SOLWERS

Solwers Plc

Board of Directors' Report and Financial Statements 2023

Contents

BOARD OF DIRECTORS' REPORT

BOARD OF DIRECTORS' REPORT

1. BUSINESS REVIEW

1.1. Solwers in brief

Solwers is a growth-oriented group of expert companies with 26 subsidiaries and over 700 employees in Finland and Sweden. Solwers companies operate under their own brands and create unique and sustainable living environments. The companies specialise in providing services in technical consulting, architecture, circular economy and environment, project management, electrical and automation engineering, digital and logistics, and financial management.

Solwers acts as a growth platform for the companies it owns and challenges the traditional practices in the consulting industry of the built environment. Solwers combines the efficiency, entrepreneurial culture, and flexibility of its companies with the resources and vision of a larger group.

Solwers' operations in their current form began in 2017 and have grown rapidly, especially through acquisitions. The Company was listed on Nasdaq First North Growth Market Helsinki in June 2021. The Company has shown consistent performance and strong growth; in just three years, Solwers has doubled the revenue with a with a profitability close to mid-term target.

1.2. Business development 2023

Despite the challenging market environment in 2023, Solwers' result was at a good level. The revenue for January-December 2023 totalled EUR 66.0 (62.3) million. The relative growth of revenue was 5.1% (40.6%), of which approximately half was organic growth. The Company continued its expansion during the year by acquiring two companies in Finland and two in Sweden. The unfavourable development of the Swedish krona exchange rate had a negative impact on revenue.

EBITA was EUR 7.0 million and EBITA margin dropped slightly being 10.7% (11.5%). Driven by increased personnel expenses and other fixed costs. Depreciation maintained at last year level and EBIT was EUR 4.8 million (5.1) while EBIT margin was 7.3% (8.1%).

Financial year profit was EUR 3.2 million (3.6).

1.3. Mergers & Acquisitions

In February 2023 Solwers Sweden AB acquired Transport Consultancy Group Nordic AB (TCG Nordic) specialized in technical consultancy in the rail industry. The demand for more sustainable rail transport has increased, the Company has long-term projects and a relatively stable business.

Several acquisitions were executed by Solwers subsidiaries to strengthen their business position. In September 2023, Sweden-based Licab acquired North 68 Consulting AB in Kiruna with 20 specialists working for infrastructure, mining industry and municipal projects in Kiruna.

Arkman Arkkitehtuuri Oy, on the other hand, is a small local architectural company in Kokkola, Finland and was acquired by Lukkaroinen Architects. With the acquisition, Lukkaroinen now has four office locations in Finland and a stronger foothold particularly in the design of healthcare buildings in Finland.

The fourth acquisition took place in December by LVI-Insinööritoimisto Meskanen that strengthened its competence in HVAC planning by acquiring

LVI-Insinööritoimisto Plan-Air Oy. With a demand for competent HVAC professionals, Plan-Air came with experienced staff, more capacity, and know-how as well as a solid client base.

Two group companies, Kalliosuunnittelu Oy Rockplan Ltd merged with Finnmap Infra in November 2023. The merger allows clients comprehensive services for large infrastructure projects. With the merger, Finnmap Infra team consists now of more than 100 experts. The company offers expertise in road, railway, rock engineering design as well as geotechnology, lighting, bridges, and special structures design. In addition, the company offers environmental and road maintenance consulting. Rockplan remains an auxiliary business name of Finnmap Infra Oy.

1.4. Other key events

1.4.1. Client profile and examples of interesting projects

The order backlog and invoicing rate remained stable in 2023. The diverse service offering, and the geographical distribution of the companies balance the business result and bring a steady revenue stream. Solwers has a broad client base, more than 500 active clients across two countries, over 3,00 ongoing projects and more than 150 frame agreements. Most of the projects, around 70 per cent, are below EUR 10,000 in sales value, thus less prone to interruptions, postponements or price competition caused by economic fluctuations. Some of the most significant clients are Trafikverket - Swedish Transport Administration, Väylävirasto - Finnish Transport Infrastructure Agency, LKAB and Senate Properties.

About half of Solwers' revenue comes from public projects and the other half from the private sector. The Infra projects represent around half of the public sector project revenue.

Solwers' subsidiaries are involved in many projects related to the green transition. An interesting project to mention is Solwers company Licab AB assisting H2 Green Steel AB in the upcoming low-emission steel plant project in Sweden. Licab provides project management, links the operations and constructions teams, plans, drives, coordinates the sub-projects, and offers project management of the headquarters. Licab also designs the railway solutions and offers technical solutions for the project.

ELE Engineering AB has been involved in several projects that strengthen Sweden's national grid, which connects wind farms, solar power plants and battery energy storage systems (BESS).

An example from Finland is an energy-efficient planning is the Original Sokos Hotel Royal, opened in Vaasa in February of this year. Solwers company Polyplan, together with the client and developer organization, has been brainstorming the content of the project right from the project and draft design phase. In addition to the main, architectural, and interior design (Huippu spa facilities) carried out by Polyplan, the project utilised the extensive know-how of other Solwers companies: Contria Oy was responsible for the structural design of the site, Insinööritoimisto W. Zenner for the acoustic design, and Finnmap Infra/Rockplan consulted on rock construction issues.

Some of the interesting infrastructure projects in Finland include Laurila-Haukipudas track renovation by Finnmap Infra. The track section of 90 km is exceptionally long and geotechnically challenging. It includes several soft-lands and frost protection sites. Finnmap Infra plans track geometry and drainage and improves grade crossing safety. Another big infrastructure project is removal of 15 grade crossings between Jyväskylä-Pieksämäki, including road design for the new connections, design of a total of 10 bridges, geotechnical design, water drainage planning as well as planning of cable transfers, traffic control, lighting, and the fairway environment. Both projects, assigned by Väylävirasto, the Finnish Transport Infrastructure Agency are scheduled to be completed in 2025.

Lukkaroinen Architects has been involved with several large hospital and school design projects in 2023, including Laakso Hospital, Old Vaasa Hospital, Ahmo School Center and Siilinlahti Elementary School. The Old Vaasa Hospital project also involves several other Solwers companies, HVAC by LVI-Insinööritoimisto Meskanen, acoustic design by Insinööritoimisto W. Zenner and infra design by Finnmap Infra.

1.4.2. Changes in the Group Management

The group management had two new people joining the Company during 2023: Jasmine Jussila was appointed as Head of Group Communications in August 2023 and Teemu Kraus was appointed as CFO in September 2023. The previous CFO Roger Lindqvist continues working at Solwers Plc as Senior Advisor.

1.5. Annual General Meeting on 21 April 2023 and the currently valid authorizations of the Board of Directors

The Annual General Meeting held on 21 April 2023 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 - 31. December 2022. The Annual General Meeting resolved on the distribution of a dividend of EUR 0.073 (0.040) per share be distributed for the financial year 2022 (2021).

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 on the acceptance as pledge of a maximum of 991 506 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).

Until March 28, 2024, the board had not used the authorization from 2023 AGM to purchase its own shares. The authorization is valid until the conclusion of the next Annual General Meeting, but no later than 30 June 2024.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of 991 506 shares in one or several tranches. The authorization entitles the Board of Directors to decide on a directed issue, i.e. an issue deviating from the pre-emptive subscription rights of the shareholders. Also, the Board of Directors was authorized to decide on the terms of the issuance of shares and option rights and other special rights.

Based on the share issuance authorization, 89,338 shares have been used by March 28, 2024, in relation of acquisitions of Wisegate AB and Relitor AB. The remaining share issue authorization is for 902,168 shares.

2. SUSTAINABILITY

Solwers is a responsible owner and supports the growth, development, and success of its subsidiaries. Solwers is actively looking for new companies, and when making investment decisions, in addition to financial aspects, responsibility is considered, such as circular economy and environmental issues as well as special expertise related to the energy sector. They support long-term success and Solwers' vision of being the preferred partner for its customers in visionary and sustainable design and engineering.

The Company is committed to promoting the UN's sustainable development goals, which are close to our business. Solwers has been participating in the UN's Global Compact corporate responsibility initiative since 2021, requiring annual reporting.

2.1. Governance

Solwers operates openly and transparently, following good governance and promoting the diversity of the working community. Our companies have common Code of Conduct principles and a whistleblowing reporting channel in Finland and Sweden. The accessibility of the whistleblowing channel has been improved and it has also been published on the Company's website.

For our subsidiaries, we strive to be a promoter and enabler. We are a long-term and committed owner and partner that supports the development opportunities of the personnel. The special expertise of Solwers' board members supports our companies in the field of digitalization and circular economy, while ensuring the financial benefits for the Company's shareholders.

2.2. Environment

Solwers' handprint can be seen strongly in client work. The green transition and increasing regulation concerning biodiversity open new business opportunities for Solwers companies. The expert services offered include sustainable solutions for low-emission construction, circular economy, strengthening biodiversity and adapting to climate change. Environmental expertise is used in different phases of planning, infrastructure, and construction projects, for example by planning organic green environments, recycling building materials and optimizing the energy consumption and environmental effects of the building's life cycle. Examples of recent projects are mentioned above in section *1.4.1. Client profile and examples of interesting projects*.

Several Solwers companies have an environmental program in place, and our subsidiaries have also been awarded quality and environmental certificates, including EcoVadis (ELE Engineering AB) and Ekokompassi (aDT Oy) as well as ISO 9001 and 14001 (DREEM AB), which were awarded during the reporting year. Taking into account the nature of the consultancy business, the companies' own carbon footprint can be considered small.

During the reporting year, an internal ESG working group that crosses organizational boundaries was established. The group meets regularly, actively sharing best practices within the company, innovating, and identifying business opportunities, particularly related to emissions calculation, use of materials and environmental services in customer work. The group also coordinates data collection for joint CSRD reporting and is closely involved in the preparation of materiality analyses. The first group-level sustainability report in accordance with European sustainability reporting standards will be published of year 2024.

2.3. Social Responsibility

The well-being of the personnel is a key issue at Solwers. To support continuous development and promote a positive employee experience, the group regularly organizes versatile trainings. During the reporting year, joint training for supervisors was organized on behalf of the group.

In 2023, a job satisfaction survey was carried out throughout the group. The employee net recommendation index (eNPS) was +33, which is classified as very good*. We recognize the impact of job satisfaction on our performance and strive to improve it even further. Our concept of light integration of subsidiaries enables a sense of independence and agility while being part of a larger multidisciplinary team of experts. As an example, employee benefits vary between Solwers companies, depending on what is considered meaningful at each company.

The Listed Company Boards study in Finland has given Solwers recognition for being at the forefront of gender diversity, as 60% of Solwers board members are women, while the share of female board members in listed companies is 30.4% on average.

We are also committed to being a good corporate citizen and promote the well-being of the surrounding society. We make an annual monetary donation to a chosen charity. In 2023, the charities selected were Hyvä Mieli fundraiser for low-income families in Finland and the children's cancer fund Barncancerfonden in Sweden.

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** Employee Net Promoter Score (eNPS), tells how willing employees are to recommend the company as a place of employment to their friends or colleagues. eNPS gives a value between -100 and 100, and the result 0= good, +20 very good, +50 excellent. Source: eletive.com*

3. STRATEGY AND MID-TERM TARGETS

Solwers' vision is to be the preferred partner for its customers in the visionary and sustainable design and engineering. The Company's goal is to continue to grow and expand in at least two countries.

The growth strategy is based on acquisitions, organic growth, and the attractiveness as a good employer for professionals in various fields as well as continuous development and competence. The Company aims to balance its sources of revenue so that significant part of its revenue comes from public and infrastructure projects.

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%

3.1. Market Outlook

The current market visibility is short, which makes forecasting challenging.

In Finland, the workload is expected to drop in some areas for the next six months. However, the market is anticipated to pick up towards the end of 2024[1] if the interest rates drop and the willingness to invest increases.

There is an increase in new orders in multiple segments both in Finland and Sweden, such as infrastructure, industry, and office projects.[1,2] However, the Company anticipates that possible challenges in public finance can have an impact on the infrastructure projects in Finland whereas in Sweden the start of the infrastructure projects have been accelerated by the government.

The tightening EU regulation regarding biodiversity will open new business opportunities. Circular economy projects will start to push through.

We see that the transition to fossil-free energy and industrial production will keep growing. A variety of new energy production alternatives, energy storage, power transmission grids and automation solutions will increase the demand for engineering and project management services in these fields. We anticipate the industrial investments to further increase, particularly in North of Sweden, where shortage of skilled professionals remains to be a challenge.

Our business sector has suffered from a chronic shortage of skilled professionals over the past decade. Due to the challenging market climate, some layoffs have taken place but the share of laid off professionals is still relatively low in the consultancy and planning sector.[1,2]

Sources: [1]Suhdannekatsaus 01/2024 – SKOL (Teknologiateollisuus), [2]Investeringssignalen Februari 2024 – Investeringsföretagen.

3.2. Solwers Outlook for 2024

Solwers' business is supported by the megatrend of urbanization, the green transition in Europe, tightening regulation on biodiversity, self-sufficiency in energy production, and especially in Sweden the increased orders of the defense equipment industry which create new business opportunities.

In the ongoing year 2024 the acquisitions continue to support our existing business. We focus on areas where new production and investments are booming such as energy, automation, and power transmission.

Solwers has a good order backlog in the public sector and infrastructure projects and long assignments also in hospital and school design projects. The Company has a wide client base and a diverse service portfolio - around 70 per cent are small, under EUR 10 000 projects. In addition, we continue to manage business risk by operating in multiple locations in at least two countries.

In the Company's view, Solwers' business climate is expected to improve towards the end of 2024 with the general market pick-up.

4. REVENUE, PROFITABILITY AND RESULT

Solwers Plc's revenue in January–December was EUR 66.0 (62.8) million. Revenue growth was 5.1% (40.6). Acquisitions represent 2.5 million of the growth while the impact of currency fluctuation was negative. The size and timing of four acquisitions affected in a lower growth compared to the previous years.

EBITA was EUR 7.0 million (7.2) and EBITA margin fell slightly from 11.5% to 10.7%. Respectively EBIT decreased from EUR 5.1 million to 4.8 million. EBIT margin was 7.3% (8,1) Personnel expenses increased by EUR 3.2 million and 7.7% while the average number of employees increased by 1.8%. Other operating expenses increased by EUR 1.3 million, being 17.1%. Depreciation stayed at last year's level and Profit for the Financial Year ended up at EUR 3.2 million (3.6). Earnings per share were EUR 0.32 (0.38).

4.1. Key Figures

Solwers Consolidated EUR thousand	2023	2022	2021	2020	2019
Revenue	65 991	62 796	44 662	32 649	25 802
EBITDA	7 952	8 156	5 495	4 970	2 446
EBITDA-%	12,0%	13,0%	12,3%	15,2%	9,5%
EBITA	7 039	7 218	4 708	4 427	2 083
EBITA-%	10,7%	11,5%	10,5%	13,6%	8,1%
EBIT	4 845	5 091	3 371	3 539	1 478
EBIT-%	7,3%	8,1%	7,5%	10,8%	5,7%
Net Profit	3 208	3 574	1 894	2 675	1 013
Net Profit-%	4,9%	5,7%	4,2%	8,2%	3,9%
Earnings per Share (EPS), EUR [1]	0,32	0,38	0,23	0,40	0,15
Revenue per employee	108	105	112	110	102
Revenue growth	5,1 %	40,6 %	36,8 %	26,5 %	1,8 %
Billing rate	81,5 %	80,0 %	82,2 %	85,7 %	-
Adjusted Equity [2]	40 409	38 158	31 908	17 869	11 577
Net Debt	17 436	13 366	14 119	12 741	10 887
Net Debt excluding Leasing Debt	11 435	9 317	9 802	9 451	8 754
Equity Ratio, %	46,4%	46,7%	45,4%	31,8%	21,0%
Adjusted Equity Ratio, %	46,4%	46,7%	45,4%	44,7%	41,6%
Total Assets	87 046	81 682	70 354	40 017	27 862
Headcount, average	611	600	397	297	253
Headcount, at year end	635	582	571	371	257

[1] year 2019-20 EPS adjusted for comparability with year 2021 (share split in 2021)
[2] capital loans classified as equity

5. LIQUIDITY, FINANCING AND CAPITAL LOANS

5.1. Liquidity

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

5.2. Financing structure

At the end of the financial period the Company equity ratio was 46.4% (46.7) while the Company mid-term target is minimum of 40.0 per cent.

Solwers has a Financing Agreement signed in May 2022 with the Company's principal bank.

In late December 2023 a bank loan of EUR 2.3 million for acquisition purposes was drawn down. This resulted in an increase in non-current liabilities to EUR 28.4 (28.0) million.

5.3. Loans Granted

At the financial statements date, the total amount of loans granted to the key personnel of the Group companies was EUR 1,018 (1,098) thousands of which loans to related parties was EUR 126 (206) thousand. The loans have been used for the acquisition of parent company shares aimed at engaging the commitment of key personnel. The loans have been granted on market terms.

5.4. Balance Sheet and Financing

Total assets were EUR 87.0 (81.7) million. The increase in assets resulted from acquisitions and from wider interpretation of IFRS 16 standard at premises rental agreements. This resulted in tangible assets growing to EUR 7.3 million (5.7). Cash and cash equivalents decreased by EUR 2.5

while current receivables increased by EUR 2.0 million to EUR 16.6 million and this resulted Current assets EUR 33.5 (33.6) million to remain at the same level as last year.

In March 2023 Solwers Plc announced that in relation to the acquisition of the Transport Consultancy Group Nordic AB the Company issued 40,285 new shares and the number of treasure shares possessed decreased from 41,220 to 0.

At the end of the year, interest-bearing liabilities totaled EUR 33.4 (31.8) million, consisting of EUR 19.3 (18.7) million in loans from financial institutions, EUR 7.1 (7.5) million in purchase price liabilities arising from acquisitions, EUR 6.0 (4.0) million in lease liabilities and EUR 1.0 (1.6) million in other interest-bearing liabilities.

At the end of the financial period, the Company's net debt totaled EUR 17.4 (13.4) million whereof cash and cash equivalents amounted to EUR 16.0 (18.5) million and gross debt amounted to EUR 33.4 million (31.8).

5.5. Cash Flow

Net cash flow from operating activities remained at a good level, EUR 5.2 million, despite falling a bit compared to last year (5.8). The largest movement compared to last year came from a change in the current non-interest-bearing receivables, being EUR -1.2 million (0.5). Paid income taxes amounted to EUR -0.6 million (-1.5) and cash flow from interest paid on loans was EUR -0.9 million (-0.3).

Net cash flow form investment activities included acquisition related cash flow EUR -3.0 million (-1.8) and totaled to EUR -4.0 million (-3.0).

Net cash flow from financing activities was EUR -3.7 million (-3.0) where acquisitions related loan withdrawal was EUR 2.3 million (5.0). Dividends, including payments to non-controlled parties generated EUR -0.8 million cash outflow (-0.5).

The cash balance at the end of the financial period EUR 16.0 million (18.5) remained at a high level facilitating the Company's acquisition strategy.

6. RISKS AND UNCERTAINTIES RELATED TO THE OPERATIONS

Solwers' acquisition-based growth strategy may not be implemented as planned if there are no suitable companies available or the arrangements cannot be carried out on economically favourable terms.

In the Company's view, the risks in the operating environment of Solwers companies are affected by the geopolitical tensions that can adversely affect the operating environment of the global economy and thus increase uncertainty in the financial markets.

Possible challenges in the public finance in Finland and an unstable labour market can have an impact on investment willingness. The general economic situation, including inflation, interest rates and currency fluctuations 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.

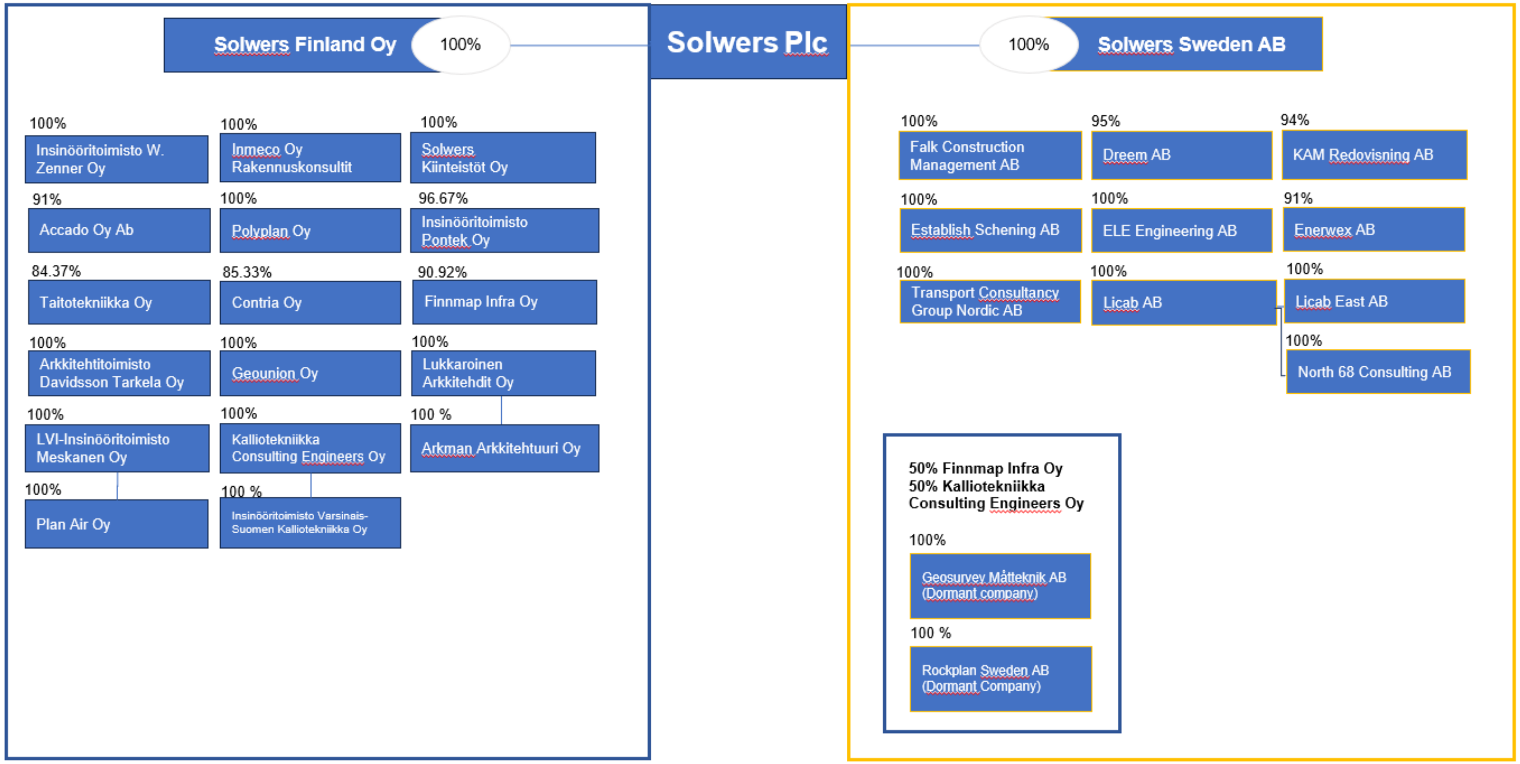
Public and private sector investment volume affects employment and profitability in the entire design and engineering sector, including Solwers.

The availability and retention of highly competent professionals is an uncertainty factor related to personnel.

The Company's prospectus in connection with the IPO, published on 4 June 2021, provides a comprehensive overview of other risks and uncertainties associated with the Company's operations.

7. GROUP STRUCTURE

Solwers Plc's directly owned subsidiaries and holdings in them on December 31, 2023, are shown in the figure below.



8. PERSONNEL AND REMUNERATION

8.1. Number of employees and salary expenses

The average number of employees at Solwers companies during the financial year was 611 (600), with the parent company having an average of 4 (5) employees. At the end of the reporting period, the Solwers companies employed a total of 635 (582) people. Solwers companies' wages and salaries amounted EUR 31.5 million (29.3) whereof parent company expenses were EUR 0.6 million (0.6)

8.2. Remuneration of the Group's key personnel

The group's key personnel are paid a fixed monthly salary and variable annual performance-related bonuses within the framework of the group's incentive system. The remuneration of key personnel is reviewed annually.

The Company's board decides on the CEO's remuneration annually. In 2023 a gross total of EUR 171,780 (152.220) including fringe benefits was paid to the CEO whereas the Chairman of the Board received EUR 62.600 (59,100) gross.

8.3. Related Party Transactions

Solwers Plc's related parties comprise key management personnel and the Group external companies in which one or more of Solwers Plc's key management personnel exercises significant influence.

No guarantees or commitments has been made on behalf of the related parties. A total of EUR 126 (206) thousand, stemming from the directed share issue aimed at the engagement of key personnel in connection with the year 2021 initial public offering, was owed by the related parties at the end of the financial year.

9. MANAGEMENT AND AUDITOR

9.1. Board of Directors

The Annual General Meeting held on 21 April 2023 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.

9.2. Auditor

The Annual General Meeting elected the audit firm Grant Thornton Oy to continue as the Company's auditor. Satu Peltonen, Authorized Public Accountant, will continue as the auditor with principal responsibility.

9.3. Group Management

The CEO of Solwers Plc is Stefan Nyström, and the Legal Counsel is Olli Kuusi. Head of Group Communications Jasmine Jussila started in the position in August 2023 and Teemu Kraus started as CFO in September 2023. Nina Nikander works as HR Director, Finland.

The management teams responsible for operations in Finland and Sweden include the senior management of Solwers Plc and the Managing Directors of the subsidiaries.

10. SHARES AND SHAREHOLDERS

10.1. Changes in the Number of Shares

In connection with the acquisition of Transport Consultancy Group Nordic AB, part of the purchase price was agreed to be paid in Solwers Plc shares. The total number of shares to be directed to the sellers was 81,505 shares.

The number of treasury shares possessed by the Company decreased from 41,220 to zero at year end. In addition, the Company issued 40,285 new shares that were registered on 27 March 2023 in the trade register maintained by the Finnish Patent and Registration Office. The total number of shares issued by Solwers Plc increased to 9,915,067 shares.

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

10.2. Trading in the Company’s Shares

Solwers Plc has a Liquidity Provision Agreement in place with Carnegie Investment Bank AB. 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 2023 was EUR 4.82. Solwers Plc’s market capitalization at the end of the financial year was EUR 47.8 million.

10.3. Largest Shareholders on December 31, 2023

A total of 2,027 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 following table:

Shareholder	Number of shares	% - shareholding
FME Consulting Oy	3 405 761	34,3 %
CEB Invest Oy	1 042 323	10,5 %
Keskinäinen työeläkevakuutusyhtiö Varma	427 653	4,3 %
Sijoitusrahasto Säästöpankki pienyhtiöt	375 117	3,8 %
Erikoissijoitusrahasto Aktia Mikro Markka Osake	310 281	3,1 %
Sebbas, Leif	286 340	2,9 %
Keskinäinen Työeläkevakuutusyhtiö Elo	280 000	2,8 %
Nyström, Stefan	247 000	2,5 %
Fondita European Micro Cap investment fund	127 526	1,3 %
Sijoitusrahasto EQ Eurooppa Pienyhtiö	108 020	1,1 %
10 largest shareholders, total	**6 610 021**	**66,7 %**
Nominee registered shares	1 386 609	14,0 %
Other shareholders	1 918 437	19,3 %
Number of shares, total	**9 915 067**	**100,0 %**

11. EVENTS AFTER THE FINANCIAL YEAR

On January 9, 2024, Solwers Plc's subsidiary Solwers Sweden AB signed an agreement to buy the entire share capital of Swedish WiseGate AB, whose subsidiaries are WiseGate Consulting AB, which specializes in energy and process industry consulting and planning, and automation company DEMAB AB. The companies employ more than 50 experts and operate in eight locations in Sweden. Following the acquisition, Solwers organized a directed share issue to the sellers. The number of new shares directed to sellers is 31,267 shares, which were registered in February 2024.

On January 23, 2024, Solwers Plc agreed on a shareholding partnership with Kari & Pantsar Oy focusing on environmental consulting. The ownership is one third of the company's shares. The company employs seven climate and environmental experts in Finland.

On January 29, 2024, Solwers Plc expanded its range of services to plant engineering. Solwers Sweden AB signed an agreement to buy the entire stock of Relitor Engineering AB. The company employs more than 20 experts in Sweden. With the deal, the Company organized a share issue aimed at sellers. The number of new shares directed to sellers is 58,071 shares, which were registered in February 2024.

On March 19, 2024, the Company announced the establishment of a performance share plan for key employees. The Performance Share Plan 2024–2026 consists of one performance period, covering the financial years 2024–2026. The value of the rewards to be paid on the basis of the plan corresponds to a maximum total of 229,600 shares of Solwers Plc, including also the proportion to be paid in cash. The potential rewards from the plan will be paid during the financial year 2027.

12. THE BOARD'S PROPOSAL FOR THE DISTRIBUTION OF PROFIT

At the end of the financial year 2023, Solwers Plc's parent company distributable funds amounted to EUR 37,367,260.68, of which parent company's loss for the financial year was EUR 348,380.72.

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 0.064 per share, corresponding to EUR 640,281.92 in total, be paid from retained earnings.

SOLWERS PLC

FINANCIAL STATEMENTS 2023

CONSOLIDATED (IFRS)

Contents

FINANCIAL STATEMENTS

INCOME STATEMENT
Consolidated, IFRS

Solwers Consolidated EUR thousand	NOTE	2023	2022
REVENUE		**65 991**	**62 796**
Other operating income	4	1 072	230
Materials and services	5	-8 022	-8 342
Employee benefit expenses	6	-41 993	-38 762
Amortization, depreciation and impairment	7	-3 107	-3 065
Other operating expenses	8	-9 096	-7 766
OPERATING PROFIT		**4 845**	**5 091**
Financial income and expenses	9	-966	-495
PROFIT BEFORE TAXES		**3 878**	**4 597**
Income taxes	10	-670	-1 022
PROFIT FOR THE FINANCIAL YEAR		**3 208**	**3 574**
Profit for the financial year attributable to			
Parent company shareholders		*3 155*	*3 396*
Non-controlling interest		*53*	*178*
Earnings per share (EUR)			
Earnings per share, non-diluted	*11*	*0,32*	*0,38*
Earnings per share, diluted	*11*	*0,32*	*0,38*
Average number of shares during the financial year			
Non-diluted	*11*	*9 896 086*	*8 843 228*
Diluted	*11*	*9 896 086*	*8 843 228*
Other comprehensive income			
Prior years adjustments			
Items recognized in retained earnings		-129	0
Items related to net investments in foreign subsidiaries			
FX rate differences		64	-1 553
Deferred taxes		-13	288
Items that may later be recognized through profit or loss			
Translation differences		134	0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**3 264**	**2 309**
Total comprehensive income for the financial year attributable to			
Parent company shareholders		*3 212*	*2 131*
Non-controlling interest		*53*	*178*

BALANCE SHEET
Consolidated, IFRS

Solwers Consolidated EUR thousand	Note	31.12.2023	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	13, 16	42 984	39 122
Tangible assets	14	7 295	5 651
Investments	15, 21	1 889	1 888
Receivables	17	1 337	1 451
NON-CURRENT ASSETS, TOTAL		**53 505**	**48 112**
CURRENT ASSETS			
Inventories	18	146	168
Receivables	19, 21	16 557	14 586
Investments	20	885	334
Cash and cash equivalents	21	15 953	18 482
CURRENT ASSETS, TOTAL		**33 541**	**33 570**
ASSETS, TOTAL		**87 046**	**81 682**
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the parent			
Subscribed capital		1 000	1 000
Share premium account		20	20
Other restricted reserves		90	120
Invested unrestricted equity reserve		36 383	35 989
Retained earnings		-786	-3 022
Profit for the financial year		3 155	3 396
Equity attributable to owners of the parent, total		**39 862**	**37 504**
Non-controlling interest		**546**	**654**
EQUITY, TOTAL	**22**	**40 408**	**38 158**
LIABILITIES			
Non-current liabilities	23, 24, 26	28 609	28 004
Current liabilities	25, 26	18 028	15 521
LIABILITIES, TOTAL		**46 637**	**43 524**
EQUITY AND LIABILITIES, TOTAL		**87 046**	**81 682**

CASH FLOW STATEMENT
Consolidated, IFRS

Solwers Consolidated EUR thousand	2023	2022
Cash flow from operating activities		
Profit for the financial year	3 208	3 574
Adjustments		
Amortization, depreciation and impairment	3 107	3 065
Financial net	966	495
Income tax	670	1 022
Gain from sale of intangible and tangible assets	-36	-40
Sales losses and scrapping of intangible and tangible assets	121	146
Cash flow before change of working capital	8 037	8 262
Change of working capital		
Change of inventories	22	-5
Change of current non-interest bearing receivables	-1 139	524
Change of current investments	-551	-2
Change of current non-interest bearing payables	343	-1 473
Change of net working capital, total	-1 325	-956
Financial net and income tax		
Interest paid on loans from credit institutions and other interest bearing debts	-879	-345
Interest paid on leasing debt	-178	-117
Interest received	148	22
Other financial items paid and received (net)	-66	460
Income tax paid	-550	-1 522
	-1 525	-1 502
Net cash flow from operating activities	**5 187**	**5 805**
Cash flow from investment activities		
Investment in intangible non-current assets	-4	-631
Investment in tangible non-current assets	-589	-581
Investment in non-current receivables (net)	121	-31
Proceeds from sale of non-current assets	36	40
Business combinations	-3 009	-1 817
Acquisition of non-controlling interest	-555	0
Net cash flow from investment activities	**-3 999**	**-3 019**
Cash flow from financing activities		
Share issue	0	4 488
Costs paid for other share issues	0	-235
Loans withdrawn from credit institutions	2 304	5 036
Net change in other interest -bearing liabilities	-769	456
Repayment of loans and other interest bearing debts	-1 673	-1 515
Repayment of leasing debt	-2 271	-2 530
Repayment of non-interest bearing debt	-508	-2 117
Dividends paid	-799	-529
Net cash flow from financing activities	**-3 716**	**3 053**
Change of cash and cash equivalents	**-2 529**	**5 839**
Cash and cash equivalents, opening balance 1.1.	18 481	12 642
Cash and cash equivalents, closing balance 31.12.	**15 952**	**18 481**

STATEMENT OF CHANGES OF EQUITY
Consolidated, IFRS

Solwers Consolidated
EUR thousand — **FINANCIAL YEAR 2023**

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**	**0**	**20**	**120**	**35 989**	**38**	**336**	**37 504**	**654**	**38 158**
Comprehensive income										
Profit for the period	-	-	-	-	-	-	3 155	**3 155**	53	**3 208**
Other comprehensive income										
Adjustment to previous year retained earnings	-	-	-	-	-	4	-133	**-129**	-	**-129**
FX differences from net investments in foreign subsidiaries	-	-	-	-	-	-	64	**64**	-	**64**
Deferred taxes	-	-	-	-	-	-	-13	**-13**	-	**-13**
Change of translation difference	-	-	-	-	-	134	-	**134**	-	**134**
Total comprehensive income, net of tax	**0**	**0**	**0**	**0**	**0**	**138**	**3 073**	**3 212**	**53**	**3 264**
Transactions with equity holders										
Business combinations	-	-	-	-	394	-	-	**394**	-	**394**
Redemption of non-controlling interest	-	-	-	-	-	-	-284	**-284**	-70	**-354**
Dividend distribution	-	-	-	-	-	-	-724	**-724**	-91	**-815**
Transactions with equity holders, total	**0**	**0**	**0**	**0**	**394**	**0**	**-1 008**	**-614**	**-161**	**-775**
Other changes										
Transfer to development fund	-	-	-	-30	-	-	30	**0**	-	**0**
Other changes	-	-	-	-	-	-	-238	**-238**	-	**-238**
Other changes, total	**0**	**0**	**0**	**-30**	**0**	**0**	**-208**	**-238**	**0**	**-238**
Closing Balance 31.12.	**1 000**	**0**	**20**	**90**	**36 383**	**176**	**2 193**	**39 862**	**546**	**40 408**

Solwers Consolidated
EUR thousand — **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**
Transactions with equity holders										
Business combinations	-	-1 453	-	-	1 834	-	-	**381**	-	**381**
Share issue 16.12.2022	-	-	-	-	4 488	-	-	**4 488**	-	**4 488**
Share issue expenses	-	-	-	-	-	-	-244	**-244**	-	**-244**
Dividend distribution	-	-	-	-	-	-	-350	**-350**	-131	**-481**
Transactions with equity holders, total	**0**	**-1 453**	**0**	**0**	**6 322**	**0**	**-594**	**4 275**	**-131**	**4 144**
Other changes										
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**
Closing Balance 31.12.	**1 000**	**0**	**20**	**120**	**35 989**	**38**	**336**	**37 504**	**654**	**38 158**

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.

The Board of Directors has approved these consolidated financial statements for issue on 27th of March 2024.

At the financial statements date, 31 December 2023, Solwers Group consisted of the following companies owned directly or indirectly by the parent company Solwers Plc.

Subsidiaries - direct ownership	Holding-%
Finland	
Solwers Finland Oy	100,00 %
Sweden	
Solwers Sweden AB	100,00 %

Subsidiaries - indirect ownership	Parent company	Holding-%
Finland		
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	100,00 %
Inmeco Oy Rakennuskonsultit	Solwers Finland Oy	100,00 %
Insinööritoimisto Pontek Oy	Solwers Finland Oy	96,67 %
Insinööritoimisto W. Zenner Oy	Solwers Finland Oy	100,00 %
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 %
Arkman Arkkitehtuuri Oy	Solwers Finland Oy	100,00 %
Plan Air Oy	Solwers Finland Oy	100,00 %
Insinööritoimisto Varsinais-Suomen Kalliotekniikka Oy	Kalliotekniikka Consulting Engineers Oy	100,00 %
Sweden		
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 %
Transport Consultancy Group Nordic AB	Solwers Sweden AB	100,00 %
LICAB AB	Solwers Sweden AB	100,00 %
LICAB East AB	Solwers Sweden AB (30%) + LICAB AB (70 %)	100,00 %
North 86 Consulting AB	LICAB AB	100,00 %
Establish Schening AB	Solwers Sweden AB	100,00 %
Rockplan Sweden AB	Finnmap Infra Oy (50 %) + Kalliotekniikka Consulting Engineers Oy (50 %)	95,46 %
Geo Survey Mätteknik AB	Finnmap Infra Oy (50 %) + Kalliotekniikka Consulting Engineers Oy (50 %)	95,46 %

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 on 31 December 2023. 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 based on 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

Leasing and rental agreements are accounted for in accordance with IFRS 16. This standard requires the leased/rented asset to be presented as a non-current asset and the related financial liability as a lease liability in the consolidated balance sheet. Solwers applies this standard to virtually all its leasing and rental contracts, covering vehicles and various office equipment as well as most of the office rental contracts in which anyone of the group companies act as lessee.

A leasing or rental contract must, to be recognised in accordance with IFRS 16, meet certain basic conditions. The total lease term of an equipment or machinery item must be longer than 12 months while its acquisition cost must exceed EUR 5,000. The only prerequisite applicable to office rental agreements, on the other hand, is that the minimum lease term, i.e. the period from the entry date until the first possible expiry date, is longer than 12 months.

When the above conditions are met, the discounted net present value of the future lease payments is recognised among tangible assets in the balance whereas the corresponding financial liability is recognised as a lease liability. The factual lease payments, in turn, are split into an interest expense and a lease liability instalment component and recognised as such in the consolidated income statement and balance sheet respectively. The calculated acquisition cost (the net present value) of the leased or rented asset is in turn amortised over the lease term to its residual value at the end of the lease term.

Management executes business plan anchored judgement in determining the end date for open-ended rental contracts whose termination period is 12 months for both contractual parties. Solwers' management also determines the interest rate to be used for calculating the net present value of the lease and rental agreements so that it corresponds to the estimated market interest rate applicable on the entry date of each agreement. Each Solwers company's management is, however, responsible for estimating the minimum lease/rental period when it comes open ended office rental agreements.

If the above conditions are not met, then the lease and/or rent payments are recognised as periodic expenses among operating expenses of the consolidated income statement.

Lease/rental agreement terms and useful lives used for depreciation of the assets accounted for in accordance with IFRS 16 are as follows.

- office premises: > 1 year
- 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 taken 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, then 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 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.

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 based on the tax legislation applicable in each country of operation.

Deferred taxes are calculated based on 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 based on 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.

Estimations requiring management judgement and main sources of uncertainty

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 uses fair judgement when applying the accounting principles in the preparation of the consolidated financial statements. Although the Company's management relies on the best estimates available on the date of the financial statements, the actual future events can nevertheless differ from these estimates and assumptions.

The most significant estimates and assumptions made by Solwers' management are those used in connection with a) the impairment testing of goodwill, b) the measurement of value of other assets, c) the impairment risk of trade receivables, d) the calculation of deferred tax assets, and e) evaluation of the need for recognition of cost provisions for design projects. Moreover, each separate Solwers company management is responsible for the estimation of the minimum lease/rental period when it comes to open ended office rental agreements where the Solwers company acts as lessee.

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

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

For goodwill impairment tests, the management's estimates and related critical uncertainties are those connected with the determination of the discount rate and the post forecasted period perpetual growth rate. In addition, the future changes in revenue and operating profit, which includes the estimation of the future cost level change for each Cash Generating Unit subject to testing, are also subject to estimation uncertainty.

Related parties

Parties are considered being 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 classified as related parties of the parent company. Members of the board, the CEO, members of the Group's management team are in turn considered key persons in the management. In addition, close family members of the above key management persons are also classified as related parties.

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

	2023	2022
Revenue by country		
Finland	39 439	36 580
Sweden	26 552	26 216
Total	**65 991**	**62 796**

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.

	2023	2022
Customer related assets		
Customer related assets 1.1.	2 949	3 115
Customer related assets 31.12.	3 108	2 949

	2023	2022
Customer related liabilities		
Customer related liabilities 1.1.	27	112
Customer related liabilities 31.12.	24	27

5. OTHER OPERATING INCOME

	2023	2022
Other operating income, break-down by category		
Insurance compensations	17	44
Gain on sale of non-current assets	36	40
Other subsidies from public entities	26	46
Rental income	86	59
Change in fair value of Acquisition debts	897	0
Other tems	8	42
Total	**1 072**	**230**

6. MATERIALS AND SERVICES

	2023	2022
Materials and services expenses, break-down by category		
Subcontracting services	-6 594	-6 885
Other variable expenses	-1 428	-1 457
Total	**-8 022**	**-8 342**

7. EMPLOYEE BENEFIT EXPENSES

	2023	2022
Employee benefit expenses, break-down by category		
Salaries, wages and other remuneration	-31 550	-29 300
Pension costs	-5 672	-5 803
Compulsory social charges	-3 314	-2 399
Other voluntary employee expenses	-1 457	-1 260
Total	**-41 993**	**-38 762**

8. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

	2023	2022
Amortization, depreciation and impairment of non-current assets		
Amortization of intangible assets	-307	-266
Depreciation of tangible assets	-2 801	-2 799
Depreciation of tangible assets	-434	-429
Depreciation of right-of-use assets, machinery and equipment	-480	-509
Depreciation of right-of-use assets, buildings and structures	-1 887	-1 860
Total	**-3 107**	**-3 065**

9. OTHER OPERATING EXPENSES

	2023	2022
Other operating expenses, break-down by category		
Business premises expenses	-1 012	-876
ICT expenses	-2 516	-2 297
Travel expenses	-1 069	-839
Machinery and equipment expenses	-1 610	-1 473
Marketing expenses	-430	-418
Administrative services expenses	-809	-858
Other administration expenses	-700	-802
Change in fair value of Acquisition debts	-533	0
Other operating expenses	-417	-202
Total	**-9 096**	**-7 766**

During fiscal year 2023 group recognised expenses in income statement for 1.343 thousand euros (1.294 thousand euros) relating to short term and low value lease agreements.

	2023	2022
Fees to auditors, summarized by cost category		
Audit	-143	-123
Tax consultation	0	-11
Other advisory services	-3	-8
Total	**-146**	**-142**

10. FINANCIAL INCOME AND EXPENSES

	2023	2022
Financial income and expenses, break-down by category		
Financial income		
Interest income	186	18
Dividend income	23	0
Exchange rate gains	121	171
Fair valuation of current investments	3	2
Gain from sale of current investments	0	22
Total	**334**	**213**
Financial expenses		
Interest expenses	-912	-422
Exchange rate losses	-92	-4
Other financial expenses	-296	-282
Total	**-1 300**	**-707**
Net financial income and expenses	**-966**	**-495**

11. INCOME TAX

	2023	2022
Income tax expense		
Income tax charge for the financial year	-948	-1 206
Change of deferred taxes	278	183
Total	**-670**	**-1 022**

	2023	2022
Reconciliation of income tax expense		
Profit before tax	3 878	4 597
Tax on profit before tax by applying parent company's tax rate (20,00%)	-776	-919
Tax adjusting effect of the following items		
Tax rate difference	21	15
Tax non-deductible expenses	-143	-101
Tax exempt income	199	5
Use of non-recognized tax losses carried forward from prior years	78	29
Tax losses incurred but not recognised	-15	-7
Other items	-33	-44
Total tax expense recognized in the income statement	**-670**	**-1 022**

12. EARNINGS PER SHARE

	2023	2022
Earnings per share, non-diluted		
Profit attributable to parent company shareholders; EUR	3 155 226	3 395 960
Average number of shares during the financial year	9 896 086	8 843 228
Earnings per share; EUR/share	0,32	0,38
Comprehensive net income per share, non-diluted		
Comprehensive profit attributable to parent company shareholders; EUR	3 211 556	2 130 751
Average number of shares during the financial year	9 896 086	8 843 228
Comprehensive profit per share; EUR/share	0,32	0,24

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

The movement of the intangible asset categories is presented in the following two tables.

Intangible assets - year 2023	Goodwill	Capitalized development expenses	IT-licenses	Other intangible rights	Total
Carrying value					
Carrying value 1.1.	37 836	1 115	80	92	39 122
Additions, separately acquired	0	0	34	14	48
Additions, internally developed	0	0	0	0	0
Additions through business combinations	4 101	0	0	0	4 101
Disposals	0	-30	0	-14	-44
Amortisation	0	-196	-80	-31	-307
Net exchange rate differences	64	0	0	0	64
Carrying value 31.12.	**42 000**	**889**	**34**	**61**	**42 984**

Intangible assets - year 2022	Goodwill	Capitalized development expenses	IT-licenses	Other intangible rights	Total
Carrying value					
Carrying value 1.1.	33 507	727	18	168	34 421
Additions, separately acquired	0	40	109	0	149
Additions, internally developed	0	497	0	0	497
Additions through business combinations	5 872	8	0	0	5 880
Disposals	0	0	0	-15	-15
Amortisation	0	-157	-47	-62	-266
Net exchange rate differences	-1 543	0	0	0	-1 543
Carrying value 31.12.	**37 836**	**1 115**	**80**	**92**	**39 122**

Changes in contingent consideration which occur within 12 months from the acquisition date are posted to goodwill.

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 amounts of the 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 when 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 2023 were allocated to the balance sheet date on 31 December 2023. 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 2023. For companies acquired in 2023, the impairment test is performed for the first time in 2024. The discount rate (WACC before taxes) used in the calculations was 10.64-12.93% (10.11 -11.95).

The key variables used in the calculations were revenue growth and profitability (EBITDA%), which were based on both the 2024 budget and the long-term profitability, cost and profitability estimates of the company's management. The 2024 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 5.00–20.00% (1.00–9.00). 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 2.6-484.8% (0.6-1,070.7).

14. TANGIBLE ASSETS

Tangible assets mainly consist of measuring devices used for risk assessment and other consultancy equipment related to client assignments.

Tangible assets - year 2023	Machinery and equipment	Other tangible assets	Total
Carrying value			
Carrying value 1.1.	1 634	20	1 654
Additions, separately acquired	126	46	172
Additions through business combinations	67	0	67
Disposals	-52	0	-52
Depreciation	-389	-8	-397
Net exchange rate differences	-1	0	-1
Carrying value 31.12.	**1 384**	**58**	**1 443**

Tangible assets - year 2022	Machinery and equipment	Other tangible assets	Total
Carrying value			
Carrying value 1.1.	1 150	74	1 224
Additions, separately acquired	1 162	-7	1 155
Additions through business combinations	1	0	1
Disposals	-244	0	-244
Depreciation	-434	-46	-481
Net exchange rate differences	-1	0	-1
Carrying value 31.12.	**1 634**	**20**	**1 654**

In addition to the above owned tangible assets the company possesses right-of-use assets under rental and leasing agreements accounted for in accordance with the IFRS 16 standard. The leased tangible assets comprise rented office premises as well as leased office equipment, passenger cars used by personnel and other vehicles used in the business. The right-of-use assets are presented in the two tables below.

Leased right-of-use assets (IFRS 16) - 2023	Buildings	Machinery and equipment	Total
Carrying value			
Carrying value 1.1.	2 868	1 130	3 998
Additions	3 891	523	4 414
Disposals	0	-155	-155
Depreciation	-1 914	-489	-2 404
Carrying value 31.12.	**4 844**	**1 008**	**5 853**

Leased right-of-use assets (IFRS 16) - 2022	Buildings	Machinery and equipment	Total
Carrying value			
Carrying value 1.1.	2 706	1 921	4 626
Additions	1 986	166	2 152
Disposals	0	-462	-462
Depreciation	-1 824	-494	-2 318
Carrying value 31.12.	**2 868**	**1 130**	**3 998**

The year 2023 increase of the carrying value of the of the leased office premises, presented under the headline 'Buildings' above, is mainly due to re-evaluation of assumptions considering the time span of open-ended rental agreements.

15. NON-CURRENT INVESTMENTS

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

	2023	2022
Movement of non-current investments		
Carrying value, opening balance 1.1.	1 888	1 898
Additions due to business combinations	1	0
Decrease	0	-10
Carrying value, closing balance 1.1.	**1 888**	**1 888**

	2023	2022
Non-current nvestments specified by category		
Real estate and housing company shares	1 863	1 863
Other shares	26	25
Total	**1 889**	**1 888**

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 acquisitions 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 2023. 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 2023 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 affect goodwill within 12 months from the acquisition date whereas any changes recognized beyond this 12-month period are recognized in the income statement.

On 31 December 2023, the Company has contingent purchase price liabilities of EUR 7,153 thousand in its balance sheet, of which EUR 357 thousand is short-term.

	2023	2022
Contingent consideration liabilities		
Contingent consideration liabilities 1.1.	7 485	5 919
Current year business combinations increase	863	1 521
Paid in the financial year	-778	-2 117
Revaluation	-416	2 474
Exchange rate difference	-1	-312
Contingent consideration liabilities 31.12.	**7 153**	**7 485**
of which		
Non-current	6 796	6 759
Current	357	726
	7 153	**7 485**

In 2023, the Company made four acquisitions, two in Finland and two in Sweden. A summary of the financial impact of the acquisitions made is given in the table below.

	Total	Other business combi-nations	North 68 Consulting AB	Transport Consultancy Group AB
Acquisition consideration				
Cash consideration	4 327	978	1 085	2 264
Consideration paid with exchange of shares	397	0	0	397
Contingent consideration	653	60	441	152
Acquisition consideration, total	**5 377**	**1 038**	**1 525**	**2 814**
Acquired identifiable net assets				
Non-current assets				
Tangible fixed assets	67	21	46	0
Investments	35	0	35	0
Current assets				
Trade receivables and other receivables	789	121	278	390
Cash and cash equivalents	1 108	495	322	290
Assets, total	1 999	637	681	680
Non-current liabilities				
Interest bearing	20	0	20	0
Current liabilities				
Interest bearing	9	0	9	0
Deferred tax liabilities	8	0	8	0
Non-interest bearing	629	183	288	158
Liabilities, total	665	183	325	158
Acquired identifiable net assets	**1 334**	**455**	**357**	**522**
Goodwill	4 043	583	1 169	2 291
Acquired net assets, total	**5 377**	**1 038**	**1 525**	**2 814**
Net cash flow effect				
Total acquisition consideration	-5 377	-1 038	-1 525	-2 814
Consideration paid with exchange of shares	397	0	0	397
Consideration debt	210	138	73	0
Contingent consideration	653	60	441	152
Cash and cash equivalents in the acquired entities on acquisition date	1 108	495	322	290
Net cash flow effect, total	**-3 009**	**-346**	**-689**	**-1 974**

In February 2023 Solwers Sweden AB acquired Transport Consultancy Group Nordic AB (TCG Nordic) specialized in technical consultancy in the rail industry. Part of the purchase price was agreed to be paid in Solwers Plc shares. The total number of shares directed to the sellers was 81,505 shares.

In September 2023, Sweden-based Licab acquired North 68 Consulting AB in Kiruna with 20 specialists working for infrastructure, mining industry and municipal projects.

In September 2023 Arkman Arkkitehtuuri Oy, architectural company in Kokkola, Finland and was acquired by Lukkaroinen Architects.

In December 2023 LVI-Insinööritoimisto Meskanen acquired LVI-Insinööritoimisto Plan-Air Oy.

17. NON-CURRENT RECEIVABLES

	31.12.2023	31.12.2022
Non-current receivables specified by category		
Loan receivables	1 018	1 098
Deferred tax assets	12	39
Security cash deposits	307	314
Total	**1 337**	**1 451**

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.

	31.12.2023	31.12.2022
Non-current deferred tax assets specified by source		
Other investments	12	39
Total	**12**	**39**

18. INVENTORIES

	31.12.2023	31.12.2022
Inventories specified by category		
Work in progress	105	105
Goods and products	41	63
Total	**146**	**168**

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

	31.12.2023	31.12.2022
Current receivables specified by category		
Trade receivables	10 897	9 322
Deferred tax assets	1 214	941
Other receivables	369	216
Prepaid expenses and accrued income	4 077	4 107
Total	**16 557**	**14 586**

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.

Trade receivables specificaton by maturity	31.12.2023	31.12.2022
Not due	8 867	7 962
Overdue by aging category		
< 30 days	1 611	884
31 – 60 days	140	173
61 – 90 days	83	40
> 90 days	196	263
Total	**10 897**	**9 322**

Expected Credit Losses Matrix	ECL %	31.12.2023	Expected Credit Losses	31.12.2022	Expected Credit Losses
Trade receivables specificaton by maturity					
Not due	0,01 %	8 867	1	7 962	1
Overdue by aging category					
< 30 days	0,1 %	1 611	2	884	1
31 – 60 days	10 %	140	14	173	17
61 – 90 days	25 %	83	21	40	10
> 90 days	75 %	196	147	263	197
Total		10 897	184	9 322	226

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.

Current deferred tax assets specified by source	31.12.2023	31.12.2022
Tax losses carried forward	1 195	928
Other items	19	13
Total	**1 214**	**941**

Prepaid expenses and accrued income major items	31.12.2023	31.12.2022
Accrued income	3 108	2 949
Accrued interest income	29	5
Income tax receivables	97	350
Other prepaid expenses	613	579
Other items	230	225
Total	**4 077**	**4 107**

20. CURRENT INVESTMENTS

Current investments specified by category	31.12.2023	31.12.2022
Shares	2	18
Investments funds	883	316
	885	**334**

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 31.12.2023							
Non-current							
Investments		1 889	1 889	1 889			1 889
Receivables		1 337	1 337	1 337			1 337
Current							
Trade receivables	10 897		10 897	10 897		10 897	
Investments		885	885	885	885		
Cash and cash equivalents	15 953		15 953	15 953	15 953		
Total	**26 850**	**4 111**	**30 962**	**30 962**			

	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**			

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

The Annual General Meeting authorized the Board of Directors to decide on the issuance of 991 506 shares in one or several tranches. The authorization entitles the Board of Directors to decide on a directed issue, i.e. an issue deviating from the pre-emptive subscription rights of the shareholders. Also, the Board of Directors was authorized to decide on the terms of the issuance of shares and option rights and other special rights.

Based on the share issuance authorization, 81,505 new shares have been directed to the sellers of Transport Consultancy Group AB during the financial year, of which 41,220 shares were in the company's possession at the time of the issue. 40,285 new shares were therefore registered in Solwers Plc's share register on March 27, 2023.

Share issues made in 2023 based on authorizations granted by the General Meeting

The Board of Directors used the share issue authorizations in 2023 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
27 Feb 2023	Directed share issue to the sellers of Transport Consultancy Group AB	81,505	4.8307	9,915,067	1,000,000.00	27 Mar 2023

Of the assets accumulated from the aforementioned share issues, EUR 394 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.

	2023	2022
Number of shares outstanding (pcs)		
Opening balance 1.1.	9 833 562	8 758 584
Directed share issue 20 June 2022	-	54 978
Directed share issue 16 December 2022	-	1 020 000
Directed share issue 27 March 2023	81 505	-
Closing balance 31.12.	**9 915 067**	**9 833 562**

The Annual General Meeting authorized the Board of Directors to decide upon the repurchase and on the acceptance as pledge of a maximum of 991 506 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 2024.

On 31 December 2023 the Company did not have any own shares in its possession.

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 2023.

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.

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 level in its business at group level and responds with business and financial adjustments as needed. At the date of the financial statements, the value of Covenant 1 was 46,4% while Covenant 2 was 1.23.

Credit risk

Sensibility to Market Risk	2023 (+)	2023 (-)	2022 (+)	2022 (-)
+10% /-10% SEK Currency risk to EBT	266	-266	248	-248
+2%-units /-2%-units Average Interest change to EBT	328	-328	214	-214
+5% Salary inflation to EBIT	N/A	-1 577	N/A	-1 465

24. NON-CURRENT LIABILITIES

Non-current liabilities specified by category	31.12.2023	31.12.2022
Interest bearing		
Loans from credit institutions	17 191	17 390
Leasing liabilities	3 451	2 275
Other liabilities	904	789
	21 546	20 455
Non- interest bearing		
Contingent acquisition debt	6 796	6 759
Other liabilities	0	466
Deferred tax liabilities	268	324
	7 064	7 549
Total	**28 609**	**28 004**

Loans from financial institutions and lease liabilities

Of the loans from financial institutions, EUR 1,341 (1,582) thousand are foreign currency loans in Swedish krona.

The weighted average interest rate on loans from financial institutions is 5.57% (3.95).

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 904 (789) 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.

Non-current deferred tax liabilities specified by source	31.12.2023	31.12.2022
Tax deductible voluntary provisions	151	167
Capitalization of development costs	118	157
Total	**268**	**324**

Other non-interest-bearing liabilities

Other non-interest-bearing liabilities are contingent purchase price liabilities 6.796 (6.759) 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) on 31 December 2023 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	2 061	3 345	9 503	4 342	-	-	**19 251**
Leasing liabilities	2 550	1 672	946	384	383	65	**6 001**
Contingent acquisition debt	357	6 446	350	-	-	-	**7 153**
Other liabilities	3 937	904	-	-	-	-	**4 841**
Deferred tax liabilities	188	268	-	-	-	-	**456**
Received prepayments	24	-	-	-	-	-	**24**
Trade payables	1 908	-	-	-	-	-	**1 908**
Accruals and deferred income	7 003	-	-	-	-	-	**7 003**
Total	**18 028**	**12 635**	**10 799**	**4 726**	**383**	**65**	**46 637**

25. CURRENT LIABILITIES

Current liabilities specified by category	31.12.2023	31.12.2022
Interest bearing		
Loans from credit institutions	2 061	1 586
Leasing liabilities	2 550	1 774
Other liabilities	79	82
	4 690	3 442
Non-interest bearing		
Contingent acquisition debt	357	726
Other liabilities	3 858	3 342
Deferred tax liabilities	188	131
Received prepayments	24	27
Accounts payable	1 908	1 887
Accrued expenses and deferred income	7 003	5 965
	13 338	12 079
Total	**18 028**	**15 521**

Other interest-bearing liabilities

Other liabilities, EUR 79 (82) 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.

	31.12.2023	31.12.2022
Current deferred tax liabilities specified by source		
Depreciation in excess of plan	37	37
Tax deductible voluntary provisions	135	49
Fair valuation of financial assets	6	5
Depreciation of development costs	39	39
Leased non-current assets (IFRS 16)	-30	0
Total	**188**	**131**

Other non-interest-bearing liabilities

Other non-interest-bearing liabilities includes contingent purchase price liabilities EUR 357 (726) thousand, resulting from acquisitions.

	31.12.2023	31.12.2022
Accrued expenses and deferred income major items		
Holiday pay and other salary accruals	3 966	3 455
Accrued pension costs	524	507
Accrued other compulsory social charges	968	809
Accrued interest expenses	106	91
Accrued income tax	265	119
Other accruals	1 175	984
Total	**7 003**	**5 965**

26. FINANCIAL LIABILITIES

The total amounts of liabilities (non-current and current) 2023 are presented by maturity category in the following table.

Financial liabilities 31.12.2023	Valuation at amortized cost	Valuation at fair value affecting income statement	Carrying value total	Fair value	Level 1	Level 2	Level 3
Non-current							
Loans from credit institutions	17 191		17 191	17 191		17 191	
Leasing debt	3 451		3 451	3 451		3 451	
Contingent acquisition debt		6 796	6 796	6 796			6 796
Current							
Loans from credit institutions	2 061		2 061	2 061		2 061	
Leasing debt	2 550		2 550	2 550		2 550	
Contingent acquisition debt		357	357	357			357
Trade payables	1 908		1 908	1 908		1 908	
Total	**27 160**	**7 153**	**34 313**	**34 313**			

Financial liabilities 31.12.2022	Valuation at amortized cost	Valuation at fair value affecting income statement	Carrying value total	Fair value	Level 1	Level 2	Level 3
Non-current							
Loans from credit institutions	17 390		17 390	17 390		17 390	
Leasing debt	2 275		2 275	2 275		2 275	
Contingent acquisition debt		6 759	6 759	6 759			6 759
Current							
Loans from credit institutions	1 586		1 586	1 586		1 586	
Leasing debt	1 774		1 774	1 774		1 774	
Contingent 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**			

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.

	2023	2022
Related party transactions by category		
Salary and other remuneration	591	571
Other operating expenses	6	1
	2	0
Receivables from related parties		
Loan receivables	106	206

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 2023, 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.

	2023	2022
Remuneration		
Remuneration to the Board of Directors	80	95
Managing Director salary & remun. (incl. fringe benefits)	172	152
Management Team salary & remun. (incl. fringe benefits)	339	324
	591	**571**

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	247 000	2,5 %
Olli Kuusi	17 360	0,2 %
	647 014	**6,6 %**

1) Adding the total shareholding of Finnmap Engineering Oy and CEB Invest Oy to the total shareholding 4,778,393 shares and ownership 48%
2) In addition to Topix Ab's indirect shareholding, a total of 45,000 shareholdings and a 0.5% shareholding
3) Nominee registered

28. COLLATERAL PROVIDED AND CONTINGENT LIABILITIES

	31.12.2023	31.12.2022
Collateral to secure own commitments		
Floating charges, nominal value	40 780	41 909
Pledged subsidiary shares, carrying value	69 603	52 437
Total	**110 383**	**94 346**
Pledged as security for		
Loans from credit institutions	26 870	28 544

	31.12.2023	31.12.2022
Other collateral to secure own commitments		
Pledged bank deposits	225	285
Guarantees	122	137
Total	**347**	**422**
Pledged as security for		
Rental commitments	225	285
Subsidiary loans and bank overdraft limits from credit institutions	97	112
Total	322	397

	31.12.2023	31.12.2022
Future minimum lease payments (incl. VAT)		
Due before the end of the next financial year	2 643	2 622
Due beyond the end of the next financial year	3 471	3 596
Total	**6 114**	**6 218**

	31.12.2023	31.12.2022
Fair value of financial derivatives		
Interest rate swap and cap agreements	0	-2
Total	**0**	**-2**

Lease liabilities presented in long-term and short-term interest-bearing liabilities form a significant part of the total of EUR 6,114 thousand (EUR 6,218 thousand) of the above minimum future leases.

29. DISPUTES AND POTENTIAL LITIGATIONS

The business activities of the subsidiaries of Solwers Plc involve the risk of design errors, which may lead to liability for damages towards a contracting partner. Risks are managed in accordance with market practice through active project management and consultant liability insurance.

One subsidiary of Solwers Plc, Finnmap Infra Oy, has received a claim for damages related to a certain project during the fiscal year 2023, which, if fully realized in accordance with the claimant's demands, could affect the subsidiary's operations and thus those of Solwers Plc. However, prior to the publication of this financial statement, Finnmap Infra Oy has not received a detailed and legally assessed claim for damages or a summons to court. Group management estimates that it is not probable that this claim would lead to a liability considered material.

There are no other significant claims or pending litigations.

30. EVENTS AFTER THE FINANCIAL YEAR

Company acquisition

On January 9, 2024, Solwers Plc's subsidiary Solwers Sweden AB signed an agreement to buy the entire share capital of Swedish WiseGate AB, whose subsidiaries are WiseGate Consulting AB, which specializes in energy and process industry consulting and planning, and automation company DEMAB AB. The companies employ more than 50 experts and operate in eight locations in Sweden. Following the acquisition, Solwers organized a directed share issue to the sellers. The number of new shares directed to sellers is 31,267 shares, which were registered in February 2024.

On January 23, 2024, Solwers Plc agreed on a shareholding partnership with Kari & Pantsar Oy focusing on environmental consulting. The ownership is one third of the company's shares. The company employs seven climate and environmental experts in Finland.

On January 29, 2024, Solwers Plc expanded its range of services to plant engineering. Solwers Sweden AB signed an agreement to buy the entire stock of Relitor Engineering AB. The company employs more than 20 experts in Sweden. With the deal, the company organized a share issue aimed at sellers. The number of new shares directed to sellers is 58,071 shares, which were registered in February 2024.

CALCULATION FORMULAS FOR KEY FIGURES

Revenue per person	Revenue / average total number of employees
Growth	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
EBT	Profit before taxes
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	Equity + non-controlling interest + capital loans
Net debt	Interest-bearing liabilities + lease liabilities + other liabilities comparable to interest-bearing liabilities - cash and cash equivalents
Net Debt excluding Leasing Debt	Interest-bearing liabilities + other liabilities comparable to interest-bearing liabilities - cash and cash equivalents
Equity ratio	(Equity + non-controlling interest) / balance sheet total
Adjusted equity ratio	(Equity + non-controlling interest + capital loans) / balance sheet total

SOLWERS PLC

FINANCIAL STATEMENTS 2023

PARENT COMPANY (FAS)

INCOME STATEMENT
Parent company, FAS

EUR THOUSAND	NOTE	2023	2022
REVENUE	3	**1 225**	**1 220**
Other operating income		0	405
Materials and services		-77	-414
Personnel costs	4	-754	-778
Amortization, depreciation and impairment	5	-2	-3
Other operating expenses	6	-698	-860
OPERATING RESULT		**-307**	**-430**
Financial income and expenses	7	-142	-1 496
RESULT BEFORE APPROPRIATIONS AND TAXES		**-448**	**-1 926**
Appropriations	8	100	1 510
NET RESULT FOR THE FINANCIAL YEAR		**-348**	**-416**

BALANCE SHEET
Parent company, FAS

EUR THOUSAND	NOTE	31.12.2023	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	9	7	9
Investments	10	28 945	28 945
Receivables	11	23 104	1 116
NON-CURRENT ASSETS, TOTAL		**52 056**	**30 069**
CURRENT ASSETS			
Inventories	12	105	105
Receivables	13	3 100	21 367
Cash and cash equivalents		8 932	8 342
CURRENT ASSETS, TOTAL		**12 137**	**29 814**
ASSETS, TOTAL		**64 193**	**59 883**
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital		1 000	1 000
Share premium account		20	20
Other reserves		36 383	35 989
Retained earnings		1 333	2 473
Profit for the financial year		-348	-416
EQUITY, TOTAL	14	**38 387**	**39 066**
LIABILITIES			
Non-current liabilities	15	17 145	17 243
Current liabilities	16	8 661	3 574
LIABILITIES, TOTAL		**25 806**	**20 817**
EQUITY AND LIABILITIES, TOTAL		**64 193**	**59 883**

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

	2023	2022
Revenue, break-down by category		
Management fee income from group companies	1,225	1,220
Total	**1,225**	**1,220**

4. EMPLOYEE EXPENSES AND NUMBER OF EMPLOYEES

	2023	2022
Personnel costs, break-down by category		
Salaries, wages and other remuneration	-580	-627
Pension costs	-97	-99
Compulsory social charges	-13	-9
Other voluntary employee expenses	-64	-42
Total	**-754**	**-778**

Number of employees		
Average during the financial year	4	6
At the end of the financial year	4	6

5. DEPRECIATION, AMORTISATION AND IMPAIRMENT

	2023	2022
Amortization, depreciation and impairment of non-current assets		
Depreciation of tangible non-current assets	-2	-3
Total	**-2**	**-3**

6. OTHER OPERATING EXPENSES

	2023	2022
Other operating expenses, break-down category		
Business premises expenses	-38	-49
ICT expenses	-64	-147
Travel expenses	-40	-37
Machinery and equipment expenses	-35	-32
Marketing expenses	-55	-47
Administrative services expenses	-181	-128
Other administration expenses	-125	-194
Other operating expenses	-160	-227
Total	**-698**	**-860**

	2023	2022
Other operating expenses, specified by group internal and external expenses		
Group internal expenses	-160	-225
External expenses	0	-2
Total	**-160**	**-227**

	2023	2022
Fees to auditors, summarized by cost category		
Audit fees	-10	-21
Tax consultation fees	0	-11
Other assignments as referred to in the Finnish Auditing Act	0	-8
Total	**-10**	**-39**

7. FINANCIAL INCOME AND EXPENSES

	2023	2022
Financial income and expenses, break-down by category		
Financial income		
Interest income from subsidiaries	558	338
Other interest income	146	10
Foreign currency exchange rate gains	1 441	168
Total	**2 145**	**516**
Financial expenses		
Interest expenses on loans from credit institutions	-882	-381
Interest expenses on other loans	0	-1
Foreign currency exchange rate losses	-1 343	-1 258
Other financial expenses	-62	-372
Total	**-2 287**	**-2 012**
Net financial income and expenses	**-142**	**-1 496**

8. APPROPRIATIONS

	2023	2022
Appropriations, break-down by category		
Group contributions received	100	1,510
Total	**100**	**1,510**

9. TANGIBLE ASSETS

	2023	2022
Movement of machinery and equipment		
Carrying value		
Opening balance 1.1.	9	10
Investments	0	2
Depreciation	-2	-4
Closing balance 31.12.	**7**	**9**

10. NON-CURRENT INVESTMENTS

	2023	2022
Movement of non-current investments		
Subsidiary shares		
Acquisition cost		
Opening balance 1.1.	28,945	27,636
Additions	0	28,940
Divestments	0	-27,631
Closing balance 31.12.	**28,945**	**28,945**

Shareholdings in subsidiaries 31.12.2023, 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 %
Arkkitehdit 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	100,00 %
Inmeco Oy Rakennuskonsultit	Jyväskylä	26.2.2022	100,00 %
Insinööritoimisto Pontek Oy	Espoo	21.12.2017	96,67 %
Insinööritoimisto W. Zenner Oy	Helsinki	17.12.2018	100,00 %
Kalliotekniikka Consulting Engineers Oy	Helsinki	20.6.2017	100,00 %
Lukkaroinen Arkkitehdit 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 %
Arkman Arkkitehtuuri Oy	Kokkola	14.9.2023	100,00 %
Plan Air Oy	Oulu	15.12.2023	100,00 %
Indirect ownership			
Insinööritoimisto Varsinais-Suomen Kalliotekniikka Oy	Turku	20.6.2017	100,00 %
Sweden			
Direct ownership			
Solwers Sweden Ab	Stockholm	31.12.2017	100,00 %
Indirect ownership			
Dreem AB	Gothenburg	22.8.2019	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	95,46 %
KAM Redovisning AB	Stockholm	14.6.2019	94,00 %
North 68 Consulting AB	Kiruna	14.9.2023	100,00 %
Transport Consultancy Group Nordic AB	Stockholm	21.3.2023	100,00 %
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	95,46 %

11. NON CURRENT RECEIVABLES

	31.12.2023	31.12.2022
Non-current receivables specified by category		
Receivables from group companies	22,068	0
Loan receivables	1,018	1,098
Security cash deposits	18	18
Other receivables	0	0
Total	**23,104**	**1,116**

Loan receivables consist of loans granted by Solwers Plc to key personnel. Receivables from group companies has been reallocated from current receivables.

12. INVENTORIES

	31.12.2023	31.12.2022
Inventories		
Work in progress	105	105
Total	**105**	**105**

13. CURRENT RECEIVABLES

	31.12.2023	31.12.2022
Current receivables specified by category		
Receivables from group companies	3,044	21,312
Prepaid expenses and accrued income	54	6
Share issue receivables	3	15
Other receivables	0	34
Total	**3,100**	**21,367**

	31.12.2023	31.12.2022
Receivables from group companies consist of the following items		
Trade receivables	341	22
Loan receivables	23 100	19 131
Prepaid expenses and accrued income	1 083	460
Group contribution receivables	588	1 698
Total	**25 112**	**21 312**

14. SHARES AND 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 authorization granted by the Annual General Meeting to the Board of Directors

The Annual General Meeting authorized the Board of Directors to decide on the issuance of 991 506 shares in one or several tranches. The authorization entitles the Board of Directors to decide on a directed issue, i.e. an issue deviating from the pre-emptive subscription rights of the shareholders. Also, the Board of Directors was authorized to decide on the terms of the issuance of shares and option rights and other special rights.

Based on the share issuance authorization, 81,505 new shares have been directed to the sellers of Transport Consultancy Group AB during the financial year, of which 41,220 shares were in the company's possession at the time of the issue. 40,285 new shares were therefore registered in Solwers Plc's share register on March 27, 2023.

Share issues made in 2023 based on authorizations granted by the General Meeting

The Board of Directors used the share issue authorizations in 2023 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
27 Feb 2023	Directed share issue to the sellers of Transport Consultancy Group AB	81,505	4.8307	9,915,067	1,000,000.00	27 Mar 2023

Of the assets accumulated from the aforementioned share issues, EUR 394 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.

	2023	**2022**
Number of shares outstanding (pcs)		
Opening balance 1.1.	9 833 562	8 758 584
Directed share issue 20 June 2022	-	54 978
Directed share issue 16 December 2022	-	1 020 000
Directed share issue 27 March 2023	81 505	-
Closing balance 31.12.	**9 915 067**	**9 833 562**

The Annual General Meeting authorized the Board of Directors to decide upon the repurchase and on the acceptance as pledge of a maximum of 991 506 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 2024.

On 31 December 2023 the Company did not have any own shares in its possession.

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

Movement in equity	2023	2022
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.	0	1 453
Deductions	0	-1 453
Closing balance 31.12.	0	0
Share premium reserve		
Opening balance 1.1.	20	20
Closing balance 31.12.	20	20
Total restricted equity, closing balance 31.12.	**1 020**	**1 020**

Unrestricted equity	2023	2022
Invested unrestricted equity reserve		
Opening balance 1.1.	35 989	29 667
Directed share issue 31 Jan. 2022	-	1 453
Directed share issue 20 Jul. 2022	-	381
Directed share issue 16 Dec. 2022	-	4 488
Directed share issue 27 Mar. 2023	394	-
Closing balance 31.12.	36 383	35 989
Retained earnings		
Opening balance 1.1.	2 057	2 824
Dividend distribution	-724	-350
Closing balance 31.12.	1 333	2 473
Profit for the period	-348	-416
Total unrestricted equity, closing balance 31.12.	**37 367**	**38 046**
Total equity, closing balance 31.12.	**38 387**	**39 066**

Calculation of distributable equity	31.12.2023	31.12.2022
Invested unrestricted equity reserve	36 383	35 989
Retained earnings	1 333	2 473
Profit for the period	-348	-416
Distributable equity	**37 367**	**38 046**

15. NON-CURRENT LIABILITIES

Non-current liabilities, break-down by category	31.12.2023	31.12.2022
Interest bearing		
Loans from credit institutions	17 145	17 243
	17 145	17 243
Total	**17 145**	**17 243**

Loans from financial institutions and lease liabilities

Of the loans from financial institutions, EUR 1,341 (1,582) thousand are foreign currency loans in Swedish krona.

The weighted average interest rate on loans from financial institutions is 5.57 (3.95)%.

16. CURRENT LIABILITIES

Current liabilities, break-down by category	31.12.2023	31.12.2022
Interest bearing		
Loans from credit institutions	2 041	1 309
	2 041	1 309
Non-interest bearing		
Liabilities to group companies	6 238	1 895
Other liabilities	57	41
Trade payables	74	72
Accruals and deferred income	250	257
	6 620	2 265
Total	**8 661**	**3 574**

Other non-interest bearing liabilities

Non-interest bearing liabilities to group companies consist of the following items	31.12.2023	31.12.2022
Loans from Group companies	0	500
Global cash pool liability	5 825	0
Other Current Liabilities	0	904
Accounts payable	3	41
Other accruals	411	450
Total	**6 238**	**1 895**

Accruals and deferred income consist of the following major items	31.12.2023	31.12.2022
Holiday pay provisions and other salary accruals	56	64
Pension cost accruals	9	8
Other compulsory social charge accruals	2	3
Interest accruals	102	87
Other accruals	80	96
Total	**250**	**257**

17. COLLATERAL PROVIDED AND CONTINGENT LIABILITIES

Collateral to secure own commitments	31.12.2023	31.12.2022
Floating charges, nominal value	39 000	39 000
Pledged subsidiary shares, carrying value	28 945	28 945
Total	**67 945**	**67 945**
The above floating charges and subsidiary shares have been pledged for		
Loans from credit institutions	19 186	18 552

	31.12.2023	31.12.2022
Other collateral to secure own commitments		
Pledged bank deposits	18	18
Guarantees	122	197
Total	**140**	**215**
The above bank deposits and guarantees have been pledged for		
Lease commitments (future minimum lease payments incl. VAT)	43	43
Subsidiary loans and bank overdraft limits from credit institutions	97	172
Total	140	215

	31.12.2023	31.12.2022
Future minimum lease payments (incl. VAT)		
Due before the end of the next financial year	49	45
Due beyond the end of the next financial year	13	13
Total	**62**	**58**

	31.12.2023	31.12.2022
Fair value of financial derivatives		
Interest rate swap and cap agreements	0	-3
Total	**0**	**-3**

18. EVENTS AFTER THE BALANCE SHEET DATE

Acquisitions

On January 9, 2024, Solwers Plc's subsidiary Solwers Sweden AB signed an agreement to buy the entire share capital of Swedish WiseGate AB, whose subsidiaries are WiseGate Consulting AB, which specializes in energy and process industry consulting and planning, and automation company DEMAB AB. The companies employ more than 50 experts and operate in eight locations in Sweden. Following the acquisition, Solwers organized a directed share issue to the sellers. The number of new shares directed to sellers is 31,267 shares, which were registered in February 2024.

On January 23, 2024, Solwers Plc agreed on a shareholding partnership with Kari & Pantsar Oy focusing on environmental consulting. The ownership is one third of the company's shares. The company employs seven climate and environmental experts in Finland.

On January 29, 2024, Solwers Plc expanded its range of services to plant engineering. Solwers Sweden AB signed an agreement to buy the entire stock of Relitor Engineering AB. The company employs more than 20 experts in Sweden. With the deal, the company organized a share issue aimed at sellers. The number of new shares directed to sellers is 58,071 shares, which were registered in February 2024.

SIGNATURES OF THE BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

SIGNATURES OF THE BOARD OF DIRECTORS

Espoo 28 March, 2024

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, 2024

Grant Thornton Oy
Audit firm

Satu Peltonen, APA