PROVENTIA

ANNUAL REPORT 2022

INDEX

THIS IS PROVENTIA

Proventia Group is a Finnish technology company with international operations. The company provides solutions and services in the engine, non-road machine and vehicle industries to combat climate change and solve the air pollution problem. Our customers include world's top brands in the vehicle and machine industry. We create solutions for our customers to develop cleaner power sources, vehicles and machinery.

Towards a zero-emission future

The company's two business areas focus on promoting the energy efficiency of vehicles and non-road machines towards zero emissions through the development and implementation of various technologies.

Proventia takes people, the environment and future generations into account in all of its operations, with zero emissions being the company's vision.

Proventia develops and manufactures:

- Test solutions for batteries, hydrogen fuel cells, powertrains and electric vehicles
- Systems and components to improve the energy efficiency of non-road machines and reduce emissions

KEY FIGURES

Net sales, MEUR

51.7

Change in net sales, %

+11

Average increase in net sales in 2018–2022: 8% (CAGR)

Operating profit, MEUR

1.9

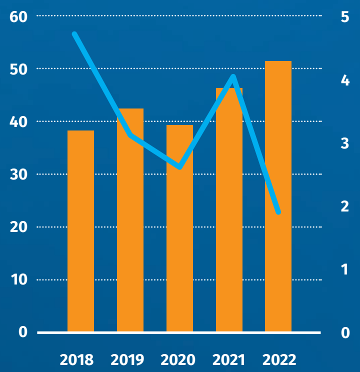
Operating profit, %

3.7

Employees

196

The Group's net sales and operating profit, MEUR



Net sales

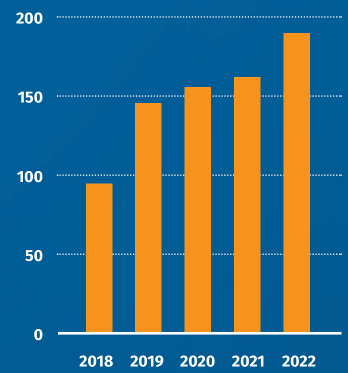
Operating profit

Distribution of net sales

Powertrain Systems and Components 35.8 MEUR (69.3%)

Test Solutions 15.9 MEUR (30.7%)

Average number of personnel 2018–2022



Employees by country

Finland 149

Czech Republic 44

UK 3

PROVENTIA GROUP

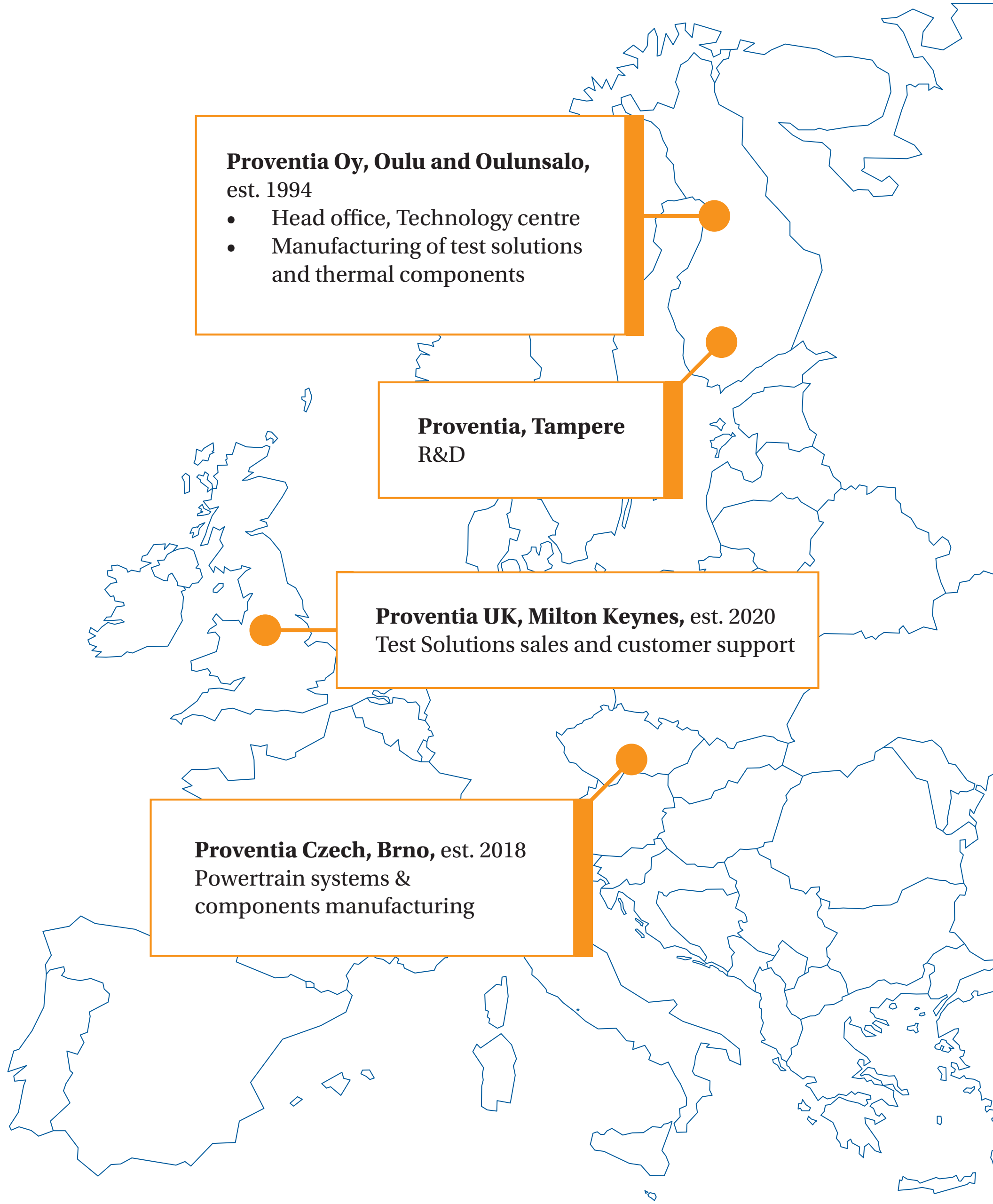
Proventia Group Corporation, the Group's parent company, owns 100% of Proventia Oy. Proventia Oy's wholly-owned subsidiaries are Proventia Czech s.r.o. and Proventia UK Limited.

Proventia

- Proventia Group Corporation
  - Proventia Oy
    - Proventia UK Ltd
    - Proventia Czech s.r.o.

Proventia's business areas

- Test Solutions
- Powertrain Systems and Components
  - Emission Control
  - Thermal Components
  - Electric Powertrain



TOWARDS ZERO EMISSIONS

MISSION, VISION AND VALUES

Our mission and vision guide us towards our goals.

MISSION

We help our customers develop energy-efficient products that help to save the environment and human health.

VISION

Zero emissions

VALUES

Our way of working is based on our values

- *Customers come first*
- *We are a team*
- *Responsible and sustainable*
- *Results guarantee development*

CEO'S REVIEW

Our net sales increased by 11 percent despite challenging market conditions.

We met the demand in full, but challenges in the availability of components continued to be reflected in our customers' production volumes, which limited growth. During the year, the impacts of the Russian attack on Ukraine were strongly reflected in the global economy. Uncertainty and geopolitical tension continued throughout the year, and inflation accelerated. The general increase in costs reduced profitability. The operating profit dec reased from 9 percent in the comparison period to 4 percent in 2022.

The Test Solutions business area's net sales increased significantly

During 2022, net sales of the Test Solutions business increased by 69 percent compared with the previous year. The growth was driven by individual large projects. Despite the strong net sales growth, the profitability of projects was significantly lower than estimated at the time of the sale. The increase in the prices of materials and more demanding new customer projects significantly reduced the profitability of the Test Solutions business year-on-year, which had a significant impact on the group's result as a whole. Improving the profitability of the Test Solutions business is our key goal for 2023.

In sales, we decided to focus on products needed in the development and testing of batteries and hydrogen fuel cells. During 2022, we received new orders for a test solution for battery cell performance and lifetime testing, as well as a test chamber for hydrogen fuel cell systems.

The Powertrain Systems and Components business area is preparing for the future

Net sales in the Powertrain Systems and Components business remained close to the previous year's level. Growth was limited by challenges in the availability of customers' components and materials. During 2022, the Powertrain Systems and Components business mainly prepared for starting the production of customer projects and ensuring delivery capacity.

Emission control

We entered into several significant agreements concerning the design and manufacture of emission control systems for our OEM non-road machine customers. The development of these products started in 2022. The projects will proceed to production at the Czech plant in 2024 and thereafter. In addition, emission control technology designed by Proventia was licensed for manufacture at a third-party plant from 2025 onwards.

In product development, we have started preparing for the requirements of the Tier 5 and EU Stage VI emission legislation, which are expected to enter into force between 2028 and 2030. The importance of smart control will further increase in the operation of future emission systems, and we will continue to invest in control unit development.

In the retrofit customer segment, demand was weak during the 2022 financial year as expected, and net sales decreased. Retrofit projects in public transport decreased in major European cities, but field tests started in Asia may develop into projects and lead to a significant increase in net sales in this customer

> IN THE COMING YEARS, PRODUCTION AT THE CZECH PLANT WILL MULTIPLY WHEN PRODUCTS DEVELOPED IN PREVIOUS YEARS PROCEED TO SERIAL PRODUCTION FROM 2023 ONWARDS.

segment. The demand for retrofit systems for non-road machines has also increased.

Thermal components

The need for thermal insulation solutions has increased, and a significant portion of net sales came from insulation for engines and pipe components. The demand for thermal insulation is increasing with energy efficiency requirements and the demand for emission control systems. We have developed insulation technology and have invested in using 3D printing in the manufacture of tools and prototypes, for example. We are also expanding our thermal insulation production to the Czech Republic.

Electric powertrains

In electric powertrain products, we focused on the battery systems of non-road machines. At the Bauma trade fair in October, we launched a new battery product, the ePRO500+ battery, which is suitable for hybrid and electric non-road machines and can also be used alongside fuel cells in hydrogen-powered non-road machines. With our customers, we have started pilot projects on battery system product development. We believe that battery systems will become a significant power source for non-road machines in the future, alongside internal combustion engines.

We expanded the production capacity of the Czech plant

We have invested in the ramp-up of our Czech plant, and we produced serial production test series in the last quarter of 2022. In the coming years, production at the Czech plant will multiply when products developed in previous years proceed to serial production from 2023 onwards. As expected, our investments in ensuring production and delivery capacity have impacted our profitability in 2022.

Progress in sustainability

We have continued the development of our sustainability work, which started in 2021. We recognise the significance of sustainability for our business operations, and we are committed to developing our operations in line with the principles of sustainable development.

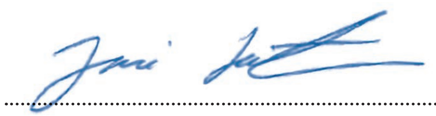
We are participating in the GREEF project, which aims to help companies reduce the environmental impacts of their operations and products and to drive companies towards the goals of low-carbon operations and growth in exports.

In 2022, Proventia's sustainability was verified for the first time in line with the international EcoVadis rating system. We achieved a Silver rating. We calculated greenhouse emissions from our own operations and purchased energy in 2022 and developed the calculation of our indirect emissions. We have also actively sought to commit our suppliers to sustainability.

Electrification and renewable fuels support Proventia's growth and strategy

In the short term, global turbulence and the availability of components may slow growth and reduce profitability. In the long term, the company's markets are expected to develop positively. Stricter emission regulations, electrification, hydrogen and renewable fuels support Proventia's long-term strategy and growth.

I thank our employees for their innovation in the development of new products and their work towards our common goals. I also thank our customers, suppliers, shareholders and other stakeholders for their good cooperation and trust in 2022.



Jari Lotvonen / CEO

KEY EVENTS IN 2022

Jaguar Land Rover

An agreement with Jaguar Land Rover on the delivery of a product development and test centre for electric cars in England.

Ecovadis

The company achieved the Silver level and a ranking in the top 25% in its industry in its first EcoVadis sustainability assessment.

SILVER 2022 ecovadis Sustainability Rating

Czech plant

Czech production moved to significantly larger facilities.

ePRO500+

Launching of the ePRO500+ battery system for hybrid, electric and hydrogen fuel cell-powered non-road machines at the Bauma trade fair in Germany.

Hydrogen technology

A significant order for modules for the testing of hydrogen technology.

New customer project

A win in competitive bidding for an agreement on the design and manufacture of exhaust aftertreatment systems for a major European manufacturer of agricultural machinery.

THE GREEN TRANSITION STRONGLY SUPPORTS OUR STRATEGY EXECUTION, BUSINESS OPERATIONS AND GROWTH POSSIBILITIES IN THE FUTURE.

OPERATING ENVIRONMENT

TECHNOLOGICAL DEVELOPMENT IS GUIDED BY GLOBAL MEGATRENDS

We are living amidst major changes. Megatrends strengthen our understanding of the future and guide our decisions and choices in the development of technologies. They create a picture of long-term changes and promote growth through ideas, innovation and business opportunities.

Currently, the greatest and most challenging megatrend is a global threat: climate change. In the coming years and decades, it will cause irreversible changes on the planet in terms of the water cycle, biodiversity, food production, and so on. To stop global warming, major changes are needed in our ways of thinking and acting.

Our industry is undergoing one of the greatest transitions in its history. Aiming for carbon neutrality and reducing emissions create opportunities for new innovations, technologies and business operations. Together with our customers, we are seeking solutions to facilitate the green transition in transport and the non-road machinery industry.

The market introduction of new innovations calls for investments in product development and testing. Proventia's test solutions enable our customers in the vehicle, battery and non-road machine industries to launch their cleaner products more quickly, safely and cost-effectively.

In the green transition of non-road machinery, there is no single established technology that would be the solution to all the problems we are facing. Stricter emission legislation is creating a need for new technically demanding cleaner solutions of high quality. Fossil fuels will be replaced with renewable fuels, which will enable the resource-wise use of internal combustion engines until the end of their life cycles. Electrification requires the development of battery technology suitable for non-road machines.

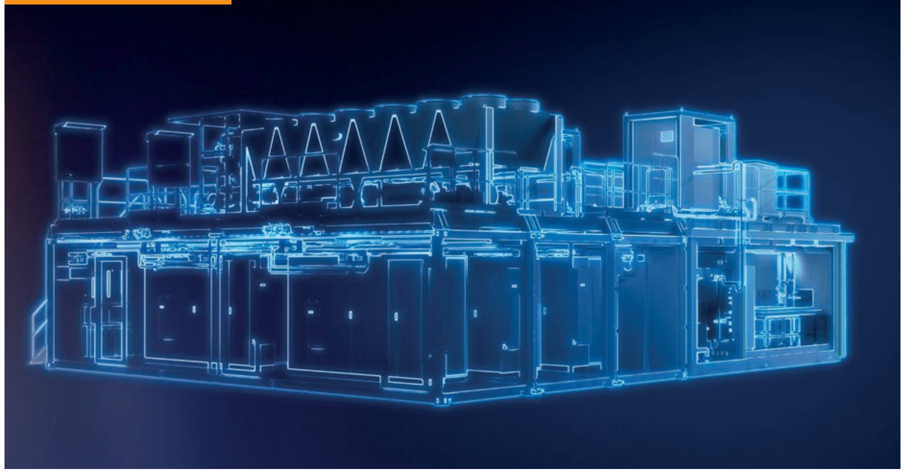
The green transition strongly supports our strategy and business operations and will create growth opportunities in the future. We respond to the climate challenge by providing products and solutions that help our customers develop and offer sustainable products. We are paving the way for new technologies.

Proventia's test solutions enable our customers launch their cleaner products more quickly and safely.

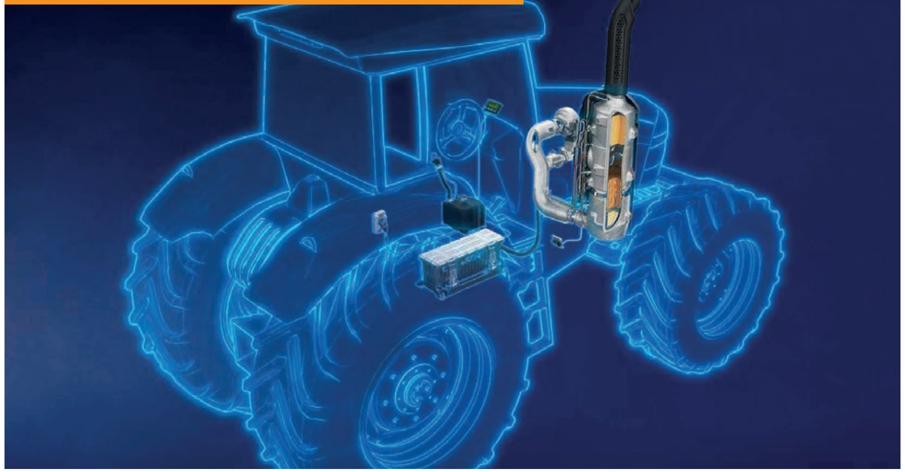
Stricter emission legislation is creating a need for technically demanding solutions.

BUSINESS AREAS IN BRIEF

Test Solutions



Powertrain Systems and Components



We develop cleaner power

Decision-making concerning the power sources of vehicles and non-road machinery is becoming more difficult in a rapidly changing world. Operators in the vehicle and non-road machinery industries need information in order to be able to make decisions concerning power sources. New technologies are also needed to improve energy efficiency, promote the low-carbon approach and reduce emissions. Proventia makes this possible.

Proventia is a partner with solutions that enable the green transition, new power sources and more energy-efficient and lower-carbon vehicles and non-road machines.

Our two business areas focus on developing cleaner power and thereby mitigating climate change and air pollution.

Business areas in figures

Test Solutions
Personnel: 49
Proportion of total net sales: 30.7%

Powertrain Systems and Components
Personnel: 147
Proportion of total net sales: 69.3%

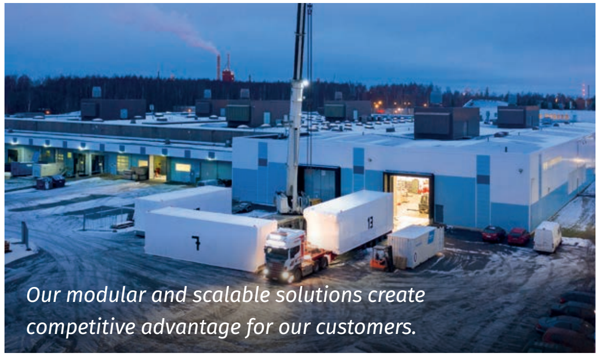
TEST SOLUTIONS

Proventia provides its customers with innovative R&D and test environments for the R&D and testing of batteries, hydrogen fuel cells and electric powertrains, for example. Our customers include research and testing institutions and manufacturers of batteries, cars and non-road machines. Our test solutions are designed and manufactured at our Oulu plant.

Our modular and scalable solutions and quick deliveries create added value and a competitive advantage for our customers. Our R&D and test solutions help to accelerate the development and testing of technologies and launch new products and technologies more quickly and safely. We further specified our business plan in late 2022. In Test Solutions, we decided to focus on test solutions with scalable volumes, such as products needed in the development, testing and handling of batteries, as well as hydrogen fuel cell products.

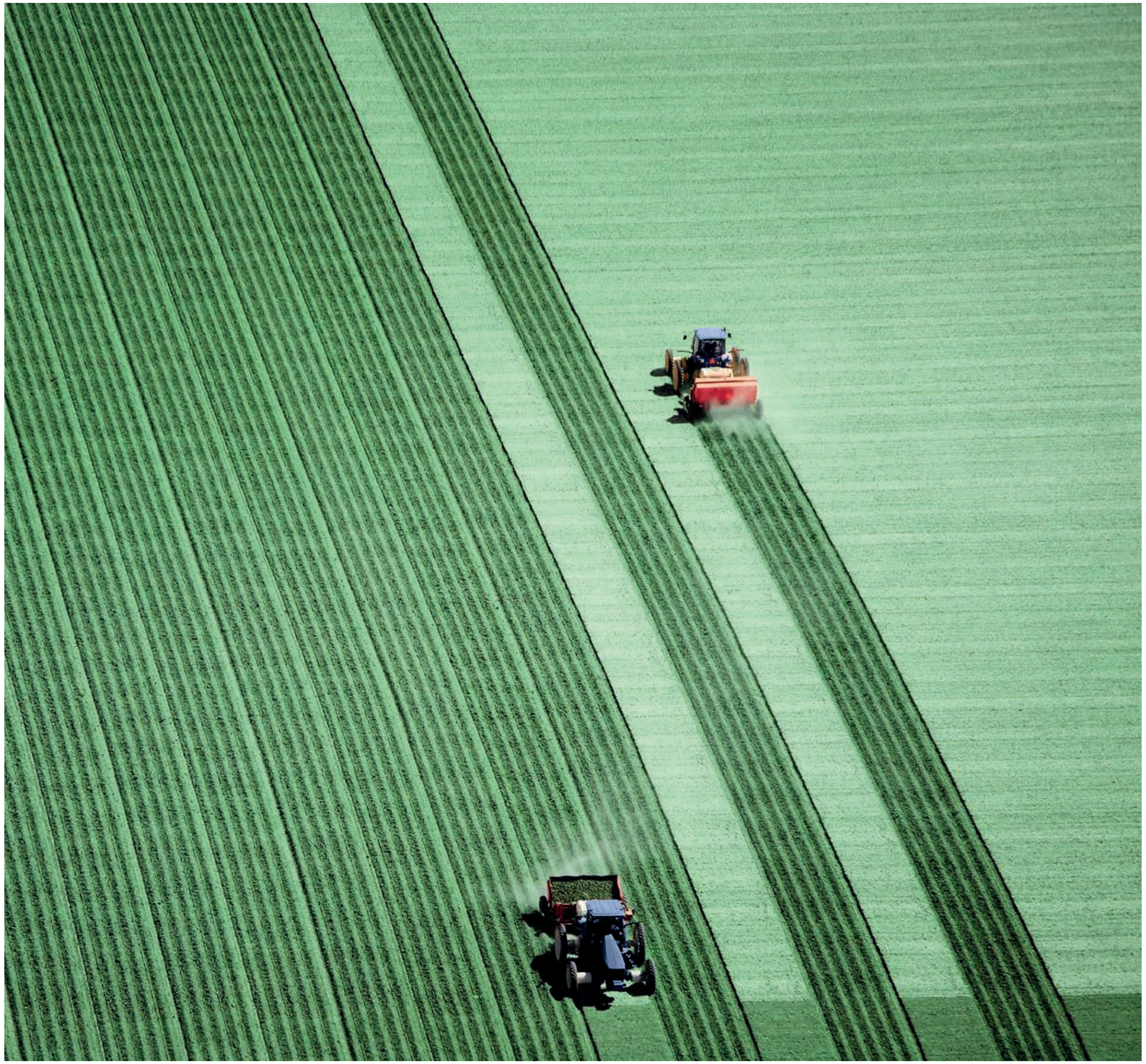
IN TEST SOLUTIONS, WE FOCUS ON BATTERY AND HYDROGEN FUEL CELL SOLUTIONS.

Our test solutions are manufactured at our Oulu plant.



Our modular and scalable solutions create competitive advantage for our customers.

POWERTRAIN SYSTEMS AND COMPONENTS



EMISSION CONTROL

OEM (original equipment manufacturer) customers

In the non-road machinery market, Proventia is known as one of the world's leading developers and suppliers of emission control systems. We provide our customers with exhaust aftertreatment systems that contain patented technologies and smart control systems. We serve as a product development partner and manufacturer of emission control systems for a number of global engine and non-road machinery manufacturers, such as manufacturers of agricultural, forestry, material handling , construction and mining machines.

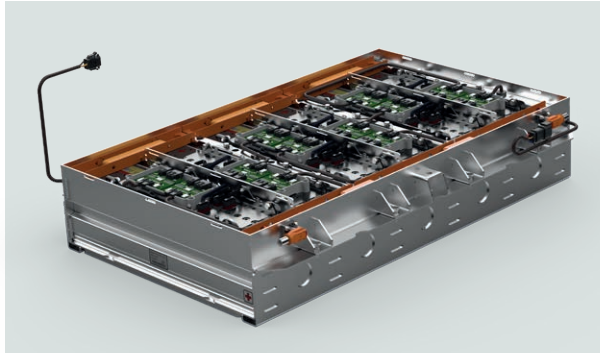
Proventia's superiority is based on technology leadership. The importance of smart emission system control will further increase with stricter emission limits in the future. Product development will continue to focus on this.

We stand out in the market because of our strong product development and technology expertise, our in-house testing capacity, and our plant, which is located close to our customers. Our strengths also

> **WE SERVE A NUMBER OF GLOBAL ENGINE AND NON-ROAD MACHINERY MANUFACTURERS AS A PRODUCT DEVELOPMENT PARTNER AND A MANUFACTURER OF EMISSION CONTROL SYSTEMS**

Proventia develops and manufactures exhaust aftertreatment devices with smart control systems.

The need for thermal insulation will increase with stricter emission requirements.



Proventia's battery solutions are based on safe LTO technology.

include flexibility, speed and non-road machine-specific technology expertise.

Retrofit customers

We also use technologies developed for the non-road machine industry in clean air projects in cities to reduce the local emissions of public transport and utility vehicles by means of retrofit exhaust aftertreatment systems. These technologies are also suitable for retrofitting non-road machines. In the retrofit market, we cooperate closely with local partners.

Thermal insulation

Proventia manufactures thermal insulation for its OEM customers' engine components and compartments. The design and production of thermal insulation is also closely linked to Proventia's own exhaust aftertreatment systems. The need for thermal insulation will increase with higher energy efficiency requirements and stricter emission requirements. Thermal insulation is also needed in electric non-road machines to fulfil fire safety requirements and for battery temperature control. Proventia's thermal insulation components are designed and manufactured at its Oulu plant. With increasing production volumes of exhaust aftertreatment systems, we will expand our thermal insulation production to the Czech plant in the near future.

ELECTRIC POWERTRAINS

Batteries

In its development of batteries for non-road machines, Proventia uses its experience in the testing of electric vehicles and batteries and in non-road machine powertrains. In the R&D of battery systems, the focus is on the development of high-power batteries for electric and hybrid non-road machines. The same battery technology can also be used alongside hydrogen fuel cells in non-road machines. The batteries are designed, tested and manufactured at the Oulu plant.

Proventia has two battery product families: ePRO48 and ePRO500+. The ePRO48 battery makes it possible to optimise the engine size of hybrid non-road machines and thereby reduce fuel consumption and carbon dioxide emissions. The ePRO500+ is a high-power battery solution for hybrid and electric non-road machines.

Proventia's battery solutions are based on the LTO (lithium titanate) battery technology, which is a sustainable and safe solution for non-road machines.

BOTH OF OUR BUSINESS AREAS SUPPORT THE DEVELOPMENT OF CLEANER POWER, REGARDLESS OF THE TECHNOLOGY USED TO PRODUCE THE POWER

SUSTAINABILITY AT PROVENTIA

Proventia's sustainability is based on its vision, mission and values. Sustainability has been integrated into the company's strategy and day-to-day operations. Proventia's business strategy is built on two business areas: Test Solutions for product development and testing in the vehicle industry, and Powertrain Systems and Components to reduce the emissions and improve the energy efficiency of non-road machines. Both business areas support the development of clean power, regardless of the technology used to produce the power.

Our vision is zero emissions. We help our customers develop and manufacture non-road machines, vehicles and batteries that enable their users around the world to lower their carbon footprints and reduce their local emissions. We also contribute to climate change mitigation by actively lowering our carbon footprint.

Organisation of sustainability work

Proventia's Board of Directors and the management are committed to promoting sustainability. In 2022, we established an ESG steering group to monitor, guide, develop and assess matters related to sustainability.

ESG refers to our approach to the environment and how the company is managed and how we treat people.

In 2022, we carried out a materiality assessment to determine the focus areas of our sustainability work in terms of the environment, society and governance.

75	613	11.9	57	24	3
Recycling rate, % (2021: 78%)	Carbon footprint tCO_2e (2021: 793) SCOPE 1 AND 2	Carbon intensity CO_2e/MEUR SCOPE 1 AND 2	Customer satisfaction, NPS	Personnel eNPS (2021:32)	Accident frequency rate (2021:8)

PROVENTIA'S CODE OF CONDUCT

We updated the company's Code of Conduct in 2022. We require all our employees and business partners, along with all parties representing Proventia, to comply with the principles of our Code of Conduct. The Code of Conduct is part of the company's induction programme for new employees.

Proventia's Code of Conduct includes guidelines and policies concerning the following areas:

Customer relationships:

Proventia is an open, reliable and innovative partner for its customers.

Environment:

Proventia is committed to environmental responsibility and takes environmental aspects into account in all decision-making related to business operations.

Working environment:

We are an international and equal workplace community. We care for each other and see diversity as a strength for our company.

Subcontractor and supplier relationships:

Subcontractors and suppliers are an essential part of our supply chain. We select our business partners carefully and objectively.

Compliance with corporate responsibility:

We want to be a good corporate citizen in all our areas of operation.

Conflicts of interest:

We require Proventia's personnel and the members of its Board of Directors to act in the company's interest, including compliance with corporate responsibility.

Data, property and their protection:

We respect industrial property rights, protect confidential material and ensure personal data protection.

Fair competition:

We respect the regulations concerning free and fair competition and are committed to complying with the valid legislation on cartels and other competition legislation.

Communication and contact with stakeholders:

We manage our stakeholder relations with integrity and in a fair and confidential manner.

WE SUPPORT THE UN SUSTAINABLE DEVELOPMENT GOALS

Proventia reviews its sustainability in accordance with the UN 2030 Agenda for Sustainable Development. The Agenda includes 17 Sustainable Development Goals, of which Proventia has chosen three goals for which the company offers solutions through its innovative products and services, or that are important for the company in terms of its employees, supply chain and operations.

SUSTAINABLE DEVELOPMENT GOALS

THESE GOALS ARE AS FOLLOWS:

Goal 13: Climate Action

Proventia develops products and solutions that help to reduce the local and CO_2 emissions of transport and non-road machines and improve the energy efficiency of non-road machines and vehicles.

Goal 8: Decent Work and Economic Growth

Proventia takes care of its employees' mental and physical wellbeing on its part. The company wants to grow and develop with its customers, partners and subcontractors. Its operations are founded on sustainable profitable growth.

Goal 9: Industry, Innovation and Infrastructure

Proventia's solutions improve its customers' competitiveness and success. The company develops innovations into new products and solutions for the vehicle and non-road machine industries. The company actively cooperates with universities and universities of applied sciences.

SUSTAINABILITY FOCUS AREAS: ESG

ESG: ENVIRONMENTAL, SOCIAL, GOVERNANCE

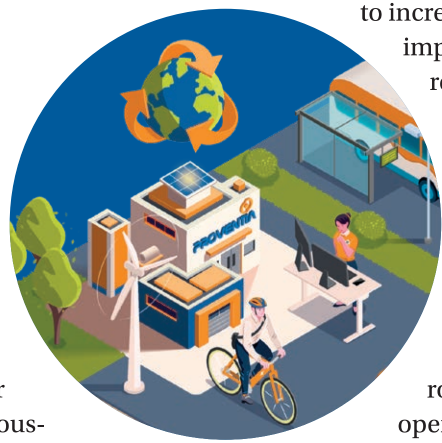
ESG refers to our approach to the environment, how we treat people, and how the company is managed.

ENVIRONMENTAL RESPONSIBILITY

Products and operations that promote sustainable development

Environmental responsibility is an integral part of Proventia's business operations. We develop and manufacture products that enable our customers to manufacture more energy-efficient and lower-carbon products with lower emissions. This enables us to reduce carbon dioxide emissions and local emissions from transport and the use of non-road machines globally.

We take environmental and climate impacts into account in the management and development of our business operations. We actively work to lower our carbon footprint and improve our recycling rate and energy efficiency. Environmental and climate responsibility play a key role in our supplier assessments. We are continuously working to reduce the environmental impacts arising from our suppliers' and subcontractors' operations.



Proventia has continued to develop its carbon footprint calculation in terms of the Group's own operations (Scope 1) and purchased energy (heating and electricity) (Scope 2).

In 2022, Proventia's carbon dioxide emissions (Scope 1 and Scope 2) were 613 tCO_2e (2021: 793). Carbon intensity (CO_2 emissions/ net sales) was 11,9 tCO_2e/MEUR. The company's carbon footprint calculation is based on the GHG Protocol.

We are also developing the calculation of our indirect emissions (Scope3).

We monitor the amount and reuse of waste generated in our operations and seek to increase our recycling rate by improving the efficiency of recycling and sorting.

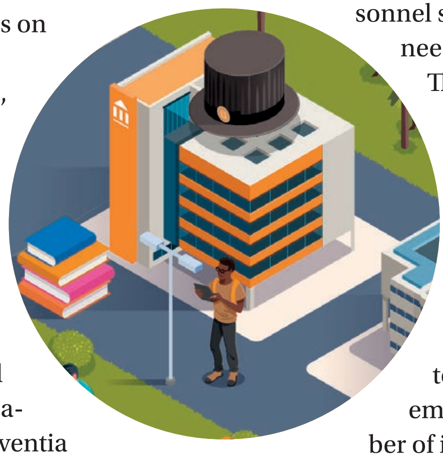
The company's recycling rate was 75% in 2022 (2021: 78%).

We are participating in the GREEF project, which aims to help companies reduce the environmental impacts of their operations and products and to drive companies towards the goals of low-carbon operations and growth in exports. The project covers a number of green industry themes related to low-carbon production and improved energy and material efficiency, among other aspects.

SOCIAL RESPONSIBILITY

Responsibility for people, communities and society

Social responsibility at Proventia covers the impacts of our business operations on our employees, customers, shareholders, subcontractors, suppliers, partners, jobseekers and educational institutions, and the surrounding environment and local communities.



People and wellbeing

Skilled personnel with a high level of wellbeing at work are our company's most important resource. Proventia is committed to providing its employees with a safe, healthy and fair workplace community that takes care of their mental and physical wellbeing on its part. We promote an equal and diverse working culture. The company has an equality and non-discrimination plan in place to develop its operating methods systematically over the long term. Proventia's personnel also implement the principles of equality and non-discrimination in customer contact and stakeholder cooperation.

We monitor our employees' wellbeing and job satisfaction through PDA discussions and an annual personnel survey, based on which development needs are selected for the following year. The themes highlighted in the responses to the 2022 survey included a good working atmosphere and work-life flexibility, among other aspects.

In addition to monitoring its reported Employee Net Promotion Score (eNPS), the company monitors the number of training days, the employee turnover rate and the number of initiatives and inventions. Proventia's eNPS was 24 in 2022 (2021: 32).

Safety at work

Proventia has an occupational health and safety (OHS) committee, an OHS manager and an industrial safety delegate. The goal of our OHS activities is to improve health and safety in the workplace and to promote activities that maintain our employees' working capacity and work motivation. Risks associated with working conditions and operating methods are assessed annually, and the implementation of the development programme is monitored by the OHS committee.

Proventia's accident frequency rate was 3 in 2022 (8 in 2021).

In addition to monitoring its reported accident frequency rate, the company monitors sickness absences and incident reports.

Customer relationships

Our operations are founded on long-term customer relationships. A comprehensive understanding of customers' needs, proactive customer service and the creation of positive customer experiences lay the foundation for Proventia's success. We measure customer satisfaction through an annual business-specific survey. Proventia's excellent ability to respond to customers' needs and its innovative design and approachability were highlighted in the survey responses.

In 2022, we introduced the Net Promoter Score (NPS) indicator in our customer satisfaction survey. Proventia's NPS was 57.

CORPORATE GOVERNANCE

Sustainable growth and development over the long term

Responsibility for governance at Proventia means sustainable financial development over the long term to ensure continuity. We want to ensure growth and profitability and fulfil our financial obligations towards all stakeholders. These obligations include salaries, taxes, dividends and subcontracting fees, for example.

The company operates openly and transparently following the Corporate Governance Code for Finnish listed companies. Good governance at Proventia includes a responsibility matrix, a risk management policy, management systems and the Board of Directors' rules of procedure and committees, among other aspects. The purpose of these systems is to ensure continuous development and the stable and systematic governance and management of the company.

EcoVadis sustainability assessment

In 2022, Proventia's sustainability was assessed for the first time in line with the EcoVadis criteria. EcoVadis assesses companies in accordance with criteria related to the environment, employees and human rights, ethical practices and sustainable procurement.

Proventia was granted a Silver-level rating, meaning that we rank in the top 25% operators in our industry.

Quality and environmental certificates

Proventia is committed to complying with the principle of continuous improvement to develop its internal processes and products, and to reduce its environmental impact. The company wants to be known as a reliable supplier which reacts to customers' needs quickly and proactively. The quality of products and services is a key success factor in the company's operations. The company continuously develops its operations in an environmentally friendlier direction through measures such as environmental processes and audits.

Proventia has the following ISO certificates:

Proventia Oy, Oulunsalo and Oulu:
ISO 9001:2015, ISO 14001:2015

Proventia Czech s.r.o., Kuřim:
ISO 9001:2015, ISO 14001:2015

TABLE OF CONTENTS

Proventia Group's financial statements

Parent company's financial statements

These financial statements must be retained until 31 December 2032.

Proventia Group Corporation
Tietotie 1, FI-90460 Oulunsalo, Finland
Tel. +358 20 78 10 200
www.proventia.com

Domicile: Oulu
Business ID: 1612236-0

PROVENTIA GROUP CORPORATION CONSOLIDATED FINANCIAL STATEMENTS

In brief

- The Group's net sales increased by 11.0% from the previous year to EUR 51.7 (46.6) million.
- The operating profit was EUR 1.9 (4.0) million.
- The profit for the period was EUR 1.5 (3.2) million.
- Cash flow from operating activities was EUR 3.2 (1.9) million.
- Net debt was EUR -3.5 (-4.2) million.
- The number of personnel at the end of the financial year was 196 (163).
- Net sales and the operating profit in 2023 are expected to increase from 2022. However, it is still difficult to make estimates, and the outlook is uncertain because of the prevailing market conditions.

BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR 1 JANUARY – 31 DECEMBER 2022

Review of 2022

The company's net sales increased by 11 percent despite challenging market conditions. Proventia met the demand in full, but challenges in the availability of components continued to be reflected in customers' production volumes, which limited growth. During the year, the impacts of the Russian attack on Ukraine were strongly reflected in the global economy. Uncertainty and geopolitical tension continued throughout the year, and inflation accelerated. The general increase in costs reduced profitability. The operating profit decreased from 9 percent in the comparison period to 4 percent in 2022.

Test Solutions business
During 2022, net sales of the Test Solutions business increased by 69 percent compared with the previous year. The growth was driven by individual large projects. Despite the strong net sales growth, the profitability of projects was significantly lower than estimated at the time of the sale. The increase in the prices of materials and more demanding new customer projects significantly reduced the profitability of the Test Solutions business year-on-year, which had a significant impact on the group's result as a whole. Improving the profitability of the Test Solutions business is the key goal for 2023

In sales, the company decided to focus on products needed in the development and testing of batteries and hydrogen fuel cells. During 2022, the company received new orders for a test solution for battery cell performance and lifetime testing, as well as for a test chamber for hydrogen fuel cell systems.

Powertrain Systems and Components business
Net sales in the Powertrain Systems and Components business remained close to the previous year's level. Growth was limited by challenges in the availability of customers' components and materials. During 2022, the Powertrain Systems and Components business mainly prepared for starting the production of customer projects and ensuring delivery capacity.

Emission Control
The company entered into several significant agreements concerning the design and manufacture of emission control systems for its OEM non-road machine customers. The development of these products started in 2022. The projects will proceed to production at the Czech plant in 2024 and thereafter. In addition, emission control technology designed by Proventia was licensed for manufacture at a third-party plant from 2025 onwards.

In product development, the company has started preparing for the requirements of the Tier 5 and EU Stage VI emission legislation, which are expected to enter into force between 2028 and 2030. The importance of smart control will further increase in the operation of future emission systems, and the company will continue to invest in control unit development.

In the retrofit customer segment, demand was weak during the 2022 financial year as expected, and net sales decreased. In major European cities, retrofit projects decreased in public transport, but field tests have started in Asia that may develop into projects and lead to a significant increase in net sales in this customer segment. The demand for retrofit systems for non-road machines has also increased.

Thermal Components
The need for thermal insulation solutions has increased, and a significant portion of net sales came from insulation for engine and pipe components. The demand for thermal insulation is increasing with energy efficiency requirements and the demand for emission control systems. The company has developed insulation technology and has invested in using 3D printing in the manufacture of tools and prototypes, for example. The company is also expanding its thermal insulation production to the Czech Republic.

Electric Powertrain
In electric powertrain products, Proventia focused on the battery systems of non-road machines. In October, the company launched a new battery product, the ePRO500+ battery, which is suitable for hybrid and electric non-road machines and can also be used alongside fuel cells in hydrogen-powered non-road machines. The company has started pilot projects on battery system product development with its customers. The company believes that battery systems will become a significant

power source for non-road machines in the future, alongside internal combustion engines.

The Czech plant
Proventia has invested in the ramp-up of its Czech plant. During the fourth quarter of 2022, the company produced serial production test series at the plant. In the coming years, production at the Czech plant will multiply when products developed in previous years proceed to serial production from 2023 onwards. As expected, the company's investments in ensuring production and delivery capacity reduced its profitability in 2022.

Strategy and its implementation in 2022

Proventia's goal is to be the leading supplier of technology for the engine, non-road machine and automotive industries. With its innovative and high-quality solutions and services, the company aims to help its customers to develop products that save the environment and people's health by improving the energy efficiency of vehicles and non-road machines and reducing their harmful emissions.

Proventia has two business areas: Test Solutions and Powertrain Systems and Components. The Powertrain Systems and Components business area consists of three product lines: Proventia Emission Control (PEC), Proventia Thermal Components (PTC), and Proventia Electric Powertrain (PEP).

At the core of the company's strategy is technological excellence, which is implemented through synergies in different business areas. The company maintains the highest level of expertise in its field and recognises the opportunities and threats presented by technological breakthroughs. The evolving legislation and the electrifying automotive and non-road machinery industries are opening up new business opportunities for the company.

In the Test Solutions business, the company focused on R&D environments for electric vehicles and their batteries in line with its strategy. The company started creating a product development solution for hydrogen fuel cells in 2022 and also received a customer order for the solution in the second half of the year. In battery solutions, the company continued its close cooperation with Keysight Technologies, a manufacturer of testing equipment.

In the Powertrain Systems and Components business area, the company continued to invest in the R&D and manufacturing of exhaust aftertreatment systems and thermal insulation components. In emission control products, the company is preparing for the next emission regulations and is investing in smart emission system control, for example. In 2022, the company introduced a high-capacity battery for hybrid and electric non-road machines that can also be used in hydrogen-powered non-road machines alongside fuel cells.

A comprehensive understanding of customer needs, proactive customer service and positive customer experiences form the basis of the company's success. With the gradual easing of the restrictions caused by the coronavirus pandemic during 2022, trade fairs were organised, and customers were met more actively than in previous years. The Bauma trade fair, in particular, was a success for the company. Proventia's technology portfolio attracted a great deal of interest.

According to its manufacturing strategy, the company focuses on the final assembly of products and acquires components effectively from subcontractors. If necessary, the company manufactures critical components and assemblies independently. The company strengthened its production capacity for powertrain systems and components by moving into larger production facilities in the Czech Republic. During 2022, the company made preparations to ensure the production and delivery capacity of its Czech plant. In the Test Solutions business area, the final assembly of modules takes place at the Oulu plant.

Proventia will continue to develop its innovations into new products and solutions for the electrifying automotive and non-road machinery industries. Potential technology and business acquisitions are part of the company's growth strategy.

The company increased its investments in responsibility and aims to actively reduce its carbon footprint.

The company seeks controlled and profitable growth in its business areas, together with both current and future customers.

Key figures: performance and financial position

PROVENTIA GROUP'S KEY FIGURES

Sums in EUR	2022	2021	2020
Net sales	51,692,324	46,554,953	39,351,805
Operating profit	1,902,521	4,040,233	2,603,584
Operating profit, %	3.7%	8.7%	6.6%
Return on equity (ROE), %	7.7%	18.8%	13.4%
Equity ratio, %	65.3%	64.9%	53.1%
Return on capital employed (ROCE), %	11.7%	22.9%	16.7%
Net debt	-3,494,052	-4,177,233	-1,407,278

PARENT COMPANY'S KEY FIGURES

Sums in EUR	2022	2021	2020
Net sales	2,655,171	2,228,667	1,726,207
Operating profit/loss	-9,260	-93,058	-55,118
Operating profit, %	-0.3%	-4.2%	-3.2%
Return on equity (ROE), %	0.1%	32.4%	0.0%
Equity ratio, %	97.2%	97.4%	97.1%
Return on capital employed (ROCE), %	0.1%	32.1%	0.0%
Net debt	-703,810	-1,995,543	-231,066

THE KEY FIGURES HAVE BEEN CALCULATED AS FOLLOWS:

Return on equity (ROE), %

$$\frac{\text{Profit before appropriations and taxes – taxes}}{\text{Average shareholders' equity during the year}} \times 100$$

Equity ratio, %

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$$

Return on capital employed (ROCE), %

$$\frac{\text{Profit before appropriations and taxes + financial expenses}}{\text{Average shareholders' equity during the year + average interest-bearing liabilities during the year}} \times 100$$

Net debt

Interest-bearing liabilities – cash and cash equivalents

Net sales and the development of profit

In 2022, Proventia's net sales increased by 11.0% from the previous year to EUR 51.7 (46.6) million. (The figures in brackets refer to the corresponding period in the previous year, unless otherwise indicated.) The Powertrain Systems and Components business area's net sales decreased by 3.6% to EUR 35.8 (37.2) million. The Test Solutions business area's net sales increased by 69.2% from the comparative period to EUR 15.9 (9.4) million. Its operating profit decreased by 52.9% to EUR 1.9 (4.0) million in 2022. Profit was EUR 1.5 (3.2) million. Undiluted earnings per share were EUR 0.10 (0.23), while diluted earnings per share were EUR 0.09 (0.21).

Balance sheet, cash flow and financing

At the end of 2022, the consolidated balance sheet total stood at EUR 47.4 (43.1) million. The Group's equity ratio was 65.3% (64.9%). The Group's cash flow from operating activities was EUR 3.2 (1.9) million. At the end of 2022, the Group's liquid assets amounted to EUR 4.8 (6.3) million. In addition, the company has a revolving credit facility of EUR 4.0 million, of which EUR 0.0 (0.0) million was in use on the closing date. On 31 December 2022, the Group's interest-bearing liabilities stood at EUR 1.3 (2.1) million.

Research and development

R&D expenses totalled EUR 1.9 million (EUR 1.2 million in 2021 and EUR 1.1 million in 2020), comprising 3.7% of the Group's net sales (2.6% in 2021 and 2.7% in 2020). R&D expenses of EUR 1.5 (0.6) million have been capitalised on the balance sheet as development expenses (EUR 0.2 million in 2021 and EUR 0.2 million in 2020). R&D expenses recognised through profit or loss totalled EUR 0.4 million (EUR 0.6 million in 2021 and EUR 0.9 million in 2020).

Investments

The Group's investments in tangible and intangible assets were EUR 3.2 (1.4) million.

Personnel

During the financial year, the Group had an average of 185 employees (158 employees in 2021 and 152 employees in 2020). At the end of the financial year, the Group had 196 employees (163 employees in 2021 and 142 employees in 2020). Of these, 149 worked in Finland, 44 in the Czech Republic and 3 in the UK.

Group structure

The Group's parent company is Proventia Group Corporation, which is a Finnish limited liability company. The company is domiciled in Oulu, Finland.

The Group's subsidiaries are Proventia Oy, Proventia Czech s.r.o. and Proventia UK Limited.

Board of Directors, management and auditors

Harri Suutari, Lauri Antila, Tommi Salunen, Johnny Pehkonen and Kalle Kekkonen were elected members of the Board of Directors at the Annual General Meeting on 31 March 2022. The Board selected Harri Suutari as its Chair.

The Board of Directors appointed the Audit Committee from among its members. Tommi Salunen has served as the Audit Committee's Chair, and Kalle Kekkonen as its member.

The Group's Management Team consists of the following roles and members: Jari Lotvonen, CEO; Kaisu Kivioja, CFO; Petri Saari, Vice President, Proventia Emission Control; Aaro Heilala, Director, Proventia Thermal Components; Harri Kervinen, Director, Proventia Test Solutions; Arno Amberla, Director, Technology, Proventia Emission Control; and Tomi Palovaara, and Director, Production, Proventia Emission Control.

The auditing firm Ernst & Young Oy has served as the company's auditor, with Jari Karppinen, Authorised Public Accountant (APA), as its principal auditor.

Share capital

On 31 December 2022, Proventia Group Corporation's registered share capital was EUR 1,090,281.04 and its total number of shares was 16,027,275. The company has one series of shares, and each share entitles its holder to one vote. The company's shares are registered in the book-entry system maintained by Euroclear Finland Oy. At the end of 2022, the company had 110 shareholders.

Option schemes for key personnel

The company has two option schemes, both of which are divided into three series. Each option entitles its holder to subscribe for one new share in the company. The company has a weighty financial reason to issue option rights, because they are intended to be part of the company's incentive and engagement scheme for its key personnel. Option rights include regular conditions related to the validity of employment relationships and restrictions on transferability. The subscription price must be paid in full in conjunction with the subscription, and it will be recognised in the invested unrestricted equity reserve.

Information about the management's option scheme is provided in Note 3.2.

Annual General Meeting

Proventia Group Corporation's Annual General Meeting (AGM) was held on 31 March 2022. The AGM adopted the financial statements and consolidated financial statements for 2021 and discharged the members of the Board of Directors and the CEO from liability. In accordance with the Board of Directors' proposal, the AGM decided to distribute EUR 0.06 per share in dividends from the profit for the period of EUR 2,966,796.49. As a result, the total amount of dividends was EUR 955,271.70, based on the total number of shares of 15,921,195. The remaining EUR 2,011,524.79 was transferred to retained earnings in accordance with the Board of Directors' proposal In addition, the AGM decided on the fees to be paid to the members and the Chair of the Board of Directors.

It was decided that the Board of Directors consists of five members. Harri Suutari, Lauri Antila, Tommi Salunen, Johnny Pehkonen and Kalle Kekkonen were elected members of the Board of Directors.

The auditing firm Ernst & Young Oy was selected as the company's auditor, with Jari Karppinen, APA, as the principal auditor.

The Annual General Meeting of 31 March 2022 authorised the company's Board of Directors to decide on one or more share issues and the provision of special rights in accordance with chapter 10, section 1 of the Limited Liability Companies Act. The authorisation can be used for financing business acquisitions or other business arrangements and investments, carrying out cooperation between companies or other similar arrangements, strengthening the company's financial and capital structure, or implementing option schemes or other incentive schemes. A maximum of 4,000,000 shares may be issued or subscribed for based on the authorisation. The authorisation includes the right to implement directed measures if a weighty financial reason exists in accordance with the Limited Liability Companies Act. The authorisation is valid until the next Annual General Meeting, but for no longer than 18 months.

The Annual General Meeting of 31 March 2022 authorised the Board of Directors to decide on the acquisition of treasury shares using the company's unrestricted equity in accordance with chapter 15, section 5, subsection 2 of the Limited Liability Companies Act. The authorisation concerns the acquisition of no more than 500,000 treasury shares in one or more instalments. The authorisation can be used for financing and carrying out business arrangements and investments, or for other purposes determined by the Board of Directors. The authorisation is valid until the next Annual General Meeting, but for no longer than 18 months.

The Annual General Meeting of 31 March 022 authorised the Board of Directors to decide on the transfer of treasury shares in accordance with chapter 9, section 1, subsection 1 of the Limited Liability Companies Act. The authorisation concerns the transfer of no more than 500,000 treasury shares. The Board is authorised to decide to whom and in which order treasure shares are transferred, as well as determining the transfer price and other terms and conditions of the transfer. The authorisation is valid until the next Annual General Meeting, but for no longer than 18 months.

At its meeting on 2 June 2022, Proventia Group Corporation's Board of Directors decided to implement the option scheme so that the company would issue a maximum of 342,298 free option rights, which would entitle their holders to subscribe for a maximum of 342,298 shares in the company. The option rights are issued in deviation from the shareholders' pre-emptive rights in a manner decided by the Board of Directors to the key personnel of the company and its subsidiaries – or to parties regarded as key personnel, taking the company's operating method into account – to increase their commitment and work motivation. The option rights are issued in deviation from the shareholders' pre-emptive rights, because the option rights are intended to be part of the company's engagement scheme, meaning that the company has a weighty financial reason for the deviation.

At its meeting on 1 September 2022, Proventia Group Corporation's Board of Directors decided to issue a maximum of 106,080 new shares in the company. The new shares could be subscribed for by employees of the company or its subsidiaries who submitted their notice of subscription within the stated time limit. There is a weighty financial reason for the directed issue in accordance with chapter 9, section 4 of the Limited Liability Companies Act, because the issue enables the company to better align its personnel's interests with the successful achievement of the targets set by the company. The full share subscription price has been recognised in the invested unrestricted equity reserve. The new shares were entered into the Trade Register on 20 December 2022.

At its meeting on 21 September 2022, Proventia Group Corporation's Board of Directors decided to use its authorisations and issue a maximum of 125,000 new shares in the company. The full share subscription price will be recognised in the invested unrestricted equity reserve. There is a weighty financial reason for the directed issue in accordance with chapter 9, section 4 of the Limited Liability Companies Act, because the issue is part of the company's engagement scheme. The subscription period will run from 3 July 2023 to 31 July 2023, by which time the shares must also be paid into the company's account.

Shareholders' Nomination Committee

The purpose of the shareholders' Nomination Committee is to prepare proposals for the AGM regarding the election and remuneration of members of the Board of Directors. The Nomination Committee consists of members appointed by the company's three largest shareholders. In addition, the Chair of the Board of Directors participates in the Nomination Committee's activities in the role of a specialist. The Nomination Committee remains in operation until the AGM decides otherwise. Members of the Nomination Committee are appointed annually, and their term ends when new members are appointed.

In 2022, the Nomination Committee consisted of Lauri Antila, Kalle Kekkonen and Harri Suutari. It convened twice during the financial year.

Risks and uncertainties

The principle of risk management
Risk management is part of the daily activities at Proventia. The goal of risk management is to identify risks, assess their impact and probability regarding the achievement of the company's goals and fulfilling the company's strategy, and plan measures to control the most significant risks. The goal is to create operating conditions where business-related risks are controlled comprehensively and systematically at all organisational levels. At Proventia, risk management follows ISO 31 000 risk management standard.

The Group has divided risks into four areas: strategic, operative, financial and accident risks.

Strategic risks
Strategic risks mean the unfavourable consequences that may arise from significant changes in the operating environment, the markets and the competitive situation and that, when realised, may have a long-term impact on business activities. Strategic risks

may also arise from the development of or delays in legislation.

Operative risks
Operative risks mean the unfavourable consequences that may arise from defects in management and internal processes. Operative risks also include quality and environmental risks, which mean the unfavourable consequences that may arise from defects in the quality of operations and products. Furthermore, operative risks cover risks associated with delivery and planning agreements (contractual risks).

Operative risks also include HR risks, which mean the unfavourable consequences that may arise from defects in the recruitment process, competence, availability of workforce and wellbeing at work. HR risks also include the transfer of key employees from the company.

In addition, operative risks include risks associated with intellectual property rights (IPR), which mean the unfavourable consequences that may arise if the company's products infringe intellectual property rights or the IPRs related to the company's products are not adequately protected.

Financial risks
Financial risks mean the major unfavourable changes taking place in the financial market that may have an impact on the Group's performance, equity and liquidity. Financial risks also include credit risk, which means the inability of a counterparty to fulfil its obligations, and liquidity risk, which means the risk associated with the availability of financing. In addition, financial risks include interest rate, cash flow, exchange rate and bank bankruptcy risk. The Group's financing activities and financial risk management have been centralised in the parent company. Financial risks are discussed in more detail in the notes to the financial statements (6.4 Financial risk management).

Accident risks
Accident risks include occupational and corporate safety risks, which mean the unfavourable consequences that may arise from defects in industrial safety, occupational safety and corporate safety. Accident risks also include the product liability risk, which means the unfavourable consequences that may arise from material damage or personal injuries caused by a faulty product or the improper use of a product.

Furthermore, accident risks include information security and information system risks, which mean the unfavourable consequences that may arise if information is not protected from external parties or is not available in real time to the correct persons or if the correctness of information cannot be guaranteed.

Key short-term risks and uncertainties
The risks described below are examples, and they do not represent the whole range of short-term risk management.

- The Russian attack on Ukraine and the unstable geopolitical situation are causing uncertainty in the global economy. The general increase in costs and the challenges in the availability of components may delay or interrupt the production operations of the company's customers.
- In its own production, the company prepares for any disruptions in the delivery of components by optimising its stock levels and improving the efficiency of planning between sales, purchases and production and by identifying alternative suppliers.
- Higher interest rates and inflation may cause costs to increase.
- The loss of a single key customer for commercial reasons is a risk that may result in the loss of net sales accrued from the customer. The company is actively monitoring customer satisfaction and maintains customer relationships at several levels. In addition, the company aims to expand its customer base to reduce its dependence on individual customers.

Insurance
The Group is prepared for property, interruption, transport and liability risks, including product,

operational and management liabilities, by means of insurance policies covering the entire Group, as well as supplementary local policies. It is possible, however, that the Group must compensate for losses not covered by insurance because of their scope or quality. The Group regularly monitors and maintains its insurance cover as part of overall risk management.

Responsibility

Proventia's sustainability is based on its vision, mission and values. Sustainability has been integrated into the company's strategy and day-to-day operations. The Board of Directors and the management are committed to promoting sustainability.

The company updated its Code of Conduct in 2022. Proventia requires all its employees and business partners, along with all parties representing Proventia, to comply with the principles of its Code of Conduct. The Code of Conduct is part of the company's induction programme for new employees.

The company reviews its sustainability in accordance with the UN 2030 Agenda for Sustainable Development. The Agenda includes 17 Sustainable Development Goals, of which Proventia has chosen three goals for which the company offers solutions through its innovative products and services, or that are important for the company in terms of its employees, supply chain and operations. These goals are as follows:

- Goal 13: Climate Action
- Goal 8: Decent Work and Economic Growth
- Goal 9: Industry, Innovation and Infrastructure

ESG (Environment, Society and Governance)

ESG refers to Proventia's approach to the environment, how the company is managed, and how people are treated in the company. In 2022, the company established an ESG steering group to monitor, guide, develop and assess matters related to sustainability. In 2022, the company carried out a materiality assessment to determine the focus areas of its sustainability work.

Environmental responsibility
Environmental responsibility is an integral part of Proventia's business operations. The company develops and manufactures products that enable its customers to manufacture more energy-efficient and lower-carbon products with lower emissions. This enables the company to reduce its carbon dioxide emissions and local emissions from transport and the use of non-road machines globally.

The company takes environmental and climate impacts into account in the management and development of its business operations. The company actively works to lower its carbon footprint and improve its recycling rate and energy efficiency. Environmental and climate responsibility play a key role in the company's supplier assessments.

Proventia has continued to develop its carbon footprint calculation in terms of the Group's own operations (Scope 1) and purchased energy (heating and electricity) (Scope 2).

- In 2022, Proventia's carbon dioxide emissions (Scope 1 and Scope 2) were 613 $tCO2e$ (2021: 793). Carbon intensity ($CO2$ emissions/ net sales) was 11,9 $tCO2e$/MEUR. The company's carbon footprint calculation is based on the GHG Protocol.
- Its recycling rate was 75% in 2022 (2021: 78%).

Social responsibility
Social responsibility at Proventia covers the impacts of its business operations on employees, customers, shareholders, subcontractors, suppliers, partners, jobseekers, educational institutions, and the surrounding environment and local communities. Proventia is committed to providing its employees with a safe, healthy and fair workplace community that cares for their mental and physical wellbeing on its part. The company promotes an equal and diverse working culture. The company has an equality and non-discrimination plan in place to systematically develop its operating methods over the long term. Proventia's personnel also implement the principles of equality and non-discrimination in customer contact and stakeholder cooperation.

Proventia monitors its employees' wellbeing and job satisfaction through PDA discussions and an annual personnel survey, based on which development needs are selected for the following year. The company also monitors the number of training days, the employee turnover rate, and the number of initiatives and inventions.

- The eNPS in the employee survey was 24 in 2022 (32 in 2021).

Proventia has an occupational health and safety (OHS) committee, an OHS manager and an industrial safety delegate. The goal of OHS activities is to improve health and safety in the workplace and to promote activities that maintain employees' working capacity and work motivation.

- Proventia's accident frequency rate was 3 in 2022 (8 in 2021).

In addition to monitoring its accident frequency rate, the company monitors sickness absences and incident reports, for example.

The company monitors customer satisfaction through an annual business-specific survey.

- Its eNPS in the customer satisfaction survey was 57 in 2022.

Corporate governance
Responsibility for governance at Proventia means sustainable financial development over the long term to ensure continuity. The company wants to ensure growth and profitability and fulfil its financial obligations towards all stakeholders. These obligations include salaries, taxes, dividends and subcontracting fees, for example.

The company operates in accordance with the Corporate Governance Code for Finnish listed companies. Good governance at Proventia includes a responsibility matrix, a risk management policy, management systems, and the Board of Directors' rules of procedure and committees, among other aspects. The purpose of these systems is to ensure continuous development and the stable and systematic governance and management of the company.

Quality and environmental certificates
Proventia is committed to complying with the principle of continuous improvement to develop its internal processes and products, and to reduce its environmental impact. The company wants to be known as a reliable supplier, which reacts to customer needs quickly and proactively. The quality of products and services is a key success factor in the company's operations. Through environmental management, the company continuously develops its operations in an environmentally friendlier direction using such measures as environmental processes and related audits.

Proventia has the following ISO certificates:

- Proventia Oy, Oulunsalo and Oulu: ISO 9001:2015, ISO 14001:2015
- Proventia Czech s.r.o.: ISO 9001:2015, ISO 14001:2015

Other information

Proventia Group Corporation has no capital loans. In the 2021 financial year, Proventia Group Corporation provided its subsidiary Proventia Oy with a long-term loan of EUR 3.5 million. Proventia Group Corporation has pledged EUR 1 million as collateral for Proventia Oy's debts. The company has no foreign affiliates, and it has not recognised financial instruments at fair value as defined in chapter 5, section 2a, subsection 5 of the Accounting Act.

Events after the financial year

No significant events have taken place in the company's operations or financial position after the financial year.

Outlook

In the short term, global turbulence and the availability of components may slow growth and reduce profitability. In the long term, the company's markets are expected to develop positively. Stricter emission regulations, electrification, hydrogen and renewable fuels support Proventia's long-term strategy and growth.

The need to develop and test new technologies and power sources continues to increase in test solutions markets. In its Test Solutions business, Proventia focuses on improving profitability. In marketing and sales, the company focuses on test solutions for batteries and hydrogen fuel cells.

The green transition in non-road machines supports growth in Proventia's Powertrain Systems and Components business. Emissions regulations will become even stricter globally. The non-road machinery market is growing, and emission control systems will be applied in an increasing number of engine categories. Fossil fuels will be replaced with renewable fuels and, together with exhaust aftertreatment systems, will enable the use of internal combustion engines until the end of their life cycles. In recent years, Proventia has invested in product development in customer projects and in increasing production capacity at its Czech plant. Projects will proceed to serial production from 2023 onwards, which will be reflected in higher net sales in the coming years.

Electrification and the emergence of hydrogen technology will increase the need for battery technology in non-road machines.

Proventia is actively involved in developing new technologies to reduce the local and carbon dioxide emissions of non-road machines, regardless of the technology used as a power source.

Net sales and the operating profit in 2023 are expected to increase from 2022. In 2022, net sales were EUR 51.7 million, and the operating profit was EUR 1.9 million. However, it is still difficult to make estimates, and the current market conditions are increasing uncertainties over the future.

The Board of Directors' proposal for distribution of profit

Proventia Group Corporation's distributable funds total EUR 9,975,169.48. The Board of Directors proposes that the profit for the period (EUR 15,942.62) be transferred to retained earnings, and that EUR 0.03 per share be distributed in dividends from retained earnings, totalling EUR 480,818.25, with the total number of shares being 16,027,275.

CONSOLIDATED INCOME STATEMENT

Sums in EUR	Note	1 Jan. 2022– 31 Dec. 2022	1 Jan. 2021– 31 Dec. 2021
Net sales	**2.1**	**51,692,324**	**46,554,953**
Change in inventories of finished goods and work in progress		72,394	428,117
Other operating income	2.3	309,219	106,153
Materials and services	2.2	-31,870,832	-26,091,296
Personnel expenses	3.1	-8,966,691	-8,536,849
Depreciation and impairment	2.4	-2,282,817	-2,489,190
Other operating expenses	2.3	-7,051,076	-5,931,655
Operating profit		**1,902,521**	**4,040,233**
Financial income and expenses	6.3	14,848	279,072
Profit before taxes		**1,917,368**	**4,319,304**
Income tax	2.5	-377,943	-1,159,716
Profit for the period		**1,539,425**	**3,159,589**

CONSOLIDATED BALANCE SHEET

ASSETS

Sums in EUR	Note	31 Dec. 2022	31 Dec. 2021
Non-current assets			
Intangible assets	4.1	3,260,814	2,488,316
Tangible assets	4.2	5,164,059	4,971,857
Non-current assets, total		**8,424,873**	**7,460,173**
Current assets			
Inventories	5.1	9,142,745	6,972,687
Non-current receivables			
Other receivables	5.2	49,565	48,173
Non-current receivables, total		**49,565**	**48,173**
Current receivables			
Sales receivables	5.2	3,600,814	4,626,370
Other receivables and accrued income	5.2	21,345,151	17,724,639
Current receivables, total		**24,945,965**	**22,351,008**
Cash and cash equivalents	6.2	4,814,052	6,253,829
Current assets, total		**38,952,326**	**35,625,698**
TOTAL ASSETS		**47,377,200**	**43,085,871**

LIABILITIES

Sums in EUR	Note	31 Dec. 2022	31 Dec. 2021
Shareholders' equity	**6.1**		
Share capital		1,090,281	1,090,281
Invested unrestricted equity reserve		7,015,266	6,762,795
Retained earnings (losses)		10,683,461	8,475,605
Profit for the period		1,539,425	3,159,589
Shareholders' equity, total		**20,328,433**	**19,488,270**
Obligatory provisions	7.1	948,637	800,912
Debt			
Non-current debt			
Loans from financial institutions	6.2	660,000	1,320,000
Non-current debt, total		**660,000**	**1,320,000**
Current debt			
Loans from financial institutions	6.2	660,000	756,596
Advances received	5.3	16,264,662	13,042,761
Trade payables	5.3	5,707,728	4,658,948
Other payables and deferred income	5.3	2,807,740	3,018,384
Current debt, total		**25,440,130**	**21,476,689**
Debt, total		**26,100,130**	**22,796,689**
TOTAL LIABILITIES		**47,377,200**	**43,085,871**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Sums in EUR	Note	Share capital	Invested unrestricted equity reserve	Retained earnings	Total
Shareholders' equity, 1 Jan. 2022		**1,090,281**	**6,762,795**	**11,635,193**	**19,488,270**
Dividend				-955,272	-955,272
Directed share issue			252,470		252,470
Translation differences				3,539	3,539
Profit for the period				1,539,425	1,539,425
Shareholders' equity, 31 Dec. 2022	**6.1**	**1,090,281**	**7,015,266**	**12,222,886**	**20,328,433**
Shareholders' equity, 1 Jan. 2021		**1,090,281**	**4,562,371**	**8,447,239**	**14,099,890**
Acquisition of options			-878,176		-878,176
Distribution of assets from the invested unrestricted equity reserve			-1,951,939		-1,951,939
Directed share issue			5,030,540		5,030,540
Translation differences				28,366	28,366
Profit for the period				3,159,589	3,159,589
Shareholders' equity, 31 Dec. 2021	**6.1**	**1,090,281**	**6,762,795**	**11,635,193**	**19,488,270**

CONSOLIDATED CASH FLOW STATEMENT

Sums in EUR	2022	2021
Cash flow from operating activities:		
Profit before taxes	1,917,368	4,319,304
Adjustments		
Planned depreciation and impairment	2,282,817	2,489,190
Financial income and expenses	-14,848	-279,072
Other adjustments	151,264	82,488
Cash flow before changes in working capital	4,336,602	6,611,911
Changes in working capital		
Changes in current non-interest-bearing trade receivables	-2,619,623	-9,178,846
Change in inventories	-2,170,057	-423,674
Changes in current non-interest-bearing liabilities	4,344,279	5,715,757
Interest paid and payments on other operating financial expenses	-11,152	246,568
Direct taxes paid	-638,911	-1,036,920
Cash flow from operating activities (A)	3,241,138	1,934,796
Cash flow from investing activities:		
Investments in tangible and intangible assets	-3,260,523	-1,440,793
Sales gains from tangible and intangible assets	13,005	43,025
Dividends received from investments	26,000	32,504
Cash flow from investing activities (B)	-3,221,518	-1,365,264
Cash flow from financing activities:		
Share issue	252,470	5,030,540
Repayments of long-term loans	-756,596	-2,740,168
Dividends paid and other distribution of profit	-955,272	-2,830,115
Cash flow from financing activities (C)	-1,459,397	-539,744
Changes in cash and cash equivalents (increase +, decrease -) (A+B+C)	-1,439,777	29,788
Cash and cash equivalents at the beginning of the period	6,253,829	6,224,041
Cash and cash equivalents at the end of the period	4,814,052	6,253,829

1 · INFORMATION ABOUT THE FINANCIAL STATEMENTS

1.1 · General information

These consolidated financial statements concern Proventia Group Corporation (hereinafter the "company") and its subsidiaries (collectively "Proventia" or the "Group").

The Group's parent company is Proventia Group Corporation, which is a Finnish limited liability company. Its business ID is 1612236-0, its domicile is Oulu and its headquarters' registered address is Tietotie 1, 90460 Oulunsalo. Copies of the consolidated financial statements are available from Proventia Group Corporation's headquarters.

The Group's subsidiaries are Proventia Oy, Proventia Czech s.r.o. and Proventia UK Limited.

Proventia Group is part of the Head Invest Group, a group of technology companies. Proventia Group is consolidated into Head Invest Oy's consolidated financial statements.

1.2 · Accounting principles

These consolidated financial statements have been prepared in accordance with the Finnish Accounting Act and good accounting practices. These consolidated financial statements have been prepared using the original acquisition cost, unless otherwise mentioned.

The company's operating currency is the euro, which is also the currency in which its financial statements are presented. Business transactions denominated in foreign currencies have been converted into euros using exchange rates valid on the transaction date. Receivables and liabilities denominated in foreign currencies have been converted into euros using exchange rates valid on the closing date. Exchange rate differences are recognised in financial income and expenses.

The notes to Proventia's financial statements are divided into seven sections: "Information about the financial statements", "Key performance information", "Personnel", "Research, development and investment", "Working capital", "Shareholders' equity and net debt", and "Other notes". These sections include the significant accounting principles related to them.

1.3 · Accounting principles requiring estimation and judgment

When preparing financial statements, certain decisions must be made based on judgment, in addition to estimates and assumptions, which may affect the amount of assets and liabilities on the balance sheet, as well as the amount of income and expenses. Even though these estimates and assumptions are based on the management's best knowledge on the closing date, it is possible that the actual results will differ from the estimates and assumptions used in the financial statements. When preparing the financial statements, judgment has been used with regard to estimating the effects of uncertainties and applying the accounting principles.

The management's estimates and assumptions are discussed in the following notes:

Decisions and estimates based on judgment	Note
Recognition according to level of completion	2.1
Other intangible assets (capitalised development expenses)	4.1
Useful lives of tangible assets	4.2
Receivables	5.2
Warranty provisions	7.1

2 · KEY PERFORMANCE INFORMATION

2.1 · Distribution of net sales

Proventia focuses on two business areas: Test Solutions, and Powertrain Systems and Components. The Group's net sales in 2022 were EUR 51.7 (46.6) million. The Powertrain Systems and Components business area's net sales in 2022 were EUR 35.8 million, or 69.3% of the Group's net sales In 2021, the corresponding figures were EUR 37.2 million and 79.9%. The Test Solutions business area's net sales in 2022 were EUR 15.9 million, or 30.7% of the Group's net sales In 2021, the corresponding figures were EUR 9.4 million and 20.1%.

The unrecognised net sales of incomplete projects in the Test Solutions business area were EUR 9.7 (11.4) million on 31 December 2022.

Accounting principles: recognition of sales
Income from the sale of products and services is presented as net sales. Income from the sale of goods is recognised once the significant risks related to the ownership of the goods have been transferred to the buyer. Sales are recognised in net sales in accordance with the terms of delivery. Products sold as installed are recognised once the product has been installed. Income from R&D and test services is recognised in the financial period during which the service is performed.

NET SALES BY BUSINESS AREA

Sums in EUR	2022	2021
Powertrain Systems and Components	35,824,911	37,177,590
Test Solutions	15,867,413	9,377,363
Total	**51,692,324**	**46,554,953**

NET SALES BY MARKET AREA

Sums in EUR	2022	2021
Europe	45,319,166	45,693,400
Other continents	6,373,158	861,553
Total	**51,692,324**	**46,554,953**

BREAKDOWN OF NET SALES

Sums in EUR	2022	2021
Net sales according to level of completion	15,810,054	9,361,541
Other net sales	35,882,270	37,193,412
Total	**51,692,324**	**46,554,953**

LONG-TERM PROJECTS

Sums in EUR	2022	2021
Amount of income from long-term projects in consolidated net sales	15,810,054	9,361,541
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	15,715,252	9,344,218
Amount of received prepayments recognised for long-term projects in progress on the balance sheet	14,846,260	10,456,406
Amount of receivables recognised for long-term projects in progress on the balance sheet	20,383,570	17,032,900

Income and expenses related to long-term projects have been recognised as income and expenses according to the level of completion (percentage-of-completion method, POC). The level of completion of long-term projects has been determined based on the expenses incurred in relation to the estimated total expenses of the project. Accrued income includes incomplete long-term projects recognised in accordance with the POC method, and received prepayments include prepayments received from partially recognised projects. The POC method only applies to sales of test units related to projects in the Test Solutions business area. The POC method is used in accordance with the prudence principle as described in the Accounting Act.

Decisions and estimates based on judgment: recognition according to level of completion
Long-term projects are recognised according to their level of completion. The level of completion and the result of a project are based on the management's estimates of the implementation of the project. These estimates are reviewed on a regular basis. Changes in estimates based on judgment are primary related to changes in schedules and expenses and any other factors.

2.2 · Materials and services

Materials and services consist of purchases of raw materials and services purchased from subcontractors.

MATERIALS AND SERVICES

Sums in EUR	2022	2021
Substances, supplies and goods		
Purchases during the financial year	30,124,259	23,957,212
Increases in stocks	-1,159,195	-64,674
External services	2,905,767	2,193,934
Total	**31,870,832**	**26,086,472**

2.3 · Other operating income and expenses

OTHER OPERATING INCOME

Sums in EUR	2022	2021
Grants received	192,023	86,784
Sales gains from fixed assets	1,500	102
Other operating income	115,696	19,267
Total	**309,219**	**106,153**

OTHER OPERATING EXPENSES

Sums in EUR	2022	2021
Facility expenses	1,844,687	1,515,651
IT, device and equipment expenses	1,213,833	992,410
Travel expenses	1,055,399	546,259
Sales and marketing expenses	641,676	713,486
Administrative services and other administrative expenses	1,593,873	1,455,673
Other expense items	701,608	708,176
Total	**7,051,076**	**5,931,655**

AUDITORS' FEES

Sums in EUR	2022	2021
Auditing	83,795	55,182
Tax consultancy services	161,493	29,444
Other services	18,913	3,409
Total	**264,201**	**88,035**

2.4 · Depreciation and impairment

DEPRECIATION BY ASSET GROUP

Sums in EUR	2022	2021
Development expenses	665,582	529,923
Intellectual property rights	192,497	182,072
Other capitalised long-term expenses	166,147	201,597
Machinery and equipment	1,258,591	1,271,617
Depreciation, total	**2,282,817**	**2,185,208**
Impairment of non-current assets	0	303,982
Depreciation and impairment, total	**2,282,817**	**2,489,190**

Accounting principles: depreciation
Property, plant and equipment, as well as intangible assets, are recognised on the balance sheet at acquisition cost less depreciation according to plan and any impairment. Depreciation according to plan is calculated as straight-line depreciation based on useful lives. Small purchases are recognised as expenses for the financial year. The useful lives are presented in Notes 4.1 and 4.2.

2.5 · Income tax

Sums in EUR	2022	2021
Income tax	-354,669	-1,191,368
Deferred tax	-23,274	31,652
Total	**-377,943**	**-1,159,716**

Accounting principles: income tax
Income tax for the financial year consists of taxes based on taxable income and deferred tax. Taxes based on taxable income for the financial year are calculated in accordance with current tax regulations.

Deferred tax is recognised for temporary differences between taxable amounts and book values of assets and liabilities. Deferred tax assets are recognised to the extent that it is probable that they can be used against taxable income. Deferred tax is discussed in more detail in Note 7.3.

3 · PERSONNEL

3.1 · Number of employees and personnel expenses

Number of employees	2022	2021
Average number for the period	185	158
Number of employees at the end of the period	196	163

BREAKDOWN OF PERSONNEL EXPENSES

Sums in EUR	2022	2021
Salaries and fees	7,329,840	7,030,646
Pension expenses	1,414,007	1,266,843
Other statutory indirect expenses	222,845	239,360
Total	**8,966,691**	**8,536,849**

The employees are paid a monthly salary or are paid by the hour. The company had a bonus scheme in 2022. The Board of Directors defines the bonus scheme and its terms and conditions annually. Bonuses are paid based on the achievement of the targets set for the financial year. Personnel expenses are recognised on an accrual basis. In 2022, the Group's personnel expenses included EUR 0 thousand in bonus expenses (EUR 627 thousand in 2021).

Pension arrangements
Pension security for the company's employees is arranged with an external pension insurance company in accordance with the Employees Pensions Act. Pension expenses are recognised in the period during which they were incurred and are included in personnel expenses.

3.2 · Related-party transactions

The Group's related parties include its parent company and the subsidiaries mentioned in Note 7.2, as well as the companies belonging to the Head Invest Group. Related parties also include members of the Board of Directors and the Management Team, the CEO, the family members of the aforementioned individuals, and companies that they control.

In the 2022 financial year, the Group's related party transactions totalled EUR 395,000 (550,000). The most significant related party transactions were carried out with companies of the Head Invest Group and totalled EUR 395,000 in 2022 (EUR 482,000 in 2021). Of these, the most significant item consists of rents for facilities, totalling EUR 314,000 in 2022 (EUR 303,000 in 2021). Other related party transactions comprise purchases of administration services and payroll services from the Head Invest Group. These related party transactions were carried out on typical market terms. The Group does not have related party loans.

The management's salaries and fees
The Board of Directors decides on the remuneration of the CEO and the members of the Management Team, as well as the grounds for their remuneration. The CEO's and the Management Team members' salaries consist of a monthly salary and a bonus. The Board of Directors determines the terms and conditions of the bonus annually. Bonuses are paid to the CEO and the Management Team members based on the achievement of the targets set for the financial year. The CEO's, Management Team members' and Board members' salaries and fees in 2022 and 2021 were as follows:

Sums in EUR	2022	2021
CEO’s and Management Team members’ salaries and fees	838,905	815,525
Board members’ salaries and fees	135,000	126,000
Total	**973,905**	**941,525**

The management’s option scheme
Proventia currently has two option schemes for its key personnel. In addition to serving as incentives, the option schemes are intended to increase commitment. The option scheme implemented in 2016 entitles the company’s key personnel to subscribe for a total of 1,193,800 shares at a price of EUR 0.50 per share in 2019–2027.

At its meeting on 2 June 2022, Proventia Group Corporation’s Board of Directors decided to implement the option scheme so that the company would issue a maximum of 342,298 free option rights, which would entitle their holders to subscribe for a maximum of 342,298 shares in the company. During 2022, Proventia Group Corporation’s Board of Directors decided to issue 215,000 option rights to the company’s key personnel in line with the terms and conditions of the 2022 option scheme. The option scheme implemented during 2022 entitles the company’s key personnel to subscribe for shares at a price of EUR 2.64 per share between 2025 and 2029. Option rights include regular conditions related to the validity of employment relationships and restrictions on transferability.

Option schemes	Subscription price	Number of option rights	Subscription period
2016D	EUR 0.50 per share	397,934	28 Feb 2019 to 28 Feb 2025
2016E	EUR 0.50 per share	397,932	28 Feb 2020 to 28 Feb 2026
2016F	EUR 0.50 per share	397,934	28 Feb 2021 to 28 Feb 2027

Option schemes	Subscription price	Number of option rights	Subscription period
2022G	EUR 2.64 per share	71,657	1 Oct 2025 to 30 Sep 2027
2022H	EUR 2.64 per share	71,670	1 Oct 2026 to 30 Sep 2028
2022I	EUR 2.64 per share	71,673	1 Oct 2027 to 30 Sep 2029

4 · RESEARCH, DEVELOPMENT AND INVESTMENT

4.1 · Research and development expenses, other intellectual property rights and capitalised long-term expenses

Sums in EUR	2022	2021
Research and development expenses, total	1,903,084	1,202,358
Amount of product development costs capitalised as development expenses on the balance sheet	1,492,287	585,447
Impairment of research and development expenses	0	303,982
Depreciation of research and development expenses	665,582	529,923
Research and development expenses recognised through profit or loss	410,797	616,911
Research and development expenses, % of net sales	3.68%	2.58%

Accounting principles: intangible assets
Intangible assets are recognised on the balance sheet at acquisition cost less depreciation according to plan and impairment. Depreciation according to plan is calculated as straight-line depreciation based on the useful life of the asset.

The following depreciation methods and periods are used when calculating depreciation according to plan:

Development expenses	Straight-line depreciation, 5 years
Intellectual property rights	Straight-line depreciation, 5 years
Capitalised long-term expenses	Straight-line depreciation, 3–10 years

The useful lives of assets are reviewed at the end of each financial year and are adjusted accordingly, if necessary.

Development expenses
Expenses related to development operations carried out during the financial year have been capitalised on the balance sheet. Development expenses related to products intended for sale have been capitalised in accordance with the Accounting Act. The capitalised expenses consist of expenses related to materials and employees.

Decisions and estimates based on judgment: capitalised development expenses
The management has used its judgment and made assumptions when estimating whether the expenses generated during the development phases of development projects meet the criteria for being capitalised as intangible assets. The management's judgment has been applied to the determination of acquisition costs and useful lives. The management's judgment has also been used when estimating the income to be expected from development projects. These estimates concern future net sales and the corresponding expenses. They involve uncertainties, and it is possible that the income to be expected from development projects changes if the conditions change. Any indications of impairment related to development projects are estimated by taking all relevant factors into account. If the expected income changes, the value of capitalised development projects may decrease.

Changes in intangible assets are presented in the following table:

Sums in EUR	2022	2021
Development expenses		
Acquisition cost, 1 Jan	8,181,714	7,900,248
Increase	1,492,287	585,447
Decrease	0	-303,982
Acquisition cost, 31 Dec	9,674,001	8,181,714
Accumulated depreciation according to plan	-6,618,701	-6,088,779
Depreciation for the period	-665,582	-529,923
Book value, 31 Dec	2,389,718	1,563,012
Intellectual property rights		
Acquisition cost, 1 Jan	2,298,117	2,219,901
Increase	219,529	78,215
Acquisition cost, 31 Dec	2,517,646	2,298,117
Accumulated depreciation according to plan	-1,866,303	-1,684,231
Depreciation for the period	-192,497	-182,072
Book value, 31 Dec	458,846	431,814
Other capitalised long-term expenses		
Acquisition cost, 1 Jan	1,560,992	1,532,741
Increase	84,907	28,251
Acquisition cost, 31 Dec	1,645,900	1,560,992
Accumulated depreciation according to plan	-1,067,502	-865,905
Depreciation for the period	-166,147	-201,597
Book value, 31 Dec	412,250	493,490
Intangible assets, total	**3,260,814**	**2,488,316**

4.2 · Machinery and equipment

Tangible assets consist of machinery and equipment, as well as office furniture, which are depreciated using the straight-line method over useful lives of 3–10 years.

Sums in EUR	2022	2021
Machinery and equipment		
Acquisition cost, 1 Jan	12,201,549	11,495,695
Increase	1,463,799	748,879
Decrease	-13,005	-43,025
Acquisition cost, 31 Dec	13,652,343	12,201,549
Accumulated depreciation according to plan	-7,229,692	-5,958,075
Depreciation for the period	-1,258,591	-1,271,617
Book value, 31 Dec	5,164,059	4,971,857
Tangible assets, total	**5,164,059**	**4,971,857**

Accounting principles: tangible assets
Non-current assets are measured at direct acquisition cost. Small purchases, as well as commodities with useful lives shorter than three years, are recognised as expenses for the financial year. With regard to commodities recognised in non-current assets on the balance sheet, depreciation according to plan is recognised as of the month immediately following the acquisition month, or as of the month of implementation, depending on which comes later.

Decisions and estimates based on judgment: useful lives of tangible assets
Depreciation is based on the management's estimates of the useful lives of tangible assets. The estimates may change due to technological development and other factors, which may cause changes to the estimated useful life and depreciation recognised in the income statement.

5 · WORKING CAPITAL

5.1 · Inventories

Sums in EUR	2022	2021
Substances and supplies	4,705,415	3,546,702
Work in progress	838,920	801,878
Finished products	1,614,574	1,579,222
Prepayments on inventories	1,983,836	1,044,885
Inventories, total	**9,142,745**	**6,972,687**

Accounting principles: inventories
Inventories are measured at the lower of acquisition cost and selling price. The acquisition cost includes purchasing expenses, production expenses and other expenses arising from the achievement of the current condition of inventories. Purchasing expenses include the purchase price, transportation costs and other costs directly attributable to the acquisition of services. Production expenses include direct costs arising from materials and work performance.

5.2 · Sales and other receivables

Sales receivables consist of products sold or services delivered to the customer in the ordinary course of business. Credit losses on sales receivables are presented in other operating expenses in the income statement.

Current receivables mainly include accrued income arising from the Group's ordinary operations. On 31 December 2022, non-current receivables totalled EUR 50,000 (EUR 48,000 on 31 December 2021) and consisted of rent deposits.

Current sales receivables and other receivables consisted of the following items:

Sums in EUR	2022	2021
Sales receivables	3,600,814	4,626,370
Other receivables	354,396	221,289
Accrued income	20,962,378	17,474,972
Deferred tax assets	28,378	28,378
Total	**24,945,965**	**22,351,008**

Material items included in accrued income		
Receivables from long-term projects (POC method)	20,383,570	17,032,900
Other accrued income	578,808	442,072
Total	**20,962,378**	**17,474,972**

Decisions and estimates based on judgment: receivables
With regard to receivables, it has been estimated whether there is any indication of impairment. Sales receivables are measured at the amount of the original receivable. Credit losses recognised for individual sales receivables are based on the company's best knowledge of the credit risk related to the customer. Proventia's credit losses on sales receivables have remained minimal.

5.3 · Trade and other payables

Sums in EUR	2022	2021
Trade payables	5,707,728	4,658,948
Other current liabilities	1,052,703	823,022
Advances received	16,264,662	13,042,761
Deferred income	1,494,385	1,957,985
Deferred tax liabilities	260,652	237,377
Total	**24,780,130**	**20,720,093**
Material items included in deferred income		
Allocation of personnel expenses	1,276,738	1,788,720
Other deferred income	217,647	169,265
Total	**1,494,385**	**1,957,985**

Trade payables are non-interest-bearing and are mainly paid within 14–45 days. Advances received consist of sales related to long-term projects or are prepayments on projects to be recognised based on commissioning.

6 · SHAREHOLDERS' EQUITY AND NET DEBT

6.1 · Shareholders' equity

Proventia's shareholders equity consists of its share capital, invested unrestricted equity reserve and retained earnings. In addition, shareholders' equity includes the result of accumulated depreciation difference less deferred tax liabilities.

On 31 December 2022, Proventia Group Corporation's registered share capital was EUR 1,090,281.04 and its total number of shares was 16,027,275. The company has one series of shares, and each share entitles its holder to one vote. The company's shares are registered in the book-entry system maintained by Euroclear Finland Oy.

According to the shareholder register on 31 December 2022, Head Invest Oy's holding of shares and votes in Proventia Group Oy was 51.60%. Proventia Group is consolidated into Head Invest Oy's financial statements.

Invested unrestricted equity reserve
At its meeting on 1 September 2022, Proventia Group Corporation's Board of Directors decided to issue a maximum of 106,080 new shares in the company. The new shares could be subscribed for by employees of the company or its subsidiaries who submitted their notice of subscription within the stated time limit. The share subscription price has been recognised in the invested unrestricted equity reserve. The new shares were entered into the Trade Register on 20 December 2022.

6.2 · Debt and cash and cash equivalents

The Group's loans include bank loans and hire purchase liabilities. Its bank loans are floating-rate loans.

FINANCIAL LIABILITIES

Sums in EUR	2022	2021
Long-term loans		
Bank loans	660,000	1,320,000
Long-term loans, total	**660,000**	**1,320,000**
Short-term loans		
Bank loans	660,000	660,000
Hire purchase liabilities	0	96,596
Short-term loans, total	**660,000**	**756,596**
Financial liabilities, total	**1,320,000**	**2,076,596**
Cash and cash equivalents	**4,814,052**	**6,253,829**

In 2022, the Group's loans consisted of bank loans. The loans have a five-year term and are repaid in monthly instalments with a floating rate of interest tied to the Euribor rate. The loan agreements include regular covenants related to the company's equity ratio. Proventia complied with these covenant terms during the 2022 financial year. The loans are secured against corporate mortgages. The company has access to a revolving credit facility of EUR 4 million. The credit facility was not in use on the closing date. Cash and cash equivalents consist of cash at bank.

6.3 · Financial income and expenses

Sums in EUR	2022	2021
Financial income		
Dividend income	26,000	32,504
Other interest and financial income	23,699	9,037
Exchange rate gains	577,789	559,049
Financial income, total	**627,487**	**600,590**
Financial expenses		
Interest and other financial expenses	-115,965	-116,111
Exchange rate losses	-496,675	-205,407
Financial expenses, total	**-612,640**	**-321,518**
Financial income and expenses, total	**14,848**	**279,072**

Accounting principles: financial income and expenses
Financial expenses consist of interest on bank loans, hire purchase liabilities and credit facilities, as well as of exchange differences related to business operations. Transaction costs related to loans are recognised through profit or loss.

6.4 · Financial risk management

Liquidity risk
The purpose of financial risk management is to ensure that financial assets are sufficient for the needs of business operations and financing at all times. The Group's financial department is responsible for the operational monitoring and management of the liquidity risk, and it manages the sufficiency of financing based on a rolling forecast.

Credit risk
Credit risk refers to the risk that the counterparty fails to meet its contractual obligations and thereby causes the company to suffer a financial loss. With regard to financing, Proventia considers all of its major counterparties to be reliable, as they represent significant and well-established financial institutions.

The credit risk related to sales receivables is managed by only giving normal payment times to customers. Before customers are approved, their creditworthiness is assessed. The company actively monitors the amounts of overdue receivables and decides on the necessary measures.

Interest rate risk
The Group's bank loans consist of floating-rate loans. Its loans are tied to the Euribor rate, which exposes Proventia to the cash flow risk arising from floating-rate loans. To manage the interest rate risk, the company may tie up to 50% of the Group's loans to fixed-rate loans with maturities of two to five years. The parent company monitors the interest rate risk related to the loan portfolio and may change the interest rate maturity of its loans by means of forward contracts, interest rate options and interest rate swaps.

Currency risk
The Group operates in international markets and can therefore be exposed to a currency risk arising from changes in exchange rates. Currently, the currency risk is specifically linked with the transaction and translation risk related to the GBP and CZK. Apart from that, nearly all of the Group's income and expenses are generated in euros. Currency risks are hedged against by means of forward contracts and currency options, if necessary. Derivatives are only used for hedging purposes.

6.5 · Derivatives

The company may hedge against changes in exchange rates by means of standard derivative instruments, such as forward contracts. The Group does not actively use derivatives to hedge against the currency risk. However, it may use forward contracts to hedge significant business transactions denominated in foreign currencies. Exchange differences resulting from hedges are recognised in financial income and expenses in the income statement. The company had no outstanding forward contracts on the closing date.

6.6 · Off-balance sheet commitments

PLEDGES AND CONTINGENT LIABILITIES

Sums in EUR	2022	2021
Securities and mortgages for own liabilities		
Business mortgages	13,300,000	13,300,000
Revolving credit facilities		
Total amount of granted credit facilities	4,000,000	4,000,000
In use	0	0
Amounts to be paid on leasing agreements (incl. VAT)		
To be paid during the next financial year	272,709	213,075
To be paid later	379,672	311,906
Total	652,381	524,981
Other contractual liabilities (incl. VAT)		
To be paid during the next financial year	1,571,782	1,715,803
To be paid later	3,955,683	3,776,874
Total	5,527,464	5,492,677
Commercial bank guarantees	754,513	115,047
Liabilities for which mortgages or pledges have been given as securities		
Loans from financial institutions	1,320,000	1,980,000
Total	1,320,000	1,980,000

Other contractual liabilities consist of rental liabilities related to facilities. Rental obligations consist of future rents on Proventia's facilities in Finland, the Czech Republic, and the UK. Lease agreements are valid either until further notice or for a fixed period. They include the option to extend the agreement beyond its original end date. Bank guarantees consist of a performance guarantee and advance payment guarantees.

7 · OTHER NOTES

7.1 · Provisions

Sums in EUR	2022	2021
Warranty provisions	948,637	800,912
Total	**948,637**	**800,912**

Accounting principles: provisions
A provision is recognised on the balance sheet when the Group has a legal obligation or an actual obligation to do so because of an earlier event. A provision is made when it is probable that fulfilling an obligation requires a financial performance or may cause a financial loss.

Proventia's provisions are warranty provisions based on agreements. A typical warranty is valid for one year. The amount of a warranty provision is determined based on knowledge arising from experiences of the realisation of warranty expenses. A warranty provision is calculated based on percentage of sales of goods. This percentage is estimated by comparing actual warranty expenses with net sales subject to warranties.

Decisions and estimates based on judgment: warranty provisions
Warranty provisions require decisions based on judgment. A warranty provision is based on the company's best knowledge of the level of warranty provisions required to cover the company's future warranty expenses. Products may include new, complex technologies, which may affect values and lead to a situation where earlier provisions are not sufficient.

7.2 · Group companies

These consolidated financial statements concern the parent company and its subsidiaries. Subsidiaries are companies in which Proventia Group Corporation exercises control and in which it holds more than 50% of votes directly or indirectly, or in which it otherwise exercises actual control.

On 31 December 2022, the Group had the following subsidiaries:

Parent company	Country of registration	Group's holding (%)
Proventia Group Corporation	Finland	
Subsidiaries		
Proventia Oy	Finland	100
Proventia Czech s.r.o.	Czech Republic	100
Proventia UK Limited	UK	100

The consolidated financial statements include all of the Group companies. All intra-Group transactions, receivables and liabilities, as well as internal margins on inventories and fixed assets, are eliminated when preparing the consolidated financial statements.

Foreign subsidiaries
Foreign subsidiaries' financial statements have been adapted and grouped in accordance with the Finnish Accounting Act. Foreign companies' income statements have been converted into euros using the weighted average exchange rate for the financial year, and their balance sheets have been converted into euros using the exchange rate of the balance sheet date. The exchange differences resulting from the conversion, as well as the translation differences related to the conversion of shareholders' equities of foreign subsidiaries, are presented in retained earnings.

7.3 · Deferred tax

Sums in EUR	2022	2021
Deferred tax assets		
Confirmed losses	28,378	28,378
Total deferred tax assets	**28,378**	**28,378**
Deferred tax liabilities		
Accumulated depreciation differences	260,652	237,377
Total deferred tax liabilities	**260,652**	**237,377**

Accounting principles: deferred tax
Deferred tax is recognised for temporary differences between taxable amounts and book values of assets and liabilities. Deferred tax is calculated using tax rates valid at the time of preparing the financial statements, or tax rates for future years, provided that the rates have been confirmed. Deferred tax assets are recognised to the extent that it is probable that they can be used against future taxable income.

Deferred tax assets for 2022 are related to the confirmed losses of the Group's parent company. Deferred tax liabilities are associated with accumulated depreciation differences. The amount of accumulated depreciation differences included in shareholders' equity was EUR 950,000 (930,000) on 31 December 2022.

PARENT COMPANY'S FINANCIAL STATEMENTS

PARENT COMPANY'S INCOME STATEMENT

Sums in EUR	Note	1 Jan. 2022–31 Dec. 2022	1 Jan. 2021–31 Dec. 2021
Net sales	**1**	**2,655,171**	**2,228,667**
Other operating income	2	1,600	0
Materials and services		0	0
Personnel expenses	3	-757,910	-786,303
Depreciation and impairment	4	-99,838	-74,365
Other operating expenses	5	-1,808,283	-1,461,058
Operating loss		**-9,260**	**-93,058**
Financial income and expenses	6	25,202	3,034,167
Profit before taxes		**15,943**	**2,941,109**
Income tax	7	0	25,687
Profit for the period		**15,943**	**2,966,796**

PARENT COMPANY'S BALANCE SHEET

ASSETS

Sums in EUR	Note	31 Dec. 2022	31 Dec. 2021
Non-current assets			
Intangible assets	8	289,096	250,584
Tangible assets	8	31,841	2,924
Investment	9	5,421,157	5,421,157
Non-current assets, total		**5,742,095**	**5,674,665**
Current assets			
Non-current receivables	10		
Loan receivables		3,500,000	3,500,000
Non-current receivables, total		**3,500,000**	**3,500,000**
Current receivables	11		
Sales receivables		852,405	306,093
Other receivables and accrued income		589,376	595,662
Current receivables, total		**1,441,781**	**901,755**
Cash and cash equivalents		703,810	1,995,543
Current assets, total		**5,645,592**	**6,397,298**
TOTAL ASSETS		**11,387,686**	**12,071,962**

LIABILITIES

Sums in EUR	Note	31 Dec. 2022	31 Dec. 2021
Shareholders' equity	**12**		
Share capital		1,090,281	1,090,281
Invested unrestricted equity reserve		7,015,266	6,762,795
Retained earnings		2,943,961	932,437
Profit for the period		15,943	2,966,796
Shareholders' equity, total		**11,065,451**	**11,752,309**
Debt			
Current debt	13		
Trade payables		103,357	94,865
Other payables and deferred income		218,878	224,789
Current debt, total		**322,236**	**319,653**
Debt, total		**322,236**	**319,653**
TOTAL LIABILITIES		**11,387,686**	**12,071,962**

PARENT COMPANY'S CASH FLOW STATEMENT

Sums in EUR	2022	2021
Cash flow from operating activities:		
Profit (loss) before taxes	15,943	2,941,109
Adjustments:		
Planned depreciation	99,838	74,365
Financial income and expenses	-25,202	-3,034,167
Cash flow before changes in working capital	90,578	-18,693
Changes in working capital		
Changes in current non-interest-bearing trade receivables	-540,027	1,298
Changes in current non-interest-bearing liabilities	2,583	120,506
Interest paid and payments on other operating financial expenses	-798	-1,747
Cash flow from operating activities (A)	-447,664	101,364
Cash flow from investing activities:		
Investments in tangible and intangible assets	-167,268	-73,225
Investments in subsidiaries	0	-3,500,000
Dividends received from investments	26,000	3,035,914
Cash flow from investing activities (B)	-141,268	-537,311
Cash flow from financing activities:		
Share issue	252,470	5,030,540
Dividends paid and other distribution of profit	-955,272	-2,830,115
Cash flow from financing activities (C)	-702,801	2,200,424
Changes in cash and cash equivalents (increase +, decrease -) (A+B+C)	-1,291,732	1,764,477
Cash and cash equivalents at the beginning of the period	1,995,543	231,066
Cash and cash equivalents at the end of the period	703,810	1,995,543

PARENT COMPANY'S ACCOUNTING PRINCIPLES

Proventia Group Corporation's financial statements have been prepared in accordance with the Finnish Accounting Act.

Net sales
The parent company's net sales consist of administrative service fees. Income from services is recognised in the financial period during which the service is performed.

Valuation of non-current assets
Non-current assets are recognised on the balance sheet at acquisition cost less depreciation according to plan. Depreciation according to plan is calculated as straight-line depreciation based on useful lives. Depreciation is recognised as of the month immediately following the acquisition month, or as of the month of implementation, depending on which comes later.

Depreciation periods:

Intellectual property rights	Straight-line depreciation, 5 years
Capitalised long-term expenses	Straight-line depreciation, 5–10 years
Machinery and equipment	Straight-line depreciation, 5–10 years

Items denominated in foreign currencies
Business transactions denominated in foreign currencies are converted into euros using the exchange rate of the transaction date. Receivables and liabilities denominated in foreign currencies are converted into euros using the exchange rate of the balance sheet date.

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Net sales by business area	2022	2021
Other net sales	2,655,171	2,228,667
Total	**2,655,171**	**2,228,667**

2. Other operating income	2022	2021
Other operating income	1,600	0
Total	**1,600**	**0**

3. Number of employees and personnel expenses	2022	2021
Average number for the period	12	11
Number of employees at the end of the period	10	12
Breakdown of personnel expenses		
Salaries and fees	642,963	669,021
Pension expenses	101,082	102,597
Other statutory indirect expenses	13,865	14,684
Total	**757,910**	**786,303**

4. Depreciation and impairment	2022	2021
Intellectual property rights	75,978	56,443
Other capitalised long-term expenses	16,998	15,855
Machinery and equipment	6,862	2,067
Total	**99,838**	**74,365**

5. Other operating expenses	2022	2021
Facility expenses	318,422	308,532
Maintenance, IT, device and equipment expenses	585,850	478,624
Travel expenses	21,484	1,013
Sales and marketing expenses	93,969	38,236
Administrative services and other administrative expenses	523,295	514,715
Other expense items	265,262	119,939
Total	**1,808,283**	**1,461,058**

6. Financial income and expenses	2022	2021
Dividend income		
From Group companies	0	3,003,410
From others	26,000	32,504
Other interest and financial income		
From others	49	0
Financial income, total	**26,049**	**3,035,914**
Interest and other financial expenses		
To others	-847	-1,747
Financial expenses, total	**-847**	**-1,747**
Financial income and expenses, total	**25,202**	**3,034,167**

7. Income tax	2022	2021
Deferred tax	0	25,687
Total	**0**	**25,687**

8. Changes in non-current assets	2022	2021
Intellectual property rights		
Acquisition cost, 1 Jan	918,968	857,520
Increase	131,488	61,448
Acquisition cost, 31 Dec	1,050,456	918,968
Accumulated depreciation according to plan	-731,479	-675,036
Depreciation for the period	-75,978	-56,443
Book value, 31 Dec	242,999	187,488
Other capitalised long-term expenses		
Acquisition cost, 1 Jan	86,772	74,995
Increase	0	11,778
Acquisition cost, 31 Dec	86,772	86,772
Accumulated depreciation according to plan	-23,677	-7,822
Depreciation for the period	-16,998	-15,855
Book value, 31 Dec	46,098	63,096
Intangible assets, total	**289,096**	**250,584**

8. Changes in non-current assets	2022	2021
Machinery and equipment		
Acquisition cost, 1 Jan	188,503	188,503
Increase	35,779	0
Acquisition cost, 31 Dec	224,282	188,503
Accumulated depreciation according to plan	-185,579	-183,512
Depreciation for the period	-6,862	-2,067
Book value, 31 Dec	31,841	2,924
Tangible assets, total	**31,841**	**2,924**

9. Investment	2022	2021
Shares and holdings in Group companies		
Acquisition cost, 1 Jan	5,421,157	5,421,157
Acquisition cost, 31 Dec	5,421,156	5,421,157
Shares and holdings, total	5,421,156	5,421,157
Investments, total	**5,421,156**	**5,421,157**
Holdings in other companies		
Group companies		
Proventia Oy, Oulu, Finland	100%	100%
Proventia Czech s.r.o., Brno, the Czech Republic (ownership through Proventia Oy)	100%	100%
Proventia UK Limited / Milton Keynes, UK (ownership through Proventia Oy)	100%	100%
Other shares held by the parent company		
Optatech Oy	15.26%	15.26%

10. Loan receivables	2021	2020
Non-current loan receivables		
From Group companies	3,500,000	3,500,000
Total loan receivables	**3,500,000**	**3,500,000**

11. Current receivables	2022	2021
Sales receivables		
From Group companies	852,385	306,093
From others	20	0
Total	852,405	306,093
Accrued income		
From Group companies	535,000	535,000
From others	25,998	32,284
Deferred tax assets	28,378	28,378
Total	589,376	595,662
Current receivables, total	**1,441,781**	**901,755**

12. Changes in shareholders' equity	2022	2021
Share capital, 1 Jan	1,090,281	1,090,281
Share capital, 31 Dec	1,090,281	1,090,281
Invested unrestricted equity reserve, 1 Jan	6,762,795	4,562,371
Acquisition of options	0	-864,556
Distribution of assets from the invested unrestricted equity reserve	0	-1,935,019
Share issue	252,470	4,999,999
Invested unrestricted equity reserve, 1 Jan	7,015,266	6,762,795
Retained earnings, 1 Jan	3,899,233	932,437
Dividend	-955,272	0
Retained earnings, 31 Dec	2,943,961	932,437
Profit for the period	15,943	2,966,796
Earnings, 31 Dec	2,959,904	3,899,233
Unrestricted equity, 31 Dec	9,975,169	10,662,028
Shareholders' equity, total	**11,065,451**	**11,752,309**
Distributable funds at the end of the period	**9,975,169**	**10,662,028**

13. Current liabilities	2022	2021
Trade payables		
To others	103,357	94,865
Total	103,357	94,865
Other current liabilities		
To others	120,974	60,454
Total	120,974	60,454
Deferred income		
To others	97,904	164,334
Total	97,904	164,334
Current liabilities, total	**322,236**	**319,653**

14. Pledges and contingent liabilities	2022	2021
Securities and mortgages for subsidiaries' liabilities		
Business mortgages	1,000,000	1,000,000
Amounts to be paid on leasing agreements (incl. VAT)		
To be paid during the next financial year	219,190	136,151
To be paid later	341,811	161,748
Total	**561,001**	**297,899**
Other contractual liabilities (incl. VAT)		
To be paid during the next financial year	424,795	384,817
To be paid later	2,053,176	2,244,768
Total	**2,477,972**	**2,629,585**

Other contractual liabilities consist of rental liabilities related to facilities.

SIGNATURES TO THE FINANCIAL STATEMENTS AND THE BOARD OF DIRECTOR'S REPORT

Oulu, 28 February 2023

Harri Suutari
Chairman of the Board

Lauri Antila
Board member

Kalle Kekkonen
Board member

Johnny Pehkonen
Board member

Tommi Salunen
Board member

Jari Lotvonen
CEO

Auditor's confirmation

An auditor's report has today been issued on the audit carried out.

Oulu, 28 February 2023

Ernst & Young Oy
Authorised Public Accountants

Jari Karppinen
APA

LIST OF ACCOUNTING BOOKS AND MATERIALS

Financial statements and account-specific reports	Storage method
Financial statements	Electronic format
Balance sheet specifications	Electronic format
Account-specific income statement	Electronic format
Account-specific balance sheet	Electronic format
List of accounts	Electronic format
Accounting books	
General journals and nominal ledgers	Electronic format
Accounting of non-current assets	Electronic format
POC calculations	Electronic format
Project accounting	Electronic format
Sales ledger	Electronic format
Purchase ledger	Electronic format
Stock accounting	Electronic format
Payroll accounting	Electronic format
Receipts	
Bank receipts	Electronic format
Nominal ledger receipts	Electronic format
Sales invoices	Electronic format
Purchase invoices	Electronic format
Travel expense accounts	Electronic format
Receipts related to notes	Electronic format

AUDITOR'S REPORT TO THE ANNUAL GENERAL MEETING OF PROVENTIA GROUP OYJ

(translation of the Finnish original)

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Proventia Group Oyj (business identity code 1612236-0) for the year ended 31 December, 2022. The financial statements comprise the balance sheets, income statements, cash flow statements and notes for the group as well as for the parent company.

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 company 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 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 proce-

dures 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 28.2.2023

Ernst & Young Oy
Authorized Public Accountant Firm

Jari Karppinen
Authorized Public Accountant

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