](http://investors.asiakastieto.fi). The company's biggest shareholder is the Sampo Group (Sampo Plc and Mandatum Life), their joint holding being 12,26 %.

The information is based on the list of the company's shareholders maintained by Euroclear Finland Ltd.

## Significant shareholders on 31 December 2018

Shareholder	Number of shares	% of share capital	Nominee registered
01 Sampo Plc	2 920 000	12,190	
02 Skandinaviska Enskilda Banken AB	2 441 920	10,194	
03 Nordea Bank ABP	2 403 854	10,035	X
04 Skandinaviska Enskilda Banken AB (Publ) Helsinki Branch	2 397 844	10,010	X
05 Nordea Bank ABP	2 303 315	9,616	
06 Svenska Handelsbanken AB (Publ)	2 161 178	9,022	
07 Swedbank	1 765 668	7,371	
08 OP-Finland -Mutual Fund	843 464	3,521	
09 Keva	811 647	3,388	
10 Svenska Handelsbanken AB (Publ) filial verksamheten i Finland	566 106	2,363	X
11 Mutual Pension Insurance Company Elo	410 528	1,714	
12 Mutual Fund Nordea Nordic Small Cap	394 561	1,647	
13 Clearstream Banking S.A.	392 886	1,640	X
14 Mutual Pension Insurance Kaleva	370 907	1,548	
15 Mutual Fund Evli Finnish Small Cap	285 000	1,190	
16 Mutual Pension Insurance Company Ilmarinen	224 380	0,937	
17 SR Danske Invest Finnish Small Cap Fund	210 744	0,880	
18 Church Pension Fund	202 172	0,844	
19 Säästöpankki Interest Plus -Mutual Fund	190 500	0,795	
20 Mutual Fund Nordea Pro Finland	168 267	0,702	
<b>20 largest shareholders total</b>	<b>21 464 941</b>	<b>89,609</b>	
<b>All shares</b>	<b>23 953 964</b>	<b>100,000</b>	



## Shareholder structure by sector 31 December 2018

Sector	Number of shareholders	% of shareholders	Number of shares	% of share capital
Companies and housing companies	211	8,288	680 248	2,840
Finance and insurance institutions	42	1,650	15 744 012	65,726
General government	10	0,393	1 552 369	6,481
Households	2 194	86,174	826 942	3,452
Non-profit organisations	78	3,064	138 213	0,577
Foreign shareholders	11	0,432	5 012 180	20,924
<b>Total</b>	<b>2 546</b>	<b>100,000</b>	<b>23 953 964</b>	<b>100,000</b>

## Ownership distribution by number of shares on 31 December 2018

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of share capital
1 – 100	952	37,392	55 783	0,233
101 – 500	1 087	42,694	282 563	1,180
501 – 1 000	260	10,212	202 302	0,845
1 001 – 5 000	168	6,599	341 385	1,425
5 001 – 10 000	31	1,218	234 828	0,980
10 001 – 50 000	18	0,707	462 996	1,933
50 001 – 100 000	7	0,275	496 995	2,075
100 001 – 500 000	13	0,511	3 262 116	13,618
500 001 – 999 999 999 999	10	0,393	18 614 996	77,712
<b>Total</b>	<b>2 546</b>	<b>100,000</b>	<b>23 953 964</b>	<b>100,000</b>
<b>Of which nominee registered</b>	<b>10</b>		<b>5 787 828</b>	<b>24,162</b>

The information is based on the list of the company's shareholders maintained by Euroclear Finland Ltd.

# Information for Shareholders

## Annual General Meeting

Asiakastieto Group Plc's Annual General Meeting will be held in Helsinki on Thursday 28 March 2019, starting at 10:00 a.m. (EET), at the Terrace Hall of Finlandia Hall, address Mannerheimintie 13, 00100 Helsinki. The notice of the Annual General Meeting, including registration instructions, can be found on the Group's Investor pages at [investors.asiakastieto.fi](http://investors.asiakastieto.fi)

## Board of Directors' proposal to the Annual General Meeting

The Board of Directors proposes to the Annual General Meeting that funds amounting to EUR 0,95 per share be paid for the year 2018. If the Annual General Meeting approves the Board of Directors' proposal on the distribution of funds, payment shall be made to shareholders registered in the company's shareholder register maintained by Euroclear Finland Ltd on the payment record date of 1 April 2019. The Board of Directors proposes that the funds be paid on 11 April 2019.

## Changes of address

Shareholders are kindly requested to notify the account manager of the book-entry account of any changes of address.

## Financial information in 2019

Each year, Asiakastieto Group Plc publishes a financial statement release, an annual report, a half year financial report and two interim reports. After they are published, the stock exchange releases can be read on the Group's investors site. The annual report is published as a PDF file only.

Annual Report for 2018 .....	Week 10 / 2019
Interim Report 1 Jan–31 Mar (Q1) .....	10 May 2019
Half Year Financial Report 1 Jan–30 Jun .....	8 August 2019
Interim Report 1 Jan–30 Sep (Q3) .....	7 November 2019

## Basic share information

Market .....	Nasdaq Helsinki
List .....	Mid Cap

Sector .....	Financials
Trading code .....	ATG1V
Votes/share .....	1
Number of shares on 31 December 2018 .....	23 953 964
Share capital (EUR) .....	80 000

## Analysts

Information about analysts following the company can be found on the Investor pages. The list is not necessarily exhaustive, and Asiakastieto Group shall not be held responsible for any estimates presented in analyses.

## Investor Relations

The goal of the Group's IR function is to produce accurate up-to-date information about the company's business operations and financial development. Asiakastieto Group publishes all investor information on its Investors site in Finnish and English. Asiakastieto Group Plc observes a 30-day period of silence before the publishing of financial reports. During this period, the company does not arrange or participate in any one-on-one meetings with investors, analysts or the media.

## IR contact information



**Antti Kauppila** CFO  
**Tel.** +358 10 270 7625  
**E-mail:**  
[firstname.lastname@asiakastieto.fi](mailto:firstname.lastname@asiakastieto.fi)



**Pia Katila** Investor Relations Manager  
**Tel.** +358 10 270 7506  
**E-mail:**  
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