

A low-angle, upward-looking photograph of a modern skyscraper with a glass and steel facade. The building's lines converge towards the top of the frame. A large, solid blue triangle is overlaid on the right side of the image, pointing towards the top right corner. The word "SOLWERS" is printed in white, bold, sans-serif capital letters across the middle of the building's facade.

SOLWERS

Report by the
Board of Directors and
Financial Statements
2022

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REPORT BY THE BOARD OF DIRECTORS

BUSINESS REVIEW

Solwers in brief

Solwers is a fast-growing group of expert companies that design unique and sustainable living environments. Solwers serves as a growth platform for the companies it owns, supports their growth, and challenges the traditional practices in the built environment consulting industry. Solwers combines the efficiency, entrepreneurial culture, and flexibility of our companies with the resources and vision of a larger group.

Solwers' operations in their current form began in 2017 and the Group has since then grown rapidly, both through acquisitions and organically, in Finland and Sweden. Solwers offers a versatile range of services through its companies, and it employs approximately 600 experts. Solwers currently has 24 subsidiaries that specialize in providing solutions in the areas of architectural design, technical consulting, circular economy and environmental services, project management, electrical and automation engineering, as well as digital, logistics and financial management services. Solwers Plc is listed at the Nasdaq First North Growth Markets Helsinki since June 2021.

Business development

Solwers Plc's revenue in January–December was EUR 62.8 (44.7) million. The relative revenue growth was 40.6% (36.8%), which was mainly derived from company acquisitions. The unfavorable development of the Swedish krona during the year affected revenue negatively by EUR 1.4 million.

EBITA margin increased to 11.5 % compared to 10,5 % in the previous year. One contributing factor was the lower relative operating cost level (incl. depreciation). Therefore, the EBIT margin was also 0.6 percentage points higher than in the previous year amounting to 8.1% (7.5%). Costs related to company acquisitions of EUR 0.2 (0.4) million burden both EBITA and EBIT.

Net financing expenses decreased by EUR 0.8 million compared to the previous year to EUR 0.2 (1.0) million. The considerably higher financing costs in 2021 were mainly caused by interest on capital loans expensed in connection with the rearrangement of the company's capital structure that year. As a result, the net profit for the financial year increased by EUR 1.7 million year-on-year and amounted to EUR 3.6 (1.9) million.

Acquisitions

In May, Solwers acquired all the shares in Establish Schening AB in Sweden, which operates in Stockholm, Sweden. The company employs 12 people and revenue in 2021 was SEK 20 million. The company's core expertise is in logistics consulting, and its clientele consists of companies in public transport, manufacturing, and trade. Establish Schening develops public transport, strategies for the location and the establishment of new industrial activities as well as logistics solutions.

Acquisitions, in line with Solwers' strategy may also be made to strengthen the business position of subsidiaries. Lukkaroinen Arkkitehdit Oy, a Solwers company, acquired the entire share capital of Arkkitehtitoimisto Sabelström Arkitektkontor Oy in March. The Turku-based Arkkitehtitoimisto Sabelström Arkitektkontor, founded in 2003, employs eight people, and has

strong experience in architectural and interior design. The company's core expertise comprises the design of new buildings, renovations, and alterations, as well as public and private interiors. Due to the changes in the operating environment, acquisitions were carefully considered with the focus on businesses with less cyclical activity.

Other key events

The order stock and invoicing rate remained both at a stable level. The diversified range of services and the geographical spread of the companies balance the operating result and provide a steady income stream. Solwers has a large client base in different locations in two countries and carries out thousands of small projects every year, with services ranging from design services to project management, financial management and other professional services.

Projects during the review year included Lukkaroinen Architects' ongoing large hospital projects in Oulu, Helsinki and Espoo; the Savilahti campus project, which is designed to follow the Swan Ecolabel criteria, and the Kuopio Senior High School of Arts (Lumit) project, which is based on an architecture competition won by the Lukkaroinen team. A good example of cooperation between the Solwers companies is the Savilahti Multipurpose Centre in Kuopio. The project involves extending the old storage tunnels previously used by the Finnish Defence Forces into one large multi-purpose hall. Architects Davidsson Tarkela are responsible for the architectural design, Pontek for the structural engineering, Rockplan for the rock engineering and Kalliotekniikka for the noise and vibration measurements.

The Norrbotten line is planned between Umeå and Luleå, with the Swedish subsidiary Licab responsible for project management, technical support, and safety issues, for example. Licab plays a major role in the implementation of the ERTMS system (European Rail Traffic Management System), in which the customer, Swedish Trafikverket, utilizes Licab's expertise in design, contracting, commissioning, construction management and supervision. ELE Engineering's experts were employed by well-known major clients to develop industrial process solutions and train coupling systems, while other projects ranged from cable management for offshore wind farms to next-generation substations and power transmission solutions.

To support the growth strategy, an extension and changes to the financing agreement was agreed with the main bank in May. A loan limit of EUR 15 million for acquisitions was added to the agreement and investment restrictions were eased. Additionally, a directed share issue that increased Solwers invested capital by EUR 4.5 million was carried out in December, with the participation of Familjen Kamprads stiftelse, Mutual Pension Fund Elo, Säästöpankki Pienyhtiöt Sijoitusrahasto, Sijoitusrahasto eQ Europa Pienyhtiö, Handelsbanken Finska Småbolags Fonden, Mutual Pension Fund Varma, Fondita European Micro Cap Placeringsfond, Aktia Mikro Markka and CEB Invest Oy.

Annual General Meeting on 21 April 2022 and the currently valid authorizations of the Board of Directors

The Annual General Meeting held on 21 April 2022 adopted the financial statements, and the members of the Board of Directors and the CEO were discharged from liability for the financial year 1 January to 31 December 2021.

The Annual General Meeting resolved on the distribution of a dividend of EUR 0.040 (0.103) per share to be distributed for the financial year 2021 (2020).

The Annual General Meeting re-elected Leif Sebbas (Chairman of the Board), Hanna-Maria Heikkinen, John Lindahl, Mari Pantsar, and Emma Papakosta.

The Annual General Meeting authorized the Board of Directors to decide upon the repurchase and the acceptance as pledge of a maximum of 1,000,000 of the company's own shares in total in one or several tranches. The authorization entitles the Board of Directors to decide on the repurchase also in deviation from the proportional holdings of the shareholders (directed repurchase). The authorization, which has not yet been used, is valid until the conclusion of the next Annual General Meeting, but no later than 30 June 2023.

The Annual General Meeting did not authorize the Board of Directors to decide on the issuance of shares or on the issuance of stock options and other special rights entitling to shares. The authorization of 4,166,667 shares granted to the Board of Directors by the Annual General Meeting on 22 April 2021, was fully used by 28 February 2023.

SUSTAINABILITY

Solwers is a responsible owner and supports the growth, development and success of its subsidiaries. Solwers actively seeks out new companies, and investment decisions are made not only on the basis of financial considerations but also on special expertise in sustainability, such as circular economy, environmental issues and energy. These acquisitions support long-term success and Solwers' vision to be the preferred partner for its clients in the smart and sustainable design of new living environments. The success of the subsidiaries is supported in areas such as business expertise, innovation, skills development and financing.

Governance

Solwers operates openly and transparently in accordance with good governance and promoting the diversity of the work community. Our companies share the Code of Conduct principles. For the companies we own, we want to be an enabler of development and a long-term, committed owner and partner that supports the development opportunities of our employees. The specific expertise of Solwers' Board members supports leadership in the field of digitalization and circular economy while ensuring the delivery of economic benefits to the company's shareholders.

Environment

Concerning environmental issues, Solwers' handprint is strongly visible in its customer work. The environmental impact of own activities is low. The sustainability shift in the construction sector offers companies the opportunity to use their expertise to help clients to achieve their environmental and circular economy goals. Staff competences are a key element of customer engagement and are continuously developed through industry training, internal workshops and day-to-day project work.

Solwers' expert services include sustainable solutions for low-carbon construction, circular economy, biodiversity enhancement and climate change adaptation. Environmental expertise is applied at different stages of planning, infrastructure, construction projects by, for example, designing natural green spaces, recycling building materials and optimizing the energy consumption and environmental impact of a building's life cycle. In 2022, the sites designed by Solwers companies have been awarded several environmental certifications, such as the Swan Ecolabel or the RTS environmental rating.

The companies' own operations take environmental impacts into account, and some have established environmental programs and systems and calculated the carbon footprint of their own operations.

Social responsibility

Social responsibility is an important part of staff well-being. No harassment or inappropriate behavior of any kind is tolerated in Solwers companies. Shared values and ethical guidelines provide the basis for a healthy and supportive working culture. Every member of the work community has a responsibility for the well-being and atmosphere of the work community. Good workplace skills are an essential part of today's professional competence.

Solwers values diversity and offers opportunities equally regardless of gender, age, religion or other personal characteristics. The Solwers companies promote well-being at work and cherish their long-standing traditions and culture. Management training is regularly organized and common channels for internal communication are developed. Every year, the managing directors of the subsidiaries meet for a joint strategy day and in the reporting year a two-part project manager training program was organized for specialists.

The coronavirus pandemic was particularly felt in the first half of the year in the Solwers companies. All companies took the necessary precautions to protect their staff and continued to do so as necessary, as well as recommending remote working to mitigate the pandemic.

The Pulse survey measuring employee job satisfaction is carried out at least once a year. In 2022 the eNPS* of Finnish companies was 42.6. The quick survey is easy to repeat when needed and the open comments received help to improve operations. Staff well-being and comfort are key issues at Solwers.

* Employee Net Promoter Score (eNPS), describes how willing the employees are to recommend a company as an employer to their friends or colleagues. eNPS gives a score between -100 and 100, and the result 0 = good, +20 really good, +50 excellent

Strategy and mid-term targets

Solwers' strategy is based on acquisitions and organic growth, the company's attractiveness as a good employer for professionals in various fields and the continuous development of competence. Solwers aims to continue its growth and expansion. Smaller acquisitions of subsidiaries may also be made to support local expertise and capacity. The new subsidiaries strengthen their own and other Solwers companies' clientele and service portfolio.

Growth is supported by the megatrend of urbanization, which increases the construction of above ground and underground infrastructure. Business growth is also supported by the increasing emphasis on sustainability, the accelerated green transition in Europe, new circular economy projects and the EU's introduction of stricter energy efficiency regulations. In addition, the maintenance backlog in society creates new business opportunities, and Solwers' strategy and business model – which are based on cost-efficiency – is a good fit with these opportunities.

The Solwers operating model supports the different cultures in subsidiaries, which increases job satisfaction while promoting innovation and creativity. Solwers also wants to give employees the opportunity to learn and develop their skills together with fellow professionals in workplace communities of a manageable size.

The level of investment varies from one year to the next and in different ways in different sectors. Public and private sector investments affect employment and profitability in the entire design and engineering sector, including Solwers. The expansion of the service portfolio together with the diversification of the business and the geographical scope of operations through the Solwers companies provides balance and supports the achievement of the set targets.

The company maintains its mid-term financial targets as follows:

- **Growth:** Revenue growth over 20% (12 months)
- **Profitability:** EBITA margin over 12%
- **Equity ratio:** Over 40%

Market outlook

The changes in society create new opportunities in addition to challenges.

The transition to fossil-free energy and industrial production will bring with them significant new investments. A variety of new energy sources, energy storage, power transmission systems and automation solutions will increase the demand for engineering and project management services. Circular economy projects, which will continue to grow rapidly, will also lead to more customer engagements, as the reuse of buildings requires more engineering and project management than new construction. A good example of expertise in the circular economy is our winning project in a competition organized by the City of Espoo to find concepts for the reuse of building materials and parts in the Kera area. Solwers' multidisciplinary team won the competition in early 2023 with the design "To the Next Level".

The winning proposal offers a concept that aims to take the circular economy in construction to the next level from a Finnish perspective.

It is likely that residential and office construction will decrease during 2023. This change is the result of high inflation, higher interest rates and construction costs, which result in the weakening of purchasing power and willingness to invest. This will naturally also affect the engineering and design sector. With less than 10% of Solwers' revenue estimated to come from residential and office projects, it is expected that if the downturn is as mild as has been forecasted, the impact on Solwers will not be significant. A mild recession is likely to ease and balance out a chronic shortage of skilled professionals that our business sector has suffered from over the past decade.

Solwers outlook 2023

Solwers' good order backlog at the beginning of the year will support the positive development of revenue. The M&A market has remained active, and acquisitions are planned to continue further.

The diverse service portfolio, operations in the two countries, as well as the large number of small projects balance and support the achievement of the set mid-term targets. Demand for engineering and project management work related to energy production, energy efficiency and circular economy projects is also expected to grow. Revenue is expected to grow and profitability to remain at a good level.

REVENUE, PROFITABILITY AND PERFORMANCE

Solwers Plc's revenue in January–December was EUR 62.8 (44.7) million. The relative revenue growth was 40.6% (36.8%), which was mainly due to company acquisitions. The unfavorable development of the Swedish krona during the year affected revenue negatively by EUR 1.4 million.

The EBITA margin increased to 11.5 % compared to 10,5 % the previous year. One contributing factor was the lower relative operating cost level (incl. depreciation). Therefore, the EBIT margin was also 0.6 percentage points higher than in the previous year amounting to 8.1% (7.5%). Costs related to company acquisitions of EUR 0.2 (0.4) million burdened both EBITA and EBIT.

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Key figures

Solwers Plc group consolidated					
EUR thousand	2022	2021	2020	2019 ²⁾	2018 ¹⁾
Revenue	62 796	44 662	32 649	25 802	25 334
EBITDA	8 156	5 495	4 970	2 446	2 543
EBITDA-%	13,0%	12,3%	15,2%	9,5%	10,0%
EBITA	7 218	4 708	4 427	2 083	-
EBITA-%	11,5%	10,5%	13,6%	8,1%	-
EBIT	5 091	3 371	3 539	1 478	2 185
EBIT-%	8,1%	7,5%	10,8%	5,7%	8,6%
Net Profit	3 574	1 894	2 675	1 013	1 998
Net Profit-%	5,7%	4,2%	8,2%	3,9%	7,9%
Earnings per Share (EPS), EUR	0,38	0,23	0,40	0,15	0,40
Revenue per employee	105	112	110	102	119
Revenue growth	40,6 %	36,8 %	26,5 %	1,8 %	57,3 %
Billing rate	80,0 %	82,2 %	85,7 %	-	-
Adjusted Equity ²⁾	38 158	31 908	17 869	11 577	9 586
Net debt	13 366	14 119	12 741	10 887	8 375
Equity Ratio, %	46,7%	45,4%	31,8%	21,0%	17,2%
Adjusted Equity Ratio, % ^{2), 3)}	46,7%	45,4%	44,7%	41,6%	42,7%
Total Assets	81 682	70 354	40 017	27 862	22 438
Headcount, average	600	397	297	253	213
Headcount, at year end	582	571	371	257	229

¹⁾ year 2018-20 EPS adjusted for comparability with year 2021 (share split in 2021)

²⁾ capital loans classified as equity for 2018-2020. Capital loans have been converted to equity in 2021

³⁾ ratio's denominator is value at year end

⁴⁾ IFRS 16 Leases applied for the first time

⁵⁾ IFRS 16 Leases not yet in force

LIQUIDITY, FINANCING AND CAPITAL LOANS

Liquidity

The company's liquidity has remained good during the year.

Financing structure

The company's financing and liquidity and medium-term financing have been ensured during the financial year by various share issues and by a new financing agreement signed with the Company's main financing bank.

On 19 May 2022, Solwers Plc signed an agreement on expanding and amending the Financing Agreement signed in May 2021 with the company's principal bank. A new EUR 15 million loan facility was added to the Financing Agreement, to be used for acquisitions in line with the company's strategy. Loans under the acquisition facility can be withdrawn over a period of two and a half years and the facility has an overall maturity of five years. The amended Financing Agreement involves significantly reduced investment restrictions compared to the previous Financing Agreement. The collateral terms and the provisions concerning the determination of interest rates remain unchanged. The amended Financing Agreement significantly contributes to the company's ability to continue executing its strategy through acquisitions. The company's medium-term objective is to maintain an equity ratio of at least 40%

At the date of the financial statements, the equity ratio (covenant 1 of the financing agreement) was 46,7%, which is above the minimum of 35.0% mentioned in the financing agreement with the main financing bank 11.7 percentage points.

In addition to the above, the company's financial position and liquidity are measured using the key figure [net debt/12-month Pro Forma EBITDA] (covenant 2). At the date of the financial statements, this ratio was 0.70, while the upper limit of the financing agreement is 2.50.

Capital loans

The group had no capital loans.

Loans granted

At the financial statements date, the total amount of loans granted to the key personnel of the Group companies was EUR 1,098 (1,147) thousands of which loans to related parties was EUR 206 (230) thousand. The loans have been used for the acquisition of parent company shares aimed at engaging the commitment of key personnel. The loans were granted on market terms.

Balance sheet and financing

Total assets were EUR 81.7 (70.4) million at the end of the financial year. The increase of EUR 11.3 million results from the company's continued growth through company acquisitions and the share issue in December.

The company's invested capital was furthermore increased during the financial year by strengthening shareholders' equity and the withdrawal of new bank loans. This balanced

increase of capital strengthened the company's equity ratio to 46.7% (45.4%) at the end of the year.

The company's equity was strengthened by a total of EUR 4.6 (24.9) million net of share issue expenses during the year. The increase consisted of two directed share issues of which EUR 4.2 million came from the share issue to nine investors in December whereas the remaining EUR 0.4 million resulted from a company acquisition.

At the end of the year, interest-bearing liabilities totaled EUR 31.8 (26.8) million, consisting of EUR 18.7 (15.8) million in loans from financial institutions, EUR 7.5 (5.9) million in purchase price liabilities arising from company acquisitions, EUR 4.0 (4.3) million in lease liabilities and EUR 1.6 (0.8) million in other interest-bearing liabilities.

At the end of the year, the company's net debt totaled EUR 13.4 (14.1) million whereas cash and cash equivalents amounted to EUR 18.5 (12.6) million.

Cash flow

Net cash flow from operating activities continued on a good, positive level of EUR +5.8 (+4.7) million. Net cash flow from investing activities was negative at EUR -3.0 (-11.4) million, and net cash flow from financing activities was positive at EUR +3.1 (+13.3) million.

The cash flow used for investments consisted of net cash used for company acquisitions EUR -1.8 (-10.0) million, investments in tangible non-current assets EUR 0.6 million (0.6) and investments in tangible non-current assets EUR 0.6 (0.3) million.

Of the cash inflow from financing activities totaling EUR 9.4 (26.5), EUR 4.2 (11.7) million came from the net proceeds of paid share issues and EUR 5.0 (15.0) million from withdrawals of new loans from credit institutions.

The financing cash outflow amounting to a total of EUR - 6.7 million (13.2), EUR -1.5 (-8.0) million was used for repayment of loans from credit institutions, EUR -2.5 (-1.9) million for the payment of lease liabilities and EUR - 2.1 (1.3) million for the payment of non-interest bearing liabilities.

In addition, dividends paid amounted to EUR -0.5 (-2.0) million, of which EUR -0.4 (-0.5) million was paid to the parent company's shareholders.

RISKS AND UNCERTAINTIES RELATED TO THE OPERATIONS

In the company's view, the risks related to the Solwers companies' operating environment presented in the prospectus have changed due to the increasingly tense geopolitical situation and the war in Ukraine, which increases uncertainty in the market and may influence investment activity in the company's main markets. The unstable geopolitical situation in Europe entails strategic and economic risks related to the uncertainty of the financial markets, the rise in interest rates or other factors that affect the availability and price of funding.

The implementation of Solwers' growth strategy requires external funding. A deterioration in the financial situation, a reduced willingness of customers to invest and the postponement and cancellation of infrastructure investments could weaken the demand for Solwers' services and

adversely affect its operating result, particularly in the construction sector. Unfavorable development in the economic situation of the public sector, both in central government and in municipalities, may adversely affect construction in the public sector and reduce infrastructure investments.

Public and private sector investment volume affects employment and profitability in the entire design and engineering sector, including Solwers.

The general economic situation, including rising inflation and interest rates, may also affect Solwers' business in the short term if projects are postponed, suspended or delayed due to cyclical fluctuations. The materialization of the forementioned risks may have an adverse effect on Solwers' business, financial position, business performance and outlook.

Solwers' operating results depend on customer demand and the price level. Weaker demand for services may lead to a decrease in revenue, and the company may not be able to adjust its costs in response to the weakened demand. In addition, Solwers may not be able to make the necessary staff reductions in a downturn, which may have a negative impact on the profitability of operations.

Economic uncertainty has decreased the economic activity of companies and the public sector as well as confidence in the economy, which has also affected the customers of Solwers companies. In the public sector, the effects of the COVID-19 pandemic have been, and may continue to be, reflected in a reduction or delay in planned investments.

The availability and retention of highly competent professionals is an uncertainty factor related to personnel. The personnel risks of Solwers companies are related to employee retention, the well-being of employees and the availability of suitable professional experts. The business of the companies is based on experts, and skilled personnel are the basis for growth. The prolonged COVID-19 pandemic increased sickness absences considerably and working remotely continuously may have a negative impact on employee well-being and their commitment to the company.

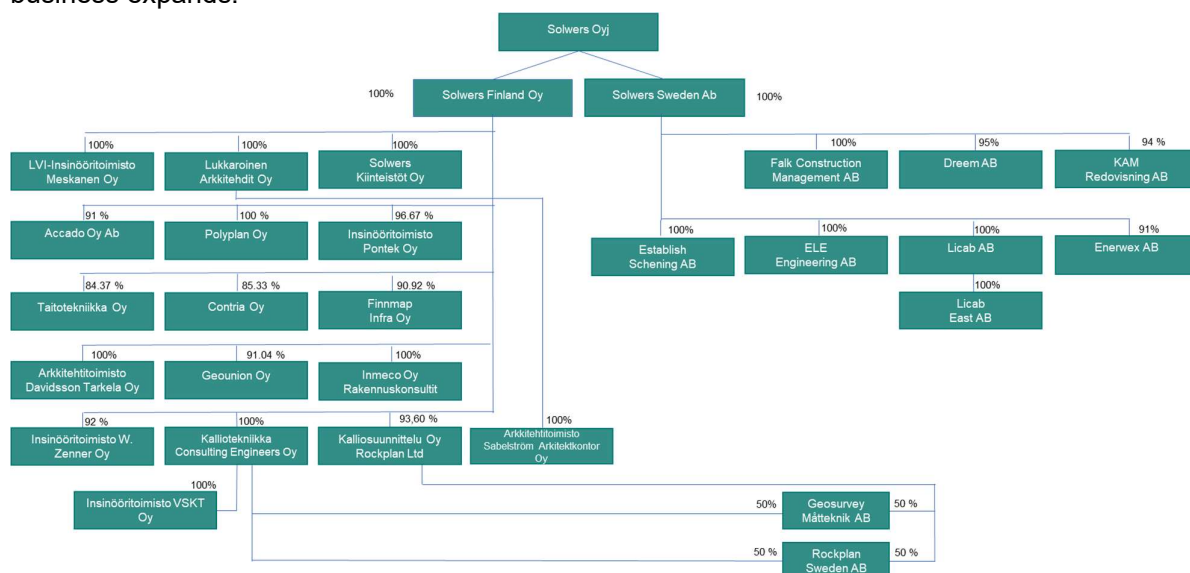
Solwers' operating environment includes risks related to business operations, strategy, company personnel and management. In addition, there are legal risks, risks related to the IT systems and intellectual property rights and risks related to financing and the financial position as well as shares.

The operational risks facing Solwers companies include project work risks and information security risks. There are also risks in the growth strategy based on acquisitions if there are no suitable companies to acquire or if the terms or liabilities of the transactions cannot be agreed at the right level of valuation.

The company's prospectus, published on 4 June 2021 in connection with the IPO (www.solwers.com), provides an extensive overview of the risks and uncertainties associated with the company's operations due to the nature of its operations and its line of business.

GROUP STRUCTURE

The subsidiaries directly owned by Solwers Plc and their shareholdings on 31.12.2022 are shown in the picture below. During the year under review, Solwers Finland Oy was established alongside Solwers Sweden AB to streamline the group structure. This will enable the establishment of country-specific organizations to support operational activities as the business expands.



PERSONNEL AND REMUNERATION

Number of employees and salary expenses

The Solwers companies' average number of employees during the financial year was 600 (397), with the parent company having an average of 5 (5) employees. At the end of the period, the Solwers companies employed a total of 582 (571) people.

Salary and commission expenses of the Solwers companies amounted to EUR 29,300 (20,572) thousand, of which the expenses of the parent company amounted to EUR 627 (536) thousand.

Remuneration of the Group's key personnel

The Group's key personnel are paid a fixed monthly salary and variable annual performance-related bonuses under the Group's incentive scheme. The remuneration of key personnel is reviewed on an annual basis.

The company's Board of Directors decides on the salary and other remuneration of the President and CEO annually. In the financial year 2022, a total of EUR 152,220 was paid to the CEO. The Chairman of the Board was paid EUR 59,100.

Transactions with related parties

Solwers Plc's related parties are in key management positions and the Group's external companies, in which Solwers Plc's management personnel exercises significant influence.

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

At the end of the financial year 2022, a total of EUR 206 (230) thousand was owed by related parties in connection with the directed share issue aimed at the engagement of key personnel at initial public offering in 2021.

MANAGEMENT AND AUDITOR

Board of Directors

The Annual General Meeting held on 21 April 2022 re-elected five members to the Board of Directors: Leif Sebbas (Chairman of the Board), Hanna-Maria Heikkinen, John Lindahl, Mari Pantsar and Emma Papakosta. The Annual General Meeting decided that the members of the Board will be paid a meeting fee of EUR 2,000 per meeting.

Auditor

The Annual General Meeting elected the audit firm Revico Grant Thornton Oy to continue as the company's auditor. Satu Peltonen, Authorised Public Accountant, continued as the auditor with principal responsibility.

Group management

Solwers Plc's CEO was Stefan Nyström. Roger Lindqvist acted as the CFO, Taina Erkkilä as the Group Head of Communications and Olli Kuusi as the General Counsel. The management teams in charge of operations in Finland and Sweden included the senior management of Solwers Plc as well as the Managing Directors of the subsidiaries.

SHARES AND SHAREHOLDERS

Changes in the number of shares

In connection with the acquisition of ELE Engineering AB, the company carried out a directed share issue of 178,761 shares to the selling parties. The shares were registered on 31 January 2022. A similar directed share issue to sellers as part of the purchase price was made in connection with the acquisition of Establish Schening AB, totaling 54,978 shares, which were registered on 20 June 2022.

Furthermore, in December Solwers issued 1,020,000 new shares to selected investors: Familjen Kamprads stiftelse, Keskinäinen Työeläkevakuutusyhtiö Elo, Säästöpankki Pienyhtiöt Sijoitusrahasto, Sijoitusrahasto eQ Eurooppa Pienyhtiö, Handelsbanken Finska Småbolags Fonden, Keskinäinen Työeläkevakuutusyhtiö Varma, Fondita European Micro Cap Placeringsfond, Aktia Mikro Markka and CEB Invest Oy.

At the end of 2022, Solwers Plc's share capital consisted of 9,874,782 shares, of which the company holds 41,220 treasury shares. The average number of shares during the year was 8,843,228.

The company has a single series of shares, and its registered share capital was EUR 1,000,000.

Trading in the company's shares

Solwers Plc entered into a Liquidity Provision Agreement with Carnegie Investment Bank AB from 20 June 2022. According to the agreement, the bank will quote bids and offers for Solwers Plc's share in compliance with Nasdaq First North Growth Market Finland rules for liquidity provision.

The closing price of the company's share on 31 December 2022 was EUR 4.22. Solwers Plc's market capitalization at the end of the financial year was EUR 41.5 million.

Largest shareholders on 31 December 2022

A total of 2,055 shareholders, excluding nominee registered shareholders, were registered in the shareholders' register maintained by Euroclear Finland Oy. The 10 largest shareholders on the shareholders' register at the end of the financial year are listed in the table below:

Shareholder	Number of shares	% of total
Finnmap Engineering Oy	3 440 261	34,8 %
CEB Invest Oy	1 007 823	10,2 %
Keskinäinen työeläkevakuutusyhtiö Varma	427 653	4,3 %
Sijoitusrahasto Säästöpankki pienyhtiöt	375 117	3,8 %
Nyström, Stefan	312 000	3,2 %
Erikoissijoitusrahasto Aktia Mikro Markka Osake	310 281	3,1 %
Sebbas, Leif	286 340	2,9 %
Työeläkevakuutusyhtiö Elo	280 000	2,8 %
Fondita European Micro Cap investment fund	127 526	1,3 %
Cumulant Capital Pohjois-Eurooppa	110 000	1,1 %
10 largest shareholders, total	6 677 001	67,6 %
Nominee registered shares	1 284 804	13,0 %
Other shareholders	1 912 977	19,4 %
Number of shares, total	9 874 782	100,0 %
Of which treasury shares	41 220	0,4 %

EVENTS AFTER THE FINANCIAL YEAR

On 21 February 2023, Solwers signed an agreement to acquire the entire capital stock in Transport Consultancy Group Nordic AB which is specialized in technical consultancy in rail industry.

On the same day, it was communicated that Solwers will organize a directed share issue to the sellers, 81.505 shares, which are expected to be registered during March 2023. The total

number of shares issued by Solwers Plc increased due to this share issue from 9,874,782 to 9,915,067 shares. The number of treasury shares possessed by the Company decreased from 41,220 to 0.

THE BOARD'S PROPOSAL FOR THE DISTRIBUTION OF PROFIT

At the end of the financial year 2022, Solwers Plc's distributable funds amounted to EUR 38,045,715.09, of which the loss for the financial year was EUR -416,329.75.

The Board of Directors proposes to the Annual General Meeting that the loss for the financial year be transferred to retained earnings and that a dividend of EUR 0.073 per share, corresponding to EUR 723,799.89 in total, be paid from retained earnings.

SOLWERS PLC

FINANCIAL STATEMENTS 2022

CONSOLIDATED (IFRS)

INCOME STATEMENT

Consolidated, IFRS

EUR THOUSAND	Liitetieto:	2022	2021
REVENUE	4	62,796	44,662
Other operating income	5	230	423
Materials and services	6	-8,342	-6,302
Employee benefit expenses	7	-38,762	-27,138
Amortization, depreciation and impairment	8	-3,065	-2,124
Other operating expenses	9	-7,766	-6,150
OPERATING PROFIT		5,091	3,371
Financial income and expenses	10	-495	-987 *)
PROFIT BEFORE TAXES		4,597	2,384
Income taxes	11	-1,022	-490 *)
PROFIT FOR THE FINANCIAL YEAR		3,574	1,894 *)

Profit for the financial year attributable to			
Parent company shareholders		3,396	1,660
Non-controlling interest		178	235

Earnings per share (EUR)			
Earnings per share, non-diluted	12	0.38	0.23 *)
Earnings per share, diluted	12	0.38	0.23 *)
Average number of shares during the financial year			
Non-diluted	12	8,843,228	7,239,224
Diluted	12	8,843,228	7,239,224
*) Comparison year adjusted for effect of 2021 share split			

Other comprehensive income			
Prior years adjustments			
Items recognized in retained earnings		0	0
Deferred taxes		0	0
Items related to net investments in foreign subsidiaries			
FX rate differences		-1,553	-279 *)
Deferred taxes		288	56 *)
Items that may later be recognized through profit or loss			
Translation differences		0	80
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		2,309	1,752

Total comprehensive income for the financial year attributable to			
Parent company shareholders		2,131	1,516
Non-controlling interest		178	235

*) Comparison period has been restated for treatment of foreign exchange differences from net investments in foreign subsidiaries.

BALANCE SHEET

Consolidated, IFRS

EUR THOUSAND	NOTE	31.12.2022	31.12.2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	13, 16	39 122	34 421
Tangible assets	14	5 651	5 850
Investments	15, 21	1 888	1 898
Receivables	17	1 451	1 410
NON-CURRENT ASSETS, TOTAL		48 112	43 580
CURRENT ASSETS			
Inventories	18	168	163
Receivables	19, 21	14 586	13 637
Investments	20	334	332
Cash and cash equivalents	21	18 482	12 642
CURRENT ASSETS, TOTAL		33 570	26 774
ASSETS, TOTAL		81 682	70 354
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital		1 000	1 000
Share issue		0	1 453
Share premium account		20	20
Other reserves		35 903	29 676
Retained earnings		-2 816	-2 326
Profit for the financial year		3 396	1 437
EQUITY, TOTAL	22	37 504	31 259
NON-CONTROLLING INTEREST		654	649
LIABILITIES			
Non-current liabilities	23, 24, 26	28 004	20 309
Current liabilities	25, 26	15 521	18 136
LIABILITIES, TOTAL		43 524	38 445
EQUITY AND LIABILITIES, TOTAL		81 682	70 354

CASH FLOW STATEMENT

Consolidated, IFRS

EUR THOUSAND	2022	2021
Cash flow from operating activities		
Profit for the financial year	3,574	1,672
Adjustments		
Amortization, depreciation and impairment	3,065	2,124
Financial net	495	1,266
Income tax	1,022	597
Gain from sale of intangible and tangible assets	-40	-274
Sales losses and scrapping of intangible and tangible assets	146	234
Cash flow before change of working capital	8,262	5,618
Change of working capital		
Change of inventories	-5	98
Change of current non-interest bearing receivables	524	1,470
Change of current investments	-2	-20
Change of current non-interest bearing payables	-1,473	-224
Change of net working capital, total	-956	1,324
Financial net and income tax		
Interest paid on loans from credit institutions and other interest bearing loans	-345	-949
Interest paid on leasing debt	-117	-106
Interest received	22	4
Other financial items paid and received (net)	460	-20
Income tax paid	-1,522	-1,187
Net cash flow from operating activities	5,805	4,685
Cash flow from investment activities		
Investment in intangible non-current assets	-631	-552
Investment in tangible non-current assets	-581	-259
Investment in non-current receivables (net)	-31	-307
Proceeds from sale of non-current assets	40	612
Business combinations	-1,817	-10,004
Acquisition of non-controlling interest	0	-913
Net cash flow from investment activities	-3,019	-11,424
Cash flow from financing activities		
Cash received from the IPO (gross)	0	8,951
Costs paid for the IPO	0	-864
Other share issue	4,488	3,601
Costs paid for other share issues	-235	-187
Loans raised from credit institutions	5,036	15,038
Net change in other interest -bearing liabilities	456	-51
Repayment of capital loans	0	0
Repayment of loans and other interest bearing debts	-1,515	-7,999
Repayment of leasing debt	-2,530	-1,902
Repayment of non-interest bearing debt	-2,117	-1,309
Dividends paid	-529	-1,998
Net cash flow from financing activities	3,053	13,280
Change of cash and cash equivalents	5,839	6,541
Cash and cash equivalents, opening balance 1.1.	12,642	6,101
Cash and cash equivalents, closing balance 31.12.	18,481	12,642

STATEMENT OF CHANGES OF EQUITY

Consolidated, IFRS

FINANCIAL YEAR 2022

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 Differences	Retained Earnings	TOTAL	Non-Controlling Interest	TOTAL EQUITY
Opening Balance 1.1.	1,000	1,453	20	8	29,667	98	-987	31,260	650	31,909
Comprehensive income										
Profit for the period	-	-	-	-	-	-	3,396	3,396	178	3,574
Other comprehensive income										
FX differences from net investments in foreign subsidiaries	-	-	-	-	-	-	-1,553	-1,553	-	-1,553
Deferred taxes	-	-	-	-	-	-	288	288	-	288
Total comprehensive income, net of tax	0	0	0	0	0	0	2,131	2,131	178	2,309
	0	0	0	0	0	0	0	0	0	0
Transactions with equity holders	0	0	0	0	0	0	4,262	4,262	357	4,618
Business combinations										
Share issue 16.12.2022	-	-	-	-	-	-	-244	-244	-	-244
Share issue expenses	-	-	-	-	-	-	-350	-350	-131	-481
Dividend distribution	-	-	-	-	-	-	-	-	-	-
Prior year adjustments	-	-	-	-	-	-	-	0	-	0
Transactions with equity holders, total	0	-1,453	0	0	6,322	0	-594	4,275	-131	4,144
	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0	0
Transfer to development fund	-	-	-	112	-	-	-112	0	-	0
Change of translation difference	-	-	-	-	-	-60	-	-60	-	-60
Other changes	-	-	-	-	-	-	-102	-102	-43	-145
Other changes, total	0	0	0	112	0	-60	-214	-162	-43	-205
	0	0	0	0	0	0	0	0	0	0
Closing Balance 31.12.	1,000	0	20	120	35,989	38	336	37,504	654	38,158

FINANCIAL YEAR 2021

EUR THOUSAND

TOTAL EQUITY										
EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS										
	Share Capital	Share Issue	Share Premium Account	Other Restricted Reserves	Invested Non-restricted Equity Reserve	Transl. Diff's	Retained Earnings	TOTAL	Non-Controlling Interest	TOTAL EQUITY
Opening Balance 1.1.	1 000	3 332	20	22	2 818	19	3 239	10 450	2 292	12 742
Comprehensive income										
Profit for the period	-	-	-	-	-	-	1 660	1 660	235	1 894
Other comprehensive income										
FX differences from net investments in foreign subsidiaries	-	-	-	-	-	-	-279	-279	-	-279
Deferred taxes	-	-	-	-	-	-	56	56	-	56
Translation differences	-	-	-	-	-	79	-	79	1	80
Total comprehensive income, net of tax	0	0	0	0	0	79	1 437	1 516	235	1 752
Transactions with equity holders										
Business combinations	-	1 453	-	-	1 800	-	-	3 253	-	3 253
Acquisition of non-controlling interest 4.3.2021	-	-	-	-	1 766	-	-2 617	-851	-318	-1 169
Acquisition of non-controlling interest 4.5.2021	-	-	-	-	1 427	-	-1 391	35	-982	-947
Increase of non-controlling interest	-	-	-	-	-	-	-26	-26	26	0
Decrease of non-controlling interest	-	-	-	-	-	-	3	3	-3	0
Restatement of previous year	-	-	-	-	-	-	-45	-45	117	73
Share issue 21.12.2020-10.1.2021	-	-3 332	-	-	3 824	-	-	492	-	492
Discount (10%) to personnel; share issue 21.12.2020-10.1.2021	-	-	-	-	-36	-	-	-36	-	-36
Directed share issue to key personnel 4.5.2021	-	-	-	-	990	-	-	990	-	990
Directed share issue to anchor investors 10.5.2021	-	-	-	-	3 000	-	-	3 000	-	3 000
Directed share issue to capital loan creditors 10.5.2021	-	-	-	-	5 126	-	-	5 126	-	5 126
Initial Public Offering 7-14.6.2021	-	-	-	-	9 000	-	-	9 000	-	9 000
Discount (10%) to key personnel; Initial Public Offering 7-14.6.2021	-	-	-	-	-49	-	-	-49	-	-49
Share issue costs	-	-	-	-	-	-	-1 051	-1 051	-	-1 051
Dividend distribution	-	-	-	-	-	-	-535	-535	-718	-1 254
Transactions with equity holders, total	0	-1 879	0	0	26 849	0	-5 663	19 307	-1 878	17 429
Other changes	-	-	-	-14	-	-	-	-14	-	-14
Other changes, total	0	0	0	-14	0	0	0	-14	0	-14
Closing Balance 31.12.	1 000	1 453	20	9	29 667	98	-987	31 260	649	31 909

NOTES TO THE FINANCIAL STATEMENTS

Consolidated, IFRS

1. GENERAL INFORMATION ABOUT THE COMPANY

Solwers is a Group formed by companies specialising in technical consulting and engineering. The parent company Solwers Plc (Business ID 0720734-6) is a Finnish public limited company incorporated under Finnish law. It has its registered head office in Espoo at Kappelikuja 6 B, and its domicile is Kauniainen.

At the financial statements date, 31 December 2022, Solwers Group consisted of the following companies owned directly or indirectly by the parent company Solwers Plc.

Subsidiaries – direct ownership		Ownership-%
<i>Finland</i>		
Solwers Finland Oy		100,00 %
<i>Sweden</i>		
Solwers Sweden AB		100,00 %

Subsidiaries – indirect ownership	Owner in the Group	Ownership-%
<i>Finlandi</i>		
Accado Oy Ab	Solwers Finland Oy	91,00 %
Arkkitehdit Davidsson Tarkela Oy	Solwers Finland Oy	100,00 %
Contria Oy	Solwers Finland Oy	85,33 %
Finnmap Infra Oy	Solwers Finland Oy	90,92 %
Geounion Oy	Solwers Finland Oy	91,04 %
Inmeco Oy Rakennuskonsultit	Solwers Finland Oy	100,00 %
Insinööritoimisto Pontek Oy	Solwers Finland Oy	96,67 %
Insinööritoimisto W. Zenner Oy	Solwers Finland Oy	92,00 %
Kalliosuunnittelu Oy Rockplan Ltd	Solwers Finland Oy	93,60 %
Kalliotekniikka Consulting Engineers Oy	Solwers Finland Oy	100,00 %
Lukkaroinen Arkkitehdit Oy	Solwers Finland Oy	100,00 %
LVI-insinööritoimisto Meskanen Oy	Solwers Finland Oy	100,00 %
Oy Polyplan Ab	Solwers Finland Oy	100,00 %
Solwers Kiinteistöt Oy	Solwers Finland Oy	100,00 %
Taitotekniikka Oy	Solwers Finland Oy	84,37 %
Insinööritoimisto Varsinais-Suomen Kalliotekniikka Oy	Kalliotekniikka Consulting Engineers Oy	100,00 %
Arkkitehtitoimisto Sabelström Arkitektkontor Oy	Lukkaroinen Arkkitehdit Oy	100,00 %
<i>Sweden</i>		
DREEM AB	Solwers Sweden AB	95,00 %
ELE Engineering AB	Solwers Sweden AB	100,00 %
Enerwex AB	Solwers Sweden AB	91,00 %
Falk Construction Management AB	Solwers Sweden AB	100,00 %
KAM Redovisning AB	Solwers Sweden AB	94,00 %
LICAB AB	Solwers Sweden AB	100,00 %
LICAB East AB	Solwers Sweden AB (30%) + LICAB AB (70 %)	100,00 %
Establish Schening AB		
Rockplan Sweden AB	Solwers Sweden AB	100%
Geo Survey Mätteknik AB	Kalliosuunnittelu Oy Rockplan Ltd (50 %) + Kalliotekniikka Consulting Engineers Oy (50 %)	96,80 %
	Kalliosuunnittelu Oy Rockplan Ltd (50 %) + Kalliotekniikka Consulting Engineers Oy (50 %)	96,80 %

2. ACCOUNTING POLICIES

The Group's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), with the application of the IAS and IFRS interpretations in force at 31 December 2022. 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 mentioned.

Preparing financial statements in accordance with IFRS requires the Group's management to make certain estimates and judgement-based decisions. Information on the judgements made by the management in the application of the Group's accounting policies, which also have a significant impact on the figures presented in the financial statements, is given under the heading "Estimates subject to management judgement and sources of material estimate uncertainties included in such estimates."

New Standards

New IFRS standards, IFRS standard amendments or interpretations that have already been published but are not yet in effect are not expected to have a material impact on the Group.

Principles of consolidation

The consolidated financial statements comprise the parent company Solwers Plc and all its subsidiaries and sub-group companies. Subsidiaries are entities that are directly or indirectly controlled by the Group. Control is established when the Group holds more than half of the voting rights or otherwise has control over the entity. The acquired subsidiaries are consolidated from the date when the Group has acquired control of their business and decision-making.

The shareholdings of the parent company Solwers Plc in its subsidiaries are eliminated using the acquisition method.

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

Participating interest companies are entities in which Solwers Plc holds 20–50% of the voting rights in the general meeting of the target company. They are consolidated using the equity method. Investments in participating interest companies include any goodwill arising from their acquisition.

The Group's share of the profits of the participating interest companies is presented as a separate line after operating profit in the consolidated income statement.

Items in foreign currencies

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 uses an exchange rate corresponding approximately to the exchange rate of the transaction date. At the end of the financial year, receivables and payables denominated in foreign currencies are measured at the exchange rates effective on the financial statements date.

The income statements of foreign subsidiaries are converted from their currency to euro using the average exchange rates of the financial year, while their balance sheets are converted into euro using the exchange rates at the financial statements date.

Conversion of profit for the period using different exchange rates for the income statement and the balance sheet results in an exchange difference that is recognised under other items in the statement of comprehensive income. The year-on-year change in translation differences resulting from the elimination of acquisition costs of foreign subsidiaries and the translation of equity items accrued after the date of acquisition is also recognised under other items in the statement of comprehensive income.

Tangible assets of non-current assets

Non-current tangible assets include machinery and equipment and are measured at cost less any accumulated depreciation and any accumulated impairment losses. The straight-line depreciation under the plan is calculated on the basis of the estimated probable economic life of the assets.

Gains on the sale of non-current tangible assets are recognised in other operating income and losses thereon are recognised in other operating expenses. Expenses arising from the decommissioning of said assets are also recognised in other operating expenses

Intangible assets of non-current assets

Goodwill arising from business combinations is not subject to regular planned depreciation. By contrast, goodwill is tested annually for impairment. As a result, goodwill is measured at original acquisition cost less any impairment losses. Goodwill arising from the acquisition of foreign units is translated into euros at the exchange rates effective on the financial statements date.

Other intangible assets include software and other capitalised long-term expenses.

Intangible assets are recognised when the criteria for recognition in the balance sheet under IAS 38 are met. Intangible assets with a finite useful life are entered on the balance sheet at acquisition cost and depreciated on a straight-line basis during their estimated useful lives.

Intangible assets with an unlimited useful life are not subject to depreciation. Instead, they are tested annually for impairment.

Leasing agreements

Lease agreements are recognised in accordance with IFRS 16, which entered into force at the beginning of 2019. This standard requires leasing contracts and leases to be presented as assets and the related financial liability as lease liabilities in the consolidated balance sheet. Solvers applies this standard to virtually all of its leasing contracts and leases, mainly covering the financing of vehicles and various office equipment as well as most of the office leases of the group companies.

In order to be recognised in accordance with IFRS 16, a leasing contract or lease must meet certain basic conditions. The total lease term of an asset must be longer than 12 months and, in addition, its acquisition cost must be over EUR 5,000. On the other hand, the only condition applicable to right of use contracts or leases of offices is that the minimum lease term, i.e. the period from the entry into force of the agreement until the first possible expiry date, is longer than 12 months.

When the above conditions are met, the discounted net present value of future lease payments is recognised in tangible assets in the balance sheet, and the corresponding financial liability is recognised as a lease liability in debt capital in the balance sheet. Leasing and lease payments are recognised as interest expenses and amortisation of the lease liability, while the acquisition cost of the leased or rented asset is amortised over the lease term at its residual value determined for the end of the lease term.

The Company's management determines the interest rate used to calculate the net present value of the lease so that it corresponds to the estimated market rate of interest applicable at the time when the leasing agreement or lease begun.

If the above conditions are not met, leasing and lease payments are recognised as periodic expenses in the operating expenses of the income statement.

Lease agreement terms and useful lives used for depreciation of right-of-use assets:

Office premises: 1-8 years

Machinery and equipment: 1-5 years

Impairment of tangible and intangible non-current assets

Goodwill, intangible assets with an unlimited useful life and intangible assets that have not yet been put into use are tested annually for impairment. In addition, the existence of indications of impairment for a particular asset or cash-generating unit is assessed on a regular basis. If such indications are found, an estimate is made of the recoverable amount of the cash-generating unit. If the carrying amount of an asset or cash-generating unit is higher than its estimated recoverable amount, the difference is recognised as an impairment loss in the income statement.

Financial assets and liabilities

Determination of fair value

The fair value of an asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or the liability under current market conditions. Otherwise, other valuation techniques are applied.

Fair values are classified as follows for the different levels of the fair value hierarchy. The levels reflect the significance of the inputs used in the valuation techniques:

- Level 1: Quoted fair values in active markets for similar assets and liabilities
- Level 2: Fair values are determined using information other than quoted fair values included in Level 1, and they can be verified, directly or indirectly, in respect of the asset or liability in question
- Level 3: Fair value for assets or liabilities are determined using information that is not based on observable market data.

The carrying amount of current trade receivables, trade payables and cash and cash equivalents is considered to correspond to the best estimate of their fair value. The carrying amount of loans and other long-term liabilities of financial institutions is also considered to correspond to the best estimate of their fair value.

Classification and measurement of financial assets

Financial assets consist of long-term investments and receivables as well as short-term trade receivables, other receivables, and investments as well as cash and cash equivalents.

Financial assets are classified as the amortised cost and fair value through other comprehensive income. The classification is based on the business models and contractual cash flow characteristics of financial assets defined by the company's management.

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. After initial recognition, financial assets are measured at fair value.

Non-current financial assets consist of investments in shares of real estate and housing companies and long-term loan and trade receivables maturing in more than one year. These items have been initially measured at acquisition cost deducted by annual depreciation and possible separately recognised impairment, and their fair value has been determined using non-observable market data.

The carrying amount of trade and other receivables corresponds to the best estimate of their fair value. Impairment losses on trade receivables are recognised in the estimated amount of expected credit losses on trade receivables. The model for expected credit losses is forward-looking and is based on the historical amount of credit losses as well as both receivables and customer-specific estimates.

Financial assets that are not measured at amortised cost are classified as at fair value through profit or loss. The change in fair value is recognised in these items through comprehensive income.

Cash and cash equivalents include cash and bank deposits that can be drawn on demand. Short-term deposits are considered easily convertible into cash when they have an original maturity of three months or less. Cash and cash equivalents presented in the balance sheet correspond to cash and cash equivalents presented in the cash flow statement.

Financial assets are written down from the balance sheet when the contractual rights to the cash flows have been lost or significant risks and rewards of ownership have been transferred outside Solwers.

Classification and measurement of financial liabilities

Financial liabilities consist of loans from financial institutions, lease and lease liabilities, purchase price liabilities of acquisitions and trade payables.

Financial liabilities measured at amortised cost include loans from financial institutions and trade payables. Financial liabilities are classified as current unless there is an unconditional right to defer the payment of the debt

to at least 12 months from the end of the financial period. In the event of a refinancing of loans, unrecognised loan-related expenses are recognised as financial expenses in the income statement.

Loans from credit institutions are initially recognised at fair value and deducted for transaction costs. They are measured at fair value using the effective interest rate method. Loans are subsequently measured at amortised cost and changes in fair values are expensed through the statement of income in the reporting period in which it arises.

The fixed parts of the purchase price liabilities of acquisitions are measured at amortised cost. Contingent purchase price liabilities related to the future earnings development are recognised at the estimated fair value. Changes in fair value during the 12 months following the transaction are recognised as a deduction from goodwill arising on the transaction. Subsequently, they are recognised in the statement of comprehensive income as financial income or expense.

Revenue and revenue recognition

Solwers offers a wide range of design and project management solutions for building individual and sustainable environments in Finland and Sweden. Solwers companies are specialised in providing architecture, technical consulting, environmental monitoring, project management, circular economy, electrical and automation engineering and digital solutions. In addition, two subsidiaries offer financial services.

In accordance with the IFRS 15 standard Solwers applies a five-step model for revenue recognition. In this model, the contract and performance obligations are identified, the transaction price is determined and the transaction price is allocated to each performance obligation. Revenue is recognised when a performance obligation is satisfied. Revenue is recognised only to the extent that each selling Solwers entity assesses itself to be entitled based on the services delivered.

Identifying the contract

IFRS15 establishes the principles for individualising and combining contracts. In general, Solwers only enters into one contract per customer and project, hence there is generally no need to combine contracts. Separate Solwers entities usually operate in separate geographical regions and as the entities usually follow their own general agreements there is normally no need to combine contracts from a revenue recognition perspective. This conclusion is based on contract negotiations often being handled by different people and have not been negotiated as one whole.

The duration of the customer contracts ranges normally from one month to a couple of years depending on the field and type of contract (general agreement or separate service agreement with the customer). An exception from this are the customer agreements in the financial services field, where the contracts are usually open-ended.

Contract modifications

In contracts, extra work is usually considered to be part of the project, i.e. as an expansion of the project. In some cases, modifications and extra work can, however, be considered as separate projects and as separate performance obligations. In case a project's coverage is extended because the additional work is separable, the total price is increased by the separate price of the extra work modification and extra work is treated as separate performance obligations and revenue is recognised as separate projects.

Identifying the performance obligations

At the contract date, the agreed services are evaluated and the performance obligations to the customer are identified.

In general, the subprojects of a customer contract are considered to be one performance obligation. This applies to architectural design, technical consulting, project management and electrical and automation engineering services. Group performance obligations are mainly relating to delivery of infrastructure plans and project management, delivery of architecture, structural and HVAC plans and delivery of digital services.

Principal or agent

Solwers Group is acting as principal in its' contracts as the Group is responsible for fulfilling the performance obligations. Group also is finally responsible for delivery when using subcontractors.

Determining the transaction price

Transaction price is the amount of consideration to which the group expects to be entitled to for the services provided to the customer. The consideration committed to in the customer contract may include fixed or variable monetary amounts or both. Variable monetary amounts are mostly relating to incentives, performance-linked bonuses or target prices. Incentives and performance bonuses are recognised when they are very likely to materialise.

Revenue recognition

Revenue for the projects is recognised based on the progression of the work regardless of whether the contract is fixed-price or hourly rate based. Revenue for fixed-price projects is recognised based on a project's specific overall profitability estimate made by the management of the selling company.

The determination of revenue to be recognised over time is based on the stage of completion. The stage of completion is defined separately for each project as the proportion of the total workload and subcontracting costs of the work carried out up to the time of the review to the total estimated workload and costs of the project. If the service package includes software or their maintenance services, then their licence and maintenance revenues are recognised as income for the contract period.

In the overall profitability estimate for the project, the total revenue and costs for providing the service are estimated. As the project proceeds, the revenue for the project and the costs are recognised based on the maturity of the project. This also includes post-production work. Therefore, the profitability for work in progress during the accounting period and in the financial statements reflects the overall profitability of the project as accurately as possible.

The management determines that the project service sales don't lead to assets that the company would have an alternative use for and that the company, therefore, has a right to receive a payment by balance sheet date for provided project services.

The revenue recognition for environmental monitoring, digital solutions and financial services is based on passage of time. It is considered that the customer gets the benefit at the time of performance of the service.

The management's view is that the above-described revenue recognition principles give the most accurate picture of delivery of services as this efficiently minimises the effect of an uneven project revenue which in the worst case could substantially skew reported profits between accounting periods.

Assets based on the recognition of customer contracts are presented in Note 19 and Liabilities in Note 25.

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.

Research and development expenses

Research expenses are recognised as non-recurring expenses in income statement at the time they are incurred.

Development expenses are recognised as non-recurring expenses in income statement at the time they are incurred. However, if development expenses constitute, on the long term, a tangible or intangible asset that generates revenue, they are recognised as an investment in the relevant non-current asset item in the balance sheet, calculated at direct cost.

Development expenses recognised as investments in non-current assets are amortised according to the plan over their estimated useful life.

Subsidies received

Subsidies received from public bodies are, as a rule, recognised in the income statement within the same period and in the same proportion as the expenditure on which they are based is recognised as an expense on an accrual basis. However, if the subsidies received concern intangible or tangible assets that are recognised as investments in the balance sheet, they are recognised as a reduction in the amount of the investment in the relevant long-term asset in the balance sheet.

Employee benefits

The Group's pension plans comply with the local regulations and practices in each country of operation. Under IAS 19, pension plans are classified as defined contribution plans or defined benefit plans.

All the current pension plans in the Solwers Group are defined contribution plans. Payments to pension insurance companies are recognised as an expense on an accrual basis in the income statement of the period to which they relate.

Provisions

Expense provisions are recognised when a legal or constructive obligation has arisen for the Group as a result of past events and it is probable that the obligation will require the transfer of financial resources away from the Group and the amount of the obligation can be reliably estimated.

Income tax and deferred taxes

Income taxes in the income statement consist of the Company's taxable income for the financial year and deferred taxes. Taxes based on taxable income for the financial year are calculated on the basis of the tax legislation applicable in each country of operation.

Deferred taxes are calculated on the basis of the tax rate in force at the financial statements date. However, the statutory rate which will be applicable after the balance sheet date already applies to deferred taxes presented in the financial statements. Deferred taxes are calculated on the basis of the temporary differences between the carrying amount of an asset or liability and its taxable value.

Deferred tax liabilities are recorded in full in the balance sheet. Deferred tax assets, on the other hand, are recognised up to the extent that it is probable that taxable profit will be available in the future, against which deductible temporary differences can be used.

Deferred tax is not recognised for non-deductible goodwill. In addition, no deferred tax is recognised on undistributed profits of subsidiaries to the extent that the temporary difference is unlikely to be recovered in the near future.

The Group's most significant temporary differences arise from the fair value measurement of assets and tax losses in connection with a business combination.

Estimated items requiring management judgement and main sources of uncertainty in the estimates

The preparation of the financial statements requires the Company's management to make estimates and assumptions regarding the future. In addition, the Company's management should use judgement when applying the accounting and accounting principles of the financial statements. Although the Company's management relies on the best estimates at the financial statements date, the actual events in the future may differ from these estimates and assumptions.

The significant estimates made by Solwers' management are related to the goodwill impairment test assumptions, measurement of the value of assets, the impairment of trade receivables, deferred tax assets and cost provisions for design projects.

Solwers recognises an impairment loss for trade receivables if their payment delay exceeds 360 days or, on a case-by-case basis, at the discretion of management when independent evidence is available, indicating that the recovery of the receivable will not result in payment by the customer.

Solwers conducts annual impairment tests for goodwill and intangible assets with an unlimited useful life and assesses whether there are indications of impairment in the application of the accounting principles described in the notes above. The recoverable amounts of cash-generating units used in impairment tests are determined on the basis of their value in use calculations, which require the use of estimates.

For goodwill impairment tests, the management's estimates and related critical uncertainties related to the components of the recoverable amount of calculations include the discount rate, growth rate after the forecast period and changes in revenue and operating profit, including changes in the company's cost level.

Related parties

The parties are considered to be related parties if one party can have a dominant influence or shared dominant influence or notable influence of power on the other party regarding decision making related to finances and business activities.

Significant shareholders, subsidiaries and key persons in the management are considered related parties of the parent company. Members of the board, the CEO, members of the Group's management team and their close family members are considered key persons in the management.

3. SEGMENT REPORTING

Solwers' management monitors the profitability of the Group's operations with the so-called single segment reporting model, which covers all Group companies in all geographical areas of the company (Finland and Sweden). Therefore, all information concerning profitability, assets and the capital presented in these financial statements, including all notes, follow the single segment reporting and presentation model.

4. REVENUE

	2022	2021
Revenue by country		
Finland	36,580	28,772
Sweden	26,216	15,890
Total	62,796	44,662

In accordance with the practices defined in the accounting principles, the Group's net sales consist of sales revenue based on customer agreements, which is recognised over time.

The assets and liabilities related to customer agreements at the balance sheet date and the changes in them during the financial year are presented in the two tables below. The assets shown in the tables are included in the accrued income shown in Note 19, and the liabilities in the prepayments received are disclosed in Note 25.

	2022	2021
Customer related assets		
Customer related assets 1.1.	3 115	1 935
Customer related assets 31.12.	2 784	3 115

	2022	2021
Customer related liabilities		
Customer related liabilities 1.1.	112	0
Customer related liabilities 31.12.	27	112

5. OTHER OPERATING INCOME

	2022	2021
Other operating income, break-down by category		
Insurance compensations	44	3
Gain on sale of non-current assets	40	272
Other subsidies from public entities	46	108
Rental income	59	16
Other tems	42	23
Total	230	423

6. MATERIALS AND SERVICES

	2022	2021
Materials and services expenses, break-down by category		
Subcontracting services	-6,885	-5,607
Other variable expenses	-1,457	-695
Total	-8,342	-6,302

7. EXPENSES ARISING FROM EMPLOYEE BENEFITS

	2022	2021
Employee benefit expenses, break-down by category		
Salaries, wages and other remuneration	-29,300	-20,572
Pension costs	-5,803	-4,023
Compulsory social charges	-2,399	-1,592
Other voluntary employee expenses	-1,260	-951
Total	-38,762	-27,138

8. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	2022	2021
Amortization, depreciation and impairment of non-current assets		
Amortization of intangible assets	-266	-108
Depreciation of tangible assets	-2,799	-2,016
Depreciation of tangible assets	-429	-397
Depreciation of right-of-use assets, machinery and equipment	-509	-392
Depreciation of right-of-use assets, buildings and structures	-1,860	-1,227
Total	-3,065	-2,124

9. OTHER OPERATING EXPENSES

	2022	2021
Other operating expenses, break-down by category		
Business premises expenses	-876	-768
ICT expenses	-2,297	-1,889
Travel expenses	-839	-643
Machinery and equipment expenses	-1,473	-1,108
Marketing expenses	-418	-315
Administrative services expenses	-858	-679
Other administration expenses	-802	-599
Other operating expenses	-202	-149
Total	-7,766	-6,150

During fiscal year 2022 group recognised expenses in income statement for 1.294 thousand euros (1.075 thousand euros) relating to short term and low value lease agreements.

	2022	2021
Fees to auditors, summarized by cost category		
Audit	-123	-89
Tax consultation	-11	-24
Other advisory services	-8	-131
Total	-142	-243

10. FINANCIAL INCOME AND EXPENSES

	2022	2021
Financial income and expenses, break-down by category		
Financial income		
Interest income	18	14
Dividend income	0	89
Exchange rate gains	171	43
Fair valuation of current investments	2	8
Gain from sale of current investments	22	103
Other financial income	0	1
Total	213	258
Financial expenses		
Interest expenses	-422	-1 062
Exchange rate losses	-4	-1
Other financial expenses	-282	-182
Total	-707	-1 245
Net financial income and expenses	-495	-987

11. INCOME TAX

	2022	2021
Income tax expense		
Income tax charge for the financial year	-1 206	-985
Change of deferred taxes	183	495
Total	-1 022	-490
	2022	2021
Reconciliation of income tax expense		
Profit before tax	4 597	2 384
Tax on profit before tax by applying parent company's tax rate (20,00%)	-919	-477
Tax adjusting effect of the following items		
Tax rate difference	15	16
Tax non-deductible expenses	-101	-43
Tax exempt income	5	7
Use of tax losses carried forward	0	38
Use of non-recognized tax losses carried forward from prior years	29	41
Tax losses incurred but not recognised	-7	-13
Other items	-44	-59
Total tax expense recognized in the income statement	-1 022	-490

12. EARNINGS PER SHARE

	2022	2021
Earnings per share, non-diluted		
Profit attributable to parent company shareholders; EUR	3 395 960	1 659 770
Average number of shares during the financial year	8 843 228	7 239 224
Earnings per share; EUR/share	0,38	0,23
Comprehensive net income per share, non-diluted		
Comprehensive profit attributable to parent company shareholders; EUR	2 130 751	1 516 415
Average number of shares during the financial year	8 843 228	7 239 224
Comprehensive profit per share; EUR/share	0,24	0,21

Diluted earnings per share correspond to basic earnings per share presented above. Comparison period earnings per share has been restated for treatment of foreign exchange differences from net investments in

foreign subsidiaries.

13. INTANGIBLE ASSETS

	2022	2021
Intangible assets specified by category		
Intangible assets	1,286	914
Goodwill	37,836	33,507
Carrying value, closing balance 31.12.	39,122	34,421

The movement of the two categories of intangible assets mentioned above is presented in the following two tables.

	2022	2021
Movement of intangible assets		
Carrying value, opening balance 1.1.	914	399
Increase	654	644
Increase due to business combinations	0	54
Decrease	-15	-76
Decrease	0	0
	1,553	1,021
Amortization for the financial year	-266	-108
Carrying value, closing balance 31.12.	1,286	914

Intangible assets mainly consist of IT software used in consultancy.

	2022	2021
Movement of goodwill		
Carrying value, opening balance 1.1.	33 507	16 595
Increase due to business combinations in fiscal year	3 397	17 516
Change in contingent consideration	2 474	0
Translation difference	-1 543	-603
Carrying value, closing balance 31.12.	37 836	33 507

Changes in contingent consideration are booked into goodwill within 12 months from the acquisition date.

Goodwill impairment testing

Regular amortisation of goodwill recognised in the balance sheet is not recognised. Instead, goodwill is tested annually for impairment in accordance with IAS 36 Impairment of Assets.

The objective of the test is to determine the recoverable amount of cash-generating units based on their value in use. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The preparation of goodwill impairment testing requires estimates to be made about the future. The management's estimates and related critical uncertainties relate to the components of the calculation of recoverable amount, which include the discount rate, the growth rate after the forecast period, and the development of revenue and operating profit, including changes in the company's cost level. The discount rate reflects the estimates of the time value of money at the time of testing and the relevant risk premium, which in turn reflects the risks and uncertainties that have not been taken into account in adjusting the corresponding cash flow estimates.

When calculating the value in the use of a cash-generating unit, the discount rate used in the calculation is based on the weighted average cost of capital before taxes (WACC before taxes). The components of the test calculation are risk-free return, business risk, market risk premium, market-based beta, cost of debt and the target capital structure of the company's invested capital [equity/interest-bearing and non-interest-bearing liabilities].

The impairment tests for 2022 were allocated to the balance sheet date on 31 December 2022. In the tests, two of the company's subgroups and other directly or indirectly owned subsidiaries were considered as separate cash-generating units. The reason for testing both sub-groups instead of the separate companies they form is that the two sub-groups are of a technical nature and their business is controlled from their immediate parent company.

The test was performed for all cash-generating units to which goodwill has been allocated and acquired before 2022. For companies acquired in 2022, the impairment test is performed for the first time in 2023. The discount rate (WACC before taxes) used in the calculations was 10,11 -11,95 (7.58)%.

The key variables used in the calculations were revenue growth and profitability (EBITDA%), which were based on both the 2023 budget approved by the Board of Directors and the long-term profitability, cost and profitability estimates of the company's management. The 2023 budget was used for the first year of the short-term (5 years) impairment testing. The average annual revenue growth used in the calculations for the forecast five-year period was 1.00–9.00 (1.00-2.00). 1.00-2.00 (1.00-2.00)% was used as the terminal growth rate. However, the projected profitability of the cash-generating units was adjusted on a case-by-case basis to reflect actual performance in recent years and/or any known or probable future changes in profitability.

The tests performed concluded that the assets of none of the cash-generating units were impaired. Therefore, no impairment loss was recognised based on testing. Based on the calculations made, the value in use of the assets of the cash-generating units exceeded their book values by 0.6-1,070.7 (14.9-1.078,6)%. The sensitivity analysis performed showed that the recoverable amount would have been determined by the carrying amount of the assets if the discount rate had been 0.05-133.50 (0.77-75.69) percentage points higher than currently used.

14. TANGIBLE ASSETS

Tangible assets mainly consist of measuring devices used for risk assessment and other consultancy equipment related to client assignments as well as leased tangible assets in accordance with IFRS 16.

Leased tangible assets comprise leased office equipment, passenger cars used by personnel and other vehicles used in business operations as well as leased premises.

	2022	2021
Movement of tangible assets		
Carrying value, opening balance 1.1.	5,850	4,816
Increase	3,308	3,198
Increase due to business combinations	0	276
Decrease	-706	-419
Translation difference	-1	-5
	<u>8,450</u>	<u>7,866</u>
Depreciation for the financial year	-2,799	-2,016
Carrying value, closing balance 31.12.	5,652	5,850

Right-of-use assets at 31.12.2022 (included in the above tangible asset balances)

	2022	2021
Premises	2,868	2,790
Machinery and Equipment	1,130	1,527
Total	<u>3,998</u>	<u>4,317</u>

15. NON-CURRENT INVESTMENTS

The movement of non-current investments and their content are presented in the following two tables.

	2022	2021
Movement of non-current investments		
Carrying value, opening balance 1.1.	1,898	1,568
Additions due to business combinations	0	654
Decrease	-10	-323
Carrying value, closing balance 1.1.	1,888	1,898
	2022	2021
Non-current investments specified by category		
Real estate and housing company shares	1,863	1,863
Other shares	25	35
Total	1,888	1,898

16. BUSINESS COMBINATIONS

Solwers Group's growth strategy is implemented with the objective of systematic organic growth and on the basis of an active acquisition plan. All the entities acquired are companies specialising in design and/or consultancy with expertise complementing one another.

The costs related to the acquisitions, e.g. expert fees, are posted performance based on the periods the services are received in.

Most of the acquisition have been smaller and supplementary acquisitions, which, as separate additions, have had an effect of less than 10% in Solwers Group's net sales in 2022. Increasing human resources and local expertise has been the main driver of acquisitions. The value of acquisitions therefore mainly consists of skilled personnel, and as a result, the value exceeding the net assets acquired ends up in goodwill.

The prices of acquisitions made in 2022 generally include conditional acquisition prices tied to the future 2–3 year performance of the acquired item. Contingent consideration is in principle based on EBIT forecast of the target and agreed valuation multiple. Contingent purchase price liabilities are measured at estimated fair value in the financial statements. Changes in contingent consideration are booked into goodwill within 12 months from the acquisition date.

On 31 December 2022, the Company has contingent purchase price liabilities of EUR 7,485 thousand in its balance sheet, of which EUR 726 thousand is short-term.

	2022	2021
Contingent consideration liabilities		
Contingent consideration liabilities 1.1.	5,919	2,429
Additions from current fiscal year acquisitions	1,521	4,327
Additions from prior fiscal year acquisitions	2,474	0
Payment of contingent consideration	-2,117	-1,309
Translation differences	-312	472
Contingent consideration liabilities 31.12.	7,485	5,919
of which		
short term	726	2,123
long term	6,759	3,796

In 2022, the Company made two acquisitions, one in Finland and one in Sweden. A summary of the financial impact of the acquisitions made is given in the table below.

	2022
Acquisition consideration	
Cash consideration	2 297
Consideration paid with exchange of shares	381
Contingent consideration	1 545
Acquisition consideration, total	4 223
 Acquired identifiable net assets	
Non-current assets	
Intangible assets	8
Tangible fixed assets	1
Investments	0
Non-current receivables	0
Current assets	
Trade receivables and other receivables	795
Deferred tax assets	0
Investments	0
Cash and cash equivalents	482
Assets, total	1 286
 Non-current liabilities	
Interest bearing	0
Non-interest bearing	0
Deferred tax liabilities	112
Current liabilities	
Interest bearing	0
Deferred tax liabilities	12
Non-interest bearing	337
Liabilities, total	460
 Acquired identifiable net assets	826
Goodwill	3 397
Acquired net assets, total	4 223
 Net cash flow effect	
Total acquisition consideration	-4 223
Consideration paid with exchange of shares	381
Contingent consideration	1 545
Cash and cash equivalents at the acquisition date of the the acq	482
Net cash flow effect, total	-1 815

In May, Solwers acquired all the shares in Establish Schening AB in Sweden. Acquisition was made partly with directed share issue (54.978 shares), partly with cash payment. Establish Schening AB operates in Stockholm, Sweden. The company employs 12 people and revenue in 2021 was SEK 20 million. Establish Schening develops public transport, strategies for the location and establishment of new industrial activities as well as logistics solutions. Contingent consideration is based on forecasted EBIT, which is expected to exceed the minimum value stated on the purchase agreement. Forecasted EBIT is multiplied by contingent consideration valuation multiple.

Lukkaroinen Arkkitehdit Oy, a Solwers company, acquired in March 2022 the entire share capital of Arkkitehtoitomisto Sabelström Arkitektkontor Oy. Acquisition was made by cash payment. The Turku-based Arkkitehtoitomisto Sabelström Arkitektkontor, employs 8 people, and has strong experience in architectural and interior design. The company's core expertise comprises the design of new buildings, renovations, and alterations, as well as public and private interiors. Contingent consideration is based on forecasted EBIT, which is expected to exceed the minimum value stated on the purchase agreement. Forecasted EBIT is multiplied by contingent consideration valuation multiple.

ELE Engineering AB acquired in December 2021 has been consolidated in the consolidated financial statements for 2022 for full fiscal year for both income statement and balance sheet. For 2021 consolidated financial statements ELE Engineering AB was consolidated for balance sheet.

17. NON-CURRENT RECEIVABLES

	31.12.2022	31.12.2021
Non-current receivables specified by category		
Loan receivables	1,098	1,147
Deferred tax assets	39	0
Security cash deposits	314	263
Total	1,451	1,410

Non-current deferred tax assets

Non-current deferred tax assets consist of timing differences between accounting and taxation, which are expected to materialize later than within one year. Non-current deferred tax assets are presented by source in the following table.

	31.12.2022	31.12.2021
Non-current deferred tax assets specified by source		
Other investments	39	0
Total	39	0

18. INVENTORIES

	31.12.2022	31.12.2021
Inventories specified by category		
Work in progress	105	91
Goods and products	63	73
Other inventories	0	0
Total	168	163

Work in progress consists of the fair value of consultancy work performed by the end of the financial year but not invoiced, from which the Group's internal margin has been eliminated.

19. CURRENT RECEIVABLES

	31.12.2022	31.12.2021
Current receivables specified by category		
Trade receivables	9,322	8,718
Deferred tax assets	941	651
Other receivables	216	347
Prepaid expenses and accrued income	4,107	3,922
Total	14,586	13,637

The carrying amount of trade receivables is based on management's assessment of their fair value. Current receivables do not include credit risks differing significantly from the long-term average.

	31.12.2022	31.12.2021
Trade receivables specification by maturity		
Not due	7,962	7,579
Overdue by aging category		
< 30 days	884	874
31 – 60 days	173	118
61 – 90 days	40	31
> 90 days	263	116
Total	9,322	8,718

Current deferred tax assets

Current deferred tax assets consist of timing differences between accounting and taxation, which are expected to materialize within one year. Current deferred tax assets are presented by source in the following table.

	31.12.2022	31.12.2021
Current deferred tax assets specified by source		
Tax losses carried forward	928	687
Other items	13	-37
Total	941	651

	31.12.2022	31.12.2021
Prepaid expenses and accrued income major items		
Accrued income	2 784	3 115
Accrued interest income	0	10
Income tax receivables	372	27
Insurance premium prepayments	2	2
Other prepaid expenses	7	11
Other items	942	757
Total	4 107	3 922

20. CURRENT INVESTMENTS

	31.12.2022	31.12.2021
Current investments specified by category		
Shares	18	20
Investments funds	316	312
	334	332

Investment funds are valued and presented at fair market value at the end of the financial year. All short-term investments are included in category 1, i.e. their valuation is based on the public market quotations used to value

similar financial instruments.

21. FINANCIAL ASSETS

The classification and valuation of financial assets are presented in the two tables below.

	Valuation at amortized cost	Valuation at fair value through compreh. income statement	Carrying value total	Fair value	Level 1	Level 2	Level 3
Financial assets 31.12.2022							
Non-current							
Investments		1 888	1 888	1 888			1 888
Receivables		1 451	1 451	1 451			1 451
Current							
Trade receivables	9 322		9 322	9 322		9 322	
Investments		334	334	334	334		
Cash and cash equivalents	18 482		18 482	18 482	18 482		
Total	27 803	3 673	31 476	31 476			
Financial assets 31.12.2021							
Non-current							
Investments		1 898	1 898	1 898			1 898
Receivables		1 410	1 410	1 410			1 410
Current							
Trade receivables	8 718		8 718	8 718		8 718	
Investments		332	332	332	332		
Cash and cash equivalents	12 642		12 642	12 642	12 642		
Total	21 360	3 640	25 000	25 000			

22. NUMBER OF SHARES

Company's shares

Solwers Plc's share capital consists of one series of shares. Each share entitles its holder to one vote in the General Meeting.

Share issue authorization granted by the Annual General Meeting to the Board of Directors

On 22 April 2021, the Annual General Meeting granted the Board of Directors an authorization to issue a maximum of 4,166,667 new shares. This authorization did not override previous authorizations entitling the Board of Directors to decide on the issuance of shares or special rights entitling to shares.

The shares issued pursuant to the authorization may be new and/or own shares held by the Company, and the Board of Directors may also issue options and/or other special rights entitling to shares pursuant to Chapter 10 of the Finnish Limited Liability Companies Act. The authorization is valid until 30 April 2023. On the basis of the authorization, the Board of Directors may decide on all the terms and conditions of the share issue. The share issue may deviate from shareholders' pre-emptive rights (private placement) if a compelling economic reason for the Company exists.

The Board of Directors may use the authorization to carry out acquisitions or other restructuring measures related to the Company's business operations and capital structure, the implementation of an incentive scheme for the Group's personnel or for other purposes as decided by the Board of Directors.

On the basis of the authorization, the Board of Directors may decide that the subscription price may be set off against the Company's receivable or that the specific rights to be granted are subject to the condition that the receivable be used to set off the subscription price of the share.

Authorisation has been fully used at 28 February 2023.

Share issues made in 2022 based on authorizations granted by the General Meeting

The Board of Directors used the share issue authorizations in 2022 as follows in:

Date of decision	Operation	Changes in the number of shares	Subscription price (EUR)	Number of shares after the operation	Share capital (EUR)	Date of registration in the Trade Register
17 May 2022	Directed share issue to the sellers of Establish Schening AB	54,978	6.94	8,854,782	1,000,000.00	20 Jun 2022
13 Dec 2022	Directed share issue to selected investors	1,020,000	4.40	9,874,782	1,000,000.00	16 Dec 2022

Of the assets accumulated from the aforementioned share issues, EUR 4,870 thousand has been recognized in the financial statements in the reserve for invested non-restricted equity. As a result, the Company's share capital has not been increased during the financial year.

Number of shares in the Company

The change in the number of shares in the Company is presented in the following table.

	2022	2021
Number of shares outstanding (pcs)		
Opening balance 1.1.	8 758 584	4 538 180
Directed share issue 20 June 2022	54 978	0
Directed share issue 16 December 2022	1 020 000	0
IPO 7-14 June 2021	0	1 200 000
Directed share issues 2021	0	3 020 404
Closing balance 31.12.	9 833 562	8 758 584

Total number of shares in the Company at 31 December 2022 was 9,874,782, of which the Company owned 41,220 shares.

With respect to the changes in equity, see the separate "Statement of changes in equity" included in the financial statements.

23. FINANCIAL AND CAPITAL RISKS

Financial risk management

Solwers' financial risk management aims to ensure the Group's financial stability and the availability of sufficient financing options in various market situations. The Group is exposed to various market risks. Changes in these risks affect the Company's assets, liabilities and anticipated business transactions.

Risks arise from changes in interest rates and exchange rates. Financial risk management is implemented as part of the Group's risk management. The basis for financial risk management is the principles of business continuity.

The situation of financial risks is regularly reported to the company's Board of Directors and management. The most significant decisions in principle concerning risk management are made by the company's Board of Directors. The Board handles all the most significant financial matters, such as the Group's external loan arrangements.

Subsidiaries are responsible for managing the risks associated with their own business and for forecasting their cash flows. Solwers' cash and liquidity remained at a good level throughout 2022.

Currency risk

The most significant source of currency risk is the Swedish krona through the business operations of the subsidiaries in Sweden, but also through bank loans denominated in Swedish kronor. Solwers do not actively hedge currency risks because the income and expenses of the business are generally in the same currency (so-called natural hedge). The translation risk arises mainly from the parent company's domestic loans denominated in foreign currencies. The translation risk is not hedged.

Interest rate risk

Solwers is exposed to financial risks in its operations, such as the effects of changes in interest rates and the availability of competitive financing. Changes in the macroeconomic environment or the general situation in financial markets may adversely affect the availability, price and other conditions of financing. An increase in interest rates could have an essential direct effect on the cost of the available financing and the Company's existing financing costs. An increase in interest rates may thus affect the company's cost of debt financing in the future.

The company constantly strives to anticipate and monitor the need for financing its business so that the company has sufficient liquidity to finance its operations and to repay maturing loans.

Credit risk

Credit risk is the risk of financial loss arising if a customer fails to meet its contractual obligations. Credit risk relates to counterparties with open receivables or long-term agreements.

Ensuring the adequacy of the working capital is essential, as a significant part of the Group's business consists of project-based design work. The policies created to ensure this are the critical selection of reliable partners, risk-sharing through alliances with other competitors, the timely allocation of project costs to project revenues and the use of prepayment terms in clients' engagement agreements.

At the end of each reporting period, the Group companies assess whether there is objective evidence that a financial asset or a group of financial assets is impaired. If there is reasonable evidence of impairment, the financial asset is recorded as a credit loss. Credit losses are expensed in the income statement.

Liquidity risk

In order to manage liquidity risk, the company maintains sufficient liquidity reserves to hedge against fluctuations in the working capital requirements.

Capital risk management

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, besides the monthly operative reporting, is 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 beginning of the acquisition negotiations and the 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 % on a consolidated level. Within the Group, this ratio may vary from company to company due to differences in the business operations of the subsidiaries, for example. To maintain and secure this balanced capital structure continuously, including under the Company's active business acquisition policy, the Company's equity has been increased during 2021 by means of both paid and unpaid (directed) share issues.

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:

Covenant 1:

$$\frac{\text{Adjusted Equity}}{\text{Adjusted Total Assets}}$$

Covenant 2:

$$\frac{\text{Interest-bearing liabilities}}{\text{EBITDA (12 months)}}$$

The current limit for Covenant 1 is a "minimum of 35%" and for Covenant 2 a "maximum value of 2,50".

Solwers monitors the two mentioned covenants in its business and responds with business and financial adjustments as needed. At the date of the financial statements, the value of Covenant 1 was 46,7% while Covenant 2 was 0.70.

24. NON-CURRENT LIABILITIES

	31.12.2022	31.12.2021
Non-current liabilities specified by category		
Interest bearing		
Capital loans	0	0
Loans from credit institutions	17,390	14,004
Leasing liabilities	2,275	2,241
Shareholder loans	0	0
Other liabilities	789	119
	<u>20,455</u>	<u>16,365</u>
Non- interest bearing		
Deferred tax liabilities	324	133
Other liabilities	7,226	3,811
	<u>7,549</u>	<u>3,945</u>
Total	28,004	20,309

Loans from financial institutions and lease liabilities

Of the loans from financial institutions, EUR 1,582 (1,980) thousand are foreign currency loans in Swedish kronor.

The Company's debt financing was renewed during the financial year by a new financing agreement signed with the Company's main financing bank on 19 May 2022. The weighted average interest rate on loans from financial institutions is 3.95 (1.65) %.

The simulated weighted average capital cost for lease liabilities is 3.066 (2.81) % for the office premises and 3.07 (2.86) % for other leased assets.

Future repayments of loans from financial institutions and of the lease liabilities are shown below in the table "Liabilities by maturity".

Other interest-bearing liabilities

Other liabilities, EUR 789 (119) thousand, are interest-bearing debt other than loans from financial institutions.

Non-current deferred tax liabilities

Non-current deferred tax liabilities consist of timing differences between accounting and taxation, which are expected to materialise later than within one year. Non-current deferred tax liabilities are presented by source in

the following table.

	31.12.2022	31.12.2021
Non-current deferred tax liabilities specified by source		
Tax deductible voluntary provisions	167	34
Capitalization of development costs	157	99
Total	324	133

Other non-interest-bearing liabilities

Other non-interest-bearing liabilities are contingent purchase price liabilities 6.759 (3.796) thousand, resulting from acquisitions.

Valuation of non-current liabilities

The fair value of non-current liabilities essentially corresponds to their balance sheet value.

Total liabilities by maturity

The total amounts of liabilities (non-current and current) at 31 December 2022 are presented by maturity category in the following table.

	Current	Non-current					Total
	Due < 1 year	Due within 1 - 2 years	Due within 2 - 3 years	Due within 3 - 4 years	Due within 4 - 5 years	Due > 5 years	
Loans from credit institutions	1,586	2,295	2,623	9,936	2,536	-	18,976
Leasing liabilities	1,774	1,086	667	201	151	170	4,049
Other liabilities	4,177	7,617	397	-	-	-	12,192
Deferred tax liabilities	131	324	-	-	-	-	455
Trade payables	1,887	-	-	-	-	-	1,887
Accruals and deferred income	5,965	-	-	-	-	-	5,965
Total	15,521	11,322	3,688	10,137	2,687	170	43,524

25. CURRENT LIABILITIES

	31.12.2022	31.12.2021
Current liabilities specified by category		
Interest bearing		
Loans from credit institutions	1,586	1,483
Leasing liabilities	1,774	2,076
Other liabilities	82	244
	<u>3,442</u>	<u>3,803</u>
Non-interest bearing		
Deferred tax liabilities	131	113
Received prepayments	27	112
Accounts payable	1,887	1,849
Other liabilities	4,068	6,785
Accrued expenses and deferred income	5,965	5,474
	<u>12,079</u>	<u>14,333</u>
Total	15,521	18,136

Other interest-bearing liabilities

Other liabilities, EUR 82 (244) thousand, are interest-bearing debt other than loans from financial institutions.

Valuation of current liabilities

The fair value of current liabilities essentially corresponds to their balance sheet value.

Non-current deferred tax liabilities

Non-current deferred tax liabilities consist of timing differences between accounting and taxation, which are expected to materialise later than within one year. Non-current deferred tax liabilities are presented by source in the following table.

	31.12.2022	31.12.2021
Current deferred tax liabilities specified by source		
Depreciation in excess of plan	37	37
Tax deductible voluntary provisions	49	39
Fair valuation of financial assets	5	5
Capitalization of development costs	39	32
Total	131	113

Other non-interest-bearing liabilities

Other non-interest-bearing liabilities includes contingent purchase price liabilities EUR 726 (2.123) thousand, resulting from acquisitions.

	31.12.2022	31.12.2021
Accrued expenses and deferred income major items		
Holiday pay and other salary accruals	3,455	3,343
Accrued pension costs	507	402
Accrued other compulsory social charges	809	778
Accrued interest expenses	91	29
Accrued income tax	119	125
Other accruals	984	796
Total	5,965	5,474

26. FINANCIAL LIABILITIES

The total amounts of liabilities (non-current and current) 2022 are presented by maturity category in the following table.

	Valuation at amortized cost	Valuation at fair value through compreh. income statement	Carrying value total	Fair value	Level 1	Level 2	Level 3
Financial liabilities 31.12.2022							
Non-current							
Loans from credit institutions	17 390		17 390	17 390		17 390	
Leasing and rental agreements	2 275		2 275	2 275		2 275	
Acquisition debt		6 759	6 759	6 759			6 759
Current							
Loans from credit institutions	1 586		1 586	1 586		1 586	
Leasing and rental agreements	1 774		1 774	1 774		1 774	
Acquisition debt		726	726	726			726
Trade payables	1 887		1 887	1 887		1 887	
Total	24 912	7 485	32 398	32 398			

	Valuation at amortized cost	Valuation at fair value through compreh. income statement	Carrying value total	Fair value	Level 1	Level 2	Level 3
Financial liabilities 31.12.2021							
Non-current							
Loans from credit institutions	14,004		14,004	14,004		14,004	
Leasing and rental agreements	2,241		2,241	2,241			2,241
Acquisition debt		3,796	3,796	3,796			3,796
Current							
Loans from credit institutions	1,483		1,483	1,483		1,483	
Leasing and rental agreements	2,076		2,076	2,076			2,076
Acquisition debt		2,123	2,123	2,123			2,123
Trade payables	1,849		1,849	1,849		1,849	
Total	21,653	5,919	27,572	27,572			

27. RELATED PARTY TRANSACTIONS AND MANAGEMENT REMUNERATION

Related party transactions

Related party transactions include transactions between Group companies and the members of the Board of Directors, the key members of the Company's management as well as their family members or companies under their control. The related party transactions presented in the table below are on an accrual basis.

	2022	2021
Related party transactions by category		
Salary and other remuneration	571	528
Other operating expenses	1	3
Financial expenses	0	614
Receivables from related parties		
Loan receivables	206	230

No new loans have granted to related parties during the fiscal year.

The transactions between Solwers Plc and its subsidiaries have been eliminated in the consolidated financial statement and, therefore, are not reported in this note. The transactions between these parties have been carried out on market terms.

Remuneration of management

The Annual General Meeting decides on the remuneration of the members of the Board. On 21 April 2022, the Annual General Meeting decided that the remuneration to paid to the members of the Board as well as to the Chairman of the Board is EUR 2,000 per meeting.

The company's Board of Directors decides on the CEO's salary and other remuneration annually. The CEO's remuneration consists of a total salary, which includes a fixed monthly salary, a car benefit and a telephone benefit as well as a short-term incentive in the form of an annual performance bonus. In addition, the benefits for the CEO include supplementary pension insurance.

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

	2022	2021
Remuneration		
Remuneration to the Board of Directors	95	75
Managing Director salary & remun. (incl. fringe benefits)	152	157
Management Team salary & remun. (incl. fringe benefits)	324	297
	571	528

Board of Directors and Management Team Holdings

Management holdings	Number of shares	Holding
Leif Sebbas ¹⁾	286 340	2,9 %
Hanna-Maria Heikkinen	5 112	0,1 %
John Lindahl ²⁾	15 000	0,2 %
Mari Pantsar	2 151	0,0 %
Emma Papakosta ³⁾	4 180	0,0 %
Stefan Nyström	312 000	3,2 %
Roger Lindqvist	53 791	0,5 %
Taina Erkkilä	8 620	0,1 %
Olli Kuusi	17 360	0,2 %

¹⁾ Adding the total shareholding of Finnmap Engineering Oy and CEB Invest Oy to the total shareholding 4,734,424 shares and ownership 48%

²⁾ In addition to Topix Ab's indirect shareholding, a total of 45,000 shareholdings and a 0.4% shareholding

³⁾ Nominee registered

28. COLLATERAL PROVIDED AND CONTINGENT LIABILITIES

	31.12.2022	31.12.2021
Collateral to secure own commitments		
Floating charges, nominal value	41 909	16 500
Pledged subsidiary shares, carrying value	52 437	40 632
Total	94 346	57 132
Pledged as security for		
Loans from credit institutions	28 544	15 038
	31.12.2022	31.12.2021
Other collateral to secure own commitments		
Pledged bank deposits	285	275
Guarantees	137	212
Total	422	488
Pledged as security for		
Rental commitments	285	275
Subsidiary loans and bank overdraft limits from credit institutions	112	188
Total	397	463
	31.12.2022	31.12.2021
Future minimum lease payments (incl. VAT)		
Due before the end of the next financial year	2,622	2,141
Due beyond the end of the next financial year	3,596	2,962
Total	6,218	5,103
	31.12.2022	31.12.2021
Fair value of financial derivatives		
Interest rate swap and cap agreements	-2	-3
Total	-2	-3

Lease liabilities presented in long-term and short-term interest-bearing liabilities form a significant part of the total of EUR 6,218 thousand (EUR 5,103 thousand) of the above minimum future leases.

29. EVENTS AFTER THE FINANCIAL YEAR

Company acquisition

On 21 February 2023, Solwers signed an agreement to acquire the entire capital stock in Transport Consultancy Group Nordic AB which is specialized in technical consultancy in rail industry.

On the same day, it was communicated that Solwers will organize a directed share issue to the sellers, 81.505 shares, which are expected to be registered during March 2023. The total number of shares issued by Solwers Plc increased due to this share issue from 9,874,782 to 9,915,067 shares. The number of treasury shares possessed by the Company decreased from 41,220 to 0. At the financial statement date group had not yet completed identification of net assets.

Initial purchase consideration (thousand euro)	
Cash consideration	2 188
Share issue consideration	394
Contingent consideration	not yet completed

CALCULATION FORMULAS FOR KEY FIGURES

Revenue per person Growth	Revenue / average total number of employees Revenue growth for the most recently concluded reporting period compared to revenue for the corresponding period in the previous year
Invoicing rate	Sum of the Solwers companies' sales margins / (company1 sales margin / company1 invoicing rate) + (company2 sales margin / company2 invoicing rate) + ... + (company sales margin / company invoicing rate) where n = the number of Solwers companies for which the invoicing rate is an applicable performance Indicator
EBITDA	EBITDA = EBIT + depreciation, amortization and impairment of tangible and intangible assets
EBITDA-%	EBITDA % = (EBIT + depreciation, amortization and impairment of tangible and intangible assets) / revenue x 100
EBITA	Adjusted EBIT excluding depreciation, amortization and impairment of intangible assets and leased premises = EBIT + amortization of intangible assets and leased premises + impairment
EBITA-%	Adjusted EBIT % = (Operating profit + amortization of intangible assets and leased premises depreciation of intangible assets + impairment) / revenue x 100
EBIT	Operating profit
EBIT-%	EBIT / revenue x 100
Net Profit	Profit/loss for the financial period
Net Profit-%	(Profit/loss for the financial period) / revenue x 100
EPS	Earnings per share = Share of the net profit for the period attributable to the owners of the parent company / average number of outstanding shares during the period
Adjusted equity Net debt	Equity + non-controlling interest + capital loans Interest-bearing liabilities + lease liabilities + other liabilities comparable to interest-bearing liabilities - cash and cash equivalents
Equity ratio Adjusted equity ratio	(Equity + non-controlling interest) / balance sheet total (Equity + non-controlling interest + capital loans) / balance sheet total

SOLWERS OYJ

FINANCIAL STATEMENTS 2022

PARENT COMPANY (FAS)

INCOME STATEMENT

Parent company, FAS

EUR THOUSAND	NOTE	2022	2021
REVENUE	3	1,220	297
Other operating income		405	0
Materials and services		-414	-2
Personnel costs	4	-778	-659
Amortization, depreciation and impairment	5	-3	-3
Other operating expenses	6	-860	-678
OPERATING RESULT		-430	-1,044
Financial income and expenses	7	-1,496	-27
RESULT BEFORE APPROPRIATIONS AND TAXES		-1,926	-1,071
Appropriations	8	1,510	188
NET RESULT FOR THE FINANCIAL YEAR		-416	-883

BALANCE SHEET

Parent company, FAS

EUR THOUSAND	NOTE	31.12.2022	31.12.2021
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	9	9	10
Investments	10	28,945	27,636
Receivables	11	1,116	1,919
NON-CURRENT ASSETS, TOTAL		30,069	29,565
CURRENT ASSETS			
Inventories	12	105	105
Receivables	13	21,367	20,825
Financial securities		0	1
Cash and cash equivalents		8,342	2,499
CURRENT ASSETS, TOTAL		29,814	23,431
ASSETS, TOTAL		59,883	52,996
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital		1,000	1,000
Share issue		0	1,453
Share premium account		20	20
Other reserves		35,989	29,667
Retained earnings		2,473	3,707
Profit for the financial year		-416	-883
EQUITY, TOTAL	14	39,066	34,963
LIABILITIES			
Non-current liabilities	15	17,243	15,583
Current liabilities	16	3,574	2,450
LIABILITIES, TOTAL		20,817	18,032
EQUITY AND LIABILITIES, TOTAL		59,883	52,996

NOTES TO THE FINANCIAL STATEMENTS

Parent company, FAS

1. GENERAL INFORMATION ABOUT THE COMPANY

Solwers Plc (Business ID 0720734-6) is a Finnish public limited company incorporated under Finnish law. It has its registered head office in Espoo at Kappelikuja 6 B. The Company's domicile is Kauniainen.

Solwers Plc's financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS) and other Finnish corporate and tax legislation guiding the preparation and presentation of financial statements.

2. ACCOUNTING PRINCIPLES

Accrual principle

The accrual principle is the most important guiding principle for the recognition of income and expense in the income statement. Further information on the accounting policies applied is presented below to the extent that more detailed disclosure is deemed necessary to understand the content of the financial statements.

Revenue recognition principles

Income is recognised as income in the income statement at the time when the customer has received the services that are the subject of the transaction. As Solwers Plc's main source of income is the services it provides to its subsidiaries, the passage of time is a decisive factor in revenue recognition.

Employee expenses

Salaries and social security contributions are recognised as an expense in the income statement in accordance with the accrual principle. The same applies to all other personnel costs, including voluntary personnel costs. Since the Company's statutory TyEL pension scheme is classified as a defined contribution plan, pension insurance premiums are also recognised as an expense in accordance with the accrual principle described above.

Non-current assets

Fixed tangible assets are recognised and presented at original acquisition cost less annual amortisation and any impairment losses recognised separately. The recognition of depreciation is based on the estimate of the useful life of the assets.

Shares in subsidiaries are recognised and presented at original acquisition cost less annual amortisation and any impairment losses recognised separately. In addition to the acquisition cost, their original cost includes all indirect costs incurred from or related to the acquisition.

Current receivables

Current receivables are generally recognised at original acquisition cost, but not at a value higher than the estimated amount that can be recovered from them in the future based on the management's estimate. The estimates made by the Company's management are based on the prevailing market situation and other factors known at the time of the preparation of the financial statements that affect the valuation of the receivables.

Classification of current and non-current assets, receivables and liabilities

Tangible and intangible assets are classified as non-current when their estimated economic life exceeds 12 months. Assets that do not meet this condition are classified as current assets.

Receivables are classified as non-current when their future recoverable cash flow is estimated to be realised later than 12 months after the end of the financial year. Receivables that do not meet this condition are classified as current receivables.

Debt items are classified as non-current when their future cash outflow is estimated to be realised later than 12 months after the end of the financial year. Debt items that do not meet this condition are classified as current.

Items in foreign currencies

Transactions in foreign currencies are recorded in euros at the exchange rate on the transaction date. At the end of the financial year, receivables and payables denominated in foreign currencies are measured at the exchange rates effective on the financial statements date. Exchange gains and losses are presented in the profit and loss account item in which the transaction that caused the exchange difference is recorded.

3. REVENUE

	2022	2021
Revenue, break-down by category		
Management fee income from group companies	1,220	297
Total	1,220	297

4. EMPLOYEE EXPENSES AND NUMBER OF EMPLOYEES

	2022	2021
Personnel costs, break-down by category		
Salaries, wages and other remuneration	-627	-536
Pension costs	-99	-84
Compulsory social charges	-9	-15
Other voluntary employee expenses	-42	-23
Total	-778	-659
Number of employees		
Average during the financial year	6	6
At the end of the financial year	6	6

5. DEPRECIATION, AMORTISATION AND IMPAIRMENT

	2022	2021
Amortization, depreciation and impairment of non-current assets		
Depreciation of tangible non-current assets	-3	-3
Total	-3	-3

6. OTHER OPERATING EXPENSES

	2022	2021
Other operating expenses, break-down category		
Business premises expenses	-49	-39
ICT expenses	-147	-77
Travel expenses	-37	-11
Machinery and equipment expenses	-32	-15
Marketing expenses	-47	-80
Administrative services expenses	-128	-186
Other administration expenses	-194	-111
Other operating expenses	-227	-159
Total	-860	-678
Other operating expenses, specified by group internal and external expenses		
Group internal expenses	-225	-131
External expenses	-2	-28
Total	-227	-159

	2022	2021
Fees to auditors, summarized by cost category		
Audit fees	-21	-11
Tax consultation fees	-11	-24
Other assignments as referred to in the Finnish Auditing Act	-8	-125
Total	-39	-159

7. FINANCIAL INCOME AND EXPENSES

	2022	2021
Financial income and expenses, break-down by category		
Financial income		
Dividend income from subsidiaries	0	2,072
Interest income from subsidiaries	338	188
Other interest income	10	11
Foreign currency exchange rate gains	168	43
Total	516	2,314
Financial expenses		
Interest expenses on loans from credit institutions	-381	-181
Interest expenses on other loans	-1	-753
Foreign currency exchange rate losses	-1,258	-185
Other financial expenses	-372	-1,222
Total	-2,012	-2,341
Net financial income and expenses	-1,496	-27

8. APPROPRIATIONS

	2022	2021
Appropriations, break-down by category		
Group contributions received	1,510	188
Total	1,510	188

9. TANGIBLE ASSETS

	2022	2021
Movement of machinery and equipment		
Carrying value		
Opening balance 1.1.	10	10
Investments	2	3
Depreciation	-4	-3
Closing balance 31.12.	9	10

10. NON-CURRENT INVESTMENTS

	2022	2021
Movement of non-current investments		
Subsidiary shares		
Acquisition cost		
Opening balance 1.1.	27,636	15,861
Additions	28,940	13,486
Divestments	-27,631	-1,712
Closing balance 31.12.	28,945	27,636

Shareholdings in subsidiaries 31.12.2022, specified by country

	Domicile	Acquisition date	Holding
Finland			
Direct ownership			
Solwers Finland Oy	Espoo	01.12.2022	100,00 %
Indirect ownership			
Accado Oy Ab	Espoo	13.10.2017	91,00 %
Arkitehdit Davidsson Tarkela Oy	Helsinki	3.7.2018	100,00 %
Contria Oy	Vaasa	18.12.2018	85,33 %
Finnmap Infra Oy	Helsinki	31.12.2016	90,92 %
Geounion Oy	Helsinki	29.10.2020	91,04 %
Imeco Oy Rakennuskonsultit	Jyväskylä	26.2.2022	100,00 %
Insinööritoimisto Pontek Oy	Espoo	21.12.2017	96,67 %
Insinööritoimisto W. Zennar Oy	Helsinki	17.12.2018	92,00 %
Kalliosuunnittelu Oy Rockplan Ltd	Helsinki	20.6.2017	93,60 %
Kalliotekniikka Consulting Engineers Oy	Helsinki	20.6.2017	100,00 %
Lukkaroinen Arkitehdit Oy	Oulu	30.11.2022	100,00 %
LVI-insinööritoimisto Meskanen Oy	Oulu	21.5.2022	100,00 %
Oy Polyplan Ab	Vaasa	23.3.2018	100,00 %
Solwers Kiinteistöt Oy	Helsinki	20.6.2017	100,00 %
Taitotekniikka Oy	Helsinki	13.12.2018	84,37 %
Insinööritoimisto Varsinais-Suomen Kalliotekniikka Oy	Turku	20.6.2017	100,00 %
Arkitehtitoimisto Sabelström Arkitektikontor Oy	Turku	28.2.2022	100,00 %
Sweden			
Direct ownership			
Solwers Sweden Ab	Stockholm	31.12.2017	100,00 %
Indirect ownership			
Dreem AB	Gothenburg	22.8.2019	95,00 %
ELE Engineering AB	Västerås	30.12.2021	100,00 %
Enerwex AB	Växjö	16.10.2020	91,00 %
Falk Construction Management AB	Kista	29.10.2021	100,00 %
Geo Survey Mätteknik AB	Stockholm	20.6.2017	96,80 %
KAM Redovisning AB	Stockholm	14.6.2019	94,00 %
Licab AB	Luleå	18.8.2020	100,00 %
Licab East AB	Luleå	18.8.2020	100,00 %
Establish Schening AB	Stockholm	17.5.2022	100,00 %
Rockplan Sweden AB	Stockholm	20.6.2017	96,80 %

11. LONG-TERM RECEIVABLES

	31.12.2022	31.12.2021
Non-current receivables specified by category		
Receivables from group companies	0	752
Loan receivables	1,098	1,147
Security cash deposits	18	18
Other receivables	0	2
Total	1,116	1,919

Loan receivables consist of loans granted by Solwers Plc and its subsidiaries to key personnel.

12. INVENTORIES

	31.12.2022	31.12.2021
Inventories		
Work in progress	105	105
Total	105	105

13. CURRENT RECEIVABLES

	31.12.2022	31.12.2021
Current receivables specified by category		
Receivables from group companies	21,312	20,722
Prepaid expenses and accrued income	6	36
Share issue receivables	15	0
Other receivables	34	67
Total	21,367	20,825

	31.12.2022	31.12.2021
Receivables from group companies consist of the following items		
Trade receivables	22	196
Loan receivables	19,131	17,218
Prepaid expenses and accrued income	460	210
Dividend receivables	0	2,909
Group contribution receivables	1,698	188
Total	21,312	20,722

14. SHARES AND AMOUNT OF SHARE CAPITAL

Company's shares

Solwers Plc's share capital consists of one series of shares. Each share entitles its holder to one vote in the General Meeting.

Share issue authorisation granted by the Annual General Meeting to the Board of Directors

On 22 April 2021, the Annual General Meeting granted the Board of Directors an authorisation to issue a maximum of 4,166,667 new shares. This authorisation did not override previous authorisations entitling the Board of Directors to decide on the issuance of shares or special rights entitling to shares.

The shares issued pursuant to the authorisation may be new and/or own shares held by the Company, and the Board of Directors may also issue options and/or other special rights entitling to shares pursuant to Chapter 10 of the Finnish Limited Liability Companies Act. The authorisation is valid until 30 April 2023. On the basis of the authorisation, the Board of Directors may decide on all the terms and conditions of the share issue. The share issue may deviate from shareholders' pre-emptive rights (private placement) if a compelling economic reason for the Company exists.

The Board of Directors may use the authorisation to carry out acquisitions or other restructuring measures related to the Company's business operations and capital structure, the implementation of an incentive scheme for the Group's personnel or for other purposes as decided by the Board of Directors.

On the basis of the authorisation, the Board of Directors may decide that the subscription price may be set off against the Company's receivable or that the specific rights to be granted are subject to the condition that the receivable be used to set off the subscription price of the share.

Authorisation has been fully used at 28 February 2023.

Share issues made in 2022 based on authorisations granted by the General Meeting

The Board of Directors used the share issue authorisations in 2022 as follows:

Date of decision	Operation	Changes in the number of shares	Subscription price (EUR)	Number of shares after the operation	Share capital (EUR)	Date of registration in the Trade Register
17 May 2022	Directed share issue to the sellers of Establish Schening AB	54,978	6.94	8,854,782	1,000,000.00	20 Jun 2022
13 Dec 2022	Directed share issue to selected investors	1,020,000	4.40	9,874,782	1,000,000.00	16 Dec 2022

Of the assets accumulated from the aforementioned share issues, EUR 4,870 thousand has been recognized in the financial statements in the reserve for invested non-restricted equity. As a result, the Company's share capital has not been increased during the financial year.

Number of shares in the Company

The change in the number of shares in the Company is presented in the following table.

	2022	2021
Number of shares outstanding (pcs)		
Opening balance 1.1.	8 758 584	4 538 180
Directed share issue 20 June 2022	54 978	0
Directed share issue 16 December 2022	1 020 000	0
IPO 7-14 June 2021	0	1 200 000
Directed share issues 2021	0	3 020 404
Closing balance 31.12.	9 833 562	8 758 584

Total number of shares in the Company was 9,874,782, of which the Company owns 41,220 shares.

	2022	2021
Movement in equity		
Restricted equity		
Subscribed capital		
Opening balance 1.1.	1 000	1 000
Closing balance 31.12.	1 000	1 000
Share issue		
Opening balance 1.1.	1 453	3 332
Additions	0	1 453
	<u>-1 453</u>	<u>-3 332</u>
Closing balance 31.12.	0	1 453
Share premium reserve		
Opening balance 1.1.	20	20
Closing balance 31.12.	20	20
Total restricted equity, closing balance 31.12.	1 020	2 473

	31.12.2022	31.12.2021
Unrestricted equity		
Invested unrestricted equity reserve		
Opening balance 1.1.	29 667	2 818
Directed share issue 21 Dec. 2020 - 10 Jan. 2021	0	3 788
Directed share issue 29 Feb. 2021	0	200
Directed share issue 4 March 2021	0	1 766
Directed share issue 4 March 2021	0	990
Directed share issue 4 May 2021	0	1 427
Directed share issue 10 May 2021	0	3 000
Directed share issue 10 May 2021	0	1 150
Directed share issue 10 May 2021	0	3 976
Directed share issue 21 May 2021	0	600
IPO 7-14 June 2021	0	8 951
Directed share issue 29 Nov. 2021	0	1 000
Directed share issue 31 Jan 2022	1 453	0
Directed share issue 20 Jun 2022	381	0
Directed share issue 1 Dec 2022	4 488	0
Closing balance 31.12.	35 989	29 667
Retained earnings		
Opening balance 1.1.	2 824	4 242
Dividend distribution	-350	-535
Closing balance 31.12.	2 473	3 707
Profit for the period	-416	-883
Total unrestricted equity, closing balance 31.12.	38 046	32 490
Total equity, closing balance 31.12.	39 066	34 963
	31.12.2022	31.12.2021
Calculation of distributable equity		
Invested unrestricted equity reserve	35 989	29 667
Retained earnings	2 473	3 707
Profit for the period	-416	-883
Distributable equity	38 046	32 490

15. NON-CURRENT LIABILITIES

	31.12.2022	31.12.2021
Non-current liabilities, break-down by category		
Interest bearing		
Loans from credit institutions	17,243	13,701
	17,243	13,701
Non-interest bearing		
Other liabilities	0	1,882
	0	1,882
Total	17,243	15,583

Loans from financial institutions

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

Of the loans from financial institutions, EUR 1,582 (1,980) thousand are foreign currency loans in Swedish kronor.

The Company's debt financing was renewed during the financial year by a new financing agreement signed with the Company's main financing bank on 19 May 2022. The weighted average interest rate on loans from financial institutions is 3.95 (1.65) %.

Other non-interest-bearing liabilities

Other non-interest-bearing liabilities in 2021 included contingent purchase price liabilities resulting from acquisitions in the amount of EUR 1,878 thousand.

16. CURRENT LIABILITIES

	31.12.2022	31.12.2021
Current liabilities, break-down by category		
Interest bearing		
Loans from credit institutions	1,309	1,338
	<u>1,309</u>	<u>1,338</u>
Non-interest bearing		
Trade payables	72	116
Liabilities to group companies	1,895	411
Other liabilities	41	387
Accruals and deferred income	257	198
	<u>2,265</u>	<u>1,112</u>
Total	3,574	2,450

Other non-interest bearing liabilities

Other non-interest bearing liabilities consisted of contingent company acquisition liabilities of EUR 256 thousand in 2021.

	31.12.2022	31.12.2021
Non-interest bearing liabilities to group companies consist of the following items		
Acquisition cost consideration unpaid at year end	904	354
Loans from Group companies	500	0
Accounts payable	41	23
Other accruals	450	35
Total	1,895	411

	31.12.2022	31.12.2021
Accruals and deferred income consist of the following major items		
Holiday pay provisions and other salary accruals	64	157
Pension cost accruals	8	9
Other compulsory social charge accruals	3	3
Interest accruals	87	25
Other accruals	96	4
Total	257	198

17. COLLATERAL PROVIDED AND CONTINGENT LIABILITIES

	31.12.2022	31.12.2021
Collateral to secure own commitments		
Floating charges, nominal value	39,000	15,000
Pledged subsidiary shares, carrying value	5	27,636
Total	39,005	42,636

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

18,552 15,038

	31.12.2022	31.12.2021
Other collateral to secure own commitments		
Pledged bank deposits	18	18
Guarantees	197	212
Total	215	230
The above bank deposits and guarantees have been pledged for		
Lease commitments (future minimum lease payments incl. VAT)	18	18
Subsidiary loans and bank overdraft limits from credit institutions	172	188
Total	190	206
	31.12.2022	31.12.2021
Future minimum lease payments (incl. VAT)		
Due before the end of the next financial year	45	45
Due beyond the end of the next financial year	13	38
Total	58	83
	31.12.2022	31.12.2021
Fair value of financial derivatives		
Interest rate swap and cap agreements	-3	-3
Total	-3	-3

18. EVENTS AFTER THE BALANCE SHEET DATE _____

Acquisition

On 21 February 2023, Solwers signed an agreement to acquire the entire capital stock in Transport Consultancy Group Nordic AB which is specialized in technical consultancy in rail industry.

On the same day, it was communicated that Solwers will organize a directed share issue to the sellers, 81.505 shares, which are expected to be registered during March 2023. The total number of shares issued by Solwers Plc increased due to this share issue from 9,874,782 to 9,915,067 shares. The number of treasury shares possessed by the Company decreased from 41,220 to 0.

SIGNATURES OF THE BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

SIGNATURES OF THE BOARD OF DIRECTORS

Espoo 27 March, 2023

Leif Sebbas
Chairman of the Board

John Lindahl
Board member

Mari Pantsar
Board member

Hanna-Maria Heikkinen
Board member

Emma
Papakosta
Board member

Stefan
Nyström
CEO

AUDITOR'S NOTE

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

Helsinki 28 March, 2023

Revico Grant Thornton Oy
Audit firm

Satu Peltonen,
APA