SOLWERS PLC

FINANCIAL STATEMENTS 2019

CONSOLIDATED (IFRS)

AND

PARENT COMPANY (FAS)

SOLWERS

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REPORT BY THE BOARD OF DIRECTORS

BUSINESS REVIEW

General

The Solwers Group consists of well-known operators in the technical engineering and consulting industry forming a network comprising 18 companies, the parent company of which is Solwers Plc. The parent company holds from 50.92 % to 100.00 % of the shares in each subsidiary company either directly or through another subsidiary company.

The business operations of each Group company are largely based on strong specialized expertise, due to which development of competence and specialized expertise is essential within the network. The Solwers business model is aimed at combining a service selection and expertise that corresponds to the larger players in the industry with the efficiency, agility, and entrepreneurial spirit of smaller firms.

Major 2019 events

Solwers continued in 2019 its planned expansion by acquiring majority shareholdings in two Swedish companies, Dreem AB and KAM Redovisning AB. The company also increased the number of its shareholders significantly by executing a public share issue in July and by raising in total EUR 1,462,730.00 all of which was posted to the Invested Non-restricted Equity Reserve.

Risks relating to the Group’s business operations

Although the Group companies largely work on infrastructure and earthworks projects, which are not as sensitive with respect to rapid cyclical fluctuations as those in the construction industry and which are carried out regardless of the macroeconomic outlook, the Solwers subsidiaries do provide services to construction industry operators to a significant extent. This naturally exposes the Group to the cyclical fluctuations of the construction industry. The Group protects itself against the risks associated with economic cycles by operating in as many fields of engineering as possible and by being geographically diverse.

The Group companies have major customers whose orders may constitute a significant proportion of their revenue. If orders from such significant customers are discontinued for one reason or another, this could have an impact on the financial performance of the individual companies. If several group companies were to lose major customers at the same time, this could also have a significant impact on the Solwers Group’s financial performance.

The Solwers companies are particularly dependent on their key personnel and the availability of competent employees. They operate in industries where recruiting competent personnel is challenging and where there is competition between employers for skilled personnel. While the Solwers companies this far have been successful in engaging the commitment of their key personnel and recruiting qualified employees, their future success in this regard is nevertheless subject to some uncertainty.

Solwers is currently reliant on one bank that provides financing for the Group. If this bank, for one reason or another, were to discontinue its financing of the Group, this could compromise the Group’s ability to execute its business plan or pose challenges related to the adequacy of liquid funds. To minimize these risks, Solwers aims to expand its financing base, possibly already within 2020.

The Group’s financing agreements include certain covenants. Failure to meet the covenants could result in the Group’s financing agreement becoming subject to renegotiation, the repayment of the loans covered by the financing agreement being preponed, difficulties in receiving new or replacing financing and/or an increase of the financing cost. It is possible that, in such circumstances, the Group might not be able to refinance its loans sufficiently quickly.

Solwers has loans the interest rates of which are linked to market interest rates. Rising interest rates could lead to higher costs of financing, which could lead to a significant decline of the company’s liquidity. The loans are therefore partially hedged to cover the interest rate risk.

MANAGEMENT AND AUDITOR

Board of Directors

The Board of Directors of Solwers Plc has five members. The Board of Directors has elected Leif Sebbas, the major shareholder of the company, as the Chairman of the Board of Directors. The other Board members as of spring 2019 are John Lindahl, Mari Pantsar, Hanna-Maria Heikkinen and Emma Papakosta. The year 2019 annual general shareholders meeting decided that an annual fee of EUR 8,000.00 be payable to each member of the Board of Directors.

Auditor

The 2019 annual general meeting elected the Auditing firm Revico Grant Thornton Oy as the auditor of the Company. Satu Peltonen, Authorized Public Accountant, acts as the principally responsible auditor.

Management and Management Team

The CEO of the company is Stefan Nyström. He also acts as the CEO of another Solwers company, Finnmap Infra Oy. In October 2019 Roger Lindqvist was appointed CFO of the company.

The members of the Management Team of the Solwers Group are for the most part managing directors of the Group companies. At the end of 2019, the members of the Management Team of Solwers Group were Leif Sebbas, Stefan Nyström, Matti Kalliomäki, Pertti Paavola, Pertti Määttä, Aki Davidsson, Roland Björkqvist, Niko Hämäläinen, Kenneth Grönroos, Laila Zenner, Maya Iwdal and Roger Lindqvist.

SHARES AND SHAREHOLDERS

At the end of 2019, Solwers Plc had a total of 215,237 shares with a registered share capital of EUR 1,000,000.00 entered in the Trade Register. In 2019 the number of shares in the Company was increased by 15,237 and the number of shareholders by 201 following a directed share issue completed in July 2019. At year end 2019 the company had 206 shareholders. The company has one series of shares.

The Annual General Meeting 2019 authorized the Board of Directors to decide on a share issue. The maximum number of shares to be issued under the authorisation is 30,000 and it is valid until 30 March 2021. In total 15,237 new shares were issued in connection with the public share issue completed in July 2019.

Major shareholders

The major shareholder of the company is the Chairman of the Board of Directors, Leif Sebbas, who holds directly 67.2 % and together with Finnmap Engineering Oy, a company controlled by him, 84.8 % of all company shares. The company's eight biggest shareholders are presented in the table below.

Shareholder	Number of shares	% of total
Sebbas, Leif	144 590	67,2 %
Finnmap Engineering Oy	38 000	17,7 %
Nyström, Stefan	14 030	6,5 %
Olavus Capital Oy	4 000	1,9 %
Peljo, Martti	2 200	1,0 %
Räty, Harto	2 000	0,9 %
Topix Ab	1 500	0,7 %
Oy Svartbäck-Invest Ab	1 000	0,5 %

FINANCING AND LIQUIDITY

The Group has received capital loans from the company's main shareholder and other related and unrelated parties. The weighted average interest rate for these capital loans is 2.18 %. The interest will be paid on the principal of the loans provided payment is possible pursuant to the provisions of the Limited Liability Companies Act and the conditions of the present financing agreement with the company's main financing bank.

An additional interest rate of 3.0 %, or at the most 5.0 %, will under certain future events be paid on the most part of the capital loans. These future events comprise the eventual achievement or non-achievement of certain strategic targets and underly the payment provisions of the Finnish Companies Act. The terms of the capital loans satisfy the provisions of the Finnish Companies Act.

The accrued interest on capital loans, amounting to EUR 188,152.00 at year end 2019, has not been expensed in the company's accounts but is instead presented as a contingent liability in the notes to the financial statements. The total accumulated interest will, provided that the company's year 2020 Annual General Meeting so will decide, eventually be compensated to the lenders as part of the next planned share issue by off-setting the accrued amount against the subscription price of the new shares. A decision by the AGM to the contrary will eventually have no cost effect to the company as the capital loan lenders in such a situation have committed themselves to waive their right to be compensated for the accrued interests.

At year end 2019 the Group has a total of EUR 275,226.07 of loans granted to its related parties. These loans are related to financing arrangements aimed at enhancing the commitment of key personnel. These loans have been issued on market terms.

BUSINESS COMBINATIONS

Solwers Group was established in 2017 when the first company acquisitions were executed. In 2019 two additional acquisitions of majority holdings were made, both in Sweden. KAM Redovisning AB in Stockholm was acquired in June and Dreem AB in Gothenburg in August. Dreem AB is an architect company specialized in architectural design of e.g. spa, hotel, and residential buildings. KAM Redovisning AB in turn is offering accounting and other finance administration services mainly to mid- and small-size companies. These acquirer of these two companies was Solwers Sweden AB, a fully owned Solwers Plc subsidiary incorporated in Sweden. The two acquired companies have been consolidated in the Solwers group accounts starting from the beginning of June and from the beginning of September, respectively.

In December Solwers increased its holding by 20.0 % to 80.0 % in Accado Oy Ab, a Finnish company providing accounting and finance administration services to mid- and small-size companies.

With the purpose of committing key subsidiary personnel, some share ownership arrangements were concluded in the subsidiaries during 2019. As a result of these arrangements, Solwers Plc's holdings decreased in Insinööritoimisto Pontek Oy by 2.78 %-points compared to year end 2018.

GROUP STRUCTURE

Solwers Plc's directly owned subsidiaries and its holdings are presented in the below table.

Subsidiaries - direct ownership	Number of shares	Holding
Finland		
Accado Oy Ab	4,000	80.00%
Arkkitehdit Davidsson Tarkela Oy	9,600	60.00%
Contria Oy	99	66.00%
Finnmap Infra Oy	48,641,354	73.83%
Insinööritoimisto Pontek Oy	187,300	87.52%
Insinööritoimisto W. Zenner Oy	90	60.00%
Kalliosuunnittelu Oy Rockplan Ltd	588	94.08%
Kalliotekniikka Consulting Engineers Oy	1,000	100.00%
Oy Polyplan Ab	83	50.92%
Solwers Kiinteistöt Oy	100	100.00%
Taitotekniikka Oy	11,644	60.02%
Sweden		
Solwers Sweden AB	1,000	100.00%

The companies owned indirectly by Solwers Plc and its holding in those companies at year end 2019 are presented in the below table.

Subsidiaries - indirect ownership	Parent company	Holding
Finland		
Insinööritoimisto Varsinais-Suomen Kalliotekniikka Oy	Kalliotekniikka Consulting Engineers Oy	100.00 %
Sweden		
KAM Redovisning AB	Solwers Sweden AB	60.00 %
Dreem AB	Solwers Sweden AB	70.00 %
Rockplan Sweden AB	Kalliosuunnittelu Oy Rockplan Ltd (50%) and Kalliotekniikka Consulting Engineers Oy (50%)	97.04%
Geo Survey Mätteknik AB	Kalliosuunnittelu Oy Rockplan Ltd (50%) and Kalliotekniikka Consulting Engineers Oy (50%)	97.04%

Insinööritoimisto TimoTeppo Oy, previously owning 100 % of the shares in Contria Oy and of which Solwers Plc previously owned 66 %, merged into its fully owned subsidiary Contria Oy on 31 December 2019.

RESEARCH AND DEVELOPMENT

Solwers Group business operations is to a significant extent connected with and driven by research and development activities. Hence, much of the development is done in connection with the customer projects.

The Group's research and development is focused on information modelling and development of control and quality systems.

All expenses arising from the Group's own research and development have been expensed in the income statement.

THE BOARD'S PROFIT DISTRIBUTION PROPOSAL

The parent company Solwers Plc's distributable funds at year end 2019 amount to EUR 4,758,754.13 of which the profit for the financial year 2019 is EUR 1,917,806.75.

The Board of Directors proposes to the Annual General Meeting that it authorizes the board of directors to decide, at its discretion, on a maximum dividend of EUR 0.79 per share and the timing of its payment. Hence, the maximum total dividend amounts to EUR 170,037.23. The remainder of the profit for the financial year, i.e. EUR 1,747,769.52, is to be transferred to the retained earnings account.

KEY PERFORMANCE INDICATORS

The consolidated key performance indicators for year 2019 are set forth in the table below. The year 2019 numbers are not fully comparable with those of the two prior years due to the new IFRS 16 accounting standard which has been applied for leases and rental agreements since the beginning of year 2019.

Solwers Group Consolidated	2019	2018	2017
Revenue	25 387	25 334	16 107
EBITDA	2 446	2 543	842
EBITDA-%	9,6%	10,0%	5,2%
EBIT	1 478	2 185	639
EBIT-%	5,8%	8,6%	4,0%
Net Profit	1 013	1 998	641
Earnings per Share (EPS), EUR	3,62	11,18	4,96
Equity Ratio, % [1)]	41,6%	42,7%	41,0%
Total Assets	27 862	22 438	15 933
Headcount, average	253	213	134
Headcount, at year end	257	229	150

[1)] capital loans classified as equity; year end value used as ratio's denominator

RELATED PARTY TRANSACTIONS

The Group's related parties consist of the key members of the company's management and companies external to the Group whose operations a person holding an executive position in the Solwers Group exercises significant influence over.

No guarantees or commitments have been made on behalf of the related parties.

Loans connected to the remuneration program intended to enhance the commitment of key personnel have been granted to related parties in the total amount of EUR 275,226.07.

Loans to Solwers granted by its related parties amounted at year end 2019 to EUR 5,289,800.00 of which EUR 4,276,300.00 consisted of capital loans.

REMUNERATION OF KEY PERSONNEL

The Group's key personnel receive a fixed monthly salary and a variable annual performance-based pay in accordance with the Group's incentive program. The remuneration of key personnel is revised annually.

A share-based incentive scheme for long-term remuneration purposes is planned to be introduced in 2020.

The Board of Directors decides annually on the remuneration and other fees to be paid to the company's CEO. The salaries and fees paid to him during the financial year 2019 totalled EUR 140,000, which includes salaries and other fees paid by the company's subsidiary Finnmap Infra Oy where the present CEO also holds the CEO position.

EVENTS AFTER THE BALANCE SHEET DATE

The parent company's loans from credit institutions have all been classified as current at year end 2019. They include the amount of EUR 4,789 thousand which according to the installment plan of the initial financing agreement would have been long-term. The reclassification is due to the company's financing agreement with its financing bank having become subject to renegotiation after the end of financial year 2019. The revised financing agreement with updated terms is expected to come into force before the end of the second quarter 2020.

In 2020 the company has continued committing the company's key employees by selling holdings in its subsidiaries and the company also acquired some additional shares in one subsidiary. Due to these transactions the ownership of the company in Kalliosuunnittelu Oy Rockplan Ltd has decreased to 91.04 % (from 94.08 %) whereas the ownership in Insinööritoimisto Pontek Oy has increased to 89.39 % (from 87,52 %).

In March 2020, the COVID-19 virus pandemic started to affect Solwers' business. Solwers has taken swift actions to mitigate the impact on its personnel, business operations and financing.

The pandemic will surely have a negative impact on Solwers' business operations, but the magnitude depends on the length of it and on how customer behavior might change.

In mid-May, at the time when this is written, most of the subsidiaries have a good order backlog and most of the projects are going forward. The company's management estimates that the Solwers Group will be able to reach a positive operative result for year 2020 provided that the pandemic will be over by the end of summer and no major change in customer behavior takes place.

INCOME STATEMENT
Consolidated, IFRS

EUR THOUSAND	NOTE	2019	2018
REVENUE		**25 387**	**25 334**
Increase (+) or decrease (-) of work in progress		415	237
Other operating income	4	15	209
Materials and services	5	-4 344	-6 439
Employee benefit expenses	6	-15 654	-13 093
Amortization, depreciation and impairment	7	-968	-358
Other operating expenses	8	-3 373	-3 704
OPERATING PROFIT		**1 478**	**2 185**
Financial income and expenses	9	-184	270
Share of the result of participating interests		32	0
PROFIT BEFORE TAXES		**1 326**	**2 455**
Income taxes	10	-314	-457
PROFIT FOR THE FINANCIAL YEAR		**1 013**	**1 998**

Profit for the financial year attributable to			
Parent company shareholders		*626*	*1 595*
Non-controlling interest		*387*	*403*

Earnings per share (EUR)			
Earnings per share, non-diluted	*11*	*3,03*	*7,97*
Earnings per share, diluted	*11*	*3,03*	*7,97*
Average number of shares during the financial year			
Non-diluted	*11*	*206 387*	*200 000*
Diluted	*11*	*206 387*	*200 000*

Other comprehensive income			
Prior years adjustments			
Items recognized in retained earnings		29	0
Deferred taxes		246	0
Items that may later be recognized through profit or loss			
Translation differences		9	2
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**1 298**	**2 000**

Total comprehensive income for the financial year attributable to			
Parent company shareholders		*864*	*1 597*
Non-controlling interest		*433*	*403*

BALANCE SHEET
Consolidated, IFRS

EUR THOUSAND	NOTE	31.12.2019	31.12.2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	12	13,064	9,477
Tangible assets	13	1,457	919
Investments	14	1,634	1,266
Receivables	16	542	420
NON-CURRENT ASSETS, TOTAL		**16,698**	**12,082**
CURRENT ASSETS			
Inventories	17	556	556
Receivables	18	6,002	5,300
Investments	19	271	283
Cash and cash equivalents		4,335	4,217
CURRENT ASSETS, TOTAL		**11,164**	**10,356**
ASSETS, TOTAL		**27,862**	**22,438**
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital		1,000	1,000
Share premium account		20	20
Other reserves		1,463	0
Retained earnings		1,080	-403
Profit for the financial year		626	1,595
EQUITY, TOTAL	20	**4,189**	**2,212**
NON-CONTROLLING INTEREST		**1,662**	**1,648**
LIABILITIES			
Non-current liabilities	22	7,414	11,115
Current liabilities	23	14,597	7,463
LIABILITIES, TOTAL		**22,011**	**18,578**
EQUITY AND LIABILITIES, TOTAL		**27,862**	**22,438**

CASH FLOW STATEMENT
Consolidated, IFRS

EUR THOUSAND	2019	2018
Cash flow from operating activities		
Profit for the financial year	1 013	2 185
Adjustments		
Amortization, depreciation and impairment	968	358
Financial net	191	-570
Income tax	508	535
Non-controlling interest	-387	-403
Cash flow before change of working capital	2 293	2 105
Change of working capital		
Change of current non-interest bearing receivables	-512	1 070
Change of inventories	0	-237
Change of current non-interest bearing payables	780	-377
Change of working capital, total	268	456
Financial net and income tax paid		
Interest paid on loans	-134	-88
Interest paid on leasing debt	-45	0
Interest received	6	0
Other financial items paid and received	-19	420
Income tax paid	-508	-535
Net cash flow from operating activities	**1 862**	**2 359**
Cash flow from investment activities		
Investment in intangible non-current assets	-202	-732
Investment in tangible non-current assets	-563	0
Investment in non-current receivables	-65	0
Proceeds from the sale of tangible non-current assets	0	113
Business combinations	-2 386	-1 542
Acquisition of non-controlling interest	-80	0
Proceeds from sale of shares and interests	0	162
Net cash flow from investment activities	**-3 296**	**-1 999**
Cash flow from financing activities		
Acquisition of own shares	-5	-1 745
Parent company share issue	1 463	0
Subsidiary company share issue	0	95
Investment in invested non-restricted equity reserve	0	38
Loans raised	1 762	2 880
Repayment of loans and other interest bearing debts	-377	-557
Repayment of leasing debt	-565	0
Dividends paid	-726	-1 033
Net cash flow from financing activities	**1 552**	**-322**
Change of cash and cash equivalents	**118**	**37**
Cash and cash equivalents, opening balance 1.1.	4 217	4 180
Cash and cash equivalents, closing balance 31.12.	**4 335**	**4 217**

STATEMENT OF CHANGES IN EQUITY
Consolidated, IFRS

FINANCIAL YEAR 2019 — **EUR THOUSAND**

TOTAL EQUITY								
EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS								
	Subscribed Capital	Share Premium Account	Invested Non-restricted Equity Reserve	Translation Differences	Retained Earnings	TOTAL	Non-Controlling Interest	TOTAL EQUITY
Opening Balance 1.1.	**1,000**	**20**	**0**	**8**	**1,184**	**2,212**	**1,648**	**3,860**
Comprehensive income								
Profit for the period	-	-	-	-	626	**626**	387	**1,013**
Other comprehensive income								
Prior year adjustments	-	-	-	5	29	**35**	-	**35**
Recognition of deferred tax assets	-	-	-	-	200	**200**	46	**246**
Translation differences	-	-	-	4	-	**4**	-	**4**
Total compr. income for the year, net of tax	**0**	**0**	**0**	**9**	**855**	**864**	**433**	**1,298**
Transactions with equity holders								
Business combinations	-	-	-	-	-	**-**	208	**208**
Decrease of non-controlling interest	-	-	-	-	12	**12**	-12	**0**
Increase of non-controlling interest	-	-	-	-	-7	**-7**	7	**1**
Restatement of prev. year bus. combinations	-	-	-	-	-3	**-3**	-2	**-5**
Share issue	-	-	1,463	-	-	**1,463**	-	**1,463**
Dividend distribution	-	-	-	-	-342	**-342**	-352	**-694**
Prior year adjustments	-	-	-	-11	-	**-11**	-268	**-279**
Transactions with equity holders, total	**0**	**0**	**1,463**	**-11**	**-339**	**1,113**	**-419**	**694**
Closing Balance 31.12.	**1,000**	**20**	**1,463**	**7**	**1,699**	**4,189**	**1,662**	**5,851**

FINANCIAL YEAR 2018 — **EUR THOUSAND**

TOTAL EQUITY								
EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS								
	Subscribed Capital	Share Premium Account	Invested Non-restricted Equity Reserve	Translation Differences	Retained Earnings	TOTAL	Non-Controlling Interest	TOTAL EQUITY
Opening Balance 1.1.	**1,000**	**20**	**976**	**6**	**551**	**2,554**	**332**	**2,886**
Comprehensive income								
Profit for the period	-	-	-	-	1,595	**1,595**	403	**1,998**
Other comprehensive income								
Translation differences	-	-	-	2	-	**2**	-	**2**
Total compr. income for the year, net of tax	**0**	**0**	**0**	**2**	**1,595**	**1,597**	**403**	**2,000**
Transactions with equity holders								
Business combinations	-	-	-	-	-	**-**	115	**115**
Changes of non-controlling interest	-	-	-	-	-50	**-50**	50	**0**
Restatement of prev. year bus. combinations	-	-	-	-	-913	**-913**	913	**0**
Conversion to capital loan	-	-	-976	-	-	**-976**	-	**-976**
Prior year adjustments	-	-	-	-	-	**-**	-164	**-164**
Transactions with equity holders, total	**0**	**0**	**-976**	**0**	**-963**	**-1,939**	**914**	**-1,025**
Closing Balance 31.12.	**1,000**	**20**	**0**	**8**	**1,184**	**2,212**	**1,648**	**3,860**

NOTES TO THE FINANCIAL STATEMENTS
Consolidated IFRS

1. GENERAL COMPANY INFORMATION

Solwers is a Group formed by companies specializing in technical consulting and engineering. The parent company Solwers Plc (company ID 0720734-6) is a Finnish public limited liability company established under Finnish law, with its registered head office located at Kappelitie 6b, 2nd floor in the city of Espoo, Finland. The company's domicile is Kauniainen, Finland. Solwers Plc operated under the name Finnmap Partners Oy until its name was changed on March 17, 2017.

The Solwers Group consist as per end of year 2019 of the following companies owned directly or indirectly by the ultimate parent company Solwers Plc.

Subsidiaries - direct ownership	Number of shares	Holding
Finland		
Accado Oy Ab	4,000	80.00%
Arkkitehdit Davidsson Tarkela Oy	9,600	60.00%
Contria Oy	99	66.00%
Finnmap Infra Oy	48,641,354	73.83%
Insinööritoimisto Pontek Oy	187,300	87.52%
Insinööritoimisto W. Zenner Oy	90	60.00%
Kalliosuunnittelu Oy Rockplan Ltd	588	94.08%
Kalliotekniikka Consulting Engineers Oy	1,000	100.00%
Oy Polyplan Ab	83	50.92%
Solwers Kiinteistöt Oy	100	100.00%
Taitotekniikka Oy	11,644	60.02%
Sweden		
Solwers Sweden AB	1,000	100.00%

Subsidiaries - indirect ownership	Parent company	Holding
Finland		
Insinööritoimisto Varsinais-Suomen Kalliotekniikka Oy	Kalliotekniikka Consulting Engineers Oy	100.00 %
Sweden		
KAM Redovisning AB	Solwers Sweden AB	60.00 %
Dreem AB	Solwers Sweden AB	70.00 %
Rockplan Sweden AB	Kalliosuunnittelu Oy Rockplan Ltd (50%) and Kalliotekniikka Consulting Engineers Oy (50%)	97.04%
Geo Survey Mätteknik AB	Kalliosuunnittelu Oy Rockplan Ltd (50%) and Kalliotekniikka Consulting Engineers Oy (50%)	97.04%

2. ACCOUNTING POLICIES

Principles of preparation of the financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), applying the IAS and IFRS interpretations in effect on December 31, 2019. In the Finnish Accounting Act and regulations enacted by virtue of it, International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated by Regulation (EC) No 1606/2002. The notes to the consolidated financial statements also comply with the provisions of Finnish accounting and corporate legislation that supplement the IFRS regulations.

The consolidated financial statements have been prepared under the historical cost convention unless otherwise mentioned in the accounting policies. The information in the financial statements is presented in thousands of euros unless otherwise stated.

Preparing financial statements in accordance with IFRS requires the Group's management to make certain estimates and judgment-based decisions. Information on judgment-based decisions that have been made by the management in applying the Group's accounting policies which have a significant impact on the figures presented in the financial statements is presented in the accounting policies under "Accounting policies requiring management judgment and key sources of estimation uncertainty".

Consolidation principles

The consolidated financial statements include the accounts of the parent company Solwers Plc and all its subsidiaries and sub-group companies. Subsidiaries are entities over which the Group has direct or indirect control. Control is established when the Group holds more than half of the voting rights or otherwise possesses control. Acquired subsidiaries are consolidated from the point in time when the Group gains control over their business operations and decision making.

The parent company Solwers Plc's ownership of its subsidiaries is eliminated using the acquisition method.

The Group's internal transactions, receivables and payables, internal margins in inventories and fixed assets and the group internal profit distribution are eliminated in the consolidated financial statements.

Participating interests are entities in which Solwers Plc is controlling 20-50% of the voting rights on the object company's general meeting. Participating interests are consolidated using the equity method. Investments in participating interests include any goodwill arisen from their acquisition.

The Group's share of the results of the participating interests is shown as a separate item beneath operating profit in the consolidated income statement.

Translation of foreign currency items

The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company. Transactions in foreign currencies are recorded in euros at the exchange rate on the transaction date. In practice, the Group applies an exchange rate that approximately corresponds to the exchange rate on the transaction date. At the end of the financial year, receivables and payables denominated in foreign currencies are measured at their exchange rate effective on the balance sheet date.

The income statements of foreign subsidiaries are translated to euros using the weighted average exchange rates for the financial period whereas their balance sheets are translated using the exchange rates quoted on the balance sheet date. Translating the profit for the financial year using a different exchange rate for the income statement vs. that used for the balance sheet gives rise to an average exchange rate difference, which is recognized amongst other comprehensive income. The annual change of the translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and the translation of equity items accumulated after the acquisition date are also recognized in other comprehensive income.

Non-current tangible assets

Tangible assets are measured at acquisition cost less accumulated depreciation and impairment losses. Tangible assets include machinery and equipment. Planned straight-line depreciation is calculated based on the estimated probable economic useful life of the asset, which is 3–5 years. Gains and losses arising from the decommissioning and sale of tangible fixed assets are recognized amongst other operating income and expenses.

Non-current intangible assets

Goodwill arising from business combinations is not subject to regular planned amortization. Instead it is annually tested for impairment. As a result, goodwill is measured at the original acquisition cost less any impairment losses. Goodwill arising from the acquisition of foreign units is translated to euros using the exchange rate effective on the balance sheet date.

Research and development expenses are recognized as one-time costs in the income statement as they are incurred.

Other intangible assets include software and other capitalized long-term expenses. Intangible assets are recognized in the balance sheet when the conditions for recognition as stipulated by IAS 38 are satisfied. Intangible assets with a finite useful life are recognized in the balance sheet at cost and amortized on a straight-line basis during their estimated economic useful lives. No amortization is recognized on intangible assets with an indefinite economic useful life. Instead, they are tested annually for impairment.

Rental and lease agreements

Leases are accounted for in accordance with IFRS 16, a standard which became effective from the beginning of 2019, according to which the leased item and its corresponding finance debt needs to be capitalized in the balance sheet. Solwers applies this standard for practically all lease agreements covering the financing of items like cars and a variety of office equipment. In addition, most of the Group's office rental agreements are accounted for under IFRS 16.

Some basic preconditions are to be fulfilled for a lease or rental agreement to qualify for being accounted for under IFRS 16. For tangible assets, the total lease term needs to exceed 12 months whereas the acquisition cost of the leased asset needs to exceed EUR 5 thousand. For office right to use, or rental, agreements the only precondition is that the minimum lease term, i.e. the time until the first possible end date of the agreement, is required to exceed 12 months. When the above criteria are fulfilled, then the discounted net present value of the future lease payments is capitalized as a non-current (fixed) asset in the balance sheet with a corresponding lease debt among liabilities. When posted, the future lease payments are subsequently split into interest expense and installment of the lease debt whereas the asset is depreciated during its lease term to its residual value at the end of the lease. The interest rate used for calculating the net present value of the lease agreement is determined by the company's management in such a way that it is estimated to correspond with prevailing interest rates on the market at the time of the inception of the lease.

If the above requirements are not met, then the lease payments are accounted for as periodic lease or rental costs amongst operating expenses in the income statement.

Solwers has applied IFRS 16 from the beginning of the financial year 2019. Prior years have not been restated to comply with IFRS 16. This new accounting policy has had the following effects on Solwers' consolidated 2019 income statement (+ = decreasing cost; - increasing cost).

Amortization, depreciation and impairment	-564
Operating expenses	
Business premises expenses	549
ICT expenses	1
Machinery and equipment expenses	58
Total	607
Financial income and expenses	-43

The effects on Solwers consolidated balance sheet as per 31.12.2019 were as follows (+ = increasing impact; - decreasing impact).

Non-current assets	
Intangible assets	1,669
Tangible assets	459
Total	2,128
Non-current liabilities	
Interest bearing	
Leasing liabilities	1,556
Current liabilities	
Interest bearing	
Leasing liabilities	572
Total	2,128

Impairment of non-current tangible and intangible assets

The Group conducts annual impairment tests on goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use. The Group also regularly assesses whether there are any indications of potential impairment of a particular asset or cash-generating unit. If such indications are noted, then the recoverable amount of the cash-generating unit is estimated. An impairment loss is recognized on the income statement if eventually the carrying amount of an asset or cash- generating unit is higher than its estimated recoverable amount.

Employee benefits

The Group's pension plans comply with the local regulations and practices of each operating country. Under IAS 19, pension plans are classified as defined contribution plans or defined benefit plans. All current pension plans in the Group are defined contribution plans. The premiums paid to the pension plans are recognized as operating pension costs on the income statement in the financial year for which they are charged.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Income tax and deferred taxes

The tax expense on the income statement consists of the taxes based on the company's taxable income for the period and deferred taxes. The tax based on the taxable income for the period is calculated in accordance with the applicable tax legislation in each operating country.

Deferred taxes are calculated using the tax rate effective on the balance sheet date. Deferred taxes are calculated on temporary differences between the asset's or liability's carrying amount and its tax value. The balance sheet includes deferred tax liabilities in full and deferred tax assets to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be used. Deferred tax is not recognized for tax non-deductible goodwill. Deferred tax is neither recognized on non-distributed subsidiary profits in so far as the timing difference is not likely to be discharged in the foreseeable future.

The Group's most significant temporary differences arise from fair value measurement of assets in connection with business combinations and tax losses carried forward.

Revenue recognition

IFRS 15 Revenue from Contracts with Customers contains rules for recognition of revenue. Under the five-step model provided by the standard, revenue from contracts with customers is recognized when control of goods or services is transferred to the customer. Revenue is recognized at the amount the company expects to be entitled to in exchange for the goods or services delivered to the customer.

Solwers adopted the standard effective from January 1, 2018 by applying the retrospective method, under which the cumulative effect of the initial application of the standard is recognized in retained earnings and the comparison prior year figures are not adjusted. The adoption of the standard had no effect on the company's retained earnings as at January 1, 2018.

Other operating income

Gain from the sale of fixed assets and investments are recognized in other operating income as is other income not directly attributable to the company's active marketing and sales efforts.

Financial assets and liabilities

The Group applies IFRS 9 Financial Instruments effective from January 1, 2018.

The most significant impacts of IFRS 9 adoption within the Group are related to the classification of financial assets and liabilities, which is based on the business models defined by the Group's management and the cash flow characteristics of the financial assets. The application of the model for recognizing credit losses had no impact on retained earnings on January 1, 2018 due to the historically low amount of credit losses arising from trade and other receivables.

Classification and measurement of financial assets

The Group's financial assets consist of trade receivables, other receivables, prepaid expenses, and accrued income as well as cash and cash equivalents. At initial recognition, financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition, except for trade receivables, which are measured at the transaction price when they do not have a significant financing component. All the Group's financial assets are classified as financial assets measured at amortized cost except for any derivative assets, whereas they previously under IAS 39 belonged to loans and other receivables category. This change of classification has not given rise to any changes in the carrying amounts of the financial assets.

Classification and measurement of financial liabilities

Loans from credit institutions are initially recognized at fair value deducted by transaction costs. They are subsequently measured at amortized cost and the difference between payments received (minus transaction costs) and the amount to be repaid is recognized through profit or loss during their term to maturity using the effective interest method. Loans from credit institutions are classified under IFRS 9 as liabilities measured at amortized cost, which has not given rise to any changes to the previous measurement or accounting pursuant to IAS 39.

Accounting policies requiring management judgment and key sources of estimation uncertainty

When preparing the financial statements, the company's management is obliged to make estimates and assumptions about the future. In addition, the company's management is also obliged to exercise judgment when applying accounting principles. Even though the estimates and judgements are based on the management's best assessment on the date of balance sheet date, the actual future outcome might differ.

The estimates made by Solwers' management are mainly related to the measurement of the value of assets, the impairment of trade receivables, deferred tax assets and provisions.

Solwers conducts annual impairment tests on goodwill and intangible assets with indefinite economic useful lives and evaluates indications of impairment based on the principles described above in these notes to the financial statements. The recoverable amounts of the cash- generating units are determined by calculations based on their value in use. Producing these calculations requires use of estimates.

Solwers recognizes impairment losses on trade receivables if their payment is delayed by more than 360 days, or on a case-by-case approach based on the management's judgement when there is objective evidence that the collection of the receivables will not be successful.

3. SEGMENT REPORTING

Solwers' management monitors the Group's operating performance by applying a one segment reporting model which includes all group companies in all geographical areas (i.e. Finland and Sweden). Hence, all profitability, asset and capital data set forth in these financial statements as well as all the supporting notes information follows this one segment reporting and presentation model.

4. OTHER OPERATING INCOME

	2019	2018
Other operating income, break-down by category		
Gain from subsidiary share issue	0	51
Insurance compensations for damages	0	118
Gain on sale of non-current assets	0	16
Received apprenticeship subsidies	5	15
Other tems	10	8
Total	**15**	**209**

5. MATERIALS AND SERVICES

	2019	2018
Materials and services expenses, break-down by category		
Subcontracting services	-3,519	-5,752
Other variable expenses	-824	-687
Total	**-4,344**	**-6,439**

6. EMPLOYEE BENEFIT EXPENSES

	2019	2018
Employee benefit expenses, break-down by category		
Salaries, wages and other remuneration	-12,264	-10,276
Pension costs	-2,047	-1,869
Compulsory social charges	-434	-331
Other voluntary employee expenses	-910	-617
Total	**-15,654**	**-13,093**

The compulsory social charges and the other voluntary employee expenses are not fully comparable to those of year 2018 as EUR 151 thousand, which under 2018 classification principles would have been presented amongst compulsory social charges, are presented amongst voluntary employee expenses in 2019. The year 2018 numbers have not been restated with respect to this classification change.

7. AMORTIZATION, DEPRECIATION, AND IMPAIRMENT

	2019	2018
Amortization, depreciation and impairment of non-current assets		
Amortization of intangible assets	-604	-79
Depreciation of tangible assets	-365	-279
Total	**-968**	**-358**

IFRS 16 Leases, effects on amortization and depreciation due to change of accounting principle

IFRS 16 Leases, which has been applied since the beginning of 2019, has had a significant increasing effect on amortization and depreciation. The total impact of IFRS 16 on the year 2019 amortization and depreciation is summarized in the below table. Year 2018 has not been restated for IFRS 16 effects.

Increasing effects of IFRS 16 Leases, summarized by amortization/depreciation category	
Amortization of intangible assets	-512
Depreciation of tangible assets	-51
Total	-564

8. OTHER OPERATING EXPENSES

	2019	2018
Other operating expenses, break-down by category		
Business premises expenses	-606	-850
ICT expenses	-1,090	-635
Travel expenses	-473	-437
Machinery and equipment expenses	-215	-227
Marketing expenses	-264	-207
Administrative services expenses	-316	-459
Other administration expenses	-351	-519
Other operating expenses	-58	-370
Total	**-3,373**	**-3,704**

The year 2019 ICT and other administration expenses are not fully comparable to those of year 2018 as telecommunication costs of EUR 268 thousand, which under 2018 classification principles would have been presented amongst other operating costs, are presented amongst ICT expenses in 2019. The year 2018 numbers have not been restated with respect to this classification change.

IFRS 16 Leases, effects on operating expenses due to change of accounting principle

IFRS 16 Leases, which has been applied since the beginning of 2019, has had a significant decreasing effect on the operating expenses. The total impact of IFRS 16 on the different categories of the year 2019 operating expenses is summarized in the below table. Year 2018 has not been restated for IFRS 16 effects.

Decreasing cost effects of IFRS 16 Leases, summarized by cost category	
Business premises expenses	549
ICT expenses	1
Machinery and equipment expenses	58
Total	607

	2019	2018
Fees to auditors, summarized by cost category		
Audit fees	-54	-75
Tax consultation fees	-1	-2
Other assignments as referred to in the Finnish Auditing Act	-27	-40
Total	**-83**	**-117**

All auditor fees and expenses are included in the cost category administrative services expenses among other operating expenses.

9. FINANCIAL INCOME AND EXPENSES

	2019	2018
Financial income and expenses, break-down by category		
Financial income		
Interest income	8	3
Dividend income	3	38
Exchange rate gains	50	0
Fair valuation of current investments	12	0
Gain from sale of current investments	0	378
Other financial income	2	1
Total	**75**	**420**
Financial expenses		
Interest expenses	-218	-111
Exchange rate losses	-10	-2
Other financial expenses	-31	-37
Total	**-260**	**-150**
Net financial income and expenses	**-184**	**270**

10. INCOME TAX

	2019	2018
Income tax expense		
Income tax charge for the financial year	-297	-457
Change of deferred taxes	-16	0
Total	**-314**	**-457**

Reconciliation of income tax expense

	2019	2018
Profit before tax	1,325	2,455
Tax calculated on profit before tax by applying parent company's tax rate (20,00%)	-265	-491
Tax adjusting effect of the following items		
Tax rate difference	3	0
Tax non-deductible expenses	-59	-98
Tax exempt income	7	359
Use of non-recognized tax losses carried forward from prior years	10	-64
Tax losses incurred but not recognised in the accounting	-10	-33
Other items	0	-129
Total tax expense recognized in the income statement	**-314**	**-457**

11. EARNINGS PER SHARE

	2019	2018
Earnings per share, non-diluted		
Profit attributable to parent company shareholders	626,173	1,594,578
Number of shares	206,387	200,000
Earnings per share	3.03	7.97
Comprehensive income per share, non-diluted		
Profit attributable to parent company shareholders	626,173	1,594,578
Number of shares	206,387	200,000
Comprehensive income per share	3.03	7.97

The non-diluted earnings per share is calculated by dividing the consolidated financial year profit attributable to the parent company's shareholders by the average number of shares outstanding during the financial year.

12. INTANGIBLE ASSETS

	2019	2018
Intangible assets specified by category		
Intangible assets	1,921	97
Goodwill	11,143	9,381
Carrying value, closing balance 31.12.	**13,064**	**9,477**

The movement of the two above categories of intangible assets is set forth in the two tables below.

Movement of intangible assets specified		
Carrying value, opening balance 1.1.	97	110
Increase	253	60
Increase due to business combinations	0	6
Increase due to IFRS 16 for leases	2,182	0
Decrease	-4	0
	2,529	176
Amortization for the financial year	-608	-79
Carrying value, closing balance 31.12.	**1,921**	**97**

Intangible assets consist of IT software used in consulting assignments and right-to-use (rental) agreements of business premises capitalized in accordance with IFRS 16 Leases.

	2019	2018
Movement of goodwill specified		
Carrying value, opening balance 1.1.	9,381	5,543
Increase due to business combinations	2,423	3,838
Translation difference	57	0
Impairment loss recognized through comprehensive income	-501	0
Other adjustments	-217	0
Carrying value, closing balance 31.12.	**11,143**	**9,381**

Goodwill impairment testing

Goodwill recognized in the balance sheet is not subject to regular amortization. Instead, it is subject to an impairment testing procedure on an annual basis in accordance with the regulations set forth in IAS 36 Impairment of Assets.

The purpose of the tests is to determine the recoverable amount of the cash-generating units based on a calculation of their value in use. A cash-generating unit is the smallest identifiable group of assets that generates cash inflow which is independent of the cash inflow from other assets or groups of assets.

When calculating a cash-generating unit's value in use, the discount rate is based on the weighted average cost of capital before tax (pre-tax WACC). The components of the test calculation are the risk-free rate of return, operating risks, the market risk premium, the market-based beta coefficient, the cost of borrowing and the target capital structure.

The annual impairment tests were carried out as per December 31, 2019. One of the company's sub-groups and the rest of the directly or indirectly owned subsidiaries were regarded as separate cash-generating units (CGU). The test was done for those of them to which goodwill has been allocated, i.e. in total for 11 CGUs. In addition, the GW impairment test was done for the whole consolidated Solwers group. The discount rate (pre-tax WACC) applied in the calculations was 8.96 %.

The key variables used in the calculations were revenue growth and profitability (EBITDA-%), both based on the 2020 budget as approved by the Board of Directors as well as on the management’s long-term income, cost, and profitability projections. A lower profitability estimate prepared later by the company's management replaced, when this was the case, an earlier prepared higher profitability short-term budget as the calculation data for the first year in the series of future (5) years subject to discounting. The terminal growth rate used was 1.00 %. The average annual revenue growth applied in the calculations for the forecasted 5-year period was 1.00 % whereas the forecasted future annual EBITDA-% was 12.50 % on consolidated level. On CGU level, however, the future forecasted EBITDA-% was adjusted to comply with past years’ actual performance and/or possible known or likely future profitability changes.

The conclusion of the performed tests was that none of the CGU's assets were impaired. Hence, no impairment loss was recognized based on the testing. The recoverable amounts of the assets, based on the calculations of value in use, exceeded their carrying value by 50.82 % on consolidated level and 0,00-148.70 % on CGU level. Based on a sensitivity analysis made at the time of testing, the recoverable amount would on consolidated level have been equal to the carrying amount of the assets if the discount rate had been 3.85 %-points higher. On CGU level this would have required a 0.00-12.28 %-points higher discount rate.

13. TANGIBLE ASSETS

	2019	2018
Movement of tangible assets		
Carrying value, opening balance 1.1.	919	401
Increase	544	672
Increase due to business combinations	6	238
Increase due to IFRS 16 for leases	510	0
Translation difference	0	0
Decrease	-162	-113
	1 817	1 198
Depreciation for the financial year	-360	-279
Carrying value, closing balance 31.12.	**1 457**	**919**

Tangible assets consist mainly of measurement instruments used for risk assessments and other equipment used in consulting assignments. The leased tangible assets in turn are cars used by employees and vans used for business operations as well as various kinds of leased office equipment.

14. NON-CURRENT INVESTMENTS

The movement of non-current investments and their content specification is set forth in the two tables below.

	2019	2018
Movement of non-current investments		
Carrying value, opening balance 1.1.	1,266	1,266
Share of the result of participating interests	19	0
Other adjustments	350	0
Carrying value, closing balance 1.1.	**1,634**	**1,266**

	2019	2018
Non-current nvestments specified by category		
Participating interests	403	384
Real estate and housing company shares	1,209	1,209
Other shares	22	22
Other adjustments	0	-350
Total	**1,634**	**1,266**

The participating interest comprises the Solwers Plc's subsidiary Finnmap Infra Oy's 37.50 % holding of the Finnish company Geounion Oy.

15. BUSINESS COMBINATIONS

The Solwers Group growth strategy is put into practice by means of a systematically driven organic growth combined with an active company acquisition plan. All acquired entities are undertakings that specialize in engineering and/or consulting and whose areas of expertise complement each other.

In 2019 Solwers Plc made two new acquisitions, both through its fully owned subsidiary Solwers Sweden AB. In June, a 60.00 % holding of KAM Redovisning AB, a company providing accounting and financial management services and residing in Stockholm, was acquired. The acquisition of the 70.00 % ownership share of the architectural bureau Dreem AB was in turn closed in August. Dreem AB's domicile is Gothenburg. The two acquisitions are summarized below.

	2019
Acquisition consideration	
Consideration paid in cash	2,833
Acquisition consideration, total	**2,833**
Acquired identifiable net assets	
Non-current assets	
Tangible fixed assets	7
Current assets	
Trade receivables and other receivables	454
Cash and cash equivalents	492
Assets, total	953
Current liabilities	
Non-interest bearing	339
Liabilities, total	339
Acquired identifiable net assets	**614**
Non-controlling interest of net assets	-204
Goodwill	2,423
Acquired net assets, total	**2,833**
Net cash flow effect	
Total acquisition consideration	-2,833
Contingent consideration	0
The acquired entities' cash and cash equivalents	492
Expenses related to the acquisitions	-45
Net cash flow effect, total	**-2,386**

16. NON-CURRENT RECEIVABLES

	31.12.2019	31.12.2018
Non-current receivables specified by category		
Loan receivables	275	274
Deferred tax assets	57	0
Security cash deposits	210	146
Total	**542**	**420**

Deferred tax assets and liabilities

Despite their existence, the deferred tax assets were not recognized in the year 2018 financial statements whereas the security cash deposits were presented amongst current receivables in the year 2018 financial statements.

The deferred tax assets and liabilities consist of accounting vs taxation timing differences stemming from the sources stated in the two tables set forth below.

	31.12.2019	31.12.2018
Deferred tax assets		
Non-current		
Other investments	57	0
Current		
Tax losses carried forward	171	0
Total	**228**	**0**
Deferred tax liabilities		
Current		
Fair valuation of financial securities	2	0
Total	**2**	**0**

Despite their existence, the deferred tax assets were not recognized in the year 2018 financial statements. Hence, 2019 is the first year they have been recognized as assets.

17. INVENTORIES

	31.12.2019	31.12.2018
Inventories specified by category		
Work in progress	422	480
Goods and products	73	75
Other inventories	61	0
Total	**556**	**556**

Work in progress consists of the fair value of consulting work done by the end of the financial year, but the invoicing of which is still pending.

18. CURRENT RECEIVABLES

	31.12.2019	31.12.2018
Current receivables specified by category		
Trade receivables	4,466	4,695
Receivables from participating interests	56	38
Deferred tax assets	171	0
Other receivables	30	108
Prepaid expenses and accrued income	1,280	459
Total	**6,003**	**5,300**

The carrying amount of trade receivables is based on the management's reasonable estimate of their fair value. The current receivables are not associated with any credit risks which would significantly differ from the long-term average level.

	31.12.2019	31.12.2018
Trade receivables specificaton by maturity		
Not due	3,611	4,679
Overdue by aging category		
< 30 days	489	12
31 – 60 days	278	3
61 – 90 days	27	2
> 90 days	62	0
Total	**4,466**	**4,695**

Prepaid expenses and accrued income consist of the following major items		
Accrued income	820	108
Accrued interest income	3	1
Income tax receivables	228	96
Insurance premium prepayments	21	64
Other prepaid expenses	98	52
Other items	112	139
Total	**1,280**	**459**

19. CURRENT INVESTMENTS

	31.12.2019	31.12.2018
Current investments specified by category		
Investments funds	271	283
	271	**283**

The investment funds are recognized and presented at their fair market value at the end of the financial year. All current investments are of category 1, i.e. their valuation is based on public market quotations used for valuation of the same kind of financial asset instruments.

20. NUMBER OF SHARES AND EQUITY

Solwers Plc’s directed share issue

Solwers Plc's subscribed capital consists of one single series of shares. Each share entitles its holder to one vote at the company's general meeting.

By decision of April 1, 2019, the Annual General Meeting authorized the company's Board of Directors to decide on the issue of a maximum of 30,000 new shares. This authorization is in force until March 30, 2021.

The Board of Directors decided on April 2, 2019 on the directed share issue, issuing a maximum of 20,000 new company shares in accordance with the authorization of the Annual General Meeting. The subscription price was EUR 100.00 per share whereas the subscription price for Solwers Group personnel was EUR 90.00 per share.

The share subscription period began on April 15, 2019 and ended on June 14, 2019. On July 8, 2019, the Board of Directors decided to approve the subscription of 15,237 new shares, of which 6,097 were subscribed by Solwers Group personnel.

The subscription price received from the share issue has been posted in full to the Company's invested non-restricted equity reserve.

After the 2019 directed share issue the company's Board of Directors still have a possibility to issue a maximum number of 14,763 shares under the afore mentioned authorization.

The movement of the number of shares is specified in the table below.

	2019	2018
Number of shares outstanding (pcs)		
Opening balance 1.1.	200,000	200,000
Share issue	15,237	0
Closing balance 31.12.	**215,237**	**200,000**

For movement in equity reference is made to the separate Statement of Changes in Equity presented on page 12.

21. CAPITAL MANAGEMENT, CONTROL AND TARGETS

The capital invested in the company's operations is monitored and controlled by the company's management on an ongoing monthly basis during the financial year. The procedures for executing this is besides the monthly operative reporting also the management's periodic business reviews following a rolling scheme with all the group companies. For potential new business combinations, the control starts already at the inception of the acquisition negotiations and due diligence process.

The company's present long-term capital structure policy is to limit the company's gearing ratio to a maximum of 40.00 % on consolidated level. Within the group this ratio may vary from company to company due to e.g. differences in the business operations of the subsidiaries. To maintain and secure this balanced capital structure continuously also under the company's active business acquisition policy, the company's equity has been increased by means of equity comparable capital loans. The company is at present in preparation of the measures to secure that this balance will continue in the future as further planned acquisitions will continue to be partly debt financed.

The company's capital structure is furthermore controlled by means of two covenants, i.e. [(Adjusted Equity + Shareholder Loans) / Adjusted Total Assets] and [Interest bearing debt / EBITDA] stated in the terms of the financing agreement with the company's major financing credit institution. The present limits set for the covenants is 'max. 40.00 %' for the former one and 'max. 2.50' for the latter one.

Safeguarding working capital sufficiency is essential as relatively significant part of the group's business operations comprises project-based engineering. The methods in place to secure this are critical selection of co-operation partners with good track records, risk sharing through alliances with other competitors, matching of project expenditures to project income and the use of customer prepayment terms.

22. NON-CURRENT LIABILITIES

	31.12.2019	31.12.2018
Non-current liabilities specified by category		
Interest bearing		
Capital loans	5,726	5,726
Loans from credit institutions	79	4,388
Leasing liabilities	1,298	0
Shareholder loans	272	0
Other liabilities	39	1,000
Total	**7,414**	**11,115**

Key capital loan terms

The nominal weighted average interest rate is 2.18 % for the capital loans. However, as the capital loans to their nature are instruments intended to strengthen the company's capital structure, this nominal interest is neither expensed in the company's accounts nor paid to the lenders before certain strategic targets as stated in the loan agreements and certain financial terms as stated in the financing frame agreement with the company's major financial institution are met. At that point in time an additional interest amount calculated based on a minimum interest rate of 3.0 %, or a maximum of 5.0 %, will be added to their accumulated nominal interest amount.

The total accumulated interest calculated as described above will, provided that the company's year 2020 Annual General Meeting so will decide, eventually be compensated to the lenders as part of the next planned share issue by off-setting the accrued amount against the subscription price of new shares. A decision by the AGM to the contrary will eventually have no cost effect as the capital loan lenders in such a situation have committed themselves to waive their right to be compensated for the accrued interests.

The accumulated interest amount is accounted for and presented as a contingent liability in the notes to the financial statements until the strategic targets and the financial terms mentioned above have been fulfilled. This total accumulated nominal interest amounts to EUR 188 thousand at year end 2019.

The terms of the capital loans comply with the regulatory requirements set for such loans in the Finnish legislation.

Loans from credit institutions

A total of EUR 4,789 thousand of the parent company’s loans from credit institutions have been reclassified from non-current to current at year end 2019. This is due to the company's financing agreement with its financing bank having become subject to renegotiation after the end of financial year 2019. The revised financing agreement with updated terms is expected to come into force before the end of the second quarter 2020.

The loans from credit institutions run at a weighted average interest rate of 2.24 % (2.45 % in 2018) whereas the simulated weighted average capital cost for the leasing liabilities is 3.43 % for office premises and 3.20 % for other leased items.

Shareholder loans

The shareholder loans represent market priced borrowings from the company's shareholders. The weighted average interest for these loans run at 1.68 %.

Other current interest-bearing liabilities

Other liabilities of EUR 39 thousand consist of loans from other than financial institutions. Their weighted average interest rate is 0.44 %.

Valuation of non-current liabilities

The fair value of all non-current liabilities corresponds materially to their carrying value.

Total liabilities by maturity

The total (non-current and current) liabilities at year end 2019 are presented by maturity in the table below.

	Current	Non-current					Total
	Due < 1 year	Due within 1 - 2 years	Due within 2 - 3 years	Due within 3 - 4 years	Due within 4 - 5 years	Due > 5 years	
Capital loans	-	-	-	-	-	5,726	**5,726**
Loans from credit institutions	6,299	14	14	14	14	22	**6,378**
Leasing liabilities	835	764	361	52	36	85	**2,133**
Shareholder loans	442	68	68	68	68	-	**714**
Other liabilities	2,777	39	-	-	-	-	**2,816**
Deferred tax liabilities	2	-	-	-	-	-	**2**
Received prepayments	229	-	-	-	-	-	**229**
Trade payables	1,312	-	-	-	-	-	**1,312**
Accruals and deferred income	2,701	-	-	-	-	-	**2,701**
Total	**14,597**	**885**	**443**	**134**	**118**	**5,834**	**22,011**

23. CURRENT LIABILITIES

	31.12.2019	31.12.2018
Current liabilities specified by category		
Interest bearing		
Loans from credit institutions	6,299	1,038
Leasing liabilities	835	0
Shareholder loans	442	414
Other liabilities	232	26
	7,808	1,477
Non-interest bearing		
Deferred tax liabilities	2	0
Received prepayments	229	16
Trade payables	1,312	1,806
Other liabilities	2,544	1,541
Accruals and deferred income	2,701	2,623
	6,789	5,986
Total	**14,597**	**7,463**

Loans from credit institutions

A total of EUR 4,789 thousand of the parent company's loans from credit institutions have been reclassified from non-current to current at year end 2019. This is due to the company's financing agreement with its financing bank having become subject to renegotiation after the end of financial year 2019. The revised financing agreement with updated terms is expected to come into force before the end of the second quarter 2020.

Loans from credit institutions run at a weighted average interest rate of 2,24 % (2.45 % in 2018) whereas the simulated weighted average capital cost for the leasing liabilities is 3.43 % for office premises and 3.20 % for other leased items.

Shareholder loans

Shareholder loans represent market priced borrowings from the company's shareholders. The weighted average interest for these loans run at 1.68 %.

Other current interest-bearing liabilities

Other current interest-bearing liabilities consist of EUR 163 thousand loans from other than credit institutions and factoring liabilities of EUR 69 thousand. Their weighted average interest rate is 0.44 %.

Valuation of non-current liabilities

The fair value of all current liabilities corresponds materially to their carrying value.

	31.12.2019	31.12.2018
Accruals and deferred income consist of the following major items		
Holiday pay provisions and other salary accruals	1,787	1,818
Pension cost accruals	191	189
Other compulsory social charge accruals	209	43
Interest accruals	47	15
Income tax accruals	58	156
Other accruals	409	401
Total	**2,701**	**2,623**

24. SECURITIES RENDERED AND CONTINGENT LIABILITIES

The securities rendered and contingent liabilities specified by category are presented below.

	31.12.2019	31.12.2018
Collateral to secure own commitments		
Floating charges, nominal value	5,500	5,500
Pledged subsidiary shares, carrying value	11,197	11,514
Total	**16,697**	**17,014**
The above floating charges and subsidiary shares have been pledged for		
Loans from credit institutions	6,285	5,023
Other collateral to secure own commitments		
Pledged bank deposits	210	146
Guarantees	210	151
Total	**420**	**297**
The above bank deposits and guarantees have been pledged for		
Lease commitments (future minimum lease payments incl. VAT)	2,028	
Subsidiary loans and bank overdraft limits from credit institutions	210	151
Total	2,238	151
Future minimum lease payments (incl. VAT)		
Due before the end of the next financial year	1,297	673
Due beyond the end of the next financial year	1,359	705
Total	**2,656**	**1,378**
Fair value of financial derivatives		
Interest rate swap and cap agreements	-11	-11
Total	**-11**	**-11**

The assets and interest bearing lease liabilities capitalized in the consolidated balance sheet form a significant part of the above presented total future minimum lease payments of EUR 2.656 thousand as per 31.12.2019.

25. EVENTS AFTER THE BALANCE SHEET DATE

The parent company's loans from credit institutions have all been classified as current at year end 2019. This includes the amount of EUR 4,789 thousand which according to the installment plan in the original financing agreement would have been long-term. The reclassification is due to the company's financing agreement with its financing bank having become subject to renegotiation after the end of financial year 2019. The revised financing agreement with updated terms is expected to come into force before the end of the second quarter 2020.

In 2020 the company has continued committing the company's key employees by selling holdings in its subsidiaries and the company also acquired some additional shares in one subsidiary. Due to these transactions the ownership of the company in Kalliosuunnittelu Oy Rockplan Ltd has decreased to 91.04 % (from 94.08 %) whereas the ownership in Insinööritoimisto Pontek Oy has increased to 89.39 % (from 87,52 %).

In March 2020, the COVID-19 virus pandemic started to affect Solwers' business. Solwers has taken swift actions to mitigate the impact on its personnel, business, and financing.

The pandemic will surely have a negative impact on Solwers' business operations, but the magnitude depends on the length of it and on how customer behavior might change.

In mid-May, at the time when this is written, most of the subsidiaries have a good order backlog and most of the projects are going forward. The company's management estimates that the Solwers Group will be able to reach a positive operative result for year 2020 provided that the pandemic will be over by the end of summer and no major change in customer behavior takes place.

INCOME STATEMENT
Parent Company, FAS

EUR THOUSAND	NOTE	2019	2018
REVENUE	3	**204**	**63**
Materials and services		-24	-10
Personnel costs	4	-297	-171
Amortization, depreciation and impairment	5	-4	-1
Other operating expenses	6	-218	-386
OPERATING LOSS		**-338**	**-505**
Financial income and expenses	7	1 897	1 630
PROFIT BEFORE APPROPRIATIONS AND TAXES		**1 558**	**1 125**
Appropriations	8	360	528
Income taxes		0	-14
PROFIT FOR THE FINANCIAL YEAR		**1 918**	**1 639**

BALANCE SHEET
Parent Company, FAS

EUR THOUSAND	NOTE	31.12.2019	31.12.2018
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	9	12	2
Investments	10	13,423	13,430
Receivables	11	293	274
NON-CURRENT ASSETS, TOTAL		**13,728**	**13,707**
CURRENT ASSETS			
Receivables	12	6,126	1,643
Financial securities		1	1
Cash and cash equivalents		211	286
CURRENT ASSETS, TOTAL		**6,338**	**1,930**
ASSETS, TOTAL		**20,066**	**15,637**
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital		1,000	1,000
Share premium account		20	20
Other reserves		1,463	0
Retained earnings		1,378	82
Profit for the financial year		1,918	1,639
EQUITY, TOTAL	13	**5,779**	**2,740**
LIABILITIES			
Non-current liabilities	14	5,698	10,628
Current liabilities	15	8,589	2,269
LIABILITIES, TOTAL		**14,287**	**12,897**
EQUITY AND LIABILITIES, TOTAL		**20,066**	**15,637**

NOTES TO THE FINANCIAL STATEMENTS
Parent Company, FAS

1. GENERAL COMPANY INFORMATION

Solwers Plc (company ID 0720734-6) is a Finnish public limited liability company established under Finnish law, with its registered head office located at Kappelitie 6b, 2nd floor in the city of Espoo, Finland. The company's domicile is Kauniainen, Finland.

Solwers Plc operated under the name Finnmap Partners Oy until its name was changed on March 17, 2017.

The financial statements of Solwers Plc have been prepared in accordance with the Finnish Accounting Standards (FAS) and other provisions of the Finnish company and tax law guiding the preparation and presentation of annual financial statements.

2. ACCOUNTING POLICIES

Accrual principle

The accrual principle is the main guiding principle for recognizing income and expenses in the income statement. Additional information on the accounting principles applied are set forth below to the extent that specific descriptions are considered needed for the reader to understand the content of these financial statements.

Revenue recognition

Income is recognised as revenue in the income statement at the point in time when the customer has received the services subject to transaction. As Solwers Plc's main source of income are the services that it provides to its subsidiaries, the passage of time also forms the trigger for at which point in time revenue is recognised.

Personnel costs

Salaries and social charges are expensed in the income statement in accordance with the accrual principle. The same applies for all other personnel costs including voluntary ones. Hence, the company's statutory TyEL pension scheme can be classified as a defined contribution plan.

Non-current assets

Non-current tangible assets are recognized and presented at their historical cost deducted by annual depreciation and possible separately recognised impairment. Their depreciation is based on an estimation of their economic useful life.

Subsidiary shares are recognized and presented at their historical cost deducted by possible separately recognised impairment. In addition to the acquisition consideration their historical cost also includes any indirect expenses incurred and related to their acquisition.

Current receivables

Current receivables are primarily accounted for to their historical cost, but not to a higher value than their estimated recoverable amount. The estimations made by the company's management are based on the prevailing market situation and other facts known at the time of the preparation of the financial statements.

Current / Non-current classification

Tangible and intangible assets are classified as non-current when their estimated useful life exceeds 12 months. Assets not meeting this criterion are classified as current.

Receivables are classified as non-current when their cash inflow is estimated to materialize later that 12 months after the end of the financial year. Receivables not meeting this criterion are classified as current.

Liabilities are classified as non-current when their cash outflow is estimated to materialize later that 12 months after the end of the financial year. Liabilities not meeting this criterion are classified as current.

Foreign currency items

Transactions in foreign currencies are recorded in euros at the exchange rate on the transaction date. At the end of the financial period, receivables and payables denominated in foreign currencies are valued at the exchange rates effective on the balance sheet date. Exchange rate gains and losses are presented under financial items in the income statement.

3. REVENUE

	2019	2018
Revenue, break-down by category		
Management fee income from group companies	204	63
Total	**204**	**63**

4. PERSONNEL COSTS AND NUMBER OF PERSONNEL

	2019	2018
Personnel costs, break-down by category		
Salaries, wages and other remuneration	-240	-130
Pension costs	-43	-24
Compulsory social charges	-5	-4
Other voluntary employee expenses	-9	-13
Total	**-297**	**-171**
Number of employees		
Average during the financial year	4	2
At the end of the financial year	4	3

5. AMORTIZATION, DEPRECIATION AND IMPAIRMENT

	2019	2018
Amortization, depreciation and impairment of non-current assets		
Depreciation of tangible non-current assets	-4	-1
Total	**-4**	**-1**

6. OTHER OPERATING EXPENSES

	2019	2018
Other operating expenses, break-down category		
Business premises expenses	-15	0
ICT expenses	-19	-23
Travel expenses	-22	-14
Machinery and equipment expenses	-2	-4
Marketing expenses	-16	-33
Administrative services expenses	-27	-110
Other administration expenses	-15	-22
Other operating expenses	-101	-181
Total	**-218**	**-386**

Other operating expenses, specified by group internal and external expenses		
Group internal expenses	-73	-17
External expenses	-28	-164
Total	**-101**	**-181**

	2019	2018
Fees to auditors, summarized by cost category		
Audit fees	-14	-28
Tax consultation fees	0	-40
Other assignments as referred to in the Finnish Auditing Act	0	-1
Total	-14	-69

7. FINANCIAL INCOME AND EXPENSES

	2019	2018
Financial income and expenses, break-down by category		
Financial income		
Dividend income from subsidiaries	2,035	1,757
Other financial income	33	1
Total	**2,068**	**1,758**
Financial expenses		
Interest expenses on loans from credit institutions	-136	-96
Other financial expenses on loans from credit institutions	-7	-28
Other financial expenses	-28	-5
Total	**-171**	**-128**
Net financial income and expenses	**1,897**	**1,630**

8. APPROPRIATIONS

	2019	2018
Appropriations, break-down by category		
Group contributions received	360	528
Total	**360**	**528**

9. TANGIBLE ASSETS

	2019	2018
Movement of machinery and equipment		
Carrying value		
Opening balance 1.1.	2	0
Investments	14	3
Depreciation	-4	-1
Closing balance 31.12.	**12**	**2**

10. NON-CURRENT INVESTMENTS

	2019	2018
Movement of investments		
Subsidiary shares		
Acquisition cost		
Opening balance 1.1.	13,430	9,659
Additions	163	4,049
Acquisition cost adjustments	-102	0
Divestments	-68	-279
Closing balance 31.12.	**13,423**	**13,430**

Shareholdings in subsidiaries at year end 2019, specified by country

	Domicile	Acquired	Holding
Finland			
Direct ownership			
Accado Oy Ab	Espoo	13.10.2017	80.00 %
Arkkitehdit Davidsson Tarkela Oy	Helsinki	3.7.2018	60.00 %
Contria Oy	Vaasa	18.12.2018	66.00 %
Finnmap Infra Oy	Helsinki	31.12.2016	73.83 %
Insinööritoimisto Pontek Oy	Espoo	21.12.2017	87.52 %
Insinööritoimisto W. Zenner Oy	Helsinki	17.12.2018	60.00 %
Kalliosuunnittelu Oy Rockplan Ltd	Helsinki	20.6.2017	94.08 %
Kalliotekniikka Consulting Engineers Oy	Helsinki	20.6.2017	100.00 %
Oy Polyplan Ab	Vaasa	23.3.2018	50.92 %
Solwers Kiinteistöt Oy	Helsinki	20.6.2017	100.00 %
Taitotekniikka Oy	Helsinki	13.12.2018	60.02 %
Indirect ownership			
Insinööritoimisto Varsinais-Suomen Kalliotekniikka Oy	Turku	20.6.2017	100.00 %
Sweden			
Direct ownership			
Solwers Sweden Ab	Stockholm	31.12.2017	100.00 %
Indirect ownership			
Dreem AB	Gothenburg	22.8.2019	70.00 %
KAM Redovisning AB	Stockholm	14.6.2019	60.00 %
Geo Survey Mätteknik AB	Stockholm	20.6.2017	97.04 %
Rockplan Sweden AB	Stockholm	20.6.2017	97.04 %

11. NON-CURRENT RECEIVABLES

	31.12.2019	31.12.2018
Non-current receivables specified by category		
Loan receivables	275	274
Security cash deposits	18	0
Total	**293**	**274**

Loan receivables consist of loans granted to Solwers Group key employees as a part of the Solwers remuneration program.

12. CURRENT RECEIVABLES

	31.12.2019	31.12.2018
Current receivables specified by category		
Receivables from group companies	6,110	1,604
Prepaid expenses and accrued income	12	1
Other receivables	4	38
Total	**6,126**	**1,643**
Receivables from group companies consist of the following items		
Trade receivables	102	12
Loan receivables	2,854	0
Prepaid expenses and accrued income	315	0
Dividend receivables	2,479	1,592
Group contribution receivables	360	0
Total	**6,110**	**1,604**

13. NUMBER OF SHARES EQUITY

Solwers Plc's directed share issue

Solwers Plc's subscribed capital consists of one single series of shares. Each share entitles its holder to one vote at the company's general meeting.

By decision of April 1, 2019, the Annual General Meeting authorized the company's Board of Directors to decide on the issue of a maximum of 30,000 new shares. This authorization is in force until March 30, 2021.

The Board of Directors decided on April 2, 2019 on the directed share issue, issuing a maximum of 20,000 new company shares in accordance with the authorization of the Annual General Meeting. The subscription price was EUR 100.00 per share whereas the subscription price for Solwers Group personnel was EUR 90.00 per share.

The share subscription period began on April 15, 2019 and ended on June 14, 2019. On July 8, 2019, the Board of Directors decided to approve the subscription of 15,237 new shares, of which 6,097 were subscribed by Solwers Group personnel.

The subscription price received from the share issue has been posted in full to the Company's invested non-restricted equity reserve.

As a result of the 2019 directed share issue the company's Board of Directors still have a possibility to issue a maximum number of 14,763 shares under the afore mentioned authorization.

The movement of the number of shares and of the company's equity as well as the company's distributable equity are specified in the tables below.

	2019	2018
Number of shares outstanding (pcs)		
Opening balance 1.1.	200,000	200,000
Share issue	15,237	0
Closing balance 31.12.	**215,237**	**200,000**

	2019	2018
Movement in equity		
Restricted equity		
Subscribed capital		
Opening balance 1.1.	1,000	1,000
Closing balance 31.12.	1,000	1,000
Share premium reserve		
Opening balance 1.1.	20	20
Closing balance 31.12.	20	20
Total restricted equity, closing balance 31.12.	**1,020**	**1,020**
Unrestricted equity		
Invested unrestricted equity reserve		
Opening balance 1.1.	0	976
Conversion to capital loan	0	-976
Share issue	1,463	0
Closing balance 31.12.	1,463	0
Retained earnings		
Opening balance 1.1.	1,720	82
Dividend distribution	-342	0
Closing balance 31.12.	1,378	82
Profit for the period	1,918	1,639
Total unrestricted equity, closing balance 31.12.	**4,759**	**1,720**
Total equity, closing balance 31.12.	**5,779**	**2,740**

	31.12.2019	31.12.2018
Calculation of distributable equity		
Invested unrestricted equity reserve	1,463	0
Retained earnings	1,378	82
Profit for the period	1,918	1,639
Distributable equity	**4,759**	**1,720**

14. NON-CURRENT LIABILITIES

	31.12.2019	31.12.2018
Non-current liabilities, break-down by category		
Interest bearing		
Capital loans	5,426	5,426
Loans from credit institutions	0	3,985
Shareholder loans	272	0
	5,698	9,411
Non-interest bearing		
Other liabilities	0	1,216
	0	1,216
Total	**5,698**	**10,628**

Key capital loan terms

The nominal weighted average interest rate is 2.18 % for the capital loans. However, as the capital loans to their nature are instruments intended to strengthen the company's capital structure, this nominal interest is neither expensed in the company's accounts nor paid to the lenders before certain strategic targets as stated in the loan agreements and certain financial terms as stated in the financing frame agreement with the company's major financial institution are met. At that point in time an additional interest amount calculated based on a minimum interest rate of 3.0 %, or a maximum of 5.0 %, will be added to their accumulated nominal interest amount.

The total accumulated interest calculated as described above will, provided that the company's year 2020 Annual General Meeting so will decide, eventually be compensated to the lenders as part of the next planned share issue by off-setting the accrued amount against the subscription price of new shares. A decision by the AGM to the contrary will eventually have no cost effect as the capital loan lenders in such a situation have committed themselves to waive their right to be compensated for the accrued interests.

The accumulated interest amount is accounted for and presented as a contingent liability in notes to the financial statements until the strategic targets and the financial terms mentioned above have been fulfilled. This total accumulated nominal interest amounts to EUR 188 thousand at year end 2019.

The terms of the capital loans comply with the regulatory requirements set for such loans in the Finnish legislation.

Loans from credit institutions

A total of EUR 4,789 thousand of the parent company’s loans from credit institutions have been reclassified from non-current to current at year end 2019. This is due to the company's financing agreement with its financing bank having become subject to renegotiation after the end of financial year 2019. The revised financing agreement with updated terms is expected to come into force before the end of the second quarter 2020.

Other non-interest-bearing liabilities

Other non-interest-bearing liabilities of EUR 1,216 thousand at year end 2018 consist of acquisition considerations unpaid. The corresponding amount at year end 2019 is EUR 983 thousand which is presented amongst current non-interest-bearing other liabilities.

15. CURRENT LIABILITIES

	31.12.2019	31.12.2018
Current liabilities, break-down by category		
Interest bearing		
Loans from credit institutions	6,285	1,038
Shareholder loans	442	0
Other liabilities	26	0
	6,752	1,038

Loans from credit institutions

All loans from credit institutions have been classified as current at year end 2019. This is due to the company's financing agreement with its financing bank having become subject to renegotiation after the end of financial year 2019. The revised financing agreement with updated terms is expected to come into force before the end of the second quarter 2020.

	31.12.2019	31.12.2018
Non-interest bearing		
Trade payables	71	79
Liabilities to group companies	686	651
Other liabilities	993	443
Accruals and deferred income	87	59
	1 837	1 231
Total	**8 589**	**2 269**

	31.12.2019	31.12.2018
Non-interest bearing liabilities to group companies consist of the following items		
Acquisition cost consideration unpaid at year end	648	648
Accounts payable	1	3
Other accruals	37	0
Total	686	651
Accruals and deferred income consist of the following major items		
Holiday pay provisions and other salary accruals	46	28
Pension cost accruals	4	2
Other compulsory social charge accruals	2	0
Interest accruals	24	4
Income tax accruals	0	14
Other accruals	11	12
Total	87	59

16. SECURITIES RENDERED AND CONTINGENT LAIBILITIES

The securities rendered and contingent liabilities specified by category are presented below.

	31.12.2019	31.12.2018
Collateral to secure own commitments		
Floating charges, nominal value	5,500	5,500
Pledged subsidiary shares, carrying value	11,361	11,700
Total	**16,861**	**17,200**
The above floating charges and subsidiary shares have been pledged for		
Loans from credit institutions	6,285	5,023
Other collateral to secure own commitments		
Pledged bank deposits	18	0
Guarantees	210	151
Total	**228**	**151**
The above bank deposits and guarantees have been pledged for		
Lease commitments (future minimum lease payments incl. VAT)	170	0
Subsidiary loans and bank overdraft limits from credit institutions	210	151
Total	380	151
Future minimum lease payments (incl. VAT)		
Due before the end of the next financial year	93	0
Due beyond the end of the next financial year	77	0
Total	**170**	**0**
Fair value of financial derivatives		
Interest rate swap and cap agreements	-11	-11
Total	**-11**	**-11**

17. EVENTS AFTER THE BALANCE SHEET DATE

The company’s loans from credit institutions have all been classified as current at year end 2019. This includes the amount of EUR 4,789 thousand which according to the installment plan in the original financing agreement would have been long-term. This reclassification is due to the company's financing agreement with its financing bank having become subject to renegotiation after the end of financial year 2019. The revised financing agreement with updated terms is expected to come into force before the end of the second quarter 2020.

In 2020 the company has continued committing the company’s key employees by selling holdings in its subsidiaries and the company also acquired some additional shares in one subsidiary. Due to these transactions the ownership of the company in Kalliosuunnittelu Oy Rockplan Ltd has decreased to 91.04 % (from 94.08 %) whereas the ownership in Insinööritoimisto Pontek Oy has increased to 89,39 % (from 87,52 %).

In March 2020, the COVID-19 virus pandemic started to affect Solwers’ business. Solwers has taken swift actions to mitigate the impact on its personnel, business and financing.

The pandemic will surely have a negative impact on Solwers’ business operations, but the magnitude depends on the length of it and on how customer behavior might change.

In mid-May, at the time when this is written, most of the subsidiaries have a good order backlog and most of the projects are going forward. The company’s management estimates that the Solwers Group will be able to reach a positive operative result for year 2020 provided that the pandemic will be over by the end of summer and no major change in customer behavior takes place.

SIGNING OF THE REPORT BY THE BOARD OF DIRECTORS AND THE FINANCIAL STATEMENTS

THE BOARD OF DIRECTORS SIGNINGS

Espoo 27 May, 2020

Leif Sebbas Chairman of the Board	John Lindahl Board member	Mari Pantsar Board member
Hanna-Maria Heikkinen Board member	Emma Papakosta Board member	Stefan Nyström CEO

AUDITOR'S NOTE

A report on the audit carried out has been submitted today.

Helsinki 28 May, 2020

Revico Grant Thornton Oy
Authorized Public Accountants

Satu Peltonen, APA