



Skarta Group Plc's
Annual Report 2021

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Skarta Group briefly



Skarta is a builder of a clean future with decades of experience in demanding construction projects. Our strategy is based on a strong competence in specialized construction, and we are expanding our activities in the value chain of wind power, solar energy, and hydrogen solutions towards overall projects in clean energy, where we see excellent growth opportunities. Skarta is headquartered in Oulu, and it has more than 180 employees in different locations in Finland and Sweden. Operational companies in Skarta Group are Skarta Group Plc's subsidiary companies Skarta Finland Ltd and Sitema Ltd, as well as Skarta Finland Ltd's subsidiary companies Skarta Energy Ltd, Skarta AB and Niskasen Maansiirto Ltd.

Towards construction and energy project development in the Nordic countries

Year 2021 was full of significant changes, as the name of the company, as well as the industry, organization, and operational companies of the group changed entirely during the summer. Skarta's ongoing business operations now consist of demanding infrastructure, industrial, and energy construction. Skarta is a consortium of entrepreneurs that operates widely in the value chain of projects in clean energy, and its purpose is to build a clean future. All our business areas have been actively developed, and the business operations of the group have been growing both organically and with corporate acquisitions.

Because of the changes in the group structure that took place in the middle of the financial year, the figures in the consolidated financial statements are a combination of ongoing and discontinued business operations. Therefore, performance of the group in its current form can be better estimated with pro forma figures regarding the ongoing business operations. EBITDA of the ongoing business operations for the financial year was nearly 7 percent of turnover and is at a good level in comparison with other companies in the market. Good profitability is a result of excellent work by our personnel, and it has been made possible with careful project selection, comprehensive risk assessments already at the offering phase, as well as efficient project implementation.

We carried out several interesting and demanding projects in 2021. For example, landscaping of the Hitura mine area, foundation work of wind farm

projects, water treatment plants, and challenging casting work at the bioproduct mill site in Kemi were made successfully by our competent personnel. Also, our Swedish subsidiary Skarta AB executed several significant construction projects in the Kiruna region in Northern Sweden.

Our business operations brilliantly support the green transition and reaching the carbon neutrality targets set by the government. Beside construction, we are expanding our activities in the value chain of projects in clean energy towards our own project development. We develop projects in wind and solar power both as individual projects and as a part of our Near Energy concept that we intend to continue to develop towards green hydrogen solutions. During the year, we started, for example, planning the largest solar farm in Finland to the municipality of Utajärvi, and developing a new wind farm in contact with Atria's production facility in Nurmo. Cooperation agreement with Solarigo, that was released in March 2022, is a major addition to our possibilities in solar energy project development.

At the end of the year, we agreed on a transaction in which Skarta acquires the Swedish NYAB Group. The transaction, with which the turnover of the group will multiply, and the number of personnel will double, is intended to be finalized on 31 March 2022. The new SkartaNYAB has very strong position in the Nordic markets. Both companies have a strong position especially in the Norrbotten region in Northern Sweden, where investments of more than a 100 billion euros are

estimated to be made to the carbon-neutral industry during the next 10-20 years. With NYAB's organization, we can also expand our clean energy project development to Sweden.

Ongoing crisis in Ukraine can be seen in Skarta's business operations as well, as prices of materials are increasing, and delivery times are becoming longer. We have paid extra attention to risk management both in offer calculation and project implementation. On the other hand, the crisis has highlighted the importance of energy self-sufficiency, which further speeds up the green transition and, for example, progress of the Near Energy concept.

To conclude, I want to thank our capable and motivated personnel, customers, and other business partners for the successful year. Shareholders must have pondered the complete change of our business, but the development of the company value shows that we have made right choices. With the arrangements made, the company has a strong balance sheet and thus a good position to continue to set up the pace of the green transition and the construction of sustainable infrastructure.

25 March 2022

Tuomas Hirvonen
CEO
Skarta Group Plc

Key figures of the group

	Skarta Group Plc Group			Skarta Finland Ltd Group (ongoing business operations)*		
	2021	2020	Change	2021	2020	Change
Turnover, 1,000 EUR	41,646	8,361	398.1%	77,407	59,247	30.7%
EBITDA, 1,000 EUR	1,895	-835	326.9%	5,349	4,018	33.1%
-share of turnover %	4.6%	-10.0%	14.5 p.p	6.9%	6.8%	0.1 p.p
EBITA, 1,000 EUR	1,317	-838	257.2%	4,215	2,990	41.0%
-share of turnover %	3.2%	-10.0%	13.2 p.p	5.4%	5.0%	0.4 p.p.
Operating profit (EBIT), 1,000 EUR	-838	-1,257	33.3%	3,928	2,961	32.7%
-share of turnover %	-2.0%	-15.0%	13.0 p.p	5.1%	5.0%	0.1 p.p
Profit of the period, 1,000 EUR	-4,885	-1,949	-150.6%	4,191	1,687	148.4%
-share of turnover %	-11.7%	-23.3%	11.6 p.p	5.4%	2.8%	2.6 p.p
Earnings per share, EUR	-0.02	-0.10	80.0%			
Equity per share, EUR	0.19	0.16	18.8%			
Equity ratio %	72.2%	26.6%	45.6 p.p			
Shares at the end of the period	288,397,790	20,054,317	1,338.1%			

Pro forma income statement – ongoing business operations of the Group*

(unaudited)

Skarta Finland Ltd Group (1,000 Euros)	2021	2020
Turnover	77,407	59,247
Other operating income	762	146
Raw materials and services	-57,370	-41,885
Personnel expenses	-9,102	-7,217
Other operating expenses	-6,347	-6,272
EBITDA	5,349	4,018
Depreciation, amortization and reduction in value	-1,421	-1,057
Operating profit (loss)	3,928	2,961
Financial income and expenses	-475	-313
Profit (loss) before appropriations and taxes	3,452	2,647
Income taxes	-268	-508
Minority shares	1,107	-453
Profit (loss) for the financial year	4,191	1,687

*Skarta Group's current group structure was established in the exchange of shares that was executed on 15 July 2021, in which Skarta Group Plc acquired all shares in Skarta Finland Ltd. The income statement and key figures of the ongoing business operations refer to the income statement of the subgroup that consists of Skarta Finland Ltd and its subsidiaries Skarta Energy Ltd, Skarta AB, and Niskasen Maansiirto Ltd, regarding the whole financial period 1 January 2021–31 December 2021. The companies have not been consolidated to Skarta Group Plc's consolidated financial statements until the closing of the exchange of shares. Sitema Ltd, that has been consolidated to the consolidated financial statements as of 1 November 2021, is not a part of the pro forma income statement above.

Regarding financial period that ended on 31 December 2020, the income statement of the ongoing business operations includes Skarta Finland Ltd's income statement from the financial period 1 February–31 December 2020, Niskasen Maansiirto Ltd's income statement as of the acquisition of the company on 1 July 2020, as well as figures of the Skarta AB subgroup from the financial period 1 January–31 December 2020. Therefore, figures from the previous financial years are not comparable with the financial period that ended on 31 December 2021.

Board of Directors' report of activities for the financial period 1 January–31 December 2021

Business operations of Skarta Group during the financial period

The business operations of Skarta Group Plc's ("Company") group changed entirely during the financial year, as it became a builder of a clean future, whose business activities focus on energy, infrastructure, and industrial construction. Companies of the new Skarta Group have decades of experience in demanding construction projects, and they concentrate on, for example, carbon-neutral industrial and wind power projects.

In accordance with the strategy that the Company published in September, the group is expanding its activities towards the development, construction, and ownership of overall projects in clean energy. Skarta has, for example, been developing the Near Energy concept that offers nearby produced renewable electricity for local use with an inexpensive price. Regarding larger-scale projects, in November Skarta launched plans to build the largest solar farm in Finland to the municipality of Utajärvi and acquired more than a hundred hectares of disused peat bogs to implement the project. It is estimated that the decision on the implementation of the project can be made during second quarter of 2022, in which case the construction of the solar farm would take place during the following year.

The change of business was made through the exchange of shares that was executed on 15 July 2021

and in which the Company acquired all shares in current Skarta Finland Ltd, and its name was changed to Skarta Group Plc. The Company had already distributed shares in its subsidiary Privanet Securities Ltd, that carried out investment service operations, as a distribution of assets for its shareholders with a decision made on 9 June 2021, and in connection with the exchange of shares the Company also disposed of shares in PCM Holding Ltd. The basis of the changes was EU's new solvency regulation of investment firms that came into force in June and would have required significant changes to the balance sheet structure of the Company in order to continue business operations with the prior group structure. The Company evaluated that the changes would not have been in the interest of shareholders, as a result of which it ended up dissolving its prior group structure.

In accordance with the new strategy of the Company, the growth of the group is supported with corporate arrangements that have actively been advanced also after the exchange of shares in July. At the end of October, the Company acquired all shares in Sitema Oy, a company from Oulu, through an exchange of shares. Sitema Oy was founded in 2018 and it offers engineering and specialist services in electric grids, renewable energy solutions, property infrastructure, and telecommunications. Sitema Oy has 35 employees and its turnover in financial year 2021 was 3,6 mil-

lion euros and profit for the period 0,3 million euros.

In December, the Company announced that it will acquire Swedish NYAB Group that is concentrated on infrastructure and industrial construction especially in Northern Sweden. A purchase price of 200 million euros will be paid for the shares in NYAB Sverige AB, of which 197.5 million euros will be paid by arranging a directed share issue for the shareholders of NYAB Sverige AB. The transaction is aimed at being finalized at the end of March, when the name of the Company is also intended to be changed to SkartaNYAB Plc.

Operating environment

The most significant market areas of the Skarta Group are energy, infrastructure, and industrial construction, the market situation of which have been very good in Finland during the financial period. According to statistics published by Finnish Wind Power Association in January 2022, year 2021 was a record year for the construction of new wind farms, and the pace of construction is estimated to accelerate further towards the middle of the decade. Also, the volume of infrastructure construction in Finland was at a record high level.

According to the business cycle review published by the Confederation of Finnish Construction Industries RT in October 2021 and the report published by the RAKSU group that is led by the Ministry of Finance in September 2021, demand related to infrastruc-

ture construction in Finland is estimated to slightly decrease in 2022. However, demand in both energy and industrial construction is estimated to increase. Also in Northern Sweden, that is an essential market area for Skarta, significant investments in projects in clean energy are in progress. As a result of the development, the importance of business areas that are at the core of Skarta's strategy is growing further, and group companies operate even more strongly in markets where the demand is estimated to be high for several years.

The increase in prices of materials and occasional availability challenges have caused the most significant changes in the operating environment during the financial period. Especially prices of timber, steel products, concrete, and fuel have been increasing. However, the company has managed to control the risks involved in the prices by control measures taken at the offering and contracting phase of the projects. COVID-19 pandemic has had only minor effects to Skarta's business operations, and the progress and completion of projects have not been in danger.

Financial standing

The consolidated income statement of the Skarta Group Plc group has been prepared according to the applicable accounting regulation so that Skarta Finland Ltd and its subsidiaries have only been consolidated to the income statements after the exchange of shares that took place on 15 July 2021, as of 1 August 2021, and prior subsidiary companies of the group have been consolidated to the income statements until the dissolving of the prior group structure. Sitema Oy has been consolidated to the consolidated financial statements as of 1 November 2021. Therefore, the income

statement from the financial year 2021 does not give a correct view on the ongoing business operations of the group. Also, information of the comparison year consists entirely of information of companies that carried out the discontinued investment service business operations. Turnover of Skarta Finland Ltd subgroup for the whole financial year was 77.4 million euros and profit for the period 4.2 million euros.

The turnover of the group, consolidated according to the applicable accounting regulation, was 41.6 million euros. Approximately 20 percent of the turnover accrued from Sweden and the rest from Finland. Operating profit before amortization and reduction in value of intangible assets was 1.3 million euros. The ultimate result of the year was significantly affected by the amortization of goodwill that originated in the corporate arrangement, 1.8 million euros, as well as non-recurring write-downs regarding the value of Privanet Securities Ltd's subsidiary shares as well as items related to the investment service business operations. Total amount of the write-downs was 3.5 euros, and they have no effect on cash flows. The ultimate loss for the financial year was 4.9 million euros.

Intangible assets of the group mainly consist of the goodwill that was originated in the corporate arrangements that took place during the financial year and the value of which at the end of the year was 36.4 million euros. Tangible assets consist almost entirely of machinery and equipment of the group companies that had a value of 5.2 million euros in the financial statements. Largest part of the investments of the group consists of the investment portfolio that includes shares in unlisted companies and that had a value of 5.0 million euros in the financial statement. The Company no longer values the shares into fair

value, as the financial statement regulation of investment firms no longer applies. In connection with the change of accounting principles, retained earnings of the Company have been adjusted with -0.8 million euros, as the prior valuations that exceeded the purchase prices of the shares have been reinstated to the purchase price.

Equity ratio of the group increased to 72.2 percent during the financial year, whereas at the end of year 2020 it was 26.6 percent. Equity ratio was especially improved by the directed share issues that were arranged in connection with the corporate arrangement that took place in the financial year. Share issues that were paid with in-kind considerations, in shares of Skarta Finland Ltd and Sitema Ltd, increased the equity of the group with 51.5 million euros in total. In addition, unsecured debt instruments of the Company were converted to shares with a value of 5.2 million euros in connection with the exchange of shares in July. After the changes, liabilities of the group consist primarily of loans from credit institutions, as well as short-term accounts payable and accrued debt.

Personnel, management, and administration

One of the key factors for success of the group is well-being and motivated personnel. As a part of the development of the personnel, several trainings and surveys have been done in group companies, and their results are exploited in further development of the group. Skarta Group Plc has also been preparing an incentive program for the personnel that is intended to be put to its final form during the spring. The total number of employees at the end of the financial period was 178 (31 December 2020: 28 employees).

Kim Wiio, Juha Kasanen, Sampsa Laine, and Mika

Lehtimäki were the members of the Board of Directors at the beginning of the financial period. In the Annual General Meeting on 24 May 2021, Mikko Mikkola was elected as a new member to replace Mika Lehtimäki. In the Extraordinary General Meeting on 13 July 2021, Martti Haapala, Markku Kankaala, Matti Manninen, Jari Suominen, and Kim Wiio were elected as new members of the Board. Term of the new Board began on 15 July 2021, when Markku Kankaala was also elected new Chairman of the Board to replace Kim Wiio, and Tuomas Hirvonen was appointed CEO to replace Riku Lindström. At the same time, a new management team was also appointed for the Company.

KPMG Oy Ab was the auditor of the Company until 15 July 2021, Authorized Public Accountant Tapio Raappana being the key audit partner. In connection with the closing of the Exchange of Shares, Authorized Public Accountant Osmo Valovirta and audit firm Ernst & Young Oy, Authorized Public Accountant Anders Forsström being the key audit partner, started as the new auditors of the Company. Valkia Advisors Oy was the Certified Adviser of the Company until 31 May 2021, as of which Augment Partners AB started as the new Certified Adviser of the Company.

Quality, occupational safety and environment

Quality is the basis of everything Skarta does. The group has an ISO 9001 certified quality system that is complied with in all companies. Skarta aims at further unifying the quality practices between group companies. The customer satisfaction of the group companies has also been measured regularly, and customer surveys show that the quality has been at a high level.

Occupational safety is an important matter for Skarta. It is underlined in all operations and followed

and coordinated in a centralized manner. The group has an ISO 45001 certified occupational safety system. Group companies also maintain company-level practices and reporting regarding occupational safety. Skarta is committed to reducing the number of accidents at work and continues to invest in preventive training as well as working equipment and practices that are aimed at a safe working environment. To develop occupational safety, whole personnel has been activated to make observations and initiatives, based on which more and more measures that improve occupational safety can be taken.

Skarta aims at constantly improving its operations to decrease detrimental effects to the environment. Goals of the control of environmental effects are sustainable development, usability of recycled materials, preventing pollution and increasing the environmental awareness of the personnel. Solutions that reduce the burden to the environment are strived for in different projects, for example by optimizing the use of materials. A calculation model for CO₂ emissions has also been developed during the financial period, and with its help the way to construct a wind farm, for example, with as low emissions as possible can be chosen. Group companies have a certified environmental system that is based on ISO 14001 standard.

Share and shareholders

The number of shares in Skarta Group Plc at the end of the financial period was 288,397,790 (20,054,317 in the previous financial period). The average number of shares was 154,226,053 (20,054,317). The number of shares increased in July by 258,230,717 shares in connection with the closing of the Exchange of Shares, as new shares were issued to the shareholders of

Skarta Finland Ltd and the creditors of the Company. In October, the number of shares increased by 10,112,756 shares, as the Company acquired all shares in Sitema Ltd through an exchange of shares. The subscription price per share in the share issues in July was 0.20 euros, and in the share issue in October 0.51 euros. Each share of the Company has one vote and equal rights to dividend and assets of the Company.

Skarta Group Plc had a total of 2,930 shareholders on 31 December 2021. The largest shareholders of the Company were Andament Group Oy (ownership 46.9%), Mininvest Oy (9.2%), Oy Haapalandia Invest Ltd (7.7%), Mikael Sidér (7.6%), and Pekka Niskanen (5.6%). Members of the Board and senior management of the Company, including companies under their control, owned a total of 72.8% of all shares in the Company at the end of the financial period. On 31 December 2021, the share capital of the parent company was 80 000 euros, and the total equity was 55.0 million euros.

Resolutions of General Meetings

Three General Meetings of Skarta Group Plc were held during the financial period. In the Annual General Meeting on 24 May 2021, financial statements and consolidated financial statements from the period that ended on 31 December 2020 were adopted, and the members of the Board of Directors as well as the CEO were discharged from liability. In addition, resolutions regarding the election and fees of the auditors, as well as the members and remuneration of the Board of Directors, were made in the Annual General Meeting.

The Annual General Meeting also authorized the Board of Directors to distribute the shares in Privanet Securities Ltd as a distribution of assets. The Board of

Directors decided on the distribution on 9 June 2021. Assets were distributed from the unrestricted shareholders' invested equity reserve so that the Company distributed all shares in Privanet Securities Ltd, the fair value of which the Board estimated to be 884,918.09 euros, for its shareholders. Shareholders of the companies were given one share in Privanet Securities Ltd for each share in the Company that they owned. Shares in Privanet Securities Ltd were recorded in the book entry accounts of the new shareholders on 14 June 2021.

On 13 July 2021, an Extraordinary General Meeting of Skarta Group Plc was held to decide on measures regarding the closing of the Exchange of Shares. The Extraordinary General Meeting authorized the Board of Directors to decide on directed share issues for the Company's creditors and Skarta Finland Ltd's shareholders, as well as to issue a total of 6,696,000 shares or special rights entitling to shares. The Board of Directors was also authorized to confirm the closing of the Exchange of Shares. In addition, the Extraordinary General Meeting decided to change the articles of association of the Company, on the members and remuneration of the Board of Directors, as well as the election of new auditors. The resolutions of the Extraordinary General Meeting came into effect on 15 July 2021, when the Board of Directors confirmed that the prerequisites for the closing of the Exchange of Shares had been filled.

On 30 September 2021, an Extraordinary General Meeting of Skarta Group Plc was held to decide on the authorization for the Board of Directors to decide on the issuance of a maximum of 100,000,000 shares through a share issue or by giving option rights or other special rights entitling to shares in one or more installments.

The minutes of the General Meetings of Skarta Group Plc that have been held before the closing of the Exchange of Shares are available at <https://privanetgroup.fi/privanet-group/governance>, and minutes after the closing at <https://skartagroup.fi/yhtiokokous/> (in Finnish). The Company had unused authorizations for a share issue given to the Board of Directors worth a total of 98,583,244 shares.

Risks and litigations

Risks and risk management

Risk management in Skarta Group is based on a risk management policy that is approved by the Board of Directors and has a target of recognizing the most significant risk factors continuously and systematically, and systematically implementing and observing control measures related to them. Risk management is an integrated part of the management and tracking systems of the group, and includes risk recognition, evaluation, and contingency plans for the most significant risk. Skarta divides risk factors into strategic risks, operative risks, damage risks, and financial risks.

Strategic risks are assessed when making strategic choices. According to the strategic main directions that the Company published in September, activities of the group are expanded in the value chain of wind power, solar energy, and hydrogen solutions towards the development, construction, and ownership of overall projects in clean energy. The expansion brings new customers and projects with new kind of content for the Company, which together with corporate arrangements carried out to support growth gives new possibilities to grow profitably, but also includes risks related to making successful strategic choices.

Operative and production-related risks mainly regard project deliveries. Failures in offer calculation, implementation of projects, as well as the selection of contractual partners and key personnel may be detrimental for the Company. Risks of the operational activities are managed according to the operating system by recognizing and defining control measures in different stages of the projects. Risks related to the costs of materials and services needed in the projects are managed at a project level with the project delivery agreements and indexing conditions. In addition, changes in external operating environment, such as tightening of the geopolitical situation, may have a detrimental effect in the project implementation as, for example, the material prices are increasing. The group also has valid project agreements at Fennovoima's nuclear power plant site in Hanhikivi, and in case the ongoing crises in Ukraine affects the money transfers regarding the project, work at the working site may not proceed according to plan.

The Company has recognized the significant damage risks and prepared for them with insurances that are customary to the industry. Valid insurances widely cover business operations of the whole group.

Financial risks of the group include interest, credit, liquidity, and currency risks that may have a detrimental effect on the result and financial standing of the Company. Financial risks are followed and controlled with appropriate measures. As the business is growing and expanding towards overall projects in clean energy, there are also changes in financing needs of the Company. For example, significant investment needs may be related to the project implementation and corporate arrangements, and if the Company is not able to raise funding with competitive terms, it

may not be able to implement measures according to its strategy. The business operations of the group will be increasingly concentrated to Swedish markets with both organic growth and corporate arrangements, in which case changes in exchange rates may also have a significant impact in the financial position of the Company.

Ongoing litigations

Skarta Group Plc has certain ongoing litigations regarding transactions that were a part of Privanet Group's investment service operations in 2015-2017 and are related to the Lapis Rakennus group. During 2021, the Company has won litigations in the District Court against the bankruptcy estate of Lapis Rakennus Holding Oy regarding a recovery claim of 356,000 euros raised by the estate and against the bankruptcy estate of Lapis Rakennus Oy regarding contestations to pledges made by the receiver. The matters will continue to be processed in the Appeal Court.

A group of investor clients of the Company's former subsidiary PCM Holding Oy have raised a damage claim against PCM Holding and its prior management in 2018 related to promissory notes of Lapis Rakennus Oy that PCM Holding had been marketed. The amount of the claims is approximately 2.5 million euros. The claimants have also raised damage claims of corresponding size against Skarta Group Plc in December 2021 and requested that the claims are left in abeyance until their claim against PCM Holding has been resolved. Skarta Group Plc regards the claims unfounded and has demanded that they are rejected. According to Skarta Group Plc's legal advisors, it is very unlikely for the Company to be held liable for possible damages caused in the operation of PCM Holding Oy.

Mikkeli Waterworks, as a municipal enterprise owned by the city of Mikkeli, terminated two Skarta Finland Ltd's project agreements in the middle of the projects in March 2020. Skarta Finland Ltd has contested Mikkeli Waterworks' right to termination and raised a claim in the District Court to be compensated for damages caused by the termination, as well as already performed work. Total amount of the claimed damages exceeds 6 million euros, beside which Skarta Finland Ltd has claimed compensation for lost margins of the projects. Amount of the lost margins is confidential information. Mikkeli Waterworks has left a counter claim and claimed damages that have resulted of the breach of project agreements, a total of approximately 1.27 million euros. The main proceedings of the case will be arranged in the District Court in March and April 2022.

Proposal of the Board of Directors for measures regarding result and equity

Skarta Group Plc's result for the financial period that ended on 31 December 2021 was -5 582 038 euros and the distributable assets of the parent company were 54 883 330 euros. The Board of Directors proposes to the Annual General Meeting that no dividends will be paid based on the balance sheet that has been adopted for the financial period that ended on 31 December 2021.

Significant events after the financial period

The Company has continued preparation for the acquisition of NYAB Group. In February, parties of the transaction decided to change the structuring of the arrangement so that it will be implemented almost entirely through an exchange of shares. The new

structuring of the transaction significantly improves the capital structure of the new group, which enables new initiatives for growth strategy execution. Extraordinary General Meeting of the Company, that was held on 17 March 2022, decided to authorize the Board of Directors to decide on the implementation of the transaction and the share issue directed to NYAB Sverige AB's shareholders. The transaction is estimated to be finalized at the end of March, when the name of the Company is also intended to be changed to SkartaNYAB Plc.

Future prospects

The Board of Directors of the Company has set a group-level medium-term financial target of at least 300 million euros of annual turnover and 10 percent EBITDA by 2024. The intended combination with the NYAB Group accelerates the implementation schedule of the targets and gives the Company an excellent opportunity to reach the targets already in earlier financial periods. The Board of Directors estimates that the turnover and EBITDA of the ongoing business operations will increase from the year 2021. When the NYAB arrangement has been closed, the Board will give a more exact group-level financial guidance for the year 2022.

Through the NYAB transaction, resources of the group will grow markedly, and its expertise will increase especially in the Bothnian Arc region, where the planned investments in carbon-free industry and infrastructure in the area for the coming decades will amount to more than a hundred billion euros. The transaction also provides Skarta with an excellent opportunity to grow its Clean Energy business operations in Sweden and expand to be a significant builder of a clean future in the whole Bothnian Arc region.

Opportunities for organic look positive in both Finnish and Swedish markets as well. Through the changes that have taken place in energy markets, demand for domestic energy solutions is estimated to increase, which provides the new SkartaNYAB with new opportunities in the construction of wind and solar power. In wind power construction, Skarta intends to concentrate in BoP projects, in which is responsible for land improvement, foundations and power network of the wind farm in a project-specifically defined scope.

Regarding solar power, the Company intends to invest its own project development in cooperation with Solarigo Systems Oy. Cooperation agreement, according to which they aim at building 1000 megawatts of solar power together, between the companies was released on 23 March 2022. In addition, Skarta continues to develop its Near Energy concept with an aim to provide nearby produced renewable energy for local use of cities, municipalities, and industrial operators.

Ongoing crises in Ukraine also increases risks in Skarta's business operations. The group has no ongoing projects that would be directly affected by the financial sanctions imposed by the EU, but uncertainty regarding the indirect or direct effects in certain projects has increased. In addition, it is possible that other project clients cancel projects, make changes to their scope, and postpone their beginning. Also, general increase in expenses and uncertainties regarding the availability of materials affect the implementation of projects. Especially the increase in prices of fuels, steel products, and concrete, as well as measures to control the increase have a significant effect on the profitability of the projects. Skarta pays extra attention to the risk management relating to the material prices, for exam-

ple, by controlling the validity period of tender offers and with indexing conditions that are tied to prices, but it may not be possible to eliminate all detrimental effects with the terms and conditions of offers given.

Financial reporting

The Company will publish a half-yearly report from the period 1 January–30 June 2022 on Tuesday 30 August 2022. In addition, the Company will publish business reviews regarding the first and the third quarter, when an interim report according to the rulebook of Nasdaq First North Growth Market Finland is not released. Business review for the period 1 January –31 March 2022 will be released on 13 May 2022, and for the period 1 July–30 September 2022 on 11 November 2022.

Oulu, 25 March 2022
Skarta Group Plc
Board of Directors

Key figures

Key figures of the group

	1-12/2021 (12 months)	1-12/2020 (12 months)	Change
Turnover, 1,000 EUR	41,646	8,361	398.1%
EBITDA, 1,000 EUR	1,895	-835	326.9%
- share of turnover %	4.6%	-10.0%	14.5 p.p
EBITA, 1,000 EUR	1,317	-838	257.2%
- share of turnover %	3.2%	-10.0%	13.2 p.p.
Operating profit (EBIT), 1,000 EUR	-838	-1,257	33.3%
- share of turnover %	-2.0%	-15.0%	13.0 p.p.
Profit for the period, 1,000 EUR	-4,885	-1,949	-150.6%
- share of turnover %	-11.7%	-23.3%	11.6 p.p.
Earnings per share, EUR	-0.02	-0.10	80.0%
Equity per share, EUR	0.19	0.16	18.8%
Equity ratio %	72.2%	26.6%	45.6 p.p.
Return on equity (ROE)	-16.7%	-46.8%	30.1 p.p.
Shares at the end of the period	288,397,790	20,054,317	1,338.1%

Key figures of the parent company

	1-12/2021 (12 months)	1-12/2020 (12 months)	Change
Turnover, 1,000 EUR	2,428	6,161	-60.6%
EBITDA, 1,000 EUR	-943	-514	-83.5%
- share of turnover %	-38.8%	-8.3%	-30.5% p.p.
EBITA, 1,000 EUR	-1,043	-515	-102.5%
- share of turnover %	-43.0%	-8.4%	-34.6% p.p.
Operating profit (EBIT), 1,000 EUR	-1,392	-553	-151.7%
- share of turnover %	-57.3%	-9.0%	-48.4% p.p.
Profit for the period, 1,000 EUR	-5,582	-5,747	2.9%
- share of turnover %	-229.9%	-93.3%	-136.6% p.p.
Earnings per share, EUR	-0.02	-0.29	93.1%
Equity per share, EUR	0.19	0.28	-32.1%
Equity ratio %	94.6%	39.7%	54.9% p.p.
Return on equity (ROE)	-18.4%	-68.0%	49.6% p.p.
Shares at the end of the period	288,397,790	20,054,317	1,338.1%

Principles for calculating the key figures

Operating profit (EBIT), % of turnover = $(EBIT \times 100) / \text{Turnover}$

EBITDA, % of turnover = $(EBIT + \text{depreciations, amortization, and reduction in value}) \times 100 / \text{Turnover}$

EBITA = EBIT + amortization and reduction in value of intangible assets

EBITA, % of turnover = $EBITA \times 100 / \text{Turnover}$

Profit for the period, % of turnover = $(\text{Profit for the period} \times 100) / \text{Turnover}$

Earnings per share = $\text{Profit for the period} / \text{Number of shares at the end of the period}$

Equity per share = $\text{Equity at the end of the period} / \text{Number of shares at the end of the period}$

Equity ratio = $\text{Equity} \times 100 / \text{Balance sheet total}$

Return on equity = $\text{Profit for the period} / (\text{Average equity of the financial period} + \text{minority shares})$

Skarta Group Plc's financial statements 1.1.–31.12.2021

Consolidated income statement

	1.1.–31.12.2021	1.1.–31.12.2020
Turnover	41,645,627	8,361,469
Manufacturing for own use	287,638	0
Other operating income	1,017,196	1,098,935
Raw materials and services		
Raw materials and consumables	-12,949,070	-4,046,472
Variation in stocks	-95,466	-2,423,316
External services	-18,013,457	-86,826
Total raw materials and services	-31,057,993	-6,556,615
Staff expenses		
Wages and salaries	-4,476,528	-1,521,906
Social security expenses		
Pension expenses	-690,560	-210,978
Other social security expenses	-375,433	-42,252
Total staff expenses	-5,542,521	-1,775,136
Depreciation, amortization and reduction in value	-2,732,602	-422,634
Other operating expenses	-4,454,866	-1,963,325
Operating profit (loss)	-837,521	-1,257,306

	1.1.–31.12.2021	1.1.–31.12.2020
Financial income and expenses		
Income from other investments held as non-current assets	150,873	147,203
Other interest income and financial income	20,816	62,733
Reduction in value of investments held as non-current assets	-3,382,985	0
Reduction in value of current assets	-245,273	-554,072
Interest and other financial expenses	-520,906	-316,847
Total financial income and expenses	-3,977,475	-660,983
Share of profit in associated companies	71,389	-30,937
Profit (loss) before appropriations and taxes	-4,743,607	-1,949,226
Income taxes	-140,868	0
Profit (loss) of the financial year	-4,884,475	-1,949,226

Consolidated balance sheet

ASSETS	31.12.2021	31.12.2020	CAPITAL, RESERVES AND LIABILITIES	31.12.2021	31.12.2020
Non-current assets			Capital and reserves		
Intangible assets	36,768,772	1,823,666	Subscribed capital	80,000	80,000
Tangible assets	5,480,239	351,916	Reserve for invested unrestricted equity	75,109,236	17,053,958
Investments	5,441,313	8,130,442	Retained earnings	-14,835,377	-12,054,164
Total non-current assets	47,690,324	10,306,024	Profit (loss) for the financial year	-4,884,475	-1,949,226
			Total capital and reserves	55,469,384	3,130,569
Current assets			Appropriations	45,371	0
Stocks	1,806,163	0	Provisions	31,999	1,160,632
Long-term receivables			Creditors		
Other receivables	368,480	27,709	Long-term liabilities		
Total long-term receivables	368,480	27,709	Liabilities to credit institutions	4,092,540	904,000
Short-term receivables			Other creditors	0	5,062,000
Trade debtors	6,651,756	0	Total long-term liabilities	4,092,540	5,966,000
Other debtors	1,467,323	259,655	Short-term liabilities		
Prepayments and accrued income	14,671,059	273,717	Liabilities to credit institutions	1,641,896	0
Total short-term receivables	22,790,138	533,372	Advances received	85,785	0
Investments	35,219	0	Trade creditors	7,105,309	46,000
Cash and cash equivalents	4,140,969	896,238	Other creditors	3,030,861	1,148,708
Total current assets	29,140,969	1,457,319	Accruals and deferred income	5,328,148	311,434
			Total short-term liabilities	17,191,999	1,506,142
Total assets	76,831,293	11,763,343	Total creditors	21,284,539	7,472,142
			Total capital, reserves, and liabilities	76,831,293	11,763,343

Consolidated cash flow statements

	2021	2020
Cash flow from business operations		
Cash receipts from sales	33,472,794	6,576,497
Cash receipts from other income	934,274	
Operating expenses paid	-28,341,654	-8,735,078
Operating cash flow before financing items and taxes	6,065,414	-2,158,581
Interest and payments for financial expenses	-390,559	
Interest and other financial income received	171,689	
Income taxes paid	-170,948	
Cash flow from business operations	5,675,596	-2,158,581
= <i>Cash flow from business operations (A)</i>	5,675,596	-2,158,581
Cash flow from investments		
Investments in tangible and intangible assets	-4,538,461	107,913
Proceeds from sale of tangible and intangible assets	1,502,306	0
Loans given	1,016,000	0
Investments in other investments	-484,063	0
= <i>Cash flow from investments (B)</i>	-2,504,218	107,913

	2021	2020
Cash flow from financing		
Changes in short-term financing loans	1,641,896	
Changes in long-term financing loans	-1,873,460	1,850,623
Purchases and sales of parent company securities		-342
Effects of the changes in group structure	304,917	
= <i>Cash flow from financing (C)</i>	73,353	1,850,281
		0
<i>Change in cash and cash equivalents (A+B+C)</i>	3,244,731	-200,387
CASH AND CASH EQUIVALENTS ON 1 JANUARY	896,238	1,096,625
CASH AND CASH EQUIVALENTS ON 31 DECEMBER	4,140,969	896,238

Income statement of the parent company

	1.1.–31.12.2021	1.1.–31.12.2020
Turnover	2,428,428	6,161,413
Other operating income	369,144	1,542,493
Raw materials and services		
Raw materials and consumables	-503,887	-4,046,472
Variation in stocks	-975,735	-1,838,770
External services	-22	-116,801
Total raw materials and services	-1,479,643	-6,002,044
Staff expenses		
Wages and salaries	-713,174	-876,779
Social security expenses		
Pension expenses	-93,449	-123,355
Other social security expenses	-17,570	-20,771
Total staff expenses	-824,193	-1,020,906
Depreciation, amortization and reduction in value		
Depreciation and amortization according to plan	-349,151	-39,994
Reduction in value	-100,000	0
Total depreciation, amortization and reduction in value	-449,151	-39,994
Other operating expenses	-1,436,801	-1,194,724
Operating profit (loss)	-1,392,216	-553,761

	1.1.–31.12.2021	1.1.–31.12.2020
Financial income and expenses		
Income from other investments held as non-current assets	7,493	147,203
Other interest income and financial income	-11,930	55,722
Reduction in value of investments held as non-current assets	-3,725,759	-4,710,408
Reduction in value of current assets	-142,380	-369,967
Interest and other financial expenses	-317,246	-315,745
Total financial income and expenses	-4,189,822	-5,193,195
Profit (loss) before appropriations and taxes	-5,582,038	-5,746,956
Profit (loss) of the financial year	-5,582,038	-5,746,956

Balance sheet of the parent company

ASSETS	31.12.2021	31.12.2020	CAPITAL, RESERVES AND LIABILITIES	31.12.2021	31.12.2020
Non-current assets			Capital and reserves		
Intangible assets	0	349,151	Subscribed capital	80,000	80,000
Tangible assets	0	337,442	Reserve for invested unrestricted equity	72,850,110	17,053,958
Investments	57,952,925	11,350,566	Retained earnings	-12,384,742	-5,802,236
			Profit (loss for the financial year)	-5,582,038	-5,746,956
Total non-current assets	57,952,925	12,037,159	Total capital and reserves	54,963,330	5,584,766
Current assets			Creditors		
Long-term receivables			Long-term liabilities		
Loan receivables	25,000	0	Liabilities to credit institutions	547,602	904,000
Other receivables	0	21,100	Amounts owed to group undertakings	1,621,612	0
Total long-term receivables	25,000	21,100	Other creditors	250,000	5,062,000
Short-term receivables			Total long-term liabilities	2,419,214	5,966,000
Trade debtors	0	786	Short-term liabilities		
Amounts owed by group undertakings	39,114	884,303	Liabilities to credit institutions	63,007	0
Loan receivables	0	169,785	Trade creditors	343,489	44,689
Other debtors	61,814	58,108	Amounts owed to group undertakings	34,183	61,248
Prepayments and accrued income	13,704	173,229	Other creditors	23,522	1,035,608
Total short-term receivables	114,632	1,286,211	Accruals and deferred income	261,857	1,362,514
Cash and cash equivalents	16,045	710,355	Total short-term liabilities	726,057	2,504,059
Total current assets	155,676	2,017,666	Total creditors	3,145,271	8,470,059
Total assets	58,108,601	14,054,825	Total capital, reserves, and liabilities	58,108,601	14,054,825

Notes regarding the drafting of the financial statement

Drafting principles of the consolidated financial statement

Scope of the consolidated financial statements

Crowhow Oy's ja Noweco Partners Oy's financial statements from the period 1 January – 31 December 2021, Investdeck Oy's financial statement from the period 1 January – 30 June 2021 and PCM Holding Oy's financial statement from the period 1 January – 31 July 2021 have been consolidated to the consolidated financial statement. Financial statements of Skarta Finland Oy, Skarta Energy Oy, Niskasen Maansiirto Oy, and Skarta AB subgroup have been consolidated from the period 1 August – 31 December 2021, and Sitema Oy's financial statement from the period 1 November – 31 December 2021. Associated company only has a minor effect on the financial statement

Financial statements of Crowhow Oy, Noweco Partners Oy, Investdeck Oy, and PCM Holding Oy, from the period 1 January – 31 December 2020 have been consolidated to the consolidated financial statement from the comparison year.

Consolidated financial statement

The Company is a parent company in a group. A consolidated financial statement has been drafted regarding the group and it covers consolidated income statement and balance sheet, as well as cash flow statement. The consolidated financial statement is stored in Skarta Group Plc's premises at Kalajoentie 6, 85100 Kalajoki.

Elimination of internal ownership

The consolidated financial statement has been drafted using the acquisition cost method. The difference between the acquisition cost of the subsidiary company and the equity corresponding to the acquired ownership has been presented as consolidated goodwill. Goodwill is primarily targeted at equipment or other property items of the target company. Goodwill is amortized according to the amortization plan of assets. Untargeted goodwill is presented as an individual item and is amortized in the effect period.

Internal transactions and profit margins

Intra-group business transactions, as well as mutual receivables and liabilities, have been eliminated.

Minority shares

Minority share has been separated from the equity of the subsidiaries in relation to the minority shareholdings.

Associated company

Associated companies have been consolidated using the equity method.

Comparability of the previous financial year

Comparative information of the income statement and balance sheet have been changed to correspond to the presentation in financial year 2021. In previous financial year (1 January – 31 December 2020) the financial statement has been drafted in compliance

with the Act on Credit Institutions, the decree issued by the Ministry of Finance on the financial statements and consolidated financial statements of credit institutions and investment firms, as well as regulations and guidance of the Financial Supervisory Authority.

Financial statement information from the previous financial year is not comparable with financial year 2021, as the nature of business of the group, as well as subsidiary companies that carry out business operations, have changed entirely during financial year 2021. Group companies have been consolidated to the consolidated financial statements from the period they have been in the group.

Valuation principles

Valuation of non-current assets

Intangible and tangible assets have been valued to the purchase price decreased by depreciations according to plan. Group companies comply with a depreciation plan, where asset-specific depreciation periods have been defined.

Purchases of assets, the economic life of which is less than three years, as well as small purchases, have been recorded as expense of the financial year of the purchase in their entirety.

Depreciation periods are:

Buildings.....	10 years
Other capitalised long-term expenses.....	5 years
Machinery and equipment.....	3–10 years
Activated development expenses.....	5 years

Valuation of stocks

Stocks have been valued to the purchase price or a lower probable resale price.

Recording of pensions

Personnel retirement plan has been arranged in an external pension insurance company. Pension costs are recorded as expenses in the year of accrual.

Periodization of income

Income originating from demanding deliverables that have a long manufacturing period has been recorded as income based on the stage of completion. These deliverables includes projects of as significant size.

Stage of completion of long-term projects has been defined in relation of the realized expenses to the estimated total expenses of the projects.

Exchange rate conversions

Figures of the Swedish subgroup nominated in Swedish crowns have been converted to euros so that average exchange rate of each month has been used in the income statement and the rate of the closing day of the financial period has been used in the balance sheet.

Income statement notes

Breakdown of turnover	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
According to percentage of completion	31,110,570	0	0	0
From securities and foreign currency transactions	1,451,373	7,033,537	1,451,373	4,774,400
Other turnover	9,083,684	1,327,932	977,056	1,387,014
Total turnover	41,645,627	8,361,469	2,428,428	6,161,413
Amount of income recognised according to level of completion of long-term projects not yet delivered to customers in the review period and previous periods	48,710,144	0		
Unrecognised income of long-term projects	12_2021	12_2020	12_2021	12_2020
Projects to-be-recognized as profit according to the percentage of completion	31,053,149	0		
Total order book	31,053,149	0		

Aggregated items related to long-term projects	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Accrued income according to the stage of completion	34,689,196	0		
Prepayments received	-29,587,241	0		
Project receivables in current assets	5,101,955	0		

Other operating income	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Profit on sales	47,098	26,445	18,183	24,935
Income from group administration services	0	0	0	890,371
Rental income	156,500	182,010	156,500	182,010
Other	813,598	890,479	194,461	445,175
Total	1,017,196	1,098,935	369,144	1,542,493

Income from group administration services was transferred to turnover during the financial period 2021.

Raw materials and services	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Purchases of securities	-503,887	-4,046,472	-503,887	-4,046,472
Raw materials and consumables	-12,445,183	0	-22	-116,801
External services	-18,013,457	-86,826	0	0
Variation in stocks	-95,466	-2,423,316	-975,735	-1,838,770
Total raw materials and services	-31,057,993	-6,556,614	-1,479,643	-6,002,044

Purchases of securities, as well as variation in stocks, have been transferred to be presented in raw materials and services both for the period 2021 and the comparison year 2020.

Average number of personnel during the financial period

	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Functionaries	58	21	11	10
Workers	23	0	0	0
Total	81	21	11	10

Directors' remuneration

	12_2021	12_2020	12_2021	12_2020
CEOs	399,196	167,020	175,840	155,020
Board members	129,000	96,300	121,500	94,500
Total	528,196	263,320	297,340	249,520

Other operating expenses

	12_2021	12_2020	12_2021	12_2020
Expenses from premises	440,060	440,457	271,272	337,690
Expenses from computer devices and programs	436,634	279,571	175,021	203,205
Marketing expenses	186,190	13,241	142,511	16,116
Administrative services	1,102,264	691,271	680,531	488,558
Other administrative expenses	332,477	391,485	95,578	110,709
Other operating expenses	1,957,241	147,300	71,888	38,445
Total other operating expenses	4,454,866	1,963,325	1,436,801	1,194,724

Auditor's fee

	12_2021	12_2020	12_2021	12_2020
Audit fee	88,710	111,786	60,533	72,528
Other services	90,191	10,590	41,330	10,590

Financial income and expenses

	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Income from other investments in non-current assets				
Dividends received	7,493	18,036	7,493	18,036
Other income from non-current assets	143,380	129,167	0	129,167
Total income from investments in non-current assets	150,873	147,203	7,493	147,203
Other interest and financial income	20,816	62,733	-11,930	55,722
Reduction in value				
Investments held as non-current assets	3,382,985	0	3,725,759	4,710,408
Financial assets	102,892	554,072	0	369,967
Group receivables	142,380	0	142,380	0
Total reduction in value	3,628,258	554,072	3,868,139	5,080,375
Interest and other financial expenses				
To companies in the same group	0	0	13,340	0
To others	520,906	316,847	303,907	315,745
Total interest and other financial expenses	520,906	316,847	317,246	315,745
Total financial income and expenses	-3,977,475	-660,983	-4,189,822	-5,193,195

Income taxes	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Income taxes from actual operations	93,096	0	0	0
Deferred taxes	47,772	0	0	0
Total income taxes	140,868	0	0	0

Balance sheet notes

Notes on assets

	Conso- lidated goodwill	IT programs and licenses	Other long-term expenses	Total
Intangible assets				
Book value 1 January 2021	1,440,359	0	383,307	1,823,666
Changes during the period	36,755,821	67,939	275,416	37,099,176
Depreciations according to plan	-1,782,687	-4,008	-18,224	-1,804,919
Reduction in value	0	0	-349,151	-349,151
Book value 31 December 2021	36,413,493	63,931	291,348	36,768,772

	Land areas and con- nection payments	Machinery, tools, and movables	Prepay- ments	Total
Tangible assets				
Book value 1 January 2021	0	251,916	100,000	351,916
Changes during the period	233,865	5,464,989	8,000	5,706,854
Depreciations according to plan	0	-478,531	0	-478,531
Reduction in value	0	0	-100,000	-100,000
Book value 31 December 2021	233,865	5,238,374	8,000	5,480,239

Figures of the table regard the whole group. Parent company had no intangible or tangible assets as of 31 December 2021.

Investments

	Associated companies	Group companies	Other shares and partici- pations	Total
Book value 1 January 2021	1,338,800	4,264,546	5,981,064	11,584,410
Additions	0	52,692,714	0	52,692,714
Decreases	0	3,919,272	1,833,522	5,752,794
Reduction in value	0	342,774	228,631	571,405
Book value 31 December 2021	1,338,800	52,695,214	3,918,911	57,952,925

Additions and decreases of investments

- Additions in group companies for the financial period include the acquisitions of Skarta Finland Oy (previously Skarta
- Group Oy, 47.4 million euros) and Sitema Oy (5.2 million euros) as in-kind considerations.
- Decreases in group companies include shares of Privanet Securities Oy (3.9 million euros) that were distributed as profit.
- Reductions in value include a write-down that was made to shares in subsidiary company Noweco Partners Oy (0.3 million euros).
- Valuation principles of other shares and participations has been changed during the financial period. Previously they have been recognized at fair values (Accounting Act 5:2 a §, IFRS 9).
- During the financial period the valuation was decided to be made to the purchase price or a lower value (Accounting Act 5:2 §)
- Decreases in other shares and participations include purchases and sales of securities, as well as the change in valuation principles.

Group companies

	Domicile	Group shareholding %
Skarta Finland Oy	Kalajoki	100
Skarta Energy Oy	Kalajoki	100
Niskasen Maansiirto Oy	Haapajärvi	100
Skarta AB	Kiiruna	100
Sitema Oy	Oulu	100
Crowhow Oy	Helsinki	100
Noweco Partners Oy	Helsinki	100

Associated company

	Domicile	Group shareholding %
Before Holding Oy	Helsinki	49.63
Profit for the period		136,105
Equity on 31 Dec 2021		2,470,210

Breakdown of receivables

Long-term receivables

	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Loan receivables			25,000	0
Other receivables	368,480	27,709	0	21,100
Total long-term receivables	368,480	27,709	25,000	21,100

Short-term receivables

	12_2021	12_2020	12_2021	12_2020
Receivables from group companies				
Trade debtors	0	0	17,850	286,852
Loan receivables	0	0	0	290,380
Other receivables	0	0	0	0
Prepayments and accrued income	0	0	21,264	307,071
Total	0	0	39,114	884,303
Receivables from others				
Trade debtors	6,651,756	0	0	786
Loan receivables	0	0	0	169,785
Other receivables	1,467,323	259,655	61,814	58,108
Prepayments and accrued income	14,671,059	273,717	13,704	173,229
Total	22,790,138	533,372	75,518	401,908
Total short-term receivables	22,790,138	533,372	114,632	1,286,211
Relevant items in prepayments and accrued income				
Share of projects that have been handed over and not invoiced	6,802,781	0	0	0
Project receivables	5,101,955	0	0	0
Other prepayments	1,376,653	0	0	0
Interest income	0	80,564	0	80,564
Others	1,447,310	92,576	0	92,576
Total prepayments and accrued income	14,728,699	173,139	0	173,139

Notes on capital, reserves and liabilities

Balance sheet item specific breakdown of additions and reductions of equity and transfers between these items during the financial period.

Capital and reserves

	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Restricted equity				
Subscribed capital on 1 January	80,000	80,000	80,000	80,000
Subscribed capital on 31 December	80,000	80,000	80,000	80,000
Total restricted equity	80,000	80,000	80,000	80,000
Unrestricted equity				
Reserve for invested unrestricted equity				
Book value on 1 January	17,053,958	17,053,958	17,053,958	17,053,958
Profit distribution	-884,918	0	-884,918	0
Share issues with payment	56,681,070	0	56,681,069	0
Effect of disposed subsidiaries	2,259,126	0	0	0
Book value on 31 December	75,109,236	17,053,958	72,850,109	17,053,958

	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Retained earnings				
Result of previous financial years	-14,003,390	-11,931,952	-11,549,192	-5,802,236
Translation differences and adjustments	3,563	-122,212	0	0
Change in the valuation of shares	-835,550	0	-835,550	0
Book value at the end of the period	-14,835,377	-12,054,164	-12,384,742	-5,802,236
Profit/loss for the financial year	-4,884,475	-1,949,226	-5,582,038	-5,746,956
Total unrestricted equity	55,389,384	3,050,568	54,883,330	5,504,766
Total equity	55,469,384	3,130,568	54,963,330	5,584,766
Total distributable equity			54,883,330	5,504,766
Regulated provisions				
Provisions of long-term projects	31,999			

Long-term liabilities

	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Liabilities to group companies				
Liabilities to companies in the same group	0	0	1,621,612	0
Total	0	0	1,621,612	0
Liabilities to others				
Bonds	0	3,062,000	0	3,062,000
Loans from credit institutions	3,842,540	904,000	547,602	904,000
Hybrid loan	0	2,000,000	0	2,000,000
Other long-term liabilities	250,000	0	250,000	0
Total	4,092,540	5,966,000	797,602	5,966,000
Total long-term liabilities	4,092,540	5,966,000	2,419,214	5,966,000

Short-term liabilities

	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Liabilities to group companies				
Trade creditors	0	0	0	15,150
Accruals and deferred income	0	0	0	26,525
Other liabilities to group companies	0	0	34,183	19,573
Total	0	0	34,183	61,248
Liabilities to others				
Loans from credit institutions	1,641,896	0	63,007	0
Advances received	85,785	0	0	0
Trade creditors	7,105,309	46,000	343,489	44,689
Other creditors	3,030,861	1,148,708	23,522	1,035,608
Accruals and deferred income	5,328,148	311,434	261,857	1,362,514
Total	17,191,999	1,506,142	691,874	2,442,811
Total short-term liabilities	17,191,999	1,506,142	726,057	2,504,059

Relevant items in accruals and deferred income

	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Holiday pay liabilities	1,446,183	188,086	66,769	107,807
Pension insurance payments	454,084	36,872	11,197	18,688
Accrued interest expenses	205,456	75,109	167,046	75,109
Others	3,222,425	11,367	16,846	1,160,910
Total	5,328,148	311,434	261,857	1,362,514

Collateral, contingent claims, and commitments

Collateral given from own liabilities and commitments

Enterprise mortgages

	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Enterprise mortgages	7,836,626	0	0	0

Commitments on behalf of companies in the same group

	12_2021	12_2020	12_2021	12_2020
	Guarantees	3,314,800	0	3,314,800

Parent company has given guarantees to guarantee insurance companies for the project guarantees of group companies worth 15 million euros, of which 12.7 million euros is in use.

Commitments on behalf of others

	12_2021	12_2020	12_2021	12_2020
	Guarantees	0	788,040	0
Rental liabilities	1,011,864	59,061	6,944	52,793

Leasing liabilities

	Group		Parent	
	12_2021	12_2020	12_2021	12_2020
Residual value liabilities of leasing limits				
Payable during the following year	78,046	56,244	47,714	15,401
Payable later	237,895		150,760	46,204
Total	315,941	56,244	198,474	61,605

Other liabilities

There are covenants related to secured loans. Agreed specific terms regard, e.g. solvency and EBITDA.

Related party transactions

Skarta Group Plc's related party companies Mininvest Oy, Before Holding Oy, and Investdeck Oy have converted their bond and loan receivables, worth 4 564 254 euros, to new shares in the Company in the directed share issue carried out on 15 July 2021.

Consolidated financial statement includes 459 262 euros of rent payments for business premises, as well as acquired subcontracting services relating to Skarta Finland Ltd's project, that have been paid to Kallastor Oy, management team member Jukka Juola's related party company.

Ledgers used

Subsidiary ledger	Electronic archive
General ledger.....	Electronic archive
Financial statements	Electronic archive
Balance sheet itemization.....	Electronic archive

Documents and archiving

Sales invoices.....	Electronic archive
Purchase invoices	Electronic archive of the recordings
Electronic invoices (purchase invoices).....	Electronic archive
Travel and expense invoices	Electronic archive
Wages and salaries	Electronic archive
Bank statements, proofs of payment	Electronic archive
VAT calculations	Electronic archive
Periodic tax returns.....	Electronic archive

Signatures to the financial statement

In Oulu, 25 March 2022

Markku Kankaala
Chairman of the Board

Martti Haapala
Board member

Matti Manninen
Board member

Jari Suominen
Board member

Kim Wiio
Board member

Tuomas Hirvonen
CEO

Auditor's note

A report on the audit carried out has been submitted today.
In Oulu, 29 March 2022

Osmo Valovirta
Authorized Public Accountant

Audit firm Ernst & Young Oy
Anders Forsström
Authorized Public Accountant

Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of Skarta Group Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Skarta Group Oyj (business identity code 2393685-6) for the year ended 31 December, 2021. The financial statements comprise the balance sheets, the income statements and notes for the group as well as for the parent company and also the cash flow statement for the group.

In our opinion, the financial statements give a true and fair view of the group's and the 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.

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

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 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 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 on 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 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 company 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.

Other reporting requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

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

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

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

Oulu, 29 March 2022

Ernst & Young Oy
Authorized Public Accountant Firm

Osmo Valovirta
Authorized Public
Accountant

Anders Forsström
Authorized Public
Accountant



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