

SOLWERS PLC

FINANCIAL STATEMENTS 2020

CONSOLIDATED (IFRS)
and
PARENT COMPANY (FAS)

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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 21 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 companies.

Business development

The Group's order backlog remained generally at a good level during the financial year 2020, especially in infrastructure planning. The business of the companies providing financial management and controlling services also continued positively. Only the architectural companies Dreem, and Architects Davidsson Tarkela suffered more significantly from the effects of the COVID19 pandemic, as many office, hotel and other private sector projects were either suspended or postponed due to a pandemic. In Sweden, the architectural firm Dreem therefore had to temporarily lay off part of its staff. Towards the end of the year, the situation improved, and the layoffs were abandoned, and all subsidiaries reached a positive operating result in 2020.

Major events

Solwers continued in 2020 its planned expansion by acquiring majority shareholdings in two Swedish companies and one Finnish. In August, the Company acquired 100.00% of LICAB AB and in October 91.00% of Enerwex AB. Likewise in October the Company acquired a 53.54% ownership share in Geounion Oy of which Solwers subsidiary Finnmap Infra Oy already previously owned 37.50%.

At the end of the year 2020, Solwers arranged four share issues which were carried out within the authorization granted to the Board by the Annual General Meeting on 29 September 2020. The share issues, due to which the Board's authorization was fully used, were directed to the group companies' employees, the Company's shareholders, and certain big investors. As a result of the share issues, the subscription period of which was 28 December 2020 – 10 January 2021, the Company registered 77,254 new shares of which 44,290 shares were directed as treasury shares to the Company itself. The Company will use these shares for company acquisitions and acquisition of the Group's non-controlling interests.

The COVID19 pandemic, which began in March, naturally also affected the Company's day-to-day business and work arrangements. The subsidiaries shifted, in part or in full, to working remotely and travelling as well as physical meetings were replaced by Teams meetings.

Estimated future outlook

If the corona pandemic can be thwarted with vaccinations, the forecast for 2021 is good. This is the assumption in March 2021, at the time of this writing. But a possible continuation of the pandemic can have a significant impact on the Company's future business.

The expansion of the Group is planned to continue through business acquisitions in 2021. The Company's management simultaneously will take preparatory measures to ensure Solwers Plc's eligibility for an initial public offering (IPO). In addition, one of the key actions in 2021 is the acquisition of the Group's non-controlling interests with the target of ending up with a remaining company-specific non-controlling interest of less than 10%.

KEY PERFORMANCE INDICATORS

The consolidated key performance indicators for year 2020 are set forth in the table below.

The figures for 2017-18 are not fully comparable with the figures for subsequent years due to the new IFRS 16 accounting standard which has been applied for leases and rental agreements since the beginning of year 2019.

The Pro Forma figures presented in the table have been calculated under the assumption that all companies acquired during the financial year would have been consolidated from the beginning of that year.

Solwers Plc group consolidated	Pro Forma 2020 (12 mths)	2020	Pro Forma 2019 (12 mths)	2019²⁾	2018¹⁾	2017¹⁾
EUR thousand						
Revenue	42,281	32,649	27,786	25,802	25,334	16,107
EBITDA	6,125	4,970	3,257	2,446	2,543	842
EBITDA-%	14.5%	15.2%	11.7%	9.5%	10.0%	5.2%
EBITA	5,447	4,427	2,887	2,083	-	-
EBITA-%	12.9%	13.6%	10.4%	8.1%	-	-
EBIT	4,334	3,539	2,209	1,478	2,185	639
EBIT-%	10.3%	10.8%	8.0%	5.7%	8.6%	4.0%
Net Profit	3,273	2,675	1,584	1,013	1,998	641
Net Profit-%	7.7%	8.2%	5.7%	3.9%	7.9%	4.0%
Earnings per Share (EPS), EUR		7.98	4.95	3.03	7.97	2.75
Equity Ratio, % ³⁾		44.7%		41.6%	42.7%	41.0%
Total Assets		40,017		27,862	22,438	15,933
Headcount, average		297		253	213	134
Headcount, at year end		371		257	229	150
¹⁾ IFRS 16 Leases not yet in force						
²⁾ IFRS 16 Leases applied for the first time						
³⁾ Calculation: capital loans classified as equity and ratio's denominator is value at year end						

LIQUIDITY, FINANCING AND CAPITAL LOANS

Liquidity

The Company's liquidity has remained good during the past financial year.

Financial structure

The Company's financing and liquidity as well as its medium-term financing have been secured during the financial year by renegotiation of the financing agreement with the Company's main financing bank signed on 18 August 2020. In addition, the Company's medium-term financial position has also been secured during the financial year by renegotiating the agreement between the main creditors (the financing bank and the capital loan creditors) signed on 18 August 2020, and the share issues during the financial year.

The Company's long-term equity/debt -ratio (the target capital structure) is at least 40/60 excluding reduction of cash assets.

At the closing date, the equity-ratio (covenant 1) was 44.7% and thus exceeded the minimum level of 40.0% agreed in the financing agreement with the main financing bank by 4.7 %-points. When calculating this key figure, the concept of net debt is neither applied.

In addition to the above, the Company's financial position and liquidity are measured by means of the [adjusted interest-bearing liabilities / EBITDA] key figure (covenant 2). At the balance sheet date this ratio was 1.89 whereas the upper limit mentioned in the financing agreement is 3.75.

Capital loans

The Company has received capital loans from its main shareholder and one other non-related party. The weighted average interest rate for these capital loans is 2.29%.

The capital loans are to their nature instruments intended to strengthen the Company's capital structure. However, the purpose of Solwers' capital loans has been both to finance the start of the Company's business and its first growth phase. A restructuring of them, with other equity and financial instruments, is therefore part of the Company's financing strategy.

In all circumstances, such as bankruptcy, corporate restructuring, foreclosure, liquidation, dissolution or otherwise when distributing the parent Company's assets, the receivables based on capital loans are of worse priority than those of the Company's main credit bank.

Due to the nature of the capital loans, their 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 financing bank 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 eventually be compensated to the lenders via future arrangements between the shareholders and the creditors.

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 amounted at year end 2020 to EUR 296 thousand.

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

Loans granted

At year end 2020 the parent company had a total of EUR 267 thousand 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.

RISKS RELATING TO THE BUSINESS OPERATIONS

Although the business operations of the group companies are connected to infrastructure and earthwork projects, which are less sensitive to cyclical fluctuations compared to those in the construction industry, they nevertheless also do provide services to construction industry operators to a significant extent. This exposes Solwers to cyclical fluctuations of the construction industry which the Company balances by operating in several fields of engineering and by diversifying its operations geographically.

The Solwers companies are dependent on their key personnel and the availability of competent employees. Recruitment of competent personnel can be challenging as the competition between employers for skilled personnel is intense. Although the Solwers companies this far have been successful in committing their key personnel, challenges might occur in upholding the present situation in the future.

Solwers is currently reliant on one bank providing financing to the Group. A decision by this bank, for one reason or another, to discontinue its financing of the Group could compromise the Group's ability to execute its business plan. The adequacy of liquid funds could therefore also be jeopardized. To minimize these risks, Solwers aims to widen its financing base systematically.

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. In such circumstances the Group might not be able to refinance its loans sufficiently quickly.

The Company has loans, the interest rates of which are tied to market interest rates. A rising interest rate level could lead to higher costs of financing, which in turn could lead to a significant decline of the Company's liquidity. The loans are therefore partially hedged to cover the interest rate risk.

BUSINESS COMBINATIONS

Solwers group was established in 2017 when the first company acquisitions were executed, and the Company has continued its acquisitions annually thereafter.

Solwers group's growth strategy is implemented through a systematic organic growth and an active acquisition plan. All acquired companies are specialized in design and/or consulting and their expertise is complementary.

In 2020, Solwers made three new company acquisitions. In August, the Company acquired a 100.00% of LICAB AB in Luleå, Sweden, and in October a 91.00% share of Enerwex AB which operates in Växjö, Sweden.

In October, Solwers increased its holding to 81.23% by acquiring an additional direct ownership share of 53.54% of the Helsinki-based Geounion Oy. Solwers' prior 27.68% holding of Geounion was indirect through the subsidiary Finnmap Infra Oy's 37.50% holding.

GROUP STRUCTURE

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

Subsidiaries - direct ownership	Number of shares	Number of shares Holding-%
<i>Finland</i>		
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	192,644	90.02 %
Insinööritoimisto W. Zenner Oy	90	60.00 %
Kalliosuunnittelu Oy Rockplan Ltd	569	91.04 %
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 %
Geounion Oy	514	53.54 %
<i>Sweden</i>		
Solwers Sweden AB	1,000	100.00 %
LICAB AB	300	30.00 %
Enerwex AB	130	26.00 %

In January 2020, Solwers Plc continued the Group's key employee commitment process by selling a 3.04% holding of Kalliosuunnittelu Oy Rockplan Ltd to its CEO, which resulted in a decrease of the Company's holding in Rockplan to 91.04%.

In November 2020, Solwers Plc increased its holding by 2.50% in Insinööritoimisto Pontek Oy by acquiring shares from one key employee. The Company's holding in Pontek increased due to this transaction to 90.02%.

The companies owned indirectly by Solwers Plc and its holding in those companies at year end 2020 are presented in the below table.

Subsidiaries - indirect ownership	Parent company	Holding
<i>Finland</i>		
Insinööritoimisto Varsinais-Suomen Kalliotekniikka Oy	Kalliotekniikka Consulting Engineers Oy	100.00 %
Geounion Oy	Finnmap Infra Oy	27.69 %
<i>Sweden</i>		
KAM Redovisning AB	Solwers Sweden AB	60.00 %
DREEM AB	Solwers Sweden AB	70.00 %
LICAB AB	Solwers Sweden AB	70.00 %
LICAB East AB	LICAB AB	70.00 %
Enerwex AB	Solwers Sweden AB	65.00 %
Rockplan Sweden AB	Kalliosuunnittelu Oy Rockplan Ltd (50 %) + Kalliotekniikka Consulting Engineers Oy (50 %)	95.52 %
Geo Survey Mäteteknik AB	Kalliosuunnittelu Oy Rockplan Ltd (50 %) + Kalliotekniikka Consulting Engineers Oy (50 %)	95.52 %

RESEARCH AND DEVELOPMENT

Solwers' business operations are 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.

PERSONNEL AND REMUNERATION

Number of personnel and salary costs

The Group's average number of employees during the financial year was 297 (253), of which the parent company employed an average of 4 (4) people.

The Group's salary and remuneration expenses were EUR 15,130 (EUR 12,264) thousand, of which the parent company's costs were EUR 249 (EUR 210) thousand.

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 2021.

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 the CEO during the financial year 2020 totalled EUR 136 (EUR 140) thousand, which includes salaries and other fees paid by the Company's subsidiary Finnmap Infra Oy where the present CEO acts as the Managing Director.

RELATED PARTY TRANSACTIONS

The Group's related parties consist of the key members of the Company's management, as well as group external companies whose operations a person holding an executive position in Solwers has 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 267 (EUR 275) thousand.

Loans to Solwers granted by its related parties amounted at year end 2020 to EUR 3.976 (EUR 5.289) thousand of which EUR 4.276 thousand consisted of capital loans.

SHARES AND SHAREHOLDERS

Changes in the number of shares

At the end of 2020, Solwers Plc's capital stock comprised 226,909 shares whereas its share capital registered in the Trade Register amounted to EUR 1,000,000.00. The number of shares increased in 2020 by 11,672 and the number of shareholders by 6 due to the company acquisitions executed and the directed share issues carried out in connection with them. At year end 2020 the Company had 212 shareholders. The Company has one series of shares.

The Annual General Meeting on 29 September 2020 resolved to authorize the Company's Board to decide on the issue of a maximum of 80,000 new shares and to revoke the previous authorization granted by the Annual General Meeting on 1 April 2019. The authorization was fully exercised in connection with the two directed share issues executed in connection with the two company acquisitions in October and the four share issues carried out in late December 2020 and early January 2021.

In total 33,434 new shares were issued in connection with the share issues completed on 10 January 2021. The number of new shares issued to the Company itself was 44,290. The new shares were registered in the Trade Register on 18 January 2021, after which the total number of the Company's shares is 304,163.

Major shareholders

The Company's top eight shareholders are presented in the table below.

Shareholder	Number of shares	% of total
Finnmap Engineering Oy	167,140	73.7 %
Nyström, Stefan	14,030	6.2 %
Sebbas, Leif	12,778	5.6 %
Andersson, Andreas	4,463	2.0 %
Selberg, Peter	4,463	2.0 %
Olavus Capital Oy	4,000	1.8 %
Lindqvist, Roger	2,222	1.0 %
Peljo, Martti	2,200	1.0 %

MANAGEMENT AND AUDITOR

Board of Directors

The Board of Directors of Solwers Plc consist of five members. The Board has elected Leif Sebbas as Chairman. The other members are John Lindahl, Mari Pantsar, Hanna-Maria Heikkinen and Emma Papakosta.

The remuneration to be paid to the Board members is EUR 2,000.00 for each regular meeting, EUR 500.00 for each additional meeting more condensed than a regular meeting and EUR 250.00 per meeting to which a member has prepared him-/herself but not attended.

Auditor

The 2020 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 Chief Executive Officer (CEO) of the Company is Stefan Nyström. He also acts as the CEO of another Solwers company, Finnmap Infra Oy. Roger Lindqvist is the Chief Financial Officer (CFO) of the Company.

The Company's Head of Legal is Olli Kuusi and Taina Erkkilä is the Head of Communications. They were both employed in November 2020.

The Solwers Group Management Team is headed by Solwers' CEO and it comprises, in addition to the group company Managing Directors, the Company's CFO, Head of Legal and Head of Communications.

EVENTS AFTER THE BALANCE SHEET DATE

Changes in group structure

Solwers has after the balance sheet date continued the process of committing the Group's key employees by selling 0.96% of Kalliosuunnittelu Oy Rockplan Ltd to two its key employees. The Company's holding in Kalliosuunnittelu Oy Rockplan Ltd has therefore decreased from 91.04% at year-end 2020 to 90.08%.

The process of streamlining the Company's group structure continued in March 2021 when the Company acquired a 40.00% minority share of Arkkitehdit Davidsson Tarkela Oy (ADT) after which ADT is a fully owned Solwers subsidiary.

Acquisitions

In February 2021, Solwers acquired 100% of INMECO Oy Rakennuskonsultit (Inmceo), a project management and planning services providing company. INMECO's domicile is Jyväskylä and its main area of operation is Central Finland. INMECO's year 2020 revenue amounted to appr. MEUR 1.5 and it employs 13 people.

Transition to the book-entry system

Solwers' Annual General Meeting resolved on 29 September 2020 to transfer the Company's shares to the book-entry system. The transition was carried out from 25 to 31 January 2021 and the Company's shares are recorded in the book-entry system as of 1 February 2021.

Share issues 28 December 2020 – 10 January 2021

The subscription period for the four share issues, which began in December and took place on both sides of the turn of the year, ended on 10 January 2021. A total of 32,964 new shares were subscribed for in these share issues whereas the remaining 44,290 shares were subscribed as treasury shares by the Company itself.

The total share issue proceeds amounted to EUR 3,788 thousand, of which EUR 3,322 thousand accumulated at the balance sheet date was recorded in the invested unrestricted equity fund without increasing the Company's share capital.

As a result of these share issues, the Company gained 33 new shareholders. The total number of shareholders after the registration of the new shareholders was 247.

COVID-19 pandemic

The COVID-19 pandemic that began in March 2020 has at the time when this is written continued for more than one year. The pandemic has thus far not had a significant negative impact on the Solwers group or its subsidiary business operations or their financial performance.

A possible prolongation of the pandemic and the formation and future occurrence of various transformation viruses may have an adverse effect the Company's business. However, the order backlogs of the group companies are still on a good level and no immediate changes are in sight so far. The Company's management therefore estimates that year 2021 will develop as favorably as year 2020 did.

THE BOARD'S PROFIT DISTRIBUTION PROPOSAL

The parent Company Solwers Plc's distributable funds at year end 2020 amount to EUR 7,060,371.35 of which the profit for the financial year 2020 is EUR 1,116,301.81.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 2.06 per share, i.e. EUR 535,338.38 in total, be distributed and that the remainder of the profit for the financial year, i.e. EUR 580,963.43, be transferred to the retained earnings account.

INCOME STATEMENT

Consolidated, IFRS

EUR THOUSAND	NOTE	2020	2019
REVENUE		32,649	25,802
Other operating income	4	284	15
Materials and services	5	-5,154	-4,344
Employee benefit expenses	6	-19,347	-15,654
Amortization, depreciation and impairment	7	-1,431	-968
Other operating expenses	8	-3,462	-3,373
OPERATING PROFIT		3,539	1,478
Financial income and expenses	9	-105	-184
Share of the result of participating interests		0	32
PROFIT BEFORE TAXES		3,434	1,326
Income taxes	10	-759	-314
PROFIT FOR THE FINANCIAL YEAR		2,675	1,013
Profit for the financial year attributable to			
Parent company shareholders		1,735	626
Non-controlling interest		940	387
Earnings per share (EUR)			
Earnings per share, non-diluted	11	7.98	3.03
Earnings per share, diluted	11	7.98	3.03
Average number of shares during the financial year			
Non-diluted	11	217,479	206,387
Diluted	11	217,479	206,387
Other comprehensive income			
Prior years adjustments			
Items recognized in retained earnings		0	29
Deferred taxes		0	246
Items that may later be recognized through profit or loss			
Translation differences		21	9
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		2,696	1,298
Total comprehensive income for the financial year attributable to			
Parent company shareholders		1,748	864
Non-controlling interest		949	433

BALANCE SHEET

Consolidated, IFRS

EUR THOUSAND	NOTE	31.12.2020	31.12.2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	12	19,019	13,064
Tangible assets	13	2,791	1,457
Investments	14	1,568	1,634
Receivables	16	537	542
NON-CURRENT ASSETS, TOTAL		23,915	16,698
CURRENT ASSETS			
Inventories	17	262	556
Receivables	18	9,428	6,002
Investments	19	311	271
Cash and cash equivalents		6,101	4,335
CURRENT ASSETS, TOTAL		16,102	11,164
ASSETS, TOTAL		40,017	27,862
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital		1,000	1,000
Share issue		3,332	0
Share premium account		20	20
Other reserves		2,841	1,463
Retained earnings		1,522	1,080
Profit for the financial year		1,735	626
EQUITY, TOTAL	20	10,450	4,189
NON-CONTROLLING INTEREST		2,292	1,662
LIABILITIES			
Non-current liabilities	22	14,102	7,414
Current liabilities	23	13,172	14,597
LIABILITIES, TOTAL		27,275	22,011
EQUITY AND LIABILITIES, TOTAL		40,017	27,862

CASH FLOW STATEMENT

Consolidated, IFRS

EUR THOUSAND	2020	2019
Cash flow from operating activities		
Profit for the financial year	2,675	1,013
Adjustments		
Amortization, depreciation and impairment	1,431	968
Financial net	105	191
Income tax	759	508
Non-controlling interest	-940	-387
Other adjustments	153	0
Cash flow before change of working capital	4,183	2,293
Change of working capital		
Change of inventories	294	0
Change of current non-interest bearing receivables	-1,260	-512
Change of current investments	31	0
Change of current non-interest bearing payables	1,526	780
Change of net working capital, total	591	268
Financial net and income tax		
Interest paid on loans from credit institutions and other interest bearing loans	-244	-134
Interest paid on leasing debt	-78	-45
Interest received	7	6
Other financial items paid and received (net)	9	-19
Income tax paid	-180	-508
Net cash flow from operating activities	4,288	1,862
Cash flow from investment activities		
Investment in intangible non-current assets	-131	-202
Investment in tangible non-current assets	-165	-563
Investment in non-current receivables (net)	6	-65
Business combinations	-2,512	-2,386
Change of non-controlling interest	9	-80
Proceeds from sale of tangible non-current assets	49	0
Net cash flow from investment activities	-2,745	-3,296
Cash flow from financing activities		
Acquisition of own shares	0	-5
Parent company share issue	659	1,463
Capital loans raised	2,000	0
Loans raised from credit institutions	2,230	1,762
Repayment of capital loans	-600	0
Repayment of loans and other interest bearing debts	-1,399	-377
Repayment of leasing debt	-1,050	-565
Repayment of non-interest bearing debt	-980	0
Dividends paid	-636	-726
Net cash flow from financing activities	224	1,552
Change of cash and cash equivalents	1,766	118
Cash and cash equivalents, opening balance 1.1.	4,335	4,217
Cash and cash equivalents, closing balance 31.12.	6,101	4,335

STATEMENT OF CHANGES IN EQUITY
Consolidated, IFRS

FINANCIAL YEAR 2020

EUR THOUSAND

TOTAL EQUITY											
EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS											
	Subscribed Capital	Share Issue	Share Premium Account	Other Restricted Reserves	Invested Non- restricted Equity Reserve	Translation Difference s	Retained Earnings	TOTAL	Non- Controlling Interest	TOTAL EQUITY	
Opening Balance 1.1.	1,000	0	20	0	1,463	7	1,699	4,189	1,662	5,851	
Comprehensive income											
Profit for the period	-	-	-	-	-	-	1,735	1,735	940	2,675	
Other comprehensive income											
Business combinations	-	-	-	-	-	-	-	0	-26	-26	
Translation differences	-	-	-	-	-	12	-	12	9	21	
Tot. compr. income, net of tax	0	0	0	0	0	12	1,735	1,748	923	2,670	
Transactions with equity holders											
Business combinations	-	-	-	22	1,355	-	-24	1,354	158	1,511	
Decrease of non-controlling interest	-	-	-	-	-	-	10	10	-10	0	
Increase of non-controlling interest	-	-	-	-	-	-	-11	-11	11	0	
Share issue	-	3,332	-	-	-	-	-	3,332	-	3,332	
Dividend distribution	-	-	-	-	-	-	-170	-170	-452	-622	
Trans. with equity holders, total	0	3,332	0	22	1,355	0	-196	4,514	-293	4,221	
Closing Balance 31.12.	1,000	3,332	20	22	2,818	19	3,239	10,450	2,292	12,742	

TOTAL EQUITY											
EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS											
	Subscribed Capital	Share Issue	Share Premium Account	Other Restricted Reserves	Invested Non- restricted Equity Reserve	Translation Difference s	Retained Earnings	TOTAL	Non- Controlling Interest	TOTAL EQUITY	
Opening Balance 1.1.	1,000	0	20	0	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	
Tot. compr. income, net of tax	0	0	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	
Restat. of prev. year bus. comb.	-	-	-	-	-	-	-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	
Trans. with equity holders, total	0	0	0	0	1,463	-11	-339	1,113	-419	694	
Closing Balance 31.12.	1,000	0	20	0	1,463	7	1,699	4,189	1,662	5,851	

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 Kappelikuja 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 17 March 2017.

The Solwers group consist as per end of year 2020 of the following companies owned directly or indirectly by the ultimate parent company Solwers Plc.

Subsidiaries - direct ownership	Number of shares	Number Holding-%
<i>Finland</i>		
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	192,644	90.02 %
Insinööritoimisto W. Zenner Oy	90	60.00 %
Kalliosuunnittelu Oy Rockplan Ltd	569	91.04 %
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 %
Geounion Oy	514	53.54 %
<i>Sweden</i>		
Solwers Sweden AB	1,000	100.00 %
LICAB AB	300	30.00 %
Enerwex AB	130	26.00 %

Subsidiaries - indirect ownership	Parent company	Holding
<i>Finland</i>		
Insinööritoimisto Varsinais-Suomen Kalliotekniikka Oy	Kalliotekniikka Consulting Engineers Oy	100.00 %
Geounion Oy	Finnmap Infra Oy	27.69 %
<i>Sweden</i>		
KAM Redovisning AB	Solwers Sweden AB	60.00 %
DREEM AB	Solwers Sweden AB	70.00 %
LICAB AB	Solwers Sweden AB	70.00 %
LICAB East AB	LICAB AB	70.00 %
Enerwex AB	Solwers Sweden AB	65.00 %
Rockplan Sweden AB	Kalliosuunnittelu Oy Rockplan Ltd (50 %) + Kalliotekniikka Consulting Engineers Oy (50 %)	95.52 %
Geo Survey Mätteknik AB	Kalliosuunnittelu Oy Rockplan Ltd (50 %) + Kalliotekniikka Consulting Engineers Oy (50 %)	95.52 %

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 31 December 2020. 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.

Preparation of the 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 deemed to exist when the Group holds more than half of the voting power at the general meeting or when it otherwise gains control over the entity. 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.

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

Participating interests are entities in which Solwers Plc is controlling 20-50% of the voting rights at the entity'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 on a separate line beneath operating profit on 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 into euros by 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 among 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. Profits 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 into euros by using the exchange rate effective on the balance sheet date.

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 prescribed in 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 be more than 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, has 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 so 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.

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 value of an asset or cash-generating unit is higher than its estimated recoverable amount.

Research and development expenditure

Research costs are expensed on the income statement as incurred.

Development costs are generally expensed on the income statement as incurred. But if the development expenditures form a tangible or an intangible asset which will generate revenue for a longer time, then they are recorded and presented as an investment accounted for at cost in the relevant category non-current asset category.

Development costs recognized as investments among non-current assets are depreciated according to plan during their estimated economic useful lifetime.

Subsidies received

Governmental subsidies are generally recognized on the income statement during the same time span and in the same proportion as the expenditures that form the basis for the subsidy are incurred. Subsidies received to cover for expenditures related to investments in intangible or tangible non-current assets are nevertheless credited to the specific investment item among non-current assets.

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 generated 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 1 January 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 of 1 January 2018.

Other operating income

Gain from the sale of fixed assets and investments are recognized as 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 1 January 2018.

The most significant impacts of the adoption of IFRS 9 were 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 1 January 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 contain any significant financing component.

The Group's all financial assets, with exception of derivative assets, are classified as financial assets measured at amortized cost, whereas they previously under IAS 39 belonged to the 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 and deducted for 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 the previous IAS 39 standard.

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 the 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 nevertheless 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 cost provisions for planning projects.

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 result in payment from the customer.

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.

The year 2020 revenue split was Finland EUR 25,794 thousand (79.0%) and Sweden EUR 6,855 thousand (21.0%), whereas the 2020 Pro Forma revenue split was Finland EUR 28,107 thousand (66.5%) and Sweden EUR 14,174 thousand (34.5%).

4. OTHER OPERATING INCOME

	2020	2019
Other operating income, break-down by category		
Insurance compensations for damages	9	0
Gain on sale of non-current assets	28	0
Received apprenticeship subsidies	2	5
Other governmental subsidies	227	0
Other items	18	10
Total	284	15

5. MATERIALS AND SERVICES

	2020	2019
Materials and services expenses, break-down by category		
Subcontracting services	-4,280	-3,519
Other variable expenses	-874	-824
Total	-5,154	-4,344

6. EMPLOYEE BENEFIT EXPENSES

	2020	2019
Employee benefit expenses, break-down by category		
Salaries, wages and other remuneration	-15,130	-12,264
Pension costs	-2,700	-2,047
Compulsory social charges	-715	-434
Other voluntary employee expenses	-802	-910
Total	-19,347	-15,654

7. AMORTIZATION, DEPRECIATION, AND IMPAIRMENT

	2020	2019
Amortization, depreciation and impairment of non-current assets		
Amortization of intangible assets	-886	-604
Depreciation of tangible assets	-545	-365
Total	-1,431	-968

8. OTHER OPERATING EXPENSES

	2020	2019
Other operating expenses, break-down by category		
Business premises expenses	-594	-606
ICT expenses	-1,100	-1,090
Travel expenses	-372	-473
Machinery and equipment expenses	-375	-215
Marketing expenses	-223	-264
Administrative services expenses	-394	-316
Other administration expenses	-332	-351
Other operating expenses	-72	-58
Total	-3,462	-3,373

	2020	2019
Fees to auditors, summarized by cost category		
Audit fees	-67	-54
Tax consultation fees	-2	-1
Other assignments as referred to in the Finnish Auditing Act	-34	-27
Total	-103	-83

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

9. FINANCIAL INCOME AND EXPENSES

	2020	2019
Financial income and expenses, break-down by category		
Financial income		
Interest income	24	8
Dividend income	40	3
Exchange rate gains	215	50
Fair valuation of current investments	0	12
Gain from sale of current investments	32	0
Other financial income	3	2
Total	314	75
Financial expenses		
Interest expenses	-319	-218
Exchange rate losses	-54	-10
Other financial expenses	-46	-31
Total	-419	-260
Net financial income and expenses	-105	-184

10. INCOME TAX

	2020	2019
Income tax expense		
Income tax charge for the financial year	-637	-297
Change of deferred taxes	-122	-16
Total	-759	-314

Reconciliation of income tax expense

	2020	2019
Profit before tax	3,434	1,326
Tax on profit before tax by applying parent company's tax rate (20,00%)	-687	-265
Tax adjusting effect of the following items		
Tax rate difference	15	3
Tax non-deductible expenses	-24	-59
Tax exempt income	8	7
Use of non-recognized tax losses carried forward from prior years	16	10
Tax losses incurred but not recognised in the accounting	-62	-10
Other items	-23	0
Total tax expense recognized in the income statement	-759	-314

11. EARNINGS PER SHARE

	2020	2019
Earnings per share, non-diluted		
Profit attributable to parent company shareholders; EUR	1,735,376	626,173
Number of shares	217,479	206,387
Earnings per share; EUR/share	7.98	3.03
Comprehensive net income per share, non-diluted		
Comprehensive profit attributable to parent company shareholders; EUR	1,747,554	864,425
Number of shares	217,479	206,387
Comprehensive profit per share; EUR/share	8.04	4.19

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

	2020	2019
Intangible assets specified by category		
Intangible assets	2,425	1,921
Goodwill	16,595	11,143
Carrying value, closing balance 31.12.	19,019	13,064

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

	2020	2019
Movement of intangible assets		
Carrying value, opening balance 1.1.	1,921	97
Increase	608	253
Increase due to business combinations	812	0
Increase due to IFRS 16 for leases	0	2,182
Decrease	-30	-8
Translation difference	-1	0
	3,310	2,525
Amortization for the financial year	-886	-604
Carrying value, closing balance 31.12.	2,425	1,921

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

	2020	2019
Movement of goodwill		
Carrying value, opening balance 1.1.	11,143	9,381
Increase due to business combinations	5,256	2,423
Translation difference	196	57
Impairment loss recognized through comprehensive income	0	-501
Other adjustments	0	-217
Carrying value, closing balance 31.12.	16,595	11,143

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 31 December 2020. In addition, separate tests were performed on each of the three acquisitions made by Company during 2020 at the time when the shares used as payment in kind were registered. When performing the tests, two of the Company's subgroups and all other directly or indirectly owned subsidiaries were regarded as separate cash-generating units (CGU). The test was carried out for those in total 14 CGUs to which goodwill has been allocated. In addition, goodwill was tested for impairment for the entire Solwers group. The discount rate (WACC before taxes) used in the calculations was 8.93% (8.96% in 2019).

The key variables used in the calculations were revenue growth and profitability (EBITDA-%), both based on the 2021 budget as approved by the Board of Directors as well as on the management's long-term income, cost, and profitability projections. The year 2021 budget was used as the calculation data for the first year in the series of future (5) years subject to discounting. The average annual revenue growth rate applied in the calculations for the forecasted 5-year period was 1.00% whereas the forecasted future annual EBITDA-% was 12.50% (12,50%) on consolidated level. The terminal growth rate used was 1.00% (1,00%). 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 their value in use, exceeded their carrying value by 183.3% on consolidated level and 12.96-312.25% on CGU level. A sensitivity analysis performed showed that the recoverable amount would on consolidated level have been equal to the carrying value of the assets if the discount rate had been 13.97 %-points higher. On CGU level this would have required a 1.83 - 26.88 %-points higher discount rate.

13. TANGIBLE ASSETS

	2020	2019
Movement of tangible assets		
Carrying value, opening balance 1.1.	1,457	919
Increase	478	544
Increase due to business combinations	1,407	6
Increase due to IFRS 16 for leases	0	510
Decrease	-28	-162
Translation difference	22	4
	<hr/>	<hr/>
	3,336	1,822
Depreciation for the financial year	-545	-365
Carrying value, closing balance 31.12.	2,791	1,457

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.

	2020	2019
Movement of non-current investments		
Carrying value, opening balance 1.1.	1,634	1,266
Share of the result of participating interests	0	19
	338	0
	-403	0
Other adjustments	0	350
Carrying value, closing balance 1.1.	1,568	1,634

	2020	2019
Non-current investments specified by category		
Participating interests	0	403
Real estate and housing company shares	1,541	1,209
Other shares	27	22
Total	1,568	1,634

In 2019, the participating interest comprised the Solwers Plc's subsidiary Finnmap Infra Oy's 37.50% holding of the Finnish company Geounion Oy. In October 2020, Solwers acquired an additional 53.54% holding in Geounion, after which it became a subsidiary of which Solwers holds 81.23%.

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 2020, Solwers made three new company acquisitions. In August, the Company acquired 100.00% of LICAB AB in Luleå, Sweden. In October, a 91.00% holding of Enerwex AB which operates in Växjö, Sweden was acquired.

Also, in October, Solwers increased its holding in the Helsinki-based Geounion Oy to 81.23% by acquiring a 53.54% direct ownership share. The Group's previous indirect holding of 27.68% consisted of a 37.50% holding owned by the subsidiary Finnmap Infra Oy.

The financial effects of the three afore mentioned company acquisitions are summarized below.

	2020
Acquisition consideration	
Cash consideration	5,298
Consideration paid with exchange of shares	1,355
Acquisition consideration, total	6,653
Acquired identifiable net assets	
Non-current assets	
Intangible assets	825
Tangible fixed assets	1,349
Investments	338
Current assets	
Trade receivables and other receivables	2,170
Deferred tax assets	39
Investments	52
Cash and cash equivalents	597
Assets, total	5,370
Non-current liabilities	
Interest bearing	1,299
Current liabilities	
Interest bearing	573
Deferred tax liabilities	37
Non-interest bearing	1,888
Liabilities, total	3,797
Acquired identifiable net assets	1,573
Non-controlling interest of net assets	-157
Goodwill	5,237
Acquired net assets, total	6,653
Net cash flow effect	
Total acquisition consideration	-6,653
Consideration paid with exchange of shares	1,355
Consideration debt	1,257
Contingent consideration	1,106
Cash and cash equivalents in the acquired entities at acquisition date	597
Expenses related to the acquisitions	-174
Net cash flow effect, total	-2,512

16. NON-CURRENT RECEIVABLES

	31.12.2020	31.12.2019
Non-current receivables specified by category		
Loan receivables	267	275
Deferred tax assets	57	57
Security cash deposits	213	210
Total	537	542

Deferred tax assets and liabilities

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.

	31.12.2020	31.12.2019
Deferred tax assets		
Non-current		
Other investments	57	57
Current		
Tax losses carried forward	76	136
Other items	42	35
Total	174	228
Deferred tax liabilities		
Non-current		
Accumulated depreciation in excess of plan	2	0
Tax deductible voluntary provisions	36	0
Capitalization of development costs	18	0
	55	
Current		
Accumulated depreciation in excess of plan	37	0
Tax deductible voluntary provisions	31	0
Fair valuation of financial securities	3	2
Capitalization of development costs	4	0
	76	2
Total	132	2

17. INVENTORIES

	31.12.2020	31.12.2019
Inventories specified by category		
Work in progress	57	422
Goods and products	59	73
Other inventories	146	61
Total	262	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. Any intra-group profit has been eliminated.

18. CURRENT RECEIVABLES

	31.12.2020	31.12.2019
Current receivables specified by category		
Trade receivables	6,585	4,466
Receivables from participating interests	0	56
Deferred tax assets	117	171
Other receivables	160	29
Prepaid expenses and accrued income	2,565	1,280
Total	9,428	6,002

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.

	31.12.2020	31.12.2019
Trade receivables specificaton by maturity		
Not due	5,286	3,611
Overdue by aging category		
< 30 days	677	489
31 – 60 days	159	278
61 – 90 days	134	27
> 90 days	<u>329</u>	<u>62</u>
Total	<u>6,585</u>	<u>4,466</u>
	31.12.2020	31.12.2019
Prepaid expenses and accrued income consist of the following major items		
Accrued income	1,935	820
Accrued interest income	3	3
Income tax receivables	32	228
Insurance premium prepayments	15	21
Other prepaid expenses	383	98
Other items	<u>196</u>	<u>112</u>
Total	<u>2,565</u>	<u>1,280</u>

19. CURRENT INVESTMENTS

	31.12.2020	31.12.2019
Current investments specified by category		
Shares	25	0
Investments funds	<u>286</u>	<u>271</u>
	311	271

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 instruments.

20. NUMBER OF SHARES AND EQUITY

The Company's capital stock

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.

Authorization granted by the Annual General Meeting to the Board of Directors

The Annual General Meeting on 29 September 2020 authorized the Company's Board of Directors to decide on the issue of a maximum of 80,000 new shares. By this resolution, the authorization granted by the Annual General Meeting on 1 April 2019, which was in force until 30 March 2021, was revoked.

The shares to be issued under the authorization may be new and/or treasury shares, and the Board may also, in accordance with the article 10 of the Companies Act, grant options and/or other special rights entitling to shares

within the limits of the above-mentioned maximum number of shares. The authorization is in force until 30 September 2023.

Under the authorization, the Board may decide on all terms and conditions of the share issue. The share issue may deviate from the shareholder's pre-emptive right to subscription (directed share issue), provided there is a weighty financial reason for doing so.

The Board may use the authorization for development of the Company's capital structure and/or for the financing or implementation of Company acquisitions and other arrangements. The authorization can be used e.g. to acquire minority interests in the Company's subsidiaries, in which case the subscription price can be paid fully or in part with subsidiary shares, and to arrange the Company's capital and other loans by off-setting the subscription price against interest and other receivables related to the loans. In addition, the authorization may be used for implementation of the Company's possible incentive or reward schemes and for other purposes as decided by the Company's Board.

Year 2020 share issues with authorizations from the Annual General Meeting in connection with Company acquisitions

The Company's Board of Directors used the authorization, granted by the Annual General Meeting on 1 April 2019, to one company acquisition made during 2020. 8,926 new shares were issued in connection with this acquisition at a price of EUR 116.12 per share.

The Board used its 29 September 2020 authorization in connection with two company acquisitions in 2020 which resulted in the issue of 2,746 new shares at a price of EUR 116.12 per share.

The total subscription price of EUR 1,355 thousand, from the three above directed share issues totalling 11,762 new shares, was posted to the Company's invested non-restricted equity reserve. Hence, no increase of the Company's share capital was made.

Other share issues in 2020

The Board of Directors resolved on 16 December 2020, based on its 29 September 2020 authorization, to launch four simultaneous directed share issues as follows:

1. One share issue to the Company's current shareholders in accordance with their pre-emptive subscription right (Companies Act, Chapter 9 article 3),
2. One directed share issue deviating from the shareholder's pre-emptive subscription right (Companies Act Chapter 9 article 4) to the Company's employees and to employees of other companies belonging to the same group,
3. One directed share issue to new investors, and
4. One free share issue to the Company itself.

The subscription price was EUR 116.00 per share except for the employee share issue for which a subscription price of EUR 104,40 per share was applied following a 10% personnel discount.

The Board used its 29 September 2020 authorization to full extent in connection with the above four share issues. This resulted in a total of 77,254 new shares of which the 44,290 shares, which were left unsubscribed after share issues 1 – 3, were issued to the Company itself. Hence, the Company's total number of shares increased to 304,163 shares after the end of the subscription period.

The share subscription period began on 28 December 2020 and ended on 10 January 2021. The value of the new shares subscribed for by the balance sheet date totaled EUR 3,332 thousand.

The Company's number of shares

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

	2020	2019
Number of shares outstanding (pcs)		
Opening balance 1.1.	215,237	200,000
Share issue	<u>11,672</u>	<u>15,237</u>
Closing balance 31.12.	226,909	215,237

For movement in equity reference is made to the separate Statement of Changes in Equity.

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 with each group Company following a rolling scheme. 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 equity ratio to a minimum 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 stated in the terms of the financing agreement with the Company's major financing bank. These are:

$$\frac{\text{Adjusted Equity + Shareholder Loans}}{\text{Adjusted Total Assets}}$$

and

$$\frac{\text{Interest bearing debt}}{\text{EBITDA}}$$

The present limits set for the covenants is 'max. 40.00%' for the former one and 'max. 3.75' for the latter one. On the balance sheet date 31 December 2020, the values of these afore mentioned covenants were 44.65% and 1.89, respectively.

Safeguarding working capital sufficiency is essential as a relatively significant part of the Group's business operations comprises project-based engineering planning. The methods in place to secure this are a 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

	31.12.2020	31.12.2019
Non-current liabilities specified by category		
Interest bearing		
Capital loans	5,126	5,726
Loans from credit institutions	5,966	79
Leasing liabilities	1,813	1,298
Shareholder loans	0	272
Other liabilities	119	39
	<u>13,025</u>	<u>7,414</u>

	31.12.2020	31.12.2019
Non- interest bearing		
Deferred tax liabilities	55	0
Other liabilities	<u>1,022</u>	<u>0</u>
	1,077	0
Total	14,102	7,414

Key capital loan terms

The capital loans are to their nature instruments intended to strengthen the Company's capital structure. However, the purpose of Solwers' capital loans has been both to finance the start of the Company's business and its first growth phase. A restructuring of them, with other equity and financial instruments, is therefore part of the Company's financing strategy.

In all circumstances, such as bankruptcy, corporate restructuring, foreclosure, liquidation, dissolution or otherwise when distributing the parent Company's assets, the receivables based on capital loans are of worse priority than those of the Company's main credit bank.

The nominal weighted average interest rate is 2.29% for the capital loans. However, as the capital loans to their nature are instruments intended to strengthen the Company's capital structure, their 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 financing bank 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 eventually be compensated to the lenders via future arrangements between the shareholders and the creditors.

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 amounted at year end 2020 to EUR 296 thousand.

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

Loans from credit institutions

The Company's financing agreement with its financing bank was renegotiated during the financial year 2020 and the revised financing agreement was signed on 18 August 2020. The revised agreement also considers the effects of IFRS 16 Leasing on the Company's financial structure and on the covenants set in the agreement by the financing bank.

The loans from credit institutions run at a weighted average interest rate of 2.17% (2.24% in 2019) whereas the simulated weighted average capital cost for the leasing liabilities is 3.45% (3.43%) for office premises and 3.50% (3.20%) for other leased items.

Future repayments of financial institutional loans and lease liabilities are set out under "Liabilities by maturity" table.

Other current interest-bearing liabilities

Other liabilities of EUR 119 thousand consist of loans from other than financial institutions.

Other current non- interest-bearing liabilities

Other non-interest-bearing liabilities are contingent purchase price debts arisen from executed company acquisitions.

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 2020 are presented by maturity in the table below.

	<u>Current</u>	<u>Non-current</u>					<u>Total</u>
	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	-	-	-	-	-	5,126	5,126
Loans from credit institutions	2,089	2,336	1,975	824	460	371	8,055
Leasing liabilities	1,477	1,360	295	63	25	70	3,291
Other liabilities	4,073	1,141	-	-	-	-	5,214
Deferred tax liabilities	76	41	14	-	-	-	132
Trade payables	1,287	-	-	-	-	-	1,287
Accruals and deferred income	4,170	-	-	-	-	-	4,170
Total	13,172	4,879	2,284	888	485	441	27,275

23. CURRENT LIABILITIES

	31.12.2020	31.12.2019
Current liabilities specified by category		
Interest bearing		
Loans from credit institutions	2,089	6,299
Leasing liabilities	1,477	835
Shareholder loans	0	442
Other liabilities	133	232
	<u>3,699</u>	<u>7,808</u>
Non-interest bearing		
Deferred tax liabilities	76	2
Received prepayments	0	229
Trade payables	1,287	1,312
Other liabilities	3,940	2,544
Accruals and deferred income	4,170	2,701
	<u>9,473</u>	<u>6,789</u>
Total	13,172	14,597

Loans from credit institutions and leasing liabilities

Loans from credit institutions run at a weighted average interest rate of 2.17% (2.24% in 2019) whereas the simulated weighted average capital cost for the leasing liabilities is 3.45% (3.43%) for office premises and 3.50% (3.20%) for other leased items.

Other current interest-bearing liabilities

Other current interest-bearing liabilities consist of EUR 133 thousand loans from other than credit institutions.

Valuation of non-current liabilities

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

	31.12.2020	31.12.2019
Accruals and deferred income consist of the following major items		
Holiday pay provisions and other salary accruals	2,713	1,787
Pension cost accruals	227	191
Other compulsory social charge accruals	268	209
Interest accruals	19	47
Income tax accruals	350	58
Other accruals	593	409
Total	4,170	2,701

24. SECURITIES RENDERED AND CONTINGENT LIABILITIES

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

	31.12.2020	31.12.2019
Collateral to secure own commitments		
Floating charges, nominal value	9,455	6,200
Pledged subsidiary shares, carrying value	12,375	11,197
Total	21,831	17,397
The above floating charges and subsidiary shares have been pledged for		
Loans from credit institutions	8,043	6,285
Other collateral to secure own commitments		
Pledged bank deposits	290	210
Guarantees	228	210
Total	518	420
The above bank deposits and guarantees have been pledged for		
Lease commitments (future minimum lease payments incl. VAT)	1,796	2,028
Subsidiary loans and bank overdraft limits from credit institutions	203	210
Total	1,999	2,238
Future minimum lease payments (incl. VAT)		
Due before the end of the next financial year	1,345	1,297
Due beyond the end of the next financial year	1,562	1,359
Total	2,907	2,656
Fair value of financial derivatives		
Interest rate swap and cap agreements	-7	-11
Total	-7	-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 2,907 (2,656) thousand as per 31.12.2020.

25. EVENTS AFTER THE BALANCE SHEET DATE

Changes in group structure

Solwers has after the balance sheet date continued the process of committing the Group's key employees by selling 0.96% of Kalliosuunnittelu Oy Rockplan Ltd to two its key employees. The Company's holding in Kalliosuunnittelu Oy Rockplan Ltd has therefore decreased from 91.04% at year-end 2020 to 90.08%.

The process of streamlining the Company's group structure continued in March 2021 when the Company acquired a 40.00% minority share of Arkkitehdit Davidsson Tarkela Oy (ADT) after which ADT is a fully owned Solwers subsidiary.

Acquisitions

In February 2021, Solwers acquired 100% of INMECO Oy Rakennuskonsultit (Inmceo), a project management and planning services providing company. INMECO's domicile is Jyväskylä and its main area of operation is Central Finland. INMECO's year 2020 revenue amounted to appr. MEUR 1.5 and it employs 13 people.

Transition to the book-entry system

Solwers' Annual General Meeting resolved on 29 September 2020 to transfer the Company's shares to the book-entry system. The transition was carried out from 25 to 31 January 2021 and the Company's shares are recorded in the book-entry system as of 1 February 2021.

Share issues 28 December 2020 – 10 January 2021

The subscription period for the four share issues, which began in December and took place on both sides of the turn of the year, ended on 10 January 2021. A total of 32,964 new shares were subscribed for in these share issues whereas the rest, i.e. 44,290 shares, were subscribed as treasury shares by the Company itself.

The total share issue proceeds amounted to EUR 3,788 thousand, of which EUR 3,322 thousand accumulated at the balance sheet date was recorded in the invested unrestricted equity fund without increasing the Company's share capital.

As a result of these share issues, the Company gained 33 new shareholders. The total number of shareholders after the registration of the new shareholders was 247.

COVID-19 pandemic

The COVID-19 pandemic that began in March 2020 has at the time when this is written continued for more than one year. The pandemic has thus far not had a significant negative impact on the Solwers group or its subsidiary business operations or their financial performance.

A possible prolongation of the pandemic and the formation and future occurrence of various transformation viruses may have an adverse effect the Company's business. However, the order backlogs of the group companies are still on a good level and no immediate changes are in sight so far. The Company's management therefore estimates that year 2021 will develop as favorably as year 2020 did.

INCOME STATEMENT

Parent Company, FAS

EUR THOUSAND	NOTE	2020	2019
REVENUE	3	271	204
Materials and services		13	-24
Personnel costs	4	-368	-297
Amortization, depreciation and impairment	5	-3	-4
Other operating expenses	6	-332	-218
OPERATING LOSS		-419	-338
Financial income and expenses	7	1,262	1,897
PROFIT BEFORE APPROPRIATIONS AND TAXES		843	1,558
Appropriations	8	273	360
PROFIT FOR THE FINANCIAL YEAR		1,116	1,918

BALANCE SHEET

Parent Company, FAS

EUR THOUSAND	NOTE	31.12.2020	31.12.2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	9	10	12
Investments	10	15,861	13,423
Receivables	11	285	293
NON-CURRENT ASSETS, TOTAL		16,157	13,728
CURRENT ASSETS			
Inventories	12	68	0
Receivables	13	8,375	6,126
Financial securities		1	1
Cash and cash equivalents		564	211
CURRENT ASSETS, TOTAL		9,008	6,338
ASSETS, TOTAL		25,165	20,066
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital		1,000	1,000
Share issue		3,332	0
Share premium account		20	20
Other reserves		2,818	1,463
Retained earnings		3,126	1,378
Profit for the financial year		1,116	1,918
EQUITY, TOTAL	14	11,412	5,779
LIABILITIES			
Non-current liabilities	15	10,839	5,698
Current liabilities	16	2,913	8,589
LIABILITIES, TOTAL		13,752	14,287
EQUITY AND LIABILITIES, TOTAL		25,165	20,066

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 Kappelikuja 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 17 March 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 than 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 than 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

	2020	2019
Revenue, break-down by category		
Management fee income from group companies	271	204
Total	271	204

4. PERSONNEL COSTS AND NUMBER OF PERSONNEL

	2020	2019
Personnel costs, break-down by category		
Salaries, wages and other remuneration	-295	-240
Pension costs	-51	-43
Compulsory social charges	1	-5
Other voluntary employee expenses	-22	-9
Total	-368	-297
Number of employees		
Average during the financial year	4	4
At the end of the financial year	5	4

5. AMORTIZATION, DEPRECIATION AND IMPAIRMENT

	2020	2019
Amortization, depreciation and impairment of non-current assets		
Depreciation of tangible non-current assets	-3	-4
Total	-3	-4

6. OTHER OPERATING EXPENSES

	2020	2019
Other operating expenses, break-down by category		
Business premises expenses	-39	-15
ICT expenses	-29	-19
Travel expenses	-9	-22
Machinery and equipment expenses	0	-2
Marketing expenses	-14	-16
Administrative services expenses	-21	-27
Other administration expenses	-34	-15
Other operating expenses	-187	-101
Total	-332	-218
	2020	2019
Other operating expenses, specified by group internal and external expenses		
Group internal expenses	-130	-73
External expenses	-57	-28
Total	-187	-101

	2020	2019
Fees to auditors, summarized by cost category		
Audit fees	-11	-14
Tax consultation fees	-1	0
Other assignments as referred to in the Finnish Auditing Act	-34	0
Total	<u>-46</u>	<u>-14</u>

7. FINANCIAL INCOME AND EXPENSES

	2020	2019
Financial income and expenses, break-down by category		
Financial income		
Dividend income from subsidiaries	1,427	2,035
Interest income from subsidiaries	91	30
	3	3
	49	0
Total	<u>1,569</u>	<u>2,068</u>
Financial expenses		
Interest expenses on loans from credit institutions	-150	-136
	-77	-15
Other financial expenses	-49	0
	-32	-20
Total	<u>-307</u>	<u>-171</u>
Net financial income and expenses	1,262	1,897

8. APPROPRIATIONS

	2020	2019
Appropriations, break-down by category		
Group contributions received	273	360
Total	<u>273</u>	<u>360</u>

9. TANGIBLE ASSETS

	2020	2019
Movement of machinery and equipment		
Carrying value		
Opening balance 1.1.	12	2
Investments	2	14
Depreciation	-3	-4
Closing balance 31.12.	<u>10</u>	<u>12</u>

10. NON-CURRENT INVESTMENTS

	2020	2019
Movement of investments		
Subsidiary shares		
Acquisition cost		
Opening balance 1.1.	13,423	13,430
Additions	2,540	163
Acquisition cost adjustments	0	-102
Divestments	-101	-68
Closing balance 31.12.	15,861	13,423

Shareholdings in subsidiaries at year end 2020, specified by country

	<u>Domicile</u>	<u>Acquired</u>	<u>Holding</u>
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	90.02 %
Insinööritoimisto W. Zenner Oy	Helsinki	17.12.2018	60.00 %
Kalliosuunnittelu Oy Rockplan Ltd	Helsinki	20.6.2017	91.04 %
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 %
Geounion Oy	Helsinki	29.10.2020	53.54 %
Indirect ownership			
Insinööritoimisto Varsinais-Suomen Kalliotekniikka Oy	Turku	20.6.2017	100.00 %
Geounion Oy	Helsinki	31.12.2016	27.69 %
Sweden			
Direct ownership			
Solwers Sweden Ab	Stockholm	31.12.2017	100.00 %
LICAB AB	Luleå	18.8.2020	30.00 %
Enerwex AB	Växjö	16.10.2020	26.00 %
Indirect ownership			
DREEM AB	Gothenburg	22.8.2019	70.00 %
KAM Redovisning AB	Stockholm	14.6.2019	60.00 %
LICAB AB	Luleå	18.8.2020	70.00 %
LICAB East AB	Luleå	18.8.2020	70.00 %
Enerwex AB	Växjö	16.10.2020	65.00 %
Geo Survey Mätteknik AB	Stockholm	20.6.2017	95.52 %
Rockplan Sweden AB	Stockholm	20.6.2017	95.52 %

11. NON-CURRENT RECEIVABLES

	31.12.2020	31.12.2019
Non-current receivables specified by category		
Loan receivables	267	275
Security cash deposits	18	18
Total	285	293

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

12. INVENTORIES

	31.12.2020	31.12.2019
Inventories		
Work in progress	68	0
Total	68	0

Work in progress consists of planning costs with respect to the so called Solwers house to be built in accordance with circular economy principles.

13. CURRENT RECEIVABLES

	31.12.2020	31.12.2019
Current receivables specified by category		
Receivables from group companies	8,072	6,110
Prepaid expenses and accrued income	208	12
Share issue receivables	84	0
Other receivables	11	4
Total	8,375	6,126

Receivables from group companies consist of the following items

Trade receivables	140	102
Loan receivables	4,921	2,854
Prepaid expenses and accrued income	130	315
Dividend receivables	2,609	2,479
Group contribution receivables	273	360
Total	8,072	6,110

14. EQUITY AND NUMBER OF SHARES

The Company's capital stock

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.

Authorization granted by the Annual General Meeting to the Board of Directors

The Annual General Meeting on 29 September 2020 authorized the Company's Board of Directors to decide on the issue of a maximum of 80,000 new shares. By this resolution, the authorization granted by the Annual General Meeting on 1 April 2019, which was in force until 30 March 2021, was revoked.

The shares to be issued under the authorization may be new and/or treasury shares, and the Board may also, in accordance with the article 10 of the Companies Act, grant options and/or other special rights entitling to shares within the limits of the above-mentioned maximum number of shares. The authorization is in force until 30 September 2023.

Under the authorization, the Board may decide on all terms and conditions of the share issue. The share issue may deviate from the shareholder's pre-emptive right to subscription (directed share issue), provided there is a weighty financial reason for doing so.

The Board may use the authorization for development of the Company's capital structure and/or for the financing or implementation of company acquisitions and other arrangements. The authorization can be used e.g. to acquire minority interests in the Company's subsidiaries, in which case the subscription price can be paid fully or in part with subsidiary shares, and to arrange the Company's capital and other loans by off-setting the subscription price against interest and other receivables related to the loans. In addition, the authorization may be

used for implementation of the Company's possible incentive or reward schemes and for other purposes as decided by the Company's Board.

Year 2020 share issues with authorizations from the Annual General Meeting in connection with Company acquisitions

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The Board used its 29 September 2020 authorization in connection with two company acquisitions in 2020 which resulted in the issue of 2,746 new shares at a price of EUR 116.12 per share.

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Other share issues in 2020

The Board of Directors resolved on 16 December 2020, based on its 29 September 2020 authorization, to launch four simultaneous directed share issues as follows:

1. One share issue to the Company's current shareholders in accordance with their pre-emptive subscription right (Companies Act, Chapter 9 article 3),
2. One directed share issue deviating from the shareholder's pre-emptive subscription right (Companies Act Chapter 9 article 4) to the Company's employees and to employees of other companies belonging to the same group,
3. One directed share issue to new investors, and
4. One free share issue to the Company itself.

The subscription price was EUR 116.00 per share except for the employee share issue for which a subscription price of EUR 104,40 per share was applied following a 10% personnel discount.

The Board used its 29 September 2020 authorization to full extent in connection with the above four share issues. This resulted in a total of 77,254 new shares of which the 44,290 shares, which were left unsubscribed after share issues 1 – 3, were issued to the Company itself. Hence, the Company's total number of shares increased to 304,163 shares after the end of the subscription period.

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

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Share issue	<u>11,672</u>	<u>15,237</u>
Closing balance 31.12.	<u>226,909</u>	<u>215,237</u>

	2020	2019
Movement in equity		
Restricted equity		
Subscribed capital		
Opening balance 1.1.	1,000	1,000
Closing balance 31.12.	<u>1,000</u>	<u>1,000</u>
Share issue		
Opening balance 1.1.	0	0
Additions	<u>3,332</u>	<u>0</u>
Closing balance 31.12.	3,332	0
Share premium reserve		
Opening balance 1.1.	<u>20</u>	<u>20</u>
Closing balance 31.12.	20	20
Total restricted equity, closing balance 31.12.	4,352	1,020
Unrestricted equity		
Invested unrestricted equity reserve		
Opening balance 1.1.	1,463	0
Share issue	<u>1,355</u>	<u>1,463</u>
Closing balance 31.12.	2,818	1,463
Retained earnings		
Opening balance 1.1.	3,296	1,720
Dividend distribution	<u>-170</u>	<u>-342</u>
Closing balance 31.12.	3,126	1,378
Profit for the period	1,116	1,918
Total unrestricted equity, closing balance 31.12.	7,060	4,759
Total equity, closing balance 31.12.	11,412	5,779
	31.12.2020	31.12.2019
Calculation of distributable equity		
Invested unrestricted equity reserve	2,818	1,463
Retained earnings	3,126	1,378
Profit for the period	<u>1,116</u>	<u>1,918</u>
Distributable equity	7,060	4,759

15. NON-CURRENT LIABILITIES

	31.12.2020	31.12.2019
Non-current liabilities, break-down by category		
Interest bearing		
Capital loans	5,126	5,426
Loans from credit institutions	5,674	0
Shareholder loans	<u>0</u>	<u>272</u>
	10,800	5,698
Non-interest bearing		
Other liabilities	<u>39</u>	<u>0</u>
	39	0
Total	10,839	5,698

Key capital loan terms

The capital loans are to their nature instruments intended to strengthen the Company's capital structure. However, the purpose of Solwers' capital loans has been both to finance the start of the Company's business and its first growth phase. A restructuring of them, with other equity and financial instruments, is therefore part of the Company's financing strategy.

In all circumstances, such as bankruptcy, corporate restructuring, foreclosure, liquidation, dissolution or otherwise when distributing the parent Company's assets, the receivables based on capital loans are of worse priority than those of the Company's main credit bank.

The nominal weighted average interest rate is 2.29% for the capital loans. However, as the capital loans to their nature are instruments intended to strengthen the Company's capital structure, their 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 financing bank 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 eventually be compensated to the lenders via future arrangements between the shareholders and the creditors.

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 amounted at year end 2020 to EUR 296 thousand.

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

Loans from credit institutions

Loans from financial institutions consist of interest-bearing loans raised from the Company's main financing bank.

The Company's financing agreement with its financing bank was renegotiated during the financial year 2020 and the revised financing agreement was signed on 18 August 2020. The revised agreement also considers the effects of IFRS 16 Leasing on the Company's financial structure and on the covenants set in the agreement by the financing bank.

The loans from credit institutions run at a weighted average interest rate of 2.17% (2.24% in 2019).

Other current non-interest-bearing liabilities

Other non-interest-bearing liabilities are contingent purchase price debts arisen from executed company acquisitions.

16. CURRENT LIABILITIES

	31.12.2020	31.12.2019
Current liabilities, break-down by category		
Interest bearing		
Loans from credit institutions	2,094	6,285
Shareholder loans	0	442
Other liabilities	0	26
	<u>2,094</u>	<u>6,752</u>

	31.12.2020	31.12.2019
Non-interest bearing		
Trade payables	46	71
Liabilities to group companies	129	686
Other liabilities	531	993
Accruals and deferred income	<u>113</u>	<u>87</u>
	819	1,837
Total	2,913	8,589

	31.12.2020	31.12.2019
Non-interest bearing liabilities to group companies consist of the following items		
Acquisition cost consideration unpaid at year end	0	648
Accounts payable	91	1
Other accruals	<u>38</u>	<u>37</u>
Total	129	686

	31.12.2020	31.12.2019
Accruals and deferred income consist of the following major items		
Holiday pay provisions and other salary accruals	78	46
Pension cost accruals	6	4
Other compulsory social charge accruals	2	2
Interest accruals	19	24
Other accruals	<u>7</u>	<u>11</u>
Total	113	87

17. SECURITIES RENDERED AND CONTINGENT LAIBILITIES

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

	31.12.2020	31.12.2019
Collateral to secure own commitments		
Floating charges, nominal value	8,500	5,500
Pledged subsidiary shares, carrying value	<u>12,556</u>	<u>11,361</u>
Total	21,056	16,861

The above floating charges and subsidiary shares have been pledged for
Loans from credit institutions

7,768	6,285
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	31.12.2020	31.12.2019
Other collateral to secure own commitments		
Pledged bank deposits	18	18
Guarantees	<u>228</u>	<u>210</u>
Total	246	228

The above bank deposits and guarantees have been pledged for
Lease commitments (future minimum lease payments incl. VAT)
Subsidiary loans and bank overdraft limits from credit institutions

81	170
<u>203</u>	<u>210</u>
284	380

	31.12.2020	31.12.2019
Future minimum lease payments (incl. VAT)		
Due before the end of the next financial year	81	93
Due beyond the end of the next financial year	0	77
Total	<u>81</u>	<u>170</u>
Fair value of financial derivatives		
Interest rate swap and cap agreements	-7	-11
Total	<u>-7</u>	<u>-11</u>

18. EVENTS AFTER THE BALANCE SHEET DATE

Changes in group structure

Solwers has after the balance sheet date continued the process of committing the Group's key employees by selling 0.96% of Kalliosuunnittelu Oy Rockplan Ltd to two its key employees. The Company's holding in Kalliosuunnittelu Oy Rockplan Ltd has therefore decreased from 91.04% at year-end 2020 to 90.08%.

The process of streamlining the Company's group structure continued in March 2021 when the Company acquired a 40.00% minority share of Arkkitehdit Davidsson Tarkela Oy (ADT) after which ADT is a fully owned Solwers subsidiary.

Acquisitions

In February 2021, Solwers acquired 100% of INMECO Oy Rakennuskonsultit (Inmceo), a project management and planning services providing company. INMECO's domicile is Jyväskylä and its main area of operation is Central Finland. INMECO's year 2020 revenue amounted to appr. MEUR 1.5 and it employs 13 people.

Transition to the book-entry system

Solwers' Annual General Meeting resolved on 29 September 2020 to transfer the Company's shares to the book-entry system. The transition was carried out from 25 to 31 January 2021 and the Company's shares are recorded in the book-entry system as of 1 February 2021.

Share issues 28 December 2020 – 10 January 2021

The subscription period for the four share issues, which began in December and took place on both sides of the turn of the year, ended on 10 January 2021. A total of 32,964 new shares were subscribed for in these share issues whereas the rest, i.e. 44,290 shares, were subscribed as treasury shares by the Company itself.

The total share issue proceeds amounted to EUR 3,788 thousand, of which EUR 3,322 thousand accumulated at the balance sheet date was recorded in the invested unrestricted equity fund without increasing the Company's share capital.

As a result of these share issues, the Company gained 33 new shareholders. The total number of shareholders after the registration of the new shareholders was 247.

COVID-19 pandemic

The COVID-19 pandemic that began in March 2020 has at the time when this is written continued for more than one year. The pandemic has thus far not had a significant negative impact on the Solwers group or its subsidiary business operations or their financial performance.

A possible prolongation of the pandemic and the formation and future occurrence of various transformation viruses may have an adverse effect the Company's business. However, the order backlogs of the group companies are still on a good level and no immediate changes are in sight so far. The Company's management therefore estimates that year 2021 will develop as favorably as year 2020 did.

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

THE BOARD OF DIRECTORS SIGNINGS

Espoo 26 March, 2021

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 29 March, 2021

Revico Grant Thornton Oy
Audit firm

Satu Peltonen, APA