

Forcit Group

Annual Report 2022



CEO'S GREETING

This year, we are celebrating our 130th anniversary – our company history goes back to the end of 19th century and continues to this day.

From our beginnings in dynamite production in 1893, we have continued our operations throughout the 20th century to the present.

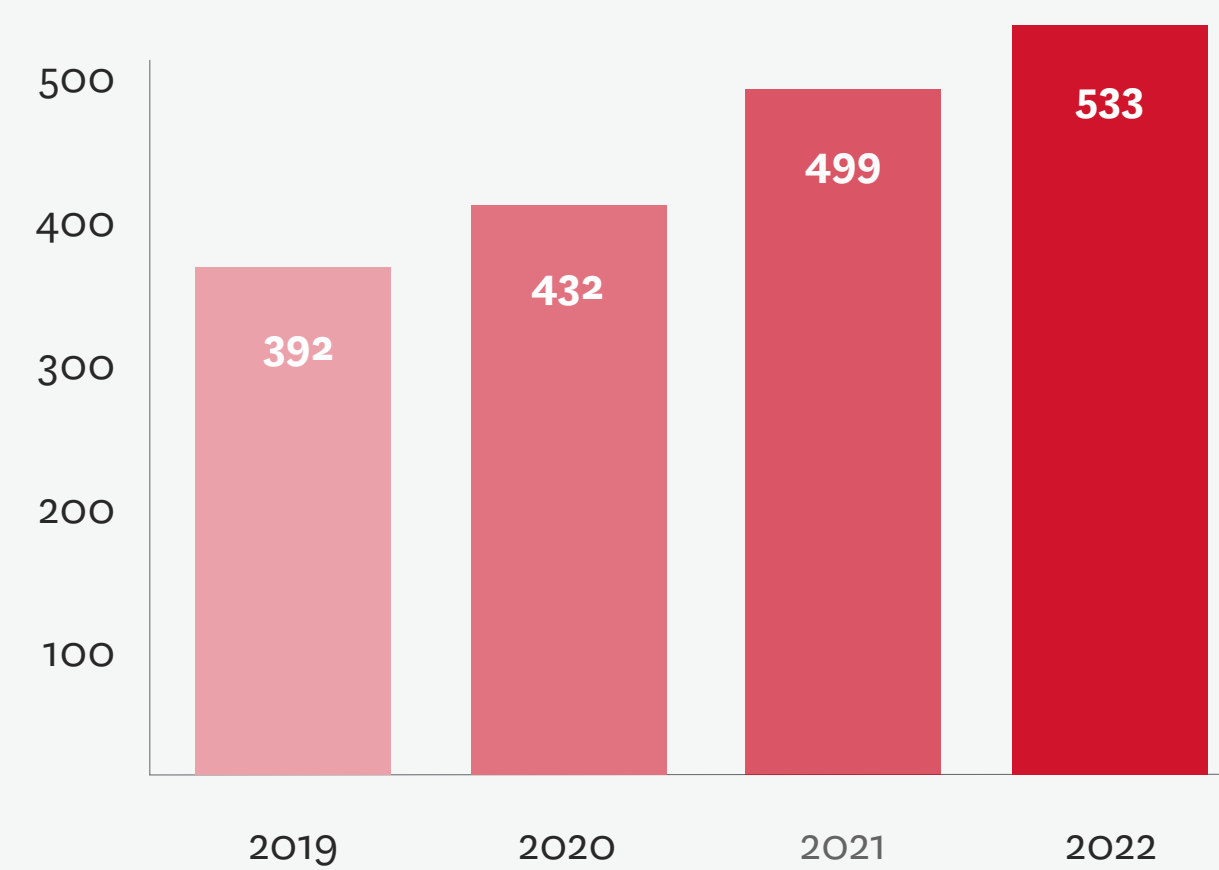
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GROUP FINANCIALS AND ACTIVITIES

The company's operations continued to develop positively in 2022. The overall European economic development and the operating environment have been heavily influenced by the pandemic, the war in Ukraine, and the aftermaths of these.

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Employees (Forcit Group)



BUSINESS UNIT DEVELOPMENTS

FORCIT Explosives' product development made great progress in the development of quality consistency of the Kemiitti system through the introduction of new measurement methods, as well as process and product improvements.

In FORCIT Defence, the R&D work has focused on the continued development of underwater systems and of the FORCIT Sentry Area Denial System. The first serial deliveries of Sentry system are expected to take place in 2023.

In FORCIT Consulting, development work related to the platform for handling, monitoring and utilising measurement data has continued and a new mobile app for easy and efficient data handling was launched.

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FORECASTS AND PREDICTIONS

In summary, the company expects an increase in sales in 2023 compared with 2022 but has a cautious view on the development of profitability due to inflation and worsened overall market sentiments in civil explosives and consulting markets.

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CEO's Greetings



**JOAKIM WESTERLUND,
CHIEF EXECUTIVE OFFICER,
FORCIT GROUP**

CEO'S GREETINGS

This year, we are celebrating our 130th anniversary – our company history goes back to the end of 19th century and continues to this day.

From our beginnings in dynamite production in 1893, we have continued our operations throughout the 20th century to the present. Over the past 130 years, we have played a role in building the infrastructure and society we see today – and also in defending Finland's independence. Based on this legacy and know-how, we have expanded our operations into Sweden, Norway and Portugal.

“We feel that a long history comes with a sense of duty for the future. This means taking responsibility and leading our industry forward.”

Today, we are the leading expert in explosives and blasting for Nordic conditions – and present on the global market for digitalization of mining. We are also a major player within environmental consulting services as well as responsible producers of state-of-the art defence technologies for the global market.

Using our expertise, we help customers in their demanding operations, contributing to building tomorrow's societies.

We feel that a long history comes with a sense of duty for the future. This means taking responsibility and leading our industry forward. We are committed to continuously developing our products and services, utilizing modern digital technologies to address the needs of a sustainable future. Here's to the next 130 years of charging ahead!

Group financials and activities

GENERAL

FORCIT Group operates three business units: FORCIT Explosives operates the civil explosives business, as well as software related to drill and blast; FORCIT Consulting provides measurement, monitoring, consulting and training services; and FORCIT Defence is oriented towards the armed forces and manufacturers of defence materials. FORCIT's goal is to further develop its position as the Nordic market leader and preferred supplier of services, products and knowledge related to explosives, charging, and monitoring of environmental effects.

Within the Defence area, the goal is to be a preferred technology partner and leading system supplier in the world market for insensitive munitions.

FORCIT's quality system is certified according to the ISO 9001 standard, and its environmental system according to the ISO 14001 standard. The Defence business is certified to NATO's AQAP 2110 quality norms. Apart from the ISO and AQAP standards, the Defence business has also been accredited in compliance with the Finnish National Security Auditing Criteria (KATAKRI).

FINANCIAL OVERVIEW

The company's operations continued to develop positively in 2022. The overall European economic development and the operating environment have been heavily influenced by the pandemic, the war in Ukraine, and the aftermaths of these.

Despite an overall challenging business environment, all business units grew in comparison to the previous year in local currencies. The Consulting business, however, declined in euros.

The key figures below describe the development during the recent financial years. Group level operating profit increased clearly in 2022 compared with 2021. The profitability has increased with rising revenues and a more profitable business area mix.

THE GROUP	2022	2021	2020
Net Sales, million Euro	228,342	150,466	127,413
Operating profit, million Euro	26,905	8,645	8,576
Operating profit as % of net sales	11,8	5,7	6,7
Return on equity (%)	41,3	14,2	16,2
Solidity %	48,0	44,1	45,8
Average number of employees	533	499	432

THE PARENT COMPANY	2022	2021	2020
Net Sales, million Euro	112,676	71,999	61,654
Operating profit, million Euro	13,586	3,336	3,723
Operating profit as % of net sales	12,1	4,6	6,0
Return on equity (%)	26,7	14,9	12,7
Solidity %	49,2	48,8	46,4
Average number of employees	265	250	225

SUSTAINABILITY

Environment

During 2022, we have strengthened our sustainability work, particularly related to CO₂ emissions. We have now defined an ambitious long-term roadmap towards our goal to achieve CO₂ neutrality in our operations by 2035, and initiated R&D work to develop a green product line. In this roadmap, we plan investments and key projects on how to reduce emissions, improve energy efficiency and further increase the share of green energy. The initiative to develop a nitrogen free explosive is another important project within the FORCIT sustainability framework.

Additionally, FORCIT is developing a method where emulsion explosive waste can be broken down back to its raw materials and partly recycled back to FORCIT's own production.

Safety and security

Safety is always our key priority. In 2022, we took several steps to further strengthen consciousness and safety culture at FORCIT and the accident frequency decreased by 53% in comparison to the previous year, to 3.3 in 2022.

A new program to improve safety practices and increase awareness of risks (Day With Operator) was initiated in Finland, involving 25 visits to production facilities and blasting sites from the sustainability team and CEO to observe safety issues in the organization. This initiative will be continued in the other Nordic countries in 2023.

The strong focus on security, on a wide front, ranging from cyber security to physical security has been further increased.

PERSONNEL

FORCIT Group's personnel has continued to increase with growing operations and increased revenue. At the end of 2022, FORCIT had 544 employees.

During the year, a personnel survey was conducted throughout the Group to measure personnel engagement and satisfaction. The results improved further from the previous year and showed that the personnel's engagement continues to be at a high level with eNPS index at 40.

After the pandemic, the new normal has become a hybrid solution where many of the white-collar workers work partly from home, in compliance with FORCIT Group's policy on remote work. This seems to be appreciated by the employees, contributing to a healthy work-life balance.

ADMINISTRATION

Oy Forcic Ab's Annual General Meeting on April 7, 2022, elected Alexander Tallberg as a new board member, besides the existing board members Lauri Stadigh, Tom Melbye, Hans Karlander, Pasi Tolppanen and Jarmo Lindberg. Lauri Stadigh has continued to be the chairperson of the board and Joakim Westerlund has continued as FORCIT's CEO. The company's auditors has been KPMG Oy Ab, with Christian Hällström as the auditor in charge, CGR.

THE BOARD OF DIRECTORS' PROPOSAL FOR THE ALLOCATION OF PROFITS

If the annual accounts are accepted, Oy Forcic Ab's general meeting has at its disposal

Disposition fund	28 576 232,35 EUR
Reserve for invested unrestricted equity	1 500 630,00 EUR
Profit for the financial period	14 045 646,80 EUR
Total	44 122 509,15 EUR

The board of directors proposes that the funds be allocated as follows:

PAID OUT TO THE SHAREHOLDERS AS A DIVIDEND:	
25 euro/share	5 034 000,00 EUR
Disposition fund	37 587 879,15 EUR
Reserve for invested unrestricted equity	1 500 630,00 EUR
Total	44 122 509,15 EUR

No significant changes have occurred in the company's financial position after the end of the financial year. The company's liquidity is good, and the proposed allocation of profit does not compromise the company's solvency.

SHARES IN THE COMPANY

450 new shares were issued during 2021 as a part of the management long term incentive plan approved in the Extraordinary General Meeting held in November 2020. These shares were registered in 2022 and have right to a dividend.

The company has only one series of shares. Each share carries one vote at shareholder meetings and confers identical dividend rights.

NUMBER OF SHARES	2022	2021
	201 360	200 910

Business Unit Developments



EXPLOSIVES

FORCIT Explosives' revenue grew during 2022 in all countries. A key theme during 2022 was securing supply in the unprecedented and dramatic situation related to the availability and price of critical raw materials. The main challenge has been related to the substantial increase in price of ammonia, largely driven by the geopolitical situation. Restrictions in supply and significant price increase of raw materials has driven up the cost of production of explosives and imposed new sourcing challenges.

Leveraging our robust supply chain, FORCIT has been able to maintain the continuity of supply to its customers during these difficult conditions. FORCIT is grateful for the good and flexible cooperation and understanding of our customers to find solutions to secure supply during a challenging year. Despite the many challenges, FORCIT Explosives continued its growth and investment plan successfully. Production volumes reached all time high levels, as well as delivery volumes in all countries.

New sites to serve customers in Sweden and Norway were opened during the year and the construction of additional new sites began, as well as investments to increase capacity at current sites. The integration of the O-Pitblast software and technology business progressed well during the year.



DEFENCE

The revenue within FORCIT Defence more than doubled during 2022 compared to the previous year due to a strong order backlog at the beginning of the year. We expect the demand to continue to accelerate as many countries are raising their defence budgets as a result of the brutal Russian aggression war on Ukraine. During 2022, our Defence business has focused on ensuring the availability of the raw materials and sufficient production capacity, as well as our ability to recruit to meet the rising demand.



CONSULTING

FORCIT Consulting revenue grew marginally in 2022 in local currencies. Several internal development initiatives were successfully carried out during the year to secure the long-term competitiveness and success of the Consulting business. Furthermore, the Consulting business area established four new offices in the Nordics: Kalix and Skellefteå in Sweden, Lappeenranta in Finland and Bergen, Norway.

RESEARCH AND DEVELOPMENT

FORCIT Explosives' product development made great progress in the development of quality consistency of the Kemiitti system through the introduction of new measurement methods, as well as process and product improvements. The development of a new nitrogen free explosive also progressed, and CE mark approval was gained for both nitrogen free gel and emulsion products. Furthermore, work aiming at developing a new green product line was initiated. FORCIT also launched a new generation of emulsion charging units, ECM3, for underground operations.

In FORCIT Defence, the R&D work has focused on the continued development of underwater systems and of the FORCIT Sentry Area Denial System. The first serial deliveries of Sentry system are expected to take place in 2023.

In FORCIT Consulting, development work related to the platform for handling, monitoring and utilising measurement data has continued and a new mobile app for easy and efficient data handling was launched.

INVESTMENTS

The Group's total investments during the financial period, including M&A, amounted to EUR 11,6 million (EUR 15,9 million), and if lease financing is included, they reached EUR 12,3 million (EUR 17,1 million). The parent company's investments in its own operations totalled EUR 5,9 million (EUR 2,1 million). The Groups' total investments including leasing finance was 5,4% of the annual revenue.

The most important investments were in expanding capacity and the service network within FORCIT Explosives in Norway, Sweden and Finland. Significant investments have also continued to be made in the digitalisation of the charging and delivery processes. In FORCIT Consulting investments have been made in equipment and software for vibration and noise measurements.

Forecasts and Predictions

RISKS AND UNCERTAINTIES

The intense geopolitical situation and the war in Ukraine have caused significant and unprecedented challenges related to raw materials since the late 2021. Supply, and the extremely volatile price levels of key raw materials have posed considerable challenges for our operations. Although we saw falling prices of raw materials at the end of 2022, and less constraints on material availability, the situation is expected to continue volatile in 2023 and to require a lot of efforts to find alternative solutions and to handle the shifting price levels.

The worsened global and European economic outlook is expected to have an impact, especially on the contractor segment in our Explosives business and on our Consulting business. 2023 forecasts related to construction activity in all Nordic countries have turned clearly more negative during the last year.

With the current significant portion of operations taking place in Sweden and Norway, there is a currency risk due to fluctuations in the exchange rate between SEK and EUR and between NOK and EUR. The company has continued efforts to protect itself against currency risks in the contracts and agreements it has entered.

The war in Ukraine and related geopolitical tensions have increased risks related to cyber and hybrid threats. Consequently, the company has made significant investments and increased focus on cyber and physical security.

PROSPECTS FOR 2023

The outlook for infrastructure construction is clearly negative in Finland and Sweden, driven by the overall economic outlook. The outlook for Norway is more positive. The expectations in the mining segment are neutral versus 2022. Main concerns for 2023 are related to the general economic outlook, inflation and in particular the price development of key raw materials. Competition in the civil explosives market continues to be stiff. However, by sustaining its good level of competitiveness, and with continued focus on development and efficiency, the company expects FORCIT Explosives to be able to continue profitable operations in its main markets.

In January 2023 FORCIT has entered into a Joint Venture together with ENAEX SA around the O-Pitblast business aiming at meeting the increasing market demand for software and products for sustainable mining operations.

FORCIT Defence order book increased significantly during 2022 to an all-time high level supporting the revenue for 2023.

FORCIT Consulting has a strong market position and is well-positioned for further growth through geographical expansion and development of its service offering. Expectations related to the development of the relevant market for FORCIT Consulting is, however, more negative than in many years.

In summary, the company expects an increase in sales in 2023 compared with 2022 but has a cautious view on the development of profitability due to inflation and worsened overall market sentiments in civil explosives and consulting markets.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

1000 €	2022	2021
NET SALES	228 342	150 466
Change in inventory of finished goods	2 231	204
Work performed for own use	19	45
Other operating income	701	435
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	-125 889	-69 188
Change in stocks	7 864	1 909
Total raw materials and services	-118 025	-67 279
Personnel expenses		
Wages and salaries	-32 472	-29 119
Social security expenses		
Pension expenses	-4 775	-4 270
Other social security expenses	-5 295	-4 508
Total personnel expenses	-42 542	-37 898
Depreciation, amortisation and writedowns		
Depreciation according to plan	-8 811	-8 683
Other operating expenses	-35 009	-28 645
OPERATING PROFIT	26 905	8 645

1000 €**2022****2021**

Financial income and expenses

Other interest income and other financial income	70	166
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Impairment of investments	0	3
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Interest and other financial expenses	-752	-845
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Total financial income and expenses	-682	-676
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PROFIT BEFORE TAXES	26 223	7 969
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Change in deferred tax liability	13	-93
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Income taxes	-4 707	-1 808
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PROFIT FOR THE FINANCIAL YEAR	21 529	6 069
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CONSOLIDATED BALANCE SHEET

Assets

Non-current assets

1000 € **2022** **2021**

Intangible assets

Intangible rights	4 025	2 678
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Group goodwill	6 474	7 557
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Total intangible assets	10 499	10 236
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Tangible assets

Land and water	1 769	1 629
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Buildings and constructions	19 677	19 841
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Machinery and equipment	16 016	17 000
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Other tangible assets	167	730
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Advance payments and construction in progress	10 317	6 315
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Total tangible assets	47 946	45 515
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Investments

Shares	290	289
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Associated companies	20	16
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Other investments	235	250
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Total investments	546	555
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TOTAL NON-CURRENT ASSETS	58 991	56 305
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Current assets

1000 €

2022

2021

Stocks

Raw materials and consumables	11 829	6 792
Finished products	4 705	2 706
Other stocks	9 701	7 166
Advances paid	171	1 179

Total stocks	26 407	17 843
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Receivables

Trade receivables	34 677	22 296
Loans receivable	51	34
Other receivables	976	513
Accrued income and prepayments	547	995

Total receivables	36 252	23 839
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Financial securities

Other securities	0	0
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Cash in hand and cash at banks	5 059	6 119
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TOTAL CURRENT ASSETS	67 717	47 802
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TOTAL ASSETS	126 708	104 107
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Equity and liabilities

Equity

1000 €	2022	2021
Share capital	3 149	3 149
Share issue	0	176
Reserve for invested unrestricted equity	1 501	1 324
Disposition fund	34 060	33 183
Result for the reporting period	21 529	6 069
TOTAL EQUITY	60 238	43 901

Liabilities

1000 €	2022	2021
Non-current liabilities		
Deferred tax liability	3 289	3 303
Loans from credit institutions	16 712	18 023
Other long-term liabilities	2 050	2 133
Total non-current liabilities	22 051	23 459
Current liabilities		
Loans from credit institutions	5 051	4 763
Advances received	1 134	4 621
Trade payables	22 004	15 140
Other payables	4 371	3 779
Accrued expenses	11 859	8 444
Total current liabilities	44 419	36 747
TOTAL LIABILITIES	66 470	60 206
TOTAL EQUITY AND LIABILITIES	126 708	104 107

CONSOLIDATED STATEMENT OF CASH FLOWS

1000 €	2022	2021
Cash flow from operating activities		
Operating profit	26 905	8 645
Adjustments to operating profit	8 806	8 537
Changes in working capital	-17 000	-1 571
Interest paid	-752	-511
Interest received	65	46
Dividends received	5	2
Income taxes paid	-2 382	-1 506
Net cash generated from operating activities	15 648	13 643
Cash flow from investing activities		
Investments in tangible and intangible assets	-12 063	-9 693
Proceeds from sale of tangible and intangible assets	82	58
Acquisition of subsidiaries minus the company's cash at the time of acquisition	-226	-2 405
Other investments	14	0
Net cash used in investing activities	-12 194	-12 041
Cash flow from financing activities		
Proceeds from short-term borrowings	304	39
Repayments of short-term borrowings	-16	-46

1000 €	2022	2021
Proceeds from long-term borrowings	2 000	196
Repayment of long-term borrowings	-3 379	-2 403
Dividends paid and repayment of unrestricted equity	-3 423	-3 317
Share issue	0	176
Net cash used in financing activities	-4 514	-5 355
CHANGE IN CASH AND CASH EQUIVALENTS	-1 060	-3 752
Cash and cash equivalents at the beginning of the period	6 119	9 871
Change during the period	-1 060	-3 752
Cash and cash equivalents at the end of the period	5 059	6 119

PARENT COMPANY'S PROFIT AND LOSS ACCOUNT

1000 €	2022	2021
NET SALES	112 676	71 999
Change in inventory of finished goods	704	182
Work performed for own use	19	39
Other operating income	3 223	2 085
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	-64 776	-35 251
Change in stocks	6 074	1 399
Total raw materials and services	-58 701	-33 852
Personnel expenses		
Wages and salaries	-16 423	-15 260
Social security expenses		
Pension expenses	-3 302	-2 741
Other social security expenses	-741	-566
Total personnel expenses	-20 466	-18 567
Depreciation, amortisation and writedowns		
Depreciation according to plan	-3 344	-3 148
Other operating expenses	-20 524	-15 402
OPERATING PROFIT	13 586	3 336

1000 €**2022****2021**

Financial income and expenses

Other interest income and other financial income

Group company

2 979

3 880

Others

21

132

Total financial income**3 000****4 012**

Other interest income and other financial expenses

Group company

-27

0

Others

-765

-794

Total financial expenses**-792****-794**

PROFIT BEFORE APPROPRIATIONS AND TAXES**15 794****6 553**

Appropriations

Change in accumulated depreciation difference

-308

135

Group contribution

1 394

1 745

Total appropriations**1 086****1 880**

Income taxes

-2 834

-945

PROFIT FOR THE FINANCIAL YEAR**14 046****7 489**

PARENT COMPANY'S BALANCE SHEET

Assets

Non-current assets

1000 € 2022 2021

Intangible assets

Intangible rights	3 879	2 530
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Total intangible assets	3 879	2 530
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Tangible assets

Land and water	1 393	1 221
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Buildings and constructions	13 013	13 750
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Machinery and equipment	6 359	6 179
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Other tangible assets	34	57
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Advance payments and construction in progress	6 715	5 147
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Total tangible assets	27 513	26 354
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Investments

Holdings in group companies	24 940	24 699
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Loans owed by group companies	243	238
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Other loans receivable	77	81
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Shares	287	287
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Total investments	25 547	25 304
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TOTAL NON-CURRENT ASSETS	56 939	54 188
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Current assets

1000 €

2022

2021

Stocks

Raw materials and consumables	10 197	5 468
Finished products	3 149	2 445
Other stocks	4 005	2 662
Advances paid	171	1 179
Total stocks	17 523	11 753

Receivables

Trade receivables	16 595	8 857
Amounts owed by group companies	14 980	12 308
Loans receivable	50	33
Other receivables	105	28
Accrued income and prepayments	88	283
Total receivables	31 819	21 509

Financial securities

Cash in hand and cash at banks	4 584	5 500
TOTAL CURRENT ASSETS	53 925	38 762
TOTAL ASSETS	110 864	92 950

Equity and liabilities

Equity

1000 €	2022	2021
Share capital	3 149	3 149
Share issue	0	176
Reserve for invested unrestricted equity	1 501	1 324
Disposition fund	28 576	24 510
Result for the reporting period	14 046	7 489
TOTAL EQUITY	47 271	36 649
Accumulated depreciation difference	8 349	8 041
Liabilities		
1000 €	2022	2021
Non-current liabilities		
Loans from credit institutions	16 426	17 723
Other long-term liabilities	2 050	2 133
Total non-current liabilities	18 476	19 856
Current liabilities		
Loans from credit institutions	5 067	4 763
Advances received	1 133	4 619
Trade payables	10 281	8 741
Amounts owed to group undertakings	12 363	4 666
Other payables	1 916	1 970
Accrued expenses	6 008	3 646
Total current liabilities	36 767	28 405
TOTAL LIABILITIES	55 244	48 261
TOTAL EQUITY AND LIABILITIES	110 864	92 950

PARENT COMPANY'S STATEMENT OF CASH FLOWS

1000 €	2022	2021
Cash flow from operating activities		
Operating profit	13 586	3 336
Adjustments to operating profit	3 226	2 824
Changes in working capital*	-14 828	-726
Interest paid	-674	-461
Interest received	88	73
Dividends received	4	4
Other financial items	0	-5
Income taxes paid	-1 088	-847
Net cash generated from operating activities	315	4 198
Cash flow from investing activities		
Investments in tangible and intangible assets	-5 781	-3 776
Group undertakings repayments of loans	4 685	-1 910
Interest received	0	0
Investments in subsidiaries	-271	-3 045
Repayments of loans	-18	115
Net cash used in investing activities	-1 386	-8 615
Cash flow from financing activities		
Proceeds from short-term borrowings	304	39

1000 €	2022	2021
Repayments of short-term borrowings	0	-46
Proceeds from long-term borrowings	2 000	196
Repayment of long-term borrowings	-3 379	-2 403
Dividends paid	-3 423	-3 219
Share issue	0	176
Paid-up increase in equity	0	-98
Dividends from group undertakings	2 908	3 812
Received group contribution paid	1 745	1 785
Net cash used in financing activities	154	242
CHANGE IN CASH AND CASH EQUIVALENTS	-916	-4 175
Cash and cash equivalents at the beginning of the period	5 500	9 675
Change during the period	-916	-4 175
Cash and cash equivalents at the end of the period	4 584	5 500
* Whereof the change in cashpool amount to	7 021	-4 047

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

1.1. VALUATION PRINCIPLES

Fixed assets are stated at historical cost less accumulated straight-line depreciation. Current assets are stated at historical cost or at lower fair value. Foreign currency items are translated using the exchange rate at the balance sheet date. The consolidated financial statements are presented in thousands of euros (1 000 EUR).

1.2. DEPRECIATION AND AMORTISATION

Depreciation is calculated from the historical cost, and is calculated on a straight-line basis over the estimated economic life on the asset. The basis of calculation are:

Buildings and constructions	20-50
Machinery and equipment	5-10
Other tangible assets	10-20
Immaterial rights	5-10
Other long-term expense items	10
Consolidated goodwill	5-10

1.3. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent company Oy Forcit Ab and the subsidiary companies Forcit Sweden AB, Forcit Norway AS, Forcit International Oy Ab, Forcit Consulting Oy, Forcit Consulting AB, Forcit Consulting AS, O-Piblast S.A. and Forcit Ireland Ltd. The consolidated financial statements also include the associated company Vipnordic AB. Vipnordic AB's financial statements are prepared per 31.08.2022. The consolidated financial statement is prepared according to the acquisition method. All intercompany transactions, balances, gains and losses are eliminated as part of the consolidation process. During the financial year, Suomen Tärinämittaus Oy was merged with Forcit Consulting Oy.

2. PROFIT AND LOSS ACCOUNT

2.1. NET SALES PER BUSINESS SECTOR

Consolidated	2022	2021
Explosives	211 010	133 199
Consulting	17 332	17 268
Total	228 342	150 466

Parent Company	2022	2021
Explosives	112 676	71 999
Total	112 676	71 999

2.2. SALARIES FOR THE REPORTING PERIOD AND THE AVERAGE NUMBER OF PERSONNEL

Consolidated	2022	2021
Boards of Directors and CEO's	1 631	1 695
Other personnel	30 841	27 424
Total	32 472	29 119

Parent Company	2022	2021
Boards of Directors and CEO's	644	667
Other personnel	15 778	14 593
Total	16 423	15 260

During the financial period the average number of personnel

Consolidated	533	499
Parent Company	265	250

2.3. OTHER OPERATING INCOME

Consolidated	2022	2021
Income from rents	166	161
Return	8	0
Other items	527	274
Total	701	435

Parent Company	2022	2021
Intra-group transactions	2 886	1 652
Income from rents	166	161
Return	8	0
Other items	164	272
Total	3 223	2 085

2.4. AUDIT FEES

Consolidated	2022	2021
Audit fees	154	131
Other fees	0	71
Total	154	203

Parent Company	2022	2021
Audit fees	42	48
Other fees	0	71
Total	42	118

2.5. APPROPRIATIONS

Parent Company	2022	2021
Group contribution	1 394	1 745

2.6. DIVIDEND INCOME FROM GROUP UNDERTAKINGS

Parent Company	2022	2021
Dividend income from group undertakings	2 908	3 812

2.7. INCOME TAX

Consolidated	2022	2021
Income tax on ordinary items	4 707	1 808
Change in deferred tax liability	-13	93
Total	4 694	1 900

Parent Company	2022	2021
Income tax on group contributions	279	349
Income tax on ordinary items	2 555	596
Total	2 834	945

3. BALANCE SHEET

3.1. INTANGIBLE AND TANGIBLE ASSETS

The notes include the purchase cost for the noncurrent assets that have not entirely been depreciated by plan.

The goodwill in the consolidated Financial Statements is depreciated over a period of 5–10 years from acquisition.

Consolidated	2022	2021
Acquisition cost 1.1.	142 543	127 802
Increases	11 606	15 867
Decreases	-162	-2 244
Transfers between items	0	1 117
Acquisition cost 31.12.	153 987	142 543
Accumulated depreciation 1.1.	-87 230	-78 546
Depreciation for the reporting period	-8 811	-8 683
Accumulated depreciation on reductions	61	0
Accumulated depreciation 31.12.	-95 979	-87 230
Increases	437	437
Impairments	0	0
Book value on 31.12.	58 445	55 751
Balance value of intangible and tangible assets in production	13 586	14 730
Parent Company	2022	2021
Acquisition cost 1.1.	76 770	72 909
Increases	5 877	2 114
Decreases	-25	0

Transfers between items	0	1 748
Acquisition cost 31.12.	82 623	76 770
Accumulated depreciation 1.1.	-48 324	-45 175
Depreciation for the reporting period	-3 344	-3 148
Accumulated depreciation on reductions	0	0
Accumulated depreciation 31.12.	-51 668	-48 324
Increases	437	437
Book value on 31.12.	31 392	28 884
Balance value of intangible and tangible assets in production	6 359	6 934

3.2. INVESTMENTS, PARENT COMPANY

Shares	Consolidated	Others	Total
Acquisition cost 1.1.	24 699	287	24 986
Increases	241	0	241
Decreases	0	0	0
Acquisition cost 31.12.	24 940	287	25 227

3.3. STOCKS

Consolidated	2022	2021
Raw materials and consumables	11 829	6 792
Finished products	4 705	2 706
Purchased products	9 701	7 166
Advances paid	171	1 179
Total	26 407	17 843

Parent Company	2022	2021
Raw materials and consumables	10 197	5 468
Finished products	3 149	2 445
Purchased products	4 005	2 662
Advances paid	171	1 179
Total	17 523	11 753

3.4. CONSOLIDATED COMPANIES

Participation-%	Consolidated	Parent Company
Forcit International Oy Ab	100	100
Forcit Sweden AB	100	100
Forcit Norway AS	100	100
Forcit Consulting Oy	100	100
Forcit Consulting AB	100	100
Forcit Consulting AS	100	100
Forcit Ireland Ltd	100	100
O-Pitblast S.A.	100	100
Vipnordic AB	33	33

3.5. CONSOLIDATED RECEIVABLES AND PAYABLES

Parent Company	2022	2021
Long-term loan receivables	243	238
Trade receivables	6 082	4 021
Loan receivables	126	125

Loan receivables	126	125
Other receivables*	8 773	8 162
Total receivables	15 223	12 546
Trade payables	38	49
Accrued expenses	0	0
Other debts*	12 325	4 824
Total payables	12 363	4 873

*Refers mainly to cash pool arrangements

3.6. CHANGES IN EQUITY

Consolidated	2022	2021
Share Capital 1.1	3 149	3 149
Share Capital 31.12.	3 149	3 149
Reserve for invested unrestricted equity 1.1	1 501	398
Share issue	0	1 024
Repurchase of shares	0	-98
Reserve for invested unrestricted equity 31.12	1 501	1 324
Share issue	0	176
Disposition fund 1.1	33 183	30 685
Profit last year	6 069	6 254
Dividend for last year	-3 423	-3 219
Change in disposition fund	-1 768	-537
Disposition fund 31.12.	34 060	33 183

Net profit for the period	21 529	6 069
Total equity	60 238	43 901
Parent Company	2022	2021
Share Capital 1.1	3 149	3 149
Share Capital 31.12.	3 149	3 149
Reserve for invested unrestricted equity 1.1	1 501	398
Share issue	0	1 024
Repurchase of shares	0	-98
Reserve for invested unrestricted equity 31.12	1 501	1 324
Share issue	0	176
Disposition fund 1.1	24 510	21 845
Profit last year	7 489	5 885
Dividend for last year	-3 423	-3 219
Disposition fund 31.12.	28 576	24 510
Net profit for the period	14 046	7 489
Total equity	47 271	36 649
Distributable free funds in total 31.12.	44 123	33 324

3.7. APPROPRIATIONS AND DEFERRED TAX LIABILITIES

Accumulated depreciation in excess on plan

Parent Company	2022	2021
Intangible assets		
Intangible rights	751	452

Tangible assets

Buildings and constructions	4 284	4 205
Machinery and equipment	3 313	3 377
Other tangible assets	2	8
Total	8 349	8 041

Deferred tax liability

The deferred tax liability from the depreciation in excess on plan and accrual reserve have been separated in the consolidated financial statements

	2022	2021
Consolidated	3 289	3 303

The remaining depreciation difference and accrual reserve have been booked as unrestricted shareholders' equity.

	2022	2021
Consolidated	12 143	10 159

3.8. CURRENT LIABILITIES

The balance sheet item "Loans from financial institutions" also includes use of current account with overdraft facility.

	2022	2021
Consolidated	2 667	2 380
Parent Company	2 667	2 380

**3.9. ACCRUED EXPENCES AND
ADVANCES RECEIVED**

Assets

Consolidated	2022	2021
Uninvoiced purchases	0	0

Periodic invoices	541	833
Tax refund	0	-10
Other	6	172
Total	547	995

Parent Company	2022	2021
Uninvoiced purchases	0	0
Periodic invoices	88	283
Tax refund	0	0
Other	0	0
Total	88	283

Equity and liabilities

Consolidated	2022	2021
Accrued personnel costs	5 462	5 318
Other accruals	3 289	2 248
Interests	36	142
Taxes	3 072	736
Total	11 859	8 444

Parent Company	2022	2021
Accrued personnel costs	2 432	3 105
Other accruals	1 793	162
Interests	36	36
Taxes	1747	342
Total	6 008	3 646

3.10. CONTINGENCIES AND COMMITMENTS

3.10.1. Leasing liabilities

Consolidated	2022	2021
Due during the next reporting period	3 781	3 909
Due later	7 234	9 506

Parent Company	2022	2021
Due during the next reporting period	1 761	1 681
Due later	3 281	4 422

3.10.2. Rental responsibility (for business premises)

	Consolidated	Parent Company
Due for payment during the following accounting period	1 010	190
Due for payment later	2 028	285
Total	3 038	475

3.10.3 Contingent liability on behalf of group companies

	2022	2021
Consolidated	298	300
Parent Company	298	300

3.10.4. Other contingent liabilities

Consolidated	2022	2021
Contingencies on own behalf	3 460	2 774

Parent Company	2022	2021
Contingencies on own behalf	3 327	2 624

SIGNATURES

Helsinki 3rd of March 2023

**Lauri Stadigh,
Chairperson of the Board**

**Joakim Westerlund,
CEO**

Tom Melbye

Hans Karlander

Pasi Tolppanen

Jarmo Lindberg

Alexander Tallberg

Our Auditor's report has been issued today

Helsinki 7th of March 2023

**KPMG Oy Ab
Christian Hällström, APA**

AUDITOR'S REPORT

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Oy Forcit Ab (business identity code 0103189-6) for the year ended 31 December 2022. The financial statements comprise the balance sheets, the 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 the Financial Statements section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the board of directors and the managing director for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

Other reporting requirements

Other information

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

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

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

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

Helsinki 7th of March 2023

KPMG OY AB
CHRISTIAN HÄLLSTRÖM
APA