SIILI®

Annual Report 2023

Contents

This is voluntary published pdf report, so it does not fulfill the disclosure obligation pursuant to Section 7:5§ of the Securities Markets Act.

Siili in brief

Siili serves its customers end-to-end in the planning, development, and maintenance of demanding digital services. We take our customer projects beyond the drawing board, all the way from idea to technical implementation.

We are an international enterprise with more than 1,000 experts working for us and supported by an extensive network of subcontractors. We give our customers the flexibility to choose – we can deliver complete solutions or offer Siili's expert team to supplement the customer's own organisation.

Siili's competitive advantages include reliable delivery and the most experienced experts on the market, to which our longstanding customer relationships stand testimony. What our customers value in particular is that we keep our promises, and working with us is easy thanks to our problem-solving capabilities and high quality of deliverables.

Siili has offices in Finland, Germany, Poland, Hungary, the Netherlands, the UK, and the USA. Our customers primarily comprise major corporations and organisations operating in the public and private sectors, specifically in the financial, service, and industrial sectors. Siili has grown profitably since it was founded in 2005. Siili shares are listed on Nasdaq Helsinki Ltd.

In 2023, the share of international business was

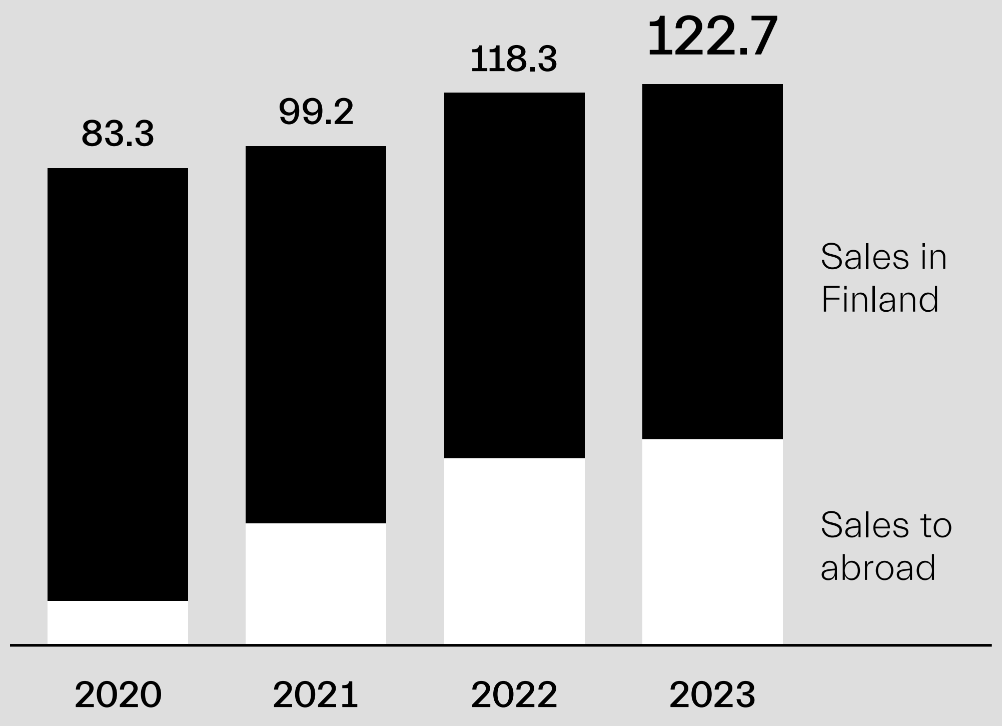
27%

EBITA in 2023

8.4

MEUR

Revenue, EUR million



In 2023, we employed

1,026

experts

Siili offices

Finland
Helsinki
Tampere
Turku
Lappeenranta
Jyväskylä
Oulu
Kuopio
Seinäjoki
Joensuu

Europe
London
Amsterdam
Berlin
Stuttgart
Vienna
Budapest
Szczecin
Wroclaw

North America
New York
Detroit

CEO's review

2023 was a challenging year for Siili and the sector as a whole. The rapid deterioration of market conditions in the second quarter, higher cost level due to inflation and increased price competition affected both growth and profitability. Our revenue for the full year grew to approximately EUR 123 million, representing a growth of 4%.

Due to the slowing down of revenue growth, we focused on securing our profitability in the challenging market situation. Thanks to actions taken to improve cost efficiency, EBIT came in at about EUR 8.4 million or 7% of revenue. This was the third-highest EBIT in Siili's history and a reasonable outcome in these circumstances. Improving cost efficiency remains a key objective for us going forward, too.

Business conditions weakened in all of Siili's main markets. Hence, the rate of growth of the international business slowed down, but we can be quite satisfied with the 10% growth achieved in this area. The share of international revenue grew to almost 27% from about 25% a year earlier.

We proceed in line with our strategy

Despite the challenges posed by the operating environment, last year also saw many successes. At the beginning of 2023, we moved to an organisation model based on customer sectors in line with our strategy. The objective of the change was a more agile and customer-driven way of operation, growth, continuous competence development and stronger synergy between different units. Now, about a year after the change, we can state that our understanding of our clients' business has deepened significantly thanks to the sectoral focus, and therefore the result was successful.

The National Land Survey of Finland chose us as their partner for expert services in the development and maintenance of information systems. We were successful in the Tax Administration's extensive tender and got selected as one of the suppliers for a contract period spanning across six years. We also concluded a significant contract with the Food Authority, and our cooperation will continue for the next five years.

In addition, we made good progress in the development of our competencies and offering for the banking and insurance sector. We strengthened our sales team with several new appointments and closed many new partnership agreements with technology suppliers within the sector. The development is also evident in improved appreciation among our clients. In our commissioned client survey, we were applauded in particular for our regulatory and sectoral expertise in banking.

Our design expertise was acknowledged when our joint 'Nemo' project with Fintraffic received the prestigious Service Design Award at a ceremony in Berlin – the highest honours in the service design industry. Once completed, Nemo is set to become a nationally centralised Single Window service for maritime traffic declarations.

During the first quarter of the year, our personnel worked out our own company-specific collective agreement for Siili. All in all, the planning process involved over 100 of our employees. Due to its diverse and extensive project team, the agreement strongly reflects values that are important for Siili and its people-oriented culture.

Last year, we arranged several value workshops, where we defined, together with our employees, the core values of our company: ambition, joy, humanity and responsibility. Going forward, these values will guide us all in our daily work and decision making at Siili.

Despite the more challenging times, we will hold onto Siili's people-oriented culture and we want to continue to be one of the most attractive employers in the sector.

AI expertise becomes central in Siili's strategy

The past year brought the potential of AI in our sector widely into public awareness. AI-assisted development offers an abundance of new opportunities for both our clients and employees. Just as before, when technology evolves, we are going to be in the forefront utilising artificial intelligence for the benefit of our clients.

The utilisation of AI in Siili's client projects will increase significantly, and the change has been even faster than expected. Siili's leading position as an applier of AI in digital development will be an essential part of Siili's strategy going forward.

We have embarked on 2024 optimistically although the market situation appears to remain challenging for the time being. In the long term, we expect the demand for digital development services to stay strong. I would like to thank all our stakeholders, especially the entire Siili community and our clients, for the year 2023. There were challenges too, but we cleared them together. I am looking forward to what 2024 will bring, particularly in terms of AI application potential. We are living in the midst of a very interesting technological transition, and Siili is in an outstanding position to take an advantage of the growth opportunities.

Tomi Pienimäki
toimitusjohtaja
Siili Solutions Oyj

Siili's strategy

We strive for growth by serving our clients extensively in designing, developing and maintaining demanding digital services.

Our clients continue to pursue the goal of digitalisation of their operations, aiming for growth, operational efficiency and a better customer and user experience. During 2023, a new dimension was introduced to the development of digital services – the importance of artificial intelligence in Siili's customer projects is increasing, and this evolution has been even faster than expected. Our strategy is to stay at the forefront of technological development – therefore the application and utilisation of AI for our clients' benefit will become central in our operations.

Going forward, we will continue to strengthen our growth goals through business acquisitions, both domestically and internationally. We will also emphasise the development of our areas of competence and growing the business in selected sectors. In addition, we will continue to focus on strengthening our international delivery capability and growing our international spearhead operations.

STRATEGIC OBJECTIVES:

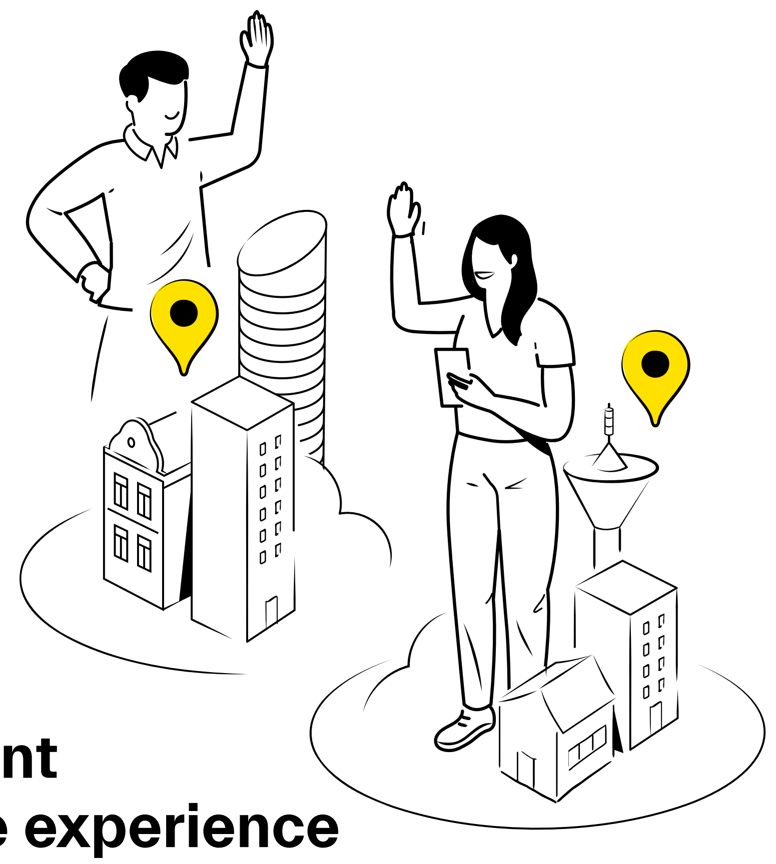
- Accelerated growth in international business
- Deeper customer relations to maintain high customer loyalty
- Creating the best working community to sustain the professional development and growth of our top experts

LONG-TERM FINANCIAL GOALS: On 11 May 2022, we published our long-term financial goals for 2023–2026. Our goal is 20 percent annual growth in revenue, of which organic growth accounts for about half, and EBITA 12 percent of revenue. The aim is to keep the ratio of net debt-to-EBITDA below two. The aim is to pay a dividend corresponding to 30–70 percent of net profit annually.

SOURCES OF GROWTH: Siili seeks growth in Finland through deeper customer relationships, industry focus and a wider service offering. AI-assisted development opens extensive opportunities both for our clients and employees. We will continue to stay at the forefront of technology and utilise artificial intelligence actively with our clients, like we have already been doing. At the same time, we keep scaling Siili's other international business in Europe and the United States together with our subsidiary Supercharge.

1. Profitable, customer-driven growth

We build deeper customer partnerships, maintain excellent customer experience and focus on the development of growing customer segments and services that support our core business.



2. Excellent employee experience

We focus on the development of our experts' competencies through learning communities, support growth by scalable recruitment models, and strengthen Siili's culture and employee experience by developing the means to engage the personnel.

Make digital visions real

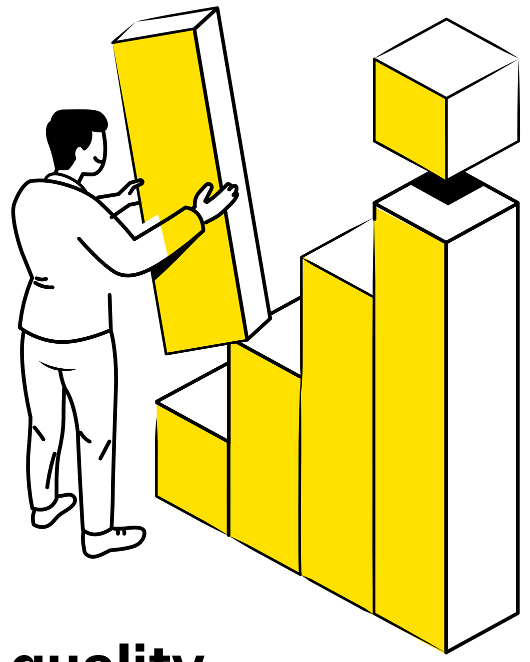
CORE VALUES

Ambition

Joy

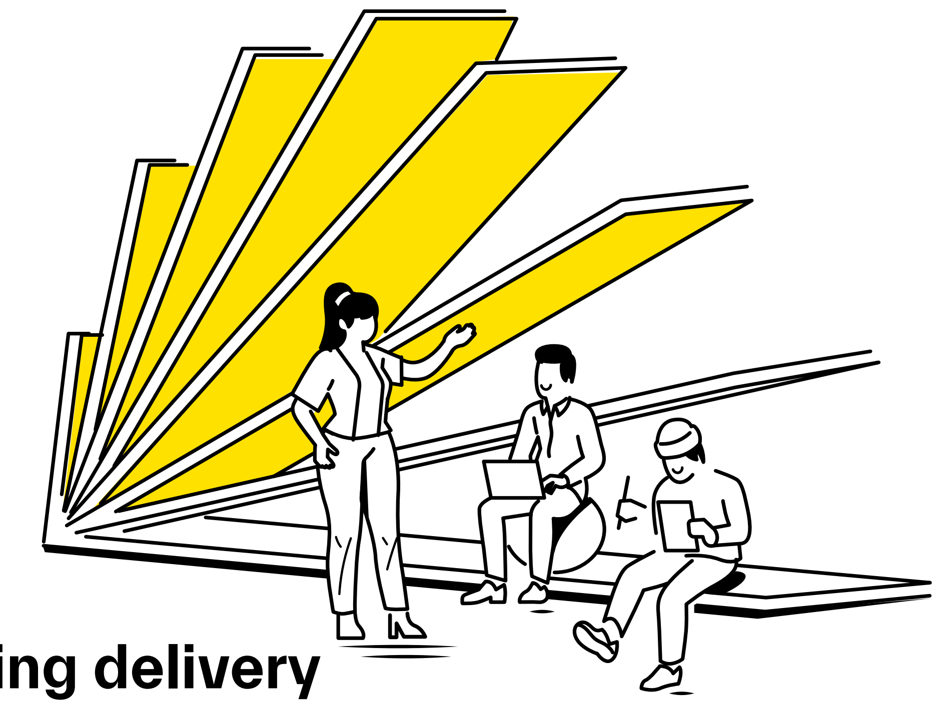
Humanity

Responsibility



3. Best delivery quality of digital services in the industry

We develop our delivery models and process on an ongoing basis to ensure high customer satisfaction, and we ensure the profitability of deliveries by investing in management as well as tools and methods.



4. Growing delivery capacity and spearhead business functions

We expand our spearhead operations and operating capacity in Poland and other nearby areas. We continue business acquisitions in Finland as well as internationally to expand our expertise and business, and seek synergies across different Group companies.

Year of Siili and artificial intelligence

AI caused a big awakening in 2023. For our clients, it meant first and foremost a business transformation, not just tools or data. We believe that combining our wide sectoral expertise with opportunities created by AI is a key we can use to open new doors for our clients in the future. Several steps of progress were taken in 2023 that will lead us further on this journey towards deeper customer understanding.

Generative AI certificate for all employees

We launched a training programme on AI skills with the aim of educating all Siili employees to an advanced level in generative AI by the end of the first quarter of 2024. The programme will continue with follow-up training in the second quarter.

Appointment of Head of Data & AI

Entirely new business concepts and competitive edge in an evolving world situation – the opportunities of AI are limitless. To build on this, we appointed Sami Urpila to a new role to be in charge of data and artificial intelligence. This appointment shows our commitment to AI-assisted projects and development in cooperation with our clients.

AI is present in dozens of projects

In addition to many traditional AI projects, we put particular effort in 2023 to identifying new opportunities emerging from generative AI for our clients' business. We implemented 10 different generative AI use cases, among other things, in the field of customer service, process development and entertainment. In addition, we utilised AI-assisted development in 20 separate software development projects.

Test: artificial intelligence versus tradition

Is AI really useful in software development? We tested how traditional software development performs against the same assignment performed with AI logic, operating models and tools. By carrying out this test, we gathered valuable insights into what can be achieved by artificial intelligence and which aspects of traditional software developments should still be retained.

Learn more about the test and its results here:www.siili.com/stories/ai-assisted-software-development-vs-the-traditional-way

ESL Shipping: optimisation of vessel capacity by AI

In 2023, the winds of AI change blew particularly in maritime traffic. Thanks to a Smart Fleet Optimizer solution, the shipowner is able to utilise its vessel capacity as effectively as possible and create environmental benefits by cargo optimisation. An AI based algorithm provides an entirely new type of solution for a complex and significant challenge in cargo shipping. Siili Maritime created an intelligent fleet optimisation system for ESL Shipping, among others.

"We are looking for partners we can trust and that have sector-specific expertise. Siili Maritime has top-notch data analysts, but, first and foremost, an understanding of our business logic – the Siili team facilitated the change with flying colours."

Kirsi Ylärinne
Operations & Environmental Director
ESL Shipping

Board of Directors' report

REVENUE

Revenue grew by 3.7% (19.2%) from the comparison period to EUR 122,702 (118,334) thousand. The organic revenue growth was 0.1%. Revenue for the second half of the year declined by 3.4% to EUR 57,414 (59,459) thousand. Organic revenue growth for July–December was correspondingly -5.5% year on year. The share of international operations of the revenue for the financial year was 26.7% (25.2%) and for the second half of the year 27.7% (26.5%). Revenue growth slowed down throughout the Group during the financial year as demand dampened due to the rapid change in market conditions.

PROFITABILITY

The adjusted operating profit (EBITA) for the financial year was EUR 8,409 thousand, representing a decline of EUR 3,220 thousand year on year. The Group's profitability decreased during the period, and EBITA was 6.9% (9.8%) of revenue. EBITA for the second half of the year was 5.9% (8.7%) of revenue. The decline in profitability was mainly driven by the slowdown in revenue growth due to the change in market conditions, higher personnel costs and intensified price competition. Several actions were launched within the company to secure the level of profitability in the second half of the year.

Subcontracting expenses from the use of external services totalled EUR 26,215 (26,439) thousand or 21.4% (22.3%) of revenue. The use of subcontracting decreased somewhat in the second half of the year from the comparison period. Personnel costs grew during the year to EUR 72,180 (66,094) thousand and amounted to 58.8% (55.8%) of revenue. The increase in personnel costs was driven by the higher cost level due to wage inflation and growth in the average number of employees. During the financial year, the Group had 1,026 (965) employees on average and 1,007 (1,045) at the end of the year.

Other operating expenses amounted to EUR 12,645 (11,170) thousand or 10.3% (9.4%) of revenue. The growth in other operating expenses from the comparison period was mainly due to growth in IT expenses and a one-time credit loss.

Adjusted EBITA for the financial year was EUR 8,742 thousand or 7.1% of revenue. The adjustment items totalled EUR 333 thousand, and they consisted of one-time costs arising from the change negotiations and a credit loss. The calculation of adjusted EBITA is shown under Calculation formulas for the key figures.

The Group's operating profit (EBIT) for the financial year was EUR 6,909 (10,149) thousand or 5.6% of revenue. Net financial expenses for the financial year totalled EUR 1,373 (4,636) thousand. The profit for the period before taxes was EUR 5,536 (5,427) thousand, and earnings per share were EUR 0.61 (0.49).

FINANCING AND CAPITAL EXPENDITURE

The Group's statement of financial position totalled EUR 100,170 (106,063) thousand at the end of the financial year. The Group's equity ratio was 42.6% (38.7%), return on investment (ROI) was 10.7% (15.5%), and the net debt to EBITDA ratio was 0.30 (0.12).

The Group's cash flow from operations was EUR 7,489 (14,481) thousand, representing a decrease of 48.3% year on year. Cash flow from operations was reduced by weaker EBITDA than in the comparison period and higher net working capital. Cash flow from operations in the second half of the year was also lower than in the comparison period, decreasing by 46%.

Cash flow from investing activities for the financial year was EUR -5,409 (-5,342) thousand, including a contingent consideration of EUR 2,933 thousand paid for the acquisition of Haallas Finland Oy and the consideration of EUR 1,093 thousand paid to non-controlling shareholders for an additional stake in Vala Group Oy. In addition, the cash flow from investing activities included EUR 1,279 thousand of normal capital expenditure.

Cash flow from financing activities in the financial year amounted to EUR -9,254 (6,752) thousand. During the financial year, the company repaid EUR 2,518 thousand of its bank loans. The shareholders of Siili Solutions Plc were paid a dividend of EUR 1,622 thousand, and the non-controlling shareholders of Vala Group Oy and Supercharge Kft were paid EUR 1,270 thousand. In addition, Siili Solutions Plc repurchased its own shares with EUR 495 thousand during the financial year.

At the end of the financial year, the Group's cash and cash equivalents totalled EUR 29,022 (36,315) thousand, in addition to which the Group had unused credit facilities of EUR 2,500 thousand. The Group's interest-bearing bank loans at the end of the financial year amounted to EUR 8,743 (11,256) thousand.

ACQUISITIONS AND CHANGES IN GROUP STRUCTURE

In April 2023, Siili Solutions Plc acquired the software business of Talentree Oy based in the city of Kuopio. For Siili, the transaction marks a territorial expansion to the city of Kuopio and an addition of 11 new professionals to its software development capabilities. Siili's objective is to make its Kuopio office one of the city's most attractive workplaces in the IT sector. The business acquisition had no material impact on Siili Group's figures for the financial year.

Siili Solutions Plc founded a subsidiary focusing on AI-assisted software development, Siili Spaiks Ltd.

EMPLOYEES, MANAGEMENT AND GOVERNANCE

The number of employees at the end of the financial year was 1,007 (1,045), which marks a decrease of 38 (+160) people, or -3.6% (+18.1%), from the end of the previous year. The average number of employees during the period was 1,026 (965).

At the end of the financial period, Siili's Management Team consisted of the following members: Tomi Pienimäki (CEO), Aleksi Kankainen (CFO), Kenneth Lindfors (CCO), Kari Pirttikangas (COO), Taru Salo (CPO) and Andras Tessenyi (CEO, Supercharge). Andras Tessenyi became a member of the Management Team on 1 March 2023.

The Annual General Meeting of 30 March 2023 confirmed the number of members of the Board of Directors as five (5). Harry Brade, Anu Nissinen, Kati Hagros, Tero Ojanperä and Jesse Maula were re-elected as Board members. Harry Brade was elected as Chair of the Board and Anu Nissinen as Deputy Chair at the constitutive meeting of the Board of Directors, held immediately after the Annual General Meeting. Three members were elected to the Board of Directors' HR Committee: Harry Brade (Chair), Anu Nissinen and Tero Ojanperä. Anu Nissinen (Chair), Kati Hagros and Jesse Maula were elected to the Audit Committee.

The company's accounts are audited by KPMG Oy Ab (Business ID: 1805485–9), Authorised Public Accountants, with Leenakaisa Winberg, APA, as the responsible auditor.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Profit warning and new financial guidance for 2023

The company issued a profit warning on 13 July 2023 and lowered its guidance for revenue and EBITA for 2023.

The company intensified and increased actions to boost sales and improve cost efficiency. Among other things, the company completed change negotiations in August–September and October 2023. As a result of the change negotiations, the employment contracts of 10 people were terminated and part of the personnel was laid off temporarily.

Share repurchase programme

On 15 March 2023, the company announced it had completed a share repurchase programme in which it acquired a total of 30,000 of its own shares to be used in incentive schemes for key personnel.

Change in the Management Team

Andras Tessenyi (CEO, Supercharge Kft) was appointed to the Management Team as of 1 March 2023.

RISKS AND UNCERTAINTIES

Siili is exposed to various risk factors related to its operational activities and business environment. The realisation of risks may have an unfavourable effect on Siili's business, financial position or company value. The most significant risks related to Siili's operations are described below, along with other known risks that may become significant in the future. In addition, there are risks that Siili is not necessarily aware of, and which may become significant.

- The loss of one or more key clients, a considerable decrease in purchases, financial difficulties experienced by clients or a change in a client's strategy with regard to the procurement of IT services could have a negative effect on the company.
- Failure to achieve recruitment goals in terms of both quality and quantity, and failure to match supply to customer demand in a timely manner.
- Probability and adverse effects of the realisation of the aforementioned risks are more likely in an uncertain economic environment.
- Failure in pricing, planning, implementation and improving cost efficiency of customer projects.
- Loss of the contribution of key personnel or deterioration of the employer's reputation.
- Realisation of information security risks, for example, as a result of human error by an employee.
- General negative or weakened economic development and the resulting uncertainty in the clients' operating environment. The general economic cycle and changes in the clients' operating environment can have negative effects through slowing down, postponing or cancelling decision-making on IT investments.

Russia's war of aggression against Ukraine has not had and is not expected have a direct impact on Siili's business. However, the elevated general uncertainty and inflation in 2023 affected in particular our clients' investment decisions, thereby also weighing on Siili's business. These factors are expected to continue to affect Siili's business in the current financial year. According to management observations and estimates, the impacts of the market environment in the financial year 2023 were moderate, and they are expected to remain at a similar level in 2024. We prepare for these hard-to-foresee effects by taking care of customer satisfaction and cost efficiency.

OUTLOOK FOR 2024 AND FINANCIAL GOALS FOR 2025–2026

Revenue for 2024 is expected to be EUR 120–140 million and adjusted EBITA EUR 7.5–10.5 million.

On 11 May 2022, the company announced the financial goals for the years 2023–2026 as follows:

- Annual revenue growth of 20%, with organic growth accounting for about half. From 2023 onwards, organic revenue growth will be calculated based on comparable revenue, reflecting changes in the corporate structure.
- EBITA 12% of revenue. Operating profit before amortisation and impairment for fair value adjustments on acquisitions.
- The aim is to keep the ratio of net debt-to-EBITDA below two.
- The aim is to pay a dividend corresponding to 30–70 percent of net profit annually.

GENERAL MEETING OF SHAREHOLDERS

Annual General Meeting

Siili Solutions Plc's Annual General Meeting (AGM) took place in Helsinki, Finland, on 30 March 2023. The Annual General Meeting adopted the financial statements and consolidated financial statements for the financial period 2022, discharged the CEO and the members of the Board of Directors from liability and decided to distribute a dividend of EUR 0.20 per share, totalling approximately EUR 1,630 thousand.

The number of members of the Board of Directors was confirmed as five (5). Harry Brade, Anu Nissinen, Kati Hagros, Tero Ojanperä and Jesse Maula were re-elected to the Board. The Annual General Meeting decided that the Chair of the Board of the Board of Directors is paid EUR 3,850 per month, the Deputy Chair EUR 3,000 per month and the other members EUR 2,000 per month. The Chairs of the Board's Committees are paid EUR 200 per month for their work on the Committees, in addition to which all Committee members are paid a meeting fee of EUR 300 per meeting. In addition, the members of the Board of Directors receive compensation for travel expenses in line with the Company's business travel policy.

KPMG Oy AB, Authorised Public Accountants, were re-elected as the company's auditor, and KPMG has assigned Leenakaisa Winberg, APA, as the Company's responsible auditor. The auditor's fees are paid against the auditor's reasonable invoice.

The Annual General Meeting authorised the Board of Directors to decide on the acquisition and/or acceptance as collateral of the company's own shares. A maximum of 813,100 shares may be acquired and/or accepted as collateral pursuant to the authorisation, corresponding to approximately 10 percent of all shares in the company. The shares are to be acquired in public trading arranged by Nasdaq Helsinki Ltd at the market price of the time of purchase. The company's own shares can be acquired in a manner other than in proportion to the shareholders' existing holdings. The acquisition of shares will reduce the company's non-restricted equity. The Board of Directors will decide on other terms and conditions related to the acquisition and/or acceptance as collateral of the shares. The authorisation is valid until the end of the next Annual General Meeting but not beyond 30 June 2024.

The Board of Directors was also authorised to decide on an issue of shares and an issue of special rights carrying entitlement to shares in accordance with chapter 10, section 1 of the Finnish Limited Liability Companies Act, in one or more tranches, either against consideration or free of charge. The maximum total number of shares issued, including shares issued on the basis of special rights, is 813,100, which corresponds to approximately 10% of all shares in the company. The Board of Directors may decide to issue new shares or to transfer treasury shares held by the company. The authorisation entitles the Board of Directors to decide on all terms and conditions for an issue of shares and an issue of special rights entitling their holders to shares, including the right to deviate from the shareholders' pre-emptive subscription right. The authorisation may be used for strengthening the company's balance sheet and financial position, for paying transaction prices related to acquisitions, in incentive plans or for other purposes decided by the Board of Directors. The authorisation is valid until the end of the next Annual General companies but not beyond 30 June 2024.

The Annual General Meeting adopted the report on the remuneration of the governing bodies of the company.

SHARE AND SHAREHOLDERS

The company has one series of shares, and all of its shares carry entitlement to equal rights. On 31 December 2023, the total number of shares in Siili Solutions Plc entered in the Trade Register was 8,138,080. At the end of the financial year, the company held a total of 27,954 of its own shares. On 31 December 2023, the members of the company's Board of Directors and Management Team owned a total of 31,810 shares in the company. In addition, an entity under the control of a Board member owns 1,301,267 shares.

During the financial year, the highest price of the company share was EUR 17.45, the lowest price was EUR 8.24, the average price was EUR 12.22, and the closing price at the end of the review period was EUR 9.62. The company's market capitalisation decreased by -40.2% from the end of 2022 and amounted to EUR 78.3 (130.9) million on 31 December 2023.

The company had a total of 6,482 (6,147) shareholders on 31 December 2023. The number of shareholders increased by 5.4% from the end of 2022. A list of the largest shareholders is available on the company website at https://sijoittajille.siili.com/en/ and in notes to the parent company's financial statements.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Proposals of the Shareholders' Nomination Board to the Annual General Meeting 2024

The Shareholders' Nomination Board of Siili Solutions Plc submitted its proposals to the Annual General Meeting 2024 on 25 January 2024:

Decision on the number of members of the Board of Directors

The Shareholders' Nomination Board proposes that five (5) members be elected to the Board of Directors.

Election of the members of the Board of Directors

The Shareholders' Nomination Board proposes the re-election of the current members of the Board of Directors for the next term of office: Harry Brade, Tero Ojanperä and Jesse Maula. Anu Nissinen and Kati Hagros have announced that they are not available for re-election as members of the Board of Directors. Therefore, the Shareholders' Nomination Board proposes that Henna Mäkinen and Katarina Cantell be elected as new members to the Board of Directors.

The term of office of the members lasts until the end of the next Annual General Meeting. All persons proposed have given their consent to the election.

Background information on each person proposed for the Board of Directors is available on the website of Siili Solutions Plc at https:// sijoittajille.siili.com/en

The proposed members Tero Ojanperä, Jesse Maula, Henna Mäkinen and Katarina Cantell are considered independent of the company and its significant shareholders. Harry Brade is independent of the Company but not independent of its significant shareholder Lamy Oy.

In addition, the Shareholders' Nomination Board recommends to the Board of Directors that it elects Harry Brade as its Chair and Jesse Maula as Deputy Chair.

Decision on the remuneration of the members of the Board

The Shareholders' Nomination Board proposes that the members of the Board of Directors be paid as follows:

The Chair of the Board of Directors is paid EUR 3,850 per month, the Deputy Chair as well as the Chair of the Audit Committee EUR 2,500 per month and the other members EUR 2,000 per month. The Chairs of the Board of Directors' Committees are paid EUR 200 per month for their work in the Committee, in addition to which all Committee members are paid a meeting fee of EUR 300 per meeting. In addition, the members of the Board of Directors receive compensation for travel expenses in line with the Company's business travel policy.

The company does not have other material events after the financial year.

DIVIDEND PROPOSAL

In line with the dividend policy approved by its Board of Directors, Siili seeks to distribute 30–70% of its profit for the period to shareholders. In addition, an additional profit distribution can be made.

On 31 December 2023, the distributable assets of the parent company of Siili Solutions Plc stood at EUR 35,913,025.44, including the profit for the period EUR 3,443,594.91. The Board of Directors proposes to the Annual General Meeting 2024 that a dividend of EUR 0.26 per share be paid for the financial year 2023. According to the proposal, a total dividend of EUR 2,108,632.76 would be paid. The proposed dividend represents approximately 42% of the Group's result for the financial period.

No significant changes have taken place in Siili's financial position since the end of the financial year. The company has a good level of liquidity, and the Board believes that the proposed dividend will not pose a risk to liquidity.

REPORT OF NON-FINANCIAL INFORMATION

The Siili Group is committed to responsibility and sustainable development in all its societal, social, environmental and personnel-related activities. The foundation of our responsible activities is our personnel, to whom we seek to provide the best working environment possible, as well as our customer projects, through which we improve the efficiency of our customer's processes, promote digitalisation and reduce waste.

The development of information and communication technology may reduce global CO2 emissions by up to 20% by 2030 (World Economic Forum 2022). As a leading developer of digital services and information systems, the Siili Group actively promotes this development both in its own operations and its customers' business.

This report describes the ways of operation followed by the Siili Group in environmental, social and personnel-related issues as well as in respecting human rights and preventing corruption and bribery.

For the financial year 2024, the Siili Group will report information under the EU Corporate Sustainability Reporting Directive (CSRD) as part of the Report of the Board of Directors. Sustainability reporting will replace this report of non-financial information and will cover both general disclosure requirements and information identified in Siili's double materiality assessment as material for its stakeholders regarding, among other things, own labour force, governance and climate change. During the financial year 2023, Siili has been preparing for sustainability reporting requirements, for example, by developing and reforming the collection of data subject to sustainability reporting and related processes, as well as by training and informing its personnel on themes related to sustainability reporting. As part of these preparations, the first Group-wide carbon footprint calculation was carried out at Siili for two pilot years (2019 and 2022).

Materiality analysis

In 2022, we carried out a materiality analysis for the first time to lay a solid foundation for our corporate responsibility efforts. We wanted to find out the impacts, opportunities and risks associated with sustainable development in our business from the perspective of our different stakeholder groups. At the same time, we were preparing for increasingly extensive sustainability reporting and evolving regulation.

We welcomed our stakeholders as extensively as possible: employees, subcontractors, customers, largest shareholders and members of the Board of Directors. A group selected from this population was either interviewed or asked to fill in an online survey.

The materiality assessment is based on the European Sustainability Reporting Standards, (ESRS), which make up the basis of upcoming reporting and regulation in Europe as well as Siili's future sustainability reporting. Reporting will be based on the so-called principle of double materiality: sustainability topics are assessed based on their potential economic impact on Siili's activities as well as the potential impact of Siili's business on these topics for example through impacts on stakeholders.

In the materiality assessment, a total of 79 topics material for our stakeholders were identified and assessed. The results highlight social responsibility in particular: 6/10 of the topics regarded as most material are related to the well-being, fair treatment and equality of employees. Another material aspect was corporate governance, including the company's policies, processes and channels used in governance. In terms of environmental responsibility, the stakeholders felt that the most essential thing is that Siili has a goal-oriented plan for combating climate change and the effects of its own operations.

The following subject areas identified in the materiality analysis serve as the basis for Siili's responsibility work:

Topic 1 Learning and competence development

Topic 2 Management policies, processes and channels

Topic 3 Risk management

Topic 4 Well-being at work: work-life balance

Topic 5 Prevention and detection of corruption and bribery

More information about activities in 2023 can be found under Social affairs and personnel and Extensive opportunities for learning.

A taxonomy of sustainable finance in the European Union

In 2020, the European Union adopted the sustainable finance taxonomy, which obliges companies to report how the business they conduct affects certain, more precisely defined environmental goals in the regulation. For the financial year 2023, goals and criteria were defined for climate change mitigation and climate change adaptation. New criteria reported for the first time comprised the sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and reduction of environmental pollution, as well as the protection and restoration of biological diversity and ecosystems. Siili has assessed taxonomy eligibility and alignment in terms of all of the above criteria.

Siili's assessment of taxonomy-eligible business is based on the Commission Delegated Regulation establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially the objectives laid out in the set of criteria. In addition, it is determined whether that economic activity causes significant harm to any of the other environmental objectives.

According to the Regulation, taxonomy-eligible activities include the provision of expertise in the field of information technologies: writing, modifying, testing and supporting software; planning and designing computer systems that integrate computer hardware, software and communication technologies; on-site management and operation of clients' computer systems or data processing facilities; and other professional and technical computer-related activities. Siili operates in the field of IT consulting and offers its customers expert services in the field of information technology.

In terms of taxonomy alignment, Siili's business is primarily evaluated in terms of the criteria defined for the Information and communication under the Commission Delegated Regulation. Regarding climate change mitigation, the following criteria under the Delegated Regulation apply to Siili's business: 8.2 Data-driven solutions for GHG emissions reductions and regarding climate change adaptation: 8.2 Computer programming, consultancy and related activities. In addition, with respect to the circular economy criteria, 4.1 Provision of IT/OT data-driven solutions and 5.6 Marketplace for the trade of second-hand goods for reuse could be applicable, for example, when Siili provides consulting services for the development of online shops. Siili has carefully evaluated the taxonomy eligibility and taxonomy alignment of its business. Regarding the year 2023, Siili has not directly identified taxonomy-aligned business, but the company has participated in numerous customer projects that indirectly support the goals of the European Union's sustainable finance taxonomy. In addition, Siili considers that its business meets the criteria of taxonomy alignment in the sense that the company operates in compliance with the ethical labour and human rights principles of the UN, the OECD and the ILO and does not do significant harm to the environmental goals specified in the Regulation. Siili will continue to actively identify and participate in projects that meet the taxonomy criteria.

Business description

The Siili Group is an independent provider of information systems development services that provides services for both companies and the public sector. Siili serves its customers end-to-end in the planning, development, and maintenance of demanding digital services.

The Siili Group consists of the parent company Siili Solutions Plc and its subsidiaries. The subsidiaries are located in Finland, Poland, Germany, the USA, Hungary, the UK and the Netherlands. The domicile of Siili Solutions Plc is Helsinki, and its shares are listed on Nasdaq Helsinki Ltd. Companies of the Siili Group comply with local legislation and requirements in all of their activities.

Social affairs and employees

The Siili Group employed an average of 1,026 (965) people in 2023. As an expert organisation, Siili's success is based on the motivation, capabilities and well-being of its employees. Our organisation grew through the Talenttree business acquisition in Kuopio. In 2023, we put an emphasis on competence development through a new organisation structure, expert communities and tribe activities. In early 2023, we created the first customised collective agreement for Siili. Over a hundred employees participated in preparing the agreement, which provides a strong message of the kind of workplace Siili is.

We support and measure the mental and physical well-being and competence development of our employees in many ways. We collect information about job satisfaction using the Office Vibe platform every two weeks and monitor the workplace recommendation index with the eNPS (Employee Net Promoter Score), where the average of the monthly results in 2023 was 8 (23). The instability of the markets and the resulting change negotiations had a negative effect on personnel satisfaction. In addition to Office Vibe, we tracked the personnel experience through an employee experience survey carried out by Siili's own service designers.

The engagement and careful induction of new employees lay the foundation for the employment relationship. In 2023, we conducted a survey on new employee experience, allowing us to develop the induction practices. Every new employee has access to peer support in the form of buddy activities.

Extensive opportunities for learning and an emphasis on community spirit

In 2023, we advanced our competence development strategy and emphasised on community spirit through strong local and expert communities. All our employees have extensive opportunities for competence and self-development. A career model to support learning and learning paths to support the career model lay the foundation for competence development. Competence-specific tribes and the respective tribe leaders play a key role in supporting the development of our employees' competencies. In 2023, we clarified the role of the tribe leaders and developed the tools and methods facilitating their important work.

In addition, we offer our employees online studies through Siili Academy, which include a rich selection of coaching and learning paths for independent study. In addition to these, we also implemented orientations for new employees as well as annual data protection, information security and Code of Conduct training for all our employees.

Maintaining good working ability is supported by high-quality managerial performance, occupational healthcare, well-being services, exercise, coaching and care for a sick child, as well as an active early intervention model, where we monitor our employees' absences and ability to cope. In 2023, we carried out a competitive tender for our occupational health care to ensure the best possible support for our personnel, and we adopted Terveystalo's Sirius system for work ability management. The sickness absence rate in the Siili Group in 2023 was 2.7% (3.0%).

The age range of the personnel at the end of 2023 was 22–64 years. At the end of the year, the proportion of women among our employees was 24% (27%). At the end of 2023, there were 40% (40%) women in our Board of Directors (two out of five) and 16.6% (20%) of its members in the Management Team (one out of six).

In 2023, Siili introduced a 'Golden Spike' remuneration for the whole of Finland, which consists of a quarterly bonus for particularly active and accomplished Siili employees. Golden Spike remuneration will continue in 2024. In our customer solutions, we take accessibility into account and promote design in accordance with the European Accessibility Act.

Environmental considerations

Siili aims to be the best community for its customers, employees and Siili entrepreneurs to learn, grow, and create sustainable value. One of the values we share is accountability. Taking responsibility helps Siili employees achieve their goals, and its starting point is compliance with the company's Code of Conduct guidelines.

Siili is committed to acting according to the principles of sustainable development and to preventing and reducing harm to the environment. We strive to minimise the environmental load and take environmental aspects into account, including in our spatial solutions and purchasing. We support the use of public transport by the personnel and make use of virtual chat and meetings to reduce travel. In our car policy, we favour low-emission models. Waste recycling and reducing electricity consumption are part of the daily practices of all our offices. In addition, Siili compensates for the carbon emissions generated during the life cycle of its IT equipment, and these payments are invested in certified and internationally recognised climate change mitigation projects.

In our work, we follow Lean principles and agile, waste-minimizing development methods. Our impact on the well-being of the environment multiplies through the solutions we develop for customers, when the use of paper and emissions decrease with the digitisation of transactions and supply chains. We also develop preventive maintenance solutions that extend the lifecycle of devices and reduce their environmental burden.

Through customer assignments, we are actively involved in several projects promoting environmental responsibility and sustainable development. For example, through Siili Auto, we are part of a breakthrough in the automotive industry, where electricity replaces fossil fuels and digital sensor interfaces increase road traffic safety and improve the use of time while driving.

Anti-corruption and bribery activities, respect for human rights

New employees are selected on the basis of competence and fit with the company culture, and we do not accept discrimination based on race, religion, age, gender or sexual orientation. We intervene in inappropriate behaviour and bullying. In accordance with Siili's ethical principles, we respect human rights and do not accept child, forced or slave labour in any form.

The Siili Group is against all corruption and bribery. Members of the Siili personnel are not permitted to give or receive any gifts that would influence Siili's business decisions or that are of considerable personal nominal or monetary value.

If a Siili employee or partner is found to have acted in violation of our principles of responsibility, employees and third parties have the opportunity to report this via a channel compliant with the requirements of the EU Whistleblowing Directive under their own name or anonymously at https://report.whistleb.com/en/siilisolutions. In 2023, we received two (2) reports through our whistleblowing channel. Neither of these reports concerned violations falling within the scope of the Whistleblower Act (1171/2022), as they were concerned with personnel issues. The reports have been processed in accordance with Siili's whistleblowing processes.

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (”DOES NOT SIGNIFICANTLY HARM”)									
Economic Activities	**Code**	**Turnover**	**Proportion of Turnover, 2023 (%)**	**Climate Change Mitigation (%)**	**Climate Change Adaptation (%)**	**Water (%)**	**Pollution (%)**	**Circular Economy (%)**	**Biodiversity (%)**	**Climate Change Mitigation (Y/N)**	**Climate Change Adaptation ((Y/N)**	**Water (Y/N)**	**Pollution (Y/N)**	**Circular Economy (Y/N)**	**Biodiversity (Y/N)**	**Minimum Safeguards (Y/N)**	**Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, 2022 (%)**	**Category enabling activity (E)**	**Category transitional activity (T)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	**%**																
Of which enabling																			
Of which transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Computer programming, consultancy and related activities	CCA 8.2	2,785	2%	N/EL	EL	N/EL	N/EL	N/EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2,785**	**2%**		100%														
Total (A.1. + A.2)		**2,785**	**2%**		100%														
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		119,917	98%																
Total (A+B)		**122,702**	**100%**																

				SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ("DOES NOT SIGNIFICANTLY HARM")									
Economic Activities	Code	CapEx	Proportion of CapEx, 2023 (%)	Climate Change Mitigation (%)	Climate Change Adaptation (%)	Water (%)	Pollution (%)	Circular Economy (%)	Biodiversity (%)	Climate Change Mitigation (Y/N)	Climate Change Adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular Economy (Y/N)	Biodiversity (Y/N)	Minimum Safeguards (Y/N)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2022 (%)	Category enabling activity (E)	Category transitional activity (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	**%**																
Of which enabling																			
Of which transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**-**	**%**																
Total (A.1. + A.2)		**-**	**%**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		-	%																
Total (A+B)		**-**	**100%**																

Economic Activities	Code	OpEx	Proportion of OpEx, 2023 (%)	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate Change Mitigation (%)	Climate Change Adaptation (%)	Water (%)	Pollution (%)	Circular Economy (%)	Biodiversity (%)	DNSH CRITERIA ("DOES NOT SIGNIFICANTLY HARM"): Climate Change Mitigation (Y/N)	Climate Change Adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular Economy (Y/N)	Biodiversity (Y/N)	Minimum Safeguards (Y/N)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, 2022 (%)	Category enabling activity (E)	Category transitional activity (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	%																
Of which enabling																			
Of which transitional																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	%																
Total (A.1. + A.2)		-	%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		-	%																
Total (A+B)		-	**100%**																

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	**NO**

Key figures

	2023	2022	2021	2020	2019
Revenue, EUR 1,000	122,702	118,334	99,282	83,307	80,544
Revenue growth, %	3.7%	19.2%	19.2%	3.4%	14.4%
Organic revenue growth, % [1]	0.1%	15.2%	5.7%	3.4%	-
Share of international revenue, %	26.7%	25.2%	19.5%	8.2%	14.1%
EBITDA, EUR 1,000	12,107	14,928	12,018	9,123	7,096
EBITDA, % of revenue	9.9%	12.6%	12.1%	11.0%	8.8%
EBITA, EUR 1,000	8,409	11,629	9,279	6,741	5,156
EBITA, % of revenue	6.9%	9.8%	9.3%	8.1%	6.4%
Adjusted EBITA, EUR 1,000	8,742	11,868	-	-	-
Adjusted EBITA, % of revenue	7.1%	10.0%	-	-	-
EBIT, EUR 1,000	6,909	10,149	7,565	5,317	3,733
EBIT, % of revenue	5.6%	8.6%	7.6%	6.4%	4.6%
Profit for the period, EUR 1,000	4,986	3,748	5,136	4,401	2,553
Profit for the period, % of revenue	4.1%	3.2%	5.2%	5.3%	3.2%
Statement of financial position, EUR 1,000	100,170	106,063	81,480	61,363	55,890
Equity ratio, %	42.6%	38.7%	31.1%	35.5%	37.3%
Gearing, %	8.7%	4.5%	50.2%	-	-
Net debt/EBITDA	0.30	0.12	-	-	-
ROE, %	12.1%	11.5%	22.1%	21.0%	12.7%
ROI, %	10.7%	15.5%	15.7%	24.9%	10.5%
Basic earnings per share (EPS), EUR	0.61	0.49	0.73	0.63	0.36
Diluted EPS, EUR	0.61	0.49	0.73	0.63	0.36
Equity per share, EUR	5.19	4.96	3.54	3.08	2.94
Dividend per share, EUR	0.26	0.20	0.18	0.28	0.36
Average number of shares	8,108,050	7,642,026	7,004,496	7,000,316	7,000,316
Number of shares at the end of the period	8,110,126	8,131,446	7,020,459	7,000,316	7,000,316
Average number of employees during the period	1,026	965	781	707	717
Number of employees at the end of the period	1,007	1,045	885	676	737
Number of full-time employees (FTE) at the end of the period	956	1,003	-	-	-
Number of full-time subcontractors (FTE) at the end of the period	135	223	-	-	-
Total full-time employees and subcontractors (FTE) at the end of the period	1,091	1,226	-	-	-

[1] Calculation formula applied from 1 January 2023. The data for comparison periods is not adjusted accordingly.

Alternative performance measures

Siili Solutions Plc. uses alternative performance measures to descripe the trend of the Group's profitability. The alternative performance measures should be reviewed parallel with the IFRS key figures. EBITDA is calculated by adding depreciation, amortisation and impairment to operating profit. EBITA is calculated by adding amortisation and impairment for fair value adjustments on acquisitions to operating profit. Adjusted EBITA is calculated by adding items affecting comparability to EBITA, such as direct costs of acquisitions. Organic revenue growth is calculated based on comparable revenue, reflecting changes in the corporate structure. The management uses these key figures for the monitoring and analysis of business development, profitability, and our financial position.

Organic revenue growth, %

EUR 1,000	2023	2022
Revenue	122,702	118,334
Comparable pro forma -revenue in the comparison period	122,561	-
Organic revenue growth, %	**0.1%**	**-**

Calculation formula applied from 1 January 2023.

EBITA, Adjusted EBITA and EBITDA

EUR 1,000	2023	2022
EBIT	6,909	10,149
Amortisation and impairment for fair value adjustments on acquisitions	1,500	1,480
EBITA	**8,409**	**11,629**
Transaction costs / income (+/-) from business combinations	-	239
Restructuring costs	183	-
Other items affecting comparability	150	-
Adjusted EBITA	**8,742**	**11,868**
EBIT	6,909	10,149
Depreciation, amortisation and impairment	5,198	4,778
EBITDA	**12,107**	**14,928**

Gearing, %

EUR 1,000	2023	2022
Financial liabilities measured at amortized cost	13,047	16,099
Contingent considerations measured at fair value through profit or loss	19,658	22,011
Liquid funds	-29,022	-36,315
Net debt	**3,682**	**1,795**
Equity	42,083	40,321
Gearing, %	**8.7%**	**4.5%**

Calculation formulas for the key figures

Equity ratio, % =	Shareholders' equity / Statement of financial position – advance payments received	*100
Gearing, % =	Interest-bearing liabilities – liquid funds / Shareholders' equity	*100
Return on equity (ROE), % =	Profit/loss / Average shareholders' equity + minority interest	*100
Return on investment (ROI), % =	Profit before tax + financial expenses / Shareholders' equity + average interest-bearing liabilities	*100
EBITDA, % of revenue =	Operating profit before depreciation, amortization and impairment / Revenue	*100
EBITA, % of revenue =	Operating profit before amortization and impairment of the fair value adjustments of the business acquisitions / Revenue	*100
Adjusted EBITA =	EBITA +/- Transaction costs / income from business combinations + Restructuring costs + Other items affecting comparability / Revenue	*100
EBIT, % of revenue =	Operating profit / Revenue	*100
Profit for the period, % of revenue =	Profit for the period / Revenue	*100
Earnings per share (EPS), EUR =	Profit or loss for the period belonging to the shareholders of the parent company / Weighted average of the number of shares during the financial period	
Diluted earnings per share (EPS), EUR =	Profit or loss for the period belonging to the shareholders of the parent company / Weighted average of the number of shares during the financial period (adjusted for the effect of the potential diluting ordinary shares)	
Equity per share, EUR =	Shareholders' equity / Number of shares on the closing date	
Dividend per share, EUR =	Dividend for the period / Number of shares at the end of the financial period, excluding own shares held by the company	
Share of international revenue, % =	Revenue from countries other than Finland / Revenue	*100
Organic revenue growth, % =	Revenue - Comparable pro forma -revenue in the comparison period / Comparable pro forma -revenue in the comparison period	*100

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

Consolidated income statement and statement of comprehensive income

EUR 1,000		Note	1 Jan 2023 –31 Dec 2023	1 Jan 2022 –31 Dec 2022
REVENUE		**2.1**	**122,702**	**118,334**
Other operating income		2.5	444	297
Materials and services		2.2	-26,215	-26,439
Employee benefit expenses		2.3, 2.4	-72,180	-66,094
Depreciation and amortization		3.1, 3.3	-5,198	-4,778
Other operating expenses		2.5	-12,645	-11,170
OPERATING PROFIT			**6,909**	**10,149**
Financial income		2.6	1,250	418
Financial expenses		2.6	-2,623	-5,054
Share of associated company's result		6.2	-	-86
PROFIT BEFORE TAXES			**5,536**	**5,427**
Income taxes		2.7	-551	-1,680
PROFIT FOR THE PERIOD			**4,986**	**3,748**
Attributable to:				
Shareholders of the parent company	100%		4,986	3,748
Non-controlling interest	0%		-	-
Earnings per share based on the profit attributable to shareholders of the parent company:				
Basic earnings per share (EUR), profit for the period		2.8	0.61	0.49
Diluted earnings per share (EUR), profit for the period		2.8	0.61	0.49

EUR 1,000		1 Jan 2023 –31 Dec 2023	1 Jan 2022 –31 Dec 2022
PROFIT FOR THE PERIOD		**4,986**	**3,748**
Other comprehensive income			
Items that may later be recognised through profit or loss			
Translation differences		300	-607
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**5,285**	**3,140**
Total comprehensive income for the period attributable to:			
Shareholders of the parent company	100%	5,285	3,140
Non-controlling interest	0%	-	-

Consolidated statement of financial position

EUR 1,000	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill	3.1, 3.2	32,490	31,866
Intangible assets	3.1	8,404	9,251
Tangible assets	3.3	1,259	1,231
Right-of-use assets	3.4	4,220	4,781
Other investments	5.4	1	1
Deferred tax assets	2.7	17	91
Receivables	5.4	159	162
Total non-current assets		**46,549**	**47,383**
Current assets			
Trade receivables	4.1	19,118	18,557
Other receivables	4.1	4,654	3,661
Current tax assets	4.1	826	148
Liquid funds	5.5	29,022	36,315
Total current assets		**53,620**	**58,680**
TOTAL ASSETS		**100,170**	**106,063**

EUR 1,000	Note	31 Dec 2023	31 Dec 2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	5.1	100	100
Reserve for invested unrestricted equity	5.1	26,748	26,695
Treasury shares		-461	-
Translation differences	5.1	-524	-824
Retained earnings	5.1	16,219	14,349
Total shareholders' equity		**42,083**	**40,321**
Non-current liabilities			
Financial liabilities	5.6	6,230	8,743
Lease liabilities	3.4, 5.6	1,841	2,597
Other non-current interest-bearing liabilities	5.6	10,177	18,262
Deferred tax liabilities	2.7	1,118	1,315
Total non-current liabilities		**19,366**	**30,918**
Current liabilities			
Financial liabilities	5.6	2,513	2,513
Lease liabilities	3.4, 5.6	2,463	2,246
Trade and other payables	4.2	33,612	29,513
Current tax liabilities	4.2	121	444
Provisions	4.3	12	109
Total current liabilities		**38,721**	**34,825**
Total liabilities		**58,087**	**65,743**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**100,170**	**106,063**

Consolidated cash flow statement

EUR 1,000	Note	1 Jan 2023 –31 Dec 2023	1 Jan 2022 –31 Dec 2022
Cash flow from operating activities			
Profit for the period		4,986	3,748
Adjustments:			
Depreciation and amortisation		5,198	4,778
Share-based incentive scheme		269	244
Other adjustments		48	89
Interest expenses and other financial expenses	2.6	2,623	5,054
Interest income	2.6	-1,250	-418
Share of associated company's result	6.2	-	86
Taxes	2.7	551	1,680
Changes in working capital:			
Change in trade and other receivables		-1,015	-1,331
Change in trade and other payables		-1,792	2,835
Interest paid		-869	-337
Interest received		428	228
Taxes paid		-1,686	-2,175
Net cash flow from operating activities		**7,489**	**14,481**
Cash flow from investing activities			
Acquisitions of businesses and subsidiaries, net of cash acquired	3.5	-4,172	-3,859
Proceeds from the sale of tangible and intangible assets		24	7
Investments in tangible assets	3.3	-756	-949
Investments in intangible assets	3.1	-523	-833
Investments in and return of capital from an associated company	2.7	19	294
Net cash flow from investing activities		**-5,409**	**-5,342**

EUR 1,000	Note	1 Jan 2023 –31 Dec 2023	1 Jan 2022 –31 Dec 2022
Cash flows from financing activities			
Loan repayments	5.6	-2,518	-2,518
Repayments of lease liabilities	3.4	-2,965	-2,800
Share issue net of transaction costs	5.1	-	14,256
Share subscriptions with share options	5.1	53	89
Acquisition of treasury shares	5.1	-495	-
Divideds paid	5.1	-1,622	-1,264
Distribution of dividends to non-controlling interests		-1,270	-1,033
Transactions with non-controlling interests		-437	22
Net cash flow from financing activities		**-9,254**	**6,752**
Change in liquid funds		**-7,173**	**15,891**
Liquid funds at the beginning of the period	5.5	36,315	20,393
Effect of changes in currency exchange rates		-119	31
Liquid funds at the end of the period	5.5	**29,022**	**36,315**

Consolidated statement of changes in shareholders' equity

EUR 1,000	Note	Equity attributable to shareholders of the parent company					
		Share capital	Reserve for invested unrestricted equity	Tresury shares	Translation differences	Retained earnings	Total shareholders' equity
Shareholders' equity on 1 January 2022		**100**	**12,590**	**-**	**-217**	**12,393**	**24,866**
Comprehensive income							
Profit for the period		-	-	-	-	3,748	3,748
Other comprehensive income (net of tax)							
Translation differences	5.1	-	-	-	-607	-	-607
Total comprehensive income for the period		**-**	**-**	**-**	**-607**	**3,748**	**3,140**
Transactions with owners							
Distribution of dividends	5.1	-	-	-	-	-1,264	-1,264
Share-based incentive scheme	2.4	-	-	-	-	244	244
Share issue net of transaction costs	5.1	-	14,256	-	-	-	14,256
Share subcriptions with share options	5.1	-	89	-	-	-	89
Distribution of dividends to non-controlling interests		-	-	-	-	-1,033	-1,033
Transactions with non-controlling interests		-	-	-	-	22	22
Reclassifications between items		-	-239	-	-	239	-
Total transactions with owners		**-**	**14,105**	**-**	**-**	**-1,791**	**12,314**
Shareholders' equity on 31 December 2022		**100**	**26,695**	**-**	**-824**	**14,349**	**40,321**
Shareholders' equity on 1 January 2023		**100**	**26,695**	**-**	**-824**	**14,349**	**40,321**
Comprehensive income							
Profit for the period		-	-	-	-	4,986	4,986
Other comprehensive income (net of tax)							
Translation differences	5.1	-	-	-	300	-	300
Total comprehensive income for the period		**-**	**-**	**-**	**300**	**4,986**	**5,285**
Transactions with owners							
Distribution of dividends	5.1	-	-	-	-	-1,622	-1,622
Share-based incentive scheme	2.4	-	-	33	-	214	247
Share subcriptions with share options	5.1	-	53	-	-	-	53
Acquisition of treasury shares	5.1	-	-	-495	-	-	-495
Distribution of dividends to non-controlling interests		-	-	-	-	-1,270	-1,270
Transactions with non-controlling interests		-	-	-	-	-437	-437
Total transactions with owners		**-**	**53**	**-461**	**-**	**-3,115**	**-3,524**
Shareholders' equity on 31 December 2023		**100**	**26,748**	**-461**	**-524**	**16,219**	**42,083**

Notes to the Consolidated Financial Statements

The notes to the Consolidated Financial Statements are grouped into sections based on their nature to make it easier to form an overall view. In the notes, accounting policies, decisions based on management's judgment and uncertainties related to estimates have been indicated with specific symbols.

Accounting policies

Management judgment and uncertainties related to estimates

1. Basic information on the Group

The Siili Solutions group ("Group") is an independent provider of information systems development services that provides services for companies and the public sector. The Group's parent company, Siili Solutions Plc, is a Finnish public limited company (Plc) providing software systems development services. The parent company is domiciled in Helsinki and its registered address is Ruoholahdenkatu 21, FI-00180 Helsinki, Finland. Copies of the financial statements are available online at www.siili.com/en or at the company's registered address.

At its meeting of 26 February 2024, the Board of Directors of the company approved these Consolidated Financial Statements for publication. Under the Finnish Limited-Liability Companies Act, the shareholders may either adopt or reject the financial statements at the Annual General Meeting (AGM) held after their publication. The AGM may also decide to amend the financial statements.

GENERAL ACCOUNTING POLICIES

The general accounting policies of the Consolidated Financial Statements are described in this section. Accounting policies related to a specific note as well as descriptions of the use of management judgement and estimates are presented below as part of the relevant note.

ACCOUNTING POLICY

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), in compliance with the IAS and IFRS standards and the respective SIC and IFRIC interpretations effective in the EU as at 31 December 2023. The International Financial Reporting Standards refer to standards and their interpretations adopted for application in the Finnish Accounting Act and ordinances issued thereunder, in accordance with the procedure laid down in EU Regulation N:o 1606/2002. The notes to the Consolidated Financial Statements are also compliant with the requirements of Finnish accounting and company legislation complementing the IFRS regulations.

The Consolidated Financial Statements are prepared for the calendar year, which is the financial period of the Group's parent company and the subsidiaries.

The Consolidated Financial Statements are prepared based on original acquisition costs, unless indicated otherwise in the accounting policy, and the numeric financial statements information is presented in terms of thousands of euros.

CONSOLIDATION PRINCIPLES

Subsidiaries

The Consolidated Financial Statements comprise the financial statements of Siili Solutions Plc and its subsidiaries (together "the Group").

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to, or has the rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity.

Mutual in-Group shareholdings have been eliminated by the acquisition method. The consideration transferred and the assumed identifiable assets and liabilities of the acquired company are measured at fair value at the time of acquisition. Costs related to the acquisition, excluding those related to the issuance of liability or equity instruments, are recognised as expenses. The consideration transferred does not include transactions treated separately from the acquisition, which are usually recognised through profit or loss. A contingent consideration or the consideration for a minority share has been measured at fair value at the time of acquisition and recognised as a liability. A contingent consideration or consideration for a minority share is measured at fair value on the closing date of each reporting period, and the difference is recognised through profit or loss.

Acquired subsidiaries are consolidated into the Consolidated Financial Statements as from the date when the Group has acquired control, and disposed subsidiaries until the date when control ceases. All intra-group transactions, assets, liabilities, unrealised gains and internal distribution of profit are eliminated when preparing the Consolidated Financial Statements.

In the context of gradually executed acquisitions, the previous holdings are measured at fair value, and the resulting gain or loss is recognised through profit or loss. When the Group forfeits control in a subsidiary, the remaining ownership is measured at fair value as at the date when control is given up, and the difference is recognised through profit or loss.

All subsidiaries included in the Consolidated Financial Statements are wholly owned, except for Vala Group Oy and Supercharge Kft. On the financial statements date, the parent company owns 81.5% of shares in Vala Group Oy and 55% of shares in Supercharge Kft. Vala Group Oy and Supercharge Kft are 100% consolidated into the Consolidated Financial Statements, since the non-controlling shareholders of these companies have the right to surrender their ownership and the parent also has the right to redeem the shares subject to certain conditions. Therefore, the ownership of non-controlling shareholders is not presented separately from the equity or result attributable to the shareholders of the parent company.

Functional and presentation currency

Figures indicating the result and financial position of the Group's entities are presented in the main currency of each company's operating area (functional currency). The Consolidated Financial Statements are presented in euros, which is the functional and presentation currency of the Group's parent company. Figures presented in the financial statements are rounded to the nearest thousand euros, unless otherwise indicated. Therefore, the aggregated sum of individual figures may differ from the presented sum.

Transactions in foreign currencies

Transactions in foreign currencies are recognised in the functional currency of the Group companies, using the exchange rate of the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency applying the foreign exchange rates of the closing date of the reporting period.

Non-monetary assets and liabilities in foreign currencies and measured at fair values are translated into the functional currency applying the foreign exchange rates of the fair value measurement date. Non-monetary items measured at initial acquisition cost are carried at the foreign exchange rate of the transaction date.

Gains and losses arising from transactions in foreign currencies and the translation of monetary items are recognised through profit or loss.

Translation of the financial statements of foreign Group companies

The assets and liabilities of foreign Group companies, including goodwill arising from business combinations and fair value allocations, are translated into euros using the foreign exchange rates of the closing date of the reporting period. Income and expense items in the comprehensive income statements of foreign Group companies are translated into euros using the average foreign exchange rate of the reporting period.

Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries as well as equity items accumulated after acquisition are recognised in translation differences under equity. Changes in translation differences are recognised in other comprehensive income items. When a subsidiary is sold wholly or partly, residual translation differences are recognised through profit or loss under sales gain or loss.

Operating profit

The IAS 1 Standard "Presentation of Financial Statements" does not define the concept of operating profit. The company has defined operating profit as the net sum of revenue and other operating income less:

- materials and services
- employee benefit expenses
- amortisation, depreciation and impairments, and
- other operating expenses.

Any other income statement items than those referred to above are presented under operating profit.

ACCOUNTING POLICIES REQUIRING MANAGEMENT'S JUDGMENT AND KEY UNCERTAINTIES RELATED TO ESTIMATES

The preparation of the financial statements in compliance with the IFRS requires the Group's management to make certain estimates and decisions based on judgement. In particular, this concerns circumstances where valid IFRS standards provide alternative accounting, valuation and presentation methods. Management has used judgment in applying accounting policies that have the most significant effect on the amounts presented in the financial statements. In addition, management must make forward-looking estimates and assumptions whose outcomes may differ from the initial estimates and assumptions.

Management's judgment pertaining to the selection and application of accounting policies

The Group's management makes decisions based on judgment, which relate to the selection and application of accounting policies.

The decisions based on judgement by the management of Siili Solutions in applying the accounting policies with the most significant effect on the amounts recognised in the Consolidated Financial Statements are related to the following areas:

Note	Judgement by management
6.1 Subsidiaries	Vala Group Oy and Supercharge Kft. are consolidated 100% into the Consolidated Financial Statements instead of carving out the share attributable to non-controlling shareholders. Both of the parties have a redemption right which is recognised as a liability at fair value through profit or loss.

Key uncertainties related to estimates

Estimates made in connection with the preparation of the financial statements are based on the management's best estimate on the closing date of the financial year. The estimates are based on previous experiences and forward-looking assumptions considered the most probable on the financial statements date. The Group monitors the realisation of estimates and assumptions and their drivers on an ongoing basis. Changes in estimates and assumptions are reflected in reporting on the financial year when the estimate or assumption is revised as well as all subsequent financial years.

Key uncertainties related to assumptions and estimates that could result in significant adjustment to reported carrying amounts within the Group during the next financial year are the following:

Note	Nature of estimates and assumptions
5.6 Financial liabilities and other interest-bearing liabilities	Assessment of the fair values of minority shares and contingent considerations from business combinations.

NEW AND AMENDED STANDARDS APPLIED IN THE FINANCIAL YEAR

Siili Solutions has applied the following amended standards effective as of 1 January 2023 :

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective for financial years beginning on or after 1 January 2023). The amendments clarify the application of materiality to disclosure of accounting policies.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for financial years beginning on or after 1 January 2023). The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes (effective for financial years beginning on or after 1 January 2023). The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences.

The amendments to these Standards have not had a material impact on Siili Solutions' Consolidated Financial Statements.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

* = not yet endorsed for use by the European Union as of 31 December 2023.

In the financial year 2023, Siili Solutions has not yet applied the following new or reformed standards and interpretations already published by the IASB. The Group will adopt each standard and interpretation as from its effective date, or where the effective date is not the first day of the financial year, from the beginning of the financial year following the effective date. These reformed standards or interpretations are not expected to have a material impact on Siili Solutions' Consolidated Financial Statements.

Amendments to IAS 1 Presentation of Financial Statements *: Classification of Liabilities as Current or Non-current Date; Classification of Liabilities as Current or Non-current – Deferral of Effective Date; Non-current Liabilities with Covenants (effective for financial years beginning on or after 1 January 2024, early application is permitted). The amendments are to promote consistency in application and clarify the requirements for determining if a liability is current or non-current. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require to disclose information about these covenants in the notes to the financial statements. The amendments also clarify transfer of a company's own equity instruments is regarded as settlement of a liability. Liability with any conversion options might affect classification as current or non-current unless these conversion options are recognized as equity under IAS 32.

2. Financial result

2.1 Revenue

ACCOUNTING POLICY

Revenue is recognised in accordance IFRS 15 Revenue from the Contracts with Customers. Revenue recognised by the Group comprises sales revenue less indirect taxes in an amount it expects to be entitled to in exchange for the services transferred.

The Group's revenue from contracts with customers consists of payments for the sale of information systems development services. The Group's significant income streams from contracts with customers consist of the sale of work, project deliveries, licence sales, maintenance and other services constituting distinct performance obligations.

The Group recognises sales revenues on work sales billable by the hour, project deliveries, maintenance and the sale of other services over time as the service is being produced and control is transferred to the customer.

In the sale of work, services promised in the contract are treated as a single performance obligation consisting of a series of distinct services, where the sale concerns products that are substantially the same and transferred under the same control transfer model over time.

In recognising project revenues, the completion rate of the performance obligation is monitored throughout the whole project delivery. When the completion rate of a project delivery is determined, the work hours completed by the review date are compared to the total estimated number of work hours of the project.

Revenue received from a project in the initial phase of a project delivery is only recognised up to the amount of costs incurred until the completion rate of the project can be determined reliably.

Sales revenues from a project are only recognised up to an amount of costs incurred corresponding to the expected recoverable amount. If the contract for a project delivery includes contingent consideration, such as a target bonus or a rebate to be granted, the variable consideration will only be recognised as sales revenue up to an amount that very likely will not be subject to a significant reversal in the future. If the total costs of a project are likely to exceed the total revenues from the project, the expected loss will be recognised immediately as an expense.

Revenue on licence sales is recognised, depending on the contract with the customer, either at a single point in time or over time. Licences recognised at a single point in time are treated as distinct performance obligations.

The Group applies a practical expedient concerning the presentation of the transaction price allocated to performance obligations remaining on the reporting date, and it does not present remaining performance obligations on contracts that have an original expected duration of one year or less or whose recognised sales revenues correspond to the value of the output produced by the Group for the customer by the review date.

The Group typically invoices sales revenues from customers at the end of the month of performance of the service, except for project deliveries, where invoicing takes place in accordance with the payment schedule defined in the contract with the customer. Invoices usually fall due within a month from the end of the month of performance of the service.

If the Group transfers services to a customer before the customer has paid the consideration or a payment falls past due, the contract is presented as a receivable (contract asset) excluding items presented as trade receivables. If a customer pays the consideration or the Group has an unconditional right to the consideration before the service is transferred by the Group to the customer, the contract is presented in the financial statements as a contract liability.

Income streams from contracts with customers do not include significant financing components or significant variable considerations.

Siili Solutions does not incur such material incremental costs from entering into a contract with a customer that would meet the capitalisation criteria. Any incremental costs are written off as expenses when they have arisen, since the asset item capitalised based on them would be recognised as an expense at the latest within a year from the incurrence of the incremental cost.

OPERATING SEGMENTS

The Group has one reportable segment, which provides its clients with information systems development services. The Group's highest operative decision maker is the Chief Executive Officer (CEO). Due to the business model, product portfolio, nature of operations and governance structure of Siili Solutions, the single reportable operating segment is the entire Group. Decisions concerning the Group's financial performance are based on EBITA. The figures for the reportable segment are equal to those for the Group. In the financial year 2023, the Group had 2 (1) customers accounting for more than 10% of the Group's external revenue, totalling 20.8% (11.1%).

Revenue

EUR 1,000	2023	2022
Sales in Finland	89,885	88,555
Sales to abroad	32,817	29,779
Total	**122,702**	**118,334**

Non-current assets

EUR 1,000	2023	2022
Domestic	29,301	30,587
Abroad	17,248	16,796
Total	**46,549**	**47,383**

Breakdown of revenue by income stream

EUR 1,000	2023	2022
Sales of work	107,021	109,677
Project deliveries	9,323	3,927
Licence sales	1,740	795
Maintenance and other services	4,619	3,935
Total	**122,702**	**118,334**

Assets and liabilities based on contracts with customers

EUR 1,000	2023	2022
Trade receivables (Note 4.1)	19,118	18,557
Contract-based assets (Note 4.1)	1,419	970
Contract-based liabilities (Note 4.2)	1,310	1,888
Total	**21,847**	**21,415**

Change in assets and liabilities based on contracts with customers

EUR 1,000	2023		2022	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Sales revenues for the reporting period included in contract-based liabilities on 1 Jan.	-	1,888	-	1,573
Increase in considerations from customers less monetary amounts recognised in the financial year	-	-578	-	315
Asset items transferred into trade receivables	-970	-	-437	-
Increases due to fulfilment of performance obligation	2,389	-	1,408	-
Total	**1,419**	**1,310**	**970**	**1,888**

2.2 Materials and services

Materials and services consist of subcontracting costs and licence purchases due to the use of service labour.

EUR 1,000	2023	2022
Subcontracting services	24,802	25,812
Licence purchases	1,413	628
Total	**26,215**	**26,439**

2.3 Employee benefit expenses

ACCOUNTING POLICY

The Group's pension plans are defined contribution plans. In a defined contribution plan, the Group makes fixed contributions into a separate entity, and the Group has no legal or constructive obligation to make further contributions. The contributions made to the defined contribution plans are charged to profit or loss under employee benefit expenses in the period to which the charge applies.

Salaries, bonuses and other employee benefit expenses

EUR 1,000	2023	2022
Salaries, wages and bonuses	60,414	55,268
Pension expenses	8,321	7,549
Share-based payments	269	244
Other personnel related costs	3,176	3,033
Total	**72,180**	**66,094**

CEO's and management's employee benefits

EUR 1,000	2023	2022
CEO's salary and other short-term benefits	283	463[1]
CEO's share-based payments	62	52
Other management's salaries and other short-term benefits	763	968
Other management's share-based payments	60	91
Total	**1,168**	**1,574**

[1] Pasi Ropponen EUR 94 thousand (acting CEO until 31 January 2022) and Tomi Pienimäki EUR 443 thousand (CEO as of 1 February 2022).

CEO's and management's employment benefits are presented on an accrual basis. The CEO's retirement age is determined under Finnish law. Pension contributions for the CEO (under the Employees Pension Act (TyEL)) recognised in the financial year 2023 amounted to EUR 49 (79) thousand.

Board of Directors' salaries and other remuneration

EUR 1,000	2023	2022
Harry Brade, Chair of the Board	49	46
Anu Nissinen, Deputy Chair of the Board	40	38
Kati Hagros, Member of the Board	25	23
Tero Ojanperä, Member of the Board	25	23
Jesse Maula, Member of the Board	25	23
Total	**162**	**152**

Number of Group personnel	**2023**	**2022**
Number of personnel at year-end	1,007	1,045
Average number of personnel	1,026	965

2.4 Share-based payments

ACCOUNTING POLICY

The Group has a share-based incentive scheme in which payments are made in equity instruments. The option scheme is a market-based incentive scheme pursuant to IFRS 2. Benefits granted under the schemes are measured at fair value at the time of granting, and they are recognised as expenses evenly over the vesting period. The profit and loss effects of the schemes are presented in employee benefit expenses whose counterpart is retained earnings.

The expense determined at the time of granting the options is based on the Group's estimate of the number of options assumed to vest at the end of the vesting period. The Group updates its estimate of the final number of options on the closing date of each reporting period. The fair value of option schemes is determined based on the Black-Scholes options pricing model. When option rights are exercised, the proceeds received from share subscriptions, adjusted by transaction costs, if any, are entered into the unrestricted equity fund in accordance with the terms and conditions of the scheme.

OPTION AND SHARE-BASED INCENTIVE SCHEMES

Key terms and conditions of the company's option and share-based incentive schemes are presented below.

Share savings plans

Siili Solutions Plc has a share savings plan SiiliX Share, established for the personnel in 2018, and related option plans. The purpose of the share savings plan is to provide Siili Group's employees an opportunity to save part of their salary and use it to acquire shares in the company. By incentivising its employees to acquire and hold shares in the company, Siili seeks to strengthen the link between its shareholders and employees and to promote the longstanding commitment of its employees to the activities of the company.

The share savings plan consists of savings periods beginning each year. Participants in the plan receive an option right in Siili Solutions Plc free of charge for every savings share they purchase in the savings period. As an exception, employees participating in a savings period of the plan for the first time receive two option rights for each savings share purchased. Subject to the release criterion set for the stock options being fulfilled, each stock option entitles its owner to subscribe for one new share in the company or an existing share held by the company in exchange for a share subscription price pursuant to the terms and conditions of the stock options for the savings period. The share subscription price for shares subscribed based on the stock options is the volume-weighted average trading price on Nasdaq Helsinki Ltd during the month specified in the terms and conditions for the savings period.

In the financial year 2023, the company had the following share savings plans in force: 2019A, 2020A, 2021A, 2022A and 2023A.

Share-based incentive schemes

The Siili Group has a long-term share-based incentive scheme established in 2020 for key personnel of the Group. The purpose of the scheme is to harmonise the interests of the shareholders and key personnel to increase the value of the company, to make the key personnel committed to the company and provide them with a competitive remuneration scheme based on earning shares in the company and on the performance of the shares.

The share-based incentive scheme has three years earnings periods, comprising the financial years 2020–2022, 2021–2023, 2022–2024 and 2023–2025. For the members of the Management Team, participation in the scheme is contingent on owning shares in Siili. The potential rewards under the scheme will be paid after the end of the earnings period, partly in company shares and partly in cash. The purpose of the cash component is to cover the taxes and tax-like payments incurred by the participant due to the reward. If a participant's employment or service contract with the company is terminated before the reward is paid, the reward is not, as a rule, paid.

The reward payable under the share-based incentive scheme is based on the Group's operating profit, revenue and total shareholder return.

The earnings period 2020–2022 of the share-based incentive scheme ended in the financial year 2023. Share rewards earned in the earnings period corresponded to 3,345 gross shares. A total of 2,046 net shares were given to the participants. The rewards were paid with treasury shares.

Assumptions made in the measurement of fair value

Fair value of the option as measured at grant	14.55
Share price at the end of reporting period	9.62
Expected volatility	31.2%
Contractual life (years)	3.2
Risk-free interest rate	2.8%
Expected dividends	0.19

Effect of share-based payments on the result for the period

EUR 1,000	2023	2022
Share-based payments	247	244
Cash-based payments	21	-
Total	**269**	**244**

Scheme	Share savings plans	Share-based incentive
Maximum number granted	250,000	637,000
Original subscription price on average	12.49	-
Dividend deduction	Yes	-
Current subscription price on average	11.97	-
Vesting terms and conditions	Employment or service relationship and a release criterion based on share price performance in option schemes 2019A, 2020A and 2021A.	Employment or service relationship and operating profit, revenue and total shareholder return.
End of subscription period	2023–2027	-
Contractual life on average (years)	3.5	3.2
Remaining contractual life on average (years)	2.1	1.6
Number of participants in the programmes at the end of the reporting period	381	85
Execution	Paid in shares	Paid in cash and shares

	Share savings plans		Share-based incentive	
Number of options and share based incentives	**2023**	**2022**	**2023**	**2022**
At the beginning of the financial year	35,273	30,326	201,386	169,464
New instruments granted	34,608	22,493	106,800	122,724
Forfeited	-6,255	-6,559	-13,800	-90,802
Executed	-6,634	-10,987	-3,345	-
Expired	-683	-	-37,055	-
At the end of the financial year	**56,309**	**35,273**	**253,986**	**201,386**

2.5 Other operating income and expenses

Other operating income includes revenue from operating activities not belonging to the principal activities of the company.

ACCOUNTING POLICY

GOVERNMENT GRANTS

Government grants are recognised when it is reasonably certain that they will be received and that the Group meets the requirements for receiving the grant. Government grants are recognised through profit or loss in the financial year when the right to receive the grant was established. The Group's government grants are presented in other operating income.

RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised through profit or loss in the financial year in which they arise.

Development costs are capitalised in the statement of financial position only if the Group meets the criteria laid down in IAS 38 for the capitalisation of development costs. Capitalised development costs are amortised over their useful life. Amortisations are recognised for assets from the date when it is available for use. An asset that is not yet available for use is tested annually for impairment. Capitalised development costs are measured after initial recognition at cost less accumulated amortisation and impairment. Other development costs are recognised as expenses.

Previously expensed development costs cannot be capitalised again in subsequent periods. Expensed research and development costs are included in the consolidated income statement in other operating expenses.

Other operating income

EUR 1,000	2023	2022
Government grants	344	226
Other income items	101	71
Total	**444**	**297**

Other operating expenses

EUR 1,000	2023	2022
Voluntary personnel expenses	2,036	1,930
Travel expenses	878	755
Lease and vehicle expenses	549	586
IT expenses	4,534	3,546
Marketing, sales promotion and communications expenses	1,024	950
Expert services	1,507	1,710
Other operating expenses	2,117	1,694
Total	**12,645**	**11,170**

Audit fees

EUR 1,000	2023	2022
Group's auditor, KPMG		
Auditing	221	184
Certifications and opinions	21	17
Tax advisory	-	23
Other services	-	4
Total	**242**	**229**

Fees charged by KPMG Oy Ab are broken down as follows: auditing EUR 179 (142) thousand, certifications and opinions EUR 21 (17) thousand. (Non-audit services in 2022: EUR 27 thousand).

Other auditors		
Auditing	-	10
Total	**-**	**10**

Research and development costs

EUR 1,000	2023	2022
Research and development costs written off as expenses	1,404	1,378
Capitalised development costs	519	407
Total	**1,923**	**1,785**

2.6 Financial income and expenses

ACCOUNTING POLICY

Interest income and expenses are recognised using the effective interest rate method. Derivatives contracts concluded to hedge against interest rate risk as well as contingent considerations recognised on business combinations are measured at fair value through profit or loss. The accounting and valuation policies concerning financial assets and liabilities are described in more detail in Notes 3.5 Acquired businesses, 5.3 Fair values of financial assets and liabilities and 5.6 Financial liabilities and other interest-bearing liabilities.

Financial income

EUR 1,000	2023	2022
Interest income	402	28
Other financial income	23	3
Interest derivatives	-	178
Change in the fair value of contingent consideration	825	-
Foreign exchange gains	-	208
Total	**1,250**	**418**

Rahoituskulut

1 000 EUR	2023	2022
Interest expenses on financial liabilities measured at amortised cost	-160	-193
Interest expenses on lease liabilities measured at amortised cost	-153	-76
Interest derivatives	-33	-
Other interest expenses	-58	-26
Effect of discounting of contingent consideration	-1 376	-1 009
Change in the fair value of contingent consideration	-579	-3 590
Other financial expenses	-9	-15
Foreign exchange losses	-255	-146
Total	**-2 623**	**-5 054**
Total financial income and expenses	**-1 373**	**-4 636**

The financial items for the financial year 2023 included net income totalling EUR 247 (-3,590) thousand due to the fair value adjustments of contingent considerations for Supercharge Kft, Vala Group Oy, Haallas Finland Oy and Talentree Oy. Measurement differences arising from the discounting of contingent consideration liabilities totalled EUR 1,376 (1,009) thousand, recognised in interest expenses. Interest rate expenses for the financial year on bank loans totalled EUR 160 (193) thousand.

2.7 Income taxes

ACCOUNTING POLICY

Taxes recognised on the income statement include current and deferred taxes. Taxes are recognised through profit or loss except where related to business combinations or items directly entered into equity or other items in the statement of comprehensive income.

The current tax charge is determined based on the taxable income using the tax rate valid (or substantively enacted) on the financial statements date. This tax is adjusted with any taxes relating to previous financial years.

Deferred taxes are recognised for temporary differences between the accounting value and tax bases of assets and liabilities as well as tax-loss carry forwards. Deferred taxes are determined using tax rates in force on the closing date of the reporting period or tax rates whose entry into force has been approved by that date. Deferred taxes are not recognised in respect of subsidiaries' retained earnings to the extent that the difference is unlikely to be unwound in the foreseeable future.

As a rule, a deferred tax liability is recognised on all temporary differences between the accounting value and tax bases of assets and liabilities. As an exception, no deferred tax liability is recognised on investments in subsidiaries in circumstances where the Group is able to choose the date of unwinding the temporary difference, and the temporary difference is unlikely to unwound in the foreseeable future.

However, deferred tax liability is not accounted for, if it arises from the initial recognition of goodwill. The most significant temporary differences arise from adjustments made based on fair values in connection with business acquisitions.

A deferred tax asset is recognised on deductible temporary differences and tax-deductible losses. A deferred tax asset is recorded on the basis of losses up to the amount that it is probable that the deferred tax asset can be used to offset taxable income in the future. The criteria for the recognition of deferred tax assets is assessed on the closing date of each reporting period.

Components of tax expenses

EUR 1,000	2023	2022
Current tax	-1,299	-2,015
Tax for previous financial years	605	130
Change in deferred taxes	142	205
Total	**-551**	**-1,680**

Reconciliation of the tax expense in the income statement and taxes according to the domestic 20% tax rate

EUR 1,000	2023	2022
Result before taxes	5,536	5,427
Taxes according to domestic tax rate	-1,107	-1,085
Foreign subsidiaries' different tax rates	313	564
Tax-free income	179	42
Non-deductible expenses	-466	-1,139
Tax losses for the period, for which no deferred tax asset is recognised	-74	-176
Tax for previous financial years	605	130
Other items	-1	-16
Total	**-551**	**-1,680**
Effective tax rate	**-9.9%**	**-30.9%**

The effective tax rate for the financial year 2023 was reduced by the retroactive tax deductions granted to the Group in Poland and Great Britain for 2021 and 2022. Excluding tax adjustments for previous periods, the effective tax rate for the financial year was 20.9%.

Change in deferred tax assets

EUR 1,000	1 January 2023	Recognised through profit or loss	Acquired businesses	Translation differences	31 December 2023
Lease liabilities	995	-239	-	15	771
Other temporary difference	31	-28	-	0	3
Total deferred tax assets, gross	**1,026**	**-267**	**-**	**15**	**774**
Netting, deferred tax liabilities	-935	-	-	-	-757
Total deferred tax assets, net	**91**	**-**	**-**	**-**	**17**

EUR 1,000	1 January 2022	Recognised through profit or loss	Acquired businesses	Translation differences	31 December 2022
Lease liabilities	971	27	-	-3	995
Other temporary difference	38	-7	-	0	31
Total deferred tax assets, gross	**1,009**	**20**	**-**	**-3**	**1,026**
Netting, deferred tax liabilities	-903	-	-	-	-935
Total deferred tax assets, net	**105**	**-**	**-**	**-**	**91**

Change in deferred tax liabilities

EUR 1,000	1 January 2023	Recognised through profit or loss	Acquired businesses	Translation differences	31 December 2023
Measurement of intangible assets at fair value in business combinations	1,180	-218	-	19	981
Right-of-use assets	935	-193	-	15	757
Other temporary difference	135	2	-		137
Total deferred tax liabilities, gross	**2,250**	**-409**	**-**	**34**	**1,875**
Netting, deferred tax assets	-935	-	-	-	-757
Total deferred tax liabilities, net	**1,315**	**-**	**-**	**-**	**1,118**

EUR 1,000	1 January 2022	Recognised through profit or loss	Acquired businesses	Translation differences	31 December 2022
Measurement of intangible assets at fair value in business combinations	751	-240	707	-37	1,180
Right-of-use assets	903	35	-	-3	935
Other temporary difference	114	21	-	-	135
Total deferred tax liabilities, gross	**1,768**	**-185**	**707**	**-40**	**2,250**
Netting, deferred tax assets	-903	-	-	-	-935
Total deferred tax liabilities, net	**865**	**-**	**-**	**-**	**1,315**

At the end of financial year 2023, the Group had EUR 1,697 (1,221) thousand of unused tax losses, for which no deferred tax asset had been recognised, since the utilisation of the losses is uncertain in the foreseeable future. These tax losses are related to the Group's operations in the Netherlands, Austria and the USA.

2.8 Earnings per share

UNDILUTED EARNINGS PER SHARE

Undiluted earnings per share are calculated by dividing net profit for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding.

Undiluted earnings per share	2023	2022
Profit for the financial year, attributable to share-holders of the parent company, EUR 1,000	4,986	3,748
Weighted average number of shares during the period, thousand	8,108	7,642
Undiluted earnings per share (EUR/share)	**0.61**	**0.49**

DILUTED EARNINGS PER SHARE

Diluted earnings per share (EPS) are calculated similarly to undiluted EPS, but the weighted average number of shares used for the undiluted EPS accounts for the diluting effect of all potential ordinary shares.

Stock options included in the share savings plan are conditionally issued, and they are taken into account in calculating the diluted earnings per share. The options have a diluting effect when their subscription price is lower than the average market price of the share in the financial year or a shorter outstanding period. The diluting effect is the difference between the number of shares to be issued and the hypothetical number of shares that would have been issued at the average market price of the financial year.

Diluted earnings per share	2023	2022
Profit for the financial year, attributable to share-holders of the parent company, EUR 1,000	4,986	3,748
Weighted average number of shares during the period, thousand	8,108	7,642
Effect of stock options, thousand	2	8
Weighted average number of shares used to cal-culate diluted EPS, thousand	8,110	7,650
Diluted earnings per share (EUR/share)	**0.61**	**0.49**

DIRECTED SHARE ISSUES

In June 2022, Siili Solutions Plc carried out an accelerated bookbuild to a limited number of domestic and international institutional investors, deviating from the shareholders' pre-emptive subscription right. Through the issue, the company raised proceeds of EUR 14,256 thousand, net of transaction costs.

In the share issue, the company issued a total of 1,100,000 new shares, which corresponds to approximately 15.66% of all shares before the share issue and approximately 13.54% of all shares after the share issue.

3. Investments and acquisitions

3.1 Goodwill and intangible assets

ACCOUNTING POLICY

GOODWILL

Goodwill is recognised on business combinations if the consideration transferred, interest of non-controlling shareholders in the acquiree and previously held interest in the acquiree exceed the fair value of the acquired net assets.

Goodwill is not subject to amortisation. Goodwill is tested for impairment at on an annual basis and additionally whenever indications arise that goodwill may have been impaired. Goodwill is measured at cost less accumulated impairment losses.

The Group's goodwill is allocated to three CGUs: Siili Solutions, Vala Group and Supercharge. Vala Group and Supercharge are CGUs separate from the rest of the Group, since they operate independently as profit centres. The Group's other business operations are run on a centralised basis, and also the management of the contract portfolio and allocation of the workforce to customers is made on a unified basis. As assessed by the Group's management, besides Vala Group and Supercharge, the Group does not have other independent and separate businesses or separate identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

CUSTOMER RELATIONSHIPS AND OTHER INTANGIBLE ASSETS

Customer relationships and other fair value adjustments
Existing customer relationships are recognised at fair value on the acquisition date. Customer contracts were acquired as part of business combinations in 2017–2023.

Other fair value adjustments on business combinations include the Supercharge and Vala Group brands as well as a non-compete agreement.

Other intangible assets
An intangible asset capitalised in the statement of financial position at initial cost if the cost can be measured reliably and it is probable that the Group will receive future economic benefit from the asset.

An intangible asset arising from development is capitalised if:

- if the completion of the intangible asset is feasible so that the asset is available for the Group to use or sell
- the Group intends to complete the intangible asset and use it or sell it
- the Group can demonstrate how the intangible asset will generate probable future economic benefits
- the Group can avail itself of adequate technical, financial and other resources to complete the development and to use or sell the completed intangible asset
- the Group can measure reliably the expenditure attributable to the intangible asset during its development.

The accounting treatment of cloud service arrangements depends on whether the cloud-based software is classified as an asset or a service contract. Arrangements where the company does not have control over the software are treated in accounting as service contracts providing the company the right to use the cloud service provider's applications during the contract period. Ongoing user right fees of the application software and configuration or tailoring costs are recognised in other operating expenses when the services are received. Prepayments to the cloud service provider for tailoring of software, where not distinct, are expensed during the contract period.

Intangible assets with a limited economic life are amortised on a straight-line basis as expenses through profit or loss over their economic life and tested for impairment if there are indications of potential impairment.

Amortisation of intangible assets, excluding goodwill, is recognised as expenses on a straight-line basis through profit or loss over their economic life from the date when the asset item is available for use. Amortisation periods of intangible assets:

- Customer relationships 5–10 years
- Non-competition agreement 3–4 years
- Brand 3–10 years
- Development costs 5 years
- Other tangible assets 5 years

Sales gains and losses arising from the decommissioning and transfer of intangible assets are calculated as the difference between the consideration received from the transfer and the remaining acquisition cost, and they are recognised through profit or loss in the period when they arise.

Goodwill and intangible assets

EUR 1,000	Goodwill	Customer relationships	Other fair value adjustments	Development costs	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan 2023	31,866	13,050	3,230	359	467	126	49,097
Additions through business combinations [1]	220	60	-	-	-	-	280
Additions	-	-	-	242	1	276	519
Disposals	-	-	-	-	-	-	-
Translation differences	404	175	80	-	0	-	659
Reclassifications between items	-		-	212	-	-212	-
Acquisition cost 31 Dec 2023	32,490	13,285	3,310	813	468	190	50,555
Accumulated amortisation and impairment 1 Jan 2023	-	6,109	1,845	15	11	-	7,980
Amortisation	-	1,239	178	126	93	-	1,636
Additions through business combinations [1]	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Translation differences	-	31	14	-	-1	-	44
Accumulated amortisation and impairment 31 Dec 2023	-	7,379	2,037	142	104	-	9,662
Carrying amount 31 Dec 2023	**32,490**	**5,906**	**1,273**	**671**	**364**	**190**	**40,893**

EUR 1,000	Goodwill	Customer relationships	Other fair value adjustments	Development costs	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan 2022	28,102	9,832	3,376	-	46	78	41,434
Additions through business combinations [2]	4,498	3,535	-	-	-	-	8,034
Additions	-	-	-	44	459	363	867
Disposals	-	-	-	-	-	-1	-1
Translation differences	-734	-318	-146	-	0	-	-1,197
Reclassifications between items	-	-	-	314	-39	-314	-39
Acquisition cost 31 Dec 2022	31,866	13,050	3,230	359	467	126	49,097
Accumulated amortisation and impairment 1 Jan 2023	-	4,838	1,687	-	3	-	6,528
Amortisation	-	1,307	174	15	9	-	1,505
Additions through business combinations [2]	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Translation differences	-	-36	-16	-	-1	-	-53
Accumulated amortisation and impairment 31 Dec 2023	-	6,109	1,845	15	11	-	7,980
Carrying amount 31 Dec 2022	**31,866**	**6,941**	**1,385**	**343**	**456**	**126**	**41,117**

[1] The Group acquired the software business of Talentree Oy during the financial year 2023.

[2] The Group acquired a 100% ownership in Haallas Finland Oy during the financial year 2022.

3.2 Impairment testing

ACCOUNTING POLICY

On each closing date of a reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. In addition, the recoverable amount of goodwill and unfinished intangible assets is estimated annually regardless of whether there are any indications of impairment. Goodwill is also tested for impairment, in addition to the annual test, whenever there is any indication that the value may be impaired. According to the Group's established practice, the testing is carried out annually during the last quarter.

The need to recognise an impairment is considered at the level of cash generating units, i.e. the lowest level of units mainly independent from other units and whose cash flows are distinct and largely independent of other corresponding units' cash flows. Cash generating units are the lowest organisational level within the Group at which goodwill is monitored for internal management purposes.

The recoverable amount is the higher of the asset item's fair value less costs of disposal and its value in use. Value in use refers to the estimated net cash flows available from the asset item or cash generating unit concerned, discounted to their present value. The Group determines recoverable amounts by reference to calculations based on the value in use.

If the recoverable amount is lower than the carrying amount of the asset item, an impairment is recognised in the income statement as an expense and allocated primarily to goodwill and subsequently by making equally proportioned deductions from other asset items.

Impairment losses recognised on other asset items than goodwill are reversed in case of a change in the estimates applied in determining the amount recoverable from the asset item. The maximum amount of impairment loss to be reversed equals the carrying amount of the asset item if no impairment loss had been recognised. Impairment losses on goodwill may not be reversed under any circumstances.

MANAGEMENT'S JUDGMENT AND UNCERTAINTIES RELATED TO ESTIMATES

Carrying out an impairment test requires company management to make assumptions and estimates used as the basis for calculating the value of use of the cash-generating unit. Although company management finds its assumptions appropriate, actual future cash flows may deviate materially from the estimated cash flows.

Russia's war of aggression against Ukraine has not had and is not expected have a direct impact on Siili's business. However, the elevated general uncertainty and inflation in 2023 affected in particular our clients' investment decisions, thereby also weighing on Siili's business. These factors are expected to continue to affect Siili's business in the current financial year. According to management observations and estimates, the impacts of the market environment in the financial year 2023 were moderate, and they are expected to remain at a similar level in 2024. Management has taken into account the effects of these changes in the estimates applied to impairment testing.

Allocation of goodwill

For the purpose of impairment testing, goodwill is allocated to three cash generating units: Siili Solutions, Vala Group and Supercharge. Contrary to financial year 2022, Haallas Finland Oy has been tested as part of the Siili Solutions CGU, since its recoverable cash flows can no longer be reliably separated from those of the Siili Solutions CGU. Carrying amounts of goodwill allocated to the CGUs as at 31 December 2023:

EUR 1,000	2023	2022
Siili Solutions	16,311	11,593
Vala Group	7,222	7,222
Supercharge	8,957	8,553
Haallas Finland	-	4,498
Total	**32,490**	**31,866**

Impairment testing and assumptions used

The recoverable amount in impairment testing is determined on the basis of value in use. Impairment testing was carried out at 31 October 2023. Impairment testing is also carried out immediately if there are indications of a potential impairment.

The cash flow estimates used in the testing of the recoverable amounts are based on Group management's estimates approved by the Board of Directors of the parent company. Forecasts for the next year are based on the Group's budgeted figures while the forecasts for the following four years are based on the Group's long-term targets. The growth rate applied to cash flows after the forecast horizon is 2%. The company's historical growth and the digitalisation of different economic sectors support the achievement of the growth targets for the following years.

The company applies the weighted average cost of capital (WACC) as the discount rate in impairment testing. Other key variables of the cash flow estimates involve assumptions of revenue growth as well as EBITDA and EBIT.

Assumptions underlying cash flow estimates	Terminal growth rate		Post-tax WACC	
	2023	2022	2023	2022
Siili Solutions	2.0%	2.0%	11.1%	10.9%
Vala Group	2.0%	2.0%	11.1%	10.9%
Supercharge	2.0%	2.0%	15.6%	13.3%
Haallas Finland	-	2.0%	-	15.0%

The impairment test carried out demonstrated that the amounts recoverable from the cash generating units exceed their carrying amounts and there is no need for goodwill impairment. According to a sensitivity analysis performed by the company testing the effect of changes in the terminal growth rate, WACC and EBIT rate on the recoverable amount, value-in-use calculations are the most sensitive to changes in the EBIT rate. A permanent decline of 4 percentage points in the EBIT rate of the Siili Solutions CGU, a permanent decline of 9.5 percentage points in the EBIT rate of the Vala Group CGU or a permanent decline of 5 percentage points in the EBIT rate of the Supercharge CGU would make the discounted present value of the cash flows equal with the carrying amounts. Any somewhat feasible change regarding other key assumptions would not trigger the need to recognise an impairment loss on any CGU.

3.3 Tangible assets

ACCOUNTING POLICY

Tangible assets are carried at acquisition cost less accumulated depreciation and impairment losses. The acquisition cost includes direct expenses incurred in the acquisition of a tangible asset item.

Significant renovation and overhaul expenses arising at a later date are included in each asset's carrying value. They can be recognised as a separate asset only if it is likely that the future economic benefits associated with the item will flow to the Group and if the acquisition cost of the asset can be reliably determined. Any remaining carrying amount pertaining to a renovated asset item is derecognised from the statement of financial position. Ordinary repair and maintenance expenses are recognised as expenses for the reporting period during which they were incurred.

These assets are depreciated on a straight-line basis over their estimated useful lives.

Depreciation periods of tangible assets:

— Machinery and equipment	3–5 years
— Renovation of leased premises	3–5 years

The useful life of an asset and the applicable depreciation method are reviewed at least at the end of each financial year and adjusted reflecting changes in expectations concerning economic benefit, if necessary.

A tangible asset is derecognised from the statement of financial position when transferred or when no future economic benefit is expected from using or transferring it. Sales gains and losses on disposal or transfer of tangible assets are recognised through profit or loss and presented in other operating income and expenses in the period when they arise.

Tangible assets

EUR 1,000	Renovation costs	Machinery and equipment	Advance payments	Total
Acquisition cost 1 Jan 2023	695	4,491	-	5,186
Additions through business combinations	-	-	-	-
Additions	280	202	274	756
Disposals	-	-97	-	-97
Translation differences	32	84	-	116
Reclassifications between items	77	197	-274	-
Acquisition cost 31 Dec 2023	1,084	4,876	-	5,960
Accumulated depreciation and impairment 1 Jan 2023	453	3,502	-	3,955
Depreciation	164	602	-	766
Additions through business combinations	-	-	-	-
Disposals	-	-97	-	-97
Translation differences	17	61	-	77
Accumulated depreciation and impairment 31 Dec 2023	633	4,068	-	4,701
Carrying amount 31 Dec 2023	**451**	**808**	**-**	**1,259**

EUR 1,000	Renovation costs	Machinery and equipment	Advance payments	Total
Acquisition cost 1 Jan 2022	518	3,604	23	4,144
Additions through business combinations [1]	13	234	-	247
Additions	181	686	77	944
Disposals	-	-	-66	-66
Translation differences	-29	-53	-1	-83
Reclassifications between items	13	20	-32	-
Acquisition cost 31 Dec 2022	695	4,491	-	5,186
Accumulated depreciation and impairment 1 Jan 2022	343	2,929	-	3,272
Depreciation	117	470	-	588
Additions through business combinations [1]	11	143	-	154
Disposals	-	-	-	-
Translation differences	-19	-40	-	-59
Accumulated depreciation and impairment 31 Dec 2022	453	3,502	-	3,955
Carrying amount 31 Dec 2022	**243**	**989**	**-**	**1,231**

[1] Siili Solutions Plc acquired a 100% ownership in Haallas Finland Oy during the financial year 2022.

3.4 Leases

ACCOUNTING POLICY

The Group as a lessee
The Group recognises the lease liability and the corresponding right-of-use asset at the commencement date of the lease contract.

Right-of-use assets are measured at cost less depreciations and impairments, if any. The acquisition cost includes the original amount of lease liability, initial direct costs, and lease payments made before the commencement date, less any incentives received.

The carrying amount of a right-of-use asset is adjusted to correspond to the change in the lease liability if the value of the lease liability is remeasured during the lease period. Leased right-of-use assets are tested for impairments if there are indications of impairment.

Lease liability is measured at the present value of future lease payments. Leases include fixed payments less any incentives received, variable leases based on an index or price level, as well as amounts the Group is expected to pay based on residual value guarantees. Leases also include the exercise price of purchase options where it is relatively certain that the Group will exercise the option, as well as penalty payments for terminating the lease if the lease period reflects the exercise of the option by the Group.

The lease payments are discounted using the Group's incremental borrowing rate, adjusted with a view to the lease period and the special characteristics of the lease object and the economic environment of the Group companies.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from renegotiation or a change in an index, price level or the remeasurement of options.

Right-of-use assets are depreciated over the lease period on a straight-line basis. The period covered by an extension option or termination option is added to the lease period if it is reasonably certain that the Group will use the extension option or will not use the termination option.

Siili solutions applies practical expedients and does not recognise contracts shorter than 12 months or low-value contracts in the statement of financial position, but lease payments on these contracts are reported in the income statement as lease expenses. Furthermore, Siili solutions does not differentiate non-lease contract components from the lease contracts.

Depreciation periods of right-of-use assets:

— Buildings	3–5 years
— Machinery and equipment	3 years

MANAGEMENT JUDGMENT AND UNCERTAINTIES RELATED TO ESTIMATES

Siili Solutions has lease contracts related to office premises valid until further notice as well as lease contracts including extension and termination options. In assessing factors related to the lease period, management has to make estimates and assumptions. The lease period for lease contracts' valid until further notice has been estimated at 3 years based on management's judgment.

Right-of-use assets

EUR 1,000	Buildings	Machinery and equipment	Total
Acquisition cost 1 Jan 2023	11,152	431	11,583
Additions through business combinations	-	-	-
Additions	3,838	75	3,913
Disposals	-4,304	-188	-4,492
Translation differences	114	2	116
Acquisition cost 31 Dec 2023	10,800	320	11,120
Accumulated depreciation and impairment 1 Jan 2023	6,598	204	6,802
Depreciation	2,687	109	2,796
Disposals	-2,657	-119	-2,776
Translation differences	76	2	78
Accumulated depreciation and impairment 31 Dec 2023	6,704	196	6,901
Carrying amount 31 Dec 2023	**4,096**	**124**	**4,220**

EUR 1,000	Buildings	Machinery and equipment	Total
Acquisition cost 1 Jan 2022	9,041	318	9,359
Additions through business combinations	317	-	317
Additions	2,661	203	2,863
Disposals	-823	-89	-912
Translation differences	-44	0	-44
Acquisition cost 31 Dec 2022	11,152	431	11,583
Accumulated depreciation and impairment 1 Jan 2022	4,616	128	4,744
Depreciation	2,562	124	2,686
Disposals	-551	-47	-598
Translation differences	-29	0	-29
Accumulated depreciation and impairment 31 Dec 2022	6,598	204	6,802
Carrying amount 31 Dec 2022	**4,554**	**226**	**4,781**

Items recognised in the statement of financial position:

EUR 1,000	31 Dec 2023	31 Dec 2022
Right-of-use assets	4,220	4,781
Long-term leasing contract liability	1,841	2,597
Short-term leasing contract liability	2,463	2,246

Items recognised in the income statement:

EUR 1,000	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Depreciations on right-of-use assets	-2,796	-2,686
Interest expenses on lease liability	-153	-76
Expenses on short-term leasing contracts	-106	-23
Expenses on low-value leasing contracts	-821	-637

Outbound cash flow due to lease contracts in the financial year 2023 amounted to EUR 3,924 (3,460) thousand. The maturity breakdown of lease liabilities is presented in Note 5.2 Financial risk management.

3.5 Acquired businesses

ACCOUNTING POLICY

Business combinations are accounted for using the cost method. The consideration paid in connection with a business combination, contingent consideration if any, and the assets and liabilities of the acquired company are measured at fair value at the time of acquisition. Costs related to the acquisition are recognised as expense for the financial year.

Non-controlling interests in the acquiree are measured at fair value on each reporting date, and any fair value adjustment is recognised through profit or loss. Non-controlling interests are presented as liabilities recognised through profit or loss in circumstances where both parties have a concurrent purchase option and redemption right concerning non-controlling interests.

In business combinations, goodwill is recognised at the excess of the sum of consideration transferred and the fair value of any non-controlling interests in the acquiree, over the fair value of the net identifiable assets acquired.

MANAGEMENT JUDGMENT AND UNCERTAINTIES RELATED TO ESTIMATES

The measurement of assets acquired and liabilities assumed, contingent as well as additional considerations, and fair values thereof, requires management's judgment.

Management believes that the estimates and assumptions applied are accurate enough to be used as the basis of fair value measurement. In addition, the Group reviews at least on every closing date of a financial year any indications of impairment in goodwill and the fair value of both tangible and intangible assets.

ACQUISITIONS IN FINANCIAL PERIOD 2023

In April 2023, Siili Solutions Plc acquired the software business of Talentree Oy based in the city of Kuopio. For Siili, the transaction marks a territorial expansion to Kuopio and an addition of 11 new professionals to its software development capabilities. Siili's objective is to make its Kuopio office one of the city's most attractive workplaces in the IT sector.

The acquisition price for Talentree Oy's software business consists of a fixed transaction price of EUR 147 thousand and a potential contingent consideration. The contingent consideration is capped at EUR 75 thousand, and it will be paid in the financial year 2024. The consideration will be paid entirely by cash consideration from Siili Solutions Plc's cash assets. The acquisition cost calculation includes a contingent consideration of EUR 50 thousand, and any subsequent adjustments thereto will be recognised at fair value through profit or loss.

In the business acquisition, customer relationships worth EUR 60 thousand were identified and recognised separately from goodwill. The goodwill of EUR 220 thousand recognised in the transaction consists of Talentree's capable personnel and geographical presence in Kuopio, enabling Siili's regional expansion. The goodwill is deductible in taxation. During the financial year, expert expenses of EUR 11 thousand were recognised in respect of the acquisition.

The business acquisition has not had a material impact on the Siili Group's revenue or EBITA for the financial year 2023.

Assets acquired and Liabilities assumed

EUR 1,000	Talentree Oy
Intangible assets	60
Current receivables	6
Current liabilities	-89
Acquired net assets	**-23**

Acquisition cost

EUR 1,000	
Consideration	147
Contingent consideration	50
Total acquisition cost	**197**
Fair value of acquired net assets	**-23**
Goodwill	**220**

Consideration for the acquisition in the cash flow statement

EUR 1,000	
Consideration paid in cash	147
Net consideration in the cash flow from investing activities	**147**

ACQUISITIONS IN FINANCIAL PERIOD 2022

In October 2022, Siili Solutions Plc acquired the entire share capital (100%) in Haallas Finland from Valamis Group Oy. Haallas is a company specialising in design, technology and data, with a strong foothold in the digitalisation of the public sector. Haallas employs a personnel of 50 in in Joensuu, Oulu, Lappeenranta and Helsinki. The acquisition is part of Siili's growth strategy announced in spring 2022, including the strengthening its business in the public sector as one of the focus areas. Haallas Finland Oy has been consolidated into the Siili Group since 4 October 2022.

The transaction price for the Haallas Finland Oy shares is based on the debt-free enterprise value (EV), comprising a fixed consideration of EUR 3.75 million and a potential contingent consideration whose amount is determined on the basis of the audited financial statements for 2022. The contingent consideration is capped at EUR 5.25 million and it is to be paid in the 2023 financial year. The consideration is paid entirely in cash and financed by Siili Solutions' cash assets. The contingent consideration reflected in the acquisition cost calculation is EUR 3,749 thousand. Any subsequent adjustments to the contingent consideration will be recognised in fair value through profit or loss.

In the transaction, customer relationships worth EUR 3,535 thousand were identified and recognised separately from goodwill. The goodwill recognised in the transaction, EUR 4,498 thousand, consists of Haallas' capable personnel and strong position in public sector digitalisation projects. Goodwill is not deductible in taxation. During the financial year, expert expenses related to the acquisition totalled EUR 239 thousand.

Haallas Finland Oy's impact on Siili Group's revenue for the financial year 2022 was EUR 1,461 thousand, and the impact on EBITA was EUR 307 thousand. If the acquisition had been carried out on 1 January 2022, the Group's revenue would have been EUR 122,561 thousand and EBITA EUR 12,198 thousand.

Assets acquired

EUR 1,000	Haallas Finland Oy
Intangible assets	3,535
Tangible assets	411
Current receivables	1,135
Cash and cash equivalents	95
Total acquired assets	**5,176**

Liabilities assumed

EUR 1,000	
Deferred tax liabilities	707
Non-current liabilities	197
Current liabilities	1,067
Total acquired liabilities	**1,971**
Acquired net assets	**3,205**

Acquisition cost

EUR 1,000	
Consideration	3,954
Contingent consideration	3,749
Total acquisition cost	**7,703**
Fair value of acquired net assets	**3,205**
Goodwill	**4,498**

Consideration for the acquisition in the cash flow statement

EUR 1,000	
Consideration paid in cash	3,954
Acquired cash assets	-95
Net consideration in the cash flow from investing activities	**3,859**

4. Working capital

4.1 Trade and other receivables

EUR 1,000	2023	2022
Trade receivables	19,118	18,557
Assets related to customer contracts	1,419	970
Other accrued income and prepaid expenses	2,620	1,924
Tax assets based on taxable income for the period	826	148
Other receivables	615	767
Total	**24,598**	**22,366**

Aging of trade receivables

EUR 1,000	Gross 2023	Net 2023	Gross 2022	Net 2022
Not past due	13,627	13,627	16,133	16,133
Past due				
1–30 days	5,062	5,062	1,877	1,877
31–60 days	264	264	422	422
61–90 days	17	17	48	48
more than 90 days	150	149	82	77
Total	**19,119**	**19,118**	**18,562**	**18,562**

In the financial year 2023, the Group recognised a credit loss of EUR 174 (0) thousand. Expected credit losses on assets related to customer contracts amount to EUR 1 (5) thousand.

EUR 1,000	Gross	Expected credit loss	Credit loss allowance
Not past due	15,045	0.0%	-
1–30 days	5,062	0.0%	-
31–60 days	264	0.0%	-
61–90 days	17	0.0%	-
more than 90 days	150	0.6%	1
Total	**20,538**		**1**

4.2 Trade and other payables

EUR 1,000	2023	2022
Current		
Trade payables	7,126	6,791
Payables related to customer contracts	1,310	1,888
Accrued expenses	9,625	11,291
Tax liabilities based on the taxable income for the period	121	444
Contingent consideration	9,481	3,749
Other liabilities	6,071	5,794
Guarantee provisions and provisions on onerous contracts with customers	12	109
Trade and other payables, total	**33,746**	**30,066**

4.3 Provisions

ACCOUNTING POLICY

A provision is made when the Group has a legal or constructive obligation based on an earlier event and it is likely that the performance of the obligation will require a payment and the amount of the obligation can be estimated reliably. The amount recognised as a provision represents the best estimate of costs required to fulfil an existing obligation on the financial statements date. If the effect of the time value of money is material, provisions are measured at the present value of the expenditure required to cover the obligation. Changes in provisions are recognised in the income statement item in which the provision was initially made.

A provision is recognised on onerous contracts when the costs of performing on obligations exceed the economic benefit expected from the contract.

A contingent liability is a possible obligation arising from past events, whose existence will be confirmed only by the realisation of an uncertain future event beyond the Group's control. A present obligation that probably does not require fulfilment of payment obligation or that the amount cannot be defined reliably, is also considered as contingent liability. Contingent liabilities are presented in the notes.

Provisions include loss provisions related to customer projects and provisions related to onerous contracts, which are presented in short-term liabilities. Guarantee provisions are related to guarantee periods granted for certain customer projects, during which any flaws identified in the project delivery are corrected at the Group's expense. Provisions concerning onerous contracts cover the estimated net loss of the contracts.

EUR 1,000	Onerous contracts	Guarantee provisions	Total
31 December 2022	44	65	109
Increases	76	12	88
Used provisions	-116	-14	-130
Reversals of unused provisions	-	-55	-55
Translation differences	-	1	1
31 December 2023	**3**	**8**	**12**

EUR 1,000	Onerous contracts	Guarantee provisions	Total
31 December 2021	-	14	14
Increases	78	81	160
Used provisions	-34	-29	-63
Reversals of unused provisions	-	-1	-1
Translation differences	-	0	0
31 December 2022	**44**	**65**	**109**

5. Capital structure

5.1 Equity

ACCOUNTING POLICY

The Group categorises instruments it has issued on the basis of their nature either as equity or financial liability. An equity instrument is any kind of an agreement indicating entitlement to an entity's assets after the deduction of all its liabilities. Incremental costs directly attributable to the issue or purchase of equity instruments are shown in equity as a deduction. The acquisition and transfer of treasury shares is presented as adjustments to equity. The equity capital consists of ordinary shares.

The following table presents changes in the number of shares and corresponding changes in equity.

EUR 1,000	Number of shares (1,000)	Share capital	Treasury shares	Reserve for invested unrestricted equity	Total
1 January 2023	8,131	100	-	26,695	26,795
Exercise of stock options	7	-	-	53	53
Acquisition of treasury shares	-30	-	-495	-	-495
Transfer of treasury shares	2	-	33	-	33
31 December 2023	**8,110**	**100**	**-461**	**26,748**	**26,387**
Treasury shares held by the company	28				
Total number of shares	8,138				
1 January 2022	7,020	100	-	12,590	12,690
Share issue net of transaction costs	1,100	-	-	14,256	14,256
Exercise of stock options	11	-	-	89	89
Reclassifications between items	-	-	-	-239	-239
31 December 2022	**8,131**	**100**	**-**	**26,695**	**26,795**

Siili Solutions Plc has a single class of shares. All shares have an equal voting right and an entitlement to dividend and the company's assets. The shares do not have a nominal value.

The total number of shares at the end of financial year 2023 was 8,138,080 (8,131,446). In the financial year 2023, option rights 2019A and 2020A were exercised to subscribe for 6,634 new shares in the company. All Siili Solutions Plc's shares issued have been paid in full.

Authorisations

The Annual General Meeting on 30 March 2023 authorised the Board of Directors to decide on the acquisition and/or acceptance as collateral of the company's own shares on the following terms::

A maximum of 813,100 shares may be acquired and/or accepted as collateral pursuant to the authorisation, corresponding to approximately 10 percent of all shares in the company. The shares are to be acquired in public trading arranged by Nasdaq Helsinki Ltd at the market price of the time of purchase. The company's own shares can be acquired in a manner other than in proportion to the shareholders' existing holdings. The acquisition of shares will reduce the company's non-restricted equity. The Board of Directors will decide on other terms and conditions related to the acquisition and/or acceptance as collateral of the shares. The authorisation is valid until the end of the next Annual General Meeting, but not beyond 30 June 2024. The authorisation repeals previous unused acquisition authorisations.

The Board of Directors was also authorised to decide on an issue of shares and an issue of special rights carrying entitlement to shares in accordance with chapter 10, section 1 of the Finnish Limited Liability Companies Act, in one or more tranches, either against consideration or free of charge.

The maximum total number of shares issued, including shares issued on the basis of special rights, is 813,100, which corresponds to approximately 10% of all shares in the company. The Board of Directors may decide to issue new shares or to transfer treasury shares held by the company.

The authorisation entitles the Board of Directors to decide on all terms and conditions for an issue of shares and an issue of special rights entitling their holders to shares, including the right to deviate from the shareholders' pre-emptive subscription right. The authorisation may be used for strengthening the company's balance sheet, for paying transaction prices related to acquisitions, in incentive plans or for other purposes decided by the Board of Directors.

The authorisation is valid until the end of the next Annual General Meeting, but not beyond 30 June 2024. The authorisation replaces previous authorisations concerning the issuance of shares, option rights and other special rights entitling to shares.

More detailed information on valid incentive schemes for the Group's key personnel are presented in Note 2.4 Share-based payments.

Below is a description of the equity reserves.

Share capital

Share subscription price in connection with share issues is credited to share capital to the extent that it has not been decided in the share issue decision to be recorded in the reserve for invested unrestricted equity.

Treasury shares

During the financial year, Siili Solutions Plc acquired 30,000 of its own shares and transferred 2,046 of its own shares as part of the share-based reward scheme for management and key personnel. At the end of the financial year 2023, the company held 27,954 treasury shares.

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other equity additions as well as the part of share subscription price that according to the share issue decision is not to be credited to the share capital. Proceeds from share issues decided after the the entry into force (1 September 2006) of the Limited-Liability Companies Act (21 July 2006/624) are recognised entirely in the reserve for invested unrestricted equity.

In the financial year, proceeds from share subscriptions using options 2019A and 2020A totalling EUR 53 thousand, have been recognised in the reserve for invested unrestricted equity.

Translation differences

The translation differences fund comprises translation differences arising from the translation of foreign entities' financial statements.

Dividends

In 2023, a dividend of EUR 0.20 per share, totalling EUR 1,622 thousand was distributed (2022: EUR 0.18 per share, totalling EUR 1,264 thousand). In 2024, the Board of Directors has proposed the distribution of a dividend of EUR 0.26 per share.

5.2 Financial risk management

The Siili Solutions Group is exposed to certain financial risks in its normal business activities. The Group's management monitors business-related financial risks on a regular basis. The objective of the Group's risk management is to minimise the adverse effects of financial risks on the Group's result and financial position. Financial risks are mainly caused by credit risk associated with counterparties, funding liquidity risk as well as fluctuation of market interest rates and foreign exchange rates.

CREDIT RISK

The management of credit risk and credit monitoring within the Group is centralised at the Finance department, which cooperates with the business units to minimise credit risk. In addition, during the financial year 2023, the company took out a credit insurance policy to minimise the impact of potential credit losses. The Group has certain individual large customers involving large concentrations of credit risk. According to the Group's management, these counterparties have a stable financial position, and therefore the realisation of credit risk is not considered probable. A credit loss is recognised on a trade receivable if there is objective evidence that payment of the trade receivable will not be performed in accordance with the original contractual terms. In the financial year 2023, the Group recognised a credit loss of EUR 174 (0) thousand.

The values of financial assets presented in the statement of financial position are the best indication of the Group's maximum credit risk amount.

The maturity breakdown of trade receivables is presented in Note 4.1 Trade and other receivables.

LIQUIDITY RISK

Liquidity risk is related to the maintenance of the adequacy and continuity of funding required by the Group's operating capital, repayment of loans and investment expenditure. The objective of the management of liquidity risk is to maintain an adequate level of liquidity on an ongoing basis. To manage the risk, the Group assesses on a continuous basis the amount of financing required by its business operations to ensure the sufficiency of liquid funds within the Group for financing its operative activities and to repay maturing loans.

The objective is to ensure the availability and flexibility of funding to the Group by a balanced maturity breakdown, adequately long loan periods and adequate available credit lines. The Group's management estimates that the Group's liquidity is at a solid level.

At the end of financial year 2023, the Group's liquid funds totalled EUR 29,022 (36,315) thousand, in addition to which the Group has undrawn overdrafts of EUR 2,500 (2,500) thousand at its disposal as at 31 December 2023. The Group has three long-term bank loans whose loan period is 7 years. The loan contracts include customary covenants, which have not been breached during the financial year. Management monitors the fulfilment of the covenant terms on a regular basis.

Group management has not identified significant concentrations of liquidity risk in its financial assets or sources of funding.

The following table presents an analysis of the maturity of contract-based financial liabilities. The figures are not discounted, and they include both interest payments and capital repayments.

31 Dec 2023

EUR 1,000	Carrying amount	Cash flow	2024	2025	2026	2027	2028	2029–
Bank loans	8,743	9,055	2,644	2,604	1,540	1,517	750	-
Contingent consideration	19,658	20,326	8,655	5,833	5,838	-	-	-
Lease contract liability	4,304	4,569	2,619	1,299	378	173	101	-
Trade and other payables [1]	13,196	13,196	13,196	-	-	-	-	-
Total	**45,900**	**47,146**	**27,113**	**9,736**	**7,756**	**1,690**	**851**	**-**

31 Dec 2022

EUR 1,000	Carrying amount	Cash flow	2023	2024	2025	2026	2027	2028–
Bank loans	11,256	11,738	2,683	2,644	2,604	1,540	1,517	750
Contingent consideration	22,011	24,802	11,606	4,043	4,515	4,639	-	-
Lease contract liability	4,843	4,983	2,327	1,860	544	251	-	-
Trade and other payables [1]	12,585	12,585	12,585	-	-	-	-	-
Total	**50,695**	**54,108**	**29,201**	**8,547**	**7,663**	**6,430**	**1,517**	**750**

[1] Includes trade and other current payables (not deferred liabilities).

EXCHANGE RATE RISK

A significant proportion of the Group's purchases and sales and the majority of its monetary items are denominated in euros. Therefore, the Group is not significantly exposed to foreign exchange risk.

The existing foreign exchange risk stems from commercial transactions in foreign currencies, monetary items in the statement of financial position and net investments in foreign subsidiaries. As at the financial statements date, the Group has foreign subsidiaries Germany, Poland, Hungary, Netherlands, the UK, Austria and the USA.

Translation risk

The Group has net investments in foreign currencies, as a result of which is it exposed to risk stemming from the conversion of the investments into the functional currency of the parent company. The Group incurs translation risk from the Polish zloty, US dollar, Hungarian forint and the UK pound sterling. So far, these translation differences have not been significant, and the Group has not hedged against the risk.

The translation difference for the financial year 2023 was EUR 300 (-607) thousand, and it is recognised in the statement of comprehensive income.

Transaction risk

Transaction risk arises from cash flows in other currencies than the functional currency of the unit concerned. In its operations, the Group is not exposed to significant transaction risk, and it has not hedged against this risk. Transaction risks related to business operations mainly arise from the Supercharge sub-group.

The main currency of sales within the Group is the euro. In addition, in the financial year 2023, the Group had sales of USD 8,406 (10,255) thousand, HUF 652,131 (1,098,969) thousand, and GBP 7,014 (5,257) thousand. The foreign exchange risk related to sales is significantly reduced by purchases in the same currency.

The Group's main purchasing currency is also the euro, in addition to which, in the financial year 2023, the Group had purchases of USD 609 (1,006) thousand, HUF 1,022,075 (1,256,430) thousand, and GBP 278 (340) thousand. Other sales and purchases in foreign currencies during the financial year were insignificant.

Foreign exchange rates applied

The Group has applied the following foreign exchange rates:

		Average rate of the year[1]		Rate of the financial statements date	
Country	**Currency**	**2023**	**2022**	**2023**	**2022**
Poland	PLN	4.5420	4.6861	4.3395	4.6808
USA	USD	1.0813	1.0530	1.1050	1.0666
Hungary	HUF	381.85	391.30	382.80	400.87
United Kingdom	GBP	0.8698	0.8528	0.8691	0.8869

[1] The average rate of the year has been calculated based on the average daily rates.

INTEREST RATE RISK

The Group has a variable-rate bank loan, which exposes the Group to interest rate risk reflecting changes in market interest rates. The interest rate risk has been hedged by an interest rate swap entered into in the financial year 2019. The interest rate swap is measured at fair value through profit or loss, and it is recognised in Siili Solutions Plc's statement of financial position as an asset with the value of EUR 78 (112) thousand as at 31 December 2023. The interest rate swap agreement expires on 1 August 2025.

On the financial statement date 2023, the Group had bank loans totalling EUR 8,743 (11,256) thousand. Of the bank loan, EUR 6,702 thousand has been hedged by an interest rate collar contract fixing the interest rate payable on the loans at the level of 0.14%. The remainder of the bank loan is hedged by an interest rate swap.

In other respects, the Group's revenues and operative cash flows are mainly independent of market rate fluctuations. More detailed information on interest-bearing debt and the terms and conditions of bank loans is presented in Note 5.6 Financial liabilities and other interest-bearing liabilities.

CAPITAL MANAGEMENT

The objective of capital management is to maintain an optimal capital structure within the Group, allowing it the ensure normal operating preconditions and growth of shareholder value in the long term. The Group's management and the Board of Directors of the parent company monitor the company's capital structure and development of liquidity. The objective of the monitoring is to ensure the company's liquidity and flexibility of its capital structure to execute the growth strategy and dividend policy. Capital management is concerned with the equity shown in the statement of financial position, and its structure may be adjusted among other things through the generation of profit, distribution of dividend and issuance of shares.

The Group monitors the development of its equity as a proportion of the total capital (equity ratio). At the end of financial year 2023, the equity ratio stood at 42.6% (38.7%). The Group monitors the evolution of the capital structure also by the ratio of net debt and EBITDA.

EUR 1,000	**2023**	**2022**
Net debt	3,682	1,795
EBITDA	12,107	14,928
Net debt/EBITDA	**0.30**	**0.12**

5.3 Fair values of financial assets and liabilities

ACCOUNTING POLICY

Financial assets

The Group's financial assets are classified in the following measurement categories: financial assets measured at amortised cost, and financial assets measured fair value through profit or loss. Financial assets are classified in connection with their initial recognition based on the contractual terms concerning their cash flows.

Financial assets measured at amortised cost include trade and other receivables which do not belong to derivatives assets. Payments related to these assets are fixed or measurable, the assets are unlisted and are not held by the Group for trading. This category includes the Group's financial assets received in exchange for transferring money, goods or services to the debtor. Assets classified into the category are measured at amortised cost using the effective interest rate method, less impairments, if any. Trade and other receivables are included in the statement of financial position according to their nature in current or non-current assets. Assets are included in non-current items if they mature in more than 12 months from the financial statements date.

Financial assets measured at fair value through profit or loss are recognised at fair value in the statement of financial position, and gains or losses due to fair value adjustments are recognised through profit or loss. The category includes an interest rate swap entered to hedge against interest rate risk.

The table presents the fair values and carrying amounts of each financial asset and liability item, which correspond to their values in the consolidated statement of financial position. The table also presents the fair value hierarchy levels.

		2023		2022		
EUR 1,000	Note	Carrying amount	Fair value	Carrying amount	Fair value	Fair value hierarchy
Financial assets						
Financial assets measured at amortised cost						
Non-current						
Receivables	5.4	159	159	162	162	2
Current						
Trade receivables	4.1	19,118	19,118	18,557	18,557	2
Other receivables	4.1	537	537	655	655	2
Liquid funds	5.5	29,022	29,022	36,315	36,315	2
Recognised at fair value through profit or loss						
Current						
Interest rate swap agreement		78	78	112	112	2
Total financial assets		**48,915**	**48,915**	**55,800**	**55,800**	
Financial liabilities						
Financial liabilities at amortised cost						
Non-current						
Bank loans [1]	5.6	6,230	6,230	8,743	8,743	2
Other interest-bearing liabilities [1]	5.6	1,841	1,841	2,597	2,597	
Current						
Bank loans [1]	5.6	2,513	2,513	2,513	2,513	2
Other interest-bearing liabilities [1]	5.6	2,463	2,463	2,246	2,246	
Trade and other payables	4.2	13,196	13,196	12,585	12,585	
Recognised at fair value through profit or loss						
Non-current						
Contingent consideration [1, 2]	5.6	10,177	10,177	18,262	18,262	3
Current						
Contingent consideration [1, 2]	5.6	9,481	9,481	3,749	3,749	3
Total financial liabilities		**45,900**	**45,900**	**50,695**	**50,695**	

[1] Included in the statement of financial position item Financial liabilities.
[2] The principles for measuring the fair values of conditional considerations classified at level 3 are presented in Note 3.5 Acquired businesses.

Loans, other assets and financial liabilities are measured at amortised cost using the effective interest rate method except for contingent consideration, which is measured at fair value. The carrying amounts and fair values of financial assets and liabilities are considered to correspond to each other. The maturity breakdown of financial liabilities is presented in Note 5.2 Financial risk management.

Fair value measurement principles applied by the Group to all financial instruments

In measuring the fair values of the financial assets and liabilities presented in the table, the following assumptions were applied.

Trade and other receivables

The initial carrying amount of trade receivables and other receivables corresponds with their fair value, since discounting does not have a material effect, considering the maturity of the receivables.

Bank loans

The fair values of debts are based on discounted cash flows. The total interest rate consists of the risk-free interest rate and a company-specific risk premium.

Trade and other payables

The initial carrying amount of trade payables and other payables corresponds with their fair value, since discounting does not have a material effect, considering the maturity of the debts.

Contingent consideration

The carrying amount of contingent considerations corresponds to their fair value.

Fair value hierarchy levels

During the period ended or the previous period, no instruments were transferred from one fair value hierarchy level to another.

Level 1

The fair values of the hierarchy level 1 are based on the quoted (unadjusted) prices of identical assets or liabilities in active markets.

Level 2

The fair values of the level 2 instruments are based, to a significant extent, on inputs other than quoted prices but still on information that is observable for the asset or liability in question, either directly or indirectly.

Level 3

The fair values of the level 3 instruments are based on inputs about the asset or liability that are not based on observable market information but instead, to a significant extent, on management's estimates and their utilisation in generally accepted valuation models. If the inputs used to measure fair value are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety at the same level as the lowest level input that is significant to the entire measurement.

A reconciliation of the level 3 non-current financial liabilities measured at fair value is presented in Note 5.6 Financial liabilities and other interest-bearing liabilities.

5.4 Other investments and non-current receivables

EUR 1,000	2023	2022
Acquisition cost 1 Jan	1	1
Decreases	-	-
Acquisition cost 31 Dec	**1**	**1**

EUR 1,000	2023	2022
Other long-term receivables	159	162
Total non-current assets	**159**	**162**

5.5 Liquid funds

ACCOUNTING POLICY

Liquid funds consist of cash in hand and at bank and current investments. Cash in hand and at bank include currency, bank deposits redeemable at notice and other very liquid short-term investments which are readily convertible into a pre-known cash amount and involving a low revaluation risk. Items qualifying as cash equivalents have a maturity of three months or less from the date of acquisition. Current investments consist of bank deposits and other liquid investments with a maturity of more than 3 months but no more than 12 months from the acquisition date. Utilised credit lines are included in current financial liabilities.

EUR 1,000	2023	2022
Cash and bank accounts	29,022	33,315
Cash in hand and at bank, total	**29,022**	**33,315**
Fixed-term deposits, maturity over 3 months but no more than 12 months	-	3,000
Total liquid funds	**29,022**	**36,315**

The company has accounts with an overdraft facility whose credit lines amount to EUR 2,500 thousand in total. At the end of the financial year 2023, no credit lines were utilised.

The liquid funds presented in the table correspond to the liquid funds under the cash flow statement.

5.6 Financial liabilities and other interest-bearing liabilities

ACCOUNTING POLICY

Financial liabilities are initially recognised at fair value. Subsequently, financial liabilities are recognised at amortised cost using the effective interest rate method, excluding contingent consideration or consideration for a minority interest, which are recognised at fair value through profit or loss. Transaction costs are included in the initial carrying amount of financial liabilities recognised at amortised cost. Financial liabilities are included both in non-current and current liabilities. Financial liabilities are classified as non-current where they mature in over 12 months from the financial statements date. Liabilities maturing in less than 12 months from the financial statements date are classified as current liabilities.

Non-current financial liabilities and other interest-bearing liabilities

EUR 1,000	2023	2022
Financial liabilities measured at amortised acquisition cost	8,071	11,340
Contingent consideration measured at fair value through profit or loss	10,177	18,262
Total	**18,248**	**29,602**

Current financial liabilities and other interest-bearing liabilities

EUR 1,000	2023	2022
Financial liabilities measured at amortised acquisition cost	4,975	4,759
Contingent consideration measured at fair value through profit or loss	9,481	3,749
Total	**14,456**	**8,508**

The fair values of financial liabilities are presented in Note 5.3 Fair values of financial assets and liabilities.

The maturity breakdown of financial liabilities is presented in Note 5.2 Financial risk management.

Bank loans and overdrafts

The Group has two bank loans drawn down in the financial year 2021, which are hedged by a seven-year interest-rate collar contract from the drawdown date. The interest rate collar provides a fixed reference rate of 0.14% for the loans. The interest paid for the loans consists of the reference rate and a loan margin of 1.35%. The loans have a maturity of seven years and are repaid in equal instalments every six months.

The Group also has one variable interest rate bank loan drawn down in 2018. The Group uses a six-year interest rate swap in the management of interest rate risk associated with this loan. The swap entered into effect in August 2019. The bank loan has a maturity of seven years and is repaid in equal instalments every six months.

Siili's bank loans include covenants that entitle the financial institution to terminate the loan agreement if the covenants are not met. The covenants are based on the company's interest-bearing net liability in relation to its EBITDA and on its equity ratio. These key figures are examined every six months, and the covenants were met on the financial statements date.

On the financial statements date 31 December 2023, the Group had undrawn credit lines of EUR 2,500 (2,500) thousand at its disposal.

Contingent consideration liabilities

In the financial year 2023, Siili paid a contingent consideration of EUR 2,933 thousand to Valamis Group Oy for the acquisition of Haallas Finland Oy and EUR 1,093 thousand to the minority shareholders of Vala Group Oy for an additional stake in the company. Financial income due to fair value adjustment on contingent consideration liabilities under the acquisition agreements recognised in the financial year amounted to EUR 247 (-3,590) thousand. Measurement differences arising from the discounting of contingent consideration liabilities totalled EUR 1,376 (1,009) thousand, recognised in interest expenses.

Changes in contingent considerations

EUR 1,000	Supercharge Kft.	Vala Group Oy	Haallas Finland Oy	Talentree Oy	Total
1 Jan 2023	**10,514**	**7,748**	**3,749**	**-**	**22,011**
Effect of the unwinding of discounting	1,278	98	-	-	1,376
Contingent consideration according to the agreement	-	-	-	50	50
Fair value change on the agreement	210	368	-815	-10	-247
Paid contingent consideration for the acquisition	-	-	-2,933	-	-2,933
Payment to minority interest for additional stake	-	-1,093	-	-	-1,093
Exchange rate fluctuation impact on the contingent liability	493	-	-	-	493
31 Dec 2023	**12,495**	**7,122**	**0**	**40**	**19,657**
Of which at the end of the financial year:					
Non-current	**8,324**	**1,853**	**-**	**-**	**10,177**
Current	**4,171**	**5,269**	**-**	**40**	**9,481**

EUR 1,000	Supercharge Kft.	Vala Group Oy	Haallas Finland Oy		Total
1 Jan 2022	**8,220**	**6,165**	**-**		**14,385**
Effect of the unwinding of discounting	908	101	-		1,009
Contingent consideration according to the agreement	-	-	3,749		3,749
Fair value change on the agreement	2,108	1,482	-		3,590
Paid contingent consideration for the acquisition	-	-	-		-
Payment to minority interest for additional stake	-	-	-		-
Exchange rate fluctuation impact on the contingent liability	-722	-	-		-722
31 Dec 2022	**10,514**	**7,748**	**3,749**		**22,011**
Of which at the end of the financial year:					
Non-current	**10,514**	**7,748**	**-**	**-**	**18,262**
Current	**-**	**-**	**3,749**	**-**	**3,749**

6. Other notes

6.1 Subsidiaries

MANAGEMENT JUDGMENT AND UNCERTAINTIES RELATED TO ESTIMATES

The Group's management has applied particular judgment to the consolidation of Vala Group Oy and Supercharge Kft. in the Consolidated Financial Statements. As at the financial statements date, the Group owns 81.5% of Vala Group Oy and 55% of Supercharge Kft. Instead of separating the non-controlling interests, due to both parties' redemption right, a liability is recognised at fair value through profit or loss.

The Group's parent and subsidiary relationships as at 31 December 2023 are as follows:

Changes in group structure
Siili Solutions Plc founded a subsidiary focusing on AI-assisted software development, Siili Spaiks Oy.

Name of the company	Group's holding	Domicile
Siili Solutions Plc	Parent	Helsinki, Finland
Siili One Oy	100%	Helsinki, Finland
Siili Spaiks Oy	100%	Helsinki, Finland
Haallas Finland Oy	100%	Joensuu, Finland
Vala Group Oy [1]	81.5%	Helsinki, Finland
Siili Auto Oy	100%	Helsinki, Finland
Subsidiaries owned by Siili Auto Oy		
Siili Solutions Sp. z o.o.	100%	Wrocław, Poland
Siili Solutions GmbH	100%	Berlin, Germany
Siili Solutions Inc.	100%	Delaware, USA
Supercharge Kft. [1]	55%	Budapest, Hungary
Subsidiaries owned by Supercharge Kft.		
Supercharge London Ltd.	55%	London, United Kingdom
Supercharge Netherlands B.V.	55%	Amsterdam, Netherlands
Supercharge GmbH	55%	Vienna, Austria
Supercharge Inc.	55%	Delaware, USA

[1] Vala Group Oy and Supercharge Kft. are 100% consolidated into the Group.

6.2 Associated company

ACCOUNTING POLICY

Associated companies are companies in which the Group has significant influence. Significant influence arises when the Group holds more than 20% of the company's votes or otherwise has significant influence, but not control, over the company. Associated companies are consolidated in the Consolidated Financial Statements using the equity method. If the Group's share of losses in an associated company exceeds its interest in the associate, the investment is entered in the statement of financial position at zero value, and losses exceeding the carrying amount are not recognised unless the Group has other obligations related to the associate.

Associated companies are consolidated into the Consolidated Financial Statements from the date when the Group has acquired significant influence and disposed associates until the date when the significant influence ceases.

The Group disposed of its 49% ownership in the associated company Knome Oy in the financial year 2022. The company is no longer consolidated into the Siili Group.

Share in an associated company

EUR 1,000	2023	2022
Acquisition cost 1 Jan	-	10
Decreases	-	-10
Acquisition cost 31 Dec	**-**	**-**

EUR 1,000	2023	2022
Group's share of an associated company's result for the period	-	-86

6.3 Related party transactions

The Group's related parties include the parent company, subsidiaries and an associated company (until 31 December 2022). Related parties also include the members of the parent company's Board of Directors, the CEO and rest of the Group's Management Team as well as their close family members.

Information on Group companies is presented in Note 6.1 Subsidiaries, while the remuneration of the CEO and rest of the Management Team is discussed in Note 2.3 Employee benefit expenses.

Transactions with an associated company

EUR 1,000	2023	2022
Sales	-	17
Purchases	-	476
Capital loan receivables	-	-
Receivables	-	-
Liabilities	-	12

In the financial year 2023, the Group did not have other material related party transactions than transactions between Group companies. These related party transactions are undertaken on market terms.

6.4 Commitments and contingent assets

Commitments given on own behalf

EUR 1,000	**2023**	**2022**
Lease collateral	353	368
Company pledges	23,075	23,075
Corporate cards	83	83
Lease guarantees	324	327

Bearer bonds are held at Nordea Bank AB (publ), Finland branch.

More detailed information on financial liabilities is presented in Note 5.6 Financial liabilities and other interest-bearing liabilities.

Disputes and litigation

The Group does not have pending disputes or litigations.

6.5 Material events after the financial year

The company does not have material events after the financial year.

PARENT COMPANY'S FINANCIAL STATEMENTS, FAS

Parent company's income statement

EUR	Note	1 Jan 2023 –31 Dec 2023	1 Jan 2022 –31 Dec 2022
REVENUE	3.1	**77,525,181.30**	**76,473,505.78**
Other operating income	3.2	416,905.96	311,806.96
Materials and services	3.3		
External services		-32,346,271.98	-31,859,361.25
		-32,346,271.98	-31,859,361.25
Employee benefit expenses	3.4		
Salaries and fees		-27,112,745.01	-28,029,450.26
Personnel-related expenses			
Pension expenses		-4,815,406.73	-4,630,460.10
Other personnel related expenses		-769,123.48	-1,094,269.86
		-32,697,275.22	-33,754,180.22
Depreciation, amortisation and impairments	3.5		
Depreciation and amortisation according to plan		-1,051,947.31	-1,694,054.34
		-1,051,947.31	-1,694,054.34
Other operating expenses	3.6	-8,399,862.57	-7,763,681.04
OPERATING PROFIT		**3,446,730.18**	**1,714,035.89**
Financial income and expenses	3.7		
Income from group undertakings		2,525,602.93	2,097,738.19
Other interest and financial income		398,571.25	206,493.74
Interest expenses and other financial expenses		-215,940.16	-954,676.90
		2,708,234.02	1,349,555.03
PROFIT BEFORE APPROPRIATIONS AND TAXES		**6,154,964.20**	**3,063,590.92**
Appropriations	3.8	-2,353,000.00	686,600.00
Income taxes	3.9		
Taxes for the period		-358,369.29	-623,748.83
		-358,369.29	-623,748.83
PROFIT FOR THE PERIOD		**3,443,594.91**	**3,126,442.09**

Parent company's statement of financial position

EUR	Note	31 Dec 2023	31 Dec 2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	4.1		
Goodwill		637,558.27	1,070,703.88
Intangible rights		332,800.00	416,000.00
Other non-current costs		65,218.11	79,307.12
Development costs		671,259.07	343,237.71
Advance payments		189,864.75	125,842.42
Total intangible assets		1,896,700.20	2,035,091.13
Tangible assets	4.2		
Machinery and equipment		286,477.91	331,565.73
Advance payments		-	0.00
Total tangible assets		286,477.91	331,565.73
Investments	4.3		
Shares in Group companies		32,488,998.74	28,445,994.51
Share in an associated company		-	0.00
Total investments		32,488,998.74	28,445,994.51
Total non-current assets		**34,672,176.85**	**30,812,651.37**
CURRENT ASSETS			
Receivables			
Long-term receivables	4.4		
Receivables from an associate		-	0.00
Total non-current assets		-	0.00
Current	4.5. 4.6		
Trade receivables		12,059,656.13	11,226,639.35
Receivables from Group companies		2,636,046.96	1,180,218.96
Other receivables		61,510.46	86,501.55
Prepaid expenses and accrued income		2,569,931.38	2,192,151.38
Total current assets		17,327,144.93	17,685,511.24
Liquid funds		22,616,238.33	29,479,494.06
Total current assets		**39,943,383.26**	**44,165,005.30**
TOTAL ASSETS		**74,615,560.11**	**74,977,656.67**

EUR	Note	31 Dec 2023	31 Dec 2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	4.7, 4.8		
Share capital		100,000.00	100,000.00
Reserve for invested unrestricted equity		27,451,385.22	27,398,439.14
Treasury shares		-461,413.59	-
Profit (loss) for previous financial years		5,879,169.13	4,407,838.61
Profit (loss) for the period		3,443,594.91	3,126,442.09
Total shareholders' equity		**36,412,735.67**	**35,032,719.84**
LIABILITIES			
Non-current liabilities	4.9, 4.10		
Loans from financial institutions		6,230,357.96	8,743,179.32
Total non-current liabilities		6,230,357.96	8,743,179.32
Current liabilities	4.11-4.14		
Loans from financial institutions		2,512,821.42	2,512,821.42
Advances received		1,115,929.62	1,685,100.74
Trade payables		2,405,457.30	1,426,644.05
Liabilities to Group companies		18,351,936.02	16,335,412.75
Other liabilities		2,224,898.23	2,304,774.21
Accrued expenses		5,361,423.89	6,937,004.34
Total current liabilities		31,972,466.48	31,201,757.51
Total liabilities		**38,202,824.44**	**39,944,936.83**
TOTAL EQUITY AND LIABILITIES		**74,615,560.11**	**74,977,656.67**

Parent company's statement of cash flow

EUR	Note	1 Jan 2023 –31 Dec 2023	1 Jan 2022 –31 Dec 2022
Cash flow from operations			
Result before appropriations and taxes		6,154,964.20	3,063,590.92
Adjustments:			
Depreciation and amortisation according to plan	3.5	1,051,947.31	1,694,054.34
Financial income and expenses	3.7	-2,708,234.02	-1,349,555.03
Other non-payment income and expenses		102,298.74	34,817.21
Cash flow before change in working capital		**4,600,976.23**	**3,442,907.44**
Change in working capital			
Change in current non-interest-bearing trade receivables		-1,823,802.90	-326,589.20
Change in non-interest-bearing liabilities		-2,245,247.24	1,179,773.33
Cash flow from operations before financial items and taxes		**531,926.09**	**4,296,091.57**
Interest received		410,216.25	12,594.74
Interest paid and payments for other financial expenses of operating activities		-203,436.84	-696,875.93
Direct taxes paid		-539,731.36	-932,050.23
Cash flow from operations		**198,974.14**	**2,679,760.15**
Investments			
Investments in tangible and intangible assets	4.1, 4.2	-631,169.76	-887,418.02
Proceeds from the sale of tangible and intangible assets		13,948.00	0.00
Acquisition of subsidiaries	4.3	-4,201,225.26	-4,192,768.63
Dividends received from subsidiaries	3.7	1,975,602.93	2,987,691.79
Investments in and capital refunds from associated companies	4.4	18,891.00	293,500.00
Cash flow from investments		**-2,823,953.09**	**-1,798,994.86**

EUR	Note	1 Jan 2023 –31 Dec 2023	1 Jan 2022 –31 Dec 2022
Financing			
Non-current loans, repayments	4.9	-2,517,857.16	-2,517,857.16
Share subscriptions with stock options	4.7	52,946.08	88,549.15
Acquisition of treasury shares	4.7	-494,797.39	-
Share issue		-	14,597,000.00
Dividends paid	4.7	-1,621,796.96	-1,264,022.82
Group contribution received		-	360,000.00
Group contribution paid		-67,000.00	-840,000.00
Change in Group cash pool liabilities		410,228.65	2,512,624.45
Cash flow from financing		**-4,238,276.78**	**12,936,293.62**
Net increase (+) / decrease (-) in liquid funds		**-6,863,255.73**	**13,817,058.91**
Liquid funds at beginning of the financial year		**29,479,494.06**	**15,662,435.15**
Liquid funds at end of the financial year		**22,616,238.33**	**29,479,494.06**

Notes to the parent company's financial statements

1. Basic information on the company

Siili Solutions Plc is a Finnish public limited-liability company providing software systems development services. Its share is quoted on the main list of NASDAQ Helsinki Ltd since 20 April 2016. The company is domiciled in Helsinki and its registered address is Ruoholahdenkatu 21, Helsinki. Copies of the financial statements are available online at www.siili.com/en or at the company's registered address.

The Board of Direcotrs has approved these financial statements for publication on 26 February 2024. Under the Finnish Limited Liability Companies Act, the shareholders may either adopt or reject the financial statements after their publication. The Annual General Meeting may also decide to amend the financial statements.

2. Accounting policies

Siili Solutions Plc's financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

FOREIGN CURRENCY ITEMS

Transactions in foreign currencies are recorded at the rate of exchange prevailing on the transaction date. Receivables and liabilities in foreign currencies on the balance sheet on the financial statements date are translated using the exchange rate prevailing on the financial statements date. Translation differences are recognised in the financial statements through profit or loss.

RECOGNITION OF REVENUE FROM SALES

Revenue consists of work sales, project deliveries, maintenance and licence sales. In calculating revenue, indirect taxes, discounts granted, and foreign exchange rate differentials are deducted from the sales revenue.

Sales revenue from services is recognised in the period when the service is delivered. Revenue from maintenance and licence sales is recognised over the contract period.

Income and expenses from project deliveries are recognised as revenue and expenses based on the completion rate when the outcome of the project can be reliably estimated. Revenue recognition based on completion rate is always based on estimates of total income and expenses over the project duration as well as a reliable measurement of the progress of the project. If estimates of the project's end result change, the income-adjusted sales will be changed in the financial year in which the change is first known and can be estimated. Any loss expected from a project is immediately recognised as an expense.

OTHER OPERATING INCOME

Proceeds from sale of PPE, government grants and charges for services delivered to subsidiaries are recognised in other operating income. Government grants are recognised in the period when the costs they are intended to compensate have emerged and the company considers itself entitled to the grant.

RESEARCH AND DEVELOPMENT COSTS

Any research costs related to the development of the company's services are directly written off as annual expenses in the income statement. Development costs are either expensed in the income statement or capitalised on the statement of financial position on a case-by-case basis.

PENSIONS

The statutory pension cover for the company's personnel is arranged by statutory pension insurance plans. Statutory pension costs are recognised as an expense in the year of accrual.

RENTS AND LEASE PAYMENTS

Rents and leasing expenses are recognised as annual expenses in accordance with Finnish accounting legislation.

TAXES

The income statement includes the company's income taxes based on taxable profit for the period as well as adjustments to prior year taxes.

TANGIBLE AND INTANGIBLE ASSETS

Tangible and intangible assets are recognised at initial acquisition cost and depreciated and amortised on a straight-line basis. The applicable depreciation and amortisation periods and methods are as follows:

- Intangible assets 3–10 years, straight-line
- Tangible assets 3–5 years, straight-line

TRADE AND OTHER RECEIVABLES

Trade and other receivables are measured at nominal value. A credit loss allowance is recognised on trade receivables based on case-specific risk assessment. The credit loss allowance is recognised through profit or loss as an expense for the period.

LIQUID FUNDS AND LOANS FROM FINANCIAL INSTITUTIONS

Liquid funds include cash and cash equivalents, bank accounts, the group account and highly liquid bank deposits with an agreed maturity. Utilised overdraft facilities are presented in current liabilities in the statement of financial position. Loans from financial institutions are included in current and non-current liabilities in the statement of financial position. Interest expenses are recognised in the period when they arise.

EQUITY AND DIVIDENDS

The Board of Directors' proposal on dividend distribution is not deducted from distributable equity until approved by the Annual General Meeting of shareholders.

TREASURY SHARES

The acquisition of treasury shares and related transaction costs are presented in the reserve of treasury shares. Transfers of treasury shares are presented as an increase in the reserve of treasury shares and as a reduction of retained earnings.

PROVISIONS

A provision is made when the company has a legal or constructive obligation based on an earlier event and it is likely that the performance of the obligation will require a payment and the amount of the obligation can be estimated reliably. The provision is presented in the statement of financial position either in non-current or current liabilities based on its nature.

DERIVATIVES INSTRUMENTS

Derivatives contacts entered into for hedging interest rate risk are measured at fair value. Interest rate differentials related to derivatives contracts recognised based on the accruals principle as financial income and expenses.

MANAGEMENT'S JUDGMENT AND THE USE OF ESTIMATES

The preparation of financial statements requires the management of the company to make estimates and assumptions affecting the contents of the financial statements. Although the estimates are based on management's best current view, the outcomes may differ significantly from the estimates. Any changes in estimates and assumptions are reflected in reporting for the financial year when the estimate or assumption is revised as well as all subsequent financial years. Estimates related to the financial statements are mainly related to the recognition of revenue from long-term projects, amortisation of goodwill and provisions.

Russia's war of aggression against Ukraine has not had and is not expected have a direct impact on Siili's business. However, the elevated general uncertainty and inflation in 2023 affected in particular our clients' investment decisions, thereby also weighing on Siili's business. These factors are expected to continue to affect Siili's business in the current financial year. According to management observations and estimates, the impacts of the market environment in the financial year 2023 were moderate, and they are expected to remain at a similar level in 2024.

3. Notes to the income statement

3.1 Breakdown of revenue by market area

EUR	2023	2022
Sales in Finland	73,247,952.75	73,130,138.44
Sales to abroad	4,277,228.55	3,343,367.34
Total	**77,525,181.30**	**76,473,505.78**

EUR	2023	2022
Revenue from projects based on completion	1,524,098.44	1,667,492.55
% of revenue	2.0%	2.2%

3.2 Other operating income

EUR	2023	2022
Grants received	162,323.00	109,130.00
Other	28,635.00	6,707.43
Services to Group companies	211,999.96	195,969.53
Total	**402,957.96**	**311,806.96**

3.3 Materials and services

EUR	2023	2022
External services	32,346,271.98	31,859,361.25
Total	**32,346,271.98**	**31,859,361.25**

3.4 Information on personnel and related parties

EUR	2023	2022
CEO's salaries and remuneration	282,798.00	462,976.00
Board of Directors' salaries and remuneration	162,450.00	152,100.00
Other salaries and remuneration	26,667,497.01	27,414,374.26
Pension expenses	4,815,406.73	4,630,460.10
Other personnel related expenses	769,123.48	1,094,269.86
Total	**32,697,275.22**	**33,754,180.22**

More detailed information is provided in Note 6.3 Related-party transactions.

	2023	2022
Average number of personnel	403	421

3.5 Depreciation, amortisation and impairments

EUR	2023	2022
Tangible assets		
Machinery and equipment	115,051.12	132,114.58
Immaterial rights		
Goodwill	674,427.53	1,448,432.84
Other intangible assets	262,468.66	113,506.92
Total	**1,051,947.31**	**1,694,054.34**

3.6 Other operating expenses

EUR	2023	2022
Voluntary personnel-related expenses	1,144,294.16	1,181,090.42
Travel expenses	346,457.15	289,494.88
Lease and vehicle expenses	1,765,373.30	1,678,405.63
IT expenses	2,632,102.58	2,288,833.27
Marketing, sales promotion and communications expenses	609,235.31	561,207.98
Expert services	665,254.86	433,272.20
Service purchases from Group companies	318,280.69	498,290.67
Other operating expenses	918,864.52	833,085.99
Total	**8,399,862.57**	**7,763,681.04**

Audit fees

EUR	2023	2022
Audit fees	147,735.00	131,930.00
Tax advisory	0.00	1,515.00
Certifications and opinions	15,774.00	16,305.00
Other services	0.00	3,965.00
Total	**163,509.00**	**153,715.00**

3.7 Financial income and expenses

EUR	2023	2022
Dividends from Group companies	2,525,602.93	2,097,738.19
Interest income and other financial income	398,571.25	206,050.91
Foreign exchange gains	-	442.83
Loss on disposal of an associat-ed company	-	-200,899.00
Interest expenses on loans from financial institutions	-171,412.29	-204,499.27
Impairment of a capital loan eceivable	18,891.00	-76,450.00
Other financial expenses	-54,976.87	-446,093.03
Foreign exchange losses	-8,442.00	-26,735.60
Total	**2,708,234.02**	**1,349,555.03**

3.8 Appropriations

EUR	2023	2022
Group contribution received	300,000.00	753,600.00
Group contribution paid	-2,653,000.00	-67,000.00
Total	**-2,353,000.00**	**686,600.00**

3.9 Income taxes

EUR	2023	2022
Tilikauden verot	-371,866.04	-623,748.83
Tax for previous financial years	13,496.75	-
Total	**-358,369.29**	**-623,748.83**

4. Notes to the statement of financial position

4.1 Goodwill and intangible assets

EUR	Goodwill	Immaterial rights	Other non-current expenses	Development costs	Advance payments	Total
Acquisition cost 1 Jan 2023	13,802,395.18	416,000.00	464,487.78	358,637.03	125,842.42	15,167,362.41
Additions	241,281.92	0.00	38,689.40	242,433.99	276,099.95	798,505.26
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Reclassifications	0.00	0.00	0.00	212,077.62	-212,077.62	0.00
Acquisition cost 31 Dec 2023	14,043,677.10	416,000.00	503,177.18	813,148.64	189,864.75	15,965,867.67
Acc. amortisation 1 Jan 2023	-12,731,691.30	0.00	-385,180.66	-15,399.32	0.00	-13,132,271.28
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation for the period	-674,427.53	-83,200.00	-52,778.41	-126,490.25	0.00	-936,896.19
Acc. amortisation 31 Dec 2023	-13,406,118.83	-83,200.00	-437,959.07	-141,889.57	0.00	-14,069,167.47
Carrying amount 31 Dec 2023	**637,558.27**	**332,800.00**	**65,218.11**	**671,259.07**	**189,864.75**	**1,896,700.20**

EUR	Goodwill	Immaterial rights	Other non-current expenses	Development costs	Advance payments	Total
Acquisition cost 1 Jan 2022	13,802,395.18	0.00	451,866.81	0.00	77,796.38	14,332,058.37
Additions	0.00	416,000.00	0.00	44,467.08	362,935.99	823,403.07
Disposals	0.00	0.00	0.00	0.00	-720.00	-720.00
Reclassifications	0.00	0.00	12,620.97	314,169.95	-314,169.95	12,620.97
Acquisition cost 31 Dec 2022	13,802,395.18	416,000.00	464,487.78	358,637.03	125,842.42	15,167,362.41
Acc. amortisation 1 Jan 2022	-11,283,258.46	0.00	-287,073.06	0.00	0.00	-11,570,331.52
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Amortisation for the period	-1,448,432.84	0.00	-98,107.60	-15,399.32	0.00	-1,561,939.76
Acc. amortisation 31 Dec 2022	-12,731,691.30	0.00	-385,180.66	-15,399.32	0.00	-13,132,271.28
Carrying amount 31 Dec 2022	**1,070,703.88**	**416,000.00**	**79,307.12**	**343,237.71**	**125,842.42**	**2,035,091.13**

4.2 Tangible assets

EUR	Machinery and equipment	Advance payments	Total
Acquisition cost 1 Jan 2023	2,357,398.42	0.00	2,357,398.42
Additions	69,963.30	0.00	69,963.30
Disposals	-97,390.09	0.00	-97,390.09
Reclassifications	0.00	0.00	0.00
Acquisition cost 31 Dec 2023	2,329,971.63	0.00	2,329,971.63
Acc.depreciation 1 Jan 2023	-2,025,832.69	0.00	-2,025,832.69
Disposals	97,390.09	0.00	97,390.09
Depreciation for the period	-115,051.12	0.00	-115,051.12
Acc. depreciation 31 Dec 2023	-2,043,493.72	0.00	-2,043,493.72
Carrying amount 31 Dec 2023	**286,477.91**	**0.00**	**286,477.91**

EUR	Machinery and equipment	Advance payments	Total
Acquisition cost 1 Jan 2022	2,277,876.10	0.00	2,277,876.10
Additions	60,022.46	19,499.86	79,522.32
Disposals	0.00	0.00	0.00
Reclassifications	19,499.86	-19,499.86	0.00
Acquisition cost 31 Dec 2022	2,357,398.42	0.00	2,357,398.42
Acc. depreciation 1 Jan 2022	-1,893,718.11	0.00	-1,893,718.11
Disposals	0.00	0.00	0.00
Depreciation for the period	-132,114.58	0.00	-132,114.58
Acc. depreciation 31 Dec 2022	-2,025,832.69	0.00	-2,025,832.69
Carrying amount 31 Dec 2022	**331,565.73**	**0.00**	**331,565.73**

4.3 Investments

Shares in Group companies

EUR	2023	2022
Carrying amount 1 Jan	28,445,994.51	24,253,225.88
Increases in the period	4,043,004.23	4,192,768.63
Carrying amount 31 Dec	**32,488,998.74**	**28,445,994.51**

Share in an associated company

EUR	2023	2022
Carrying amount 1 Jan	-	200,900.00
Decreases in the period	-	-200,900.00
Carrying amount 31 Dec	**-**	**0.00**

During the financial year 2022, Siili Solutions Plc divested its 49% holding in the associated company Knome Oy to Rainmaker Group Oy.

4.4 Non-current loan receivables

Loans granted to an associated company

EUR	2023	2022
Carrying amount 1 Jan	-	369,950.00
Loans granted during the financial year	-	122,500.00
Loan repayments	-	-416,000.00
Impairments on loan receivables	-	-76,450.00
Carrying amount 31 Dec	**-**	**0.00**

4.5 Receivables from Group companies

EUR	2023	2022
Trade receivables	1,032,446.96	421,540.69
Other receivables	-	5,078.27
Dividend receivables	550,000.00	-
Group contribution receivables	1,053,600.00	753,600.00
Total	**2,636,046.96**	**1,180,218.96**

4.6 Current receivables

Prepaid expenses and accrued income

EUR	2023	2022
Receivables related to projects based on completion	175,979.84	91,716.82
Other allocation of income	204,581.47	492,219.81
Derivatives receivables	78,325.00	111,692.00
Other accrued income and prepaid expenses	555,601.86	143,823.12
Advances paid	1,553,190.01	1,352,699.63
Total	**2,567,678.18**	**2,192,151.38**

Trade and other current receivables

EUR	2023	2022
Trade receivables	12,059,728.14	11,227,263.53
Credit loss allowance	-72.01	-624.18
Lease collateral receivables	58,177.46	86,500.55
Deposits with an agreed maturity	-	3,000,000.00
Other short-term receivables	3,333.00	1.00
Total	**12,121,166.59**	**14,313,140.90**

4.7 Changes in shareholders' equity

EUR	2023	2022
Share capital 1 Jan	100,000.00	100,000.00
Share capital 31 Dec	100,000.00	100,000.00
Reserve for invested unrestricted equity 1 Jan	27,398,439.14	12,712,889.99
Share subscriptions with stock options	52,946.08	88,549.15
Share issue	-	14,597,000.00
Reserve for invested unrestricted equity 31 Dec	27,451,385.22	27,398,439.14
Treasury shares 1 Jan	-	-
Acquisitions of treasury shares	-494,797.39	-
Transfers of treasury shares	33,383.80	-
Treasury shares 31 Dec	-461,413.59	-
Retained earnings 1 Jan	7,534,280.73	5,671,861.43
Distribution of dividends	-1,621,727.80	-1,264,022.82
Transfers of treasury shares	-33,383.80	-
Retained earnings 31 Dec	5,879,169.13	4,407,838.61
Profit for the period	3,443,594.91	3,126,442.09
Total shareholders' equity	**36,412,735.67**	**35,032,719.84**

4.8 Statement of distributable funds

EUR	2023	2022
Reserve for invested unrestricted equity	27,451,385.22	27,398,439.14
Retained earnings	5.879.169.13	4,407,838.61
Profit for the period	3.443.594.91	3,126,442.09
Less capitalised development costs	-861,123.82	-469,080.13
Total distributable funds	**35,913,025.44**	**34,463,639.71**

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.26 (0.20) per share be paid for the financial period 2023.

4.9 Interest-bearing liabilities

EUR	2023	2022
Maturing in in the following the financial year	2,512,821.42	2,512,821.42
Maturing later	6,230,357.96	8,743,179.32
Total	**8,743,179.38**	**11,256,000.74**

Company pledges of EUR 23,000 thousand are placed as collateral for loans and a credit line of EUR 2,500 thousand. At the end of financial years 2023 and 2022, the credit line was not utilised.

4.10 Liabilities maturing later than in five years

EUR	2023	2022
Loans from financial institutions	-	744,641.00
Total	**-**	**744,641.00**

4.11 Advances received

EUR	2023	2022
Advance payments received from projects based on completion	32,831.39	429,544.93
Advance payments received, other	1,083,098.23	1,255,555.81
Total	**1,115,929.62**	**1,685,100.74**

4.12 Liabilities to Group companies

EUR	2023	2022
Trade payables	2,704,523.03	3,680,560.03
Other liabilities	3,747.30	7,415.68
Group contribution liability	2,653,000.00	67,000.00
Group cash-pool liability	12,990,665.69	12,580,437.04
Total	**18,351,936.02**	**16,335,412.75**

4.13 Trade and other payables

EUR	2023	2022
Trade payables	2,405,457.30	1,426,644.05
Withholding tax liabilities	610,745.80	644,206.45
VAT liabilities	1,583,828.89	1,629,635.42
Other short-term payables	30,323.54	30,932.34
Total	**4,630,355.53**	**3,731,418.26**

4.14 Accrued expenses

EUR	2023	2022
Salary costs	72,181.70	84,305.29
Vacation pay and related social costs	4,019,903.93	4,130,811.66
Social cost liabilities	727,516.94	787,217.05
Other accruals	541,821.32	1,934,670.31
Total	**5,361,423.89**	**6,937,004.31**

5. Other notes

5.1 Collateral provided, commitments and other guarantees

Lease liabilities

EUR	2023	2022
Maturing in in the following the financial year	1,676,905.87	1,473,597.01
Maturing later	648,438.50	1,329,051.97
Total	**2,325,344.37**	**2,802,648.98**

Commitments provided

EUR	2023	2022
Lease collateral	86,500.55	86,500.55
Lease guarantees	113,062.78	113,062.78
Corporate cards	58,927.26	63,987.17
Total	**258,490.59**	**263,550.50**

Collateral

EUR	2023	2022
Company pledges	23,000,000.00	23,000,000.00
Total	**23,000,000.00**	**23,000,000.00**

5.2 Share

Largest registered shareholders as at 31 Dec 2023

	Number of shares	%
Lamy Oy	1,301,267	15.99%
Ilmarinen Mutual Pension Insurance Company	613,350	7.54%
Erina Oy	589,819	7.25%
Elo Mutual Pension Insurance Company	445,000	5.47%
Danske Invest Finland Equity Fund	390,502	4.80%
Varma Mutual Pension Insurance Company	324,034	3.98%
OP-Finland Small Cap Fund	298,979	3.67%
Säästöpankki Small Cap Mutual Fund	128,150	1.57%
Säästöpankki Kotimaa Fund	116,250	1.43%
Narvanto Kirsi Annuli	115,700	1.42%
Kurek Wojciech	74,123	0.91%
Aktia Nordic Small Cap Mutual Fund	58,250	0.72%
Yli-Krekola Antti Veikko	49,200	0.60%
Oy Famkro Ab	45,400	0.56%
Järviseudun Peruna Oy	40,000	0.49%
Siljamäki Samuli Johannes	37,000	0.45%
Ilmoniemi Mika Kalervo	32,012	0.39%
Savolainen Heikki Antero	32,000	0.39%
Toiviainen Yrjö Tapio	30,094	0.34%
Kabaja Konrad Daniel	25,588	0.31%
20 largest, total	4,746,718	58.53%
Nominee registered, total	1,191,725	14.69%
Other shareholders	2,171,683	26.78%
Outstanding shares, total	**8,110,126**	**99.66%**
Treasury shares held by Siili Solutions Plc	27,954	0.34%
Total number of shares	**8,138,080**	**100.00%**

Breakdown of shareholdings 31 Dec 2023

	Number of shareholders	% of shareholders
1–100	3,613	55.74%
101–1,000	2,461	37.97%
1,001–10,000	363	5.60%
10,001–100,000	33	0.51%
100,001–1,000,000	11	0.17%
1,000,001–	1	0.02%
Total	**6,482**	**100%**

Shareholders by sector 31 Dec 2023

	Number of shareholders	% of shareholders
Private companies	203	3.13%
Financial and insurance institutions	14	0.22%
Public sector organizations	3	0.05%
Households	6,224	96.02%
Non-profit instit serving households	10	0.15%
Foreigners	19	0.29%
Nominee registered	9	0.14%
Total	**6,482**	**100%**

The company's shares are quoted on the main list of Nasdaq Helsinki Ltd since 20 April 2016.

Ticker symbol of the share	SIILI
ISIN code	FI4000043435
Highest price during the financial year (EUR)	17.45
Lowest price during the financial year (EUR)	8.24
Closing price at the end of the financial year (EUR)	9.62
Market capitalisation as at 31 December 2023 (EUR)	78,288,330.00
Trading volume 1 Jan–31 Dec 2023 (number of shares)	1,324,810.00
Average price 1 Jan–31 Dec 2023 (EUR)	12.22
Share turnover % of total number of shares	16.3%
Number of shares as at 31 December 2023	8,138,080

5.3 Related-party transactions

Shareholdings of the members of the Board of Directors, CEO and Management Team (number of shares)

	2023	2022
Chief Executive Officer [1]	2,820	0
Board of Directors [2]	6,763	6,763
Management Team	22,227	21,147
Total	**31,810**	**27,910**

[1] Tomi Pienimäki's controlled entity Greater Fool Oy held a total of 15,500 shares as at 31 December 2023, which are excluded from the holdings listed in the table.
[2] Harry Brade's controlled entity Lamy Oy held a total of 1,301,267 shares as at 31 December 2023, which are excluded from the holdings listed in the table.

The company did not have other material related-party transactions than transactions between Group companies. These related party transactions are undertaken on market terms.

Signatures to the financial statements and Report of the Board of Directors.

Helsinki, 26 February 2024

Harry Brade
Chair of the Board of Directors

Anu Nissinen
Member of the Board

Kati Hagros
Member of the Board

Tero Ojanperä
Member of the Board

Jesse Maula
Member of the Board

Tomi Pienimäki
Chief Executive Officer

Auditor's note

Our auditor's report has been issued today.

Helsinki, 26 February 2024

KPMG Oy Ab
Audit Firm

Leenakaisa Winberg, APA

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of Siili Solutions Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Siili Solutions Plc (business identity code 1979903–5) for the year ended 31 December, 2023. The financial statements comprise the consolidated balance sheet, [income statement], statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows 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 IFRS Accounting Standards 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 Audit Committee.

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 2.5 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
Valuation of goodwill and acquisition related intangible assets (reference to the consolidated financial statements and notes 3.1, 3.2 and 3.5)	
The Group has expanded its activities through acquisitions. As a result, the Group's assets include a significant amount of goodwill and acquisition-related intangible assets. At year-end 2023, the group had EUR 32.5 million of goodwill and EUR 7.2 million of intangible assets. Goodwill and intangible assets are tested for impairment annually. Estimating future cash flows in impairment tests involves a significant amount of management judgment in respect of revenue growth, profitability, long-term growth rate and discount rates, among others. Valuation of goodwill and acquisition related intangible assets are considered a key audit matter due to the significant carrying values and high level of management judgement involved.	Our audit procedures regarding impairment testing included, among others: — Assessing the key assumptions used in the calculations, such as profitability levels, discount rates used and long-term growth rate. — Assessing whether the methods and the key assumptions used are appropriate and have been consistently applied year-on-year. — Involving KPMG valuation specialists when considering the appropriateness of the assumptions used in relation to market and industry information, and testing the technical accuracy of the calculations. In addition, we have assessed the appropriateness of the group's disclosures in respect of the impairment testing.

Revenue recognition (reference to the consolidated financial statements and notes 2.1)

Revenue recognition is one of our focus areas for example due to following:

- The company's services consist of tailormade software solutions, and majority of the consolidated revenue is based on hourly billing. Revenue based on service hours is recognized in the financial period in which the provided service was performed. The correctness of the working hours entered in the time tracking system as well as the efficiency of management's controls over those hours are emphasized when assessing the appropriateness of revenue recognition.
- Regarding fixed price projects the satisfaction of the performance obligation shall be monitored throughout the project delivery. Revenue recognition based on satisfaction of performance involves management judgment and estimates especially when forecasting total costs of the project and resources needed.

- Our audit procedures covered assessment of the control environment relating to revenue recognition, as well as testing the operating effectiveness of the associated key controls. In addition, we performed substantive and analytical procedures over revenue.
- We assessed group's revenue recognition principles in relation to IFRS standards.
- We assessed the processes for tracking, recording and invoicing sales. In addition, we assessed the accuracy of the recognition of revenue on accrual basis.
- We assessed the appropriateness of the revenue recognized for projects based on satisfaction of performance and evaluated company's process for identifying potential losses related to these projects.
- In addition, we have assessed the appropriateness of the group's disclosures in respect of revenue.

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 IFRS Accounting Standards 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 on 12 March 2010, and our appointment represents a total period of uninterrupted engagement of 14 years. Siili Solutions Plc became a public interest entity on 20 April 2016. 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 and the information included in the Annual Report, but does not include the financial statements or our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. 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 other information identified above 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. With respect to the report of the Board of Directors, 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 26 February 2024

KPMG OY AB

Leenakaisa Winberg
Authorised Public Accountant, KHT

Board of directors

Harry Brade

b. 1969, M.Sc. (Tech.), MBA, CEFA

Chair of the Board of Directors

Chair of the HR Committee

Lamy Ltd, CEO and Investment Director

Independent of the company

Number of shares: 0 *

*) Harry Brade's controlled entity Lamy Ltd held a total of 1,301,267 shares as at 31 December 2023.

Kati Hagros

b. 1970, M.Sc. (Tech.), M.Sc. (Soc.)

Member of the Board

Member of the Audit Committee

Aalto University, CDO

Independent of the company and its significant shareholders

Number of shares: 2,000

Jesse Maula

b. 1976, M.Sc. (Soc.)

Member of the Board

Member of the Audit Committee

Avidly Plc, CEO

Independent of the company and its significant shareholders

Number of shares: 0

Anu Nissinen

b. 1963, M.Sc. (Econ.)

Member of the Board

Deputy Chair of the Board

Chair of the Audit Committee

Member of the HR Committee

Viestimedia Oy, CEO

Independent of the company and its significant shareholders

Number of shares: 3,888

Tero Ojanperä

b. 1966, D.Sc. (Tech.)

Member of the Board

Member of the HR Committee

Entrepreneur, Board Professional

Independent of the company and its significant shareholders

Number of shares: 875

The composition of the Board of Siili Solutions Plc and the members' shareholdings are presented as at 31 December 2023.

Management team

Tomi Pienimäki

b. 1973, D.Sc. (Tech.), M.Sc. (Econ.)

Chief Executive Officer

Number of shares: 2,820*

*) Tomi Pienimäki's controlled entity Greater Fool Oy held a total of 15,500 shares as at 31 December 2023

Andras Tessenyi

b. 1986, B.Sc.

CEO, Supercharge (Member of the Management Team as of 1 March 2023)

Number of shares: 0

Aleksi Kankainen

b. 1977, M.Sc. (Econ.)

Chief Financial Officer

Number of shares: 3,036

Kari Pirttikangas

b. 1970, M.Sc. (Tech.)

Chief Operating Officer

Number of shares: 16,340

Taru Salo

b. 1980, M.Sc. (Econ.)

Chief People Officer

Number of shares: 1,748

Kenneth Lindfors

b. 1971, MBA

Chief Commercial Officer

Number of shares: 1,103

Siili Solutions Plc shares held by the members of the Management Team and their controlled entities as at 31 December 2023.

The Management Team of Siili Solutions is presented as at 31 December 2023, unless otherwise indicated.

Shareholdings of the Management Team are presented as at 31 December 2023.

Information for shareholders

Financial calendar for 2024

The Annual General Meeting will be held on 3 April 2024.

The business review for 1 January–31 March 2024 will be published on 24 April 2024.
The half-year report for 1 January–30 June will be published on 13 August 2024.
The business review for 1 January–30 September 2024 will be published on 22 October 2024.

Silent period

In its communications, Siili observes a silent period beginning 30 days before the publication of a business review, half-year report or financial statements bulletin. During the silent period, Siili will not comment on the company's financial position, markets or future prospects. During the period, Siili's management will not meet with representatives of the capital markets or the financial media industry or discuss matters related to the company's financial position or prospects. The dates of the silent periods are disclosed in the Investor Calendar available on Siili's website.

General Meeting of Shareholders

The shareholders of Siili Solutions Plc are invited to the Annual General Meeting to be held on Wednesday 3 April 2024 at 2:00 pm in the event venue Eliel at Sanomatalo, Töölönlahdenkatu 2, 00100 Helsinki, Finland.

Shareholders registered on 20 March 2024 (record date for the AGM) in the shareholders' register held by Euroclear Finland Oy, have the right to participate in the Annual General Meeting. Shareholders whose shares are registered on their personal Finnish book-entry account are registered in the shareholders' register of the company. Registration and advance voting will begin on 28 February 2024 at 10:00 am. Shareholders registered in the company's shareholder register who want to participate in the Annual General Meeting by voting in advance must register for the meeting and submit their votes by 25 March 2024 at 10:00 am so that the registration and votes are received by the company by that time. In connection with the registration, the shareholder must provide the information requested, including the shareholder's name, date of birth, email address and telephone number. Personal data given by shareholders to Siili Solutions Plc or Innovatics Oy will be used only in connection with the Annual General Meeting and the processing of related necessary registrations.

Shareholders with a Finnish book-entry account may register and vote in advance on certain items on the agenda of the AGM between 28 February 2024 at 10:00 am and 25 March 2024 at 10:00 am in the following ways:

a) Through the company website using the service available at https://sijoittajille.siili.com/en/general-meeting2024. Logging in the advance voting service is similar to the electronic registration service described in section C. 1. a) of these instructions.

b) By email at agm@innovatics.fi.

Proposals subject to advance voting are considered to have been presented unchanged at the General Meeting, and advance votes will be taken into account in a voting possibly arranged at the AGM venue also in circumstances where an alternative decision has been proposed on the matter. Taking the votes into account requires that shareholders who voted in advance are registered in the company's shareholder register maintained by Euroclear Finland Ltd on the record date of the AGM. Shareholders who have voted in advance cannot request information under the Finnish Limited Companies Act or request a vote at the General Meeting if they or their proxy representative are not present at the General Meeting venue.

Instructions for advance voting are available on the company website at https://sijoittajille.siili.com/general-meeting2024.

Holders of nominee-registered shares have the right to participate in the AGM by virtue of shares that would enable them to register for the company's shareholder register maintained by Euroclear Finland Ltd on the record date of the AGM, i.e. 20 March 2024. In addition, the right to participate requires that the holder of such shares has been registered for the temporary shareholder register held by Euroclear Finland Ltd at the latest on 27 March 2024 by 10:00 am. As regards nominee-registered shares, this is regarded as registration for the Annual General Meeting. Changes in shareholdings after the record date for the AGM do not affect the right to participate in the AGM or the number of votes of the shareholder.

Distribution of dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.26 per share be paid from the company's distributable funds on the adopted balance sheet for the financial year 2023, totalling approximately EUR 2.1 million, and that the remainder of the distributable funds be retained in shareholders' equity. The dividend is to be paid to shareholder registered in the shareholders' register held by Euroclear Finland Oy on the dividend record date 5 April 2024. The Board proposes that the dividend be paid on 12 April 2024.

Investor Relations

Tomi Pienimäki, CEO
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Email: tomi.pienimaki@siili.com

Aleksi Kankainen, CFO
Tel. +358 40 534 2709
Email: aleksi.kankainen@siili.com

Valtteri Taube, Marketing and Communications Director
Tel. + 358 44 335 5990
Email: valtteri.taube@siili.com

Taru Kovanen, General Counsel
Tel. +358 40 417 6221
Email: taru.kovanen@siili.com