

Results you want, people you love working with

Annual report

2021



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Enfo 2021

In 2021, Enfo developed its capabilities to drive growth in line with its renewed strategy, with focus on digital trust, data and analytics, and cloud services.

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This is Enfo

Enfo is a Nordic IT services company with more than 800 digital experts. With our knowledge in digital trust, data and analytics, applications, integration, and managed services, we both build and run IT solutions on cloud. We prioritize a collaborative approach and responsibility in everything we do. We work for a more sustainable and intelligent world where technology empowers people, businesses, and societies and accelerates their progress.

Our purpose is to work for a more sustainable and intelligent tomorrow.

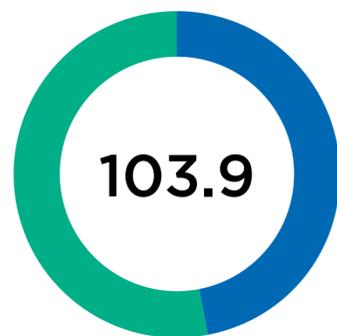
Key figures

	IFRS 2021	IFRS 2020
Net sales (EUR million)	103.9	101.5
EBITDA (EUR million)	7.4	7.7
Operating profit (EUR million)	-2.3	-1.5
Profit for the period (EUR million)	-3.9	-2.7
Return on equity %	-9.3	-7.8
Equity ratio %	37.9	40.1
Net gearing %	92.5	86.1
Interest-bearing net liabilities (EUR million)	34.3	40.8
Balance sheet total (EUR million)	98.6	118.5



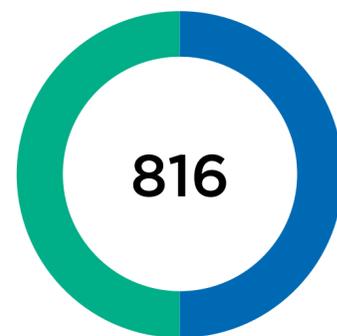
Year 2021 - Figures and highlights

Net sales
EUR million, total



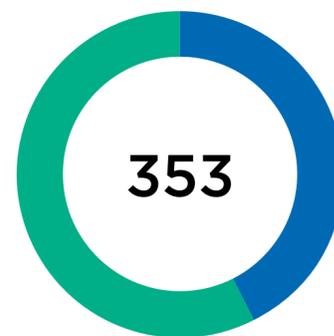
Finland 47%
Sweden 53%

Experts
total



Finland 50%
Sweden 50%

Customers



Finland 144
Sweden 193

EBITDA
EUR million

7.4
(7.1%)

Enfonians answer

4.0
on a scale from 1-5
when asked if Enfo is a
good place to work

Highlights

New CEO

Mikko Valorinta is appointed as CEO from March 1, 2021.

Enfo strengthens focus on digital responsibility

Thomas Andersson is appointed as EVP for Enfo's new business area Digital Trust and member of the Group Management Team from May 11, 2021.

Emphasis on culture, inclusion, and diversity

Henna Ylitalo, with extensive experience around diversity, equity, and inclusion, is appointed as EVP, People & Culture and member of the Group Management Team from May 24, 2021.

Divesting minority share in Zuite Business Consulting

Enfo divests its 30% ownership in the Swedish SAP consultancy Zuite Business Consulting to Norwegian Pearl Group AS.

Significant recognition of Enfo's expertise in Microsoft Azure analytic solutions

Enfo is awarded the Analytics on Microsoft Azure Advanced Specialization in recognition of its strong expertise in Microsoft Azure analytic solutions. Enfo is one of the first companies in the Nordic region to receive this acknowledgement.

New strategy

In September, Enfo announces its renewed strategy, Capturing growth.

CEO's review

During 2021, societies in the Nordics started to reopen, and we saw a strong recovery in the IT services market. I joined Enfo in early March and I am looking forward to implement our new strategy in 2022 and beyond.

In 2021, we engaged more than one hundred Enfonians in our strategy work and launched our new strategy "Capturing growth". With the new strategy, we also defined our new purpose "We work for a more sustainable and intelligent tomorrow". Enfo's aim is to be the most trusted companion within IT for customers and employees in building and running data-driven business on cloud. We continue to prioritize digital, social, environmental, and financial responsibility in everything we do. We identified four Accelerators to drive our profitable growth during 2022-2024: Engaged employees, Efficiency in operations, Evergreen services, and Expanding as One Enfo. Our new customer value promise "Results you want, people you love working with" was founded on our strong client-focus and commitment to deliver.

To simplify the organization and further increase our client focus, we reorganized our business areas in the early summer. The four business areas are Applications & Data Sweden, Care & Data Platforms Finland, Data & Analytics Finland, and a new business area, Digital Trust Sweden. With digital trust services, we

support our clients in securing their data and applications.

In line with our strategic priorities, we divested our 30% ownership in the Swedish SAP consultancy Zuite Business Consulting AB to the Norwegian Pearl Group AS. The transaction did not impact Enfo's SAP operations in Finland where SAP S4/HANA and migrating SAP on cloud continue to be growth drivers.

Enfo was - as one of the first companies in the Nordic region - awarded the Analytics on Microsoft Azure Advanced Specialization in recognition of its strong expertise in Microsoft Azure analytic solutions. In addition, we earned a new Microsoft Azure Advanced Specialization status for cloud migrations. These two recognitions demonstrate our strong focus on the Microsoft ecosystem and our deep expertise in these areas.

In the beginning of 2022, we transferred Enfo's Analytics Development Accelerator (ADA) service to a separate subsidiary. The name of the new company is Qivada Oy and will be operated by Enfo Group. This spin-off will enable us to accelerate the development and



“ With the new Enfo strategy, we have set ourselves ambitious targets for the coming years. ”

commercialization of our ADA services and make them available to everyone.

We are following the crisis in Ukraine and are concerned about the heartbreaking situation. The war might also increase uncertainty and volatility in the market. Depending on the direction of development, we will take required actions needed to ensure the safety and quality of our services.

With the new Enfo strategy, we have set ourselves ambitious targets for the coming years. Client satisfaction, employee engagement, and profitable growth will continue to be at the heart of our strategy. Our growth will be driven by digital trust, data and analytics, and cloud services. The strategic direction is set, and now we roll our sleeves.

I want to thank my Enfo colleagues, our customers, owners, and our partners for great collaboration in 2021 and look forward to together building a more sustainable and intelligent tomorrow.

Mikko Valorinta

Enabling data-driven transformation

At Enfo, we help customers manage data streams, refine, analyze and use data wisely. We both build and run IT solutions on cloud and provide 24/7 support services for our customers. We support our customers in mastering the complexity in the world of data. We make sure their data is safe and decisions are based on high-quality data.

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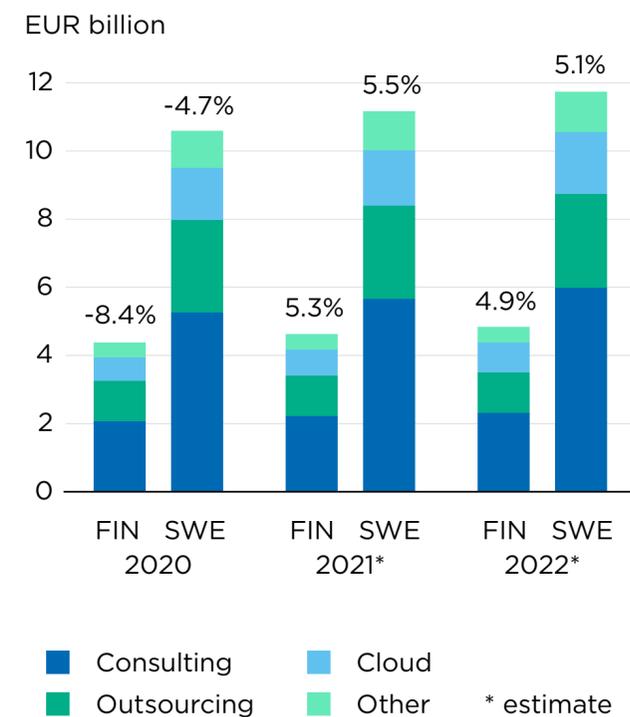
Market review

As the post-pandemic economic reopening progressed in 2021, most industries were returning to near-normal operations. Previously postponed IT development projects were resumed, and the IT services market returned to growth.

In mid-2021, as the most acute phase of the coronavirus pandemic gradually ended, organizations and companies were returning to a sense of normality. Activity in the IT services market improved, with digitalization driving demand. This is reflected in the outlook for the IT services industry, which is forecast to experience robust growth in the coming years. According to an estimate by Radar, the decline in Finland's and Sweden's IT services market in 2020 is expected to be followed by annual growth of approximately 5% in 2021-2023.

We expect demand in most sectors to reach pre-pandemic levels in early 2022, although some industries, such as hospitality and travel, will take longer to recover from the pandemic. The labor market in Finland and Sweden also became tighter in 2021, and competition to hire and retain the best talent has intensified.

Growth in IT services market 2020-2022



Source: Radar

Responsible data handling is key

The pandemic has accelerated digitalization across industries, and we see no end to this trend. Organizations are migrating their data to the cloud at an accelerated pace to ensure that data is accessible anytime and anywhere. The amount of data is growing at a staggering pace, requiring better ways to store and manage it. Companies are also investing in better tools for analyzing data to boost innovation and optimization of business processes.

Organizations are increasingly providing their partners, subcontractors, and suppliers with access to their applications and data to enable better collaboration. This highlights the need to improve responsible data management, as companies and their customers must be able to trust that their data is stored and managed responsibly. Respectively, there is a growing demand for digital identity management to make sure that right persons access right data in the cloud in a remote and hybrid working environment.

Remote and hybrid working styles are here to stay, boosting the ongoing cloudification trend. For IT services companies, such as Enfo, remote working practices allow for more flexibility to shift employees between projects independently of their physical location. This enables IT service providers to better match the right skillsets of their employees to customer needs.

Responsibility and sustainability are on top of the agenda across all industries. Companies are increasingly focused on improving their own responsibility work, in addition to their growing interest in what their suppliers and partners are doing.

Read more about Enfo's commitment to strengthening our responsibility on page [15](#).

Strategy

Enfo announced its growth strategy for the period 2022-2024 in September 2021. Focused on digital trust, data and analytics, and cloud services, Enfo aims to be the most trusted partner within IT for customers and employees in building and running technology solutions on cloud.

Enfo's strategy builds on the megatrends of data-driven decision-making, cloudification and demand for cyber security and trust. At Enfo, we help organizations manage data streams, refine, analyze, and use data wisely. We support our customers in mastering the complexity in the world of data. We offer our customers capability to manage and use data in the cloud or in hybrid environments including public cloud, private cloud, and data center, and we make sure their data is safe.

At the core of our strategy is our purpose – to work for a more sustainable and intelligent tomorrow. For us, sustainability means working relentlessly to build trust with our customers and employees, taking into account digital, social, environmental, and financial responsibility in everything we do. We want to work for a more intelligent world where decision-making in organizations is based on high-quality data, and we believe technology can empower people, businesses, and societies and accelerate their progress.

Accelerators for growth

Enfo has defined four Accelerators that are central to capturing growth. These include both priorities focused on how the company creates value and improves profitability of its operations as well as priorities focused on how that value is delivered to customers.

We have set ourselves the ambitious targets of excellent customer satisfaction (+95% recommendation rate) and employee engagement (eNPS >40). We firmly believe these form the foundation for profitable growth, and we aim for an EBITA of >8% in 2024 and organic CAGR of >8% in 2024.

Enfo's Accelerators

Engaged professionals

We ensure high employee engagement by providing our people interesting work and opportunities for growth supported by inspiring leaders, by building an inclusive working environment, and by boosting continuous learning and always keeping our skills relevant to the market.

Efficiency in operations

We improve our profitability and efficiency by optimizing our internal non-delivery related costs, by simplifying our IT landscape and providing our people with effective tools, and by helping our leaders to effectively manage their teams and businesses.

Evergreen services

We keep our services relevant to the market by providing fit-for-purpose, state-of-the art services to our customers, by creating competitive, innovative offers, and by being proactive and proposing new ideas to our customers.

Expanding as One Enfo

We collaborate as one team towards customers by providing our customers with multi-disciplinary expertise and solutions, ensuring alignment in deliveries, by maximizing the growth potential in accounts, and by facilitating the collaboration of our teams in Sales & Delivery.



sustainable, profitable growth still form the core of Enfo's strategy but a new purpose, new growth accelerators, KPIs and value promises to employees and customers were defined to keep our services relevant to the market and ensure the success of Enfo, our customers, our employees and our investors also in the future.

In line with our strategic priorities, we divested our 30% ownership in the Swedish SAP consultancy Zuite Business Consulting AB to the Norwegian Pearl Group AS. The transaction did not impact Enfo's SAP operations in Finland, where SAP S4/HANA and migrating SAP on cloud continued to be growth drivers.

Companies continued to move their data and applications to the cloud at an accelerated pace in 2021. To benefit from this market trend, we further developed our competencies and strategic partnerships with leading global cloud providers, focusing especially on the Microsoft ecosystem. As a proof of our successful efforts, Enfo was one of the first companies in the Nordic region to be awarded the Analytics on Microsoft Azure Advanced Specialization in recognition of its strong expertise in Microsoft Azure analytic solutions. We also earned a new Microsoft Azure Advanced Specialization status for cloud migrations. Enfo is today among Microsoft's Top5 Managed Service Providers (MSP) and we doubled the Azure Consumed Revenue during last year.

Strategy implementation in 2021

We started planning our growth strategy for 2022–2024 in the second quarter of 2021 in a challenging environment, as the pandemic had postponed our growth aspirations and shifted the focus to keeping our operations profitable in 2020. While some of our customers,

especially in the travel and hospitality sector, were still affected by the pandemic in 2021, we saw strong demand in cyber security, identity and access management (IAM), data and analytics, and cloud-related services.

To align our organization to better meet demand, we reorganized our business areas as of June 1. The four business areas are:

Applications & Data Sweden, Care & Data Platforms Finland, Data & Analytics Finland, and a new business area, Digital Trust Sweden.

After engaging more than 100 Enfonians in the collaborative process of strategy planning, we launched our renewed strategy, *Capturing growth*, in September 2021. Customer satisfaction, employee engagement, and

Looking ahead

Our main focus in 2022 is the successful implementation of our new strategy. The concrete activities are carried out within the four Accelerators.

Our growth is built on the expertise of our committed and motivated employees. In line with the demand for IT services, also the demand for skilled professionals is growing. To that end, ensuring employee engagement is critical for our success. In 2022, we will continue to develop our culture and leadership practices with a special focus on our new employee value proposition. We believe that advances in reaching the targets of the Engaged professionals accelerator are a key to reaching the targets of other accelerators.

Maintaining a high customer satisfaction rate is a matter of honor for us. We already get good feedback from our customers on our deep expertise and collaborative approach. Going forward, we also want to be known for our proactiveness in offering new ideas and insights to our customers.

Enfo expects business activity in most industries return to pre-pandemic level in 2022 and investments in digitalization continue to grow, driven by the trends of data growth, cloudification and trust that also build the foundation of our growth strategy. We have identified three areas where we expect double-digit growth during the next years: digital trust, data and analytics, and cloud services.

We will continue to develop our offering and work hard to deliver high-quality services and build strong partnerships with our customers. Sustainable operations are a strategic priority for most of our customers across industries. Sustainability is also at the heart of our new strategy – our aim is to integrate sustainability into everything we do: to ensure that our own operations are digitally, socially, environmentally, and financially responsible

and that we support our customers in their sustainability efforts.

We remain open to the possibility of broadening the ownership base of the company in the future.



Our value promise to employees

At Enfo, you are embraced as your true self. We are a compassionate family of experts, working for a more sustainable and intelligent tomorrow. Together, we unleash our full potential, while finding a work-life balance most purposeful for everyone. Let's grow together and make life work at Enfo!

Our value promise to customers

Results you want, people you love working with.

Enfo's business

In 2021, Enfo reorganized its business areas to further increase its client centricity and simplify the organization. A new business area of Digital Trust strengthens the company's focus on digital responsibility.

Our business areas were reorganized in 2021. With the new organization we are well equipped to respond to customer demand related to the megatrends of data growth, cloudification, and trust.

Enfo's business areas are:

- Applications & Data, Sweden
- Digital Trust, Sweden
- Care & Data Platforms, Finland
- Data & Analytics, Finland

Of these, Digital Trust is a new business area, encompassing our services related to, for example, data security and identity and access management (IAM). We recognized a growing customer demand for services where security adds value instead of being a compulsory element of a project and organized our security offering under Digital Trust to capitalize on this opportunity. Our approach was proven successful, as the digital identity offering grew in double digits in 2021.

As a mid-size company, Enfo has a depth of expertise in our chosen service areas with the agility and flexibility of a smaller company. Our service offering is supported by a wide range of partners and certified competencies. Enfo's strategic partners include Microsoft, TIBCO, IBM, Amazon Web Services (AWS), and SAP.

In 2021, we focused especially on developing our cloud, security, and data & analytics competencies and offerings. While these were also some of our fastest growing service areas, all our business areas generated growth last year.

Our expertise in security was validated by Enfo being the first company in Finland to receive level III security assessment classification based on the national Katakri 2020 audit criteria. The certification, based on a third-party audit of Enfo's security procedures, helps ensure the confidentiality and integrity of Enfo's and our customer's data. Enfo was also recognized as one of the top IAM solution providers in Europe during the year by the Cyber Security Review.

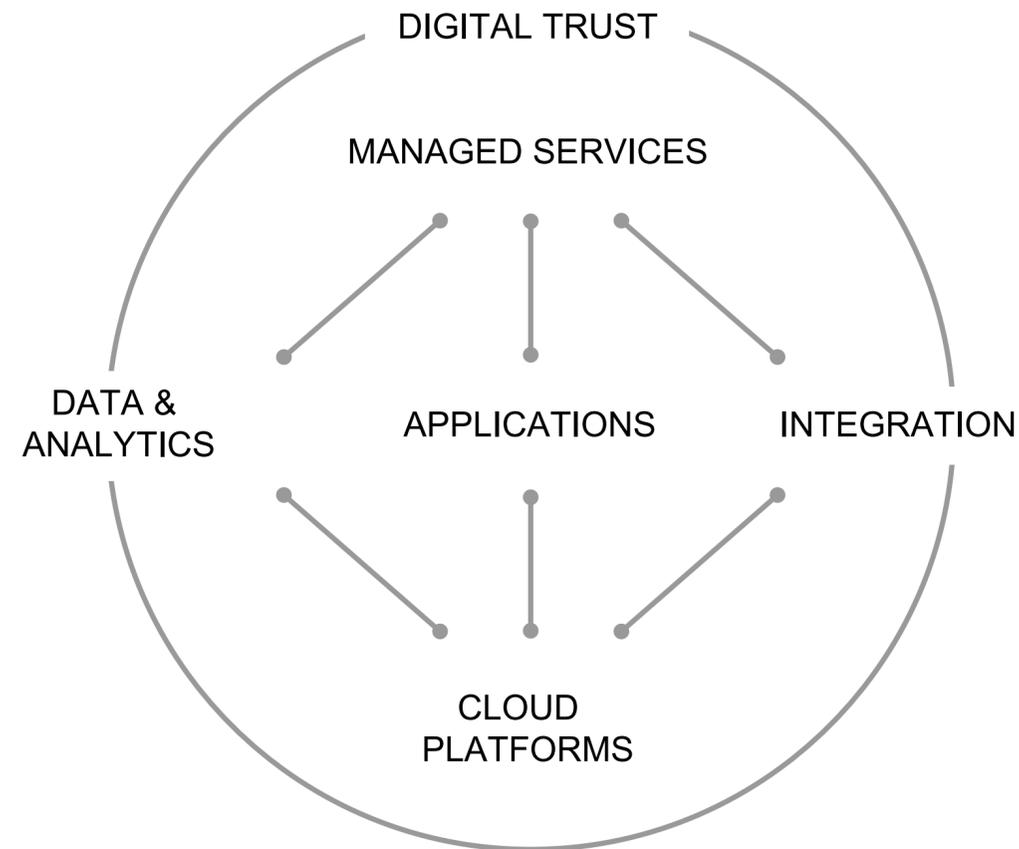
Read more about our business areas on page [14](#).



Enfo's data-driven business efforts on the Azure platform were awarded with the Analytics on Microsoft Azure Advanced Specialization as well as the Azure Advanced Specialization status for cloud migrations in 2021.

“
The data-driven transformations we deliver are built around the customer's needs and based on providing fit-for-purpose, added value solutions that best suit the customer's situation.

Thomas Andersson
 EVP, Digital Trust



Microsoft Azure - one of the world's leading cloud platforms

The widespread shift to remote and hybrid work has accelerated organizations' move to cloud-based storage solutions and applications. The change requires a trusted partner who has proven capabilities to assess, plan and deliver the project. To ensure that operations continue to run smoothly as the organizations' cloud journey progresses, the organization requires access to all necessary business and analytical tools and solutions.

Microsoft is the world's second-largest cloud services provider via the Azure platform, and the platform's market share in the cloud services sector - particularly in business applications - has continued to grow. In 2021, Enfo was twice recognized for its expertise in Microsoft Azure. In May, Enfo was awarded the Analytics on Microsoft Azure Advanced Specialization as one of the first companies in the

Nordics, demonstrating our capabilities in planning and delivering high-quality analytical solutions based on Azure cloud platform tools. The specialization requires that a company meets Microsoft's strict quality standards in designing analytical solutions and supporting customers to make use of the full potential of their data in the cloud.

In June 2021, Enfo achieved Advanced Specialization status in migrating Windows Server and SQL Server-based solutions and services to Microsoft's Azure public cloud platform. An important recognition of Enfo's capabilities and extensive experience, the achievement demonstrates that Enfo is a reliable partner with a proven track record in cloud migrations.

As companies continue their shift to using cloud platforms and cloud-based applications, we continue developing our capabilities in helping customers reap the benefits of the Azure platform and growing our Azure market share in Finland and Sweden.

Business areas

Applications & Data, Sweden

Applications, data & analytics, digital services, and integration with all leading technologies

Services

- Digital product design
- Software development
- Integration development, maintenance, and support
- Analytics & BI
- Data management services
- Cloud consulting, migrations & services
- Asset management & IoT
- Application management

Employees

256

Care & Data Platforms, Finland

Versatile platforms, genuine care

Services

- Public cloud, private cloud and hybrid cloud platforms and technologies
- Cloud consulting, migrations & services
- Managed services
- 24/7 service center (service desk, monitoring, Security Operations Center SOC)
- Security services
- Device care
- Microsoft 365 solutions
- Solution management
- Networks
- Robotic Process Automation
- SAP & Salesforce solutions

Employees

274

Digital Trust, Sweden

Digital identity management enabling secure collaboration anytime and anywhere

Services

- Digital identity management/governance
- Hybrid workplace - anytime and anywhere
- Enterprise access management
- Collaboration governance
- Cybersecurity services as a business value add
- Intelligent joiner, mover, leaver processes

Employees

114

Data & Analytics, Finland

Information as a strategic asset:
how to master exponentially growing amounts of data

Services

- Performance management: BI/analytics, planning, predicting, data warehousing/data marts
- Data hub: Data lakes, data virtualization, integration, IoT
- Data asset management: Metadata, data governance, data models, data catalog, master data management

Employees

103

Responsibility

At Enfo, our purpose is to work for a more sustainable and intelligent tomorrow. For us, sustainability means working relentlessly to build trust with our customers and employees and taking into account digital, social, environmental, and financial responsibility in everything we do.

We want to work for a more intelligent world where decision-making in organizations is based on high-quality data, and we believe technology can empower people, businesses, and societies and accelerate their progress. We strive to bring digital peace of mind to our customers and contribute to their sustainable development.

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Enfo's approach to corporate responsibility

In 2021, Enfo positioned corporate responsibility as the foundation of its new strategy. The CR approach was reviewed, and roles and responsibilities regarding leading the CR work were made clearer to support Enfo's sustainability focus in the strategy even better.

Enfo's CR mission is to be the obvious choice as an employer and supplier through responsible digital development and business. For Enfonians, this means empowerment, continuous development and Enfo being a workplace where well-being and safety are emphasized. For our customers, this means enabling sustainable and responsible business-critical solutions in a digital environment.

Enfo's corporate responsibility approach plays a central role in the new strategy. For us, sustainability means working relentlessly to build trust with our customers and employees and taking into account digital, social, environmental, and financial responsibility in everything we do. We have set key performance indicators to all aspects of corporate responsibility and continue to develop target setting even further based on materiality assessment considered for 2022.

Our responsibility approach is linked with United Nation's Sustainable Development Goals (SDGs), a universal call to achieve a better and more sustainable future for us all. We focus our resources to six SDGs which we believe we can impact the most.

The CEO's ownership of CR was initiated in 2021 to ensure a solid CR governance. Enfo's governing documents form the foundation of our responsibility work: Code of Conduct, Anti-Corruption Policy, Work Environment Policy and Environmental Policy. These are addressed in our trainings, onboarding of new Enfonians, on our website and in the relationships with our customers and suppliers.

Enfo's corporate responsibility matrix team consists of representatives from Communications, People & Culture and Compliance, and two of them are management team members. In September 2021, in line with the launch of the new strategy, Enfo appointed Sr. Communications Manager Stina Thor as the Sustainability Lead to underline the importance of CR.

The new strategy, along with a stronger focus in CR, has empowered employees across Enfo's business areas. Internal workshops have been organized to innovate new ways to support our customers in their sustainable efforts even better. In 2021, we also continued to implement our responsibility approach inside the company by organizing quarterly Enfo-wide sessions where we shared information about the approach and offered Enfonians a chance to ask questions.

Enfo's CR cornerstones



People and culture

Enfonians are the heart of Enfo's new strategy. Having the right people in the right place is a crucial success factor in the implementation of the strategy. In 2021, Enfo also defined its value proposition to employees, emphasizing opportunities to grow, a work-life balance, and good leadership in an inclusive culture.

Enfo is a family of more than 800 digital experts working in Finland and Sweden. We work for a more sustainable and intelligent tomorrow where technology empowers people, businesses, and societies and accelerates their progress. At the core of our company culture and all our actions are our values. At Enfo, we want to nurture a company culture where employees are embraced as their true self and encouraged to grow.

Enfonians at the core of new strategy

In 2021, Enfo defined its employee value proposition as part of the new strategy. We promise our employees opportunities to grow, a work-life balance and good leadership in an inclusive culture, built on trust, expertise, collaboration, and continuous development.

We are in a people business, and the well-being and professional development of our employees are at the heart of our new strategy.

Satisfied employees are also our best brand ambassadors to attract new talent. Keeping people engaged was a central theme in 2021, as the corona restrictions continued to limit social interaction. A proof of the success of our efforts was Enfo being ranked as the seventh best employer in Sweden in a survey conducted by Universum. We follow our employee engagement with eNPS. The annual Employee Satisfaction Survey complements these monthly pulse surveys and gives a deeper understanding on how to strengthen the engagement. The 2021 results show that the overall employee satisfaction had stayed on a good level at 4.0 (scale of 1-5) based on the statement "All in all, I would say that Enfo is a good place to work". Last year, we landed at 4.2, so there is a slight decrease this year-on-year, distributed evenly across most survey statements and all organizational and geographical dimensions. Similarly, we saw a decrease in our eNPS figures in 2021.

At Enfo, you are embraced as your true self. We are a compassionate family of experts, working for a more sustainable and intelligent tomorrow. Together, we unleash our full potential, while finding a work-life balance most purposeful for everyone. Let's grow together and make life work at Enfo!



Henna Ylitalo
EVP, People & Culture

“ Employee experience is crucial for Enfo's success. It was very exciting to join Enfo in May and together with the great Enfo team, start building on the solid foundation and inspiring value base Enfo already has as its backbone.

Focus on work-life balance and inclusion

We want to provide our employees a workplace where well-being and safety are emphasized. We focus on supporting our employees in finding a work-life balance that suits them and helps them thrive as their true selves in an inclusive environment.

In general, mental illness due to demanding work situations and stress has been identified as one of the health risks within the industry. Therefore, Enfo has internal activity groups that promote activities supporting the well-being of Enfonians, both from a physical and psychosocial viewpoint. Absences from work due to illness have stayed on a low level for several years, and there was no major change in the absence rate in 2021.

One of the highlights of the year 2021 was the implementation of a new diversity and inclusion self-assessment tool. We are committed to being an inclusive workplace where everyone feels they belong. The input we have already gained from the D&I tool will give a good base for our continuous work to nurture inclusion and equal opportunities for all employees.

Our goal is to have a gender representation of 30% women and other genders, and 70% men, by the end of 2024. In 2021, 23 percent of our personnel were women and 77 percent were men. Enfo's management team in 2021 consisted of three female and four male members. One of the four Board members was female.

Talent development and leadership

One of the key tasks of Enfo's People and Culture operations is to ensure that we have the right people, with up-to-date competencies, in the right place. Competence development plays an important role in ensuring that our employees stay motivated and on top of their expertise. At Enfo, extraordinary performance is celebrated with a monthly Excellence Award given to Enfonians who have been nominated by their colleagues. Receiving recognition from peers is regarded as a valuable way to boost motivation internally.

Understanding our competencies will allow us to respond to market demand more efficiently. In 2021, we mapped our employees' roles and career levels in accordance with job categorization standards. We also implemented a learning management system, myLearning, and initiated the development of

Enfo College, a core school training program focused on basic Enfo knowledge, client and technical skills, as well as human skills.

Competition for talent in the IT market continued to be intense in 2021. To ensure we are able to attract the right talent also going forward, we updated our talent acquisition strategy. While traditional recruitment advertising still has its place in employer branding, our main focus is on our referral program. Active internal communication, incentives and employee engagement are cornerstones of promoting the referral program among our employees.

In line with the new talent acquisition strategy, the role and work specification of the talent acquisition team was also renewed. The team now works in close collaboration with business operations to better support sales and business development. One of its new, long-term, strategic initiatives is cooperation with universities for junior candidates on a Nordic



Our current employees are our biggest asset in hiring new employees.”

Johanna Lintunen
Talent Acquisition &
Employer Branding Lead

level. Enfo has experienced, senior employees, but to ensure continuity and diversity also going forward, we need to recruit and upskill more junior talents. A pilot program for recruiting and training junior talent will be launched in 2022.

Managers play an important role in the well-being and competence development of our employees. Enfo's leadership philosophy works as a guideline for what it means to be a leader at Enfo, where caring, collaboration, open dialogue, respect and entrepreneurial approach to leadership are emphasized. In 2021, we organized leadership sessions with focus on stress management.

Enfo's leadership philosophy

Care

An Enfo leader sees the whole. They care about customers and colleagues, developing the company in the long term and delivering on promises.

Add value

An Enfo leader looks for value. They build relations within Enfo, with customers, partners and society at large.

Communicate

An Enfo leader honors dialogue, sharing of information and engagement to build commitment and pride. An Enfo leader listens.

Think like an entrepreneur

An Enfo leader looks ahead and takes mandate, driving constant improvement on an individual, team and company level.

Respect

An Enfo leader embraces diversity and looks for the best in people. They are enablers who make the workday more fun for others.

Contributing to knowledge and enabling resources for the society

In addition to developing the expertise of our own personnel, one of the cornerstones of our corporate responsibility approach is empowering knowledge and development as well as supporting the work of selected Non-Governmental Organizations. In 2021, Enfo supported Save the Children and their work to enable learning and leisure opportunities for children from disadvantaged families in Finland and Sweden. Their work includes for example ensuring access to learning materials as well as education within equality and children's rights.

Enfo has also continued to support Arcanys Early Learning Foundation for the fourth year in a row. Arcanys Early Learning Foundation in the Philippines is managed by Enfo's offshore partner Arcanys and provides free parent-child

coaching programs for disadvantaged families, helping to teach basic math and logic skills. With the support of Enfo, the organization's third learning center in Cebu city helped 685 families within the program in 2021. During the year, all coaching programs were held on-line due to the corona pandemic. Since 2012, Arcanys has provided over 230,000 math sessions to more than 8,000 families. We are proud to support Save the Children and Arcanys in their initiatives to enable early education for a brighter future.

The Swedish Cancer Society Cancerfonden was the winner of an initiative where Enfo made it possible for organizations to obtain a digital pro bono solution aimed at contributing to a better world. Together with Cancerfonden, Enfo will develop a customized application for them with the overall goal of supporting their work to promote cancer research.

Read more about the initiative for Cancerfonden on page [20](#).

Enfo's impact on society in 2021

Materials and services	EUR 23.3 million
Salaries to employees	EUR 49.9 million
Pension insurance premiums and pensions	EUR 7.9 million
Interest payments on loans	EUR 0.9 million
Corporate taxes	EUR 0.1 million
Dividends to shareholders	n/a

Enfonians at a glance

More than
800
experts

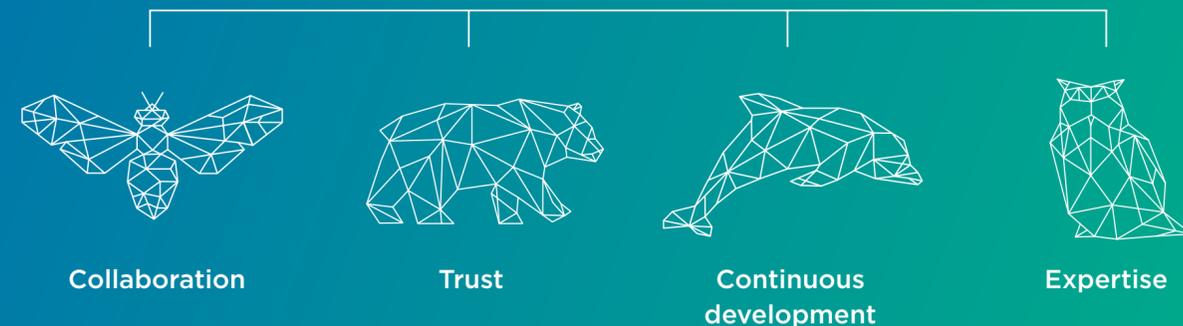
Employee turnover
(12-month average)
1.6%

Percent of women
23%

Percent of men
77%

Enfonians answer
4.0
on a scale of 1-5
when asked if Enfo is
a good place to work

Enfo's values



Responsibility stories



Piloting new diversity and inclusion tool

Enfo was given the opportunity to be involved in the evaluation and implementation of a new diversity and inclusion self-assessment tool launched in October 2021. It aims to help businesses and organizations identify different aspects and practices of diversity and inclusion work and see which areas are the most important and should be developed further. It also gives guidance on suggested next steps together with tips for implementation as well as supporting reference material. For Enfo, the tool is a comprehensive D&I development toolbox and also valuable as a platform for employee awareness and dialog.

[Read more →](#)



Ranking #7 Sweden's Best Employers

Enfo was ranked as Sweden's seventh best employer in a survey conducted by Universum. According to Universum's report Sweden's Best Employers 2021, the results of Enfo are above average in terms of employees' views of the company culture and also employee satisfaction in general. Enfo reached a total level of 72.4 in comparison with the average level for employers of 56.3.

[Read more →](#)



Supporting cancer research through pro bono work

During the spring 2021, Enfo announced an opportunity for organizations to obtain a digital pro bono solution aimed at contributing to a better world. Of the applications received, Cancerfonden (the Swedish Cancer Society) has been named the winner. Working alongside Cancerfonden, Enfo will produce a solution that develops the user experience for donors and thereby also supports the continued work of cancer research.

[Read more →](#)

Customers

In 2021, Enfo focused on delivering its new customer value promise: Results you want, people you love working with. Maintaining high customer satisfaction with remote teams and virtual meetings was a key priority.

Enfo provides IT services to large and medium-sized enterprises and organizations in the Nordics. Its main markets are Finland and Sweden. Recurring services comprise about half of Enfo's revenue, and they provide a stable backbone for our business.

Enfo's services cover all customer needs related to successful and sustainable data-driven business. Enfo's six main service areas are: digital trust, data and analytics, applications, integration, cloud platforms, and managed services.

Enfo operates in ecosystems that include customers as well as platform and solution partners. Working in close cooperation with the customer enables us to understand and support specific business needs and to build value together. Amidst the fast-paced digitalization of businesses and society, Enfo strives to be the most trusted partner for customers in building and running technology solutions on cloud. Enfo's value proposition to customers crystallizes Enfo's commitment to delivering expertise and partnership: Results you want, people you love working with.

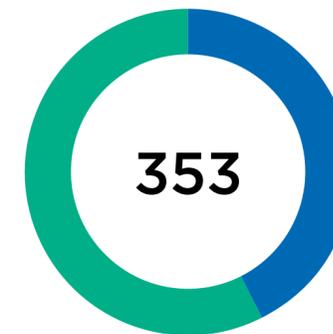
Focus on customer-centricity

Ensuring high-quality customer experience is at the heart of Enfo's operations. Two of the four growth accelerators of our strategy are directly connected to how we serve customers: **Evergreen services** are all about keeping our services and capabilities relevant to the market. This means, for instance, providing our customers with fit-for-purpose, state-of-the-art services that add value as well as our teams being proactive in proposing new ideas and innovative solutions to our customers.

Expanding as One Enfo is focused on collaborating as one team towards customers and providing them with multi-disciplinary expertise and solutions, while ensuring alignment in sales and delivery.

A proof of the success of our customer-centric approach was seen in our customer experience survey in December 2021, showing that 92% of our customers are ready to recommend Enfo to others. As Enfo's strengths, the customers mentioned, for instance, expertise, flexibility, customer focus and fluent cooperation.

Customers



Finland 144
Sweden 193

92%

of our customers are ready to recommend Enfo to others

Results you want, people you love working with

We take pride in delivering our customers what we promise. We provide deep expertise across our offering and a collaborative and responsible approach to everything we do. At Enfo, we help you manage data streams, refine, analyze and use data wisely, making sure your data is safe and your decisions are based on high-quality data. We walk by your side, helping you to ask the questions you did not know to ask, challenging you and supporting you, providing long-term genuine care. Our aim is to be the most trusted companion within IT in building and running technology solutions on cloud.





Enfo serves customers in diverse industries. While some sectors such as travelling and hospitality were still impacted by the pandemic in 2021, the market as a whole was recovering and customers initiated several large projects, both with Enfo and its ecosystem partners.

Enfo's local presence has enabled close, long-standing customer relationships. As most of customer interactions have been carried out via virtual meetings and workspaces during the pandemic, the customers' ability and willingness to collaborate with remote partner teams has evolved. While local presence is still a key differentiator for Enfo, many customers are open to more distributed, location-independent delivery models that utilize also nearshore and offshore capabilities, when needed.

The importance of digital security has grown both in customer interactions and in Enfo's business. Customers are seeking holistic thinking and partners for their security needs, and with its focus on Digital Trust offering, Enfo is better positioned to meet these needs than ever before.

In 2022, Enfo will continue developing its capabilities and key offering in digital trust, data and analytics, and cloud services. Sales efforts will focus on proactive business development for current customers, cross-sell and new-sell opportunities.

Read about our 2021 customer success stories on page [23](#).



Juha Kukka
SVP, Solution Sales

“ During the past year, leading our sales teams in the era of remote work, I've been impressed by how well the collaboration between different locations as well as cross-country teams have worked. Having the right tools gives us a great advantage.

Success stories



Hybrid platform is the best solution for Alko

When Alko published the tender for the hybrid cloud entity, the company became convinced of Enfo's knowledge of hybrid platforms and their professionalism. Alko relies on the so-called "cloud first" strategy. The company aims for the public cloud to provide for ready-made platform services with a high degree of automation, which will serve as a platform for data and digital channels. On the other hand, some traditional applications and systems, such as ERP, favor the use of private cloud and may not yet be cloud-ready. When the project was completed, the feedback from end users has been good: thanks to the more efficient platforms, the applications also run more smoothly. Responsibilities have also been clarified and things have been better documented.

[View case study](#) →



Basware enhanced customer reporting

Customer reporting is an important aspect of Basware's customer agreements and services, and the company requires a reliable modern solution for this purpose. Basware also wants to monitor customer profitability as one of the sub-areas of knowledge-based management. Basware selected Enfo as its partner for both these solutions. The collaboration has provided Basware with a set of reliable, easy-to-use analytic solutions. The new data warehousing and reporting architecture, based on Azure, has enabled improved monitoring of customer and product profitability and safeguarded the provision of important customer reports.

[View case study](#) →



Digital experiences at Universeum

Universeum's mission is clear: Empower children and adults to make the Earth a better and more sustainable place to live by exploring the world through science and technology. With 600,000 visitors per year, including 70,000 students and teachers, Universeum is a major and important player in the fields of science and learning. Universeum's digital venture has been in the starting blocks for several years. Since 2012, there have been plans to take the science center beyond its physical premises in Gothenburg so that it can benefit more people than those who can visit in person. The science center contacted Enfo, which came on board as a partner in a three-year collaboration launched in April 2020.

[View case study](#) →

Sustainable operations

In 2021, Enfo's digital responsibility was complemented with Katakri 2020 certification for its capability to protect national and international classified information, and the company continued to take steps towards a lower environmental footprint.

As Enfo does not produce any tangible products, we take pride in the services and expertise we offer and the quality of our operations. Enfo has comprehensive quality, environment and information security management systems that are operated in compliance with the respective ISO standards, where applicable. They bring transparency into our operations and serve as a proof point for our customers and other

stakeholders that our operations meet high quality requirements. In 2021, Enfo's ISO 9001 certification related to quality management as well as the ISO 14001 certification concerning its environmental management system were reviewed and both audits were passed with no non-conformities. Our ISO 27001 certification covering information security management was also renewed in an external audit during the year.

Certifications awarded to Enfo

Quality management standard ISO 9001:2015	Certificate covers business area Care & Data Platforms Finland core and support processes; Enfo aims at implementing ISO 9001 best practices throughout the whole Group
Environmental management standard ISO 14001:2015	Certificate covers the whole Group
Information security management standard ISO/IEC 27001:2013	Certificate covers data center services, Kuopio
LEED or BREEAM certificates	In Espoo, Kuopio and Stockholm offices



Stina Thor
Sr. Communications Manager
& Sustainability Lead

“ I'm proud that sustainability is at the core of Enfo's new strategy. Responsibility is key in everything we do. This is visible both in Enfo's commitment to work for a more sustainable and intelligent tomorrow and in Enfonians' engagement to make a positive impact through our services.

The expectations and demands for sustainable business development and solutions within the industry are evident. In 2021, our sales personnel noticed a stronger emphasis on corporate responsibility in discussions with customers. Through our digital cross-platform solutions, we can support our customers in their efforts to do responsible and sustainable business. For example, Enfo initiated a pro-bono project to help Swedish NGO Zero Waste Stockholm in their work to reduce ecological footprint. By implementing a tailored Salesforce CRM platform, Zero Waste Stockholm was able to automate its administrative work and enhance the management of their donor data to collect more fundraising.

In 2021, we integrated Enfo's responsibility approach stronger into our sales activities by updating sales materials with our responsibility approach and case examples. We also included a question on Enfo as a responsible partner into our bi-yearly customer survey to make sure we support our customers' work for a sustainable business digitally, socially, environmentally, and financially. Our customers gave Enfo ratings of 4.0 and 4.1, (scale 1-5) respectively.

Digital responsibility

Ensuring that both our own and our customers' data is stored and processed in a safe and appropriate manner is our top priority. Information security and data privacy are built into Enfo's daily operations and are always of the highest standard. Enfo stores and processes personal data according to the EU General

Data Protection Regulation (GDPR). We ensure the security of our own data and systems by using internally the same security services that we provide our customers through our Security Operations Center.

Assessments and certificates help us ensure the confidentiality, integrity, and availability of Enfo's own and our customers' information. We rely on the ISO 27001 framework in our operations and are certified for data center services in Kuopio, Finland. We ensure the confidentiality, integrity, and availability of customers' data through multi-level controls. In January 2021, Enfo's ISO 27001 passed the audit, and the certificate is valid for the next three years. We are in the process of expanding the certificate in the organization.

Enfo's information security culture is developed through an information security awareness program for employees. Our employees also participate in data privacy trainings and maintain certifications related to information security.

High-quality security management and physical security

At Enfo, information security is managed centrally, and operations are based on risk management and responsibilities, roles and documents approved by the management. Maintaining certifications awarded to Enfo is a key factor in digital responsibility work at Enfo. In 2021, the group-level Chief Information Security Officer's duties were transferred to the Security & Governance team, which expanded the duties of the team as well as made them clearer. Ensuring information security and network capacity in



Case: Katakri 2020

Katakri is the Finnish authorities' information security auditing tool, which an authority can use to assess the target organization's capability to protect national and international classified information. The requirements in Katakri have been divided into three subdivisions: security management (T), physical security (F), and information assurance (I).

In the first phase, the Katakri 2020 assessment covered subdivisions of security management (T) and the physical security (F) of Enfo's data center. Security management covered matters such as personnel security and recruitment policies and guidelines, as well as the capability of Enfo's personnel to follow good information security practices in the performance of their duties. In the next phase, Enfo will apply for the assessment of information assurance (I) subdivision when initiated by a customer. These audits will be more precise and targeted at individual customers and systems, including their configurations and specifications.

home offices continued to be a top priority due to the corona pandemic restrictions. In addition, we strengthened our cooperation with external stakeholders and regulating authorities by participating in the Tieto20-security training.

In September 2021, Enfo became the first company in Finland to achieve security assessment classification level III under the national Katakri 2020 audit criteria. Enfo's interest in Katakri arose from the needs of its customer base: our customers include organizations that need to store, process, and protect classified information. Completing this assessment and obtaining this classification means that we can collaborate with our customers in the offering and development of such services – thus it was an important milestone regarding Enfo's new strategy. It also offers a neutral third-party assessment on the state of information security at Enfo.

Environmental responsibility

Enfo's environmental impact is mainly related to electricity consumption in its data center in Kuopio, premises, and office-related services, as well as the carbon footprint from business travel and corporate cars.

We are committed to developing our environment management system in accordance with the requirements of the ISO 14001 standard. We focus on developing the energy efficiency of our data center, increasing renewables as energy resources, minimizing our travel emissions, and improving waste efficiency.

Continuously improving energy efficiency and optimizing travel emissions

Enfo has its own data center in Kuopio. In addition, we buy cloud capacity through partners. The electricity used in our data center is from 100% renewable sources, verified by

guarantee of origin certificates. The Power Usage Effectiveness value (PUE) of our data center was 1.19 (1.25) in 2021, which is low compared to industry standards. In 2021, we investigated ways of utilizing the surplus heat from the data center. However, we found out that the servers of the data center are so efficient that they do not produce excess heat.

Even before corona, the level of CO₂e emissions generated from business travel has been decreasing every quarter since Q2 2019 due to travel guidelines and investments in digital communication tools. During the pandemic, our travel as well as related CO₂e emissions were at a very low level, and our goal is to keep travel CO₂e emissions well below pre-corona levels also in the future. Accordingly, under Enfo's updated Travel policy from September 2021, employees are advised not to travel for non-critical internal meetings.

Preferring sustainable office buildings

Enfo has ten offices in Finland and Sweden. We focus on reducing our environmental impact by selecting sustainable buildings for our office premises when possible. Our goal is to have all our premises LEED or BREEAM certified, as both the LEED and BREEAM standards set requirements for social, environmental, and financial sustainability performance. In 2021, Enfo's Stockholm office moved to a LEED Gold certified building. Our office in Espoo already has a BREEAM certification and the Kuopio premises have a LEED Gold certification.

Our premises are mainly (90%) powered by renewable electricity. The waste recycling rate in both our offices and data center is high, as minimizing waste is core part of the ISO 14001 standard.



Energy consumption in Kuopio data center (2019–2021)

	2021	2020	2019
Energy consumption (MWh)	2,076	2,280	2,419

Corporate governance

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Corporate governance statement

Enfo Oyj's administration and management comply with the company's Articles of Association, the Finnish Companies Act and the Finnish Corporate Governance Code 2020 for Finnish listed companies, with exceptions. The Code is available on the Securities Market Association's website (www.cgfinland.fi).

The Board of Directors has established an Audit Committee with the objective of preparing matters related to the company's financial reporting and control. Taking into account the extent of the company's operations, the company does not have other committees nominated by the Board of Directors. However, the shareholders have appointed a Shareholders' Nomination Board as described in recommendation 18b of the Code.

The Board of Directors reviewed and approved the internal Corporate Governance Guidelines on January 21, 2022. A yearly report on corporate governance is included in the annual report.

The parent company of Enfo Group, Enfo Oyj, is a Finnish public limited company. The domicile of the company is Kuopio. Ultimate responsibility for the administration and operations of Enfo Group lies with the General Meeting of Shareholders, the Board of Directors and the CEO. Enfo Group includes subsidiary companies in Sweden, Denmark and Norway. Enfo Oyj's branch office in the UK was terminated in December 2021.

Enfo Oyj is part of Osuuskunta KPY Group. The parent company of Osuuskunta KPY Group is Osuuskunta KPY, domiciled in Kuopio. Enfo follows Osuuskunta KPY's group guidance. Enfo Oyj does not have an Ultimate Beneficial Owner (UBO) as described in the applicable money laundering regulations.

The shares of Enfo Oyj have been incorporated to the book-entry account system maintained by Euroclear Finland Oy.

The General Meeting of Shareholders

The General Meeting of Shareholders constitutes Enfo's highest decision-making body in which shareholders participate in the management and supervision of the company. The company must hold one Annual General Meeting during a financial period. Extraordinary General Meetings are held if required. Shareholders exercise their voting rights in the General Meeting.

The General Meeting is attended by the CEO and the members of the Board of Directors.

The auditor also attends the Annual General Meeting. Those who are nominated as members of the Board of Directors for the first time must attend the General Meeting where the election is decided on.

The shareholders have the right to place a matter belonging to the General Meeting according

to the Finnish Limited Liability Companies Act up for discussion at a General Meeting. In order to exercise this right at the General Meeting, shareholders must report their intention to the company's Board of Directors in writing in such sufficient time as to allow the matter to be included in the notice to the General Meeting.

The company publishes the notice of the General Meeting and presents the meeting agenda and any documents presented to the General Meeting on its website at least three weeks prior to the General Meeting. At its discretion, the Board of Directors may also publish the notice of the meeting in a national newspaper. After the meeting, Enfo publishes the decisions made by the General Meeting.

The Annual General Meeting was held on March 24, 2021.

The Shareholders' Nomination Board

Enfo has a Shareholders' Nomination Board, which consists of the largest shareholders of the company or persons nominated by the largest shareholders. The Shareholders' Nomination Board may also include members of the Board of Directors. The Nomination Board follows the Charter of the Nomination Board approved by the General Meeting of Enfo.

The duties of the Shareholders' Nomination Board are to prepare the proposals to the General Meeting regarding the appointment and remuneration of the members of the Board of Directors and the appointment of the auditor.

Having a diverse Board of Directors is an essential component of a responsible business,

which enables the achieving of the company's strategic targets. When planning the composition of the Board of Directors, the Shareholders' Nomination Board takes into account the needs and development phase of the company's business operations. The diversity of the Board of Directors is assessed from various viewpoints. Key factors include the expertise and education of members supplementing those of other members, varied experience in different business fields and managerial positions, as well as the personal qualities of each member. The objective is that both genders are represented by at least two members. In 2021, the Board consisted of one woman and two men until March 24, 2021, after which the Board consisted of one woman and three men.

The Annual General Meeting of March 24, 2021 elected the members of the Shareholders' Nomination Board as follows: Kaisa Olkkonen, Pekka Kantanen, Anssi Lehikoinen (Secretary) and Tarja Tikkanen (Chairperson). In 2021, the Nomination Board convened once, and the attendance rate was 100%. The members of the Shareholders' Nomination Board are paid a meeting fee equal to the meeting fee of the members of the Board of Directors.

The Board of Directors

The Board of Directors of Enfo Oyj is responsible for the company's management and for the appropriate organization of its operations. The Board of Directors is responsible for appointing and dismissing the CEO, approving the company's strategic goals and risk management principles as well as ensuring the functioning and supervision of the management system. The Board of Directors also ensures that the company agrees on the values that are followed in

its operations. The Board of Directors represents all shareholders.

The members of the Board of Directors are elected annually at the Annual General Meeting based on the proposal of the Shareholders' Nomination Board. The Board of Directors consists of at least three members and a maximum of eight members. The Board of Directors selects the Chairperson of the Board among its members based on the proposal of the Shareholders' Nomination Board.

According to recommendation of the Finnish Corporate Governance Code 2020, the majority of the members of the Board of Directors must be independent of the company. In addition, at least two of the members who are independent of the company must also be independent of the company's major shareholders. The company has deviated from this recommendation from August 2020 to March 24, 2021, as the Chairperson of Enfo's Board of Directors also acted as ordinary member of the Board of Directors of Osuuskunta KPY.

The Board of Directors produces a yearly written agenda that covers a schedule for meetings and a plan of matters to be addressed in the meetings, including the following:

- financial reviews
- strategic planning
- shareholder affairs
- management evaluation and remuneration schemes
- assessment of the performance of the Board of Directors
- business reviews

- personnel questions
- customer satisfaction
- risk management

In addition to the matters listed on the agenda, the Board of Directors of Enfo addresses and decides on matters that have a significant impact on the company's finances, business or operating principles.

The Board of Directors evaluates its own performance once a year. The evaluation is carried out as a self-assessment or by an external expert.

Enfo Oyj's Annual General Meeting held on March 24, 2021 elected Kaisa Olkkonen, Mikko Laine, Jani Vahvanen and Ari Virtanen as members of the Board of Directors, as proposed by the Shareholders' Nomination Board. The meeting of the Board of Directors held on the same day elected Kaisa Olkkonen as the Chairperson of the Board of Directors, as proposed by the Shareholders' Nomination Board. Anssi Lehikoinen was appointed as observer to the Board of Directors on March 24, 2021.

In 2021, the Board of Directors convened 18 times and the overall attendance rate of the Board members was 99%.

Audit Committee of the Board of Directors

In March 2019, the Board established an Audit Committee with the objective of preparing matters related to the company's financial reporting and control. The Audit Committee does not have independent decision-making authority,

but the Board makes the decisions on the basis of preparations by the committee. The Audit Committee consists of at least two members, appointed by the Board from among the Board members, for one year at a time. Until March 24, 2021, the Audit Committee consisted of Kaisa Olkkonen and Mikko Laine, and thereafter Ari Virtanen (Chairperson) and Mikko Laine.

The tasks of the Audit Committee are:

- monitoring the statutory auditing and reporting process of the financial statements and consolidated financial statements as well as overseeing the veracity of them
- supervising the financial reporting process
- reviewing the efficiency of Enfo's internal control, internal audit and risk management systems
- approving the internal audit guidelines and reviewing the internal audit plans and reports
- reviewing the description of the main features of the internal control and risk management systems in relation to the financial reporting process, included in Enfo's Corporate Governance Statement
- evaluating the independence and work of the statutory auditor, particularly the provision of related services to Enfo
- evaluating compliance with laws, regulations and company policies and monitoring significant litigations affecting Enfo

The Audit Committee convenes regularly at least four times a year. In 2021, the Audit Committee had six meetings. The attendance rate was 100%.

CEO and other management

The CEO is responsible for the day-to-day running of the company in compliance with the principles and guidelines set by the Board of Directors. The Board of Directors appoints and discharges the CEO, decides on the financial benefits and other terms and conditions of the CEO's term of office, and supervises the activities of the CEO.

The CEO may, taking the scope and quality of the company's operations into account, only take unusual or far-reaching action with the authorization of the Board of Directors. The CEO is responsible for the lawfulness of the company's accounting and the reliable organization of asset management. The CEO cannot be appointed as a member of the Board of Directors.

Mikko Valorinta (Doctor of Science, technology) started as the CEO of Enfo Group on March 1, 2021, replacing former CEO Seppo Kuula.

The CEO is assisted by the Group's Management Team, which is responsible for the operative management of Enfo Group. The Group's Management Team convenes at least once a month. In addition to the CEO, at the end of 2021, the members of the Group's Management Team included Nina Annala (EVP, Care & Data Platforms, Finland), Thomas Andersson (EVP, Digital Trust, Sweden), Sami Kähkönen (EVP, Data & Analytics, Finland), Henna Ylitalo (EVP, People & Culture), Mari Orttenvuori (CFO) and Antti Hemmilä (General Counsel). Petra Teräsaho starts as new CFO during spring 2022. Johan Liljeström started as EVP Applications & Data, Sweden, and member of Group Management Team on March 1, 2022.

Incentive schemes

Functional and competitive rewarding is a significant tool in recruiting capable management and experts for the company, which in turn improves the company's financial success and the implementation of good corporate governance. Rewarding supports the fulfilment of objectives set by the company and the company's strategy, as well as long-term results.

Rewarding must be in proportion considering the company's development and long-term value formation. Rewards tied to performance, and profit criteria and monitoring of these, increase trust in the functionality of the incentive scheme.

The Annual General Meeting decides upon the fees paid to the Board of Directors. The monthly fee of the Chairperson of the Board of Directors is EUR 4,000, fee of the Vice Chairperson is EUR 2,000 and that of a Board member is EUR 1,000. In addition, the Board members and the Chairperson are each paid a total of EUR 600 per meeting in attendance fees. The members of the Audit Committee are paid a meeting fee equal to the meeting fee of the members of the Board. The travel expenses of Board members are compensated for in accordance with the company's travel policy. The Board members are insured under the employees' pension insurance (TyEL) scheme. The contribution attributable to the member is deducted from the fee, and the company pays the part attributable to the employer.

The total reward paid to the company's CEO and members of the Group's Management Team consists of a fixed monthly salary with fringe benefits, an annual bonus and a share-based

long-term incentive scheme. The company does not have any specific pension solutions for the management. The company's Board of Directors decides upon rewards paid to the CEO and members of the Group's Management Team.

In 2021, the company paid a total of EUR 276,628 in salaries and fees to current CEO Mikko Valorinta and total of EUR 61,232 in salaries and fees to former CEO Seppo Kuula. The executive agreement of Mikko Valorinta is valid until further notice, with a period of notice of six months. If the company terminates the agreement, the CEO will in addition receive an amount corresponding to the salary of six months.

In 2021, EUR 1,298,658 were paid in salaries and fees to all members of the Group's Management Team. Part of the permanent employees are party to various short-term incentive or bonus schemes. In addition, the Group has a long-term incentive scheme directed at the management and key personnel.

In 2021, the short-term incentive or bonus scheme for the management and key persons in Finland and Sweden involved approximately 30 persons. For management and key persons the central determining criteria for the bonus included profitability of the Group and/or business area.

In addition to the annual bonus scheme, the Group has a long-term share incentive scheme directed at the management and key personnel. The new scheme (LTI 2021) was launched in H1/2021 and it replaced the former LTI 2018. On December 31, 2021 the number of key persons belonging to the target group was 23 and the maximum amount of shares payable as a reward

to these persons was 4,494. The company may also pay the reward entirely or partially in cash. In 2021, the company did not pay share rewards based on share-based incentive schemes.

The short-term incentive or bonus scheme for the management and key persons in 2022 will be decided upon in the first quarter of 2022.

The governance of Group companies, affiliated companies and offshore operations

Enfo Group consists of subsidiary companies in Sweden (2), Denmark (1) and Norway (1). The members of the Boards of Directors of the subsidiary companies are members of the management of Enfo. In Denmark and Norway, a third-party service provider has been used to provide administrative services. Enfo Oyj's branch office in the UK was terminated in December 2021.

In provision of services, Enfo uses regular partners in the Philippines, India and Poland. However, Enfo does not own shares in these companies, nor does Enfo have offices in these countries. In separate assignments agreed with these partners, the partners follow the instructions of Enfo or Enfo's customers.

Other governance

The company's internal audit is based on regular reporting, active work within the Board of Directors and the work of the Audit Committee.

The objective of risk management is to ensure that the company operates efficiently and profitably, that information is reliable and regulations and operating principles are

complied with. The aim is to identify, assess and monitor any risks related to business operations.

The company has conducted an analysis of the probability of threats and risks related to business operations, the impact of the threats and risks actually taking place and risk management. The risk management plan prepared on the basis of the analysis is reviewed and updated when needed in order to control the risks related to business operations. The status of risk management is reported to the Board of Directors at least annually.

The Group's financing decisions are made centrally within the parent company following the investment policy approved by the Board of Directors, and the Board receives a quarterly report on the company's financial standing.

The company reports information about potential related-party activities in the Board of Directors' report and notes to the financial statements. Currently, the company has no related-party activities that would be significant or deviate from ordinary business operations.

The auditor has an important position as an auditing body appointed by the shareholders. The Shareholders' Nomination Board presents a proposal of the auditor to the Annual General Meeting.

The company's auditor is Authorized Public Accountants PricewaterhouseCoopers Oy, with Authorized Public Accountant Juha Toppinen as the main auditor. In 2021, the Group paid the auditor a total of EUR 90,000 in auditing fees and EUR 43,000 in fees not related to auditing.

Board of Directors December 31, 2021



Kaisa Olkkonen

Chairperson of the Board
Master of Laws

Kaisa Olkkonen is Member of the Board and of the Audit Committee at Cargotec Oyj and member of the Board of Osuuskunta KPY, KPY Novapolis Oy, John Nurminen foundation, Finntraffic Air Navigation Services Ltd, and Taiga Concept Oy and Chairperson of the Board of Fixably Oy. Advisor at Morelex Oy and 3D Bear Oy. Member of Enfo Oyj's Board of Directors since March 30, 2016, Chairperson since August 4, 2020. Holds 196 shares in Enfo Oyj. Independent of the company, dependent on a significant shareholder.



Mikko Laine

Member of the Board
BBA, MBA

Mikko Laine is a professional in international finance and company transactions. He is specialized in mergers and acquisitions, funding rounds and valuation of companies. Partner of Broadius Partners. In addition, active owner and/or Board member in several companies within IT, service, entertainment production, travel and retail. Member of Enfo Oyj's Board of Directors since March 30, 2017. Holds indirectly 4,187 shares in Enfo Oyj. Independent of the company and significant shareholders.



Jani Vahvanen

Member of the Board
M. Econ

Jani Vahvanen is Managing Director at Schneider Electric Finland Oy and Cluster President for Baltics countries. Before that, he served as Managing Director, Hewlett Packard Enterprise Oy, with responsibility for Finland and the Baltics. Member of Enfo Oyj's Board of Directors since March 24, 2021. Independent of the company and significant shareholders.



Ari Virtanen

Member of the Board
M.Sc (Technology)

Ari Virtanen is Member of the Board of Directors at Lännen MCE Oy and SAXO and an advisor to start-ups, scale-ups and funds. Earlier, he has also served as a Board member at Helvar Oy and Mirasys Oy among others. He is Founding Partner and Executive Advisor at Granarium and was a Partner at IMS Talent 2019-2021. From 2016 to 2019 Virtanen was President and CEO of Ensto and before that he held leading positions at Kone, Elektrobit, Nokia Multimedia and Nokia Networks. Member of Enfo Oyj's Board of Directors since March 24, 2021. Independent of the company and significant shareholders.



Anssi Lehikoinen

Observer to the Board of Directors
M.Sc (Technology), PhD (Physics)

Anssi Lehikoinen is CEO of Osuuskunta KPY and acts as Chairman of the Board of Rocsole Oy. He is also a member of the Board of Nostetta Ventures Oy. Lehikoinen has served as CEO of Numcore Oy, CEO of Rocsole Oy, and part-time Professor of Practice (Innovation management and commercialization) at the University of Eastern Finland. Previously, Lehikoinen has been Chairman of the Board of VRT Finland Oy and Member of the Board of Nostetta Oy, Savroc Oy, OwnSurround Oy and Osuuskunta KPY. Member of Enfo Oyj's Board of Directors since March 30, 2016 and acted as Chairman of the Board 2017-8/2020. Holds no shares in Enfo Oyj. Independent of the company, dependent on a significant shareholder.

Group Management Team December 31, 2021



Mikko Valorinta

CEO, Chairman of the management team

Mikko Valorinta has Master of Science (industrial engineering) and Doctor of Science (technology) degrees. Valorinta was the Managing Director for Capgemini Finland Oy in 2013-2021. Before that, Valorinta worked as head of different business units as well as a Managing Consultant at Capgemini from 2002. CEO of Enfo Oyj from March 1, 2021. Holds 850 shares in Enfo Oyj.



Thomas Andersson

EVP, Digital Trust Sweden

Thomas Andersson has more than 20 years of experience in IT consulting services and security. He joined Enfo in 2013 and has led security and digital identity services in different management roles. Before Enfo, Andersson worked as head of IAM at Pulsen. Member of the Management Team of Enfo Oyj from June 1, 2021. Holds 130 shares in Enfo Oyj.



Nina Annila

EVP, Care & Data Platforms Finland

Nina Annila has more than 20 years of experience from the IT sector. At Enfo, she has worked in delivery of IT outsourcing services and software development as well as sales and customer management. She returned to Enfo after working in TietoEnator and Otava in 2010 and was a member of Enfo's Management Team also in 2011-2013. Her educational background is in Mathematics and ICT. Member of the Management Team of Enfo Oyj since August 24, 2018. Holds 205 shares in Enfo Oyj.



Antti Hemmilä

General Counsel

Antti Hemmilä is LL.M. He has previously been Specialist Partner at Attorneys at law Borenus Ltd. specializing in company law, M&A and capital markets. Member of the Management Team of Enfo Oyj since July 1, 2017. Holds 750 shares in Enfo Oyj.



Sami Kähkönen

EVP, Data & Analytics Finland

Sami Kähkönen is a Master of Science in Information Technology. He has previously worked as CEO in Enfo Rongo. He has also worked at TietoEnator as a consultant and as Director in Data & Analytics. Member of the Management Team of Enfo Oyj since July 1, 2017. Holds directly or indirectly 6,319 shares in Enfo Oyj.



Mari Orttenvuori

CFO

Mari Orttenvuori is a Bachelor of Science in Business. She has previously worked as CFO at M-Brain and in various financial management positions at Oriola, Elisa and Nokia. Member of the Management Team of Enfo Oyj since September 23, 2019. Holds no shares in Enfo Oyj.



Henna Ylitalo

EVP, People & Culture

Henna Ylitalo is Master of Science in Economics and Business Administration as well as Master of Social Sciences. Ylitalo has previously led people experience, leadership development and inclusion and diversity as well as talent supply chain management at Accenture. Member of the Management Team of Enfo Oyj since May 24, 2021. Holds no shares in Enfo Oyj.

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Board of Directors' Report

Enfo Oyj (Business ID: 2081212-9) is a Nordic IT services company with more than 800 digital experts. With our knowledge in digital trust, data and analytics, applications, integration, and managed services, we both build and run IT solutions on cloud. We prioritize a collaborative approach and responsibility in everything we do. We work for a more sustainable and intelligent world where technology empowers people, businesses, and societies and accelerates their progress. Our primary markets are Finland and Sweden.

Key figures	1.1.-31.12.2021	1.1.-31.12.2020
Net sales, EUR million	103.9	101.5
EBITDA	7.4	7.7
% of Net sales	7.1	7.6
Operating profit, EUR million	-2.3	-1.5
% of Net sales	-2.2	-1.5
Profit for the period, EUR million	-3.9	-2.7
% of Net sales	-3.8	-2.7
Earnings per share, continuing operations EUR	-5.2	-3.7
Earnings per share, EUR	-10.4	-2.6
Return on investment, %	-2.8	-0.5
Equity ratio, %	37.9	40.1
Net gearing, %	92.5	86.1
Interest-bearing net debt, EUR million	34.3	40.8
Equity per share, EUR	49.4	60.7
Average number of employees	816	846

* The figures for the comparative period have been revised to reflect the figures for continuing operations

Net sales and profit

In 2021, the Enfo Group's net sales increased by 2.4% to EUR 103.9 (101.5) million. EUR 49.2 million of the net sales were generated in Finland and EUR 54.7 million were generated in Sweden. Sales from recurring services amounted to EUR 49.5 (50.3) million, sales from consulting amounted to EUR 45.0 (43.3) million and intermediary sales to EUR 9.4 (7.9) million in 2021.

EBITDA of continuing operations was EUR 7.4 (7.7) million in 2021. Full-year operating profit (EBIT) from continuing operations was EUR -2.3 (-1.5) million. Full-year profit before taxes for continuing

operations amounted to EUR -4.0 (-2.8) million and profit for the period was EUR -3.9 (-2.7) million. Full-year profit including discontinued operations was EUR -6.6 EUR (0.00) million. Full-year earnings per share for continuing operations in 2021 were EUR -5.2 (-3.7). Earnings per share including discontinued operations were EUR -10.4 (-2.6).

Investments and financing

Enfo's full-year 2021 net investments, excluding write-offs, were EUR 5.0 (7.4) million. The investments consisted mainly of increases in right-of-use assets.

Interest-bearing liabilities at the end of the year were EUR 35.6 (41.0) million and were composed of EUR 22.9 (29.8) million in bank loans, EUR 3.0 (0.0) million in loan from the parent company and EUR 9.7 (11.2) million in lease liabilities.

In December 2021, Enfo renewed its EUR 21.3 million financing package with a consortium of creditors, consisting of previous lenders Nordea Bank, OP Corporate Bank, Ilmarinen and LähiTapiola. The financing package included the re-financing of existing long-term bank financing and, at the same time, some of Enfo's credit limits were converted into long-term financing. The loans are denominated in EUR and will mature in January 2024. Loan interest rates consist of a reference rate and a margin. The margin is reviewed on a quarterly basis and is partly tied to the financial covenants of the financing agreement. In addition, Enfo signed a EUR 3.0 million loan agreement with Osuuskunta KPY in December. The loan will mature in July 2024 and has a fixed interest rate.

The new loan agreements include the following financial covenants:

- Net gearing less than 100%
- Interest-bearing net liabilities/EBITDA less than 3.75 on June 30, 2022, after which the covenant will be gradually reduced to 2.5 by December 31, 2023.
- EBITDA (EUR)

According to the new financing agreement, the covenants will be tested on a quarterly basis as of June 30, 2022.

Enfo divested its minority share in Zuite Business Consulting AB in the end of the second quarter 2021. The proceeds were partly used to make a EUR 4.0 million repayment of existing bank loans in the third quarter of 2021.

At the end of 2021, Enfo had EUR 8.7 (16.7) million of credit limit, of which EUR 1.6 (9.4) million was withdrawn at the end of the financial period.

The company's equity ratio at the end of the financial year was 37.9 % (40.1) and net gearing was 92.5 % (86.1). The Enfo Group's net financial expenses were EUR -1.7 (-1.3) million for the full year. Net cash flow from operations was EUR 8.1 (10.5) million in 2021. The end-of-year balance sheet totaled EUR 98.6 (117.8) million.

Board of Directors, management and auditor

Kaisa Olkkonen, Mikko Laine, Ari Virtanen and Jani Vahvanen were elected as members of the Board of Directors. At the constitutive meeting held after the Annual General Meeting, the Board of Directors elected Kaisa Olkkonen as the Chairperson. The Board of Directors appointed Anssi Lehikoinen as observer to the Board of Directors. In March 2021, Mikko Valorinta started his position as CEO at Enfo, and Henna Ylitalo was appointed EVP, People & Culture in May. At the end of 2021, the Group Management Team consisted of CEO Mikko Valorinta, Thomas Andersson (EVP, Digital Trust, Sweden), Nina Annila (EVP, Care & Data Platforms, Finland), Antti Hemmilä (General Counsel), Henna Ylitalo (EVP, People & Culture), Sami Kähkönen (EVP, Data & Analytics, Finland) and Mari Orttenvuori (CFO).

In 2021, Seppo Kuula (CEO), Björn Arkenfall (EVP, Applications & Data, Sweden), Erik Brügge (EVP, Care and Data Platforms, Sweden) and Henrik Norell (EVP, People Operations) left their positions at Enfo. In October, Mari Orttenvuori, CFO, informed that she will leave Enfo to take up new responsibilities outside the company.

In the 2021 financial year, the company's auditor was Authorized Public Accountants PricewaterhouseCoopers Oy, with Juha Toppinen, Authorized Public Accountant, as the principal auditor.

Shares, owners, and share capital changes

Enfo Oyj had a total of 750,346 shares on December 31, 2021. Enfo had 129 direct shareholders excluding foreign shareholders whose shares are nominee-registered. The company has one series of shares, and the shares are connected to Euroclear Finland Oy's book-entry system.

Enfo Oyj is the parent company of Enfo Group, which belongs to Osuuskunta KPY Group. The parent company of Osuuskunta KPY Group is Osuuskunta KPY. Enfo Group comprises subsidiaries in Sweden, Denmark, and Norway. At the end of 2021, the company's ten largest shareholders were Osuuskunta KPY, Ilmarinen Mutual Pension Insurance Company, Rongo Cap Oy, the Gösta Serlachius Fine Arts Foundation, Keski-suomalainen Oyj, Einari Vidgrén Oy, Lululemon Oy, Hannu Isotalo Oy, Kallax Oy and Unikie Oy. Osuuskunta KPY holds 85.54% of Enfo's shares.

Enfo Oyj had a total of 747,978 shares on January 1, 2021. The company issued a total of 2,368 new shares in the financial year in relation to the long-term incentive program of the company.

Major shareholders December 31, 2021

	Shares
Osuuskunta KPY	641,872
Ilmarinen Mutual Pension Insurance Company	13,862
Rongo Cap Oy	12,637
Gösta Serlachius Fine Arts Foundation	11,137
Keski-suomalainen Oyj	5,586
Einari Vidgrén Oy	4,768
Lululemon Oy	4,187
Hannu Isotalo Oy	3,704
Kallax Oy	3,132
Unikie Oy	2,795
Other	40,933
Total	750,346

Personnel and remuneration

Enfo employed in continuing operations an average of 816 employees (846) during the year and a total of 789 employees (840) at the end of the year. On average, 408 (399) employees worked in Finland and 408 (447) in Sweden. The Group's personnel expenses totaled EUR 66.3 (64.3) million in 2021.

Personnel expenses made up 63% (61) of all expenses in the income statement. Enfo paid salaries and bonuses to its personnel in the total amount of EUR 49.9 (48.3) million.

At the end of 2021, the average duration of a permanent employment relationship in the Enfo Group was 7.5 (6.9) years. A clear majority or 77% (76) of the Group's personnel were men. The average age of the personnel was 43.1 years (43.4).

Keeping people engaged continued to be a central theme in 2021, as the corona restrictions continued to limit social interaction. Proof of the success of our efforts was Enfo being ranked as the seventh best employer in Sweden in a survey conducted by Universum. We follow our employee engagement with a monthly eNPS and an annual Employee Satisfaction Survey. The 2021 results show that the overall employee satisfaction had stayed on a good level at 4.0 (scale of 1-5) based on the statement "All in all, I would say that Enfo is a good place to work". Last year, we landed at 4.2, so there was a slight decrease in this rating year-on-year. Similarly, we saw a decrease in our eNPS figures in 2021.

Annual General Meeting

Enfo Oyj's Annual General Meeting held on March 24, 2021 decided in accordance with the Board of Directors' proposal that no dividends would be distributed for the year 2020. The AGM decided to discharge the CEO and the members of the Board of Directors from liability for the financial year which ended on December 31, 2020. In accordance with the proposal of the Nomination Board, the

AGM decided that PricewaterhouseCoopers Oy should continue as Enfo's auditor with Juha Toppinen, Authorized Public Accountant, as the principal auditor.

Kaisa Olkkonen, Mikko Laine, Ari Virtanen and Jani Vahvanen were elected as members of the Board of Directors. At the constitutive meeting held after the Annual General Meeting, the Board of Directors elected Kaisa Olkkonen as the Chairperson and Anssi Lehikoinen as observer to the Board of Directors. The Annual General Meeting also decided on authorizations with the following primary terms and conditions:

- The issue of a maximum of 175,000 new shares through a rights issue on one or more occasions. The authorization is valid until further notice.
- Issuing/conveying of a maximum of 60,000 new shares or treasury shares through a directed rights issue. The authorization is valid until further notice.
- The repurchase of up to 20,000 shares. The authorization is valid until further notice.

Events following the financial year

In the beginning of 2022, Enfo appointed Petra Teräsaho as the new CFO and Johan Liljeström as the new EVP of business area Applications & Data, Sweden. Petra Teräsaho and Johan Liljeström will step into their positions during spring 2022 and will be part of Enfo's Group Management Team.

Implementation of the strategy

In September 2021, Enfo announced its renewed strategy with focus on digital trust, data and analytics, and cloud services. According to the new strategy, Capturing growth 2022–2024, Enfo's aim is to be the most trusted companion within IT for customers and employees in building and running technology solutions on cloud. Moreover, we want to be known as our clients' trusted partner in building secure, data-driven businesses on cloud. With the new strategy, we will prioritize digital, social, environmental, and financial responsibility in everything we do. Our new purpose is 'We work for a more sustainable and intelligent tomorrow'.

The post-corona pandemic market looks quite promising, with cloudification driving a lot of the transformation. We have identified three domains where we expect double-digit growth during the next years. These are digital trust, data and analytics, and cloud services.

Enfo also defined four Accelerators to drive profitable growth in 2022–2024: Engaged employees, Efficiency in operations, Evergreen services, and Expanding as One Enfo. The Accelerators are all linked to Enfo's corporate responsibility approach with company values at the core. Enfo's aim is to put even more focus on customer satisfaction.

In line with the new strategy, Enfo identified a new employee value promise which emphasizes

development, work-life balance and good leadership in an inclusive culture. Enfo also decided to initiate a Diversity, equity and inclusion plan.

In the second quarter 2021, Enfo and Norwegian Pearl Group AS signed an agreement according to which Enfo divested its 30% ownership in the Swedish SAP consultancy company Zuite Business Consulting AB to Pearl. The divestment was in line with our strategy as we aim to become a leading data integrator in the Nordics and to focus even more intensively on cloud-related services.

Outlook

The IT services market is expected to continue growing, with digitalization driving customer demand. The impact of the corona pandemic on investment decisions and purchasing behavior may still affect market growth.

The Group's net sales and EBITDA are expected to grow in 2022 compared to 2021.

Risks and uncertainties

For the short and medium term, Enfo has identified risks related to skilled personnel, information security and data privacy, as well as market changes. The corona pandemic continues to be a risk and may affect decisions on IT investments and availability of personnel and the rate of absence due to illness.

Enfo's success in customer deliveries depends on skilled personnel. The rapid advance of technology in the ICT industry requires the continuous expansion and renewal of competencies. The availability of certain human resources is limited in the Finnish and Swedish markets, which poses a risk to the development of Enfo's business. To manage this risk, Enfo strives to maintain a positive employer brand and retain highly competent personnel by investing in the continuous development of its personnel and keeping employee satisfaction high.

The company's operations involve risks related to information security and data privacy. At Enfo, information security is managed centrally, and operations are based on risk management and responsibilities, roles and documentation approved by the management. The confidentiality, integrity and availability of our customers' data are ensured with multi-level controls.

The IT services market is expected to continue growing, with digitalization driving customer demand. However, any slowdown in market growth and increased price competition could have an adverse impact on market conditions and thus increase risking profitable growth. This could affect Enfo's operations, financial position and cash flows.

In 2020, Enfo was granted financial support by the Swedish Agency for Economic and Regional Growth for short-time work, a support being provided to enable employers to retain their personnel

during the pandemic and quickly get back to full speed again after the pandemic. The financial support received covered the period from May 2020 to October 2020 and amounted to EUR 1.1 million. Enfo also applied for financial support for the period from November 2020 to March 2021 amounting to EUR 0.5 million, after which temporary short-time work time has no longer been applied at Enfo. Of the total amount of EUR 1.6 million, EUR 1.3 million has been recognized as reduced salary costs in 2020 and EUR 0.3 million in 2021. In September 2021, the Swedish Agency for Economic and Regional Growth withdrew their decision for the financial support already paid and have requested its repayment. Similarly, the Agency has given a negative decision regarding the application for the period November 2020 to March 2021. Enfo has filed an appeal to the Administrative Court in Stockholm and the case is pending. Enfo has also requested an oral hearing on the matter. Enfo has not recognized the EUR 1.6 million on the balance sheet as a liability but has reported the amount as contingent liability. The Group is continuously evaluating the timing and likely outcome of the appeal.

In the long term, Enfo's growth will be influenced by its customers' willingness and ability to migrate and manage solutions in cloud environments, as well as customers' investments in data and analytics, digital trust, integrations, and application development.

Proposal of the Board of Directors for dividend distribution

On December 31, 2021, the parent company's distributable funds totaled EUR 63,174,601.43. The Board of Directors proposed to the Annual General Meeting that no dividends be distributed for the financial year 2021.

Non-financial information

This Non-financial information statement describes Enfo's approach to corporate responsibility (CR). A more extensive discussion of Enfo's sustainability work is presented in the responsibility section of the annual report.

Business model

Enfo is a Nordic IT services company. Our aim is to be the most trusted companion within IT in building and running technology solutions on cloud. We provide deep expertise across our offering and a collaborative and responsible approach to everything we do. At Enfo, we help companies manage data streams, refine, analyze and use data wisely, making sure their data is safe and that decisions are based on high-quality data. Enfo's offerings are Digital trust, Data & Analytics, Applications, Integration, Cloud platforms, and Managed services. We strive to bring digital peace of mind to our customers and contribute to their sustainable development.

Foundations of responsibility

Enfo's corporate responsibility mission is to be the obvious choice as an employer and supplier through responsible digital development and business. For Enfo, sustainability is about creating long-term value for its employees, customers, owners and society as a whole by taking into account social, environmental and financial opportunities and risks in its strategy and operations.

Corporate responsibility is regularly on the Management Team's agenda. The CEO's ownership of CR was initiated in 2021 to ensure a solid CR governance. Enfo's corporate responsibility matrix team consists of representatives from Communications, People & Culture and Compliance, and two of them are Management Team members. In line with the launch of the new strategy, Enfo appointed Stina Thor as the Sustainability Lead to underline the importance of CR.

The themes of Enfo's corporate responsibility are linked to UN Sustainable Development Goals, and Enfo has built its corporate responsibility work around the themes in which it has the best opportunity to have an impact. These themes are: (4) quality education, (5) gender equality, (8) decent work and economic growth, (9) industry, innovation and infrastructure, (12) responsible consumption and production, and (13) climate action.

The governing documents forming the foundation of our responsibility work are: Code of Conduct, Anti-Corruption Policy, Work Environment Policy and Environmental Policy. Enfo has a certified Group-level environmental management system (ISO 14001) and a certified quality management system (ISO 9001) covering the Care and Data platforms business areas in Finland. Enfo's data center in Kuopio has the ISO/IEC 27001 information security certificate. Enfo strives to comply with the ISO 9001 and ISO/IEC 27001 in all Group operations, even though the certificates currently only cover a part of its business.

Society: employees, customers and partners

Enfo's Code of Conduct for both Enfonians and suppliers, along with its Anti-Corruption Policy and Work Environment Policy, guide its operations in relation to employees, customers and partners.

The primary risks associated with personnel are the reputational risk related to Enfo's employer brand and the resulting competitive risk that could be realized if personnel turnover would increase and recruitment would become more difficult.

One of the major health risks in Enfo's industry is mental illness due to demanding work situations and stress. Enfo provides occupational health care services to its staff in accordance with Finnish and Swedish legislation. In addition, Enfo has internal activity groups that support the well-being of personnel. Keeping people engaged was a central theme in 2021, as the corona restrictions continued to limit social interaction. A proof of the success of our efforts was Enfo being ranked as the seventh best employer in Sweden in a survey conducted by Universum. Enfo promotes a sustainable working

life and seeks to provide a working environment in which well-being and safety are emphasized. We strive for a workplace in which work-related accidents and illnesses are prevented proactively. At Enfo, we want to nurture a company culture where employees are embraced as their true self and encouraged to grow.

Enfo is an advocate for education and development. Enfo's business is centered on competent and motivated personnel. In 2021, we mapped our employees' roles and career levels in accordance with job categorization standards. We also implemented a learning management system, and initiated the development of Enfo College, a core school training program focused on basic Enfo knowledge, client and technical skills, as well as human skills.

One of the highlights of the year 2021 was the implementation of a new diversity and inclusion self-assessment tool. We are committed to being an inclusive workplace where everyone feels they belong. We cherish diversity. We do not tolerate child labor or any form of illegal or forced labor. Enfo complies with international human and labor rights standards in its operations and ensures that every Enfonian has equal opportunities regardless of attributes such as gender, ethnicity or sexual orientation. Each individual is assessed on the basis of their competence, experience and performance. Enfo's Code of Conduct is included in the onboarding of new employees. Enfo also requires its suppliers to follow Enfo's Supplier Code of Conduct.

In 2021, Enfo defined its value proposition to employees, emphasizing opportunities to grow, a work-life balance, and good leadership in an inclusive culture. We strive for a high level of employee satisfaction, which also forms the basis for excellent customer satisfaction. Enfo monitors the satisfaction of its employees on a monthly basis with the Employee Net Promoter Score (eNPS) and annually with an Employee Satisfaction Survey.

Enfo's most significant customer risks are related to a potential decrease in competitiveness and its financial consequences for the company in the form of lost customers or revenue. In addition, potential reputational risks in exceptional situations such as incidents have been identified as a customer risk. Enfo prepares for and manages competitiveness risks by anticipating customer and market demand to ensure the availability of the expertise required by our customers. Customer relations are managed in collaboration with the customers with management model practices, as well as with internal collaboration practices. Enfo has action and communications plans in place for crises and incidents.

We look for trusted partnerships and long-term collaboration in our customer relationships. Our goal is to be recognized as a responsible player in our ecosystem. Enfo monitors customer satisfaction with a bi-annual Customer Experience Survey.

Prevention of corruption and bribery

Enfo has zero tolerance for all forms of corruption, such as bribery, conflicts of interest and the misuse of company funds. This is a guiding principle for Enfo's own employees and our relationships with customers, subcontractors and suppliers.

Enfo primarily operates in the Nordic countries, with Finland and Sweden as its principal markets. Enfo has regular partners in the Philippines, India and Poland. In separate assignments agreed with these suppliers, they follow the instructions of Enfo and Enfo's customers.

In general, risks of corruption and bribery can exist in relationships with suppliers and customers, for example, in connection with representation or receiving and giving gifts. Enfo fosters an honest and positive culture. Enfonians are encouraged to discuss questions, concerns or reports related to the Code of Conduct or Anti-Corruption Policy with their closest manager or Enfo's General Counsel. To ensure that any violations and cases of misconduct can be reported anonymously and investigated efficiently, Enfo implemented a whistleblowing channel in 2021. It also meets the requirements of the new EU Whistleblower Protection Directive. No reports of corruption or bribery were made in 2021.

The primary risks associated with corruption and bribery are reputational risk and the ensuing risk of losing competitiveness and customers. The Code of Conduct, Supplier Code of Conduct and Anti-Corruption Policy applying to employees, subcontractors and suppliers guide us in conducting business in an ethical and responsible manner and in accordance with Enfo's policies and values.

Information security and data privacy

Enfo complies with the legislation in force on information security and data privacy and follows the industry's best practices with regard to them. We rely on the ISO/IEC 27001 framework in our operations and are certified for data center services in Kuopio, Finland. We are in the process of expanding the certificate in the organization. We also guide and monitor our suppliers' level of information security. We are a part of Finland's security of supply network.

At Enfo, information security is managed centrally, and operations are based on risk management and responsibilities, roles and documents approved by the management. The central policies are the information security management system, the Information Security Policy, the Data Protection Policy, the Supplier Information Security Policy and the Risk Management Policy. The identified risks and uncertainties related to information security and data privacy are connected to Enfo's reputation, contracts and potential sanctions.

A high level of information security is crucial for Enfo, and we protect both our own and our customers' data confidentiality, integrity and availability. Enfo processes personal data in accordance with the EU General Data Protection Regulation.

In 2021, Enfo became the first company in Finland to achieve security assessment classification level III under the national Katakri 2020 audit criteria. The assessment covers subdivisions on security management and the physical security of its data centers.

We enhanced our information security and data privacy capabilities further in 2021. Enfo's information security culture is developed through an information security awareness program for employees. Our employees also participate in data privacy trainings and maintain certifications related to information security. The annual program is mandatory for all personnel. We execute and maintain personnel information security certificates.

We ensure the confidentiality, integrity and availability of our customers' data with multi-level controls. In 2021, Enfo reacted to information security notifications as required by law and customer agreements.

Environment

The essential guiding principles for Enfo's environmental work are an environmental management system certified under the ISO 14001 standard, the Environmental Policy and the Code of Conduct. The primary risk envisaged for Enfo with regard to environmental sustainability concerns the company's reputation. This is linked to the sector's consumption of energy.

Our environmental impact primarily consists of the data center's electricity consumption, our offices and the services related to them, as well as the carbon footprint caused by business travel and corporate cars. It is our ambition to promote the use of renewable energy in Enfo, to measure and minimize the carbon footprint of our travel, and to improve our waste efficiency. The Kuopio data center only uses renewable energy, and its energy efficiency is at a good level compared to the sector average. The Power Usage Effectiveness value (PUE) of our data center was 1.19 (1.25) in 2021, which is low compared to industry standards. In 2021, we investigated ways of utilizing the surplus heat from the data center and found that the servers of the data center are so efficient that they do not produce excess heat for this purpose.

Our premises are mainly (over 90%) powered by renewable electricity. In 2021, Enfo's Stockholm office moved to a LEED Gold certified building. Our office in Espoo already has a BREEAM certification and the Kuopio premises have a LEED Gold certification.

Enfo has managed to reduce its travel-related CO₂e emissions every quarter from spring 2019 to spring 2020 due to travel guidelines and investments in digital communication tools. During the pandemic, our CO₂e emissions have been at a very low level although the number of travelers increased slightly in the fall of 2021.

Theme	Description	KPI	2021	Goal	Primary risks
Society: Employees	To be the obvious choice as an employer, to provide employees with a work environment that emphasizes well-being and safety, to nurture development and diversity, and to be a workplace to love.	<ul style="list-style-type: none"> Employee satisfaction Number of women/other genders and men 	<ul style="list-style-type: none"> 4.0/5 "Is Enfo a good place to work?" 23/77% 	<ul style="list-style-type: none"> 4.5/5 30/70% 	<ul style="list-style-type: none"> Competitiveness risk, reputational risk
Society: Customers and partners	To be the obvious choice as a supplier and a trusted partner, being recognized as a responsible player in our own ecosystem.	<ul style="list-style-type: none"> Customer satisfaction ISO 9001 (Care & Data Platforms business area) 	<ul style="list-style-type: none"> 4.0/5 "Is Enfo a good partner?" Complies with ISO 9001 	<ul style="list-style-type: none"> > 4.0/5 	<ul style="list-style-type: none"> Competitiveness risk, reputational risk
Prevention of corruption and bribery	Zero tolerance for all forms of corruption, such as bribery. Personnel and supplier awareness of ethical conduct.	<ul style="list-style-type: none"> Reported violations 	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> Reputation risk and, by extension, competitiveness risk
Information security	To protect our own and our customers' data confidentiality, integrity and availability and comply with the EU General Data Protection Regulation.	<ul style="list-style-type: none"> Personal data breach notifications ISO/IEC 27001 certificate (data center) 	<ul style="list-style-type: none"> 0 Complies with ISO/IEC 27001 	<ul style="list-style-type: none"> 0 	<ul style="list-style-type: none"> Reputational risk, contractual and sanction risks
Environment	To promote the use of renewable energy, minimize the carbon footprint of our travel, and improve our waste efficiency. ISO 14001 certified environmental management system.	<ul style="list-style-type: none"> Data center Power Usage Effectiveness (PUE) ISO 14001 certificate 	<ul style="list-style-type: none"> 1.19 Complies with ISO 14001 	<ul style="list-style-type: none"> < 1.25 	<ul style="list-style-type: none"> Reputational risk

Consolidated financial statements (IFRS)

Consolidated statement of income

EUR 1,000	Note	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020*
Net sales	2.1.	103,947	101,480
Other operating income	2.2	189	1,151
Materials and services	2.3	-23,327	-22,971
Salaries and other employee benefits	2.4	-66,344	-64,342
Depreciation, amortization, and impairment	4.2	-9,655	-9,242
Other operating expenses	2.5	-7,104	-7,584
Operating profit		-2,293	-1,509
Financial income	2.6	52	1,134
Financing expenses	2.6	-1,780	-2,384
Financing expenses (net)		-1,728	-1,250
Profit before taxes		-4,021	-2,759
Income taxes	2.7	96	28
Profit for the financial period from continuing operations		-3,926	-2,731
Discontinued operations			
Profit for the financial period from discontinued operations	2.9	-2,667	2,735
Attributable to			
owners of the parent company		-3,846	820
non-controlling interests		1,179	1,914
Profit for the financial period		-6,593	4

EUR 1,000	Note	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020*
Attributable to			
owners of the parent company		-7,772	-1,910
non-controlling interests		1,179	1,914
Earnings per share calculated on the basis of the profit attributable to the owners of the parent company:			
Diluted and undiluted earnings per share			
Profit from continuing operations attributable to the company's shareholders (EUR)	2.8	-5.24	-3.70
Profit from discontinued operations (EUR)	2.8	-5.13	1.11
Diluted and undiluted earnings per share attributable to the company's shareholders (EUR)	2.8	-10.37	-2.59

* The figures for the comparison period have been updated with the changes presented in the statement of accounting principles.

Consolidated statement of comprehensive income, including discontinued operations

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Profit for the financial period	-6,593	4
Items that may be recognized through profit or loss in the future:		
Financial assets measured at fair value in the statement of comprehensive income	36	0
Exchange rate differences caused by net investments in foreign subsidiaries	0	-45
Other translation differences	-682	1,618
Other items of comprehensive income for the financial period after taxes	-646	1,573
Total comprehensive income for the financial period	-7,238	1,577
Attributable to		
owners of the parent company	-8,396	-417
non-controlling interests	1,157	1,994

Consolidated statement of financial position

EUR 1,000	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Non-current assets			
Goodwill	4.1	57,008	68,358
Other intangible assets	4.2	6,379	9,176
Property, plant, and equipment	4.2	9,120	10,890
Financial assets measured at fair value in the statement of comprehensive income	5.2	167	131
Receivables	4.3	825	1,107
Deferred tax assets	2.7	1,507	1,533
Total non-current assets		75,007	91,196
Current assets			
Trade receivables	3.1	18,809	21,201
Other receivables	3.1	3,420	5,153
Cash and cash equivalents	5.2	1,321	246
Total current assets		23,550	26,599
Total assets		98,556	117,795

EUR 1,000	Note	Dec 31, 2021	Dec 31, 2020
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent company			
Share capital		265	265
Translation differences		-829	-169
Fair value reserve and other reserves		31,164	30,985
Retained earnings		6,476	14,297
Total equity attributable to owners of the parent company		37,077	45,378
Non-controlling interests		0	2,001
Total equity	5.3	37,077	47,379
Non-current liabilities			
Deferred tax liabilities	2.7	386	483
Financial liabilities	5.2	30,678	27,992
Provisions	3.2	114	109
Total non-current liabilities		31,178	28,583
Current liabilities			
Trade payables	3.1	4,833	5,841
Other liabilities	3.1	19,881	22,181
Tax liabilities based on the financial period's taxable income	3.1	0	429
Financial liabilities	5.1	4,945	13,055
Provisions	3.2	642	327
Total current liabilities		30,301	41,833
Total liabilities		61,479	70,416
Total equity and liabilities		98,556	117,795

Consolidated statement of cash flows including discontinued operations

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Cash flow from operations (including discontinued operations)		
Profit for the financial period	-6,593	4
Adjustments		
Depreciation, amortization, and impairment	9,658	9,440
Financial items	1,725	1,250
Taxes	341	723
Non-cash transactions	4,300	-951
Change in working capital:		
Change in trade receivables and other receivables	-6	1,468
Change in trade payables and other payables	946	277
Interest paid	-1,700	-1,136
Interest and dividends received	13	8
Taxes paid	-745	-617
Net cash flow from operations	7,940	10,467
Cash flow from investment activities (including discontinued operations)		
Investments in tangible and intangible fixed assets	-2,058	-7,676
Sales of tangible and intangible fixed assets	152	167
Sale of subsidiary less cash and cash equivalents on the sale date	-7,056	0
Net cash flow from investment activities	5,151	-7,509
Cash flow from financing activities (including discontinued operations)		
Rights issue	144	4,223
Dividends paid and repayment of capital	-1,977	-1,706
Transactions related to treasury shares	0	-8
Proceeds from non-current borrowings	18,422	1,512
Repayment of current borrowings	-22,254	-2,054
Repayment of leasing liabilities	-6,367	-5,529
Net cash flow from financing activities	-12,032	-3,561
Change in cash and cash equivalents	1,058	-604
Net foreign exchange difference on cash and cash equivalents	17	-134
Cash and cash equivalents at the beginning of the financial period	246	983
Cash and cash equivalents at end of the financial period	1,321	246

Consolidated statement of changes in equity

EUR 1,000	Share capital	Treasury shares	Translation differences	Fair value reserve and other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity Jan 1, 2020	265	-1,123	-1,662	26,762	17,417	41,660	1,714	43,372
Profit/loss for the financial period					-1,910	-1,910	1,914	4
Comprehensive income								
Other items of comprehensive income								
Exchange rate differences from net investments in foreign subsidiaries			-45			-45		-45
Other translation differences			1,538			1,538	79	1,617
Other items of comprehensive income for the financial period after taxes			1,493			1,493	79	1,572
Comprehensive income for the financial period			1,493	0	-1,910	-417	1,993	1,576
Transactions with owners								
Dividends						0	-1,707	-1,707
Share issue				4,223		4,223		4,223
Purchase of treasury shares		-8				-8		-8
Cancellation of treasury shares		1,131			-1,131	0		0
Total transactions with owners	0	1,123	0	4,223	-1,131	4,215	-1,707	2,508
Other adjustments					-79	-79		-79
Equity Dec 31, 2020	265	0	-169	30,985	14,297	45,378	2,001	47,378

EUR 1,000	Share capital	Treasury shares	Translation differences	Fair value reserve and other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Equity Jan 1, 2021	265		-169	30,985	14,297	45,378	2,001	47,378
Profit/loss for the financial period					-7,772	-7,772	1,179	-6,593
Comprehensive income								
Other items of comprehensive income								
Other translation differences			-660			-660	-20	-680
Financial assets measured at fair value in the statement of comprehensive income				36		36		36
Other items of comprehensive income for the financial period after taxes			-660	36	0	-624	-20	-644
Comprehensive income for the financial period			-660	36	-7,772	-8,396	1,159	-7,237
Transactions with owners								
Dividends						0	-1,977	-1,977
Share issue				144		144		144
Sale of subsidiary					0	0	-1,181	-1,181
Total transactions with owners	0		0	144	0	144	-3,158	-3,015
Other adjustments					-49	-49		-49
Equity Dec 31, 2021	265		-829	31,164	6,476	37,077	0	37,078

Notes to the consolidated financial statements

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1. Basis of presentation

1.1 Basic information of the company

Enfo Oyj is a Finnish limited liability company. Enfo Oyj and its subsidiaries constitute the Enfo Group (“Enfo” or “Group”). Enfo is a Nordic IT services company. Enfo’s aim is to be the most trusted companion within IT in building and running technology solutions on cloud.

The domicile of the company is Kuopio, Finland. Enfo is part of the Osuuskunta KPY Group, the parent company of which is Osuuskunta KPY, domiciled in Kuopio.

The consolidated financial statements have been prepared for the accounting period of 12 months from January 1 to December 31, 2021. The financial statements were authorized for issue by the Board of Directors of Enfo Oyj on March 14, 2022. According to the Finnish Companies Act, the Annual General Meeting has the right to approve or reject the financial statements, or to amend them after issuance. A copy of the consolidated financial statements is available on the company’s investor site at www.enfogroup.com/investors and from the parent company’s head office at the address Viestikatu 7, Kuopio.

1.2 Basis of preparation for the consolidated financial statements

Enfo Oyj’s consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved for use in the European Union valid as of December 31, 2021. Enfo has applied the changes to standards and interpretations affecting Enfo that came into effect during the financial period. The most significant effects are described in the section “Changes in accounting standards”. The IFRS standards and amendments thereto that took effect in 2021, other than those described below, did not have a material impact on the result or the financial position of the Group or on the presentation of the financial statements.

The Group’s financial statements are presented in euros, which is the functional and presentation currency of the Group’s parent company, and are prepared under the historical cost convention except as disclosed in the accounting principles. The financial statements are presented in thousands of euros. Individual figures and total sums have been rounded for presentation purposes, which may result in rounding errors in the calculated sum amounts presented. Key figures have been calculated using exact figures.

1.3 Going concern

The financial statements for the financial period 2021 have been prepared using the going concern basis of accounting, taking into account the company's current financing arrangements and financial forecasts. The forecasts take into account likely or evident changes in future expectations, both in terms of revenue streams and expected expenditure. The coronavirus pandemic is no longer expected to entail significant risks, but the pandemic may still affect the absences due to illness of the company's own personnel and decisions concerning IT investments in individual sectors. Based on the Group's target for 2022, the Group's net sales and EBITDA are expected to grow compared to the previous year.

1.4 Accounting estimates and management judgements

The preparation of the financial statements in accordance with the IFRS requires management to make judgements, estimates and assumptions that affect the measurement of the reported assets and liabilities and other information, such as contingent assets and liabilities and the recognition of income and expenses in the consolidated statement of income.

The estimates are based on prior experience and assumptions concerning the future deemed most likely on the balance sheet date, related to factors such as the expected development in the Group's financial operating environment with regard to sales and cost levels. The Group regularly monitors the accuracy of the estimates and assumptions and changes in their supporting factors together with its business units, using a number of internal and external data sources. Any changes in the estimates and assumptions are entered in accounting in the period during which the estimates and assumptions are adjusted, as well as in all subsequent periods. Although these estimates and assumptions are based on the management's best knowledge of current events and actions, actual results may differ from the estimates used in the preparation of financial statements.

For Enfo, the most significant management judgements relate to assumptions used in goodwill impairment testing ([note 4.1](#)), recognition of revenue ([note 2.1](#)), share-based payments ([note 2.4](#)), deferred taxes ([note 2.7](#)), and provisions and contingent liabilities ([note 3.2](#)). Management judgement is also needed in the application of accounting standards where alternative recognition, measurement or disclosure methods exist under the current IFRS standards.

The management has exercised a significant degree of judgement in assessing indications of impairment. The assumptions used to estimate the present value of goodwill are based on the management's best estimate at the end of the financial period.

2. Financial developments

2.1 Revenue from contracts with customers

Accounting principles

Net sales are presented as net of discounts and indirect sales taxes. Exchange rate differences arising from foreign currency denominated sales are recognized in financial income or expenses.

The Group applies IFRS 15, Revenue from Contracts with Customers standard. According to IFRS 15, revenue is recognized when control of the goods or services is transferred to the customer. Under IFRS 15, the contract qualifies as a customer contract when each party's rights and obligations are described, it is approved by both parties and in which both parties are committed to fulfilling their respective obligations. The contract must also have commercial substance and it must be probable that the Group will collect the consideration to which it is entitled in exchange for the goods or services delivered to the customer. The Group's customer contracts do not include significant financing components or rights of return.

The Group's performance obligations are divided into three categories: consulting, recurring services and intermediary sales. The consulting services category includes the revenue from time and material-based and fixed-price projects included in long-term customer contracts. The recurring services category includes revenue from outsourcing and maintenance service sales. Intermediary sales include revenue from third-party licenses and their maintenance, along with cloud capacity and equipment, as well as commissions on the sale of third-party intermediary sales products.

The recognition of revenue involves management judgement in the timing of recognizing the revenue from fixed-price projects and deployment projects, and in assessing variable considerations. Contracts may involve costs incurred from obtaining the contract, such as signing bonuses. The management exercises judgement in determining the amounts of such costs. Signing bonuses are recognized in the statement of income during the contract period. Contracts can also involve variable SLA sanctions that are recognized in profit or loss as they arise. Management also exercises judgment when assessing whether Enfo is acting as a principal or as an agent.

Sales of services, consulting. Revenue from services is recognized over time according to the percentage of completion. In fixed-price projects, revenue from services is recognized according to the percentage of completion when the project's outcome can be reliably estimated. Management exercises judgement to determine the percentage of completion. The percentage of completion is the proportion of the costs incurred by the review date to the estimated costs of the project. For short-term services, revenue is recognized when the service has been provided and it is likely that economic

benefit from the service will flow to the company. When services are performed over a specific period of time, revenue is recognized using the straight-line method, unless some other method is a better indicator of the percentage of completion. If the costs incurred and revenue recognized exceed the amount invoiced, the difference is presented under Contract assets. If the costs incurred and revenue recognized are lower than the amount invoiced, the difference is presented under Contract liabilities. If it is likely that the total costs required for completing the project will exceed the total revenue from the transaction, the expected loss is recognized as an expense immediately.

Sales of services, recurring services. Revenue from services is recognized as income during the financial period in which the services are rendered. The delivery of new recurring services may involve a deployment project during which recurring service delivery is made possible by establishing the customer in Enfo's operating environment, but which will not yet create value for the customer. Revenue and profit from the deployment project is recognized during the contract period, beginning from the start of recurring service provision for the customer. Management exercises judgement in defining deployment projects and estimating the contract period.

Intermediary sales. The contract for each intermediary sale specifies whether Enfo serves as a principal or as an agent. Management exercises judgement in determining Enfo's role. Enfo serves as the principal when the company has de facto responsibility for the maintenance of the product, bears the credit risk for the sold product or is able to freely determine the price of the product on the market. Principal sales are recognized as gross revenue and agent sales as net revenue.

Intermediary sales in which Enfo is responsible for maintenance are recognized over the contract period, and other intermediary sales are recognized when the risks and benefits are transferred to the customer.

Commissions from intermediary sales are recognized in the financial period during which the right for the commission is incurred and the outcome of the transaction can be reliably estimated.

In the financial period 2021, Enfo examined its role and responsibilities towards the end customer with regard to certain third-party products and their related services. In the context of the review, Enfo defined that, for certain products, the actual responsibility for the product lies with the third party and Enfo thus only recognizes the sales margin or commission as net sales. The company's revised interpretation and the resulting clarification of the accounting principle had an impact of EUR -3.9 million on net sales in the comparison period. The change had no impact on the operating result.

Revenue from contracts with customers

The Group's revenue from customer contracts is distributed by net sales category and recognition date as follows:

EUR 1,000	Recognition date	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020*
Sales of services, recurring services	Over time	49,514	50,317
Sales of services, consulting	Over time	45,002	43,253
Intermediary sales	Over time	6,355	4,999
Intermediary sales	At a point in time	3,076	2,911
Total		103,947	101,480

* The figures for the comparison period have been updated with the changes presented in the statement of accounting principles.

Information about geographical areas

The Group operates mainly in Finland and Sweden. Net sales by geographical areas are presented according to the customer's country of location.

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020*
Finland	49,378	46,759
Sweden	50,903	47,481
Other countries	3,666	7,240
Total	103,947	101,480

* The figures for the comparison period have been updated with the changes presented in the statement of accounting principles.

Summary of contract balances

The consolidated balance sheet includes the following assets and liabilities based on customer contracts:

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Trade receivables	18,809	21,201
Contract assets:		
Current	1,135	1,208
Contract liabilities:		
Non-current	150	32
Current	2,252	2,678

Contract assets are included within other receivables and contract liabilities within other liabilities.

Contract assets include considerations for services provided to the customer for which no invoice has yet been sent, but to which the Group is entitled by contract. Contract assets also include costs related to deployment projects, which are recognized during the contract period. Contract liabilities include prepaid considerations for services that are provided to the customer after the financial period. Contract liabilities also include expenses arising from the contract which have not yet been invoiced.

During the financial period, EUR 2,678 (2,052) thousand in sales revenue has been recognized as net sales from items included in contractual liabilities at the beginning of the year.

At the end of 2021, the Group had EUR 12,438 thousand in unfulfilled fixed performance obligations based on service contracts. Management expects EUR 9,697 thousand of these to be recognized as sales revenue in 2022.

2.2 Other operating income

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Capital gain from sale of business	0	805
Other	189	346
Total	189	1,151

Marketing fees, supplier refunds, capital gains from fixed assets and purchase price adjustments related to acquisitions are recognized within other operating income.

2.3 Materials and services

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Purchases during the financial period	5,120	4,949
External services	18,207	18,022
Total	23,327	22,972

Purchases during the financial period include purchases made for operations and production.

External services include mainly subcontracting costs.

2.4 Personnel and employee rewards

Accounting principles

Pension liabilities

The Group's pensions are handled by external pension insurance companies. The pension liabilities are classified as defined contribution plans, which means that the payments made into pension plans are recognized in the income statement in the financial period in question.

Share-based payments

Enfo has a share-based incentive program for the Group's senior management and other key personnel. The share incentive program includes a reward paid out in shares if the program's conditions are met. The fair value of the reward is equal to the fair value of the share at the time of issue and is recognized as an expense in the income statement on a straight-line basis over

the period in which the right arose. The amount recognized as an expense is based on the Group's estimate of the number of shares to which rights are expected to be earned. The effects of non-market-based conditions are not included in the fair value of the rewards, but are taken into account in the estimate of the number of shares to be allocated. The group updates the assumption on the final number of shares on each closing date. Changes in estimates are recognized in the income statement.

	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Average number of Group personnel during the period		
Finland	408	399
Sweden	408	447
Total	816	846
Number of personnel at the end of the financial year	789	840

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Employee benefit expenses		
Salaries and fees	49,856	48,299
Pension costs	7,934	6,953
Other indirect employee costs	8,555	9,091
Total	66,344	64,342

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Management remuneration		
Salaries and other short-term employee benefits	1,299	1,290
Post-employment benefits	221	220
Share-based payments	0	22
Total	1,520	1,532

The management consists of the CEO and the Management Team. Information about the parent company's CEO and Board of Directors is presented in [note 5](#) to the parent company's financial statements.

Share incentive programs 2018–2021 and 2021–2025

The group introduced a share incentive program for key personnel in the 2018 financial year. If the program's conditions are met during the earning period, the reward will be paid to the participants in the company's shares. The rewards can also be paid completely or partially in cash. Participating in the program and receiving the reward requires the key person to own a certain number of company shares (ownership shares).

The 2018–2021 program had one earning period, which was due to end on June 30, 2022 according to the terms of the program. The adoption of a new share incentive program for 2021–2025 was decided

on in the 2021 financial period. Under the terms of this program, the participants in the share incentive program 2018–2021 transferred their ownership shares to the new plan free of charge. New key persons also joined the new share incentive program. The share incentive program 2018–2021 was discontinued with the introduction of the new program. The 2021–2025 program has one earning period ending on December 31, 2025. The other terms of the new program remained the same.

If the employment or service relationship of a key person participating in the program ends during the earning period, the key person will not be entitled to the reward. In such cases, the company is also entitled but not obligated to redeem the person's shares which entitle the person to participate in the program.

There were 23 (18) key persons participating in the program on December 31, 2021. If the program's conditions are met during the earning period, it will yield a maximum bonus of 4,494 shares. New key persons can be added to the program during the earning period.

The fair value of the program has been calculated by simulating the probability of its outcome, using the volatility of the shares of companies belonging to the program's control group. A total of EUR -47 (34) thousand in share-based payments were recognized as expenses during the financial period. The amount recognized under the program within equity was EUR 56 (101) thousand on December 31, 2021.

Enfo did not award any share incentives in 2021 or 2020 on the basis of share-based incentive programs.

2.5 Other operating expenses

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Voluntary personnel expenses	1,369	1,169
Travel expenses	219	431
Premises	-88	125
Vehicle expenses	652	722
Hardware and software expenses	2,241	2,515
Other administrative expenses	985	1,197
Telephone and data expenses	447	477
Marketing, sales, and representation expenses	846	630
Other operating expenses	431	319
Total	7,104	7,584
Lease costs		
Depreciation of right-of-use assets	6,236	6,723
Interest expenses on lease liabilities	281	278
Total	6,517	7,001

The Group did not have any significant research and development expenses.

Lease expenses amounting to EUR 278 (100) thousand relating to short-term lease agreements included within contingent liabilities as well as low-value assets not accounted for as right-of-use assets have been recognized in the financial statements.

2.6 Financial income and expenses

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Dividend income	6	7
Interest income	3	23
Exchange rate gains	43	1,119
Other financial income	0	0
Total financial income	52	1,149
Interest expenses	928	1,097
Exchange rate losses	420	957
Interest expenses on lease liabilities	281	278
Other financial expenses	152	65
Total financial expenses	1,781	2,397

Unrealized exchange rate differences related to the same underlying item have been netted.

2.7 Income taxes

Accounting principles

Tax expenses in the consolidated statement of income comprise of tax based on taxable income together with changes in deferred taxes. Taxes are recognized through profit or loss unless they are associated with items recognized directly in equity or other items of comprehensive income and recognized thereto. The tax is recognized in the item. The taxes based on the taxable income for the period are calculated according to the effective tax rates in each country.

Deferred taxes are calculated on all temporary differences between the carrying amount and tax value. Temporary differences arise from sources such as the fair value measurement of financial assets, differences between taxable values and carrying amounts on fixed assets, and the capitalization of intangible rights recognized in connection with business combinations. Deferred tax is not recognized for non-deductible impairment of goodwill or undistributed earnings of subsidiaries to the extent that it is probable that the difference will not be realized in the foreseeable future.

Deferred taxes have been calculated using the tax rates enacted or tax rates of which confirmed content has been published by the closing date. Deferred tax assets are recognized for tax losses carried forward and other temporary differences to the extent that corresponding taxable profits

are likely to be generated in the future periods. The management estimates the amount of deferred tax assets and the probability of utilization on each balance sheet date.

Deferred tax assets and liabilities are presented on the balance sheet as separate items included in non-current assets or liabilities. Deferred tax assets and liabilities are offset if the entity has a legally enforceable right to offset the tax assets and liabilities based on the period's taxable income, and the deferred tax assets and liabilities relate to income taxes within the same tax jurisdiction.

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Tax on taxable income for the financial period		
Taxes on the profit for the financial period	437	763
Prior period adjustments	0	-20
Total tax on taxable income for the financial period	437	742
Deferred taxes		
Increase-/decrease in deferred tax assets+	-4	38
Increase+/decrease in deferred tax liabilities-	-92	-57
Total deferred taxes	-96	-19
Income tax expense	341	723
Distribution of income taxes:		
Profit from continuing operations	-96	-28
Profit from discontinued operations	437	751

Reconciliation of tax expenses in the statement of income and taxes calculated at the Group's domestic tax rate:

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Profit from continuing operations before taxes	-4,021	-2,759
Taxes based on the current tax rate in Finland, 20%	804	552
Different tax rates of foreign subsidiaries	-37	-20
Change in deferred taxes - change in the Swedish tax rate	0	5
Non-deductible expenses	-357	-329
Income not subject to tax	103	26
Non-recognized deferred tax assets	-617	-264
Taxes for previous financial periods	0	20
Utilization of previously unrecognized tax losses	0	0
Other items	8	-18
Taxes in the statement of income	-96	-28

The weighted average of the applied tax rates was 20.4% in 2021.

Changes in deferred taxes during 2021:

EUR 1,000	Dec 31 2020	Recognized in the statement of income	Recognized in equity	Recognized in items of comprehensive income	Exchange rate difference	Dec 31 2021
Deferred tax assets:						
Right-of-use assets	33	4				37
Provisions	22					22
Employee benefits	0					0
Confirmed losses	1,478				-30	1,448
Total	1,533	4	0	0	-30	1,507
Deferred tax liabilities:						
Depreciation difference	49	-27				22
Measurement of financial assets at fair value	18	9				27
Intangible assets recognized in connection with business acquisitions	369	-48			-6	315
Other items	47	-26				21
Total	483	-92	0	0	-6	386

Changes in deferred taxes during 2020:

EUR 1,000	Dec 31 2019	Recognized in the statement of income	Recognized in equity	Recognized in items of comprehensive income	Exchange rate difference	Dec 31 2020
Deferred tax assets:						
Right-of-use assets	25	8				33
Provisions	23	-2				22
Employee benefits	44	-43			-1	0
Confirmed losses	1,420				58	1,478
Total	1,512	-38	0	0	58	1,533
Deferred tax liabilities:						
Depreciation difference	24	25				49
Measurement of financial assets at fair value	18					18
Intangible assets recognized in connection with business acquisitions	416	-60			13	369
Other items	68	-21				47
Total	526	-57	0	0	13	483

The group has recognized EUR 23,248 thousand of unused tax losses from previous periods. There is no expiration period for EUR 23,110 of these losses. A deferred tax asset of EUR 1,447 thousand has been recognized on these losses. The Group has not recognized any additional deferred tax assets based on the result(s) of the previous financial period(s), because the utilization of the losses was uncertain at the time of preparing the financial statements.

2.8 Earnings per share

Accounting principles

Earnings per share are calculated by dividing the profit for the period attributable to equity-holders of the parent company by the weighted average of outstanding shares for the period.

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Profit attributable to the company's shareholders		
From continuing operations	-3,926	-2,731
From discontinued operations	-3,846	820
Total profit attributable to the company's shareholders	-7,772	-1,910
Weighted average number of shares	749	739
EUR	2021	2020
Diluted/undiluted earnings per share		
Profit attributable to the company's shareholders from continuing operations	-5.24	-3.70
Profit attributable to the company's shareholders from discontinued operations	-5.13	1.11
Diluted and undiluted earnings per share for company shareholders	-10.37	-2.59

2.9 Assets held for sale and discontinued operations

Accounting principles

Non-current assets, or a disposal group, and assets related to discontinued functions are classified as held for sale if their carrying amount will be recovered principally through the sale of the asset. In such a case, the asset is available for immediate sale in its present condition according to customary terms, management is committed to a plan to sell, active sales efforts have been started, and completion of the sales transaction is expected within one year.

Assets held for sale and assets associated with a discontinued function that have been classified as held for sale are recognized at the lower of their carrying amounts or their fair value less the costs of selling. Depreciation of these assets ends on the classification date. Assets held for sale, disposal groups, assets associated with held-for-sale assets and recognized directly in equity, and liabilities included in the disposal groups are presented separately from other asset items on the balance sheet.

A discontinued function is a component of an entity that either has been disposed of or is classified as held for sale and which represents a major business segment or geographical operating area, is part of a single coordinated plan to dispose of a significant segment or

geographical operating area, or is a subsidiary acquired exclusively with a view to resale. The profit of the discontinued function after taxes is presented as a separate item in the consolidated statement of comprehensive income.

In June 2021, Enfo sold its 30% minority share in the Swedish SAP consultancy Zuite Business Consulting AB to Pearl Group AS in Norway. The sale of Zuite Business Consulting AB has been treated as a discontinued operation in accordance with IFRS. The figures for the comparison period have been updated accordingly.

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Profit from discontinued operations		
Net sales	6,464	10,903
Operating profit	2,120	3,486
Profit before taxes	2,123	3,486
Income taxes	-437	-751
Capital gain/loss from the sale of a subsidiary after taxes (note 6.2)	-4,349	0
Profit/loss from the discontinued operation	-2,664	2,735
Cash flow from discontinued operations		
Cash flow from operations	1,848	3,079
Cash flow from investment activities	6,194	-140
Cash flow from financing activities	-2,378	-1,786
Total cash flow from discontinued operations	5,664	1,153

3. Net working capital

3.1 Current receivables and liabilities

Accounting principles

Trade receivables are recognized at the value at inception. Receivables are short-term and interest-free.

The Group uses the modified retrospective approach in accordance with IFRS 9 for the recognition of expected credit losses. According to the approach, lifetime expected credit losses are recognized for all trade receivables and contract assets. Expected credit losses are measured by dividing trade receivables into categories based on their lifetime and multiplying those categories by a credit loss percentage based on historical data on realized credit losses on trade receivables. Actual loss rates are adjusted to reflect current and forward-looking information

and macroeconomic factors that affect customers' ability to make payments on receivables. Contract assets relate to uninvoiced work in progress and have similar risk characteristics to trade receivables arising from similar types of contracts. It has therefore been concluded that the expected loss rate of trade receivables is reasonably close to the loss rate of the contract assets.

Subject to the management's judgement, doubtful debt can be recognized as credit losses if the carrying amount of the receivables exceeds their recoverable amount. The criterion for recording a credit loss is bankruptcy, corporate restructuring or significant financial difficulties of the debtor.

Trade payables and other current liabilities are recognized at their value at inception. The carrying amount of liabilities corresponds to their fair value.

EUR 1,000	2021	2020
Net working capital		
Trade receivables	18,809	21,201
Other accrued income	3,420	5,153
Trade payables	-4,833	-5,841
Income tax liability	0	-429
Personnel-related liabilities	-10,000	-11,140
Other accrued liabilities	-4,447	-4,761
Other current liabilities	-6,075	-6,607
Total net working capital	-3,127	-2,424

The Group finances its net working capital with the credit limits described in [note 5.1](#).

Aging analysis of sales receivables on December 31st

EUR 1,000	2021	Percentage	2020	Percentage
Not fallen due	16,999	90.37%	17,803	83.98%
1-14 days	1,292	6.87%	2,781	13.12%
15-30 days	213	1.13%	419	1.98%
31-60 days	177	0.94%	141	0.66%
61-90 days	59	0.32%	57	0.27%
91 days	70	0.37%	0	0.00%
	18,809	100.00%	21,201	100.00%

Impaired trade receivables have been recognized as credit losses in the statement of income. The credit losses recognized in the statement of income in the 2021 financial period amounted to EUR 11.5 (24.9) thousand.

Expected credit losses on trade receivables and contractual assets calculated in accordance with the impairment model have been recognized as credit loss provisions.

EUR 1,000	2021	2020
Change in credit loss provision		
Credit loss provision Jan 1	0	0
Change in provision in the statement of income	3	0
Credit loss provision Dec 31	3	0

3.2 Provisions and contingent liabilities

Accounting principles

Provisions are recognized when the Group has a legal or factual obligation resulting from a past event, fulfilment of the payment obligation is probable, and its amount can be reliably estimated. If it is possible to receive compensation for part of the obligation from a third party, the compensation is recognized as a separate asset item when it is practically certain that the compensation will be paid. Provisions are recognized at the present value of the expenses required to settle the obligation.

A restructuring provision is recognized in the financial period in which the Group has legal or constructive obligation to settle the obligation. Compensation for termination of employment will not be recognized until an agreement has been made with the representatives of the concerned employees specifying the reasons for the termination and the number of discharged employees, or when the employees have been notified of the specific terms. Provisions are not recognized for costs related to the continuing operations of the Group.

Provisions are recognized for loss-making agreements when the obligatory expenditure required to meet obligations exceeds the benefits yielded by the agreement.

Changes to provisions are recognized in the line item in which the provision was initially recognized.

A contingent liability is a conditional obligation arising from past events whose existence is confirmed when the uncertain event that is beyond the Group's control is realized. In addition, an existing obligation which probably does not require the fulfilment of the payment obligation or whose amount cannot be reliably estimated is considered a contingent liability. Contingent liabilities are presented in the notes.

Provisions	2021	2020
EUR 1,000		
Non-current		
Provisions at the beginning of the period	109	125
Provisions used	0	-16
Provisions at the end of the period	109	109
Current		
Provisions at the beginning of the period	327	0
Increases	642	327
Decreases	-327	0
Provisions at the end of the period	642	327

Contingent liability

Tillväxtverket, the Swedish Agency for Economic and Regional Growth, announced in September 2021 that it would recover the EUR 1.1 million already paid in support for shortened working hours from May to October 2020. The Agency has also given a negative decision regarding Enfo's application for EUR 0.5 million for the period November 2020 to March 2021. Enfo has appealed the decisions to the Stockholm Administrative Court, but the schedule for handling the case is uncertain. Of this total amount of EUR 1.6 million, EUR 1.3 million has been recognized as reduced salary costs in 2020 and EUR 0.3 million in 2021.

4. Intangible assets; property, plant and equipment, and other non-current assets

4.1 Goodwill

Accounting principles

Goodwill represents the part of the acquisition cost exceeding the Group's share of the fair value of the acquired company's net assets at the time of acquisition. Goodwill is measured at original acquisition cost less impairment. Goodwill is not amortized. Instead, it is tested annually or, if necessary, more frequently for impairment.

The need for impairment is reviewed at the level of cash-generating units (CGU), defined according to how goodwill is reported in internal management reporting. The carrying amount of a cash-generating unit and the assets allocated to the unit are compared to the recoverable amount of the unit. The recoverable amount is calculated according to value in use. If the recoverable amount is lower than the asset's carrying amount, impairment is recognized as an

expense in the income statement. The value in use is determined as the current value of future cash flows.

The discount rate used for the calculations is based on the weighted average cost of capital (WACC), applied in the currency area in which the cash-generating unit (CGU) is considered to be located. The WACC reflects the market's perception of the time value of money and the risks associated with Enfo's business. Projected cash flows are based on management estimates. Impairment losses recognized for goodwill cannot be reversed.

Goodwill reconciliation

EUR 1,000	2021	2020
Acquisition cost Jan 1	68,358	66,541
Decreases	-10,503	0
Exchange rate difference	-847	1,817
Carrying amount Dec 31	57,008	68,358

The decrease in goodwill is due to the sale of the minority share in Zuite Business Consulting AB. The goodwill related to the company was written off in connection with the sale.

Allocation of goodwill

Carrying goodwill amounts have been allocated to cash-generating units as shown in the table below:

EUR 1,000	2021
Care & Data Platforms	14,803
Applications & Data	17,633
Data & Analytics	5,915
Digital Trust	18,657
Total	57,008

Enfo's CGUs were redefined in 2021, and goodwill has thus been allocated on the basis of the relative values in use of the CGUs.

Impairment testing

The future cash flow estimates used for impairment testing are based on CGU-specific financial plans approved by the Group's management. The cash flow estimates used are based on the financial plans for the next three years. The growth expectation used does not exceed the average long-term growth in the industry.

No material changes have taken place in the key assumptions used for impairment testing in comparison with previous years. The calculations are affected by the following assumptions:

Forecast net sales: The assumptions are based on a view of the general growth and price trend in the market and an estimate of the Group's market share. The assumptions made by management are based on prior experience of business development, the current market share and previous market share trends, and external appraisals of the outlook for the industry. The average annual growth in net sales used in the calculations is 8.3% (8.3%). A growth expectation of 0.5-1.0% (2.0%) was used to estimate cash flows after the forecasting period.

Development of personnel expenses and other expenses: The assumptions made by management are based on prior experience of personnel cost developments, known salary increase agreements, and the general view of the development of personnel costs.

The discount rate used is the weighted average cost of capital before taxes (WACC). The risk-free interest rate, risk factor (beta), and risk premium parameters used to determine the discount rate are based on market information. The average rate used for the calculations before taxes is 8.5% (8.9%).

Allocation and recognition of impairment losses

No impairment losses were recognized in the statement of income in the 2021 financial period or the corresponding period on the basis of annual impairment testing.

Goodwill testing will be influenced by how the Group achieves the targets set for 2022 and beyond. The sensitivity analysis estimated the impact of key calculation assumptions, such as net sales growth, cash flow after the forecast period, and changes in the discount rate.

The key assumptions with which the recoverable amount for the units would be equal to the carrying amount:

	Care & Data Platforms	Applications & Data	Data & Analytics	Digital Trust
Net sales will fall short of the forecast in 2022-2024	10.9%	14.5%	16.0%	26.0%
Discount rate	13.4%	13.4%	16.6%	13.5%
Increase in cash flow after the forecast period	0.0%	0.0%	0.0%	0.0%

CGU-specific cash flow estimates exceed the carrying amount by more than 100% for all units.

4.2 Intangible and tangible assets

Accounting principles

Intangible assets mainly consist of software and software licenses, as well as intangible assets acquired through business combinations. Intangible assets are recognized at initial acquisition cost less amortization and any impairments. Amortization is determined on a straight-line basis over the asset's useful life. The estimated useful life of intangible assets is 1-5 years.

Software project costs are recognized in other intangible assets when the asset generates future economic benefit for the Group in excess of the asset's development costs. All costs directly attributable to the completion of an asset are included in its acquisition cost. Typically, the acquisition cost includes consultancy fees paid to third parties and, in certain cases, the salary costs of Enfo's own personnel.

Identifiable intangible assets acquired through business combinations will be recognized separately from goodwill. Business combinations have provided the Group with intangible rights that relate to customer relationships and trademarks. Intangible rights are recognized at fair value on the acquisition date and they are depreciated over their estimated useful life. Fair value has been measured based on estimated discounted cash flows.

Property, plant, and equipment are recognized at original acquisition cost less depreciation and impairment. Subsequent costs will only be included in the carrying amount of a tangible asset if it is likely that the future financial benefit related to the asset will flow to the Group and the acquisition cost of the asset can be reliably measured. Other repair and maintenance costs are recognized through profit or loss on the date of occurrence.

Property, plant, and equipment are depreciated using the straight-line method over their estimated useful lives. The Group applies the following estimated useful lives:

Machinery and equipment	3-5 years
Other tangible assets	10 years
Right-of-use assets	1-5 years

The carrying value and useful life of tangible assets are reviewed regularly in connection with preparation of annual financial statement and interim reports and adjusted for any changes in expected future economic benefit, if needed. Depreciation of property, plant and equipment begins when the asset item is available for use and ceases if the asset is classified as being held for sale according to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Right-of-use assets arising from lease agreements are recognized at the start of the lease period and measured at acquisition cost, which includes the original amount of the lease liability and the payments made to the lessor by the lease start date, less any incentives and the lessee's direct expenses at the beginning of the lease. Right-of-use assets are depreciated over the useful life of the asset or over the lease period, if shorter.

The Group measures the value of lease liabilities at the beginning of the lease in accordance with IFRS 16, by discounting the lease's future minimum lease payments to the present value. The discount rate used is either the lease agreement's internal rate or the incremental borrowing rate.

If the internal rate of the lease agreement is not readily determinable, future minimum lease payments are discounted using the Group's incremental borrowing rate determined in accordance with IFRS 16.

The Group complies with IFRS 16 in determining the lease period. Management judgment is used for determining lease period for agreements without an expiry date. There are no significant variable lease payments or residual value guarantees contained in the group's lease agreements.

The Group applies the exemptions permitted by IFRS 16 for short-term leases. Leases of less than 12 months are not recognized in the balance sheet. Neither does the Group recognize assets or liabilities in the balance sheet for low-value leases.

EUR 1,000	Customer relationships and trademarks (business combinations)	Other intangible assets	Intangible right-of-use assets	Work-in-progress fixed assets	Total intangible assets	Machinery and equipment	Other tangible assets	Tangible right-of-use assets	Total tangible assets
Acquisition cost Jan 1, 2021	18,163	13,544	2,666	49	34,422	3,485	-7	26,296	29,774
Increases		442	453	38	932	6		4,742	4,748
Decreases		-927			-927	-28		-1,575	-1,604
Transfers between items		87		-87	0				0
Exchange rate differences	-296		-2		-299	-6		-199	-205
Acquisition cost Dec 31, 2021	17,867	13,146	3,116	0	34,129	3,456	-7	29,265	32,714
Accumulated depreciation, amortization, and impairment Jan 1, 2021	14,345	8,524	2,377	0	25,245	3,398	-7	15,493	18,884
Accumulated depreciation on decreases and transfers		-321			-321	-3		-1,111	-1,114
Depreciation during the financial period	1,083	1,694	319		3,096	40		5,917	5,956
Exchange rate differences	-271		1		-271	-5		-127	-132
Accumulated depreciation, amortization, and impairment Dec 31, 2021	15,157	9,896	2,696	0	27,750	3,429	-7	20,172	23,594
Carrying amount Dec 31, 2021	2,710	3,249	420	0	6,379	27	0	9,093	9,120

EUR 1,000	Customer relationships and trademarks (business combinations)	Other intangible assets	Intangible right-of-use assets	Work-in-progress fixed assets	Total intangible assets	Machinery and equipment	Other tangible assets	Tangible right-of-use assets	Total tangible assets
Acquisition cost Jan 1, 2020	17,608	10,403	2,500	896	31,407	3,451	-7	21,729	25,173
IFRS 16 implementation									
Increases		2,003	166	337	2,506	22		5,780	5,802
Decreases		-39			-39			-1,566	-1,566
Transfers between items		1,177		-1,184	-7				
Exchange rate differences	555				555	12		353	365
Acquisition cost Dec 31, 2020	18,163	13,544	2,666	49	34,421	3,485	-7	26,296	29,774
Accumulated depreciation, amortization, and impairment Jan 1, 2020	12,777	6,964	2,186		21,926	3,338	-7	9,467	12,797
Accumulated depreciation on decreases and transfers								-714	-714
Depreciation during the financial period	1,068	1,560	191		2,819	51		6,532	6,582
Exchange rate differences	500				500	9		209	218
Accumulated depreciation, amortization, and impairment Dec 31, 2020	14,345	8,524	2,377		25,245	3,398	-7	15,493	18,884
Carrying amount Dec 31, 2020	3,818	5,020	289	49	9,176	88	0	10,803	10,890

Other intangible assets mainly consist of licenses, computer software, and contractual rights.

Tangible right-of-use assets include leases related to data center equipment, office premises, leased cars and office equipment. Intangible right-of-use assets include leases related to the data center's software.

The lease costs are described in [note 2.5](#) and lease liabilities in [note 5.2](#).

4.3 Non-current receivables

EUR 1,000	2021	2020
Other loan receivables	500	500
Security deposits	289	524
Other non-current receivables	37	83
Total	826	1,107

5. Financial risks and capital structure

5.1 Financial risk management

The Group is subject to financial risks in its normal business operations. The management of financing and financial risks within the Group is centralized in the parent company according to the financial policy approved by the company's Board of Directors. Financial risk management aims to minimize the unfavorable impact of financial risks on the Group's result, equity, and liquidity. Derivative financial instruments may be used to hedge against risks. The EUR 4 million non-current loan in the financing package renewed in December 2021 is hedged against interest rate risk with an interest rate swap. The company had no open exposures in the 2020 financial period.

Exchange rate risk management

The result and financial position of Group units is measured in the currency of their primary economic environment (the functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company. Most of the Group's net sales and expenses are generated in euros (EUR) and Swedish krona (SEK).

Transaction risk

The sales revenue and, respectively, purchases of Group companies are mainly generated in the local currency. Transaction risk arises from transactions and payments in currencies other than the unit's functional currency, and when the related cash inflows and outflows differ in amount or timing. Transactions in foreign currencies are translated into the companies' functional currencies at the rate

of exchange prevailing at the date of the transaction. Exchange rate gains and losses from operations are included in financial income and expenses in the statement of income.

The following table shows the Group's exchange rate risk at the end of the financial period. The table includes the assets and liabilities denominated in currencies other than the unit's functional currency, converted into euros. The calculation takes into account both internal and external assets and liabilities, as well as balances on bank accounts denominated in foreign currencies.

Dec 31, 2021				
EUR 1,000	EUR	SEK	USD	Other
Trade receivables and other receivables	825	2,751	452	88
Trade payables and other payables	-38	-64	-965	-7
Cash at bank	121	4,403	48	-1
Total position	908	7,090	-465	80

Dec 31, 2020				
EUR 1,000	EUR	SEK	USD	Other
Trade receivables and other receivables	843	1,372	840	94
Trade payables and other payables	-25	-6,012	-656	0
Cash at bank	269	4,699	71	-19
Total position	1,087	59	255	75

The sensitivity analysis presents the effect of a change of +/- 10% in the value of the euro against other currencies, without tax effects:

Dec 31, 2021					
EUR 1,000	EUR	SEK	USD	Other	Total
EUR +/- 10% change	+/- 91	+/- 709	+/- -46	+/- 8	+/- 762

Dec 31, 2020					
EUR 1,000	EUR	SEK	USD	Other	Total
EUR +/- 10% change	+/- 109	+/- 6	+/- 25	+/- 7	+/- 148

Translation risk or equity-related exchange rate risk

The Group incurs translation risk when the equity of foreign Group companies is denominated in a currency other than the parent company's functional currency. In addition, the Group incurs translation risk from converting items related to goodwill or purchase price allocations denominated in a currency other than the parent company's functional currency into the parent company's functional currency.

At the end of 2021, the equity translation risk of foreign subsidiaries amounted to EUR 68,916 (79,300) thousand, the goodwill translation risk amounted to EUR 34,669 (46,000) thousand, and the translation risk of items related to purchase price allocations was EUR 940 (1,400) thousand.

Interest rate risk

Interest rate risk is created when changes in market rates and interest margins affect financing costs and the valuation of interest-bearing items. Interest rate risk is managed and supervised by Group financing. The Group's interest-bearing debt exposes its cash flow to interest rate risk.

In December, Enfo renewed its EUR 21.3 million financing package with a consortium of creditors, consisting of previous lenders Nordea Bank and OP Corporate Bank, Ilmarinen and LähiTapiola. The financing package included the re-financing of existing long-term bank financing and, at the same time, some of Enfo's credit limits were converted into long-term financing. The loans are denominated in EUR and will mature in January 2024. Loan interest rates consist of a reference rate and a margin. The margin is reviewed on a quarterly basis and is partly tied to the financial covenants of the loan agreements. In addition, Enfo signed a EUR 3.0 million loan agreement with Osuuskunta KPY in December. The loan will mature in July 2024 and has a fixed interest rate.

The specification of interest-bearing net liabilities is as follows:

	Currency, 1,000		EUR 1,000	
	2021	2020	2021	2020
Loans from financial institutions, current				
EUR	0	7,900	0	7,900
Loans from financial institutions, non-current				
EUR	22,934	16,512	22,934	16,512
SEK	0	54,054	0	5,387
Total			22,934	21,899
Related party loan, non-current				
EUR	3,000	0	3,000	0
Other interest-bearing liabilities				
Non-current lease liabilities, EUR	3,415	4,182	3,415	4,182
Non-current lease liabilities, SEK	13,621	19,174	1,329	1,911
Current lease liabilities, EUR	3,095	3,276	3,095	3,276
Current lease liabilities, SEK	17,975	18,859	1,850	1,880
Total			9,689	11,248
Cash and cash equivalents			1,321	246
Interest-bearing net liabilities			34,302	40,801

The Group's other interest-bearing liabilities consist of the payment obligations of lease liabilities. The lease agreements are mainly based on fixed instalments, and changes in interest rates do not have a direct impact on the amounts to be paid.

The Group has analyzed the impact of potential change in interest rates of the Group's primary loan financing on its financial performance. The Group's effective interest rate in 2021 was 3.5% (3.1%). A change of one percentage point in the reference rate of variable-rate loans would have decreased the Group's result and equity by EUR 244 thousand.

Liquidity

In order to ensure sufficient liquid assets to fund its operations and repay maturing loans, the Group regularly monitors the amount of financing required for business operations. In order to guarantee the availability and flexibility of Group financing, funding has been obtained from several financial institutions and through different types of financing, with attention being paid to the balanced maturity distribution of loans and appropriate loan periods.

Maturity analysis of financial obligations

2021				
EUR 1,000	< 1 year	1-3 years	> 3 years	Total
Loans from financial institutions	0	21,300	0	21,300
Related party loan	0	3,000	0	3,000
Lease liabilities	4,945	4,715	29	9,689
Bank credit lines	0	0	1,634	1,634
Trade payables and other payables	25,356	0	0	25,356
Total	30,301	29,015	1,663	60,980
Interest payments	1,244	1,228	1	2,473
2020				
EUR 1,000	< 1 year	1-3 years	> 3 years	Total
Loans from financial institutions	0	20,387	0	20,387
Lease liabilities	5,155	6,087	5	11,248
Bank credit lines	7,900	0	1,512	9,412
Trade payables and other payables	29,477	0	0	29,477
Total	42,532	26,474	1,517	70,524
Interest payments	1,245	391	0	1,635

The Group's liquidity was satisfactory at the end of the financial period.

The Group's current assets on the balance sheet date amounted to EUR 23,550 (26,599) thousand and current liabilities to EUR 30,301 (41,833) thousand.

The Group's financing is largely managed with the financing package negotiated in 2019 and renewed in 2021, and with the Group's committed credit limits. In addition to these, the Group strengthened its financial position by negotiating EUR 3,000 thousand in fixed-term credit limits with its main financiers due to the uncertain market situation caused by the coronavirus pandemic. These fixed-term credit limits remained unused and expired in May 2021. The Group's financial position has remained stable and management expects it to be sufficient despite the prolongation of the coronavirus pandemic, and there is no uncertainty regarding business continuity. EUR 7,066 thousand of the credit limits remained unused on December 31, 2021.

The Group's EUR 3.7 (8.7) million credit limit agreement will fall due in May 2023. Loans of 1-6 months can be withdrawn from the agreement. In addition, the Group has a EUR 5 million continuous limit with no maturity date.

Capital structure management

The objective of Enfo's capital structure management is to ensure the continuity of the company's operations, adequate liquidity, adequate financing on competitive terms and value creation for owners. The Group continuously monitors its capital structure through gearing.

Capital structure management covers both equity and interest-bearing liabilities. Equity at the end of the reporting period was EUR 37,077 (47,379) thousand and interest-bearing liabilities amounted to EUR 35,623 (41,047) thousand.

The capital structure is influenced by decisions such as dividend distribution and share issues. The Annual General Meeting's resolutions and authorizations given to the Board of Directors are presented in the Board of Directors' report.

No specific objective has been defined for Enfo's capital structure, but the company's new loan agreements include financial covenants that guide it:

- Net gearing less than 100%
- Interest-bearing net liabilities/EBITDA less than 3.75 on June 30, 2022, after which the covenant will be gradually reduced to 2.5 by December 31, 2023.
- EBITDA (EUR)

The Group actively monitors its financial covenants and anticipates future scenarios to ensure that they are met. According to the new financing agreement, the covenants will be tested on a quarterly basis as of June 30, 2022. Due to the renewal of the financing package, the financial covenants were not tested in the financial period ended on December 31, 2021.

Enfo's Board of Directors assesses the capital structure regularly, while Group financing is responsible for its operational management. Enfo did not have a credit rating on December 31, 2021. The Group's equity ratio was 37.9% (40.1) at the end of the financial period. Interest-bearing net liabilities at the end of December amounted to EUR 34.3 (40.8) million and net gearing was 92.5% (86.1).

5.2 Financial assets and liabilities

Accounting principles

Financial assets

The Group's financial assets are classified into the following valuation categories: financial assets measured at fair value recognized through profit and loss, measured at amortized acquisition cost or measured at fair value in other items of comprehensive income. Financial assets are classified according to their cash flow characteristics at the time of acquisition. Currently, the Group's financial assets are classified as items measured at amortized acquisition cost or at fair value in other items of comprehensive income.

Purchases and sales of financial assets are recognized on the transaction date at fair value. Transaction costs are included in the original carrying amount of the financial assets when the asset in question is not recognized at fair value through profit or loss.

Cash and cash equivalents consist of funds held in bank accounts.

Financial assets measured at amortized acquisition cost

This category includes the Group's trade and other receivables as well as cash and cash equivalents. Current sales receivables are recognized at the original invoiced amount less uncertain receivables. Receivables are included on the statement of financial position under current or non-current assets according to their nature. If they mature in more than 12 months, they are included under non-current assets.

Financial assets measured at fair value in other items of comprehensive income

Financial assets measured at fair value in other items of comprehensive income consist of shares and interest-bearing investments and are recognized at fair value. Changes in fair value are recognized in other comprehensive income and presented under equity within the fair value reserve included in the item "Other reserves", net of tax.

Financial assets measured at fair value in other items of comprehensive income are included in non-current assets unless they are intended to be held for less than 12 months from the closing date, in which case they are included in current assets.

Financial liabilities

The Group's loans from financial institutions are measured at amortized acquisition cost. Financial liabilities are classified as long-term liabilities if their maturity period is more than 12 months.

Debts maturing within 12 months are classified as short-term liabilities.

Lease liabilities are recognized at present value discounted by the interest rate specified in the agreement on future lease payments or the company's incremental borrowing rate.

Measured at fair value in other items of comprehensive income

EUR 1,000	2021	2020
Non-current financial assets		
Investments	167	131
Total	167	131

Trade receivables and other receivables do not include deferred tax assets, nor do trade payables and other payables include tax liabilities or deferred tax liabilities.

The fair values of financial assets and liabilities approximate their carrying amounts.

The table below presents the reconciliation of the change in financial liabilities to cash flow from financing.

EUR 1,000	Jan 1, 2021	Cash flows	Changes with no impact on cash flow	Dec 31, 2021	Jan 1, 2020	Cash flows	Changes with no impact on cash flow	Dec 31, 2020
Non-current financial liabilities								
Loans from financial institutions	21,899	1,035	0	25,934	20,988	641	270	21,899
Loan from parent company	0	3,000	0	3,000				
Lease liabilities	6,093	0	-1,349	4,744	6,756	0	-663	6,093
Total	27,992	4,553	-1,867	30,678	27,744	641	-393	27,992
Current financial liabilities								
Loans from financial institutions	7,900	-7,900	0	0	8,936	-1,036	0	7,900
Lease liabilities	5,155	-6,367	6,157	4,945	5,936	-5,529	4,748	5,155
Total	13,054	-14,267	6,157	4,945	14,871	-6,565	4,748	13,054

5.3 Equity

Accounting principles

Outstanding ordinary shares are presented as share capital. Treasury shares held by the Group are presented as deductions in equity. No profits or losses are recognized in the income statement for the buyback, sales, issuance, or cancellation of treasury shares. The consideration paid or received is recognized directly in equity.

Share capital

Changes in the number of shares are presented in the table below:

	Issued shares	Treasury shares	Outstanding shares
Dec 31, 2020	747,978	0	747,978
Share issue	2,368		
Dec 31, 2021	750,346	0	750,346

	Issued shares	Treasury shares	Outstanding shares
Dec 31, 2019	679,251	13,388	665,863
Purchase of treasury shares		118	
Share issue	82,233		
Cancellation of treasury shares	-13,506	-13,506	
Dec 31, 2020	747,978	0	747,978

Enfo Oyj has one series of shares. Each share carries one vote. The company's shares are in the book-entry securities system.

Treasury shares

The company did not own any treasury shares in 2021.

Description of equity reserves:

Translation differences

The Group's equity includes translation differences arising from the translation of equity in foreign subsidiaries and net investment loan receivables at the rate prevailing in the end of the financial period.

Fair value reserve and other reserves

The fair value reserve includes unrealized changes in the fair value of available-for-sale investments net of tax, and the reserve for invested non-restricted equity.

EUR 1,000

Jan 1, 2021	30,985
Change in fair value reserve	36
Share issue, invested non-restricted equity	144
Dec 31, 2021	31,165
Jan 1, 2020	26,762
Share issue, invested non-restricted equity	4,223
Dec 31, 2020	30,985

Dividends

No dividend was paid for the 2020 financial period. The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the 2021 financial period.

5.4 Contingent liabilities

The Group has the following off-balance sheet liabilities:

EUR 1,000	2021	2020
Liabilities under IFRS16 leases beginning in the following year	263	1,868
Leasing liabilities payable during the current financial period	111	277
Total	374	2,145
Contingent liability (note 3.2)	1,661	0
Total	2,110	2,242
Expiry of rental and leasing liabilities		
Other lease agreements – total amount of minimum rental payments	374	2,145
Within 1 year	374	855
Within more than 1 year and less than 5 years	0	1,290
Total	374	2,145

The agreements do not include any significant sublease relationships or contingent leases.

6. Other notes

Accounting principles

Subsidiaries

The consolidated financial statements include Enfo Oyj and subsidiaries it controlled at the end of the reporting period. The Group has control when it holds more than 50% of the voting rights or otherwise has the power to govern the financial and operating policies of company.

Intra-group shareholdings are eliminated using the acquisition method. Any conditional additional purchase consideration is recognized at fair value on the acquisition date and classified as a liability or equity. Acquired subsidiaries are consolidated from the date on which control is transferred to the Group, and divested subsidiaries until the date on which control ceases. The consideration transferred, including the conditional purchase price and the acquired company's identifiable assets and liabilities, is valued at fair value at the time of acquisition. Expenses related to acquisitions are recognized as expenses.

All intra-group transactions, receivables, liabilities, profits, and internal distribution of profit are eliminated in the consolidated financial statements.

The proportion of non-controlling interests in the acquired company is valued at either fair value or according to proportional ownership of the acquired company's identifiable net assets at the time of acquisition. The distribution of profit or loss between owners of the parent company and non-controlling interests is presented in the consolidated statement of income. The distribution of comprehensive consolidated income between owners of the parent company and non-controlling interests is disclosed in the consolidated statement of comprehensive income. Non-controlling interests' share in equity is disclosed on the consolidated statement of financial position as a separate item within equity.

The subsidiaries have the same financial year as the parent company and comply with the consolidated accounting principles described herein.

Foreign currency items

The items included in each subsidiary's financial statements are measured in the currency of each unit's main operating environment ("functional currency"). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company. Foreign currency transactions are recognized in the functional currency at the transaction date's exchange rate. In the consolidated financial statements, the income statements of foreign subsidiaries have been translated into the presentation currency using the average

exchange rate for the financial period and balance sheet items have been translated using the closing rate.

The translation differences of net investments in subsidiaries, along with exchange rate differences resulting from the translation of the financial period's result and comprehensive income into the financial period's average exchange rate and the translation of the balance sheet to the closing rate are recognized in equity, and the change is recognized in translation differences in comprehensive income. Cumulative translation differences related to foreign currency subsidiaries are transferred to the statement of income from other items of comprehensive income when the foreign currency subsidiary is divested.

6.1 Group structure

The Group's parent company and subsidiary relationships on December 31, 2021 were as follows:

Company name	Domicile	Group share of share capital (%)	Group share of votes (%)
Parent company: Enfo Oyj	Kuopio	100	
Enfo Oyj's subsidiaries:			
Enfo Holdings AB	Stockholm	100	100
Enfo Sweden AB	Gothenburg	100	100
Enfo Denmark Holding ApS	Brøndby	100	100
Enfo Norway Holding AS	Oslo	100	100

6.2 Acquired and sold businesses

In June 2021, Enfo sold its 30% minority share in the Swedish SAP consultancy Zuite Business Consulting AB to Pearl Group AS in Norway. The sales loss is presented in profit from discontinued operations.

EUR 1,000	2021
Consideration received for the acquisition	6,683
Carrying amount of the divested net assets	-1,695
Minority share	1,186
Goodwill	-10,524
Loss before taxes	-4,349
Tax on the sale of business	0
Sales loss after taxes	-4,349

6.3 Related parties

The Group's related parties are considered to include the members of Enfo Oyj's Board of Directors, the CEO and other members of the Group Management Team, as well as the family members of the above-mentioned individuals. The Group's related parties also comprise Enfo Oyj's parent company Osuuskunta KPY and its affiliates.

The table below presents the Group's transactions and outstanding balances with Osuuskunta KPY and affiliates. The Group does not have significant transactions with other related parties.

EUR 1,000	2021	2020
Transactions		
Sales of goods and services	894	767
Purchases of goods and services	790	993
Parent company management fee	40	40
Internal interest rate on related party loan	6	0
Outstanding balances		
Trade receivables and other receivables	122	105
Trade payables and other payables	14	92
Lease liabilities	1,112	2,040
Non-current loan	3,006	0

The group has valid lease agreements with Novapolis, a KPY Group company, for office premises on Viestikatu and Mikrokatu in Kuopio. The liabilities incurred from these leases under IFRS16 are presented in the table.

6.4 Auditor's fees

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Audit	90	86
Tax advice	26	15
Other services	17	22
Total	133	123

6.5 Changes in accounting standards

The group has adopted the new standards and interpretations that took effect during the accounting period and are relevant to its operations. The IFRS standards and amendments thereto that took effect in 2021 did not have a material impact on the result or the financial position of the Group or on the presentation of the financial statements.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The changes relate to a reform of interest rate benchmarks and require the presentation of qualitative and quantitative notes to enable the readers of financial statements to understand the impact of the uncertainty resulting from the reform of interest rate benchmarks on the corporation's hedging relationships.
- IFRS 4 Insurance Contracts. This standard will replace standard IFRS 4, which currently permits a variety of practices for the recognition of insurance contracts.

The Group has analyzed the impact of revised or amended standards and interpretations that will become effective in 2022. The changes are not expected to have a significant impact on the Group's result for the financial period, its financial status or the way the financial statements are presented.

- The amendments to IAS 16 "Property, plant and equipment: Proceeds before intended use", regarding proceeds generated when selling an asset by bringing it into the location and premises necessary for it to function as intended by management. The amendments have no impact on the consolidated financial statements.
- The amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" specify the costs that an entity must take into account when assessing the loss-making nature of a contract. The amendments are intended to clarify and help with the uniform application of the standard, and they employ the direct cost approach. The costs directly related to a contract for the supply of goods or services include both additional expenditure and allocated costs directly related to the contractual operations. The determination of costs directly linked to contractual operations requires judgment.
- The amendments to IFRS 3 "Business Combinations", which update an outdated reference in IFRS 3 without significantly changing its requirements. The changes will apply to financial periods beginning on or after January 1, 2022.

6.6 Events following the financial period

In January, Enfo bolstered its senior management by appointing Petra Teräsaho as CFO, Johan Liljeström as EVP, Applications & Data in Sweden and Hanna Lye as SVP, Marketing and Communications. Teräsaho and Liljeström were also invited to join Enfo's Management Team. The appointed persons will take up their duties in the spring of 2022.

Financial statements of the parent company (FAS)

Parent company's statement of income

EUR 1,000	Note	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020*
Net sales	2	50,067	51,004
Other operating income	3	4,113	4,226
Materials and services	4	-16,247	-17,819
Personnel expenses	5	-28,964	-27,389
Depreciation, amortization, and impairment	6	-4,208	-3,521
Other operating expenses	7	-6,931	-7,395
Operating profit		-2,170	-894
Financial income and expenses	8	-398	-149
Profit/loss before appropriations and taxes		-2,567	-1,043
Appropriations			
Change in depreciation difference		135	-122
Income taxes	9	0	-2
Profit/loss for the financial period		-2,432	-1,167

* The figures for the comparison period have been updated with the changes presented in the consolidated statement of accounting principles. For more information, see note 2.1 to the consolidated financial statements.

Parent company's balance sheet

EUR 1,000	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Non-current assets			
Intangible assets	10	10,337	14,017
Tangible assets	11	0	49
Investments			
Investments in Group companies	12	71,429	71,429
Other shares and investments	12	33	33
Total non-current assets		81,799	85,528
Current assets			
Non-current receivables	13	713	713
Current receivables	14	20,407	24,971
Cash in hand and cash in banks	16	1,321	244
Total current assets		22,441	25,928
Total assets		104,239	111,455

EUR 1,000	Note	Dec 31, 2021	Dec 31, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity			
Share capital	17	265	265
Reserve for invested non-restricted equity	17	31,049	30,906
Retained earnings		34,557	35,724
Profit/loss for the financial period		-2,432	-1,167
Total equity		63,440	65,728
Accumulated appropriations			
Depreciation difference		109	244
Mandatory provisions		109	109
Liabilities			
Non-current	18	25,940	21,899
Current	19	14,642	23,476
Total liabilities		40,583	45,375
Total liabilities and shareholders' equity		104,239	111,455

Parent company's cash flow statement

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Cash flow from operating activities		
Profit for the financial period	-2,432	-1,167
Adjustments to operating profit		
Depreciation and amortization	4,208	3,521
Financial items	-398	-149
Taxes	0	2
Other adjustments	-135	122
Change in net working capital		
Change in non-interest-bearing current receivables, increase (-), decrease (+)	-2,130	2,355
Change in non-interest-bearing current liabilities, increase (+), decrease (-)	3,570	-1,174
Interest paid and other financial expenses	-1,263	-1,256
Dividends received	6	8
Interest received and other financial income	7	1
Taxes paid	-344	-120
Change in Group receivables/liabilities	5,727	316
Total cash flow from operating activities	6,816	2,459
Cash flow from investment activities		
Investment in intangible assets	-2,052	-6,866
Total cash flow from investment activities	-2,052	-6,866
Cash flow from financing activities		
Payment of dividends	0	0
Purchase/sale of treasury shares	0	-8
Share issue	144	4,223
Withdrawal of current loans	2,000	1,512
Repayment of current loans	-9,900	-2,054
Withdrawal of non-current loans	16,422	0
Repayment of non-current loans	-12,354	0
Total cash flow from financing activities	-3,688	3,674
Change in cash and cash equivalents	1,077	-733
Cash and cash equivalents Jan 1	244	977
Cash and cash equivalents Dec 31	1,321	244

Notes to the parent company's financial statements

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Enfo Oyj is part of Osuuskunta KPY Group, the parent company of which is Osuuskunta KPY, domiciled in Kuopio. Osuuskunta KPY's financial statements are available at the address Viestikatu 7A, 70600 Kuopio, Finland.

1. Statement of accounting principles

The parent company's financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the accounting principles are described in [note 1](#) to the consolidated financial statements.

Measurement principles

Measurement of non-current assets

Tangible and intangible assets are recognized on the balance sheet at their original acquisition cost less planned depreciation and amortization. Planned depreciation is determined on a straight-line method based on economic useful life of the assets.

The depreciation periods are:

Goodwill	5-10 years
Intangible assets	3-5 years
Machinery and equipment	3-5 years
Other tangible assets	10 years

Research and development costs

As a rule, research and development costs are recognized as annual expenses in the year in which they were incurred.

Measurement of liquid assets

Securities are valued at the lower of acquisition cost or market price.

Recognition of income

Revenue from services is recognized as income during the financial period during which the services are rendered. When services are performed over a specific period of time, revenue is recognized using the straight-line method, unless some other method is a better indicator of the percentage of completion.

Pensions

The company's pensions are handled by external pension insurance companies. Pension costs are recorded as expenses in the year in which they are incurred.

Deferred tax assets

Deferred tax assets caused by timing differences are recognized on the balance sheet. The deferred tax assets are recognized on the balance sheet based on the management's estimate of business development and the resulting plan for the utilization of deferred tax assets.

Leases

Leasing fees have been treated as rental costs. Leasing fees based on contracts and falling due in coming years are presented as off-balance-sheet items in the notes.

Notes to the statement of income

2. Geographical distribution of net sales

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Finland	48,092	50,206
EU countries	1,414	2,028
Other countries	561	116
Total	50,067	52,350

3. Other operating income

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Administration fees charged from group companies	3,956	4,092
Other	157	134
Total	4,113	4,226

4. Materials and services

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Purchases during the financial period	1,289	3,233
External services	14,957	14,586
Total	16,247	17,819

5. Notes concerning personnel

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Salaries and fees	24,051	23,370
Indirect personnel costs		
Pension costs	4,164	3,311
Other indirect employee costs	749	707
Total	28,964	27,389
Number of employees		
Average	408	399
Management remuneration		
CEO and members of the Board of Directors	468	435

6. Depreciation, amortization, and impairment

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Planned depreciation		
Intangible assets	2,294	2,161
Goodwill	1,309	1,309
Other machinery and equipment	0	12
Impairment		
Impairment of non-current assets	605	39
Total	4,208	3,521

7.1 Other operating expenses

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Other personnel expenses	611	603
Travel expenses	70	103
Premises	1,838	2,029
Vehicle expenses	363	430
Hardware and software expenses	1,850	2,077
Other administrative expenses	1,249	1,282
Telephone and data expenses	284	237
Marketing, sales, and representation expenses	632	371
Other operating expenses	34	263
Total	6,931	7,395

7.2 Auditor's fees

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Audit	49	54
Tax advice	0	4
Other services	10	17
Total	59	75

8. Financial income and expenses

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Dividend income	6	7
Interest income		
From Group companies	359	1,253
From others	7	1
Total	366	1,254
Other financial income		
Exchange rate gains	462	1,708
Other financial income	0	0
Total	462	1,708
Total financial income	833	2,970
Impairments from financial securities in current assets	0	2
Interest expenses		
To Group companies	14	44
To others	884	1,069
Total	897	1,114
Other financial expenses		
Exchange rate losses	187	1,944
Other financial expenses	147	58
Total	334	2,003
Total financial expenses	1,231	3,118
Financial income and expenses include		
Exchange rate losses/gains (net)	275	-236
Total financial income and expenses	-398	-149

9. Income taxes

EUR 1,000	Jan 1-Dec 31, 2021	Jan 1-Dec 31, 2020
Change in deferred tax assets	0	2
Total	0	2

Notes to the balance sheet

10. Intangible assets

Intangible rights, EUR 1,000	Dec 31, 2021	Dec 31, 2020
Acquisition cost Jan 1	4,674	2,670
Increases	442	2,003
Acquisition cost Dec 31	5,116	4,674
Accumulated depreciation, amortization, and impairment Jan 1	-1,020	-74
Depreciation during the financial period	-1,189	-946
Accumulated depreciation, amortization, and impairment Dec 31	-2,209	-1,020
Carrying amount Jan 1	3,654	2,596
Carrying amount Dec 31	2,906	3,654

Goodwill, EUR 1,000	Dec 31, 2021	Dec 31, 2020
Acquisition cost Jan 1	9,864	9,857
Increases	0	7
Acquisition cost Dec 31	9,864	9,864
Accumulated depreciation, amortization, and impairment Jan 1	-3,267	-1,958
Depreciation during the financial period	-1,309	-1,309
Accumulated depreciation, amortization, and impairment Dec 31	-4,576	-3,267
Carrying amount Jan 1	6,597	7,898
Carrying amount Dec 31	5,288	6,597
Merger loss from carrying amount Dec 31	4,500	5,546

Other long-term expenses, EUR 1,000	Dec 31, 2021	Dec 31, 2020
Acquisition cost Jan 1	8,004	6,866
Increases	38	281
Transfers between items	49	896
Impairments	-605	-39
Acquisition cost Dec 31	7,486	8,004
Accumulated depreciation, amortization, and impairment Jan 1	-4,238	-3,023
Depreciation during the financial period	-1,105	-1,215
Accumulated depreciation, amortization, and impairment Dec 31	-5,343	-4,238
Carrying amount Jan 1	3,766	3,843
Carrying amount Dec 31	2,143	3,766
Total intangible assets	10,337	14,017

11. Tangible assets

Machinery and equipment, EUR 1,000	Dec 31, 2021	Dec 31, 2020
Acquisition cost Jan 1	292	292
Acquisition cost Dec 31	292	292
Accumulated depreciation, amortization, and impairment Jan 1	-292	-280
Depreciation during the financial period	0	-12
Accumulated depreciation, amortization, and impairment Dec 31	-292	-292
Carrying amount Jan 1	0	12
Carrying amount Dec 31	0	0

Advance payments and purchases in progress, EUR 1,000	Dec 31, 2021	Dec 31, 2020
Acquisition cost Jan 1	49	896
Increase	0	49
Decrease/transfer	-49	-896
Carrying amount Dec 31	0	49
Total tangible assets	0	49

12. Investments

Holdings in Group companies, EUR 1,000	Dec 31, 2021	Dec 31, 2020
Carrying amount Jan 1	71,429	18,021
Increase	0	53,407
Carrying amount Dec 31	71,429	71,429

Group companies are presented in the notes to the IFRS financial statements.

Other shares and holdings, EUR 1,000	Dec 31, 2021	Dec 31, 2020
Carrying amount Jan 1	33	33
Carrying amount Dec 31	33	33
Total investments	71,462	71,462

13. Non-current receivables

EUR 1,000	Dec 31, 2021	Dec 31, 2020
Subordinated loan receivable	500	500
Deferred tax asset	22	22
Other non-current receivables	191	191
Total other receivables	213	213
Total non-current receivables	713	713

14. Current receivables

EUR 1,000	Dec 31, 2021	Dec 31, 2020
Receivables from Group companies		
Trade receivables	2,581	1,403
Group cash pool receivables	8,379	15,073
Total	10,960	16,475
Trade receivables	7,059	6,993
Accrued income		
Purchase invoice accruals	1,384	961
Other accrued income	1,005	541
Total	2,388	1,501
Other receivables	1	2
Total current receivables	20,407	24,971

15. Financial securities

EUR 1,000	Dec 31, 2021	Dec 31, 2020
Other shares and holdings		
Carrying amount Jan 1	0	2
Write-off	0	-2
Financial securities carrying amount Dec 31	0	0

16. Cash in hand and cash in banks

EUR 1,000	Dec 31, 2021	Dec 31, 2020
Cash in bank accounts	1,321	244
Total	1,321	244

17. Equity

EUR 1,000	Dec 31, 2021	Dec 31, 2020
Share capital Jan 1	265	265
Share capital Dec 31	265	265
Reserve for invested non-restricted equity Jan 1	30,906	26,682
Share issue	144	4,223
Reserve for invested non-restricted equity Dec 31	31,049	30,906
Retained earnings Jan 1	34,557	35,732
Purchase of treasury shares	0	-8
Retained earnings Dec 31	34,557	35,724
Profit/loss for the financial period	-2,432	-1,167
Total equity Dec 31	63,440	65,728
Calculation of distributable equity Dec 31		
Retained earnings	34,557	35,724
Reserve for invested non-restricted equity	31,049	30,906
Profit for the financial period	-2,432	-1,167
Total	63,175	65,463

18. Non-current liabilities

EUR 1,000	Dec 31, 2021	Dec 31, 2020
Loans from financial institutions	22,934	21,899
Liabilities to related parties	3,006	0
Total non-current liabilities	25,940	21,899

19. Current liabilities

EUR 1,000	Dec 31, 2021	Dec 31, 2020
Loans from financial institutions	0	7,900
Liabilities to Group companies		
Trade payables	64	58
Other liabilities	308	1,902
Total	372	1,959
Trade payables	2,964	2,657
Accrued expenses and deferred income		
Personnel-related liabilities	5,519	5,115
Expense provisions	3,179	3,550
Income taxes	0	344
Total	8,698	9,009
Other liabilities	2,608	1,951
Total current liabilities	14,642	23,476

20. Commitments, contingent liabilities, and other liabilities

EUR 1,000	Dec 31, 2021	Dec 31, 2020
Contingent liabilities and other liabilities		
Leasing liabilities		
Payable during the current financial period	2,330	2,966
Payable later	2,352	2,522
Total	4,683	5,488
Other contingent liabilities		
Deposits as rental security on the balance sheet	191	191
Other contractual obligations	604	426
Bank guarantees	75	97
Lease liabilities		
Payable during the current financial period	1,417	1,469
Payable later	2,039	3,372
Total	3,456	4,841

Signatures to the financial statements and Board of Directors' report

Espoo, March 14, 2022

Kaisa Olkkonen

Mikko Laine

Jani Vahvanen

Ari Virtanen

Mikko Valorinta
CEO

Auditor's note

We have issued an audit report today based on the audit we have performed.

Kuopio, March 16, 2022

PricewaterhouseCoopers Oy
Authorized Public Accountants

Juha Toppinen
Authorized Public Accountant

Key figures

Key figures from the statement of income	2021	2020	2019
Net sales (EUR million)	103.9	101.5	121.5
Change in net sales (%)	2.4	-16,4	-3.3
EBITDA	7.7	7.7	9.4
% of Net sales	7.1	7.6	7.8
Operating profit (EUR million)	-2.3	-1.5	1.4
% of Net sales	-2.2	-1.5	1.1
Profit before taxes (EUR million)	-4.0	-2.8	-0.1
% of Net sales	-3.9	-2.7	-0.1
Profit for the period (EUR million)	-3.9	-2.7	-1.4
% of Net sales	-3.8	-2.7	-1.1
Financing expenses, net (EUR million)	-1.7	-1.2	-1.5
% of Net sales	-1.7	-1.2	-1.2
Return on investment, %	-2.8	-0.5	3.4
ROE (%)	-9.3	-7.8	-3.0

Key figures from the balance sheet	2021	2020	2019
Equity ratio, %	37.9	40.1	36.4
Net gearing, %	92.5	86.1	96.0
Interest-bearing net liabilities (EUR million)	34.3	40.8	41.6
Balance sheet total (EUR million)	98.6	118.5	119.6

Key figures per share	2021	2020	2019
Diluted and undiluted earnings per share from continuing operations for company shareholders (EUR)	-5.24	-3.70	-4.59
Diluted and undiluted earnings per share for company shareholders (EUR)	-10.37	-2.59	-4.59
Equity per share	49.4	60.7	62.6
Number of shares on December 31	750,346	747,978	679,251
- excluding treasury shares	750,346	747,978	665,863
Average diluted number of shares	749,305	738,555	665,863

Other key figures	2021	2020	2019
Investments (net) (EUR million)	5.0	7.4	15.4
% of Net sales	4.8	6.5	12.7
Average number of employees	816	846	903

Key figures

The key figures for 2019 are reported as in previous years; the key figures from the statement of income for 2020 have been adjusted to only include continuing operations.

The key figures were calculated using the following formulas:

Return on capital employed (%)	=	$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average)}} \times 100$
Return on equity (%)	=	$\frac{\text{Profit for the financial period}}{\text{Equity (start and end of year average)}} \times 100$
Equity ratio (%)	=	$\frac{\text{Equity}}{\text{Balance sheet total - advance payments received}} \times 100$
Net gearing (%)	=	$\frac{\text{Interest-bearing net financial liabilities}}{\text{Equity}} \times 100$
Interest-bearing net financial liabilities	=	Interest-bearing financial liabilities – cash and cash equivalents and other liquid financial assets
Earnings per share (EPS)	=	$\frac{\text{Profit/loss belonging to the holders of the parent company's ordinary shares}}{\text{Weighed average number of outstanding ordinary shares}}$
Equity per share	=	$\frac{\text{Equity attributable to the parent company's shareholders}}{\text{Undiluted number of shares on December 31}}$
EBITDA	=	Operating profit + depreciation + amortization

Auditor's Report

To the Annual General Meeting of Enfo Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial performance and financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Enfo Oyj (business identity code 2081212-9) for the year ended 31 December, 2021. The financial statements comprise:

- the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, parent company's income statement, parent company's statement of cash flows and notes.

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

Independence

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.

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

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

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to 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 these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information that we have obtained prior to the date of this auditor's report is 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. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Kuopio 16 March 2022

PricewaterhouseCoopers Oy

Authorised Public Accountants

Juha Toppinen

Authorised Public Accountant (KHT)

Enfo Oyj

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