

BOARD OF DIRECTORS' REPORT

REAKTOR GROUP OY

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BOARD OF DIRECTORS' REPORT 2023

The industry and material events during the financial year

On the basis of its industry, the company may manage the organization, administration, financing, IT operations, company planning, and other financial administration tasks of the Group. The company may also own, purchase, sell, manage and rent flats, real estate, securities, shares, interests, and rights in Finland and abroad.

Reaktor Group Oy is the parent company of the Reaktor Group. In addition to the parent company, the Group included the following subsidiaries at the end of 2023: Reaktor Innovations Oy, Reaktor Advanced Technologies Oy, Fusion Ecosystem Oy, Reaktor Inc, Reaktor Japan kk, Reaktor B.V., Reaktor Sweden Ab, Reaktor Enterprises S.L., Reaktor Sociedade Unipessoal LDA, Fusion Technologies Oy, Reaktor Shanghai Computer Technology Co. Ltd, Freyja Agency Oy, Nieve Consulting Services S.L., Mallow Oy and Splended Oy.

The following subsidiaries were consolidated as associated companies: Sevendos Oy, Good-In People Oy, Wunderdog GmbH, Adventure Club Oy, Growberry Oy, Krosswise Oy, Sherpy Oy, 61 North Point Solutions Oy, Minna Learning Oy, Forge Digital Oy, Invite Oy, Codemate Oy, Codemate Singapore Pty Ltd, Brightly Works Oy, Robot Automation Group Oy, Feed A/S, Fraktal Oy, Uhma Solutions Oy and Witted Megacorp Oyj Group.

Reaktor's subsidiary Reaktor MEA FZ-LLC in Dubai was dissolved in January 2023. The company had no operations in 2023.

Reaktor Innovations Oy's associated companies and other holdings were transferred to Fusion Ecosystem Oy in connection with the demerger.

Assets were transferred from Reaktor Group Oy to Fusion Ecosystem Oy in June 2023. During the transfer of assets, the following subsidiaries were transferred to Fusion Ecosystem Oy: Reaktor Enterprises SL, Nieve Consulting SL, Mallow Oy and Fusion Technology Oy. In addition, all Reaktor Group Oy's associated companies and other holdings were transferred to Fusion Ecosystem Oy.

The operations of Reaktor's subsidiary Freyja Agency Oy were run down in June 2023, and the other subsidiary ARA Digital Solutions Oy was sold to Codemate Oy in June 2023.

Pekka Horo assumed the position of the CEO of Reaktor in October 2023.

Structure and financial arrangements

The General Meeting of May 11, 2023, resolved to grant the Board of Directors an authorization to acquire no more than 150,000 treasury shares and to decided on the terms related to the acquisition of the shares.

However, the purchase price must be at least EUR 1.00 and at most EUR 100.00 per share.

The General Meeting further resolved to authorize the Board of Directors to decide on share issues corresponding to at most 300,000 shares. The authorizations supersede the previous authorization granted by the General Meeting of May 5, 2022, and is valid until June 30, 2024.

At the end of the financial year, the number of the company's outstanding shares was 1,359,778. Directed share issues related to the retention of personnel were carried out for a total of 21,925 shares. The number of treasury shares acquired was 32,981.

Material events after the close of the financial year

There are no material events after the close of the financial year.

Estimate of likely future development

The company's future financial development will depend on the development of the business of the Group's subsidiaries. The company's management expects the Group's revenue to continue to grow in 2024. No estimates on the profitability of the

Scope of research and development activities

With support from Business Finland, Reaktor is participating in the Eureka ITEA IML4E project taking place from the end of 2021 to 2024. The project studies and develops methods and capabilities required for data-intensive solutions and the productization of machine learning.

The Defence & Security business unit invested in the further development of the gateway product and other licensable solutions. The Health business unit invested in the development of the modular digital clinic solution and offering.

Estimate of the most significant risks and uncertainty factors affecting operations

The most significant risks in terms of the Group are related to the winning of customer projects and recruitment of skilled consultants. The most significant risks affecting the Group's operations are related to internal processes as

Estimate and key indicators related to the financial position and result

The company's operations showed a profit and the company's solvency and liquidity were at a good level. The Group's operating profit increased from the previous year, and return on equity remained at an excellent level. The Group's equity ratio improved year-on-year and remained at an excellent level.

Key indicators describing the company's financial position:

	2023	2022	2021
Revenue			
Reaktor Group Oy	6 770 658,03	7 510 523,27	6 661 266,65
Group	120 282 969,33	117 317 446,49	119 307 531,87
Operating profit			
Reaktor Group Oy	-2 302 869,02	-2 810 059,18	-497 281,60
Group	20 914 972,41	12 260 816,61	13 880 503,30
Operating profit as a percentage of revenue			
Reaktor Group Oy	-34,01 %	-37,41 %	-7,47 %
Group	17,39 %	10,45 %	11,63 %
Return on equity, %			
Reaktor Group Oy	-19,42 %	-15,81 %	-5,65 %
Group	45,58 %	33,16 %	32,67 %
Equity ratio, %			
Reaktor Group Oy	43,08 %	51,87 %	59,32 %
Group	66,94 %	65,38 %	57,93 %

Personnel

	2023	2022	2021
Average number during the financial year			
Reaktor Group Oy	8	13	13
Group	702	677	720
Salaries and fees during the accounting period			
Reaktor Group Oy	1 528 976,68	1 542 178,10	1 507 090,94
Group	60 433 150,57	52 956 263,12	53 611 971,49

Statement of distributable unrestricted equity

	2023	2022	2021
Reserve for invested unrestricted equity	13 433 972,94	12 103 782,41	21 945 951,00
Retained earnings/losses for previous financial periods t	-893 701,13	1 390 374,77	3 284 331,77
Profit for the period	7 306 787,65	6 084 477,99	6 251 672,48
Total unrestricted shareholders' equity Dec. 31	19 847 059,46	19 578 635,17	31 481 955,25
Total distributable unrestricted equity	19 847 059,46	19 578 635,17	31 481 955,25

The Board of Directors' proposal for measures called for by the company's profit and the potential distribution of other unrestricted equity

The company's distributable funds total EUR 19,847,059.46, of which the profit for the period is EUR 7,306,787.65. The Board of Directors proposes to the Annual General Meeting that a dividend authorization be made.

Company's shares

The company has one class of shares. All of the shares confer the same right to dividends and the company's assets. All shares are subject to a redemption clause as laid down in the Articles of Association in accordance with which primarily the company and secondarily the other shareholders have a redemption right if a share changes owners. All shares are subject to a consent clause laid down in the Articles of Association in accordance with which

The company's share capital is divided as follows:

	2023	2022	2021
shares	1 557 546	1 537 546	1 497 546

Treasury shares held by the company

The company holds 197,768 treasury shares.

The company's organization, management and auditors

The members of the company's Board of Directors are Mika Sutinen, Tanja Dowe, Vesa Lauronen, Antti Mäkelä and Lara Saulo. Mika Sutinen was re-elected as the Chair of the Board of Directors on May 22, 2023.

The company's CEO is Pekka Horo.

KPMG Oy, Authorized Public Accountants, is the company's auditor, with Authorized Public Accountant (KHT) Turo Koila as the responsible auditor.