Expertise with Passion.

Sentiec Oyj

Report of the Board of Directors,
IFRS consolidated financial statements
and parent company financial statements
as at and for the year ended
31 December 2021

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BOARD OF DIRECTOR'S REPORT

General information of Sentiec

Sentiec Oyj, the parent company of Citec Group, was established in 2020. In order to carry out the recapitalisation and restructuring of the ownership of the Citec Group in February 2021, Sentiec Oyj acquired 100% of the shares in Citec Group Oy Ab and gained control over Citec Group and became the new parent company of Citec Group. The majority shareholders of Sentiec Oyj were also the majority owners of Citec Group Oy Ab. In this Board of Directors' report "Citec Group", "Group" or "Citec" refers to the whole Sentiec Oyj Group of companies, including the parent company Sentiec Oyj.

The Citec's date of transition to IFRS was 1 January 2020. Until 31 December 2020, Citec's consolidated financial statements were prepared in accordance with Finnish Accounting Standards (FAS).

Citec Group is an international multi-discipline engineering and technical documentation group, originally founded in 1984 with headquarters in Vaasa, Finland. Citec Group operates in the energy, process, oil & gas & electrofuels and machinery & equipment customer sectors. Citec's service offering includes plant engineering, product engineering, engineering consultancy, technical documentation and digital solutions.

Citec Group has a geographical presence in Finland, Norway, Sweden, Germany, France, and India. Citec Group aims to continuously develop its competence to be able to offer its best expertise and quality to its customers. Citec serves its customers through all its subsidiaries in different countries. Citec has a long history of delivering projects in cooperation with different group companies. Big part of Citec's projects are delivered in cooperation between Citec companies in Europe and India.

Group structure

As of 31 December, 2021, Citec Group includes parent company Sentiec Oyj and its subsidiaries Citec Group Oy Ab and Citec Oy Ab in Finland, Citec AB in Sweden, Citec Norway AS in Norway, Citec Engineering India Pvt Ltd in India, Citec Engineering & Information GmbH in Germany, Citec Engineering France SARL and Citec Group France SAS in France, and in the UK, Akilea Overseas Ltd. The closing process of Citec Oy Ab's joint venture in Saudi-Arabia Citec OY AB Saudi & Partner Consulting Engineering is ongoing.

Citec Engineering Russia LLC was closed during 2021.

Financial performance

Citec Group's revenue increased in January–December 2021 by 9,5% to EUR 79,7 million (72,8). 2021 started off with fairly modest project volumes, whereas business picked up with more project activity and higher volumes especially during the last quarter. The COVID-19 pandemic continues to have an impact on the market creating uncertainty. Despite of the market uncertainty, Citec was able increase its revenue in 2021. The market uncertainty may delay the customers investment decisions and cause project postponements.

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The adjusted EBITDA increased in January-December 2021 to EUR 15,3 million, or 19,2% of revenue (EUR 11,6 million, or 15,9%) compared to January-December 2020.

The operating profit (EBIT) was EUR 11,4 (7,5) million or 14,2 (10,3) per cent of revenue. The profit for the financial year was EUR 6,9 (5,1) million. The growth, in combination with global resourcing and project risk management, were the key contributors to the profit level.

Key Indicators

EUR thousands	2021	2020
Revenue	79 721	72 834
EBITDA	14 884	11 017
EBITDA %	18,7%	15,1%
Adjusted EBITDA	15 267	11 608
Adjusted EBITDA-%	19,2%	15,9%
Operating profit (EBIT)	11 354	7 507
Operating profit (EBIT) %	14,2%	10,3%
Equity ratio %	8,9%	51,7%
Return on equity %	46,0%	22,5%
Number of Employees at the end of the period	985	850

No comparable key indicators according to IFRS for 2019 as transition date to IFRS was 1.1.2020. Definition of key indicators have been presented in the end of this report.

Cash flow, financing and statement of financial position

On 31 December, 2021, the Group’s balance sheet total was EUR 57,1 (49,2) million. The Group’s cash and cash equivalents amounted to EUR 9,1 (5,6) million. In addition, the Group has unused credit limit.

Group’s net interest bearing liabilities amounted to EUR 18,8 (0) million. On February 2021, Sentiec Oyj issued a senior secured bond amounting to approximately EUR 29 million. On December 2, 2021, Sentiec Oyj submitted an application for the Bonds to be admitted to trading on the corporate bond list of Nasdaq Stockholm Aktiebolag. Trading on the Bonds was commenced on 7 December 2021.

Net cash flow from operating activities was EUR 8,2 (9,2) million, which includes EUR -1,1 (-1,0) million change in net working capital. Net cash flow from investing activities was EUR -1,5 (-1,0) million including acquisition of intangible and tangible assets. Net cash flow from financing activities was EUR -3,1 (-6,2) million, which includes partial repayment of the bond in 2021 EUR -1,1 million (repayment of loans and borrowings in 2020 EUR -3,8 million).

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Significant events

As of 1 October, 2021, certain mechanical & civil project engineering, project quality assurance and module & component change orders and product care activities were transferred from Wärtsilä Energy to Citec. Approximately 40 employees, located in Vaasa, Finland, were transferred as so-called old employees to Citec Oy Ab.

Personnel

In 2021, Citec invested in growth through strategic recruitments, and in competence development to meet the customer project requirements in terms of capacity, flexibility, quality and time schedules. At the end of the financial year, the number of group's active own employees amounted to 985 (850), an increase of 135 employees that is 15.9 per cent. The average number of own active employees was 910 (876). The group's employee benefits expenses amounted to EUR 44,4 (42,7) million in total, an increase of EUR 1,7 million that is 3,9 per cent.

Research and development

Citec does not have a separate research and development function. However, Citec is continuously in connection with its customer projects and services developing its offerings, delivery and competencies concerning plant engineering, product engineering, engineering consultancy, technical documentation and digital solutions.

In 2021, Citec started to develop its capability in selected sustainable technologies in order to be able to assist and drive the customers' sustainability related development needs and targets. The chosen technologies have been assessed through key customers' needs and their chosen technologies.

Citec continued to invest in digital solutions offering development, and especially in the field of software robotics. In addition, Citec's digital twin solution capability has been further developed.

Risk management

The greatest risks for Citec Group are related to the general economic development and to the customers' propensity to invest. Other risks consist of financial risks within the project operations and of currency risks and credit risk. A potential crisis in a certain country, where Citec has large operations is also defined as risk.

Operationally, Citec drives for delivering the right quality. The company focuses on preventive quality actions to secure a high customer satisfaction and minimising claims. Risks in project operations are systematically mitigated through process-controlled working methods and a solid quality assurance. Lack of sufficient and high-quality competences at needed time is a risk of operational nature but is mitigated mainly with flexibility through global operations.

Citec has policies to manage foreign currency risks and credit risks. Credit risk is managed with credit control checks in sales process and active monitoring of accounts receivable.

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Citec has several functional currencies and operations in different countries. The changes in exchange rates effects on Citec's profitability as Citec Group delivers significant part of its projects and services with cooperation between different group companies. Citec uses forward contracts to mitigate the effect of foreign currency risks. Hedging is executed according to hedging policy. Citec applies hedging accounting to forward contracts entered according to hedging policy.

Shares

On 10 February 2021, the sole shareholder of Sentiec Oyj, Sentica Buyout III Ky, decided to issue a total of 2 295 400 000 new shares in Sentiec Oyj's in a directed share issue. The directed share issue included issuance of 2 295 000 000 new Series A shares and 100 000 new shares of each Series B, C, D and E shares. The shares were subscribed for on 10 February 2021 and the total subscription price of EUR 22 954 000 was recorded into the Sentiec Oyj's invested non-restricted equity fund.

Based on shareholder resolution made on 15 June 2021, the shareholders of the Sentiec Oyj resolved to carry out a directed share issue of 28 001 838 new shares to the key employees of the Sentiec Oyj. The directed share issue included issuance of 28 000 000 new Series A shares, 320 new Series B shares, 252 new Series C shares, 129 new Series D shares and 1,137 new Series E shares. The total subscription price of EUR 280 018,38 was recorded into the Sentiec Oyj's invested non-restricted equity fund.

Sentiec Oyj's share capital amounts to total of 2 323 401 839 shares that are divided to five (5) share classes. Sentiec Oyj has 2 323 000 001 Series A shares, 100 320 Series B shares, 100 252 Series C shares, 100 129 Series D shares and 101 137 Series E shares. According to the Sentiec Oyj's Articles of Association, each Series A share carries ten (10) votes and each Series B, C, D and E share carries one (1) vote in the Sentiec Oyj's General Meeting. In addition, Series A, B, C, D and E shares carry different rights for distribution of funds as described in Section 7 of the Articles of Association of Sentiec Oyj. Sentiec Oyj's registered share capital of EUR 80 000,00 which is fully paid. Sentiec Oyj did not hold any own shares on 31 December, 2021. Sentica Buyout III Ky and Sentica Buyout III Co-Investment Ky funds managed by Sentica Partners have control over Citec by holding 78,86% of the parent company shares and 78,87% of the votes.

Corporate Governance Statement

Citec publishes the Corporate Governance Statement for 2021 separately from the Board of Directors' report.

The statement is available on Citec's website: www.citec.com/about-us/investors/.

Statement of non-financial information

Citec publishes the Statement of non-financial information for 2021 separately from the Board of Directors' report.

The statement is available on Citec's website: www.citec.com/about-us/investors/.

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Market outlook 2022

The business outlook looks good for 2022. Citec has a solid customer base and maintaining a high customer satisfaction is crucial for repeat business and continuous partnering opportunities. However, there are still uncertainties that might affect the market negatively on a short notice. The target is that Citec, despite the market uncertainties, progresses towards to the mid-term target, as a global growth company, with more than 100M€ annual revenue and >15% EBITDA.

The mix of industry areas is vital to manage risks. The strategically selected industries are predicted to have a good development during next year, making a potentially good basis for Citec's customers' order intakes. Especially within the energy industry, the company foresees a good growth potential, whereas a growth potential remains within other key sectors as well. However, uncertainty on the market due to war in Ukraine is monitored carefully. Currently the effect of current situation on Citec's ongoing projects is currently estimated to be limited. Citec does not have an office or employees in Russia.

The key offering of Citec remains, with a special focus on sustainable solutions and digitalisation. In order to accelerate a profitable growth, the target is to succeed very well in key account sales, and the company simultaneously sees good possibilities with other customers.

Key events after the financial period

No significant events took place after the balance sheet date.

Management and company's auditor

Sentiec Oyj's Board of Directors consists of Johan Wentzel, Chairman, and its members Antti Keränen, Rune Westergård and Clas-Eirik Strand. Johan Westermarck is the Group CEO and managing director of parent company.

Company auditor has been KPMG Oy Ab, Lotta Nurminen, Authorised Public Accountant as principal auditor.

Board of Directors' proposal for the financial result

The result of the Group's parent company Sentiec Oyj's for the financial year 2021 was EUR -877 789,98 loss. The Board of Directors proposes that the loss for the financial year will be transferred to retained earnings, after which its distributable funds amount to EUR 22 276 228,40. The Board of Directors' proposal to the general meeting is that no dividends will be distributed.

Alternative Performance Measures

Citec presents certain financial performance measures on a non-IFRS basis as alternative performance measures (APMs). The APMs should not be considered as a substitute for performance measures in accordance with IFRS. The APMs are designed to measure profitability and provide insight into the company's underlying operational performance.

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APMs used by Citec are listed, defined and reconciled below.

1) EBITDA (Earnings Before Interest, Taxes, Depreciations and Amortisations)

EUR thousands	2021	2020
EBIT	11 354	7 507
Depreciation and impairments	3 530	3 510
EBITDA	14 884	11 017

2) Adjusted EBITDA:

EUR thousands	2021	2020
EBIT	11 354	7 507
Depreciation and impairments	3 530	3 510
Adjustments *)	383	591
Adjusted EBITDA	15 267	11 608

*) Adjustments includes advisory and other transaction costs related to re-financing and restructuring costs

Definition of Key Indicators

EBITDA	= Operating profit (EBIT) + Depreciation + Amortisation
EBITDA %	= EBITDA in relation to Revenue
Adjusted EBITDA	= EBITDA - EBITDA Adjustments
Adjusted EBITDA %	= (EBITDA - EBITDA Adjustments) / Revenue
Operating profit (EBIT) %	= Operating profit in relation to Revenue
Number of employees	= Own active personnel (no long-term absentees included)
EBITDA adjustments	= Advisory and other transaction costs related to refinancing and costs related to restructuring
Equity Ratio	= Equity in relation to balance sheet in total - advances received
Return on equity %	= Profit (Loss) for the financial year in relation to average equity during the review period

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CONSOLIDATED INCOME STATEMENT

EUR thousands	Note	1-12/2021	1-12/2020
Revenue	3	79 721	72 834
Other operating income	4	436	361
Materials and services	5	-11 200	-7 992
Employee benefit expenses	6	-44 417	-42 743
Other operating expenses	8	-9 656	-11 442
Depreciation, amortisation and impairment losses	9	-3 530	-3 510
Operating profit (EBIT)		**11 354**	**7 507**
Financial income	10	316	474
Financial expenses	10	-3 059	-1 153
Net financial income and expenses		-2 743	-679
Profit (Loss) before income taxes		**8 611**	**6 829**
Current tax expense	11	-1 650	-1 705
Change in deferred taxes	11	-24	-7
Income taxes	11	-1 674	-1 712
Profit (Loss) for the financial year		**6 937**	**5 117**
Profit (Loss) for the financial year attributable to			
Owners of the parent company		6 937	5 117

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Profit (Loss) for the financial year	**6 937**	**5 117**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Translation differences	457	-653
Gain & losses on fair value through OCI debt instruments	-369	-24
Taxes	74	5
Other comprehensive income, that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	757	-175
Taxes	-229	46
Total other comprehensive income for the financial year	**690**	**-801**
Total comprehensive income for the financial year	**7 627**	**4 316**
Total comprehensive income attributable to		
Owners of the parent company	7 627	4 316

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CONSOLIDATED BALANCE SHEET

EUR thousands	Note	31 Dec 2021	31 Dec 2020	1 Jan 2020
ASSETS				
Non-current assets				
Intangible assets	12	1 184	727	921
Goodwill	12	19 708	19 708	19 708
Tangible assets	13	1 444	1 335	1 184
Right-of-use assets	12, 14	3 959	5 310	6 686
Deferred tax assets	11	2 356	2 556	1 913
Other non-current assets	15	47	40	45
Total non-current assets		**28 697**	**29 676**	**30 457**
Current assets				
Trade and other receivables	15	19 288	13 894	15 238
Cash and cash equivalents	15	9 066	5 597	3 496
Total current assets		**28 354**	**19 491**	**18 734**
Total assets		**57 051**	**49 167**	**49 191**
EQUITY				
Share capital	16	80	3	3
Reserve for invested non-restricted equity	16	23 154	11 389	11 235
Other reserves	16	-322	-27	-7
Capital loans	16	0	25 215	25 215
Restructuring reserve	16	-14 164	0	0
Translation differences	16	-612	-1 320	-667
Retained earnings	16	-3 117	-10 146	-15 498
Total equity	16	**5 019**	**25 114**	**20 280**
LIABILITIES				
Non-current liabilities				
Bond	17, 19	25 696	0	0
Lease liabilities	14	1 717	3 029	4 208
Provisions	22	2 834	4 260	3 790
Deferred tax liabilities	11	257	277	298
Total non-current liabilities		**30 504**	**7 566**	**8 295**
Current liabilities				
Bond	17, 19	1 438	0	0
Loans from financial institutions		0	0	3 800
Lease liabilities	14	2 323	2 334	2 478
Advances received	21	817	564	907
Trade and other payables	21	16 949	13 589	13 430
Total current liabilities		**21 527**	**16 487**	**20 616**
Total liabilities		**52 031**	**24 053**	**28 911**
Total equity and liabilities		**57 051**	**49 167**	**49 191**

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CONSOLIDATED CASH FLOW STATEMENT

EUR thousands	Note	1-12/2021	1-12/2020
Cash flows from operating activities			
Profit (Loss) before income taxes for the financial year		8 611	6 829
Adjustments:			
Depreciation, amortisation and impairment losses		3 530	3 510
Finance income and finance expenses		2 743	679
Other adjustments		-747	723
Cash flows before change in net working capital		14 136	11 740
Change in net working capital:			
Change in trade and other receivables (increase (-) / decrease (+))		-4 320	-321
Change in trade and other payables (increase (+) / decrease (-))		3 257	-722
Cash flows before finance items		13 073	10 697
Interest paid		-2 837	-639
Interest received		48	3
Income taxes paid		-2 071	-897
Net cash from operating activities (A)		**8 213**	**9 164**
Cash flows from investing activities			
Acquisition of intangible assets		-785	-153
Acquisition of tangible assets		-761	-823
Net cash used in investing activities (B)		**-1 545**	**-977**
Cash flows from financing activities			
Issue of new shares		280	154
Restructuring of ownership	2	-27 814	
Repayment of current loans and borrowings			-3 800
Proceeds from non-current loans and borrowings		28 000	
Repayment of non-current loans and borrowings		-1 079	
Repayment of lease liabilities		-2 446	-2 526
Net cash from financing activities (C)		**-3 059**	**-6 172**
Net cash from (used in) operating, investing and financing activities (A+B+C)		**3 608**	**2 015**
Net increase (decrease) in cash and cash equivalents		**3 608**	**2 015**
Cash and cash equivalents at 1 January		5 597	3 496
Effect of fluctuations in exchange rate		-139	85
Cash and cash equivalents at 31 December		**9 066**	**5 597**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to owners of the parent company *)							
EUR thousands	**Note**	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**Total**
Balance at 1 January 2021		**3**	**11 389**	**-27**	**25 215**	**0**	**-1 320**	**-10 146**	**25 114**
Comprehensive income									
Profit (Loss) for the financial year		0	0	0	0	0	0	6 937	6 937
Other comprehensive income		0	0	-295	0	0	457	528	690
year		**0**	**0**	**-295**	**0**	**0**	**457**	**7 465**	**7 627**
Transactions with owners of the company									
Restructuring of ownership of Citec Group	2	-3	-11 389	0	-25 215	-14 164	0	-186	-50 957
Share issue	2	80	23 154	0	0	0	0	0	23 234
Total transactions with owners of the company		**78**	**11 765**	**0**	**-25 215**	**-14 164**	**0**	**-186**	**-27 723**
Balance at 31 December 2021		**80**	**23 154**	**-322**	**0**	**-14 164**	**-612**	**-3 117**	**5 019**

		Equity attributable to owners of the parent company							
EUR thousands	**Note**	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**Total**
Balance at 31 December 2019, as reported in the consolidated financial statements (FAS)		3	11 235	0	25 215	0	0	-16 489	**19 964**
Impact of IFRS transition		0	0	-7	0	0	-667	991	317
Restated IFRS balance at 1 January 2020		**3**	**11 235**	**-7**	**25 215**	**0**	**-667**	**-15 498**	**20 280**
Total comprehensive income									
Profit (Loss) for the financial year		0	0	0	0	0	0	5 117	5 117
Other comprehensive income		0	0	-19	0	0	-653	-129	-801
year		**0**	**0**	**-19**	**0**	**0**	**-653**	**4 988**	**4 316**
Share issue		0	154	0	0	0	0		154
Share based payments		0	0	0	0	0	0	364	364
Total transactions with owners of the company		**0**	**154**	**0**	**0**	**0**	**0**	**364**	**518**
Balance at 31 December 2020		**3**	**11 389**	**-27**	**25 215**	**0**	**-1 320**	**-10 146**	**25 114**

*) Colums

A = Share capital
B = Reserve for invested non-restricted equity
C = Other reserves
D = Capital loans
E = Restructuring reserve
F = Translation differences
G = Retained earnings

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

1.1 Company information

Sentiec Oyj, a parent company of Citec Group ("Citec"), is a Finnish public limited liability company domiciled in Vaasa in Finland, and its registered address is Silmukkatie 2, FI-65101 Vaasa, Finland. In these financial statements "Citec Group" or "Citec" refers to the whole Sentiec Oyj Group of companies, including the parent company Sentiec Oyj.

Citec Group is an international multi-discipline engineering and technical documentation group, originally founded in 1984 with headquarters in Vaasa, Finland. Citec Group operates in the energy, process, oil & gas & electrofuels and machinery & equipment customer sectors. Citec's service offering includes plant engineering, product engineering, engineering consultancy, technical documentation and digital solutions.

On February 2021, Sentiec Oyj acquired 100 per cent of the shares in Citec Group Oy Ab. The transaction was made to restructure the ownership and to effectuate a recapitalization of Citec. Disclosures of the transaction and recapitalisation of Citec has been included in the Note 2.

On February 2021, Sentiec Oyj issued a senior secured bond amounting to approximately 29 million euro. On December 2, 2021, Sentiec Oyj submitted an application for the Bonds to be admitted to trading on the corporate bond list of Nasdaq Stockholm Aktiebolag. Trading on the Bonds was commenced on 7 December 2021.

1.2 Basis of accounting

This Financial Statements Release is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the IAS and IFRS standards as well as SIC and the IFRIC interpretations in force as at 31 December 2021.

Citec has applied these policies both in the financial years 2021 and 2020 and in preparation of the opening IFRS balance sheet as at 1 January 2020. Citec has not early adopted any standard, amendment or interpretation before their effective dates.

The Citec's date of transition to IFRS was 1 January 2020. Until 31 December 2020, Citec's consolidated financial statements had been prepared in accordance with Finnish Accounting Standards (FAS). In preparing these consolidated financial statements Citec applied IFRS 1 First-time Adoption of International Financial Reporting Standards. Note 26 Transition to IFRS discloses the impacts resulting from the adoption of IFRS.

"Following sections addresses the general policies applied that relate to the consolidated financial statement as a whole. Accounting policies that are specific to a section of the financial statements, together with descriptions of management judgements, related estimates and assumptions, are incorporated into the relevant note to the consolidated financial statements.

The financial year of Citec is the calendar year. The figures in the Consolidated Financial Statements are presented in thousands of euro, except when otherwise indicated. All figures presented have been rounded, and consequently the sum of individual figures may deviate from the presented aggregate figure. Key ratios are computed using exact figures.

The COVID-19 pandemic continues to have an impact on the market creating uncertainty, but dispute of the market uncertainty Citec was able reach revenue growth of 9,5 % in 2021. Market uncertainty may delay the customers investment decisions and cause project postponements.

Uncertainty on the market due to war in Ukraine is monitored carefully. Currently the effect of current situation on Citec's ongoing projects is currently estimated to be limited. Citec does not have an office or employees in Russia.

1.3 Critical management judgments and key sources of estimation uncertainty

The preparation of IFRS financial statements requires management to make judgments, estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the period-end as well as the reported amounts of income and expenses during the reporting period. The estimates and assumptions are based on historical experience and other justified assumptions, such as

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future expectations, that Citec group management believes are reasonable under the circumstances at the end of the reporting period and the time when they were made.

Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Citec reviews the estimates and underlying assumptions on an on-going basis and when preparing financial statements.

Estimates and assumptions

Judgements that Citec group management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements, relate to the following areas:

Impairment testing

Citec tests goodwill and intangible assets not yet available for use for impairment annually. Recoverable amounts for cash-generating units are based on value-in-use calculations. Estimates are required in making these calculations. More detailed information included in Note 12.3.

Revenue recognition

Revenue recognized over time is based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The percentage of completion is measured as the costs of the project realized as a proportion to the total expected costs of the project. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change, and at each reporting date. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that trigger the revision is identified. More detailed information included in Note 3.1.

Provisions

"Estimation of the financial impact of a past event requires judgement from Citec group management based on prior similar events and, in certain cases, statements of external experts. The provisions are reviewed regularly and adjusted as necessary to reflect the best estimate on reporting date. The actual costs may differ from estimated costs. More detailed information included in Note 22.1.

Deferred taxes

Determining to which extent deferred tax assets can be recognized requires management judgement. Citec's management has used judgement when determining if deferred tax asset should be recognized for an unused tax loss carry forward. Recognition is done only to the extent that it is probable that future taxable profits will be available against which the tax loss carry forwards can be utilised. More detailed information included in Note 11.1.

1.4 Operating result

Citec considers operating profit to be relevant subtotals in understanding the group's financial performance. Since those concepts are not defined under IFRS, the Citec has defined them as follows: Operating profit is the net amount attained when revenues are added by other operating income, less:

- materials and services
- personnel expenses
- depreciation, amortisation and any impairment losses
- other operating expenses, and
- foreign exchange differences from operations

1.5 Consolidation

The consolidated financial statements incorporate the financial statements of the parent company, Sentiec Oyj, and of all those subsidiaries over which the parent company has control at the period-end. Control is achieved when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Consolidation of a subsidiary begins when Citec obtains control over the subsidiary and ceases when Citec loses control of the subsidiary.

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In preparation of consolidated financial statements intra-group transactions, balances and unrealised gains, as well as distribution of profits within the Group, are eliminated. The consolidated financial statements have been prepared on the basis of original acquisition cost, unless otherwise stated in the accounting policies.

1.6 Foreign currency transactions and balances

Items included in the financial statements of each subsidiary are measured using the functional currency, which is the currency of the primary economic environment in which the company operates. The consolidated financial statements are presented in Euro, which is the functional and presentation currency of the parent company.

Subsidiaries' foreign currency transactions are translated into local functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the balance sheet date closing exchange rates.

Foreign exchange gains and losses relating to the ordinary course of business are presented in respective items in the income statement above operating profit. Foreign exchange gains and losses relating to financial items are presented in financial income and expenses in the income statement.

1.7 Non-current assets held for sale

As of December 31, 2021, any non-current assets were not classified as held for sale.

1.8 Adoption of new and amended standards in future financial years

Citec has not yet adopted the amended standards and interpretations already issued by the IASB. Citec will adopt these standards as of the effective date of each of the standards, or if the effective date is not the first day of the financial year, as of the beginning of the next financial year following the effective date. Currently, Citec believes that the adoption of these standards will not have a significant effect on the future consolidated financial statements. Other amendments and interpretations issued are not expected to have an impact on the consolidated financial statements when adopted.

2 Restructuring of ownership of Citec Group

In order to carry out the restructuring of ownership of the Citec Group in February 2021, the Sentiec Oyj acquired 100 per cent. of the shares in Citec Group Oy Ab (the "Acquisition") and gained control over Citec Group. The majority shareholders of the Sentiec Oyj were also the majority owners of Citec Group Oy Ab and therefore, there was no change in the ultimate control over Citec Group.

2.1 IFRS accounting treatment of the acquisition of Citec Group Oy Ab in Feb 2021

Based on the Sentiec Oyj's evaluation and interpretation on IFRS 3 Business Combinations, the Acquisition is not within the scope of IFRS 3 as there were no changes in control, i.e. it was a common control transaction. As based on evaluation, IFRS 3 shall not be applied, Citec Group's consolidated income statement and balance sheet will be combined together with the Sentiec Oyj's income statement and balance sheet in the Sentiec's first consolidated financial statements and, the Acquisition shall be accounted using book value accounting.

In applying book value accounting for the transaction, an adjustment arising from the difference between the consideration paid (total amount paid for the Citec Group Oy Ab's shares and shareholder loans approx. EUR 51 million) and the equity acquired (new share issue approx. EUR 23 million) is recognized in equity. Part of the share issue was paid with contribution in kind (EUR 19 million). The part of the acquisition price payable was netted against share issue receivable. Total net cash effect from restructuring amounted to EUR -28 million.

On February 2021, at the time of restructuring of ownership of Citec Group, Sentiec Oyj issued senior secured bond with an aggregate principal amount of SEK 290,000,000. Disclosures on the bond has been included in Note 17.

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3 Revenue

3.1 Accounting policy

Citec has the three types of contracts:

1) Hourly based contracts, where services are agreed to be invoiced based on done hours on monthly basis.
2) Fixed price contracts, where services are agreed to be invoiced based on agreed invoicing milestones.
3) Target price contracts, where services are agreed to be invoiced based on done hours on monthly basis. Possible cost overruns or savings are agreed to be shared between Citec and the customer according to a defined percentage in the contract. If Citec performs the contract with less invoiced amount than the agreed target price, Citec has the right to invoice an agreed percentage of the savings to our customer (bonus). If Citec's invoicing exceeds the agreed target price, Citec should credit an agreed percentage of the overrun.

Citec applies the IFRS 15 Revenue from contracts with customers standard five-step model to recognize revenue. The model involves identifying the contract with the customer and its performance obligations, determining transaction prices, allocating transaction prices to performance obligations and recognizing revenue. Revenue is recognized when the customer obtains control to the promised service or product; either over time or at a point in time. Revenue includes revenue from contracts with customers adjusted for indirect taxes and discounts.

If Citec has entered into a frame agreement with customer, a frame agreement together with order and order confirmation forms the customer contract under IFRS 15. Otherwise, the order and order confirmation form the customer contract under IFRS 15.

Performance obligation

There is normally only one performance obligation in Citec's contracts. In some contracts, Citec can identify more than one performance obligation. In this case, the promised service packages under one contract are distinct, and even the selling prices for distinct items are presented in the contract as stand-alone selling prices. The Citec warranty is not a separate performance obligation. If there are contracts with more than one performance obligation, Citec considers allocating the transaction price to each performance obligation in proportion to its stand-alone selling price.

Transaction price

The 'transaction price' is determined at the contract inception and it is the amount of consideration to which Citec expects to be entitled in exchange for transferring goods or services to a customer.

In the target price contracts, Citec has agreed that cost overruns or savings are shared with the customer according to a defined percentage in the contract. This is always attributable to the whole target price contract. If Citec performs the contract with less invoiced amount than the agreed target price, Citec has the right to invoice an agreed percentage of the savings to the customer (bonus). If the invoicing exceeds the agreed target price, Citec has to credit an agreed percentage of the overrun. This is a variable consideration, which is not a significant portion of the contract price. Citec assesses whether, and to what extent, it can include an amount of variable consideration in the transaction price at contract inception.

Revenue recognition

Citec's customers receive and consume the benefits provided by Citec simultaneously, along with Citec's performance and project progress. According to Citec's contracts, the customer usually approves delivery-based project milestones, after which the milestone-based sales invoicing can be executed. Deliveries in Citec's projects are usually e.g. drawings, calculations or specified reports. Citec's performance does not create an asset with an alternate use and there is a right to payment for performance to date. Hence, revenue is recognised over-time.

For Citec, the input method based on costs incurred (cost-to-cost) is seen as the most appropriate method of measuring progress. There are no unexpected amounts of wasted material, labour or other resources and the method is appropriate to our progress in satisfying the performance obligation. Progress is calculated based on materialised cumulative project costs compared to monthly estimated total project costs at the end of the project.

Segments

Citec has only one operating segment, which generates revenues and costs, and from which reliable financial information is available for investors. Priority in Citec is group level financial performance and financial

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information regarding existing geographical or customer-based business areas of Citec is secondary. Chief operating decision maker in Citec is the parent company Sentiec Oyj's Board of Directors, who regularly evaluate the financial performance of the group and make decisions regarding allocation of resources to develop the group and to improve the profitability of the group. The Revenue and profit for the period of Citec's operating segment equals to consolidated income statements.

During 2021, EUR 41 million or 51 % (2020: EUR 35 million or 48 %) of the Group's revenues came from one customer group.

3.2 Revenuee disaggregation

Citec's consolidated revenue is disaggregated by geographical market where client is located.

EUR thousands	2021	2020
Finland	46 396	45 067
Sweden	13 370	9 381
Germany	6 317	8 333
France	3 908	3 594
Norway	3 832	3 131
Others	5 898	3 328
Total	**79 721**	**72 834**

Timing of revenue recognition

Citec's consolidated revenue is transferred over time.

Transaction price allocated to performance obligation

No information is provided about remaining performance obligations at 31 December 2021 or at 31 December 2020 that have an original expected duration of one year or less, as allowed by IFRS 15.

Contract assets and liabilities

EUR thousands	2021	2020
Receivables due from customers related to contracts	15 174	11 296
Advance payments received related to customer contracts transferred over time	817	564

The amount of 511 thousand euros included in contract liabilities at 31 December 2020 has been recognized as revenue in 2021 (2020: 645 thousand euros)

Non-current assets by geographical area

EUR thousands	2021	2020
Finland	3 097	3810
Europe	924	867
Other countries	2 613	2 735
Total *)	**6 633**	**7 412**

*) Non-current assets in balance sheet deducted by deferred tax assets and goodwill.

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4 Other operating income

Other operating income includes income other than that associated with the sale of services based on customer agreements, such as realised and unrealised gains on derivatives used for hedging foreign currency risks associated with commercial transactions, and government grants. Government grants that are intended to compensate costs are recognized as income over the same period as the related costs are recognized. Government grants are recognized when it is reasonably certain that the terms related to funding are met and that funding will be received.

EUR thousands	2021	2020
Realized and unrealized forward contract gains	360	0
Insurance and other compensations	75	185
Other operating income	1	176
Total	**436**	**361**

5 Materials and services

EUR thousands	2021	2020
External services	-10 927	-7 655
Other expenses	-273	-337
Total	**-11 200**	**-7 992**

6 Employee benefit expenses

6.1 Accounting policy

The line item Employee benefit expenses in the income statement comprises the following: a) short-term employee benefits, b) post-employment benefits, c) other long-term employee benefits, d) termination benefits, and e) share-based payments.

a) Short-term employee benefits comprise wages, salaries, fringe benefits, annual leave and bonuses. They are recognised in the period in which employees perform the work.

b) Post-employment benefits are payable to employees after the completion of employment. These benefits include: retirement benefits, such as pensions; or other post-employment benefits, such as life insurance or medical care. Pensions (and any health care plans) are categorised as either defined contribution plans or defined benefit plans, depending on the principal terms and conditions.

In case of defined benefit ('DB') plans, the measurement of the pension obligation under a DB plan is complex, involving actuarial assumptions and valuation methods to measure the balance sheet obligation and the expense. Therefore, actuarial calculations are required. A liability (or an asset) is recognised in the balance sheet for each plan. The expense recognised generally differs from the contributions made in the period.

In case of defined contribution ('DC') plans, expenses are recognised in the period in which the contribution is payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Any shortfall / excess of contributions payable over amounts paid is recognised as liability / asset.

c) Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits. These benefits are recognised and measured in the same way as post-employment benefits under a DB plan. However, unlike DB plans, remeasurements are recognised immediately in the income statement (and not in other comprehensive income (OCI)). The net interest cost and service cost are recognised in profit or loss. The net liability is recognised in the balance sheet.

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d) Termination benefits are not based on work performance but on the termination of employment. These benefits consist of severance payments. Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

e) Share-based payments have been presented in note 7.

6.2 Expenses recognised in profit or loss

EUR thousands	2021	2020
Wages and salaries	-36 879	-35 241
Pension costs	-4 531	-4 153
Other social security expenses	-3 007	-2 986
Share-based payment	0	-364
Total	**-44 417**	**-42 743**

Number of employees at the end of the period was 985 (850) and number of average own active employees was 910 (876). Disclosures on the remuneration of the key management personnel are provided in note 24.2, and information on share-based compensation in note 7.

7 Share-based payment

7.1 Accounting policy

As of September 3, 2019 Citec Group Oy's (Citec's former parent company) Board of Directors resolved to offer incentive plan 2019-2020 for its key employees. Incentive plan comprised issue for a maximum of 78.000 options entitling to the company shares. The aim of the plan was to combine the objectives of the shareholders and the key personnel in order to increase the value of the company, to commit the key personnel to the Company, and to offer them a competitive reward plan based on holding the company shares.

The issued 78.000 options have been accounted for as a equity settled share-based program. Vesting period for the options were from October 2019 to June 2020. Options were valued at fair value at the time of their issuance and recognized as an expense in the income statement in equal installments during their vesting period, which amounted to 364 k€ in 2020 and 182 k€ in 2019. The subscription price was EUR 0,01 per option. Options were redeemed by Sentiec Oyj as at February 10, 2021 and options were annulled thereafter.

8 Other operating expenses

Citec's other operating expenses include expenses other than the cost of goods sold, such as cost of premises, cost of bought services, IT expenses, sales and marketing expenses, and travel expenses.

EUR thousands	2021	2020
Premises	-989	-1 268
Purchased administrative services	-1 479	-1 661
ICT and licence costs	-5 625	-5 253
Other operating expenses	-1 563	-3 261
Total	**-9 656**	**-11 442**

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8.1 Auditor's fees

EUR thousands	2021	2020
Audit		
KPMG	-155	-99
EY	-17	-18
Services under the Finnish Auditing Act		
KPMG	-10	
Tax consulting		
KPMG	-2	-6
Other services		
KPMG	-59	-3
EY		-57
Total	**-243**	**-184**

9 Depreciation, amortisation and impairment losses

9.1 Depreciation, amortisation and impairment losses by asset categories

EUR thousands	2021	2020
Intangible assets		
Intangible rights	-343	-349
Total	**-343**	**-349**
Tangible assets		
Machinery and equipment	-713	-582
Total	**-713**	**-582**
Total depreciation and amortisation, owned assets	**-1 056**	**-931**
Right-of-use assets (leased assets)[1]	-2 474	-2 579
Total depreciation and amortisation in the income statement	**-3 530**	**-3 510**

[1] Refer to Note 12.2 Amounts recognised in profit or loss for the related analysis by class of right-of-use asset.

10 Finance income and expenses

10.1 Accounting policy

Citec recognises interest income and interest expenses using the effective interest method. The Group expenses all interest costs. Citec recognises exchange rate differences as follows: realized exchange rate differences are recognized at the time of payment. Realized exchange rate differences related to purchases and sales are included in gross profit, and realized exchange rate differences relating to loans or other financial are included in financial items. Unrealized exchange rate differences, gains and losses relating to revaluation of loans or other financial balance sheet items are included in financial items. For derivatives under cash flow hedge accounting exchange rate differences are recorded in other comprehensive income (OCI).

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10.2 Amounts recognised through profit or loss

EUR thousands	2021	2020
Finance income		
Foreign exchange gains[1]	315	343
Interest income	1	131
Other finance income	0	0
Total	**316**	**474**
Finance expenses		
Foreign exchange losses[1]	-387	-381
Interest expenses — financial liabilities measured at amortised cost[2]	-2 286	-414
Other finance expenses	-386	-358
Total	**-3 059**	**-1 153**
Net finance expenses	**-2 743**	**-679**

[1] Net foreign exchange losses amounted to EUR -72 thousand in 2021 (2020: EUR -38 thousand).

[2] Includes bond borrowings and lease liabilities.

11 Income taxes

11.1 Accounting policy

The income tax expense for the period comprises current tax and change in deferred tax assets and deferred tax liabilities. The current income tax charge is calculated on the basis of the taxable income. It is determined in accordance with the tax rates and laws enacted (or substantively enacted) in the countries where the Citec operates and generates taxable income. Income taxes are adjusted with any taxes relating to previous financial years.

Tax charge is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available to utilise those temporary differences. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to the same taxation authority.

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11.2 Amounts recognised through profit or loss

EUR thousands	2021	2020
Current tax for the reporting year	-1 648	-1 637
Current tax adjustments for prior years	-2	-68
Change in deferred taxes	-24	-7
Total	**-1 674**	**-1 712**

11.3 Reconciliation between income tax expense in profit or loss and tax expense calculated using the Finnish corporate tax rate

EUR thousands	2021	2020
Profit (Loss) before income tax	8 611	6 829
Tax using the Finnish corporate tax rate (20 %)	-1 722	-1 366
Effect of tax rate in foreign jurisdictions	-203	59
Non-deductible expenses	-62	-513
Tax exempt income	511	74
Use of previously unrecognised tax losses for previous years	46	0
New tax losses not recognized	0	105
Taxes booked in equity	-186	0
Prior year income taxes	-2	-68
Other adjustments	-56	-4
Taxes in the income statement	**-1 674**	**-1 712**

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11.4 Movements in deferred tax asset and deferred tax liability balances

2021 EUR thousands	At 1 Jan 2021	Recognised through profit or loss	Recognised in OCI	Reclassifications	At 31 Dec 2021
Deferred tax assets					
Tax losses	464	142	0	0	606
Pensions	1 124	51	-229	0	946
Other temporary differences between taxation and book values	772	-100		0	672
Other	194	-136	74	0	132
Total	**2 555**	**-44**	**-155**	**0**	**2 356**
Deferred tax liabilities					
Other temporary differences between taxation and book values	-277	20	0	0	-257
Total	**-277**	**20**	**0**	**0**	**-257**

2020 EUR thousands	At 1 Jan 2020	Recognised through profit or loss	Recognised in OCI	Reclassifications *)	At 31 Dec 2020
Deferred tax assets					
Tax losses	595	-131		0	464
Pensions	940	139	46	0	1 126
Other temporary differences between taxation and book values	212	-64	0	625	772
Other	166	24	5	0	194
Total	**1 913**	**-33**	**51**	**625**	**2 556**

*) Opening balance 1.1.2020 does not include deferred tax assets +0.6 M€ in total, which was included in other receivables and reclassified in 2020 to deferred tax assets.

Deferred tax liabilities					
Temporary differences between taxation and book valu	-298	21	0	0	-277
Total	**-298**	**21**	**0**	**0**	**-277**

11.5 Group's tax losses carried forward

	2021		2020	
EUR thousands	**Gross amount**	**Tax effect**	**Gross amount**	**Tax effect**
Tax losses carried-forward	2 996	606	2 169	464

Expiration year for losses	EUR thousands
2031	372
Tax losses without expiration restrictions	234
Total	**606**

Citec has prior years' losses in Germany amounting approximately 1.4 M€ of which deferred tax asset approximately 0.4 M€ has not been recognized.

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12 Intangible assets and goodwill

12.1 Accounting policy

Goodwill

Goodwill arises from the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the acquired net assets. Goodwill is recognised in intangible assets at cost less any accumulated impairment losses incurred. Goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment losses on goodwill are recorded in the income statement.

Intangible assets

Citec's intangible assets primarily encompass licenses and IT expenditures. Intangible rights and other intangible assets are recognised in the balance sheet at the cost less accumulated amortisation and impairment losses.

Development costs that are directly attributable to the design, testing and implementation of identifiable and unique assets controlled by the Group are recognised as intangible assets in the balance sheet where the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use
- the Group intends to complete the intangible
- the Group is able to use or sell the intangible asset
- the Group can demonstrate how the intangible asset will generate probable future economic benefits
- the Group has adequate technical, financial and other resources available to complete the development and use or sell the intangible asset, and
- the Group is able to measure the expenditure attributable to the development of the intangible asset reliably.

Capitalised development costs include direct employee costs, an appropriate portion of relevant overheads, and direct purchases. Capitalised development costs are recognised as at cost less accumulated amortisation and impairment losses. Amortisation is commenced when the asset is ready for use.

Estimated useful lives of intangible assets are as follows:

- Development costs 5 years
- Software and intangible rights 5 years
- Other intangible assets 5 years

Cloud computing arrangements

The accounting for cloud computing arrangements depends on whether the cloud-based software classifies as a software intangible asset or a service contract. Those arrangements where Citec does not have control over the underlying software are accounted for as service contracts providing Citec with the right to access the cloud provider's application software over the contract period. The ongoing fees to obtain access to the application software, together with related configuration or customisation costs incurred, are recognised under other operating expenses when the services are received. Prepayments paid to the cloud vendor for customizing services which are not distinct are recognized over the contract period.

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12.2 Reconciliation of carrying amounts

At 31 December 2021 EUR thousands	Goodwill	Intangible rights	Other intangible assets	Right of use assets	Total
Cost					
Balance at 1 January	19 708	6 116	1 821	7 889	35 534
Additions	0	559	226	1 123	1 908
Exchange differences	0	3	12	0	15
Balance at 31 December	19 708	6 678	2 059	9 012	37 457
Accumulated amortisation and impairment losses					
Balance at 1 January	0	-5 837	-1 373	-2 579	-9 789
Amortisation	0	-156	-187	-2 474	-2 817
Balance at 31 December	0	-5 993	-1 560	-5 053	-12 606
Carrying amount at 1 January	**19 708**	**279**	**448**	**5 310**	**25 745**
Carrying amount at 31 December	**19 708**	**685**	**499**	**3 959**	**24 851**

At 31 December 2020 EUR thousands	Goodwill	Intangible rights	Other intangible assets	Right of use assets	Total
Cost					
Balance at 1 January	19 708	6 078	1 705	6 686	34 176
Additions	-2	24	116	1 203	1 342
Exchange differences	2	14	0	0	16
Balance at 31 December	19 708	6 116	1 821	7 889	35 534
Accumulated amortisation and impairment losses					
Balance at 1 January	0	-5 730	-1 131	0	-6 862
Amortisation	0	-107	-242	-2 579	-2 928
Balance at 31 December	0	-5 837	-1 373	-2 579	-9 789
Carrying amount at 1 January	**19 708**	**347**	**574**	**6 686**	**27 315**
Carrying amount at 31 December	**19 708**	**279**	**448**	**5 310**	**25 745**

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12.3 Impairment testing of goodwill

Accounting policy

Citec identifies one cash-generating unit (CGU) were goodwill is allocated for the purposes of impairment testing. A CGU is impaired when the carrying amount exceeds its recoverable amount.

The impairment test is done in the fourth quarter after budgets for the next year are prepared. The impairment test is based on calculations in which the recoverable amount of a cash-generating unit (CGU) is determined. The recoverable amount is the higher of CGU's fair value less costs of disposal and value in use. The value-in-use model is based on discounted cash flows which are expected to recover from the asset.

Key estimates and judgement used in value-in use calculations:

- forecasting of future cash flows based on the latest five years forecasts approved by the management and reflect expectations of revenue growth (average 6%), EBITDA margin, capital expenditure and cash flows, based on past experience and management's expectation of future market changes
- discount rates applied to those cash flows (WACC 8%)
- the expected long-term growth rates and cash flows beyond the five-year period are extrapolated using estimated growth rates (2%).

An impairment is recognised in the income statement, if the carrying amount of a CGU exceeds its recoverable amount. An impairment loss recognised for goodwill is not reversed in a subsequent period loss recognised for goodwill is not reversed in a subsequent period. No impairment loss has been booked during the financial year or the comparison year.

Estimates and judgements are subject to change as a result of changing economic and operational conditions. Actual cash flows may therefore differ from forecasts and could result in changes in the recognition of impairment charges in future periods.

As of December 31, 2021, Citec's goodwill amounted to approx. EUR 19.7 million. The recoverable amount exceeded the carrying amounts clearly. According to the impairment tests there were no need for impairments.

Sensitivity analysis

The performed sensitivity analysis does not cause impairments for cash-generating units as there is no reasonably possible changes in a key assumption on which management has based its determination of the unit's recoverable amount.

13 Machinery and equipment

13.1 Accounting policy

Costs of Machinery and Equipment comprises directly attributable incremental costs incurred in acquisition and installation, as applicable. Subsequently tangible assets are carried at cost, less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated by charging equal annual instalments to the income statement, over the estimated useful lives of the assets or by reducing-balance method or straight-line method. Recognition of depreciation is discontinued when a tangible asset is classified as held for sale. The estimated useful lives of property, plant and equipment are:

- Machinery and equipment 20-25% from the residual value, 3-4 years straight-line

The residual values and useful lives of assets are reviewed at the end of each reporting period and adjusted if required. If an asset's carrying amount is greater than its estimated recoverable amount, the carrying amount it is written down immediately to its recoverable amount. Gains and losses on disposal are determined by comparing sales proceeds with carrying amount and recognised in the income statement.

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13.2 Reconciliation of carrying amounts

EUR thousands	Machinery and equipment	
	2021	**2020**
Cost		
Balance at 1 January	8 162	7 429
Additions	761	823
Exchange differences	61	-90
Balance at 31 December	8 984	8 162
Accumulated depreciation and impairment losses		
Balance at 1 January	-6 827	-6 245
Depreciation	-713	-582
Balance at 31 December	-7 540	-6 827
Carrying amount at 1 January	**1 335**	**1 184**
Carrying amount at 31 December	**1 444**	**1 335**

14 Leases

14.1 Accounting policy

Citec operates as a lessee leasing primarily premises. Citec recognises a leased asset (right-of-use asset) and a lease liability for all leases, excluding for short-term leases and leases of low-value items. Citec evaluates at contract inception whether a contract is, or contains, a lease at inception of a contract, whether the contract carries the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

Right-of-use asset is initially measured at cost comprising the amount of lease liability, any prepayments made, less any incentives received, any initial direct costs incurred and an estimate of restoration costs. Citec recognises a right-of use asset and a corresponding lease liability at contract commencement for leases where it is a lessor. The contract commencement date is the date on which the asset is available for use by the lessee.

Subsequently the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for certain remeasurements of the lease liability. Citec depreciates right-of-use assets on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

Lease liability is initially measured at the present value of lease payments not paid at the commencement date discounted by the interest rate implicit in the contract or incremental borrowing rate. Lease payments include fixed payments, variable lease payments that depend on index or rate, amounts expected to be payable under residual guarantees and exercise price of purchase option and termination penalties if termination option is exercised.

Citec discounts lease payments using the interest rate implicit in the lease. If that rate cannot be readily determined, Citec uses the incremental borrowing rate, i.e. the rate that Citec would have to pay to borrow over a similar term, and with a similar security to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

After the lease commencement, lease liability is measured at amortised cost using the effective interest method. Lease liability is remeasured, when the lease payments change due to, for example, index change, exercising of option included in the lease are reassessed or to reflect other lease modifications. Corresponding adjustment is made to the carrying amount of the right-of-use asset.

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Short-term leases and leases of low-value assets

Citec does not recognise right-of-use assets and lease liabilities for:

- short-term leases (that have a lease term of 12 months or less). Citec applies the practical expedient to some of the classes of underlying assets
- leases of low-value assets (each asset with a value of approximately EUR 5,000 or less when new)

Citec recognises the lease payments associated with above-mentioned leases as an expense on a straight-line basis over the lease term.

14.2 Amounts recognised in profit or loss

EUR thousands		2021	2020
Depreciation charge for right-of-use assets			
by class of underlying asset 1)	Premises	-2 092	-2 144
	Other assets	-381	-435
	Total	-2 473	-2 579
Interest expense on lease liabilities 3)		-216	-237
Expense relating to leases of low-value assets 2) (that are not short-term leases)		-175	-110
Expense relating to short-term leases 2)		-15	-166
Total outflow from leases		-2 879	-3 093

[1] Included in the line item Depreciation, amortisation and impairment losses.
[2] Those expenses are included in the line item Other operating expenses.
[3] Included in the line item Finance expenses.

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14.3 Right of use assets

At 31 December 2021

EUR thousands	Premises	Other	Total
Cost			
Balance at 1 January 2021	6 718	1 171	7 889
Additions	863	259	1 123
Balance at 31 December 2021	7 581	1 430	9 011
Accumulated depreciation and impairment losses			
Balance at 1 January 2021	-2 144	-435	-2 579
Depreciation	-2 092	-381	-2 473
Balance at 31 December 2021	-4 236	-816	-5 052
Carrying amount at 1 January 2021	**4 574**	**736**	**5 310**
Carrying amount at 31 December 2021	**3 345**	**613**	**3 959**

At 31 December 2020

EUR thousands	Premises	Other	Total
Cost			
Balance at 1 January 2020	5 817	869	6 686
Additions	901	302	1 203
Balance at 31 December 2020	6 718	1 171	7 889
Accumulated depreciation and impairment losses			
Balance at 1 January 2020	0	0	0
Depreciation	-2 144	-435	-2 579
Balance at 31 December 2020	-2 144	-435	-2 579
Carrying amount at 1 January 2020	**5 817**	**869**	**6 686**
Carrying amount at 31 December 2020	**4 574**	**736**	**5 310**

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14.4 Lease liabilities

Carrying amounts

EUR thousands	2021	2020
Current	-1 717	-3 029
Non-current	-2 323	-2 334
Total	**-4 040**	**-5 363**

Citec discounts lease payments using the interest rate implicit in the lease. If that rate cannot be readily determined, Citec uses the incremental borrowing rate, i.e. the rate that Citec would have to pay to borrow over a similar term, and with a similar security to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The above liabilities are presented on the line item Lease liabilities (non-current / current) in the consolidated balance sheet, based on their maturity. Non-current liabilities does not exceed five years.

15 Financial assets

15.1 Accounting policy

Classification, recognition and derecognition

Citec classifies financial assets of the Group either as financial assets measured at amortised cost, or financial assets measured at fair value through profit or loss (FVTPL). Classification of financial assets is made based on their purpose of use upon initial recognition. Classification relies on the objectives of Citec's business model and the contractual cash flows from financial assets, or by applying the fair value option upon initial recognition.

All purchases and sales of financial assets are recognised at the trade date. For financial assets not carried at fair value through profit or loss, transaction costs are included in the initial carrying amount. Financial assets are derecognised when Citec loses the rights to receive the contractual cash flows on the financial asset or it has transferred substantially all the risks and rewards of ownership outside the Group.

Financial assets measured at amortised cost

At Citec, financial assets measured at amortised cost mainly comprise trade receivables. Assets classified in this category are measured at amortised cost using the effective interest (EIR) method. In Citec, trade receivables are held within a business model whose objective is to collect the contractual cash flows, and those cash flows that are solely payments of principal and interest. Trade receivables are current assets that Citec has the intention to hold for less than 12 months from the end of reporting period. The carrying amounts of current trade receivables are expected to substantially equal their fair values. Other non-current assets include rental deposits.

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15.2 Carrying amounts

EUR thousands	Note	2021	2020
At amortised cost			
Other non-current assets		47	40
Trade receivables		14 014	11 008
Cash and cash equivalents		9 066	5 597
		23 127	**16 645**
At fair value through profit or loss			
Derivative instruments, current		181	-
Total		**23 308**	**16 645**

15.3 Other receivables

EUR thousands	2021	2020
Other short-term reveivables	2 687	1 452
Accrued income and deferred expenses	2 405	1 433
Total	**5 093**	**2 885**

16 Capital and reserves

16.1 Accounting policy

Citec classifies the instruments it has issued either as financial liabilities or equity instruments, based on their nature.

- A financial liability is an instrument that obligates Citec to deliver cash or another financial asset, or the holder has a right to demand cash or another financial asset.
- An equity instrument is any contract that evidences a residual interest in the assets of Citec after deducting all of its liabilities.

16.2 Share capital and share classes

Accounting policy

Sentiec Oyj's share capital amounts to total of 2 323 401 839 shares that are divided to five (5) share classes. Sentiec Oyj has 2 323 000 001 Series A shares, 100 320 Series B shares, 100 252 Series C shares, 100 129 Series D shares and 101 137 Series E shares. According to the Sentiec Oyj's Articles of Association, each Series A share carries ten (10) votes and each Series B, C, D and E share carries one (1) vote in the Sentiec Oyj's General Meeting. In addition, Series A, B, C, D and E shares carry different rights for distribution of funds as described in Section 7 of the Articles of Association of Sentiec Oyj. Sentiec Oyj's registered share capital of EUR 80 000,00 which is fully paid.

Movements in share numbers and Group's equity

"On 10 February 2021, the sole shareholder of Sentiec Oyj, Sentica Buyout III Ky, decided to issue a total of 2 295 400 000 new shares in Sentiec Oyj's in a directed share issue. The directed share issue included issuance of 2 295 000 000 new Series A shares and 100 000 new shares of each Series B, C, D and E shares. The shares were subscribed for on 10 February 2021 and the total subscription price of EUR 22 954 000 was recorded into the Sentiec Oyj's invested non-restricted equity fund.

Based on shareholder resolution made on 15 June 2021, the shareholders of the Sentiec Oyj resolved to carry out a directed share issue of 28 001 838 new shares to the key employees of the Sentiec Oyj. The directed share issue included issuance of 28 000 000 new Series A shares, 320 new Series B shares, 252 new Series C shares, 129 new Series D shares and 1 137 new Series E shares. The total subscription price of EUR 280 018,38 was recorded into the Sentiec Oyj's invested non-restricted equity fund.

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The table below discloses changes in Group's equity.

EUR thousands	At 1 Jan 2020	At 31 Dec 2020	At 1 Jan 2021	At 31 Dec 2021
Share capital	3	3	3	80
Reserve for invested non-restricted equity	11 235	11 389	11 389	23 154
Other reserves	-7	-27	-27	-322
Capital loans	25 215	25 215	25 215	0
Restructuring reserve	0	0	0	-14 164
Translation differences	-667	-1 320	-1 320	-612
Retained earnings	-15 498	-10 146	-10 146	-3 117
Total	**20 280**	**25 114**	**25 114**	**5 019**

Number of shares	Sentiec Oyj	Citec Group Oy (former parent company)
As of January 1, 2020		1 159 323
Share issue	1	22 000
As of December 31, 2020	1	1 181 323
Share issue	2 295 400 000	0
Nullification of own shares		-55 500
Share issue	28 001 838	0
As of December 31, 2021	2 323 401 839	1 125 823

16.3 Reserves

Reserve for invested non-restricted equity

The reserve for invested non-restricted equity comprises other equity investments and that part of the share subscription price that has not specifically been allocated to share capital.

Other reserves

"Other reserves include the fair value reserve, which consists of fair value adjustments of investments at fair value through other comprehensive income.

Capital loans

As of 31 December 2020, principal amount of capital loans in Citec Group Oy (the group’s former parent company) were EUR 25.214.828,00 in total. During the recapitalization of the Citec in February 2021, capital loans were acquired by Sentiec Oyj in connection with transaction.

Restructuring reserves

Restructuring reserve was established in connection with restructuring of ownership (Note 2).

Translation differences

Translation differences contains translation differences arising from the conversion of financial statements of foreign units.

Retained earnings

Retained earnings are earnings accrued over the previous financial years that have not been transferred to equity reserves or issued as dividends to owners.

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17 Financial liabilities

17.1 Accounting policy

Classification, recognition and derecognition

Citec classifies financial liabilities in measurement categories as follows:

- financial liabilities measured at fair value through profit or loss (FVTPL), and
- financial liabilities measured at amortised cost (comprising loans and borrowings)

The categorisation determines whether and where any remeasurement to fair value is recognised.

A financial liability is classified as current if Citec does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. In respect of loans and borrowings current financial liabilities comprise the portion falling due within less than 12 months.

Financial liabilities may be interest-bearing or non-interest-bearing. A financial liability (or part of the liability) is not derecognised until the liability has ceased to exist, that is, when the obligation identified in a contract has been fulfilled, cancelled or is no longer effective.

A financial liability (or part of the liability) is not derecognised until the liability has ceased to exist, that is, when the obligation identified in a contract has been fulfilled, cancelled or is no longer effective.

Financial liabilities at fair value through profit or loss (FVTPL)

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses are recognised in the income statement.

Citec uses derivative instruments for hedging purposes. The derivative instruments are recognised at fair value through profit or loss, and for cash flow hedge accounting changes in fair value through other comprehensive income.

Financial liabilities at amortised cost (other financial liabilities)

Other financial liabilities are initially recognised at fair value. Transaction costs are included in the original carrying amount. Subsequently these financial liabilities are measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest expenses, EIR amortisation, foreign exchange gains and losses as well as any gain or loss on derecognition are recognised in profit or loss.

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17.2 Financial liabilities - carrying amounts

EUR thousands	2021	2020
At amortised cost		
Non-current financial liabilities		
Bond	-25 696	0
Lease liabilities	-1 717	-3 029
	-27 413	**-3 029**
Current financial liabilities		
Bond	-1 438	0
Lease liabilities	-2 323	-2 334
Trade and other payables	-16 949	-13 589
Total financial liabilities at amortised cost	**-31 175**	**-5 363**

EUR thousands	2021	2020
At fair value through profit or loss		
Non-current financial liabilities		
Interest rate derivatives	-446	0
Current financial liabilities		
Foreign currency derivatives	181	-94
	181	**-94**
Total financial liabilities at fair value through profit or loss	**-265**	**-94**
Total financial liabilities	**-31 440**	**-5 457**

17.3 Changes in loans and borrowings

On February 2021, Sentiec Oyj issued senior secured bonds with an aggregate principal amount of SEK 290,000,000 (the "Bonds"). The Bonds were issued in denominations of SEK 1,250,000. The Bonds bear interest at the rate of STIBOR 3 months plus a margin of 8.00 per cent per annum at minimum. Quarterly partial amortization of the bond is 1.25%. The maturity of the Bonds is on 2 February 2025, unless Sentiec prepays the Bonds in accordance with the terms and conditions of the Bonds. The Bonds are secured by certain assets according to terms and conditions of the Bonds.

On 2 December 2021, Sentiec Plc submitted an application for the Bonds to be admitted to trading on the corporate bond list of Nasdaq Stockholm Aktiebolag. Trading on the Bonds commenced on 7 December, 2021.

17.4 Financial covenants

Sentiec Oyj has financial covenant (net interest bearing debt to adjusted EBITDA) related to the bond. Covenants are tested periodically or on specific event. Based on testing results, no event of default has been identified.

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17.5 Movements of liabilities to cash flows arising from financing activities

The following table provides a reconciliation between the opening and closing balances for liabilities arising from financing activities.

	2021		2020	
EUR thousands	Lease liabilities	Bond	Lease liabilities	Bond
Balance at 1 January	**5 363**	**0**	**6 686**	**0**
Changes from financing cash flows	0	28 000	0	0
Repayment of bond	0	-1 079	0	0
Payment of lease liabilities	-2 446	0	-2 526	0
Total changes from financing cash flows	-2 446	26 921	-2 526	0
Other changes without cash flow effect				
Transactions costs related to bond	0	-76	0	0
Fair value of bond and interest derivatives	0	290	0	0
New leases	1 123	0	1 203	0
Balance at 31 December	**4 040**	**27 135**	**5 363**	**0**

18 Fair values of financial assets and financial liabilities

18.1 Accounting policy

Currently Citec's assets and liabilities measured at fair value mainly comprise derivative assets and derivative liabilities. Expected credit losses are estimated for all accounts receivables. Transactions costs are currently capitalised and amortised. Derivatives partly valued at fair value. All derivatives are accounted for at fair value. Hedge accounting recorded in fair value reserve in OCI and other in profit or loss. They are measured at follows:

Sale of accounts receivable

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire or when the financial assets transferred, and the transfer meets certain conditions. An entity derecognises a transferred a financial asset if it has: transferred substantially all of the risks and rewards of ownership; or neither retained nor transferred substantially all of the risks and rewards of ownership and has nit retained control of the financial asset. Citec has transferred substantially all of the risks and rewards of ownership to the sold receivables and they would be derecognized under IFRS. Citec has agreements for sale of accounts receivables. The receivables are derecognized from the balance sheet when sold.

Capital loans

According to IAS 32 a financial instrument is a financial liability if it contains a contractual obligation to transfer cash or another financial asset. Citec has no obligation to pay interest or principal, accordingly the instrument are classified as equity under IFRS. As at 31 December, 2020, Citec Group Oy had capital loans amounting to EUR 25.2 million, which were acquired by Sentiec Plc in connection with transaction in February 2021.

Credit losses

An entity shall measure expected credit losses (ECL) of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about the past events, current conditions and forecasts of future economic conditions. Simplified approach available for accounts receivables. Actual credit losses have historically been low.

Transactions costs

Transactions costs are incremental costs that would not have been incurred if the instrument had not been issued and are taken into account when calculating the effective interest rate. The 'effective interest rate' is a method of calculating the amortised cost of a financial asset or financial liability and allocating the interest income or

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expense over the relevant period. It differs from the straight-line method in that the amortisation under the effective interest method reflects a constant periodic return on the carrying amount of the asset or liability. The effective interest rate is calculated on initial recognition. Effective interest rate has been applied with the SEK 290 million bonds.

19 Derivative instruments and cash flow hedge accounting

19.1 Accounting policy

Citec uses derivative instruments for hedging purposes. All derivatives are recognised on the balance sheet and measured at fair value. Changes in fair values are recognised in profit or loss unless the entity has elected to apply hedge accounting by designating the derivative as a hedging instrument in an eligible hedging relationship. Citec has elected to apply hedge accounting for the interest rate and currency risk for the SEK 290 million bond and for the EUR/INR purchases with a maturity over 3 months. Derivative instrument for the interest rate and currency risk corresponds maturity of the bond.

Changes in a fair value of the bond are recognised in OCI, changes in EUR/SEK exchange rate is recycled to profit or loss. The bond is translated to EUR based of SEK rate at the balance sheet date.

Changes in a fair value of the foreign currency derivatives are recognized in OCI until the purchase occur. Derivatives with the maturity less than 3 months are considered hedging accounts payables and are recognised in profit or loss.

Citec considers foreign currency hedges relating to forecast transactions as cash flow hedges. Consequently, any gains or losses derived from measuring the hedging instrument at fair value, which correspond to the effective portion of the hedge, are recognised in other comprehensive income and presented under Other reserves in equity. The ineffective portion is allocated to finance expenses or credited to finance income.

Amounts recognised in equity are transferred to profit or loss once the forecast transaction takes place with a charge or credit to the income statement in which it was recognised. In addition, gains or losses recognised in equity are reclassified to finance income or finance expenses when the forecast transaction is no longer expected to arise. The fair value of the hedges is recognised, contingent on whether it is positive or negative, under Other non-current assets (non-current) / Trade and other receivables (current) or Other financial and other non-current financial liabilities (non-current) / Trade and other payables (current) in the consolidated balance sheet.

Whether to qualify these financial instruments for hedge accounting, they are initially designated as hedging instruments and the hedging relationship is documented. In addition, Sentiec Group validates, both at inception and periodically over the term of the hedge, using 'effectiveness tests', that the hedging relationship is effective, i.e. that it is prospectively probable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset by those of the hedging instrument. Also, the ineffective portion of the hedging instrument is recognised instantly in profit or loss.

19.2 Fair value measurement

A number of Citec's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is defined as 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. Fair values are categorised into hierarchy levels that are representative of the inputs used in the valuation techniques as follows:

Level 1 Fair value is calculated on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that Citec can access at the measurement date.

Level 2 Fair value is calculated on the basis of inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value is calculated on the basis of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Citec uses observable market data as far as possible.

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19.3 Hedge accounting

EUR thousands	31 Dec 2021 Notional amount	Positive fair value	Negative fair value	Fair value, net
Derivatives in hedge accounting				
Forward exchange contracts, cash flow hedges	3 600	98	0	98
Interest rate derivatives	26 905	0	-750	-750
Derivatives not in hedge accounting				
Forward exchange contracts	1 800	82	0	82
Total	**32 305**	**181**	**-750**	**-569**

EUR thousands	31 Dec 2020 Notional	Positive	Negative	Fair value,
Derivatives in hedge accounting				
Forward exchange contracts, cash flow hedges	2 100	0	-34	-34
Interest rate derivatives	0	0	0	0
Derivatives not in hedge accounting				
Forward exchange contracts	2 100	0	-60	-60
Total	**4 200**	**0**	**-94**	**-94**

At 31 December 2021	Carrying amount	Fair value			
EUR thousands		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities measured at fair value					
Foreign currency derivatives in hedge accounting	98	0	98	0	**98**
Foreign currency derivatives not in hedge accounting	82	0	82	0	**82**
Interest rate swaps	-750	0	-750	0	**-750**
Total	**-570**	**0**	**-570**	**0**	**-570**
Financial liabilities not measured at fair value					
Capital loans	0	0	0	0	**0**
Lease liabilities	-4 040	0	0	-4 040	**-4 040**
Bond	-27 135			-27 135	**-27 135**
Total	**-31 175**	**0**	**0**	**-31 175**	**-31 175**

At 31 December 2020	Carrying amount	Fair value			
EUR thousands		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities measured at fair value					
Foreign currency derivatives in hedge accounting	-34	0	-34	0	**-34**
Foreign currency derivatives not in hedge accounting	-60	0	-60	0	**-60**
Total	**-94**	**0**	**-94**	**0**	**-94**
Financial liabilities not measured at fair value					
Lease liabilities	-5 363	0	0	-5 363	**-5 363**
Capital loans	-25 215	0	0	-25 215	**-25 215**
Total	**-30 578**	**0**	**0**	**-30 578**	**-30 578**

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Hedge ineffectiveness and hedging gains or losses

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

EUR thousands	Notional amount	At year-end: Carrying amount – Assets	At year-end: Carrying amount – Liabilities	During the year: Changes in fair value of hedging instruments used in measuring hedge ineffectiveness – Effective portion Recognised in OCI	During the year: Recycledinto income statement as – Finance income	During the year: Recycledinto income statement as – Finance expense
At 31 Dec 2021 / Year 2021						
Cash flow hedges						
Forward exchange contracts[1]	3 600	98	0	-65	0	0
Cross currency interest rate swa	26 905	0	-750	-304	0	-446
At 31 Dec 2020 / Year 2020						
Cash flow hedges						
Forward exchange contracts[1]	2 100	0	-60	-34	0	0
Interest rate swaps[2]	0	0	0	0	0	0

[1] The line item affected in the income statement by recycling is the subtotal Gross profit.

[2] The line item affected in the income statement by recycling is finance expenses (adjusted by interest income).

19.4 Hedging activities

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, resulting from cash flow hedge accounting.

EUR thousands	31 Dec 2021	31 Dec 2020
Opening balance at 1 January		
Cash flow hedges	**-27**	**-7**
Effective portion of changes in fair value arising from:		
Forward exchange contracts	-65	-24
Cross currency interest rate swaps	-304	0
Tax impact of the above	74	5
Closing balance at 31 December	**-322**	**-27**

20 Financial risk management

20.1 Principles of financial risk management

Citec is exposed to various financial risks:

- market risk that consist of foreign currency risk and interest rate risk as well as from
- other risks that comprise credit risk, liquidity risk and country risk.

The focus of the company’s financial risk management is on the uncertainty of financial markets. In addition, the management aims to minimise the potential contrary effects on the profitability of its business.

Citec has identified that the financial risks are the followings: liquidity risk, interest rate risk, foreign exchange transaction risk, foreign exchange translation risk, credit risk and counterparty risk.

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The Group controls financial risks centrally. The objective is that financial risk management is aligned with company's strategy and that Sentiec Plc has access to debt financing. Major financial risks are condensed below:

Foreign currency risk	Citec is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Citec group companies. The functional currencies of Group companies are primarily the euro (EUR), Swedish krona (SEK), Norwegian krone (NOK) and Indian rupee (INR).
Credit risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Citec's receivables from customers and investments in debt securities.
Liquidity risk	Liquidity risk is the risk that Citec will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Citec's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to company's reputation.

Currency risk exposure

EUR thousands	**EUR**	**SEK**	**INR**	**NOK**	**USD**
At 31 December 2021					
Trade receivables	9 795	1 587	774	1 858	0
Trade payables	-1 214	-976	-7	-316	-3
Bond	0	27 135	0	0	0
Total	**8 581**	**27 746**	**767**	**1 542**	**-3**
At 31 December 2020					
Trade receivables	8 534	908	74	1 240	298
Trade payables	-1 370	-506	77	-181	-4
Bond	0	0	0	0	0
Total	**7 164**	**402**	**151**	**1 059**	**294**

Bond related SEK currency risk is managed with cross currency interest rate swap, which meet the hedge effectiveness criteria.

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Sensitivity analysis on exchange rate movements

EUR thousands	At 31 December 2021 Income statement		At 31 December 2020 Income statement	
	strenghtening	weakening	strenghtening	weakening
Trade receivables				
+/- 10 % change in SEK	176	-144	101	-83
+/- 10 % change in INR	86	-70	8	-7
+/- 10 % change in NOK	206	-169	138	-113
+/- 10 % change in USD	0	0	33	-27
Trade payables				
+/- 10 % change in SEK	-108	89	-56	46
+/- 10 % change in INR	-1	1	9	-7
+/- 10 % change in NOK	-35	29	-20	16
+/- 10 % change in USD	0	0	0	0
Total net effect	**324**	**-265**	**212**	**-173**

Closing rates for financial years used in consolidated financial statements

	Closing rate 2021	Closing rate 2020
EUR/SEK	10.25	10.03
EUR/INR	84.23	89.66
EUR/NOK	9.99	10.47
EUR/USD	1.13	1.23

20.2 Interest rate risk

Citec's main interest rate risk arises from non-current bond with variable rates, which expose the Group to cash flow interest rate risk. However, the Group manages this interest rate risk by swapping floating rate into fixed rate.

20.3 Credit risk and counterparty risk

Credit and counterparty risks arise from a counterparty not being able to fulfil its contractual requirements, and therefore subsequent in a loss to the creditor. For Citec main source for credit and counterparty risk are trade receivables. Citec is exposed to changes in customers’ payment behavior and possible risks arising from trade receivables. Customers' credit worthiness is secured through credit checks and trade receivables are monitored centrally by group functions.

Credit exposure per geographical area

EUR thousands	Carrying amount 31 Dec 2021	31 Dec 2020
Trade receivables		
Finland	6 887	5 647
Sweden	2 144	1 154
India	1 848	1 387
Others	3 222	2 941
Loss allowance	-86	-121
Total	**14 014**	**11 008**

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Exposure to credit risk and loss allowance: aging analysis of trade receivables

EUR thousands	At 31 Dec 2021 Gross carrying amount	At 31 Dec 2021 Loss allowance	At 31 Dec 2020 Gross carrying amount	At 31 Dec 2020 Loss allowance
Current (not past due)	13 222	-13	9 679	-11
Past due				
1-30 days	722	-1	1 131	-1
31-60 days	79	0	174	0
61-90 days	19	-17	12	-12
More than 90 days past due	58	-55	133	-97
Total	**14 100**	**-86**	**11 129**	**-121**

Reconciliation of loss allowance

EUR thousands	2021	2020
Balance at 1 January	-121	-142
Amounts written off	2	-48
Net remeasurement of loss allowance	33	69
Balance at 31 December	**-86**	**-121**

20.4 Liquidity risk

Liquidity risk is incurred from a potential disparity between Citec's liquid assets and financing requirements. The group's liquidity is managed through regular follow-up of cash and liquidity. Group has credit limit facility available, which was not used as at 31 December 2021.

Contractual maturities of financial liabilities

EUR thousands	Carrying amount	Total	< 1 year	1-2 years	2-5 years	More than 5 years
At 31 December 2021						
Non-derivative financial liabilities						
Bond repayments and future interests	27 135	**33 864**	3 580	3 465	26 818	0
Lease liabilities	4 040	**4 701**	2 470	1 674	557	0
Trade and other payables	16 949	**16 949**	16 949	0	0	0
Derivative financial liabilities						
Current derivative instruments	181	**181**	181	0	0	0
Non-current derivative instruments	-750	**-750**	-101	-101	-547	0
Total		**54 945**	**23 079**	**5 038**	**26 828**	**0**
At 31 December 2020						
Non-derivative financial liabilities						
Lease liabilities	5 363	**5 765**	2 537	2 083	1 146	0
Trade and other payables	13 589	**13 589**	13 589	0	0	0
Derivative financial liabilities						
Current derivative instruments	-94	**-94**	-94	0	0	0
Non-current derivative instruments	0	**0**	0	0	0	0
Total		**19 260**	**-94**	**0**	**0**	**0**

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21 Other payables and accruals

EUR thousands	2021	2020
Advances received	817	564
Accruals and deferred income	11 118	9 289
Trade payables	2 516	1 984
Other current liabilities	3 315	2 316
Total	**17 766**	**14 153**

22 Provisions, contingencies and commitments

22.1 Accounting policy — Provisions

Provisions comprise liabilities of uncertain timing or amount. A provision is recognised when:

- Citec has a present obligation (legal or constructive) as a result of a past event
- an outflow of resources is probable, and
- the amount of the obligation can be estimated reliably

The amount recognised is the best estimate of the settlement amount at the end of the reporting period, being the present value of the expenditures after taking account of the risks and uncertainties surrounding the obligation, unless the impact of discounting is immaterial.

Citec recognises a provision of onerous contracts, when the estimated total expenses, including material and labour expenses and external services, exceed the total income expected from the contract. A probable loss is recognised as an expense immediately when it has been identified. The amount of loss provision is assessed on a contract by contract basis at each reporting date.

Provisions include also pension related obligations and plan assets, which have been included in chapter 22.3.

EUR thousands	Pension obligations	Onerous contracts	Other provisions	Total
Provisions as at 1 Jan 2021	2 731	1 181	347	**4 260**
Additions/decreases	-745	364	60	**-321**
Unused amounts reversed		-209	-49	**-258**
Reclassified			-116	**-116**
Used during the year		-559	-173	**-732**
Provisions as at 31 Dec 2021	**1 986**	**777**	**70**	**2 834**
Of which				
Non-current	1 986	777	70	2 834
Current	0	0	0	0
	1 986	777	70	2 834

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22.2 Pension obligations

Citec has both defined contribution plans and defined benefit plans. Defined benefit pension obligations exist in Germany and in India. For the pension plan and the deferred compensation plan Citec has established a contractual trust arrangement (CTA) in Germany with separate accounts, which are qualified as plan assets.

In defined pension benefit plan, the liability or asset recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of any plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

Defined benefit plans expose Citec to risks the most relevant being the interest risk relating to the discount rate. If the discount rate decreases, the defined benefit obligation will increase. Changes in an inflation assumption or mortality models may also increase the defined benefit obligation. Most significant risk related to plan assets is decrease in fair value causing increase in net liability recognized in provisions.

EUR thousands	2021	2020
Present value of pension obligations	4 406	4 970
Fair value of plan assets	-2 420	-2 239
Net liability recognized in provisions	1 986	2 731

Changes in the present value of the defined benefit plan obligations

EUR thousands	2021	2020
Present value of the defined benefit plan obligations as at 1 Jan	4 970	4 410
Interest cost	38	62
Current service cost	247	362
Benefits paid	-13	0
Contributions to plan and plan costs	4	17
Settlements payments	-50	0
Loss (Gain) on settlements	-158	0
Actuarial (gains) losses	-633	119
Present value of the defined benefit plan obligations as at 31 Dec	4 406	4 970

Projected benefit payments in 2022 is EUR 28.476 EUR. Weighted average duration of pension obligations was 24 years in 2021.

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Changes in the fair value of the defined benefit plan assets

EUR thousands	2021	2020
Present value of the defined benefit plan assets as at 1 Jan	-2 239	-2 138
Interest cost	-18	-30
Return on plan assets	-164	-71
Present value of the defined benefit plan assets as at 31 Dec	-2 420	-2 239
(-) = fair value is positive		

As of 31 December 2021 and 2020 asset class of plan assets was investment funds for all investments.

Items recognised in the income statement

EUR thousands	2021	2020
Service cost	247	362
Loss (Gain) on settlements	-158	0
Net interest cost	20	32
Total	110	394

Other impacts resulting from remeasurement of items recognised in the comprehensive income

EUR thousands	2021	2020
Actuarial gains (losses) due to change in the demographic assumptions	-33	-31
Actuarial gains (losses) due to change in the financial assumptions	615	-607
Actuarial gains (losses) due to experience on DBO	26	399
Return on plan assets excl. amounts incl. in interest income in Germany	164	71
Return on plan assets excl. amounts incl. in interest income in India	-15	-7
Total	757	-175

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the principal assumptions is presented in the following table for 2021.

Actuarial assumption	2021
Change in pension increase	
Increase of 0.5%	-489
Decrease of 0.5%	574
Change in discount rate	
Increase of 0.5%	310
Decrease of 0.5%	-279

The impacts of sensitivity analysis have been calculated so that the impact of a change in the assumption is calculated while assuming that all other assumptions are constant. In practice, this is unlikely to occur, and changes in some of the assumptions may correlate with each other. The sensitivity of the defined benefit obligation has been calculated using the same method as when calculating the pension obligation recognised within the statement of financial position.

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23 Contingent liabilities and contingent assets

23.1 Accounting policy — Contingent liabilities and contingent assets

Contingent assets and contingent liabilities are possible rights and obligations. They arise from past events and their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not fully within the control of Citec.

23.2 Contingent liabilities

EUR thousands	2021	2020
Collateral given for own commitments		
Pledges	101 548	48 704
Mortgages	105 976	28 236
Guarantees	2 004	1 045
Other commitments and contingent liabilities	566	17

Sentiec Oyj has pledged the shares of Citec Group Oy Ab, Citec Oy, Citec Norway AS and Citec AB as securities for its financial debt instruments and facility agreement. Guarantees comprise mainly guarantees granted by Citec Oy as securities for the projects.

24 Related party disclosures

24.1 Accounting policy

Citec's related parties include its management (the Board of Directors, CEO and the Group Management Team members) and the companies controlled by them, their family members and companies controlled by the family members, the Group's subsidiaries, and joint ventures.

The parent company of the group, Sentiec Oyj, is 78,86% owned and thus controlled by two of the funds managed by Sentica Partners Oy, which are also included in related parties.

The related party transactions disclosed consist of such transactions carried out with related parties that are not eliminated in the consolidated financial statements. During the financial reporting period there were no related party transactions.

24.2 Key management remuneration and compensation

Key management remuneration and compensation includes total remuneration paid to the members of the Board and key management. Key management include group management team members.

EUR thousands	2021	2020
Remuneration paid to Board of Directors		
Wentzel Johan	5	5
Westergård Rune	5	5
Strand Clas-Eirik	15	15
Keränen Antti	5	5
Remuneration of the CEO		
Salaries and other short-term employee benefits	535	420
Pension benefits (defined contribution plans)	85	69
Remuneration of key management (excluding CEO)		
Salaries and other short-term employee benefits	1 571	1 254
Pension benefits (defined contribution plans)	216	143
Total	**2 438**	**1 916**

During the 2021 Sentiec Oyj executed two directed share issue to key management and prior owners of Citec Group Oy Ab. Total amount of shares issued amounted to 2 295 400 000 shares in first issue and to 28 001 838

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shares in second issue. Subscription price received amounted to 22 954 000,00 EUR in first issue and 280 018,38 EUR in second issue. The subscription price corresponded to the board of directors' estimate on the value of the shares.

In connection with restructuring (Note 2) options (Note 7) issued in 2019 was acquired by Sentiec Oyj. Total amount paid to key management amounted to 963 170,29 EUR.

24.3 Group structure

At 31 December 2021 Citec group comprised the following entities:

Entity	Domicile	Ownership interest, %
Sentiec Oyj, parent company	Vaasa, Finland	
Citec Group Oy Ab	Vaasa, Finland	100%
Citec Oy Ab	Vaasa, Finland	100%
Citec AB	Stockholm, Sweden	100%
Citec Norway AS	Oslo, Norway	100%
Citec Engineering & Information GmbH	München, Germany	100%
Citec Group France SAS	Rueil Malmaison, France	100%
Citec Engineering France SARL	Rueil Malmaison, France	100%
Citec Engineering India Pvt Ltd	Mumbai, India	100%
Akilea Overseas Ltd	Cardiff, United Kingdom	100%
Citec Oy Ab Saudi & Partner Consulting Engineering CO	Dammam, Saudi Arabia	60%

In order to carry out the restructuring of ownership of the Citec Group in February 2021, the Sentiec Oyj acquired 100 per cent of the shares in Citec Group Oy Ab (the "Acquisition") and gained control over Citec Group. The majority shareholders of the Sentiec Oyj were also the majority owners of Citec Group Oy Ab and therefore, there was no change in the ultimate control over Citec Group.

At 31 December 2020 Citec group comprised the following entities:

Entity	Domicile	Ownership
Citec Group Oy Ab, parent company	Vaasa, Finland	
Citec Oy Ab	Vaasa, Finland	100%
Citec AB	Stockholm, Sweden	100%
Citec Norway AS	Oslo, Norway	100%
Citec Engineering & Information GmbH	München, Germany	100%
Citec Group France SAS	Rueil Malmaison, France	100%
Citec Engineering France SARL	Rueil Malmaison, France	100%
Citec Engineering India Pvt Ltd	Mumbai, India	100%
Citec Russia Ltd	Moscow, Russia	100%
Akilea Overseas Ltd	Cardiff, United Kingdom	100%
Citec Oy Ab Saudi & Partner Consulting Engineering CO	Dammam, Saudi Arabia	60%

25 Events after the balance sheet date

No significant events after the balance sheet date.

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26 First-time adoption of IFRS

The tables below set forth the impacts of the adoption of the IFRS on the consolidated income statement prepared in accordance with the FAS for the financial year 2020, as well as the consolidated balance sheet as at 31 December 2019 and 31 December 2020.

CONSOLIDATED OPENING IFRS BALANCE SHEET - RECONCILIATION

01-01-2020	FAS	1	2	3	4	5	IFRS	IFRS
1 000 eur	**31-12-2019**	**Lease agreements**	**Pension obligations**	**Reversal of goodwill amortization**	**Deferred taxes**	**Other adjustments**	**IFRS adj. total**	**01-01-2020**
ASSETS								
Non Current assets								
Right of use assets	0	6 686	0	0	0	0	6 686	6 686
Intangible assets	20 629	0	0	0	0	0	0	20 629
Tangible assets	1 184	0	0	0	0	0	0	1 184
Investments	5	0	0	0	0	0	0	5
Long-term receivables	40	0	0	0	0	0	0	40
Deferred tax receivable	0	0	370	0	1 544	0	1 913	1 913
Non Current assest total	**21 858**	**6 686**	**370**	**0**	**1 544**	**0**	**8 599**	**30 457**
Current assets								
Accounts receivable and other receivables								
Accounts receivable	10 887	0	0	0	0	-67	-67	10 820
Other receivables	2 719	0	0	0	0	-108	-108	2 611
Accrued income and deferred expenses	1 807	0	0	0	0	0	0	1 807
Cash and cash equivalents								
Cash at bank	3 496	0	0	0	0	0	0	3 496
Current assets total	**18 910**	**0**	**0**	**0**	**0**	**-176**	**-176**	**18 734**
Assets total	**40 767**	**6 686**	**370**	**0**	**1 544**	**-176**	**8 424**	**49 191**
Share capital	3	0	0	0	0	0	0	3
Unrestricted equity fund	11 235	0	0	0	0	0	0	11 235
Other reserves	0	0	0	0	0	-7	-7	-7
Capital loans	25 215	0	0	0	0	0	0	25 215
Restructuring reserve	0	0	0	0	0	0	0	0
Translation reserve	0	0	0	0	0	-667	-667	-667
Retained earnings	-16 489	0	-862	0	1 246	607	991	-15 498
Equity total	**19 964**	**0**	**-862**	**0**	**1 246**	**-67**	**317**	**20 280**
Non current liabilities								
Lease liabilities	0	4 208	0	0	0	0	4 208	4 208
Provisions	2 791	0	1 232	0	0	-233	998	3 790
Deferred tax liabilities	0	0	0	0	298	0	298	298
Non current liabilities total	**2 791**	**4 208**	**1 232**	**0**	**298**	**-233**	**5 504**	**8 295**
Current liabilities								
Loans from financial institutes	3 800	0	0	0	0	0	0	3 800
Lease liabilities	0	2 478	0	0	0	0	2 478	2 478
Accounts payable and other current liabilities								
Advances received	907	0	0	0	0	0	0	907
Accounts payable	2 500	0	0	0	0	0	0	2 500
Accruals and deferred income	7 481	0	0	0	0	125	125	7 606
Other current liabilities	3 325	0	0	0	0	0	0	3 325
Current liabilities total	**18 013**	**2 478**	**0**	**0**	**0**	**125**	**2 603**	**20 616**
Liabilities total	**20 804**	**6 686**	**1 232**	**0**	**298**	**-108**	**8 107**	**28 911**
Equity and liabilities total	**40 767**	**6 686**	**370**	**0**	**1 544**	**-176**	**8 424**	**49 191**

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CONSOLIDATED CLOSING IFRS BALANCE SHEET – RECONCILIATION

31-12-2020	FAS	1	2	3	4	5	IFRS	IFRS
1 000 eur	**31-12-2020**	**Lease agreements**	**Pension obligations**	**Reversal of goodwill amortization**	**Deferred taxes**	**Other adjustments**	**IFRS adj. total**	**31-12-2020**
ASSETS								
Non Current assets								
Right of use assets	0	5 310	0	0	0	0	5 310	5 310
Intangible assets	18 219	0	0	2 529	0	-314	2 216	20 435
Tangible assets	1 156	0	0	0	0	179	179	1 335
Long-term receivables	40	0	0	0	0	0	0	40
Deferred tax receivable	0	0	507	0	2 049	0	2 556	2 556
Non Current assest total	**19 415**	**5 310**	**507**	**2 529**	**2 049**	**-134**	**10 261**	**29 676**
Current assets								
Accounts receivable and other receivables								
Accounts receivable	11 054	0	0	0	0	-46	-46	11 008
Other receivables	1 547	0	0	0	0	-95	-95	1 452
Accrued income and deferred expenses	1 433	0	0	0	0	0	0	1 433
Cash and cash equivalents								
Cash at bank	5 597	0	0	0	0	0	0	5 597
Current assets total	**19 631**	**0**	**0**	**0**	**0**	**-141**	**-141**	**19 490**
Assets total	**39 046**	**5 310**	**507**	**2 529**	**2 049**	**-275**	**10 120**	**49 167**
EQUITY								
Share capital	3	0	0	0	0	0	0	3
Unrestricted equity fund	11 389	0	0	0	0	0	0	11 389
Other reserves	0	0	0	0	0	-27	-27	-27
Capital loans	25 215	0	0	0	0	0	0	25 215
Translation reserve	0	0	0	0	0	-1 320	-1 320	-1 320
Retained earnings	-15 633	-53	-1 028	2 529	1 773	2 266	5 487	-10 146
Equity total	**20 974**	**-53**	**-1 028**	**2 529**	**1 773**	**920**	**4 141**	**25 114**
LIABILITIES								
Non current liabilities								
Lease liabilities	0	3 029	0	0	0	0	3 029	3 029
Provisions	4 523	0	1 535	0	0	-1 798	-263	4 260
Deferred tax liabilities	0	0	0	0	277	0	277	277
Non current liabilities total	**4 523**	**3 029**	**1 535**	**0**	**277**	**-1 798**	**3 042**	**7 565**
Current liabilities								
Lease liabilities	0	2 334	0	0	0	0	2 334	2 334
Accounts payable and other current liabilities								
Advances received	564	0	0	0	0	0	0	564
Accounts payable	1 984	0	0	0	0	0	0	1 984
Accruals and deferred income	8 686	0	0	0	0	604	604	9 289
Other current liabilities	2 316	0	0	0	0	0	0	2 316
Current liabilities total	**13 550**	**2 334**	**0**	**0**	**0**	**604**	**2 937**	**16 487**
Liabilities total	**18 073**	**5 363**	**1 535**	**0**	**277**	**-1 195**	**5 980**	**24 053**
Equity and liabilities total	**39 046**	**5 310**	**507**	**2 529**	**2 049**	**-275**	**10 120**	**49 167**

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CONSOLIDATED IFRS COMPREHENSIVE INCOME STATEMENT – RECONCILIATION

	FAS	1	2	3	4	5	IFRS	IFRS
1 000 eur	**31-12-2020**	**Lease agreements**	**Pension obligations**	**Reversal of goodwill amortization**	**Deferred taxes**	**Other adjustments**	**IFRS adj. total**	**31-12-2020**
Revenue	72 834	0	0	0	0	0	0	72 834
Other operating income	361	0	0	0	0	0	0	361
Materials and services	-7 992	0	0	0	0	0	0	-7 992
Staff costs	-43 160	0	4	0	0	413	417	-42 743
Other operating expenses	-14 440	2 763	0	0	0	235	2 997	-11 442
EBITDA	**7 603**	**2 763**	**4**	**0**	**0**	**647**	**3 414**	**11 017**
Depreciation and amortization	-3 460	-2 579	0	2 529	0	0	-50	-3 510
Operating profit (EBIT)	**4 143**	**184**	**4**	**2 529**	**0**	**647**	**3 365**	**7 507**
Financial income	474	0	0	0	0	0	0	474
Financial expenses	-783	-237	-133	0	0	0	-370	-1 153
Profit before taxes	**3 834**	**-53**	**-129**	**2 529**	**0**	**647**	**2 995**	**6 829**
Income taxes	-1 700	0	0	0	0	-5	-5	-1 705
Change in deferred taxes	-625	0	91	0	527	0	618	-7
Profit for the financial year	**1 509**	**-53**	**-38**	**2 529**	**527**	**643**	**3 608**	**5 117**
Other comprehensive income, that may be reclassified to profit or loss								
Change in fair value reserve	0	0	0	0	0	-24	-24	-24
Taxes	0	0	0	0	0	5	5	5
Other comprehensive income, that will not be reclassified to profit or loss								
Change in actuarial assumptions	0	0	-175	0	0	0	-175	-175
Taxes	0	0	46	0	0	0	46	46
Other comprehensive income for the year	0	0	-129	0	0	-19	-148	-148
Total comprehensive income for the year	1 509	-53	-166	2 529	527	623	3 460	4 969

"The following section presents a summary of the impacts of the adoption of the IFRS on Citec's consolidated statement of comprehensive income and consolidated balance sheet. Previously, the Citec's consolidated financial statements were prepared in accordance with FAS. The IFRS adjustments identified in the transition are described below. The most significant impacts relate to the following: leases, pension obligations, goodwill and deferred taxes. The numbers in topics (1-5) refer to the columns in the reconciliation tables.

(1) Lease agreements as a lessee (IFRS 16 Leases)

Citec has mainly leased offices, cars, and IT machinery. Under FAS, lease expenses have been recognized as other operating expenses in the income statement. The lease commitments have been disclosed in the notes to the financial statements as off-balance sheet items.

The right-of-use asset and the lease liability are calculated by discounting the future lease payments. The lease liabilities are measured at the present value of the remaining lease payments as of 1 January 2020 and right-of-use assets are recognised at an amount equal to the lease liability on 1 January 2020. The lease payments are discounted using the lessee's incremental borrowing rate. The lease expenses presented in FAS are replaced with the depreciation of the right-of-use assets. In addition, the interest costs of the lease liabilities are recognised as finance costs in profit or loss.

Citec applies the recognition exemption for both short-term leases (a lease that, at the commencement date, has a lease term of 12 months or less) and for leases for which the underlying asset is of low value (each asset with a value of approximately EUR 5,000 or less when new). Citec has decided to apply this practical expedient to some of the leases.

The impact recognised as a result of the adoption of IFRS 16 on the Citec's opening balance sheet amounts to EUR 6,686 thousand, under the right-of-use assets and lease liabilities (non-current and current portions) as at 1 January 2020 and the amount recognised in the balance sheet as at 31 December 2020 equals EUR 5,310 thousand in right-of-use assets and EUR 5,363 thousand in lease liabilities.

(2) Pension obligations (IAS 19 Employee Benefits)

Under FAS costs for employee benefits provided are generally recorded when they are paid. Under IFRS, pensions are categorised as either defined contribution plans or defined benefit plans, depending on the principal terms and conditions. Citec has both defined contribution plans and defined benefit plans. The liability or asset recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of any plan assets.

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The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

The impact is shown in the column Pension obligations in the reconciliations presented above. The amount recognised in the opening balance sheet as of 1 January 2020 amounts to EUR 1,232 thousand relating to provisions, net effect in equity equals EUR -862 thousand and deferred tax receivables equals EUR 370 thousand. The amount recognised in the balance sheet as of 31 December 2020 totals EUR 1,535 thousand relating to provisions, net effect in equity equals EUR -1,028 thousand and deferred tax receivables amount to EUR 507 thousand. The amount recognised in other comprehensive income as a result of change in actuarial assumptions amounts to EUR -129 thousand for the year ended 31 December 2020.

(3) Reversal of goodwill amortization (IFRS 3 Business Combinations, IFRS 1 First-time Adoption of International Financial Reporting Standards)

Under FAS all intangible assets are amortised. Under IFRS goodwill is not amortised but is subject to impairment testing at least annually and whenever triggering events arise.

Following the transition exemption of IFRS 1, the businesses acquired prior to the IFRS transition date 1 January 2020 are recognised in Issuer's IFRS financial statements by using the carrying amount of goodwill as of 1 January 2020 as recognised in the FAS financial statements. Citec will reverse the FAS amortisation in the conversion period by adjusting the goodwill amortisations recorded against the goodwill recognised in the balance sheet. In accordance with IFRS, goodwill shall no longer be amortized over its useful life, but it is tested for impairment annually or whenever there are indications of impairment.

The impact recognised is presented in the column Reversal of goodwill amortisation in the reconciliations presented above. The amount of IFRS adjustment relating to reversal of goodwill amortisation recognised amounts to EUR 2,529 thousand as of 31 December 2020.

(4) Deferred taxes (IAS 12 Income Taxes)

Under FAS the Citec has not recognised deferred taxes on temporary differences between the FAS carrying amounts and the tax base, nor on tax losses carried forward. In the opening IFRS balance sheet as of 1 January 2020, Citec shall recognise deferred taxes on temporary differences between the tax bases of assets and liabilities and their IFRS carrying amounts. The deferred tax impact is shown in the column Deferred taxes in the reconciliations presented above.

Tax impact on tax loss carry-forwards and other IFRS adjustments

The amount of the deferred tax assets recognised in the opening IFRS balance sheet equals EUR 1,544 thousand, deferred tax liabilities equal EUR 298 thousand and the net effect in equity equals EUR 1,246 thousand. The amount of the deferred tax assets recognised as of 31 December 2020 totalled EUR 2,049 thousand, deferred tax liabilities equal EUR 277 thousand and the net effect in equity equals EUR 1,773 thousand.

(5) Other adjustments (IAS 37 Provisions, Contingent Liabilities and Contingent Assets, IFRS 9 Financial Instruments, IFRS 1 First-time Adoption of International Financial Reporting Standards)

In connection with the IFRS Project, Citec has assessed IFRS impacts on certain accounting principles of the Group covering provisions, hedge accounting and cumulative translation differences. This assessment has lead to reversal of some restructuring provisions recorded according to FAS as some items do not meet the related recognition criteria under IAS 37, and consequently will be reclassified as accruals or as write-off of assets. Citec is planning to apply hedge accounting to certain forward contracts after the transition date. Changes in fair value of the derivatives under hedge accounting are recorded under the other reserves in equity. Changes in fair value of other derivatives are recorded in profit or loss. The impact of these adjustments is shown in the column Other adjustments in the reconciliations presented above.

Citec has presented the cumulative translation differences resulting from ownership of foreign subsidiaries under retained earnings. The cumulative translation difference as of 1 January 2020 is transferred from retained earnings to a separate line item (Translation differences).

The amount of other adjustments recognised in the opening balance sheet as of 1 January 2020 relating to receivables equals EUR -176 thousand, provisions EUR -233 thousand, accruals and deferred income EUR 125

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thousand and a net effect in equity of EUR -67 thousand. The amount of adjustment relating to employee benefit expenses and other operating expenses recognised in profit or loss as of 31 December 2020 equals EUR 647 thousand. The amount of adjustment recognised in the balance sheet as of 31 December 2020 relating to intangible and tangible assets amounts to EUR -134 thousand, receivables EUR -141 thousand, provisions EUR -1,798 thousand, accruals and deferred income EUR 604 thousand and a net effect in equity of EUR 920 thousand.

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PARENT COMPANY'S FINANCIAL STATEMENTS (FAS)

PARENT COMPANY'S INCOME STATEMENT

EUR thousands	Note	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Revenue	1	510	0
Personnel expenses	2	-887	0
Other operating expenses	3	-239	0
Operating result		**-616**	**0**
Finance income	5	2 076	0
Finance expenses	5	-2 338	0
Net financial income and expenses		**-262**	**0**
Profit (Loss) before income taxes		**-878**	**0**
Profit (Loss) for the financial year		**-878**	**0**

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PARENT COMPANY'S BALANCE SHEET

EUR thousands	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Investments in subsidiaries	6	52 208	0
Total non-current assets		**52 208**	**0**
Current assets			
Trade and other receivables	7	999	0
Cash and cash equivalents	8	53	0
Total current assets		**1 052**	**0**
Total assets		**53 260**	**0**
EQUITY			
Share capital	9	80	0
Reserve for invested non-restricted equity	9	23 154	0
Other reserves	9	-304	0
Retained earnings	9	-878	0
Total equity		**22 052**	**0**
LIABILITIES			
Non-current liabilities			
Bond	10	25 949	0
Total non-current liabilities		**25 949**	**0**
Current liabilities			
Bond	11	1 438	0
Trade and other payables	11	3 820	0
Total current liabilities		**5 259**	**0**
Total liabilities		**31 208**	**0**
Total equity and liabilities		**53 260**	**0**

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PARENT COMPANY'S CASH FLOW STATEMENT

EUR thousands	Note	1-12/2021	1-12/2020
Cash flows from operating activities			
Profit (Loss) before income taxes for the financial year		-616	0
Change in net working capital:			
Change in trade and other receivables (increase (-) / decrease (+))		-789	0
Change in trade and other payables (increase (+) / decrease (-))		3 451	0
Cash flows before finance items		2 046	0
Interest paid		-2 017	0
Interest received		1 000	0
Net cash from operating activities (A)		**1 029**	**0**
Cash flows from investing activities			
Acquisitions of shares of subsidiaries		-32 292	0
Net cash used in investing activities (B)		**-32 292**	**0**
Cash flows from financing activities			
Share issue		4 395	0
Proceeds from non-current loans and borrowings		28 000	0
Repayment of non-current loans and borrowings		-1 079	0
Net cash from financing activities (C)		**31 316**	**0**
Net cash from (used in) operating, investing and financing activities (A+B+C)		**53**	**0**
Net increase (decrease) in cash and cash equivalents		**53**	**0**
Cash and cash equivalents at 1 January		0	0
Cash and cash equivalents at 31 December		53	0

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NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

Parent company's accounting policies

Basis of preparation

Sentiec Oyj's, a parent company of Citec Group ("Citec"), financial statements have been prepared in compliance with the Finnish Accounting Standards (FAS).

Comparability

Financial year 1.1.-31.12.2021 is not comparable to previous year's financial statements, since previous accounting period was 19.10-31.12.2020. Sentiec Oyj was founded on 19.10.2020.

Pensions

Pension security for the employees of the parent company is arranged with external pension insurance company. Pension expenses are recorded as expenses in profit and loss in the year in which they are incurred.

Receivables

Receivables are valued at acquisition cost or the likely recoverable value if lower.

Investments

Investments to group companies are valued at acquisition cost or net realizable value, if the investment value has deteriorated significantly and permanently. The valuation of subsidiary shares is assessed based on the Group's goodwill impairment testing. Specification of subsidiary shares is presented in consolidated note 24.3.

Derivative contracts

Sentiec Oyj uses derivative instruments for hedging purposes. All derivatives are recognised on the balance sheet and measured at fair value. Changes in fair values are recognised in profit or loss unless the entity has elected to apply hedge accounting by designating the derivative as a hedging instrument in an eligible hedging relationship. Sentiec has elected to apply hedge accounting for the interest rate and currency risk for the SEK 290 million bond. Derivative instrument for the interest rate and currency risk corresponds maturity of the bond.

The bond is translated to EUR based of SEK rate at the balance sheet date. Unrealized gains on changes in the fair value of the bond are not recognized as income. Any revaluation losses are recognized as interest expense.

Taxes

The income tax expense for the period is calculated on the basis of the taxable income. Deferred taxes are not included in the parent company's income statement and balance sheet.

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Notes to the income statement, parent company

1 Revenue

EUR thousands	2021	2020
Finland	338	0
Europe	172	0
Total	**510**	**0**

2 Employee benefit expenses

EUR thousands	2021	2020
Wages and salaries	-792	0
Pension costs	-81	0
Other employee costs	-14	0
Total	**-887**	**0**
Personnel at year-end	4	0
Average personnel	2	0

3 Other operating expenses

EUR thousands	2021	2020
Costs of bought services	-128	0
Services from group companies	-99	0
Other operating expenses	-12	0
Total	**-239**	**0**

4 Audit Fees

EUR thousands	2021	2020
Auditing, KPMG Oy Ab	-56	0
Auditor's statements	-10	0
Other services	-53	0
Total	**-119**	**0**

5 Financial income and expenses

EUR thousands	2021	2020
Interest and other financial income from group	2 076	0
Interest expenses on bond	-2 070	0
Interest expenses from group	-16	
Foreign exchange losses	-5	0
Other financial expenses	-247	0
Total	**-262**	**0**

6 Investments

EUR thousands	2021	2020
Investments Jan 1	0	0
Additions	52 208	0
Investments Dec 31	52 208	0

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7 Current receivables

EUR thousands	2021	2020
Trade receivables from Group companies	779	0
Other receivables	220	0
	999	**0**

8 Cash and cash equivalents

EUR thousands	2021	2020
Bank accounts and cash	53	0
	53	**0**

9 Equity

EUR thousands	2021	2020
Rectricted equity		
Share capital Jan 1	0	0
Fund issue	80	0
Share capital Dec 31	80	0
Reserve for invested non-restricted equity		
Unrestricted equity fund Jan 1	0	0
Paid share issue	23 154	0
Unrestricted equity fund Dec 31	23 154	0
Other reserves Jan 1	0	0
Change in other reserves	-304	0
Other reserves Dec 31	-304	0
Retained earnings Dec 31	0	0
Profit (loss) for the financial year	-878	
Total equity Dec 31	**22 052**	**0**
Distributable unrestricted equity		
Reserve for invested non-restricted equity	23 154	0
Retained earnings from previous years	0	0
Profit (loss) for the financial year	-878	0
Distributable unrestricted equity	22 276	0

Shares

As of December 31, 2021, Sentiec Oyj's shares amounted to 2.323.401.839 shares, divided over five different share series (A-E).

	Serie A	Serie B	Serie C	Serie D	Serie E	Total
As of January 1, 2020	0	0	0	0	0	0
Share issue	1	0	0	0	0	1
As of December 31, 2020	1	0	0	0	0	1
Share issues	2 323 000 000	100 320	100 252	100 129	101 137	2 323 401 838
As of December 31, 2021	2 323 000 001	100 320	100 252	100 129	101 137	2 323 401 839

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10 Non-current liabilities

EUR thousands	2021	2020
Bond	25 949	0
	25 949	**0**

11 Current liabilities

EUR thousands	2021	2020
Bond	1 438	0
Trade payables to group	140	0
Trade payables to others	11	0
Other payables to group	2 791	0
Other payables to others	878	0
Total	**5 258**	**0**

Bond conditions are specified in consolidated note 17.3 and 17.4

12 Guarantees given

EUR thousands	2021	2020
Commitments and guarantees related to own liabilities		
Commitment: Bond	27 387	0
Guarantee: Share pledge	52 208	0
Guarantees given for Group companies	53 620	0

Sentiec Oyj has pledged the shares of Citec Group Oy Ab as securities for its financial debt instruments and facility agreement.

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SIGNATURES TO THE FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS, AUDITOR'S NOTE

Signatures to the financial statements and report of the Board of Directors

Espoo 25 March, 2022

Johan Wentzel, Chairman

Clas-Eirik Strand

Rune Westergård

Antti Keränen

Johan Westermarck, CEO

Auditor's note

Our auditor’s report has been issued today

Tampere 25 March, 2022

KPMG Oy Ab

Authorized Public Accounting Firm

Lotta Nurminen, APA

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Auditor’s Report

To the Annual General Meeting of Sentiec Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sentiec Oyj (business identity code 3163335-3) for the year ended 31 December, 2021. The financial statements comprise the consolidated balance sheet, income statement, comprehensive income statement, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, as well as the parent company’s balance sheet, income statement, cash flow statement and notes.

In our opinion

— the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

— the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

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

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 8.1 to the consolidated financial statements.

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

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Revenue recognition (refer to notes 1 and 3 in the consolidated financial statements)	
— The consolidated revenue 79.7 million euros comprise different revenue flows based on different contract types: hourly based contracts, fixed price contracts and target price contracts. — Fixed price and target price contracts are accounted for measuring the progress towards complete satisfaction of a performance obligation. That involves management judgement on among others total revenue, total costs, progress towards complete satisfaction of the performance obligation and possible loss-making projects. The contracts may also contain variable consideration components. — Due to the financial significance of revenue in the financial statements, management judgement involved as well as a risk that revenue is recognized in an incorrect period, revenue recognition is considered a key audit matter.	— Our audit procedures included evaluation of the revenue recognition principles applied by the Group and assessment of their appropriateness by reference to IFRS standards. — We evaluated the Group's internal control activities and controls over revenue recognition and tested their effectiveness. In addition, we performed substantive testing based partly on data analytics in order to assess the appropriateness of revenue and the accounting treatment of recording revenue in the correct period. — We discussed with the management the revenue recognition practices applied and decisions involving management judgement which had an impact on revenue recognition. — We considered the appropriateness of the disclosures in respect of revenue recognition principles and revenue.

Consolidated goodwill and investments in subsidiaries – valuation (refer to notes 1 and 12 in the consolidated financial statements and parent company's accounting policies and note 6)

- Value of goodwill amounts to 19.7 million euros, which is ca. 35 percent of the total assets. Goodwill is not amortized, instead it is tested for impairment at least on an annual basis.
- Parent company's investments in subsidiaries amount to 52.2 million euros, which is ca. 98 % of the total assets. Investments are valued at acquisition cost or net realizable value if the investment value has deteriorated permanently. The valuation of investments in subsidiaries is assessed based on the Group's goodwill impairment testing.
- Impairment tests are based on discounted cash flow forecasts and determining the underlying key assumptions require management judgment
- Due to management judgement related to the forecasts used in the impairment tests and significant carrying amounts involved, valuation of consolidated goodwill and parent company's investments in subsidiaries is considered a key audit matter.

- We have assessed the key assumptions used in the goodwill impairment calculations, such as profitability, discount rate and long-term growth rate in relation to the forecasts prepared by the management, external sources as well as our own views.
- We involved KPMG valuation specialists that assessed the technical accuracy of the calculations and compared the assumptions used to market and industry information.
- In addition, we considered the appropriateness of the Group's disclosures in respect of goodwill impairment testing and parent company's disclosures in respect of investments in subsidiaries.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting for the financial year ended 31 December 2020. Sentiec Oyj became a public interest entity on 7 December 2021. We have been the company's auditors since it became a public interest entity.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Tampere 25 March 2022

KPMG OY AB

LOTTA NURMINEN
Authorised Public Accountant, KHT