



# ANNUAL REPORT AND FINANCIAL STATEMENTS 2024

VALMET AUTOMOTIVE GROUP



VALMET AUTOMOTIVE

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# BOARD OF DIRECTORS' REPORT

## GENERAL

Valmet Automotive (“Group” or “Valmet Automotive”) is global automotive supplier specializing in vehicle contract manufacturing, battery systems and convertible roof and kinematic systems. As a leading provider of advanced systems and services, Valmet Automotive supports Original Equipment Manufacturers (OEM) in their transition to electrified mobility.

## GROUP STRUCTURE

Valmet Automotive’s business is conducted in three business areas – Vehicle Contract Manufacturing (“VCM”), Roof & Kinematic Systems (“RKS”) and IONCOR (previously EV Systems business area) which manufactures battery modules and battery packs for electrified vehicles.

The Group’s parent company is Valmet Automotive Plc, and the Group consists of subsidiaries in Finland, Germany and Poland, fully owned either directly or indirectly by Valmet Automotive Plc. There were no changes in the Group’s structure during 2024 or 2023.



## OPERATING ENVIRONMENT

The European automotive industry is facing several significant challenges with overcapacity and increased competition especially from China as well as slowdown in electrification. The production levels are forecasted to remain lower than 2019 levels until the end 2031 and the European OEMs are expected to streamline their capacities.

Valmet Automotive operates mainly within the automotive industry and within the non-automotive segments such as off-highway, truck & bus. Its key customers for all three business areas are predominantly European OEMs. As a result, European light vehicle production volume and the production levels of German premium OEMs are key indicators of development of its target customer segments. The xEV share is an indication of the ongoing transition from internal combustion engines (ICE) to alternative propulsions, a shift particularly relevant to IONCOR, and more broadly to all business areas, which focus on new vehicle concepts. The following table outlines the development of the automotive market.

<b>Light vehicle production, in thousands</b>	<b>2024</b>	<b>2023</b>	<b>Change</b>
Global Production	89 065	90 469	-2%
of which xEV *	18 755	15 517	21%
xEV of total	21%	17%	
European production **	16 998	17 946	-5%
of which xEV*	2 872	3 053	-6%
xEV of total	17%	17%	
German premium*** OEMs European production	4 375	4 681	-7%
of which xEV*	1 956	1 731	13%
xEV of total	45%	37%	

\* xEV = Plug-In Hybrid Electric Vehicle (PHEV), Battery Electric Vehicle (BEV) and Fuel-Cell Electric Vehicle (FCEV)

\*\* European production excluding Russia and Turkey

\*\*\* German Premium OEMs include Audi, BMW, Mercedes-Benz and Porsche

Source: S&PGM Light Vehicle Production Forecast - Customized Alternative Propulsion Trend - January 2025

In 2024, global light vehicle production fell by 2 % while European production declined by 5 %. The shift toward electrification of light vehicles continued globally and the share of xEV of total production increased to 21 % in 2024 from 17 % in 2023.

<sup>1</sup> S&P Global New Year's Briefing January 2024



However, in Europe the xEV share remained stable at 17% year-over-year. Globally, the xEV growth was driven by Plug-In Hybrid Electric Vehicles (PHEV) production while pure combustion engine vehicles (ICE) production declined. In Europe, production of electric, plug-in hybrid and combustion engine vehicles all decreased, with combustion engine vehicles experiencing the sharpest decline.

## **MACROECONOMIC ENVIRONMENT**

In the current macroeconomic and geopolitical environment, a combination of trade and customs policies, geopolitical risks and connected economic instability, and stagnating key economies pose challenges to sales, operations, and the value chain.

The challenges for the automotive industry in 2025 include supply chain disruptions and regulatory pressures. Risks of commodity and component shortages persist due to the unpredictability of U.S. trade policies, the ongoing Russia-Ukraine war, tensions in the Middle East, and potential disruptions to semiconductor supply from the U.S. and Taiwan.<sup>2</sup>

The European automotive industry faces tightening regulations on vehicle emissions, driving the need for increased production of electric and hybrid vehicles in an otherwise stagnating market. At the same time, competition is intensifying as Chinese automakers expand their presence in Europe, targeting both price-sensitive and premium segments with more affordable alternatives to European OEMs.

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<sup>2</sup> S&P Global Automotive Suppliers Outlook for 2025

This has prompted the EU to explore protective measures such as import tariffs to safeguard local manufacturers. Additionally, Chinese automakers are expected to increase production within the EU through brownfield and greenfield capacity as well as contract manufacturing arrangements, further reshaping the competitive landscape.

From the demand perspective, elevated interest rates and decreasing inflation are keeping real interest rates high, further dampening consumer confidence in key European markets such as Germany. These economic factors together with generally low consumer confidence in EU key markets (e.g., Germany) create market uncertainties, which all influence automotive industry output.

The political situation in key markets and countries, foremost in the USA and China, is increasing the trade barriers and restrictions, and the consequences of Germany's 2025 federal elections may further complicate the political landscape. The political decisions are expected to affect the automotive industry in respect of consumer subsidies, global trade relations and supply chain risks.

The automotive industry is energy intensive, and any material energy price increases or supply shortages might create disruptions to its supply chains. Potential future increases in raw material, component and salary inflation might have negative influence notably in the system supply business, while the impact in contract manufacturing business is limited.

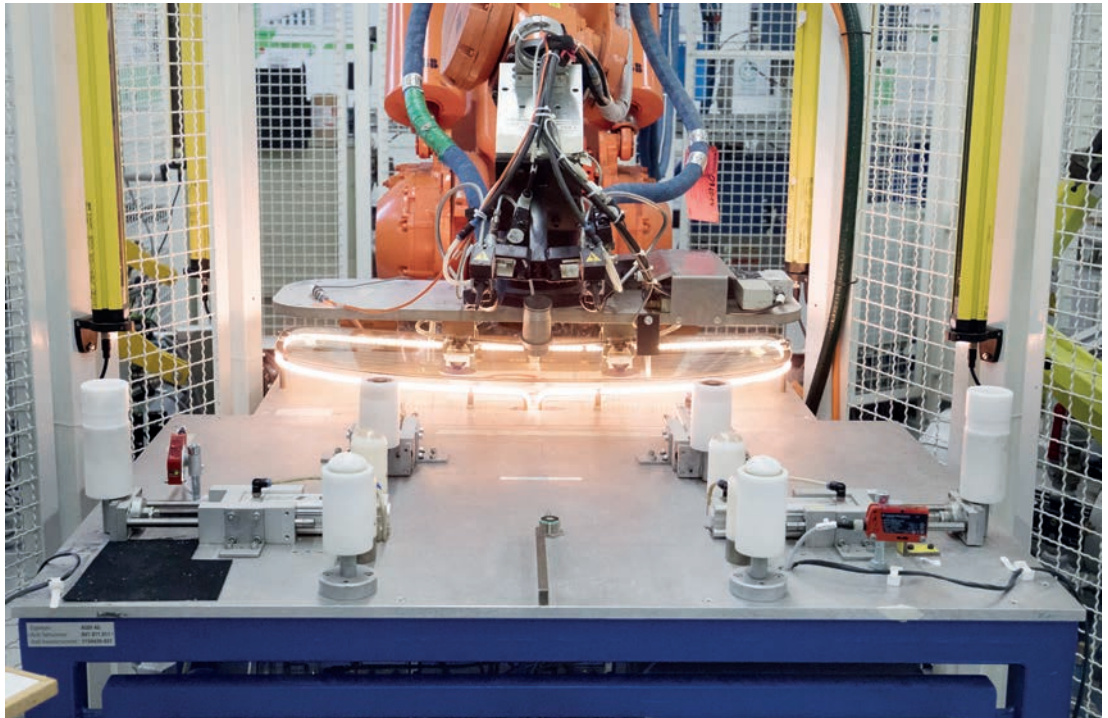
Besides direct impact to operations, the macroeconomic environment impacts volume planning of automotive OEMs and accordingly their suppliers' operations. Interest rate levels have an adverse impact on borrowing costs and future cash flow net present values.

## **EVENTS WITHIN THE FINANCIAL YEAR**

The most significant development of the year related to the implementation of the new strategy and operative model, first introduced in November 2023. The changes were aimed to enhance the autonomy of the business areas while improving their flexibility and efficiency, enabling them to better meet the challenges and new opportunities in the evolving business environment. During the year, all three business areas became increasingly autonomous of each other from a financing, operative and governance perspective.

As part of the strategy to strengthen the independence of its business areas, Valmet Automotive appointed new leadership to its Electric Vehicle Systems business line (EVS), which in September 2024 was renamed IONCOR. Additionally, an independent board of directors was appointed as part of IONCOR's governance structure, reinforcing its strategic direction and operational focus.

In May 2024, IONCOR introduced the Energy Pack battery system concept to complement its Modular Battery Platform product family, which currently includes variants of the Power Pack battery system. The Energy Pack provides equipment



manufacturers and integrators a compact, scalable, and cost-effective solution for electrifying trucks, buses, and off-highway vehicles.

In July 2024, IONCOR announced the continued expansion of its battery testing capabilities and completed a second expansion of its Battery Test Center in Bad Friedrichshall, Germany. Today IONCOR operates one of the most advanced battery testing facilities for the automotive and the commercial vehicle industries. With 145 employees, the Bad Friedrichshall site plays a key role in the development and quality assurance of battery systems.

In August 2024, Valmet Automotive launched its first solar power plant at the Uusikaupunki site in Finland. The electricity generated on site is fed into the plant's power grid and used in the production of both batteries and vehicles. The solar power plant, located next to the battery and vehicle production facilities, covers an area of 5000 m<sup>2</sup> and has 810 solar panels with a peak output of around 300 kW and estimated annual production around 290 MWh.

In October 2024, IONCOR received the 2024 Internal Logistics Company award by the Finnish Association of Purchasing and Logistics (LOGY). The award recognized the flexibility and effectiveness of IONCOR's internal logistics solutions during a period of exceptional company growth.

In the RKS business area, the financial year was characterized by several production launches. Two convertible roof systems went into series production. In addition, the first large-scale series production of an active aerodynamic system and an active charging flap were started. In line with RKS's strategic growth plans, the expansion of the production plant in Zary, Poland, started and the first production lines will be ready during 2025.

During the year, as a response to declining European automotive industry, lower volumes and order book, all business areas have taken necessary measures to adjust their operations across various locations.

## **SALES AND PROFIT**

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards effective as of January 1, 2024. There were no new or amended IFRS accounting principles in 2024 which would have had a material impact on the Group's financial statements. The Group reports its gross sales<sup>3</sup> as an alternative performance measure (non-IFRS) in order to give a complete picture of the size of the business and the related balance sheet items in comparison to sales values.

During the financial year, the Group's gross sales amounted to EUR 2 275,5 (2 221,4) million, an increase of 2,4 % compared to the previous year. The net sales were EUR 511,4 (531,2) million, which was 3,7 % lower than the year earlier. In the VCM and RKS business areas, gross and net sales decreased due to lower volumes while IONCOR experienced significant growth in gross and net sales as a result of volume increases of existing programs.

Comparable operating profit, excluding items affecting comparability, amounted to EUR -17,7 (26,5) million or -3,5% (5,0%). Profitability was negatively affected by challenges in the general automotive market, intensified competition and slowdown in electrification. Comparable operating profit was especially impacted by decreased production volume and unfavorable sales mix in VCM business area, while the comparable operating profit in other business areas was at break-even or slightly positive.

Items affecting comparability amounted to EUR -61,2 (-7,0) million during the financial year. They included general restructuring measures in all business areas and a sizable write-down of one major contract asset as a result of a mutual separation agreement with a customer. The separation was agreed due to development expense overruns, delayed production start as well as delays and challenges in the customer managed supply chain of the program. The general restructuring measures were executed in order to adjust to the decline in automotive markets, slow-down in electrification and transitions in contract manufacturing agreements. Furthermore, restructuring was also related to the implementation of the new strategy and operative model, including refocusing

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<sup>3</sup> Gross sales are presented as an alternative performance measure. It is defined as total (gross) sales including both net sales and sales of customer-directed materials and parts. Customer-directed materials and parts are materials that are purchased from the principal or from suppliers selected by the principal at prices negotiated by the principal. Reporting gross sales gives an accurate picture of the magnitude of the business and adds comparability vs. competitors. In addition, it leads to consistency between the profit and loss statement vs. the balance sheet and cash flow as customer-directed materials are already reflected on the balance sheet and cash flow statement.

IONCOR business area more towards own products. Items affecting comparability in the previous year related to general restructuring measures mainly in VCM.

The Group's reported operating profit amounted to EUR -78,8 (19,5) million, or -15,4 % (3,7 %) of net sales. In addition to significantly higher items affecting comparability, the 2024 operating profit was negatively affected by EUR 35,0 million higher depreciation and amortization expense resulting mainly from adjustments in useful life assumptions of several production lines, mostly related to investments financed with customer advances.

## **CASH FLOW AND FINANCING**

The Group's cash flow after investments amounted to EUR 29,5 (-49,7) million. The significant improvement was partly driven by lower investment-related cash outflows, mainly in VCM. Cash flow from operations before change in net working capital remained clearly positive, although lower than in the previous year. However, a favorable net working capital change more than offset the impact from lower profitability. The favorable net working capital change was largely due to extended payment terms agreed with some key suppliers.

Valmet Automotive has a EUR 100 million working capital financing facility granted by Finnvera, a specialized financing company owned by the State of Finland, and guaranteed by the European Investment Bank's Pan-European Guarantee Fund. The Finnvera four-year revolving credit facility will mature at the end of 2025. The facility was fully utilized at the year-end 2024 and 2023.

The Group continued to explore financing options during the financial year to refinance its revolving credit facility and to fund its growth strategy in IONCOR and RKS.

The Group participates in a supply chain financing program operated by one of its customers. Under the program, the Group has a possibility to sell before maturity some of the invoices of the said customer. At the end of the financial year, a total of EUR 13,7 million (21,2) was financed.

In the last quarter of 2024, the Group's RKS business area entered into a new overdraft facility and guarantee limit with a total nominal amount of EUR 20 million. The arrangement also includes a lease limit of EUR 2,8 million, increasing the total value to EUR 22,8 million. The term of the financial arrangement is 24 months and it includes customary securities, assignments and restrictions. The utilization of the overdraft facility at the end of 2024 was EUR 4,6 million. This contract replaced the EUR 20 million overdraft facility in RKS which was entered into in 2023 but only utilized during 2024.

Lease financing is used for acquisition of facilities, machinery and equipment. Lease liabilities totaled EUR 32,4 (34,7) million at the year-end.

## FINANCIAL POSITION AND INVESTMENTS

The consolidated balance sheet totaled EUR 582,0 (715,9) million. At the end of the financial year, the Group's equity was EUR -19,9 (62,8) million. The consolidated group equity turned negative especially due to sizable write-down related to past expenses accounted for as contract assets in one system supply customer project. The equity in statutory local GAAP accounts of principal legal entities remained positive.

During 2024, the Group's EUR 20,0 million hybrid capital instrument, classified as equity, was converted into the fund for invested unrestricted equity.

Gross investments in fixed assets totaled EUR 19,2 (71,6) million. Investments were mainly related to development projects as well as replacement, productivity and flexibility investments in all business areas.

## PERSONNEL

During the financial year, the average number of active employees<sup>4</sup> in the Group was 2 925 (3 239). The total amount of wages and salaries was EUR 144,7 (166,4) million.

<b>Employees by country, end of period</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
Finland	2 072	2 348
Other countries	747	768
<b>Total</b>	<b>2 819</b>	<b>3 116</b>

The number of employees decreased in VCM and in RKS while the number of employees continued to grow in IONCOR, both in Finland and Germany.

## RESEARCH AND DEVELOPMENT

In 2024, the total R&D related cash spending amounted to EUR 82,4 (73,0) million, covering R&D costs expensed and carried forward, including also costs related to technical development work carried out as part of system supply customer projects in IONCOR and RKS. In VCM, there are small-scale research activities while other development is an integral part of customer projects and typically financed by customers.

IONCOR has ongoing development projects related to an industrial battery platform to be commercialized mainly in applications of non-automotive industry. The objective is to introduce an own modular battery platform product family for the need of off-highway and truck & bus segments. The first product, the Modular Power Pack, was introduced in November 2021. As part of the product development, Valmet Automotive has defined and selected the cell, as well as developed its own battery management system (BMS) together with a partner company. In 2024, IONCOR has introduced to the market a concept for a Modular Energy Pack, which is currently

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<sup>4</sup> Employees excluding temporary layoffs

in series development phase. This is part of a scalable high-voltage Modular Energy Pack product portfolio that supports the full electrification of trucks, busses, large material handling, construction, mining and agriculture machinery and equipment.

Building on its extensive experience as a system supplier of convertible roof and active spoiler systems, Valmet Automotive has established its RKS business area as a leading supplier of active kinematic systems for electric vehicles. The spoiler systems developed by the RKS business area play a significant role in improving aero efficiency and thus helping to optimize the range of electric cars, saving resources and making a relevant contribution to sustainability.

After entering the market with systems to optimize aero efficiency, RKS has expanded its product portfolio to include comfort solutions with a focus on charging flaps. Furthermore, RKS has developed a modular system that ranges from manual to active solutions for charging flaps and covers the entire car spectrum from volume models to premium vehicles.

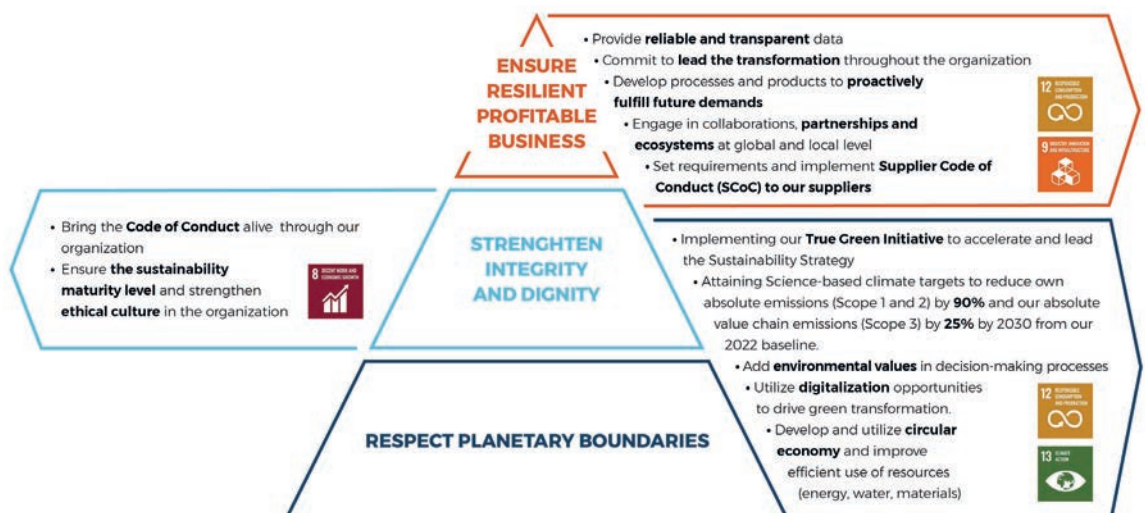
Valmet Automotive has an IPR portfolio that includes approximately 146 patent families which are mainly related to RKS and to some extent to IONCOR.

## NON-FINANCIAL INFORMATION

### Sustainability principles and strategy

Valmet Automotive publishes an annual Group Sustainability Report. This year’s report is a transition towards the European Sustainability Reporting Standards (ESRS) from the previous Global Reporting Initiative (GRI) framework. This shift aligns with the preparation for the forthcoming mandatory sustainability disclosures under the EU Corporate Sustainability Reporting Directive (CSRD).

The Group’s strategic sustainability actions focus on maintaining a resilient and profitable business while upholding integrity, dignity, and respect for planetary boundaries. These efforts meet the rigorous requirements of our global customer base and also anticipate stricter regulatory standards, ensuring long-term value and environmental responsibility.



The Group's sustainability strategy, goals, and policy are brought to life through the True Green Initiative—a framework that embeds environmental responsibility into Valmet Automotive's culture at all levels. The True Green Initiative focuses on six work streams:

- 1. Green manufacturing:** Focusing on reducing the Group's own emissions (Scope 1 and 2) and improving resource efficiency.
- 2. Supply chain:** Focusing on reducing the Group's value chain emissions (Scope 3) and improve supplier risk management practices.
- 3. Product design for environment (DFE):** Ensuring compliance and value add with legal and customer requirements.
- 4. Data management:** Developing data management processes and providing efficient and reliable sustainability reporting.
- 5. Green attitude:** Elevating sustainability awareness and competencies while embedding sustainability principles into company processes.
- 6. Decision-making & disclosure:** Strengthening decision-making and building preparedness for regulatory changes, risk management, enhancing external reporting and green financing opportunities.

### Climate and environment

Valmet Automotive has made the low carbon transition a core element of its business and sustainability strategy. The Group has reduced CO<sub>2</sub> emissions from its own operations (scope 1 and scope 2) by more than 90% from 2020.

Valmet Automotive achieved a B-score in the latest global CDP Climate questionnaire (for year 2023), highlighting commitment to sustainability and proactive efforts in addressing climate challenges.

Continuing its efforts, Valmet Automotive's climate targets have been validated by the Science Based Targets initiative as being in alignment with the Paris Agreement's objective of limiting global warming to 1.5°C. The targets include reducing the Group's own absolute emissions (Scope 1 and 2) by 90% and the absolute value chain emissions (Scope 3) by 25% by 2030, from a 2022 baseline.

Valmet Automotive continues to reduce its emissions by improving energy efficiency, replacing fossil fuels with renewables and working with suppliers. The unavoidable CO<sub>2</sub> emissions from own operations are compensated by investing in Gold Standard -verified projects.

Valmet Automotive has defined its activities according to the EU taxonomy regulation and the Environmental and Climate Delegated Acts. The Group is preparing to report its activities eligibility and alignment with the taxonomy criteria as outlined in the Delegated Acts.



### **Employment, human rights and social issues**

The people are at the core of the company, and Valmet Automotive prioritizes health and safety and fostering a culture of continuous learning. Valmet Automotive has a proactive safety culture, resulting in robust safety performance in all three business areas. In 2024, the company's lost time injury LTIF (per million work hours) was 3.4 (down from 6.7 in 2023).

To gain direct insights from employees, Valmet Automotive conducts an annual employee survey assessing key areas such as compensation, strategy alignment, organizational culture, meaningful work, work environment, and autonomy. In 2024, the survey was conducted four times, providing a more dynamic and real-time understanding of employee sentiments.

The Group adheres to international standards on human rights, labour conditions, anti-corruption and the environment. Valmet Automotive is committed to respect internationally recognized human rights standards and align its processes to comply with the principles of international conventions and standards such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Valmet Automotive accepts the labour rights defined by the International Labour Organization (ILO).

In its collaboration with its suppliers, Valmet Automotive formulates clear expectations and requires all its suppliers to agree and adhere to the requirements of the Supplier Code of Conduct (SCoC), which includes expectations related to environmental management, human rights, labor standards and responsible behavior.

### **Sustainability governance**

The Board oversees the implementation of the Group sustainability and climate-related strategy, encompassing action plans, targets, material issues, investments and performance metrics, ensuring that sustainability remains integral to the overall vision and operations.

The Audit Committee monitors accountability and transparency in sustainability reporting and oversees preparations to comply with the Corporate Sustainability Reporting Directive (CSRD) and EU Green Taxonomy preparations. The People and Culture Committee is a Board working group for appointment and remuneration of the CEO and top management, as well as people and organizational culture strategies.

The Group Management drives strategic direction and operational execution by embedding sustainability across all business functions and ensuring accountability within the organization. The Sustainability Steering Group consists of representatives from the Group (CEO, legal counsel, group finance and sustainability) and from all business areas (head of business area and head of business area finance). The Steering Group develops and advises the Board and the Group Management on sustainability strategy, policy, processes, trends, risks and guidance.

### **Business conduct**

The Group General Counsel supported by the legal department is responsible for designing and monitoring compliance processes. These processes are reviewed regularly and updated upon need, with input from the Group Management and the Board of Directors.

The focus is on increasing awareness and understanding of the Code of Conduct and ethical principles through training and effective communication. The compliance program is designed to ensure that employees are aware of the applicable rules and regulations and act accordingly. It cultivates an environment that prevents and detects misconduct. The compliance program is primarily implemented through trainings for employees.

### **Sustainability targets**

Group long-term targets are derived from the sustainability strategy. These targets typically span over five to seven years and are periodically reviewed to ensure they remain relevant amidst significant business changes. The most recent review was conducted in 2023.

### **Sustainability related opportunities**

Transitioning to a low-carbon future is central to our business strategy and our commitment to sustainable manufacturing, operational efficiency and long-term financial growth. By supporting the electrification of the automotive and off-

highway industries, our product and service portfolio aligns with evolving customer and societal needs. The low-carbon transition unlocks new business opportunities, including e-mobility, battery systems and sustainable manufacturing solutions. Process development and diligent operations enhance the attractiveness of the Group as a supplier.

### **Sustainability related risks**

Potential risks related to sustainability across our operations and value chain are identified, assessed and addressed annually. Sustainability-related risks are integrated into the mainstream risk management process. Strategic, operative, sustainability and financial risks are evaluated based on severity, likelihood and control. Risks are assessed and prioritized in a standardized risk process and scoring system.

Valmet Automotive's operating landscape is changing swiftly with the increasing prevalence of sustainability issues and expectations from customers, suppliers, regulators, and other stakeholders. The Group's corporate and sustainability strategies focus on the low-carbon transition through e-mobility and are connected to sustainability risks and opportunities. Valmet Automotive observes closely the EU sustainability requirements to align its work accordingly.

The automotive sector's and e-mobility's value chain is susceptible to challenges in material sourcing, labour practices, human rights and environmental impact in the entire value chain. To support identifying sustainability supply chain risk and improvement areas, Valmet Automotive uses a supplier self-assessment questionnaire (SAQ) which covers a large array of topics related to human resources, health & safety, responsible sourcing of raw materials, environmental management and other sustainability subjects aligned with current good practice and legislation.

### **CERTIFICATIONS**

The Group is certified according to ISO/ IEC 27001:2013 Information Security Management System -standard.

Business areas are certified in compliance with the requirements of the automotive industry's IATF 16949 quality standard. In addition, production plants are certified according to the ISO 9001 quality standard where required, ISO 14001 environmental standard and ISO 45001 occupational health and safety standard.<sup>5</sup>

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<sup>5</sup> Some certifications are in progress in IONCOR GmbH

## **ANNUAL GENERAL MEETING, BOARD OF DIRECTORS AND AUDITORS**

The Annual General Meeting of Valmet Automotive Plc was held on March 29, 2024. The meeting approved that no dividend would be paid, and that no funds would be distributed from the reserve of invested unrestricted capital. It also adopted the financial statements and the consolidated financial statements for the 2023 financial year. The meeting granted discharge from liability to the CEO and the board for the 2023 financial year.

The Annual General Meeting elected the following board members: Jarkko Sairanen, Philip-Christian Eller, Timo Kokkila, Sven Ennerst and Kari Heinistö. The meeting confirmed a monthly compensation of EUR 6,000 for the Chair of the Board and EUR 3,200 for each other Board Member. Additionally, both the Chair and each member will be paid EUR 1,000 per each attended meeting. The Chair of the Audit Committee and the People and Culture Committee is paid EUR 1,500 per meeting while the other committee members are paid EUR 1,000 per attended meeting. If a Board or Committee meeting lasts less than 90 minutes, only half of the standard meeting compensation will be paid.

The Annual General Meeting elected the authorized public accounting firm Ernst & Young Oy as the company's auditor and Mikko Ryttilahti acts as the auditor with principal responsibility.

In March 2024, the Board of Directors elected Jarkko Sairanen to continue as Chair of the Board and Kari Heinistö to continue as Vice Chair of the Board. Additionally, the Board elected Kari Heinistö to continue as Chair of Audit Committee and Jarkko Sairanen to continue as Chair of the People and Culture Committee. As part of the increased independence of the business areas, Jarkko Sairanen was elected as Chair of Board at the IONCOR Oy, after which Kari Heinistö was elected as Chair of the Board, effective November 1, 2024.

## **GROUP AND BUSINESS AREA MANAGEMENT**

As of December 31, 2024, Valmet Automotive's Group Management Office consisted of the following members:

Pasi Rannus, CEO & Senior Vice President, Vehicle Contract Manufacturing

Juha Torniainen, CFO

Juhani Pitkänen, Senior Vice President and Group General Counsel

Eija Telén, Vice President Finance

As of December 31, 2024, the Group's business area heads were as follows:

Pasi Rannus, CEO & Senior Vice President, Vehicle Contract Manufacturing

Roberts Abele, CEO, IONCOR

Remigiusz Grzeskowiak, Senior Vice President, Roof & Kinematic Systems



## **SHARES AND PROFIT DISTRIBUTION PROPOSAL**

### **Share capital and shares**

On December 31, 2024, and on December 31, 2023, Valmet Automotive Plc share capital was EUR 10 932 thousand. The total number of shares at the end of December 2024 was 40 168 883 (35 926 527) shares. Valmet Automotive Plc has one class of shares with no nominal value. Each share entitles the holder to equal voting and dividend rights.

### **Directed share issue 2024**

Valmet Automotive Oyj issued 4 242 356 new shares in a directed share issue to Tesi, without consideration, deviating from of the shareholders' pre-emptive rights to issued shares in accordance with the terms and conditions of the shareholders' resolution.

### **Treasury shares**

There were no treasury shares as of December 31, 2024 or December 31, 2023.

### **Shareholder structure**

Valmet Automotive had three (three) shareholders at the end of December: Tesi 44,96 % (38,46 %), Pontos Group 34,40 % (38,46 %) and CATL 20,64 % (23,08 %).

### **Profit distribution proposal**

As of December 31, 2024, Valmet Automotive Plc had distributable funds amounting to EUR 9 040 436,02 of which the net result for the financial year is EUR -18 102 944,64. The Board of Directors proposes to the Annual General Meeting to not distribute any dividends and to retain net loss for the year in the shareholders' equity.

**KEY FIGURES**

	<b>Group</b>		<b>Parent (FAS)</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Economic indicators, MEUR</b>				
Gross sales	2 275,5	2 221,4	693,5	859,4
Net sales	511,4	531,2	142,1	209,4
EBITDA	17,4	78,3	7,7	19,0
EBITDA, % of net sales	3,4 %	14,7 %	5,5 %	9,1 %
Comparable EBITDA	76,1	85,2	12,7	25,1
Comparable EBITDA, % of net sales	14,9 %	16,0 %	8,9 %	12,0 %
Items affecting comparability in EBITDA	-58,7	-7,0	-4,9	-6,1
Operating profit	-78,8	19,5	-20,9	-2,2
Operating profit, % of net sales	-15,4 %	3,7 %	-14,7 %	-1,1 %
Comparable Operating profit	-17,7	26,5	-16,0	3,9
Comparable Operating profit, % of net sales	-3,5 %	5,0 %	-11,3 %	1,9 %
Items affecting comparability in Operating profit	-61,2	-7,0	-4,9	-6,1
Net income	-83,0	2,4	-18,1	-2,8
Net income, % of net sales	-16,2 %	0,4 %	-12,7 %	-1,3 %
Net working capital	-154,7	-152,3	-78,3	-48,9
Free cash flow before interest and taxes	42,9	-40,2	16,8	-62,9
Return on investments (ROI) %	-162,0	23,1	-35,9	6,7
Return on equity (ROE) %	-387,3	3,9	-50,1	-6,0
Equity ratio %	-3,8	10,4	9,3	15,2
Headcount (active), average	2 925	3 239	1 097	1 490
Headcount (active), end of period	2 819	3 116	1 006	1 321

**Calculation of key figures<sup>6</sup>***Net working capital*

Inventories plus accounts receivable plus other non-IB receivables minus  
accounts payable minus other non-IB liabilities

*Free cash flow before interest and taxes*

Net cash flows from/ (used in) operating activities minus  
investments for tangible and intangible assets from operations plus taxes and interests

*Return on investments (ROI), %*

Profit (loss) before taxes plus interest and other financial expenses  

---

Equity plus LT interest bearing liabilities (average during the year)

*Return on equity (ROE), %*

Net income (loss)  

---

Equity (average during the year)

*Equity ratio, %*

Total equity  

---

Balance sheet total minus contract liabilities

*Items affecting comparability*

These items are relevant to an understanding of the underlying comparable financial performance due to their nature or frequency of occurrence.

Items consist of restructuring costs, unusual write-downs and provisions, and other impairments classified due to their nature or frequency. Restructuring costs are charges associated with activities planned by management that significantly change either the scope of the business or the manner in which it is conducted.

*Comparable operating profit*

Operating profit adjusted by items affecting comparability.

*Comparable EBITDA*

EBITDA adjusted by items affecting comparability,  
excluding depreciation, amortisation and impairment.

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<sup>6</sup> In all relevant ratios the hybrid capital is counted as equity and the ratios are not adjusted by the unrecognized accrued interest to the hybrid capital.

## **GOING CONCERN PRINCIPLE**

The financial statements have been prepared on a going concern basis. In assessing the going concern, the following uncertainties were considered relevant.

- The EUR 100 million revolving credit facility will mature at the end of 2025. The covenants of the facility were waived by the creditor for 31 December 2024. The Group is in the process of negotiating a continuation of the loan period.
- Current customer contracts in VCM business area will continue until November 2025. The Group has arrangements in place with the customer whereby certain supplier invoice payment terms have been extended. The Group is in the process of negotiating with the customer on the continuation of the extended payment terms of some supplier invoices.
- The Group is negotiating agreements with potential new automotive and non-automotive customers in the VCM business area. Some additional financing for the development expenses and investments for some of the potential new contracts would be required which is currently being negotiated.
- The long-range business plan of IONCOR requires additional funding to develop new own products especially for non-automotive customers. Funding is currently being negotiated with potential investors. In case not successful, the business plan would need to be updated and restructuring measures implemented, including an extension of certain supplier invoice payment terms.

If the above uncertainties are resolved, the Board of Directors and the CEO assume that the Group has adequate liquidity to meet its committed obligations during the next 12 months, and therefore continues as a going concern.

## **ESTIMATE ABOUT THE SHORT-TERM PROSPECTS, THE MAIN RISKS AND UNCERTAINTIES**

The current macroeconomic and geopolitical environment presents significant risks and uncertainties for operations and the value chain. Key challenges include:

- Economic stagnation in major markets
- Regulatory pressures, risks of commodity and component shortages and supply chain disruptions
- Unpredictable trade policies and overall market uncertainty regarding future developments
- High interest rates and low consumer confidence in key EU markets
- Political and labor strikes in Finland

These factors contribute to an increasingly complex operating environment, impacting both short-term and long-term business stability.

Valmet Automotive's VCM business area in the coming years is largely dependent on successful acquisition of new customer contracts. The most significant near-term risks are related to maintaining the delivery and quality performance as well as securing the supply chain. In contract manufacturing the changes in customer demand typically can result in a need to adjust resources. Customers regularly submit demand forecasts, which will enable Valmet Automotive to respond timely to these changes. In some cases, customers also have the contractual obligation of compensation for lower than agreed production volumes.

The Group has a EUR 100 million working capital financing facility granted by Finnvera, a specialized financing company owned by the State of Finland, and guaranteed by the European Investment Bank's Pan-European Guarantee Fund. The facility will mature at the end of 2025 and negotiations for the refinancing are currently underway. Further information is provided in the financial statement notes.

IONCOR is exposed to risks associated with its transition from contract manufacturing to being more of a system supplier and provider of its own products. A system supplier typically offers development, engineering and manufacturing services in comparison to contract manufacturer whose delivery is mainly related to manufacturing, resulting in different risks and liabilities. As such, both IONCOR and RKS business areas are exposed to risks related to product liability, warranty claims, after sales, product recalls, lawsuits and claims.

RKS has a broader customer base than VCM, which reduces the risk associated with the demand fluctuations of a single customer. While the market for convertible roofs is not expected to increase, the demand for active spoiler systems and charging flaps is estimated to grow. The most significant risks in RKS are related to its ability to secure new contract development, meeting production start schedules and achieving planned efficiency, and maintaining order volumes, supply chain reliability, competitive purchase and sales prices and margins.

The primary risks for IONCOR are associated with the development of its own products primarily for non-automotive customers. Key risks relate to the development and commercialization of these products as well as to the assumptions of anticipated future demand of the products. Furthermore, IONCOR faces risks in developing new products within contracted budgets as well as sourcing components at budgeted prices, and planning and running production in projected volumes and efficiency to meet the market requirements. Compared to contract manufacturing, own products also increase risks such as inventory obsolescence and valuation. Furthermore, IONCOR may be required to pre-finance development when spending takes place before customer payments are received, taking also into consideration potential delays with contractual agreements, change management and start of production. Additionally, there is a risk associated with securing a stable supplier base and

sourcing components at targeted prices, schedules and quality for future periods.

Valmet Automotive manages credit loss risk related to the receivables through a strict credit policy and advance payments, when necessary.

All business areas will need sufficient liquidity to realize potential growth opportunities and fund working capital. To safeguard their liquidity, the business areas regularly monitor receivables, maintain sufficient liquid assets and financial assets that can easily be converted into cash in a short period of time, and consider the creditworthiness of its financial counterparties. In addition, the liquidity position is taken into account when negotiating payment terms with customers and suppliers.

In some programs, part of the engineering sales price is received from the customer only during the production phase. Valmet Automotive's financial resources are assumed to be sufficient to cover a part of the financing needs of this type of project, but at the same time Valmet Automotive actively works to ensure that the financial needs of the project are structured in a way that balances resources and risk-taking capacity between Valmet Automotive and its customers.

### **SIGNIFICANT SUBSEQUENT EVENTS**

In January 2025, IONCOR signed a mutual separation agreement for one customer project. This resulted in a major contract asset write-down, which has been accounted for in the financial statements. The separation was mutually agreed to due to overruns in development expenses, delayed production start as well as delays and challenges in the customer managed supply chain of the program.

In February 2025, IONCOR announced the initiation of restructuring measures affecting several IONCOR locations in Finland and in Germany. The estimated workforce reduction impacts up to 240 employees across both countries. The measures under consideration include changes in job roles, temporary layoffs, and terminations of employment.

Restructuring in the RKS business area continued during the first quarter of 2025. Due to ongoing uncertainty in the automotive market, some development projects were interrupted or postponed, necessitating the restructuring of the development site in Germany to enhance the business area's long-term resilience. The estimated headcount reduction is 50 employees, with measures targeted to be completed by the end of March 2025.

Vantaa, April 7, 2025

Valmet Automotive Plc  
Board of Directors



# ALTERNATIVE PERFORMANCE MEASURE, GROSS SALES

		1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
	Notes	€000	€000
<b>Gross sales<sup>1</sup></b>		<b>2 275 541</b>	<b>2 221 396</b>
Customer-directed materials		-1 764 134	-1 690 219
<b>Net sales</b>	3	<b>511 407</b>	<b>531 177</b>

<sup>1</sup>Gross sales are presented as a non-IFRS alternative performance measure. It is defined as total (gross) sales including both net sales and sales of customer-directed material and parts, which are material and parts purchased from the principal or from suppliers selected by the principal, at prices negotiated by the principal.

# CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
	Notes	€000	€000
<b>Continuing operations</b>			
<b>Net sales</b>	3	<b>511 407</b>	<b>531 177</b>
Other operating income	5	5 462	8 422
Changes in inventories of finished goods and work in progress		54 922	65 666
Raw materials and consumables used		-231 939	-224 173
Depreciation and amortisation	15	-96 229	-58 741
Personnel expenses	6	-171 258	-198 116
Other operating expenses	5	-151 211	-104 726
Total expenses		-595 715	-520 090
<b>Operating profit</b>		<b>-78 847</b>	<b>19 509</b>
Finance income and costs	8	-15 316	-14 057
<b>Profit before taxes</b>		<b>-94 163</b>	<b>5 452</b>
Income taxes	9.1	11 143	-3 080
<b>Net income</b>		<b>-83 020</b>	<b>2 371</b>
<b>Profit attributable to:</b>			
Equity holders of the parent		<b>-83 020</b>	<b>2 371</b>

The notes are an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>1 Jan - 31 Dec 2024</b>	<b>1 Jan - 31 Dec 2023</b>
	<b>€000</b>	<b>€000</b>
<b>Net income</b>	<b>-83 020</b>	<b>2 371</b>
<b>Other comprehensive income:</b>		
Exchange differences on translation of foreign operations	337	1 627
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>337</b>	<b>1 627</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>-82 683</b>	<b>3 999</b>
<b>Attributable to:</b>		
Equity holders of the parent	<b>-82 683</b>	<b>3 999</b>

The notes are an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, ASSETS

		<b>31 December 2024</b>	<b>31 December 2023</b>
	<b>Notes</b>	<b>€000</b>	<b>€000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	13	53 866	44 947
Property, plant and equipment	11,12	214 064	293 339
Non-current financial assets	17	78	78
Contract assets	3	17 405	102 024
Deferred tax assets	9.2	22 618	18 099
Non-current prepayments		-	250
		<b>308 031</b>	<b>458 739</b>
<b>Current assets</b>			
Inventories	16	92 450	106 892
Trade receivables	17.5	42 581	91 387
Contract assets	3	10 134	9 519
Other current assets	17.5	79 881	26 425
Cash and cash equivalents	17.4	48 969	22 967
		<b>274 015</b>	<b>257 191</b>
<b>Total assets</b>		<b>582 046</b>	<b>715 929</b>

The notes are an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SHAREHOLDERS' EQUITY AND LIABILITIES

		31 December 2024	31 December 2023
	Notes	€000	€000
<b>Equity and liabilities</b>			
Share capital	17.8	10 932	10 932
Other capital reserves	17.8	7 086	7 086
Translation differences	17.8	-1 797	-2 135
Fund for invested unrestricted equity	17.8	108 432	88 432
Hybrid capital	17.8	-	20 000
Retained Earnings		-144 560	-61 541
<b>Total equity</b>		<b>-19 907</b>	<b>62 775</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	11, 17.7	24 575	29 918
Net employee defined benefit liabilities	7	3 861	3 447
Provisions	18	11 299	9 572
Contract liabilities (incl. related financing component)	3	17 075	20 109
Deferred tax liabilities	9.2	3 836	10 866
Non-current accruals		433	464
		<b>61 080</b>	<b>74 376</b>
<b>Current liabilities</b>			
Interest bearing loans and borrowings	11, 17.7	112 443	104 807
Trade payables	17.6	260 846	210 244
Provisions	18	21 547	4 196
Contract liabilities (incl. related financing component)	3	37 736	93 007
Other current liabilities and accruals	17.6	108 176	165 551
Income tax payable		127	973
		<b>540 874</b>	<b>578 778</b>
<b>Total liabilities</b>		<b>601 954</b>	<b>653 154</b>
<b>Total equity and liabilities</b>		<b>582 046</b>	<b>715 929</b>

The notes are an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### For the year ended December 31, 2024

€000	Attributable to the equity holders of the parent						Total equity
	Share capital (Note 17.8)	Fund for invested unrestricted equity (Note 17.8)	Other capital reserves (Note 17.8)	Hybrid capital (Note 17.8)	Retained earnings	Foreign currency translation reserve (Note 17.8)	
<b>At 31 December 2023</b>	<b>10 932</b>	<b>88 432</b>	<b>7 086</b>	<b>20 000</b>	<b>-61 541</b>	<b>-2 135</b>	<b>62 775</b>
Profit for the period							
continuing	-	-	-	-	-83 020	-	-83 020
Other comprehensive							
income continuing	-	-	-	-	-	337	337
Conversion of							
Hybrid capital	-	20 000	-	-20 000	-	-	-
Total comprehensive							
income	-	20 000	-	-20 000	-83 020	337	-82 683
<b>At 31 December 2024</b>	<b>10 932</b>	<b>108 432</b>	<b>7 086</b>	<b>-</b>	<b>-144 560</b>	<b>-1 797</b>	<b>-19 908</b>

### For the year ended December 31, 2023

€000	Attributable to the equity holders of the parent						Total equity
	Share capital (Note 17.8)	Fund for invested unrestricted equity (Note 17.8)	Other capital reserves (Note 17.8)	Hybrid capital (Note 17.8)	Retained earnings	Foreign currency translation reserve (Note 17.8)	
<b>At 31 December 2022</b>	<b>10 932</b>	<b>88 432</b>	<b>7 086</b>	<b>20 000</b>	<b>-63 912</b>	<b>-3 762</b>	<b>58 777</b>
Profit for the period							
continuing	-	-	-	-	2 371	-	2 371
Other comprehensive							
income continuing	-	-	-	-	-	1 627	1 627
Total comprehensive							
income	-	-	-	-	2 371	1 627	3 999
<b>At 31 December 2023</b>	<b>10 932</b>	<b>88 432</b>	<b>7 086</b>	<b>20 000</b>	<b>-61 541</b>	<b>-2 135</b>	<b>62 775</b>

The notes are an integral part of the consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

		<b>2024</b>	<b>2023</b>
<b>Operating activities</b>	<b>Notes</b>		
Profit before tax		-94 163	5 452
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment		91 191	53 432
Amortization and impairment of intangible assets		5 038	5 309
Other non-cash items*		-5 428	-53 301
Finance income and costs		15 316	14 057
Change in working capital:			
Change in trade and other receivables (+/-)		76 108	-33 926
Change in inventories (+/-)		14 603	9 358
Change in trade and other payables (+/-)		-55 468	32 045
Change in provisions (+/-)		14 969	-1 065
Finance cost paid		-13 290	-10 893
Finance income received		1 491	2 962
Income tax paid		-1 651	-1 486
<b>Net cash flows from/ (used in) operating activities</b>		<b>48 716</b>	<b>21 943</b>
<b>Investing activities</b>			
Investments for tangible and intangible assets		-19 246	-71 606
<b>Net cash flows from/ (used in) investing activities</b>		<b>-19 246</b>	<b>-71 606</b>
<b>Financing activities</b>			
Increase in loans		4 365	0
Repayment of loans		0	-1 532
Change in restricted cash		-55	90
Lease payments		-7 967	-9 075
<b>Net cash flows from/ (used in) financing activities</b>		<b>-3 657</b>	<b>-10 516</b>
<b>Net increase in cash and cash equivalents</b>		<b>25 813</b>	<b>-60 179</b>
Net foreign exchange difference		189	33
Cash and cash equivalents at 1 January	17.4	22 966	83 113
<b>Cash and cash equivalents at 31 December</b>	17.4	<b>48 969</b>	<b>22 966</b>

\*Consists mainly of non-cash revenue recognition of customer advances received (contract liabilities), partly offset by related cost recognition (contract assets) and contract asset write-down.

The notes are an integral part of the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

## 1 ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

### 1.1 GENERAL

#### GENERAL INFORMATION

The consolidated financial statements of Valmet Automotive Plc and its subsidiaries for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Board of Directors on April xx, 2025, and the financial statements are either approved or rejected in the Annual General Meeting.

Valmet Automotive (“Group” or “Valmet Automotive”) is a global automotive supplier specializing in vehicle contract manufacturing, battery systems and convertible roof and kinematic systems. As a leading provider of advanced systems and services, Valmet Automotive supports its customers in their transition to electrified mobility.

Valmet Automotive’s business is conducted in three business areas - Vehicle Contract Manufacturing (“VCM”), Roof & Kinematic Systems (“RKS”) and IONCOR, which manufactures battery modules and battery packs for electrified vehicles. The Group acts as a contract manufacturer and as a system supplier for the automotive industry, and it develops its own modular battery solutions for a wide range of customers.

The Group’s parent company is Valmet Automotive Plc, and the Group consists of subsidiaries in Finland, Germany and Poland, fully owned either directly or indirectly by Valmet Automotive Plc.

#### BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

The consolidated financial statements, prepared in accordance with the IFRS Accounting Standards as adopted by the EU include the financial statements of Valmet Automotive Plc and its subsidiaries.

The financial statements are prepared under the historical cost convention, except as disclosed in the accounting principles.

The Group has elected to report expenses by nature within the statement of profit or loss, and to present two statements, a statement of profit or loss and a statement of other comprehensive income, rather than a single statement of comprehensive income combining the two elements.

The consolidated financial statements are presented in euro, which is the functional and reporting currency of the parent company. Financial information is presented in thousands of euro (€000), except when otherwise indicated.

## **CONSOLIDATION PRINCIPLES**

The consolidated financial statements comprise the financial statements of the Group as of 31 December 2024 including comparative period 2023.

Subsidiaries are companies in which the Group owns, directly or indirectly through subsidiaries, over 50 per cent of the voting rights or in which it is in a position to govern the financial and operating policies of the entity. Subsidiaries have been listed in Note 10.

All intercompany transactions, balances and gains or losses on transactions between subsidiaries are eliminated as part of the consolidation process.

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the consolidated profit or loss statement. Any investment retained is recognised at fair value.

Associated companies are consolidated by the equity method. Under the equity method, the share of profits and losses of associated companies is presented separately in the consolidated statements of income.

## **FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Open receivables and liabilities denominated in foreign currency at the end of the financial period are translated using the exchange rate of the balance sheet date and the resulting foreign exchange gains and losses are recognised in the income statement.

The income statements of subsidiaries with a functional currency different from the reporting currency are translated into euro at the average exchange rates for the financial year and the balance sheets are translated at the exchange rate of the balance sheet date. This exchange rate difference is recorded through Other Comprehensive Income/Expense (OCI) in the cumulative translation adjustment line item in equity. The translation differences arising from subsidiary net investments and long-term subsidiary loans without agreed settlement dates are recognised through the OCI to the cumulative translation adjustments under equity.

## **MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

Assumptions, estimates and judgements are based on management's historical experience, best knowledge about the events and other factors, such as expectations of future events, which can be considered feasible. Changes in estimates are applied prospectively. The actual amounts may differ significantly from the estimates used in the financial statements. Possible changes in estimates and assumptions are recognised in the financial period in which the estimate or assumption is changed.

Material accounting judgments, estimates and assumptions made by management are described in the relevant notes.

## **FINANCIAL RISK MANAGEMENT**

Financial risks and exposures are managed, reported and mitigated centrally by the Group Treasury under annually reviewed written policies approved by the Board of Directors. Group Treasury evaluates and hedges or otherwise manages financial risks in close co-operation with business areas and legal units. These risks include the Group's principal credit and counterparty, commodity price, translation, currency, interest rate and liquidity risks, which are outlined in more depth in Note 17. Group Treasury manages centrally external funding and is responsible for the management of financial assets and liabilities and appropriate hedging measures. The objective of financial risk management is to minimize potential adverse effects on Valmet Automotive financial performance.

## 1.2 GOING CONCERN PRINCIPLE

The financial statements have been prepared on a going concern basis. The Board of Directors and the CEO are responsible for assessing the parent company's and the Group's ability to continue as a going concern.

When assessing the Group's ability to continue as a going concern, the following uncertainties were considered relevant:

- The Group has a EUR 100 million revolving credit facility from Finnvera, which has been fully utilised in 2024. The Finnvera revolving working capital financing facility will mature at the end of 2025. The covenants of the facility were waived for 31 December 2024. The Group is in the process of negotiating with Finnvera to agree on a continuation of the loan period.
- Current customer contracts in VCM business area will continue until November 2025. The Group has arrangements in place with the customer whereby certain supplier invoice payment terms have been extended. The Group is in the process of negotiating with the customer on the continuation of the extended payment terms of some supplier invoices.
- The long-range business plan of IONCOR is dependent on raising additional funding in order to develop new own products especially for non-automotive customers. IONCOR is actively negotiating with potential investors. If additional financing would not be available, IONCOR would have to update its business plan and implement additional restructuring measures. These measures may include agreeing on extended payment terms with major suppliers and delaying investments.
- The long range business plan of IONCOR is dependent on raising additional funding in order to develop new own products especially for non-automotive customers. IONCOR is actively negotiating with potential investors. If additional financing would not be available, IONCOR would have to update its business plan and implement additional restructuring measures. These measures may include agreeing on extended payment terms with major suppliers and delaying investments.

In its going concern assessment, the management has taken into account the estimated results from negotiating new terms of the revolving credit facility from Finnvera, rescheduling of certain payments to its suppliers and customers related to VCM programs in production phase, gaining new customer contracts and being able to agree on some financing for the development and investments needed to start some of the new contracts. Furthermore, the estimates include successful raising of additional funding for the implementation of IONCOR's strategy.

The actual outcomes of these negotiations are not known at the time of preparing the financial statements and may have an impact on cash flow estimates used in the going concern assessment.

If the above uncertainties are resolved, the Board of Directors and the CEO assume that the Group has adequate liquidity to meet its committed obligations during the next 12 months, and therefore continues as a going concern.

### 1.3 ALTERNATIVE PERFORMANCE MEASURES

The financial statement contains non-IFRS financial alternative performance measures which are not recognised measures of financial performance under IFRS. These measures may not be comparable to measures used by other companies under the same or similar names, as the precise contents are subject to each company circumstances and management judgment of which items are not part of the underlying operations and related performance.

The alternative performance measures should not be read in isolation from the corresponding IFRS measures.

**Gross sales** are presented as an alternative performance measure, and it is defined as total (gross) sales including both net sales and sales of customer-directed material and parts. Customer-directed material and parts are purchased from the principal or from suppliers selected by the principal and at prices negotiated by the principal. They are sold to the principal without adding a margin. Reporting gross sales gives an accurate picture of the size of the business and adds comparability to competitors. In addition, it leads to consistency between the profit and loss statement vs. the balance sheet and cash flow as customer-directed materials are reflected on the balance sheet and cash flow statement.

**Comparable EBIT** and **comparable EBITDA** are presented as alternative performance measures to reflect the underlying business performance and to improve comparability between financial periods. Adjustment items consist of restructuring costs, unusual write-downs and provisions, and other impairments

classified due to their nature or frequency. Restructuring costs are charges associated with activities planned by management that significantly change either the scope of the business or the manner in which it is conducted.

Items affecting comparability are disclosed in Note 4.

## 1.4 CHANGES IN IFRS STANDARDS

The financial statements do not early adopt standards or amendments before their effective date. The standards applied in these financial statements are those that were effective for annual periods beginning on or after 1 January 2024.

### **CHANGES IN IFRS STANDARDS AND IFRIC INTERPRETATIONS INTO EFFECT IN 2024**

The minor changes in IFRS Standards and IFRIC interpretations that took effect in 2024 did not have any significant impact on the result or the statement of financial position of the Group or on the presentation of the financial statements. They are not expected to significantly affect the next financial period January 1 – December 31, 2025.

The information related to amendments to IAS 1 (effective as of 1st of January 2024) regarding loans with covenants has been added to Note 17.7.

### **CHANGES IN IFRS STANDARDS AND IFRIC INTERPRETATIONS NOT YET ADOPTED**

The adoption of IFRS 18 “Presentation and disclosure in financial statements” will change the presentation of financial statements for Valmet Automotive starting from the financial year beginning 1st of January 2027. The Group will begin to analyse the effect of the standard to the presentation of the financial statements during 2025.

Other new IFRS standards, amendments to standards and IFRIC interpretations effective on or after January 1, 2025 may have some impact on the presentation of the Group financial statements, however, they are not expected to have a material impact on the Group financial statements.

## **2 MACROECONOMIC ENVIRONMENT IMPACT TO BUSINESS ACTIVITY AND UNDERLYING PERFORMANCE**

In the current macroeconomic and geopolitical environment, a combination of fracturing trade relationships, geopolitical risks and connected economic instability, and stagnating key economies pose challenges to sales, operations, and the value chain.

The challenges for the automotive industry in 2025 include supply chain disruptions and regulatory pressures. Risks of commodity and component shortages persist due to the unpredictability of U.S. trade policies, the ongoing Russia-Ukraine war, rising tensions in the Middle East, and potential disruptions to semiconductor supply from the U.S. and Taiwan.

The Group has assessed the impacts that the uncertainties in the macroeconomic environment might have on the financial statements. A material occurrence of one or more of prevailing risks could have an adverse effect on sales, profitability, cash flows and financial condition. Lower customer sales may have an impact on Valmet Automotive orders received, with an adverse impact on net sales, cash flow and result. Supply chain pressures may result in higher costs and changes in production, which may impact profitability and cash flow.

### 3 REVENUE FROM CONTRACTS WITH CUSTOMERS

#### ACCOUNTING PRINCIPLES

The Group recognises revenue in net sales when it has satisfied a performance obligation by transferring the control of the promised goods and services to the customer. The transfer of control takes place when the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods or services. The Group identifies the contract with the customer, various performance obligations of the contract and allocates the transaction price to these performance obligations.

Revenue is recognised in two categories, depicting the timing of revenue recognition: over time and at point of time.

When the control of the produced good and rendered services is transferred over time to the customer, revenue is recognised over time. The Group transfers control over time when:

- it produces goods with no alternative use and the Group has an irrevocable right to payment (including a reasonable margin) for the work completed to date (e.g., long engineering contracts); or
- it creates goods which are controlled by the customer as the goods are created or enhanced (e.g., work done on customer owned vehicles); or
- the customer simultaneously receives and consumes the benefits provided by the Group (e.g., work done at the customer or in customer design systems).

When none of the criteria stated above have been met, revenue is recognised at a point in time, which is when the control passes to the customer and the business has the right to payment, for example, on delivery.

Contractual compensations based on customer agreements are recorded as revenue when agreed with the customer.

For each performance obligation recognised over time, the Group recognises revenue using an input method, based on costs incurred. Revenue and attributable margin are calculated by reference to reliable estimates of transaction price and total expected costs. Changes to total estimated contract costs and losses, if any, are recognised in the period in which they are determined. Expected contract loss is expensed immediately when it becomes evident.

Unfinished contracts are presented in the balance sheet as contract assets and received payments as contract liabilities. The contract assets and liabilities are offset by individual contract, and the difference is presented either as an asset or a liability in the balance sheet. Contract assets and liabilities are derecognised when the contract has been fully satisfied and invoiced. In addition, the contract assets are assessed for impairment as of the reporting date.

### SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGMENT

The management has made judgments about determining distinct goods and services to define the promised performance obligations, and which contracts form a single commercial objective in complex contract packages. These judgments significantly affect determination of amount and timing of revenue.

Revenue recognition over time requires determination of a completion stage, which is based on actual cost incurred in proportion of the total estimated cost of the project (cost-to-cost basis). Total project cost estimates are based on project forecasts, which take into account changes in the estimated revenue, costs and profit, together with the planned delivery schedule. Project forecasts are updated and approved regularly.

Total project cost estimates might change, e.g., because of changes in the underlying project cost structures, which may ultimately affect the revenue recognised. Therefore, the over time recognition method is not applied for recognising sales commitments before a defined threshold is achieved or where the final outcome of the project and related cost structure cannot be established reliably.

Assessing the contract assets for impairment requires management estimates and judgement related to the timing of the cash flows in the industrialisation and production phase, as well as volumes and profitability of the underlying programs.

Revenue recognised by timing category in 2024 and 2023 is summarized in the table below.

	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
Performance obligations satisfied at point in time	494 270	513 075
Performance obligations satisfied over time	9 379	12 673
Interest revenue from significant financing component	7 758	5 429
<b>Total revenue</b>	<b>511 407</b>	<b>531 177</b>

The contract assets and liabilities on December 31, 2024 and December 31, 2023 are presented below. The table presents the net effects of individual contracts.

	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>€000</b>	<b>€000</b>
<b>Contract assets and liabilities</b>		
<b>Contract assets</b>		
<i>Contract assets</i>	27 540	140 975
<i>Contract liabilities</i>	0	-29 431
<b>Total</b>	<b>27 540</b>	<b>111 544</b>
Non-current	17 405	102 024
Current	10 134	9 519
	<b>27 540</b>	<b>111 544</b>
<b>Contract liabilities</b>		
<i>Contract liabilities</i>	80 265	146 671
<i>Contract assets</i>	-33 308	-46 028
<b>Total</b>	<b>46 956</b>	<b>100 643</b>
Non-current	13 630	16 353
Current	33 326	84 290
	<b>46 956</b>	<b>100 643</b>
<b>Contract liabilities from significant financing component</b>		
Non-current interest liability	3 445	3 755
Current interest liability	4 410	8 717
	<b>7 854</b>	<b>12 473</b>
<b>Contract liability including significant financing component</b>		
Non-current	17 075	20 109
Current	37 736	93 007
	<b>54 811</b>	<b>113 116</b>

The contract asset balance was impacted by a sizeable write-down resulting from the early termination of one customer contract. From the contract liabilities at the beginning of 2024, EUR 74,6 (78,3) million was recognised as revenue in 2024. Most of the contract liabilities are recognised as revenue during the next 24 months.

## REVENUE STREAMS

The Group has identified several revenue streams within the categories of over time and at point of time satisfied performance obligations. These revenue streams reflect the performance obligations and timing of satisfaction of such performance obligations, and the allocation of related transaction price.

The Group's revenue streams are summarized below:

Revenue stream	Description	Business line	Revenue recognised
<b>Contract manufacturing</b>	Manufacturing assembly services and logistics	Vehicle Contract Manufacturing, IONCOR	At a point in time
<b>Product sales</b>	Roofs, batteries, spare parts, production parts and other	Roof & Kinematic Systems, IONCOR	At a point in time
<b>Engineering services</b>	Design and development work, concept work, supplier tooling procurement	Roof & Kinematic Systems, IONCOR	Over time
<b>Industrialisation (not recognised separately)</b>	Services related to subsequent contract manufacturing or production	All	Part of contract manufacturing or product sales
<b>Short and/or small contracts</b>	Small or short engineering or other projects	All	At a point in time

The revenue recognition method varies depending on terms and conditions agreed with each customer. Many contracts are agreements, which cover the entire chain of activities performed for the customer. For example, contract manufacturing agreements typically cover the preparation phase for production, called industrialisation, as well as the assembly work and logistics. In system supplier business, contracts may have several parts, starting from design and development engineering of the product, and moving to industrialisation work and model specific tooling procurement for the customer, product and spare parts sales. If the customer has given firm commitment to part of the frame agreement deliveries only, the contract revenues will be recognised separately for that firm commitment part only. When the customer commitment covers the entire framework agreement, or large parts of it, it may be that such contracts are considered as one contract entity, even if the customer would place purchase orders in stages.

Contract manufacturing revenues are recognised when control for the assembly service done is transferred, which takes place at the delivery of the vehicles or batteries. The sales price is composed of the contract manufacturing revenue and

customer-directed material. Customer-directed material and parts are purchased from the principal or from suppliers selected by the principal at prices negotiated by the principal. They are sold to the principal without adding a margin and are included in gross sales but excluded from net sales.

Product sales revenue from sale of products such as roofs and spare parts is recognised when control for the goods is transferred at the delivery of goods. When there is pre-production industrialisation required, it is recognised with the product.

Contract manufacturing and product sales are paid after each delivery.

Large contract manufacturing agreements may include significant advance payments to prepare production and supply the necessary product specific equipment and tools. These advance payments agreed with the principal may be considered to generate a significant time value of money and as such may be considered to contain a significant financing component. In such cases, financing cost is accounted for as interest expense and liability is presented. The influence of the significant finance component is recorded in gross and net sales. Over the contract lifetime there is no net profit impact.

In engineering contracts, the customer receives simultaneously the benefits provided and the Group the right to payment for the performance completed, and the corresponding revenue will be recognised over time. The progress is measured by the input method. The contract payments are made either at delivery or by milestones during the service performance and they typically follow the transfer of control of performance obligations to be satisfied.

Compensation received from customers for changes in sales volumes, production periods or other contractual terms are recorded as gross and net sales.

Industrialisation, which is not an independent revenue stream, includes pre-production activities and manufacturing engineering work required to get the production lines and facilities ready for production. Such work is typically sold as part of contract manufacturing or roof systems supplier contracts. Industrialization cannot be considered as a separate deliverable i.e., distinct performance obligation but is part of the product sale or contract manufacturing. Revenue recognition commences at start of production and revenue is recognised with product deliveries at a point in time.

## 4 ITEMS AFFECTING COMPARABILITY

Comparable operating profit is presented to exclude items affecting comparability from the operating profit in order to give an understanding of the underlying comparable financial performance.

	<u>2024</u>	<u>2023</u>
	<b>€000</b>	<b>€000</b>
<b>Comparable Operating profit</b>	<b>-17 668</b>	<b>26 490</b>
Restructuring costs	-5 476	-3 927
Asset writedowns	-52 106	-
Advisory costs	-3 597	-3 055
<b>Total items affecting comparability</b>	<b>-61 179</b>	<b>-6 981</b>
<b>Operating profit</b>	<b>-78 847</b>	<b>19 509</b>
<b>Comparable EBITDA</b>	<b>76 073</b>	<b>85 232</b>
Restructuring costs	-5 476	-3 927
Asset writedowns	-49 618	-
Advisory costs	-3 597	-3 055
<b>Total items affecting comparability</b>	<b>-58 691</b>	<b>-6 981</b>
<b>EBITDA</b>	<b>17 383</b>	<b>78 250</b>

Items affecting comparability include general restructuring measures in all business areas and a sizable write-down of one major contract asset as result mutual separation agreement with one customer. The separation was agreed due to overruns in development expenses, delayed production start as well as delays and challenges in the customer managed supply chain of the program. The general restructuring measures were executed in order to adjust to the decline in automotive markets, slow down in electrification, transitions in contract manufacturing agreements as well as to implement the new strategy and operative model including refocusing IONCOR business area more towards own products. Items affecting comparability in the previous year related to general restructuring measures mainly in VCM.

## 5 OTHER OPERATING INCOME AND EXPENSES

### Accounting principles

Other operating expenses are recorded on their respective cost type accounts unless they are considered as adjustments to income.

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attached conditions are complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the period during which the costs related to the grant are incurred and expensed. When a grant relates to an asset, it is recorded as a deduction of the related asset.

Research costs and expenses are expensed as incurred. Development costs are normally expensed when incurred. They only can be capitalised, when certain economic and technical feasibility criteria conditions are fully met.

### Other operating income

	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
Rental income	832	697
Government grants	903	1 513
Compensation from suppliers	2 095	5 522
Gain from sales of fixed assets	639	-
Other income	993	691
<b>Total</b>	<b>5 462</b>	<b>8 422</b>

Government grants are mainly related to Business Finland projects. Compensation from suppliers consists of supplier claims for e.g., quality related issues.

### Other operating expenses

	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
Property, operating and maintenance costs	-17 806	-19 045
External services	-38 785	-39 363
ICT expenses	-16 226	-16 332
Machinery and equipment expenses	-8 172	-9 964
Travel expenses	-3 476	-3 760
Other personnel expenses	-5 249	-5 592
Other expenses	-61 495	-10 669
<b>Total other operating expenses</b>	<b>-151 211</b>	<b>-104 725</b>

Asset write-down, which resulted from the early termination of one customer contract, is reported in Other expenses.

## Research and development cost

Total research and development activities include general research and development expenses, own development projects capitalised and other development activities as part of customer projects. Own development projects capitalised include the modular battery platform projects in IONCOR.

Other development activities consist of costs related to technical development work carried out in IONCOR and RKS as part of system supply customer projects where costs are either expensed or capitalized as contract assets. The amounts for the reporting periods are detailed below.

<b>Research and development costs</b>	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
R&D external cost	-296	-578
R&D salaries	-1 220	-1 739
<b>Research and development costs expensed</b>	<b>-1 517</b>	<b>-2 317</b>
Own development costs capitalized	-7 223	-3 883
Other development activities, customer projects, expensed	-4 701	-4 886
Other development activities, customer projects, capitalized*	-68 933	-61 911
<b>Total R&amp;D</b>	<b>-82 374</b>	<b>-72 997</b>

\*Including terminated contract

Subsidies related to the capitalized development costs are detailed in Note 13.

## Auditor fees

Fees paid to the statutory auditor are presented below.

	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
Auditing	-688	-635
Tax advisory	-35	-118
Other services	-93	-567
<b>Total</b>	<b>-815</b>	<b>-1 320</b>

## 6 EMPLOYEE BENEFITS AND NUMBER OF PERSONNEL

### 6.1 SUMMARY

#### ACCOUNTING PRINCIPLES

Personnel benefits and related social security costs and pension contributions are expensed on the period the work has been performed.

Pension and other defined benefit plans are detailed in Note 7.

	<u>2024</u>	<u>2023</u>
	<b>€000</b>	<b>€000</b>
Wages and salaries	-144 355	-166 281
Share based employee benefit (Note 6.2)	439	413
Other long term employee benefits (Note 7.1)	-780	-557
Social security costs	-6 868	-7 978
Pension costs defined contribution	-19 695	-23 715
Pension costs defined benefit	0	2
<b>Total employee benefits expense</b>	<b>-171 258</b>	<b>-198 116</b>
	<u>2024</u>	<u>2023</u>
Number of employees, active, average*	2 925	3 239

\*Active number of employees excludes temporarily laid off personnel.

### 6.2 SHARE-BASED EMPLOYEE BENEFITS

#### ACCOUNTING PRINCIPLES

When there are incentive arrangements which require cash payments to be made based on the price of a deemed share or synthetic instrument, they are accounted for as cash-settled share-based payment plans. The initial fair value of such plans at the grant date is calculated using estimates of the valuation of the synthetic options. The grant-date fair value of the liability is recognized over the vesting period. At the end of each financial year the fair value of the recognized liability is remeasured. Remeasurement applies to the recognized portion through the vesting date. Any cancellations are recognised immediately in the income statement.

#### SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGMENTS

Valuation of the synthetic options is determined from the advice of external advisors who carry out valuation annually, using several assumptions such as the discount rate, expected future cash flows, peer group share valuation and other factors. Many of these assumptions also require management judgment. As a result, the liability recorded on the balance sheet is sensitive to changes.

The Group has a cash-settled share-based incentive plan. It was established in 2021 and currently includes one Board member. The plan is arranged with synthetic options and awards cash payments, when the plan conditions are met. The plan is a 5-year plan with a vesting period from 1 April 2021 to 31 March 2026.

Valuation of the synthetic options was performed with Monte Carlo simulation. Assumptions regarding the Valmet Automotive Plc share value are material to the option valuation. The share value has been estimated based on the financial statements and future projections, and by comparison to the peer group EV/EBITDA –multiples. The release of liability recognized for the year was EUR 0,4 (0,4) million. The plan liability was EUR 0,0 (0,4) million on 31 December 2024.

The plan enables the issuance of a total of 541 311 options.

Upon the exercise of the synthetic option, the cash payment is awarded, which equals the positive difference, if any, of the defined value of the share value of Valmet Automotive Plc and the strike price, i.e., the exercise price of each synthetic option, which is € 3,62.

The synthetic options' vesting is partly based on time and partly on performance. The time-based options cover 2/3 of the plan and vest as follows: 1/3 on 1 April 2021 and 1/9 on 31 March on each year 2022, 2023 and 2024. The performance-based vesting covers the remaining 1/3 and is subject to the conditions of the plan and vest as follows: If the defined value is less than €4,69 per share, none of the performance-based synthetic options vest, if the defined value is at least or more than €9,72 per share, all the performance-based options vest, and from the defined value of €4,69 to €9,72 per share the performance-based options vest linearly. As of December 31, 2024, a total of 360 874 (300 728) options have vested.

If before the exercise date occurs a material change in the company, group, business, or asset structure, in the operating environment or otherwise in its business, which materially affects the fundamentals underlying the plan, Valmet Automotive Plc is entitled in its sole discretion to decide whether and in which manner this will affect the plan.

## 7 PENSION AND OTHER DEFINED BENEFIT PLANS

### ACCOUNTING PRINCIPLES

Pension plans are classified as defined contribution and defined benefit plans. Under a defined contribution scheme, the Group makes payments to separate insurance companies or independent funds. The Group has no legal or constructive obligation to make further payments if the payment recipient does not have sufficient assets to pay the post-employment benefits. All arrangements not meeting these conditions are defined benefit schemes.

Most schemes, including the Finnish TyEL scheme, are defined contribution plans where the Group makes payments to separate entities managing the assets. Payments made to defined contribution pension schemes are recorded through profit or loss in the accounting period the charge applies to.

In Finland, employees earn an additional benefit, payable after a certain number of service years is completed, following the rules of the long-service benefit plan. The cost of providing long-service benefits is charged to profit and loss concurrently with the service rendered by the personnel. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the income statement.

### SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGMENTS

Defined long-service benefit plan cost is determined based on annual valuations performed by qualified actuaries, who calculate the obligation using several assumptions, such as the discount rate, salary increases and other actuarial factors. Many of these assumptions also require management judgment. In addition, management judgment of personnel turnover is required. As a result, the liability recorded on the balance sheet is sensitive to changes.

In Finland, qualified employees earn an additional benefit following the rules of the long-service benefit plan. The employer has promised a certain amount of benefit after given years of service time according to the rules of the long-service benefit plan. The benefits are based on the promised amount of money after ten-year service time. The promised benefit increases when the employment has lasted 15, 20 and 25 years. Benefit payments continue until retirement or resignation and are paid to the employees once a year or monthly.

The long-service benefit liability is presented in the table below.

	<u>2024</u>	<u>2023</u>
	<u>€000</u>	<u>€000</u>
<b>1 January</b>	<b>3 480</b>	<b>3 358</b>
Service cost	285	261
Net interest	99	79
Curtailements	-146	-325
Actuarial changes on obligation	543	542
Other changes	158	107
<b>Sub-total included in profit or loss</b>	<b>939</b>	<b>664</b>
Benefits paid	-557	-575
<b>31 December</b>	<b>3 861</b>	<b>3 447</b>

The discount rate has been determined using Bloomberg € EU Corporate AA+, AA, AA-yield curve, taking the estimated durations of the benefit obligations into consideration. The discount rate was 2,7% for Valmet Automotive Plc and 3,0 % for IONCOR Oy for the year ended December 31, 2024 (3,7 % and 3,7 % for the year ended December 31, 2023).

## 8 FINANCE INCOME AND COSTS

### ACCOUNTING PRINCIPLES

Financing costs are charged to the income statement during the financial period in which they incur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Losses from sales of shareholdings are recorded in financing costs and gains from such sales are recorded in financing income.

The Group has elected to classify interest received and paid as cash flows from operating activities.

<b>Finance income</b>	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
Dividend received	5	2
Foreign exchange gains	253	1 878
Interest income	1 232	1 082
<b>Total finance income</b>	<b>1 491</b>	<b>2 962</b>
<b>Finance costs</b>	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
Interest on debt and borrowings	-7 411	-6 829
Interest on factoring	-1 391	-1 156
Interest on lease liabilities	-1 471	-1 453
Interest on significant financing component	-3 140	-7 109
Other interest	-2 519	-113
<b>Total interest expense</b>	<b>-15 931</b>	<b>-16 660</b>
Foreign exchange losses	-53	-
Other finance expense	-822	-359
<b>Total finance costs</b>	<b>-16 806</b>	<b>-17 019</b>

## 9 INCOME TAXES

### 9.1 INCOME TAX EXPENSE

#### ACCOUNTING PRINCIPLES

Income taxes in the consolidated statement of profit and loss consist of taxes on the taxable income of the Group companies for the current period and changes in deferred taxes. The statement of comprehensive income includes taxes on items presented in the statement of comprehensive income.

Current taxes include estimated taxes corresponding to the Group companies' taxable results for the financial year, and adjustments to taxes for previous years. Income tax receivables and payables are recognised at the expected amounts to be recovered from or paid to the tax authorities.

Deferred taxes are calculated based on temporary differences between financial reporting and the taxation calculated with enacted tax rates effective for the future years.

#### SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGMENTS

The Group assesses the probability that the local taxation authority or authorities, should the treatment be for cross-border transaction, will accept any tax treatment recorded in the accounts. Tax treatment is only recorded, when it is concluded that it is probable the tax treatment will be accepted by the relevant tax authority or authorities.

Significant management judgement is required to consider the probability that the tax treatment proposed can be recognised, taking into account the likelihood that the relevant tax authorities will accept the planned tax treatment. In the event that actual tax authority acceptance would not be obtained, the tax payable needs to be adjusted in coming financial years.

The major components of income tax expense for the years ended December 31, 2024 and December 31, 2023 are as follows:

	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
<b>Consolidated statement of profit or loss</b>		
Current year income taxes	-541	-2 986
Previous year income taxes	159	86
<b>Current income taxes</b>	<b>-382</b>	<b>-2 899</b>
Other temporary differences deferred tax assets	4 489	2 117
Other temporary differences deferred tax liabilities	7 035	-2 297
<b>Deferred taxes</b>	<b>11 525</b>	<b>-181</b>
<b>Income taxes in statement of profit or loss</b>	<b>11 143</b>	<b>-3 080</b>

Reconciliation of tax expense and the accounting profit or loss multiplied by Finland's 2024 statutory tax rate is presented below.

	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
<b>Accounting profit before income tax</b>	-94 163	5 452
At Finland's statutory income tax rate of 20%	18 833	-1 090
Tax exempt income	1	1
Non-recorded taxable income	-3 070	-
Non-deductible expenses	-584	-183
Deferred taxes for previously unrecognised temporary differences	-2	101
Deferred taxes for previously recognised temporary differences	-1 034	-
Previous year income taxes	159	84
Unrecognised tax losses	-3 288	-2 720
Difference between Finnish and foreign tax rates	128	726
<b>Income taxes reported in the statement of profit or loss</b>	<b>11 143</b>	<b>-3 080</b>
<b>Effective income tax rate %</b>	<b>N/A</b>	<b>57%</b>

## 9.2 DEFERRED TAX ASSETS AND LIABILITIES

### ACCOUNTING PRINCIPLES

Deferred tax liabilities or assets are calculated based on temporary differences between financial reporting and the taxation calculated with enacted tax rates effective for the future years. The deferred tax liabilities are recognised in the balance sheet in full, and the deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

### SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGMENTS

The Group estimates income tax in each country it operates. This process involves estimating the actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as deferred revenue and cost reserves, for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which may be recorded in the consolidated balance sheet. The likelihood for the recovery of deferred tax assets from future taxable income is assessed, and to the extent the recovery is not considered likely the deferred asset is not recorded.

Significant management judgement is required to determine the provisions for deferred tax assets that can be recognised, taking into account the likely timing and the level of future taxable profits together with future tax management strategies. In the event that actual results differ from these estimates, the deferred tax assets need to be adjusted in coming financial years. The final outcome may also be affected by future changes in tax laws applicable in the jurisdictions where the Group operates.

Deferred tax assets and liabilities are presented in the tables below.

**2024 Deferred tax assets**

	1.1.2024	Recognised in income statement	Translation differences	31.12.2024
Employment related	870	35	3	908
Property, plant and equipment	5 590	586	-	6 175
Confirmed losses	3 466	3 530	-	6 996
Leases	152	-9	-	142
Provisions	3 828	1 343	20	5 192
Revenue recognition	3 782	-662	2	3 121
Other temporary differences	411	-333	6	84
<b>Total</b>	<b>18 099</b>	<b>4 489</b>	<b>30</b>	<b>22 618</b>

**2024 Deferred tax liabilities**

	1.1.2024	Recognised in income statement	Translation differences	31.12.2024
Property, plant and equipment	7 816	-5 310	0	2 506
Fair value adjustment	622	-198	-	424
Leases	0	-	-	-1
Revenue recognition	2 429	-1 527	6	908
<b>Total</b>	<b>10 866</b>	<b>-7 035</b>	<b>6</b>	<b>3 836</b>

**2023 Deferred tax assets**

	1.1.2023	Recognised in income statement	Translation differences	31.12.2023
Employment related	961	-113	22	870
Property, plant and equipment	5 489	100	-	5 590
Confirmed losses	2 283	1 183	-	3 466
Leases	180	-28	-	152
Provisions	3 443	306	79	3 828
Revenue recognition	3 059	712	11	3 782
Other temporary differences	424	-43	31	411
<b>Total</b>	<b>15 839</b>	<b>2 117</b>	<b>143</b>	<b>18 099</b>

**2023 Deferred tax liabilities**

	1.1.2023	Recognised in income statement	Translation differences	31.12.2023
Property, plant and equipment	6 501	1 315	0	7 816
Fair value adjustment	820	-198	-	622
Leases	-1	1	0	0
Revenue recognition	1 180	1 179	70	2 429
<b>Total</b>	<b>8 500</b>	<b>2 297</b>	<b>70</b>	<b>10 866</b>

Management has assessed all subsidiary losses carried forward for deferred asset recognition. Analysis was done by subsidiary. Of the deferred tax asset booked from the losses carried forward, EUR 4,5 (1,0) had an expiration date of ten years from the loss-making year of 2024. As of December 31, 2024, the Group had approximately EUR 47,2 (27,4) million of losses carried forward for which no deferred tax assets were recognised. From these losses carried forward, EUR 11,0 (0,0) expires after ten years from the loss-making years of 2024 and 2023. Other losses do not have an expiration date.

## 10 SUBSIDIARIES

### 10.1 INFORMATION ABOUT SUBSIDIARIES

The consolidated financial statements of the Group include the following companies:

Name	Principal activities	Country of incorporation	% equity interest as of 31.12.2024	
			Group	Parent
<b>Parent company</b>				
Valmet Automotive Plc	Vehicle Contract Manufacturing and Group services	Finland		
<b>Subsidiaries</b>				
Valmet Automotive GmbH	Roof and Kinematic Systems	Germany	100%	100%
Valmet Automotive Sp. z o.o.	Roof and Kinematic Systems	Poland	100%	100%
IONCOR Oy*	Battery Systems	Finland	100%	100%
IONCOR Sp. z o.o.*	Battery Systems	Poland	100%	
IONCOR GmbH*	Battery Systems	Germany	100%	
Valmet Automotive Management GmbH	Group services	Germany	100%	100%

\*Subsidiaries from the battery systems business area were renamed during 2024. The companies were previously named Valmet Automotive EV Power Oy, Valmet Automotive Solutions GmbH and Valmet Automotive EV Sp. z o.o.





## 10.2 ACQUISITIONS AND DISPOSALS

### **ACCOUNTING PRINCIPLES**

Investments in subsidiaries are accounted for using the acquisition method and measured at fair value at the date of acquisition. The difference, if any, between the consideration transferred and the fair value of net assets obtained is recognized as goodwill. Subsidiaries acquired during the financial period are included in the consolidated financial statements from the date the control is obtained, and divested subsidiaries until the date the control is lost. When control is lost, all assets and liabilities related to the disposed subsidiary are derecognized.

### **SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGMENT**

In business combinations, the measurement of fair value of the acquired net assets is based on market value of similar assets (tangible assets), or an estimate of expected cash flows and returns (intangible assets). The valuation is prepared by an external advisor. Management judgment is necessary for expected cash flow calculations, and changes in circumstances may have significant influence in those estimates.

The Group did not make any acquisitions or disposals of subsidiaries in 2024 or 2023.

## 11 LEASES

### ACCOUNTING PRINCIPLES

The Group assesses whether a contract is or contains a lease based on the definition of a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

The Group has chosen to apply the IFRS 16 accounting standard to tangible assets only, applying the exemption allowed in the standard.

As a lessee, the Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Leases are capitalized at the inception of the lease at the lower of the fair value of the leased right-of-use asset or the present value of the minimum lease payments. Property, plant and equipment acquired under leases are depreciated over the useful life of the asset or over the lease contract period, if shorter. Each lease payment is allocated between repayment of the lease liability and finance charges, in such a way that a constant interest rate on the outstanding balance is achieved. Lease obligations, net of finance charges, are included in interest bearing liabilities, divided to short-term and long-term liabilities, as appropriate. Interest element is charged to profit and loss over the lease period.

The Group has elected to apply the exemption regarding short-term and low-value leases, which are expensed when incurred, and they are not recorded in assets and liabilities. Short-term leases are leases with a lease term of maximum 12 months, and without a purchase option. Low-value leases are leases, in which the value of an individual asset does not exceed 5,000 euro, when new.

The Group has elected to apply the practical expedient of IFRS 16 not to separate non-lease components from the actual lease components of the lease contract. Identified non-lease components cover any payments for services, which are part of a lease contract, such as general maintenance charges. All material non-lease components are analyzed to identify their contents to classify them appropriately. Services, which could be supplied separately, such as leased property cleaning, machine maintenance, and utilities are not considered to be part of the lease, and they are expensed.

The lease payments are discounted by the interest rate implicit in the lease if that can be determined. Otherwise, the lessee incremental borrowing rates reflecting entity-specific factors, country and lease term are applied to all lease contracts when calculating the present value of lease liability and interest expense.

When the Group is a lessor, the Group classifies the lease as finance lease or operating lease by analysing the right-of-use terms transferred to the lessee. When the Group has transferred substantially all the risks and rewards of ownership



of an asset subject to a lease, the lease is treated as a finance lease. Assets held under finance leases are recognised as receivables at an amount equal to the net investment in the lease. Other leases are treated as operating leases, with payments recognised as income on a straight-line basis over the lease term.

Sub-leases in which the Group is both lessee and lessor are treated as different contracts. When the sub-lease term covers practically all remaining head lease term, the head lease right-of-use asset will be derecognised and treated as a lease receivable.

## RIGHT-OF-USE ASSETS

Right-of-use assets under lease contracts and included in property, plant and equipment are detailed in the table below. The Group's lease arrangements consist of lease contracts for property, machinery and equipment located primarily on Group company premises as well as company vehicles.

	<b>Buildings and constructions</b>	<b>Machinery and equipment</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Cost</b>			
At 1 January 2024	47 083	7 780	54 863
Additions	1 852	4 750	6 602
Disposals	-1 394	-5 874	-7 268
Exchange differences	1	10	11
<b>At 31 December 2024</b>	<b>47 543</b>	<b>6 666</b>	<b>54 209</b>
<b>Depreciation and impairment</b>			
At 1 January 2024	-14 214	-5 791	-20 006
Depreciation charge for the year	-6 420	-2 233	-8 653
Disposals	1 028	5 275	6 303
Exchange differences	-1	-5	-6
<b>At 31 December 2024</b>	<b>-19 607</b>	<b>-2 755</b>	<b>-22 362</b>
<b>Net book value 1 January 2024</b>	<b>32 869</b>	<b>1 988</b>	<b>34 857</b>
<b>Net book value 31 December 2024</b>	<b>27 936</b>	<b>3 911</b>	<b>31 847</b>
<b>Cost</b>			
At 1 January 2023	37 511	8 494	46 005
Additions	11 906	973	12 878
Disposals	-2 340	-1 735	-4 075
Exchange differences	7	48	55
<b>At 31 December 2023</b>	<b>47 083</b>	<b>7 780</b>	<b>54 863</b>
<b>Depreciation and impairment</b>			
At 1 January 2023	-10 083	-5 293	-15 376
Depreciation charge for the year	-6 262	-2 071	-8 333
Disposals	2 137	1 597	3 734
Exchange differences	-6	-24	-30
<b>At 31 December 2023</b>	<b>-14 214</b>	<b>-5 791</b>	<b>-20 006</b>
<b>Net book value 1 January 2023</b>	<b>27 428</b>	<b>3 201</b>	<b>30 629</b>
<b>Net book value 31 December 2023</b>	<b>32 869</b>	<b>1 988</b>	<b>34 857</b>

## LEASE LIABILITIES

Changes in lease liabilities, excluding expensed short-term and low value leases, are detailed below:

	<u>2024</u>	<u>2023</u>
	<b>€000</b>	<b>€000</b>
<b>At 1 January</b>	<b>34 726</b>	<b>31 246</b>
Additions	6 602	12 878
Disposals	-980	-351
Payments	-7 967	-9 075
Exchange differences	5	27
<b>At 31 December</b>	<b>32 386</b>	<b>34 726</b>

## LEASE CASH FLOWS

Lease payments and expensed short term and low value leases are presented below:

	<u>2024</u>	<u>2023</u>
	<b>€000</b>	<b>€000</b>
Lease payments	-9 438	-10 528
of which liability	-7 967	-9 075
of which interest	-1 471	-1 453
Expenses related to short term leases	-889	-759
Expenses related to low value assets	-452	-610
<b>Total Payments</b>	<b>-10 779</b>	<b>-11 896</b>

## OPERATING LEASE COMMITMENTS

Commitments consist of payments related to leases of low value assets and short-term leases. As of December 31, 2024 and 2023 operating lease commitments were as follows:

	<u>2024</u>	<u>2023</u>
	<b>€000</b>	<b>€000</b>
Within one year	727	971
After one year but no more than five years	732	137
More than five years	46	-
	<b>1 505</b>	<b>1 108</b>

## OFF-BALANCE SHEET LEASE LIABILITIES

Lease commitments of leases signed but not commenced on December 31 are presented in the table below:

	<u>2024</u>	<u>2023</u>
	<b>€000</b>	<b>€000</b>
Off-balance sheet lease liabilities	610	-



## 12 PROPERTY, PLANT AND EQUIPMENT

### ACCOUNTING PRINCIPLES

Property, plant and equipment are stated on the balance sheet at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Improvement costs related to an asset are included in the carrying value of such asset or recognised as a separate asset, as appropriate, only when the future economic benefits associated with the costs are probable and the related costs can be separated from normal maintenance costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leased right-of-use assets are recognised at the commencement date of the lease at cost.

	<b>Land and water areas</b>	<b>Buildings &amp; constructions</b>	<b>Machinery &amp; equipment</b>	<b>Fixed assets under construction</b>	<b>Total*</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Cost</b>					
At 1 January 2024	5 217	140 775	487 137	24 797	657 926
Additions	-	1 852	4 754	6 751	13 357
Disposals	-59	-4 569	-8 700	-2 271	-15 599
Reclassifications	-	1 769	17 868	-19 637	0
Exchange differences	7	116	304	120	547
<b>At 31 December 2024</b>	<b>5 164</b>	<b>139 944</b>	<b>501 365</b>	<b>9 759</b>	<b>656 232</b>
<b>Depreciation and impairment</b>					
At 1 January 2024	-	-42 051	-322 536	-	-364 587
Depreciation charge for the year	-	-10 727	-78 274	-	-89 001
Disposals	-	4 432	7 210	-	11 642
Exchange differences	-	-31	-190	-	-221
<b>At 31 December 2024</b>	<b>-</b>	<b>-48 378</b>	<b>-393 790</b>	<b>-</b>	<b>-442 168</b>
<b>Net book value 1 January 2024</b>	<b>5 217</b>	<b>98 724</b>	<b>164 601</b>	<b>24 797</b>	<b>293 339</b>
<b>Net book value 31 December 2024</b>	<b>5 164</b>	<b>91 566</b>	<b>107 575</b>	<b>9 759</b>	<b>214 065</b>
<b>Cost</b>					
At 1 January 2023	5 183	119 005	426 373	44 439	594 999
Additions	-	11 934	4 605	54 415	70 954
Disposals	-	-2 847	-7 499	-11	-10 356
Reclassifications	-	12 124	62 551	-74 675	0
Exchange differences	33	560	1 107	629	2 329
<b>At 31 December 2023</b>	<b>5 217</b>	<b>140 775</b>	<b>487 137</b>	<b>24 797</b>	<b>657 926</b>
<b>Depreciation and impairment</b>					
At 1 January 2023	-	-34 319	-285 857	-	-320 176
Depreciation charge for the year	-	-10 198	-43 233	-	-53 432
Disposals	-	2 644	7 363	-	10 007
Exchange differences	-	-178	-808	-	-986
<b>At 31 December 2023</b>	<b>-</b>	<b>-42 051</b>	<b>-322 536</b>	<b>-</b>	<b>-364 587</b>
<b>Net book value 1 January 2023</b>	<b>5 183</b>	<b>84 686</b>	<b>140 516</b>	<b>44 439</b>	<b>274 823</b>
<b>Net book value 31 December 2023</b>	<b>5 217</b>	<b>98 724</b>	<b>164 601</b>	<b>24 797</b>	<b>293 339</b>

\* Asset additions include non-cash right-of-use assets, which are detailed in Note 11

In 2023, a subsidy amounting to EUR 1,99 million was received for machinery and equipment, which is recorded as a reduction of the related assets. There were no subsidies related to machinery and equipment in 2024.

At the end of 2024, the Group had contractual commitments amounting to EUR 3,8 (17,9) million for the acquisition of fixed assets.

## 13 INTANGIBLE ASSETS

### 13.1 INTANGIBLE ASSETS, TOTAL

#### ACCOUNTING PRINCIPLES

The Group's intangible assets comprise mainly of goodwill, development costs, customer relations, patents, licenses and software. They are stated at historical cost less accumulated amortization and impairment losses, if any. When a grant is received related to an asset, it is recorded as a deduction of the related asset.

Development activities are an integral part of customer projects where technical development is carried out in close co-operation with customers. The related expenditures are typically expensed. However, development expenditures are capitalised when certain criteria related to economic and technical conditions are met and it is expected that the asset will generate future economic benefits. Capitalised development costs are included in intangible assets and carried at cost less any accumulated amortization and accumulated impairment losses. Amortization over the period of expected future benefits of the asset is started when the development is complete, and the asset is available for use.

	Goodwill	Development costs	Customer relationships	Other intangible rights	Intangible asset under construction	Total
	€000	€000	€000	€000	€000	€000
<b>Cost</b>						
At 1 January 2024	8 741	9 790	6 581	33 004	15 465	73 581
Additions	-	5 980	-	55	7 968	14 003
Disposals	-	-	-	-6 321	-299	-6 620
Reclassifications	-	-	-	1 000	-1 000	0
Exchange differences	-	-	-	4	-5	-1
<b>At 31 December 2024</b>	<b>8 741</b>	<b>15 770</b>	<b>6 581</b>	<b>27 742</b>	<b>22 129</b>	<b>80 963</b>
<b>Amortization and impairment</b>						
At 1 January 2024	-	-	-4 508	-24 126	-	-28 634
Amortization charge for the year	-	-	-660	-4 079	-	-4 739
Disposals	-	-	-	6 279	-	6 279
Exchange differences	-	-	-	-3	-	-3
<b>At 31 December 2024</b>	<b>-</b>	<b>-</b>	<b>-5 168</b>	<b>-21 930</b>	<b>-</b>	<b>-27 098</b>
<b>Net book value</b>						
<b>1 January 2024</b>	<b>8 741</b>	<b>9 790</b>	<b>2 073</b>	<b>8 878</b>	<b>15 465</b>	<b>44 947</b>
<b>Net book value</b>						
<b>31 December 2024</b>	<b>8 741</b>	<b>15 770</b>	<b>1 413</b>	<b>5 812</b>	<b>22 129</b>	<b>53 865</b>
<b>Cost</b>						
At 1 January 2023	8 741	7 948	6 581	33 180	4 911	61 361
Additions	-	1 842	-	-142	11 867	13 568
Disposals	-	-	-	-1 332	-29	-1 361
Reclassifications	-	-	-	1 284	-1 284	0
Exchange differences	-	-	-	14	0	14
<b>At 31 December 2023</b>	<b>8 741</b>	<b>9 790</b>	<b>6 581</b>	<b>33 004</b>	<b>15 465</b>	<b>73 581</b>
<b>Amortization and impairment</b>						
At 1 January 2023	-	-	-3 848	-20 795	-	-24 643
Amortization charge for the year	-	-	-660	-4 649	-	-5 309
Disposals	-	-	-	1 332	-	1 332
Exchange differences	-	-	-	-14	-	-14
<b>At 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-4 508</b>	<b>-24 126</b>	<b>-</b>	<b>-28 634</b>
<b>Net book value</b>						
<b>1 January 2023</b>	<b>8 741</b>	<b>7 948</b>	<b>2 733</b>	<b>12 384</b>	<b>4 911</b>	<b>36 718</b>
<b>Net book value</b>						
<b>31 December 2023</b>	<b>8 741</b>	<b>9 790</b>	<b>2 073</b>	<b>8 878</b>	<b>15 465</b>	<b>44 947</b>

Development costs are presented net of subsidies received. At year-end 2024, gross development asset was EUR 20,87 million, subsidy EUR 5,10 million and net development asset EUR 15,77 million. At year-end 2023, gross development asset was EUR 13,65 million, subsidy EUR 3,86 million and net development asset EUR 9,79 million. Refer to Note 5 for total R&D cost.

## 13.2 GOODWILL

### ACCOUNTING PRINCIPLES

Acquisitions are accounted for using the acquisition method. Goodwill represents the excess of acquisition cost over the fair values of identified acquired assets and liabilities of acquired companies.

Goodwill represents typically the value of the acquired market share, business knowledge and the synergies obtained in connection with the acquisition. The carrying amount of goodwill is tested for impairment at least annually.

Goodwill is allocated to cash-generating units (CGUs), which are identified as business areas of the Group. Initial goodwill calculation is prepared at the acquisition date book values with fair value adjustments of acquired assets and related deferred tax adjustments.

If a CGU is disposed entirely, the corresponding goodwill is totally derecognised. If a CGU is disposed partly, the corresponding goodwill is allocated to the remaining business calculating the value of the acquired market share, business knowledge and the synergies obtained in connection with the acquisition for the other Group businesses, and any excess goodwill is derecognised.

As of 31.12.2024 the carrying amount of goodwill is EUR 8,7 (8,7) million and it is allocated solely to the IONCOR business area.

Goodwill impairment testing is detailed in Note 14.2.

## 14 IMPAIRMENT TESTING

### 14.1 TESTING OF NON-FINANCIAL ASSETS

#### ACCOUNTING PRINCIPLES

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

When there is an indication that previously recognised impairment losses no longer exist or have decreased, the Group estimates the asset's recoverable amount, and previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

#### SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGMENTS

The carrying values of property, plant and equipment and intangible assets, subject to depreciation and amortization are reviewed for impairment whenever there are indications that their carrying values could exceed their value in use or disposal value if disposal is considered as a possible option.

The valuation is inherently judgmental and highly susceptible to change from period to period because it requires the Group to make assumptions about future supply and demand related to its individual business units, future sales prices and achievable cost savings. The value of the benefits and savings expected from the efficiency improvement programs are inherently subjective. The cash flows are derived from the budget for the foreseeable future and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The fair value of is determined using a derived weighted average cost of capital as the rate to discount estimated future cash flows. This rate may not be indicative of actual rates obtained in the market.

The Group had no impaired non-financial assets as of December 31, 2024 or December 31, 2023.

## 14.2 TESTING OF GOODWILL

### ACCOUNTING PRINCIPLES

The Group assesses the carrying amount of goodwill annually or more frequently if any indication of impairment exists on business unit level at which goodwill is monitored for internal purposes. The carrying value of goodwill is tested with the CGU's value in use or CGU's fair value less costs of disposal, when appropriate. In assessing the value in use amount, estimated future cash flows are discounted to their present value. Cash flow estimates are based on operative managerial estimates. The discount rate is a nominal rate, which is based on the weighted average cost of capital (WACC) for the main currency area in the location of the CGU. The nominal discount rate reflects the market assessment for the time-value of money and for the risk specific in the business.

The value in use calculations for the CGU specific cash flow projections are based on financial estimates prepared by the management. The cash flows are derived from the current year's last quarter estimate, the following year's budget and the approved strategy for the following five years, beyond which cash flows are calculated using the terminal value method. Forecast period is six years given the long-term nature of customer contracts. The terminal growth rate used is based on the management's judgment regarding the average long-term growth. Cash flows include only normal maintenance investments and exclude any potential investments that enhance the CGUs performance and acquisitions.

Any impairment loss of goodwill is recognised immediately as an expense and is not subsequently reversed.

### SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGEMENT

Upon initial acquisition the Group applies available market values to determine the fair values of acquired net assets. However, when this is not possible, the valuation is based on past performance of such an asset and expected future cash generating capacity, which requires management to make estimates and assumptions of the future performance and use of such assets.

The business growth, price and cost development assumptions embedded in the CGU specific cash flow projections are based on management assessments of the market demand and environment, which are examined against external information sources. Value in use calculations are sensitive to changes between periods, as they require management to make assumptions about future supply and demand related to its individual business units, future sales prices, margins and achievable cost savings over time. Such assumptions are subjective by nature and require management judgment.

The Group conducted value in use impairment testing of the IONCOR business area CGU goodwill during December 2024. The key assumptions were the following: the management financial estimates for 2025 – 2030 with corresponding EBITDA, a risk-adjusted pre-tax discount rate of 12,8 % and a terminal growth of 2.0 %, which assumes no real-term volume growth. No goodwill impairment losses were recognised during the accounting period based on the impairment tests.

The impairment testing was supported by a sensitivity analysis, in which the CGU specific EBITDA estimates were reduced, the discount interest rates were increased, and the terminal growth rate was reduced. It was concluded that there are no reasonably possible changes in key assumptions that would cause the carrying amount of the CGU to exceed its recoverable amount.

## 15 DEPRECIATION AND AMORTIZATION

### ACCOUNTING PRINCIPLES

Tangible assets are stated at historical cost, less accumulated depreciation and impairment loss, if any. Tangible assets of acquisitions are measured at fair value on acquisition date.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Improvements to land areas:	10 years
Buildings and structures:	5-40 years
Machinery and equipment:	3-10 years

Leased right-of-use assets' useful lifetimes are adjusted by expected lease periods and use of purchase option at the end of the lease period.

Land areas are not depreciated.

The Group reviews residual values and useful lives of property, plant and equipment for impairment whenever events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment of property, plant and equipment and capital gains and losses on their disposal are included in other operating income and expenses.

Depreciation of property, plant and equipment ceases when an item is classified as a non-current asset held for sale.

Amortization of intangible assets with a definite useful life is calculated over the expected economic lives of the assets, which is 3-10 years.

Any intangible assets with indefinite useful lives are not amortized but tested annually for impairment. See Note 14 for impairment testing.

The consolidated depreciation and amortization charges include the impact from the assets acquired in business combinations and measured at fair value.

	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
<b>Depreciation and amortisation</b>		
Intangible assets	-5 038	-5 309
Buildings and structures	-10 727	-10 198
Machinery and equipment	-80 464	-43 234
<b>Total</b>	<b>-96 229</b>	<b>-58 741</b>

## 16 INVENTORIES

### ACCOUNTING PRINCIPLES

Inventories are valued at the lower of cost and net realisable value. Purchase, transport and processing costs incurred in bringing each product to its present location and condition are included in inventory costs. The costs of finished goods and work-in-progress include direct materials and labour and allocable proportion of production overheads based on the normal operating capacity but excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Finished goods and production material inventories are shown net of a provision for obsolete and slow-moving inventories. A provision is established, and a corresponding charge is taken to profit and loss in the period in which the loss occurs, when obsolescence and related factors are assessed.

When not expensed, spare parts related to production equipment with low value or a normal operating cycle less than 12 months are recorded in inventory.

### SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGMENTS

The Group policy maintains a provision for slow-moving and obsolete inventory based on the best estimate of such amounts at the balance sheet date. The estimates are made in consideration of the composition and age of the inventory compared to anticipated future needs. Given the typically short turnover times, typically only minor allowances are considered necessary.

	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
Raw materials (at cost)	61 375	64 007
Work in process (at cost)	7 510	11 246
Finished goods (at cost or net realisable value)	21 996	30 266
Spare parts related to production equipment and machines	1 568	1 373
<b>Total inventories at the lower of cost and net realisable value</b>	<b>92 450</b>	<b>106 892</b>

In 2024, write-downs of obsolete and excess inventory amounted to EUR 1,8 (0,5) million.

All inventories include customer-directed material inventories.

## 17 FINANCIAL INSTRUMENTS

### 17.1 FINANCIAL RISK MANAGEMENT

#### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Valmet Automotive is exposed in its business operations to various business and financial risks. The objective of the Group's financial risk management is to minimize the uncertainty which the changes in financial markets cause to its financial performance.

Financial risk management is carried out by the Group Treasury in co-operation with group companies under policies approved by the Board of Directors. Responsibilities between the Group Treasury and group companies are defined in the Group's Treasury Policy. In addition, the Group's Treasury Policy defines main principles and methods for financial risk management, cash and liquidity management and funding arrangements.

#### MARKET RISK

Market risk is the risk that the fair value or future cash flows arising from financial instruments will fluctuate because of changes in market prices or market conditions. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk, such as equity price risk and commodity risk.

##### **Interest rate risk**

Interest rate risk arises when changes in market interest rates and interest margins impact financing costs, returns on financial investments and the valuation of interest-bearing balance sheet items. The majority of Valmet Automotive's external loans have a variable interest rate, exposing the Group to interest rate risk. The average maturity the external loans is three months and the changes on interest rates are thus reflected in the Group's financing cost at short intervals.

##### **Foreign exchange risk**

Valmet Automotive operates mainly in the euro zone and has limited exposure on changes in foreign exchange rates. Financial risk arising from the changing currency rates is largely mitigated either contractually or using financial derivatives. Majority of transactions is denominated in Euro, as such foreign currency transaction risk is not significant.

##### **Translation or equity exposure**

Foreign exchange translation exposure arises when the equity of a subsidiary is denominated in currency other than the functional currency of the parent company. The major translation exposure of the Group is in PLN. The Group does not hedge any of its equity exposure.

**Commodity risk**

The Group is affected by the price volatility of certain raw materials and components and supplies including energy. Contract manufacturing parts and materials are covered by the customer agreements, and the Group does not carry material commodity or logistics price risk. The Group may also enter into fixed price commodity agreements based on business considerations to limit the effects of fluctuating commodity prices.

**CREDIT AND COUNTERPARTY RISK**

Credit risk is the risk that a customer, supplier or financial counterparty would not meet its obligations under a financial instrument or customer or supplier contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Customer credit risk is assessed low, as practically all major customers are large automotive groups with good credit ratings. Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy.

The maximum credit risk equals the carrying value of trade and other receivables, and contract assets of revenue recognised but not yet billed. The credit quality is evaluated both on the basis of aging of the trade receivables and also on the basis of customer specific analysis. The corresponding expected lifetime credit loss allowance and the aging structure of trade receivables are presented in Note 17.5. The Group's maximum exposure relating to financial guarantees is presented in Note 19.

**LIQUIDITY AND REFINANCING RISK**

The Group safeguards its liquidity with continuous monitoring of receivables, keeping sufficient financial assets in cash and liquid assets and considering its financial counterparties based on their creditworthiness. Group Treasury oversees bank account structures and monitors cash balances and forecasts of the operating units and manages their liquidity position. The Group takes liquidity position into account when negotiating payment terms with its customers and suppliers. The cash flow profile of major customer projects is closely monitored and customer advances for investment and development costs are targeted to take place before related cash outflows.

The Group is currently in breach of its financial covenants included in the EUR 100 million revolving credit facility. The covenants of the facility were waived by the creditor for December 31, 2024. The Group is in active discussions with its lender to negotiate a continuation of the loan period of the revolving credit facility from its current expiration at the end of 2025.

To manage its liquidity, the Group has negotiated extended payment terms

with some of its suppliers. While this provides short-term relief, it may impact the Company's relationships with suppliers and its ability to secure favourable terms in the future. Current customer contracts in the VCM business area will continue until November 2025. The Group has arrangements in place with the current customer whereby some supplier invoice payment terms have been extended. The Group is in the process of negotiating with the customer on the continuation of the extended payment terms of certain supplier invoices and converting part of the outstanding supplier invoice balance into a loan agreement.

The Group is in the process of negotiating new customer contracts that require additional investments. These investments are essential for the fulfilment of contractual obligations and the generation of future revenues. The Group is actively seeking financing options to support these investments. The long range business plan of IONCOR is dependent on raising additional funding and IONCOR is currently negotiating with potential investors. The success of these negotiations is critical to IONCOR's ability to execute its strategic initiatives and improve its financial position. In case additional financing will not be available, IONCOR will have to update its business plan and implement additional restructuring measures which may include agreeing on extended payment terms with major suppliers and delaying investments.

The Group maintains transparent communication with its stakeholders, including shareholders, creditors, customers and suppliers, to keep them informed of the steps being taken to address the liquidity and refinancing risks.

## **CAPITAL STRUCTURE MANAGEMENT**

The objectives of capital structure management are to maintain the long-term capital structure in a level that safeguards the ongoing business operations and optimizes the cost of capital. Due to nature of its business, the Group may have significant investment programs, which can have a temporary effect on the capital structure because of increased loan or customer advance payment funding needs.

The capital structure is assessed on a regular basis by the Board of Directors. Equity ratio and long-term Debt-to-Equity -ratio have been identified as a key financial indicators.

In some cases, customer advances are considered as significant financing components where interest is calculated at the incremental borrowing rate, refer to Note 3.

## 17.2 FINANCIAL INSTRUMENT CLASSIFICATION

### ACCOUNTING PRINCIPLES

#### Financial assets

The Group's financial assets are measured at fair value at initial recognition at trade date and are classified as subsequently measured at amortised cost or fair value through profit or loss. The classification is based on the contractual cash flow characteristics of the financial asset and the Group's business model for managing the instruments.

#### Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified at amortised cost. Any gains or losses from these financial assets are recognized in profit or loss when the asset is derecognized, modified or impaired.

#### Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group values equity investments at fair value through profit and loss. In addition, this category applies to derivatives when hedge accounting is not applied.

#### Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset have expired or the rights to the cash flows together with substantially all risks and rewards have transferred.

#### Financial liabilities

The Group recognises a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provision of the instrument. The Group recognises a financial liability at fair value at initial recognition at trade date and the liability is classified as subsequently measured at amortised cost or fair value through profit or loss.

#### At amortized cost

The Group's financial liabilities classified at amortized cost are initially recognized at fair value less any related transaction cost and are subsequently measured using the Effective Interest Rate (EIR) method.



Amortised cost is calculated by taking into account any fees or other costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit and loss.

This category applies to derivatives when hedge accounting is not applied.

De-recognition of financial liabilities

Financial liabilities are derecognised when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expires.



## SUMMARY

The Group's financial assets at amortized cost include cash and cash equivalents, trade receivables, accrued income on manufacturing materials and loan receivables, while financial assets at fair value includes the Group's equity investments. The Group's financial liabilities at amortized cost consist of interest-bearing loans, trade payables and accruals on manufacturing materials. Trade receivables and payables include customer-directed material sales and purchases.

A summary of financial instruments is presented below.

	At amortised cost	At fair value through P&L	Total
<b>2024</b>			
<b>NON-CURRENT FINANCIAL ASSETS</b>			
Equity investments	-	78	<b>78</b>
<b>Total</b>	<b>-</b>	<b>78</b>	<b>78</b>
<b>CURRENT FINANCIAL ASSETS</b>			
Trade receivables	42 581	-	<b>42 581</b>
Accrued income on manufacturing materials	2 140	-	<b>2 140</b>
Cash and cash equivalents	48 969	-	<b>48 969</b>
<b>Total</b>	<b>93 690</b>	<b>-</b>	<b>93 690</b>
<b>NON-CURRENT FINANCIAL LIABILITIES</b>			
Interest bearing loans and borrowings	24 575	-	<b>24 575</b>
<b>Total</b>	<b>24 575</b>	<b>-</b>	<b>24 575</b>
<b>CURRENT FINANCIAL LIABILITIES</b>			
Interest bearing loans and borrowings	112 443	-	<b>112 443</b>
Trade payables	260 846	-	<b>260 846</b>
Accruals on manufacturing materials	68 674	-	<b>68 674</b>
<b>Total</b>	<b>441 963</b>	<b>-</b>	<b>441 963</b>



	At amortised cost	At fair value through P&L	Total
<b>2023</b>			
<b>NON-CURRENT FINANCIAL ASSETS</b>			
Equity investments	-	78	<b>78</b>
<b>Total</b>	<b>-</b>	<b>78</b>	<b>78</b>
<b>CURRENT FINANCIAL ASSETS</b>			
Trade receivables	91 387	-	<b>91 387</b>
Accrued income on manufacturing materials	1 748	-	<b>1 748</b>
Cash and cash equivalents	22 967	-	<b>22 967</b>
<b>Total</b>	<b>116 102</b>	<b>-</b>	<b>116 102</b>
<b>NON-CURRENT FINANCIAL LIABILITIES</b>			
Interest bearing loans and borrowings	29 918	-	<b>29 918</b>
<b>Total</b>	<b>29 918</b>	<b>-</b>	<b>29 918</b>
<b>CURRENT FINANCIAL LIABILITIES</b>			
Interest bearing loans and borrowings	104 807	-	<b>104 807</b>
Trade payables	210 244	-	<b>210 244</b>
Accruals on manufacturing materials	118 590	-	<b>118 590</b>
<b>Total</b>	<b>433 641</b>	<b>-</b>	<b>433 641</b>

## 17.3 FAIR VALUE MEASUREMENT

### ACCOUNTING PRINCIPLES

The Group measures financial instruments at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1:** The fair value of these assets or liabilities is based on available quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2:** The fair value of these assets or liabilities is based on valuation techniques, for which the lowest level input that is significant to the fair value measurement and it is directly or indirectly observable. The inputs for the valuation are based on quoted or other readily available source.

**Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable and require independent consideration and judgement from the valuation perspective.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in Note 6.2.

The following tables provide the fair value measurement hierarchy of the Group's assets and liabilities. There have been no transfers between level 1, level 2 and level 3 during the period. There were no differences between fair values and carrying amounts of other financial assets and liabilities.

**Fair value hierarchy at December 31, 2024:**

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Assets measured at fair value:</b>				
Financial assets at fair value through profit and loss	78	-	-	78
<b>Total</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>78</b>

**Fair value hierarchy at December 31, 2023:**

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Assets measured at fair value:</b>				
Financial assets at fair value through profit and loss	78	-	-	78
<b>Total</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>78</b>

Financial instruments in level 3 fair value include non-current equity investments.

	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
<b>Non-current equity investments</b>		
<b>At 1 January</b>	<b>78</b>	<b>78</b>
Additions	-	-
<b>At 31 December</b>	<b>78</b>	<b>78</b>
<b>Total current</b>	<b>-</b>	<b>-</b>
<b>Total non-current</b>	<b>78</b>	<b>78</b>

## 17.4 CASH AND RESTRICTED BANK ACCOUNTS

### ACCOUNTING PRINCIPLES

Cash and cash equivalents consist of cash in banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Current accounts for tax payments with restrictions, which are typically non-interest bearing accounts, are reported as bank accounts. Restricted bank accounts related to given guarantees, which may be interest bearing, are reported in other receivables.

The Group's cash and restricted bank accounts are presented below. Cash consists fully of cash in bank accounts and there were no short-term deposits.

	<u>2024</u>	<u>2023</u>
	€000	€000
<b>Cash at banks in Cash Flow</b>	<b>48 968</b>	<b>22 967</b>
<b>Restricted bank accounts</b>	<b>75</b>	<b>0</b>

## 17.5 TRADE AND OTHER RECEIVABLES

### ACCOUNTING PRINCIPLE

Trade receivables are recognised at original invoice amount to customers and reported in the balance sheet, net of expected credit loss allowance.

Trade receivables, contract assets and lease receivables are subject to expected credit loss impairment allowance adjustments.

Trade receivables are assessed at each reporting date to determine whether there is evidence of impairment applying the expected credit loss model. In assessing the expected lifetime credit loss, the Group uses both historical information on credit losses and forward-looking information that is available without undue cost or effort. The Group considers evidence of impairment for trade receivables at a collective level by customer group. The customer groups are determined by grouping customers that have similar risk characteristics.

Significant increases in credit risk are reflected in the impairment allowance and are recognised in profit and loss. If the estimated credit risk subsequently decreases, the previously recognised increase in impairment allowance is recognised in profit and loss.

When the Group considers that it has no reasonable expectations of recovering a trade receivable, the relevant amounts are written off.

Impairment allowance is recognised in the statement of financial position as part of the carrying amount of trade receivables. Changes in allowance together with final bad debts are reported under other operating income and expenses.

Trade receivables are non-interest bearing. Applied payment terms are customary in the industry and market area and are generally on terms of 10 to 60 days.

The aging analysis of trade receivables is as follows:

	2024			2023		
	Impaired	Net		Impaired	Net	
	€000	€000	€000	€000	€000	€000
Not past due	32 298	-8	32 289	64 387	-40	64 347
Past due						
< 30 days	8 043	-10	8 033	19 423	-18	19 404
30-60 days	1 667	-3	1 663	1 370	-4	1 366
61-90 days	139	-2	137	2 148	-5	2 143
> 90 days	580	-121	459	4 158	-31	4 127
<b>Total</b>	<b>42 727</b>	<b>-146</b>	<b>42 581</b>	<b>91 485</b>	<b>-98</b>	<b>91 387</b>

Trade receivables include receivables related to customer-directed materials.



Expected credit loss allowance is presented below.

	<u>2024</u>	<u>2023</u>
	<u>€000</u>	<u>€000</u>
<b>Impairment allowance</b>		
Opening balance 1.1	-98	-180
Released	2	82
Recognized	-49	-
<b>Balance at 31 December</b>	<u><b>-145</b></u>	<u><b>-98</b></u>

## OTHER CURRENT ASSETS

Details of other current assets are presented in the table below. From other current assets, the accrued income on manufacturing materials is classified as financial assets as its nature is similar to trade receivables.

	<u>2024</u>	<u>2023</u>
	<u>€000</u>	<u>€000</u>
<b>Other current assets</b>		
Prepayments and accrued income	70 726	13 806
Accrued income on manufacturing materials	2 140	1 748
VAT-receivables	5 206	8 830
Loan arrangement fee	250	250
Other S-T receivables	1 558	1 791
<b>Total</b>	<u><b>79 881</b></u>	<u><b>26 425</b></u>

## 17.6 TRADE AND OTHER PAYABLES

### ACCOUNTING PRINCIPLE

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Applied trade payable payment terms are customary in the industry. Trade payables are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

Trade payables and accruals include liabilities related to customer-directed materials.

From other current liabilities and accruals, accruals on customer-directed manufacturing materials have been classified as financial liabilities as their nature is similar to trade payables.

	<u>2024</u>	<u>2023</u>
	<u>€000</u>	<u>€000</u>
<b>Trade payables</b>	<b><u>260 846</u></b>	<b><u>210 244</u></b>
<b>Other current liabilities and accruals</b>		
Employment benefit related liabilities	4 525	4 359
Other current liabilities	<u>24</u>	<u>149</u>
Total	4 549	4 508
Employment benefit related accruals	20 685	31 518
Accruals on manufacturing materials	68 674	118 590
Other accruals	<u>14 268</u>	<u>10 935</u>
Total	103 627	161 043
<b>Total</b>	<b><u>108 176</u></b>	<b><u>165 551</u></b>

## 17.7 LOANS AND BORROWINGS

### SUMMARY

	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
<b>Current interest-bearing loans and borrowings</b>		
Obligations under lease contracts	7 811	4 807
Loans from financial institutions	104 632	100 000
<b>Total current</b>	<b>112 443</b>	<b>104 807</b>
<b>Non-current interest-bearing loans and borrowings</b>		
Obligations under lease contracts	24 575	29 918
<b>Total non-current</b>	<b>24 575</b>	<b>29 918</b>
<b>Total interest-bearing loans and borrowings</b>	<b>137 018</b>	<b>134 725</b>
<b>Cash and cash equivalents</b>	<b>-48 968</b>	<b>-22 967</b>
<b>Net debt</b>	<b>88 050</b>	<b>111 759</b>

### CHANGES

Changes in loans from financial institutions are presented in the table below. Changes in lease liabilities are presented in Note 11.

	<b>2024</b>	<b>2023</b>
	<b>€000</b>	<b>€000</b>
<b>At 1 January</b>	<b>100 000</b>	<b>101 502</b>
Increase in loans	4 365	0
Repayment of loans	0	-1 532
Other changes	267	30
<b>At 31 December</b>	<b>104 632</b>	<b>100 000</b>
<i>Of which current</i>	104 632	100 000
<i>Of which non-current</i>	-	-

## FINANCING AGREEMENTS

In December 2021, an agreement for a EUR 100 million working capital financing facility was signed with Finnvera and guaranteed by the European Investment Bank's Pan-European Guarantee Fund. The facility was fully utilized at the end of 2024 and 2023.

The financing arrangement with Finnvera includes certain financial covenant requirements for the performance and financial stability. The following covenants are agreed and reviewed annually based on the audited financial statements of the VA Group:

- 1)** Interest Cover-ratio: Adjusted EBITDA to Net Finance Charges must be over 250%
- 2)** Leverage Ratio: the ratio of Net Interest Bearing Debt to Adjusted EBITDA must be lower than 350%

The covenants were waived for December 31, 2024.

In the last quarter of 2024, the Group's RKS business area entered into a new overdraft facility and guarantee limit with a total nominal amount of approx. EUR 20 million. The arrangement also includes a lease limit of approx. EUR 2,8 million, increasing the total value to approx. EUR 22,8 million. The term of the financial arrangement is 24 months and it includes customary securities, assignments and restrictions. The utilization of the overdraft facility at the end of 2024 was EUR 4,6 million. This contract replaced the EUR 20 million overdraft facility in RKS entered into in 2023, which was not utilized at the end of the comparison year.

The RKS overdraft facility and guarantee limit includes certain financial covenant requirements for the performance and financial stability and following covenants are reviewed annually based on the audited local financial statements of the VA Poland Sp. z o.o.:

- 1)** EBITDA-margin must be at least 2,5%
- 2)** Capital ratio cannot be lower than 40%

The covenant requirements are met in 2024 based on the local financial statements (unaudited at the time of Group Financial Statement preparation).

The Group has a supply chain financing program operated by one of its customers. Under the program, the Group has a possibility to sell before maturity some of the invoices of the said customer. At the end of the financial year, a total of EUR 13,7 (21,2) million was financed.

Lease financing is used for acquisition of facilities, machinery and equipment.

## MATURITY PROFILE

The table below summarises the maturity profile of the Group's interest-bearing liabilities and trade payables based on contractual undiscounted payments.

<b>Year ended</b>	<b>On demand</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
<b>31 December 2024</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
Interest-bearing loans and borrowings	-	-	106 609	4 637	-	111 246
Lease liabilities	-	1 287	7 629	22 669	2 235	33 820
Trade payables	126 844	134 011	0	0	-	260 856
Accruals on manufacturing materials	-	68 674	-	-	-	68 674
	<b>126 844</b>	<b>203 971</b>	<b>114 239</b>	<b>27 307</b>	<b>2 235</b>	<b>474 596</b>

<b>Year ended</b>	<b>On demand</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
<b>31 December 2023</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
Interest-bearing loans and borrowings	-	-	103 798	-	-	103 798
Lease liabilities	-	1 912	5 400	18 742	10 272	36 326
Trade payables	-	210 245	-	-	-	210 245
Accruals on manufacturing materials	-	118 590	-	-	-	118 590
	<b>-</b>	<b>330 747</b>	<b>109 198</b>	<b>18 742</b>	<b>10 272</b>	<b>468 959</b>

## 17.8 EQUITY

### ACCOUNTING PRINCIPLES

#### Equity and capital reserves

Equity consists of share capital, other capital reserves, exchange differences on translation of foreign operations, fund for invested unrestricted equity, hybrid capital and retained earnings.

#### Reserve for invested non-restricted equity

The reserve for invested non-restricted equity contains the other equity-related investments and share subscription prices to the extent not to be credited to the share capital.

#### Exchange differences on translation of foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency euro are recognised in other comprehensive income and accumulated in the equity.

#### Hybrid capital instruments

Hybrid capital is initially recognised at fair value less transaction costs and subsequently the capital is measured at cost. If interest is paid to the hybrid capital, it is charged to equity.

### SUMMARY

	Number of shares	Share capital €000	Share premium €000	Funds invested for unrestricted equity €000	Other capital reserves €000	Hybrid capital €000	Total €000
<b>At 1 January 2023</b>	<b>35 926 527</b>	<b>10 932</b>	<b>1 704</b>	<b>88 432</b>	<b>5 382</b>	<b>20 000</b>	<b>126 450</b>
<b>At 31 December 2023</b>	<b>35 926 527</b>	<b>10 932</b>	<b>1 704</b>	<b>88 432</b>	<b>5 382</b>	<b>20 000</b>	<b>126 450</b>
Share issue	4 242 356						
Conversion of Hybrid capital				20 000		-20 000	
<b>At 31 December 2024</b>	<b>40 168 883</b>	<b>10 932</b>	<b>1 704</b>	<b>108 432</b>	<b>5 382</b>	<b>0</b>	<b>126 450</b>

## SHARES

At the beginning of 2024, the number of shares was 35 926 527. During 2024 Valmet Automotive Oyj issued 4 242 356 new shares in a directed share issue to Tesi, without consideration, deviating from of the shareholders' pre-emptive rights to issued shares in accordance with the terms and conditions of the shareholders' resolution. At the end of 2024, the number of shares was 40 168 883.

There were no changes in the number of shares in 2023.

## HYBRID CAPITAL INSTRUMENTS

The Group issued a EUR 20 million hybrid capital on 24 April 2020, an instrument classified as equity in the financial statements. The hybrid capital was converted into equity during 2024. The accrued interest was EUR 15,35 million at the time of the conversion (EUR 12,7 million 31.12.2023). This interest was not recognised in the accounts and it was declared as void at the time of the hybrid capital conversion.

## PROFIT DISTRIBUTION

There were no dividend payments or other distributions for the financial year ended 31.12.2024 and 31.12.2023.

## 18 PROVISIONS

### ACCOUNTING PRINCIPLES

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources is required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions, for which settlement is expected to occur more than one year after the initial recognition, are discounted to their present value and adjusted in subsequent closings for the time effect.

A provision for restructuring costs is recognised only after management has developed and approved a detailed plan and started the implementation of the plan or communicated the plan. Employee termination benefits are recognised after the representatives of employees or individual employees have been informed of the intended measures in detail and the related compensation packages can be reliably measured. Restructuring costs are booked to the expense group to which they by nature belong, e.g., termination payments are entered in personnel expenses.

Provisions for warranties cover the estimated costs to repair or replace products still under warranty on the balance sheet date. The Group provides warranty usually for 3 to 5 years, in line with the industry practice. Provision for warranty is calculated based on historical experience. A liability is recognised at the time the product is sold.

Provisions for loss-making contracts are recognised in the period in which they are determined.

### SIGNIFICANT MANAGEMENT ESTIMATES AND JUDGMENTS

Provision amounts to be recorded are based on management judgement and are the best estimate of the cost required to settle the obligations at the reporting date. Provisions are reviewed on a regular basis, and when necessary, adjusted to reflect the current best estimate. The actual costs may differ from the estimated costs.

The most significant provisions based on estimates are warranty provisions. Warranty provisions include estimated costs for repair work during warranty periods.

	Warranty provision	Restructuring provision	Loss contracts	Other provision	Total
	€000	€000	€000	€000	€000
<b>At 1 January 2024</b>	<b>12 874</b>	<b>703</b>	<b>0</b>	<b>189</b>	<b>13 767</b>
Arising during the year	6 195	6 686	6 025	-	<b>18 907</b>
Utilised	-888	-1 327	-	-117	<b>-2 331</b>
Released	-2 183	-348	-	-76	<b>-2 607</b>
Foreign exchange differences	40	-	-	3	<b>43</b>
<b>At 31 December 2024</b>	<b>16 038</b>	<b>5 714</b>	<b>6 026</b>	<b>0</b>	<b>27 778</b>
<b>At 1 January 2023</b>	<b>10 015</b>	<b>458</b>	<b>50</b>	<b>257</b>	<b>10 781</b>
Arising during the year	5 411	5 909	-	-	<b>11 320</b>
Utilised	-846	-3 566	-50	-88	<b>-4 551</b>
Released	-1 856	-2 098	-	-	<b>-3 954</b>
Foreign exchange differences	150	-	-	20	<b>170</b>
<b>At 31 December 2023</b>	<b>12 874</b>	<b>703</b>	<b>0</b>	<b>189</b>	<b>13 767</b>
Current	4 741	5 714	6 026	0	<b>16 480</b>
Non-current	11 297	-	-	-	<b>11 297</b>

## 19 OTHER COMMITMENTS AND CONTINGENCIES

There are no commitments or contingent liabilities recorded in the accounts.

The Group has common fixed price supply agreements, which do not require recognition in the accounts.

	31.12.2024	31.12.2023
	€000	€000
Mortgages and pledges	637 265	615 732
Guarantees	24 900	22 500
Non-recognized hybrid capital interest	-	12 693
Pledge on insurance contracts	58 650	11 538
Other	1 317	476
<b>Total</b>	<b>722 132</b>	<b>662 939</b>

New leases agreed but not yet commenced as of 31 December 2024 are presented in Note 11.

The majority of mortgages and pledges at the end of 2024 and 2023 are related to the working capital financing facility granted by Finnvera. At the end of 2024, the amounts also include mortgages and pledges, guarantees and pledge on insurance proceeds at Valmet Automotive Sp. z o.o. (RKS) related to its new overdraft facility.

There is no ongoing litigation that is likely to result in significant liability.

## 20 RELATED PARTY TRANSACTIONS

### ACCOUNTING PRINCIPLES

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, a person or entity, regardless of whether a price is charged.

Intragroup related party transactions and outstanding balances are eliminated in the consolidated financial statements.

### TRANSACTIONS

The Group's transactions with related parties are detailed below.

		<u>Expenses</u>	<u>Accrued expenses</u>
		<u>€000</u>	<u>€000</u>
Key management personnel	31.12.2024	337	-
	31.12.2023	-	-
Entity with significant influence over the Group	31.12.2024	284	94
	31.12.2023	-	-

### KEY MANAGEMENT COMPENSATION

The key management includes the Board of Directors and the Group Management Office. The remuneration paid or payable to key management based on the work performed consists of the following:

	<u>2024</u>	<u>2023</u>
	<u>€000</u>	<u>€000</u>
Salaries and other short-term employee benefits	-1 676	-2 989
Share based benefit	439	413
Other long-term employee benefits	-117	-431
<b>Total compensation</b>	<b>-1 354</b>	<b>-3 007</b>

The Board of Directors' compensation amounted to EUR 295 thousand in 2024 and EUR 349 thousand in 2023.



## 21 EVENTS AFTER THE REPORTING PERIOD

In January 2025, IONCOR signed a mutual separation agreement for one customer project. This resulted in a major contract asset write-down, which has been accounted for in the financial statements. The separation was mutually agreed to due to overruns in development expenses, delayed production start as well as delays and challenges in the customer managed supply chain of the program.

In February 2025, IONCOR announced the initiation of restructuring measures affecting several IONCOR locations in Finland and in Germany. The estimated workforce reduction impacts up to 240 employees across both countries. The measures under consideration include changes in job roles, temporary layoffs, and terminations of employment.

Restructuring in the RKS business area continued during the first quarter of 2025. Due to ongoing uncertainty in the automotive market, some development projects were interrupted or postponed, necessitating the restructuring of the development site in Germany to enhance the business area's long-term resilience. The estimated headcount reduction is 50 employees, with measures targeted to be completed by the end of April 2025.

# FINANCIAL STATEMENTS OF THE PARENT COMPANY (FAS)

## INCOME STATEMENT OF THE PARENT COMPANY

	<u>1 Jan - 31 Dec 2024</u>	<u>1 Jan - 31 Dec 2023</u>
	EUR	EUR
<b>Gross sales*</b>	<b>693 502 456,76</b>	<b>859 438 230,61</b>
Customer directed materials	-551 450 630,19	-650 015 281,00
<b>Net sales</b>	<b>142 051 826,57</b>	<b>209 422 949,61</b>
Change in inventories of finished goods and in work in progress	384 176,49	741 055,58
Other operating income	12 236 959,26	11 870 511,36
Materials and services	-55 395 001,50	-71 835 424,32
Personnel expenses	-58 458 933,98	-87 369 403,33
Depreciation and writedowns	-28 681 153,17	-21 243 175,28
Other operating expenses	-33 070 002,99	-43 791 053,06
Total expenses	-175 605 091,64	-224 239 055,99
<b>Operating profit</b>	<b>-20 932 129,32</b>	<b>-2 204 539,44</b>
Financing income and expenses	-350 081,20	-1 469 532,35
<b>Profit before appropriations and taxes</b>	<b>-21 282 210,52</b>	<b>-3 674 071,79</b>
Change in cumulative accelerated depreciation	4 311 971,51	-
Change in deferred taxes	-997 752,44	734 813,47
Income taxes	-134 953,19	134 346,83
<b>Profit for the financial year</b>	<b>-18 102 944,64</b>	<b>-2 804 911,49</b>

\*Gross sales are defined as total (gross) sales including both net sales and sales of customer-directed materials and parts. Customer-directed materials and parts are materials that are purchased from the principal or from suppliers selected by the principal at prices negotiated by the principal.

**BALANCE SHEET OF THE PARENT COMPANY**

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Assets</b>	<b>EUR</b>	<b>EUR</b>
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Intangible assets	237 324,13	246 842,44
Other capitalized long term expenditure	2 033 848,39	3 117 140,57
Assets under construction	12 764 173,65	14 902 952,47
	<b>15 035 346,17</b>	<b>18 266 935,48</b>
<b>Property, plant and equipment</b>		
Land and water areas	4 759 290,81	4 759 290,81
Buildings	34 837 850,88	59 769 881,22
Machinery and equipment	38 769 508,29	59 100 244,10
Other tangible assets	1 458 180,36	1 762 175,84
Assets under construction	1 451 995,49	2 910 470,00
	<b>81 276 825,83</b>	<b>128 302 061,97</b>
<b>Investments</b>		
Shares in group companies	89 127 117,32	35 035 116,41
Other shares and participations	77 993,50	77 993,50
	<b>89 205 110,82</b>	<b>35 113 109,91</b>
<b>Non-current assets total</b>	<b>185 517 282,82</b>	<b>181 682 107,36</b>
<b>Current assets</b>		
<b>Inventories</b>		
Materials and supplies	32 240 743,44	22 864 133,13
Work in progress	5 081 740,90	7 753 837,71
Finished products	83 448,66	3 869 034,21
	<b>37 405 933,00</b>	<b>34 487 005,05</b>
<b>Long-term receivables</b>		
Loan receivables from group companies	8 063 574,00	32 122 364,32
Deferred tax asset	6 740 646,70	7 738 399,14
Prepayments and accrued income	-	250 000,08
	<b>14 804 220,70</b>	<b>40 110 763,54</b>
<b>Short-term receivables</b>		
Accounts receivable	22 856 269,51	35 996 674,59
Receivables from group companies	5 290 978,08	25 004 319,12
Other receivables	661 552,27	3 877 682,72
Prepayments and accrued income	13 994 658,07	7 288 229,95
	<b>42 803 457,93</b>	<b>72 166 906,38</b>
<b>Bank and cash</b>	<b>26 599 991,55</b>	<b>20 829 856,08</b>
<b>Current assets total</b>	<b>121 613 603,18</b>	<b>167 594 531,05</b>
<b>Total Assets</b>	<b>307 130 886,00</b>	<b>349 276 638,41</b>

**BALANCE SHEET OF THE PARENT COMPANY**

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Shareholders' equity and liabilities</b>	<b>EUR</b>	<b>EUR</b>
<b>Shareholders' equity</b>		
Share capital	10 932 215,22	10 932 215,22
Share premium reserve	1 704 135,55	1 704 135,55
Revaluation reserve	5 382 013,65	5 382 013,65
Reserve for invested unrestricted equity	108 840 723,19	88 840 723,19
Retained earnings	-81 697 342,53	-78 892 431,04
Profit for the financial year	-18 102 944,64	-2 804 911,49
Hybrid capital	-	20 000 000,00
	<b>27 058 800,44</b>	<b>45 161 745,08</b>
<b>Appropriations</b>		
Cumulative accelerated depreciation	667 353,75	4 979 325,26
	<b>667 353,75</b>	<b>4 979 325,26</b>
<b>Provisions</b>		
Other provisions	6 748 683,99	6 520 764,80
	<b>6 748 683,99</b>	<b>6 520 764,80</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Accrued expenses	132 936,00	210 720,00
Deferred tax liability	1 345 503,41	1 345 503,41
	<b>1 478 439,41</b>	<b>1 556 223,41</b>
<b>Current liabilities</b>		
Loans from financial institutions	100 000 000,00	100 000 000,00
Advances received	11 464 008,30	25 146 404,45
Trade payables	115 308 224,59	64 521 048,89
Liabilities to group companies	2 217 009,76	34 362 739,91
Other liabilities	1 325 452,32	1 414 466,39
Accrued expenses	40 862 913,44	65 613 920,22
	<b>271 177 608,41</b>	<b>291 058 579,86</b>
<b>Total liabilities</b>	<b>272 656 047,82</b>	<b>292 614 803,27</b>
<b>Total shareholders' equity and liabilities</b>	<b>307 130 886,00</b>	<b>349 276 638,41</b>

## CASH FLOW STATEMENT OF THE PARENT COMPANY

	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
<b>Operating activities</b>		
Operating profit (loss)	<b>-20 932 129,32</b>	<b>-2 204 539,44</b>
Adjustments		
Depreciation and write-downs	28 681 153,17	21 243 175,28
Other non-cash adjustments	-15 431 739,03	-7 317 465,69
Change in net working capital		
Inventory, increase (-) / decrease (+)	-2 918 927,95	14 792 021,37
Short term receivables, increase (-) / decrease (+)	7 996 514,06	-1 791 313,96
Short term liabilities, increase (+) / decrease (-)	21 034 398,32	-50 293 229,76
Financing income and expenses, taxes	-2 113 922,52	-2 965 239,58
<b>Net cash flows from operating activities</b>	<b>16 315 346,73</b>	<b>-28 536 591,78</b>
<b>Investing activities</b>		
Acquisitions of fixed assets, net	-10 020 221,61	-50 453 172,99
Fixed assets sales	179 107,16	-
Shares and participations, net	-3 499 997,67	-2 999 999,83
Increase (-) / decrease (+) in loans, non-current assets	30 297 383	-11 762 378,30
Advances received, investments	-	16 074 583,91
<b>Net cash flows from investing activities</b>	<b>16 956 270,69</b>	<b>-49 140 967,21</b>
<b>Net cash flows before financing activities</b>	<b>33 271 617,42</b>	<b>-77 677 558,99</b>
<b>Financing activities</b>		
Increase (+) / decrease (-) in loan liabilities	-27 501 481,95	17 287 432,19
<b>Net cash flows from financing activities</b>	<b>-27 501 481,95</b>	<b>17 287 432,19</b>
<b>Net cash flow after financing activities</b>	<b>5 770 135,47</b>	<b>-60 390 126,80</b>
Cash and cash equivalents at the beginning of year	20 829 856,08	81 219 982,88
<b>Cash and cash equivalents at 31 December</b>	<b>26 599 991,55</b>	<b>20 829 856,08</b>

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (FAS)

## 1. ACCOUNTING PRINCIPLES

### **Basis of preparation**

The domicile of the parent company is Uusikaupunki, Finland. The parent company financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

### **Foreign currency translation**

Receivables and payables in foreign currency are converted into Euros at the exchange rates of the European Central Bank for the balance sheet date. Exchange gains and losses related to fixed assets are treated as adjustments to the acquisition cost of fixed assets.

### **Fixed assets and depreciation**

Fixed assets are mainly stated at original purchase prices. Depreciation and amortization are made on a straight-line basis. The buildings and land areas include also revaluations.

Depreciation time according to expected useful lives of the assets:

Intangible assets	3 - 10 years
Improvements of land areas	10 years
Buildings and structures	20 years
Machinery and equipment	3 - 10 years

### **Inventories**

Inventories are valued at the original purchase price or at the lower of cost or market. Indirect production costs are also included to the work in progress inventory value.

### **Receivables**

Receivables are booked at nominal value or at their estimated realizable value if lower.

**Deferred tax assets and liabilities**

Deferred tax liabilities or assets are calculated based on temporary differences between financial reporting and the taxation calculated with enacted tax rates effective for the future years. The deferred tax liabilities are recognised in the balance sheet in full, and the deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

**Revenue recognition based on the percentage of completion**

Revenue on long-term contracts is recognised based on the Percentage of Completion (POC) Method. A project lasting more than one year is considered a long-term contract. Percentage of completion is calculated based on costs incurred to date in relation to total estimated project costs (cost-to-cost method).

**Material purchases**

Customer directed material for manufacturing is included in gross sales but excluded from net sales. All the materials are included in inventory, accounts payable, accruals and accounts receivable in the balance sheet. Gross sales are defined as total (gross) sales including both net sales and sales of customer-directed materials and parts. Customer-directed materials and parts are materials that are purchased from the principal or from suppliers selected by the principal at prices negotiated by the principal.

## 2. NOTES OF THE INCOME STATEMENT

	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
<b>Net sales</b>		
By Business area		
Vehicle contract manufacturing	142 051 826,57	209 422 949,61
<b>Total net sales</b>	<b>142 051 826,57</b>	<b>209 422 949,61</b>
By Market area		
Finland	2 509 177,07	1 067 133,81
Germany	139 520 455,14	207 264 528,66
Others	22 194,36	1 091 287,14
<b>Total net sales</b>	<b>142 051 826,57</b>	<b>209 422 949,61</b>
Specification of net sales		
POC sales	729 781,96	25 059 502,61
Other sales	141 322 044,61	184 363 447,00
<b>Total net sales</b>	<b>142 051 826,57</b>	<b>209 422 949,61</b>
<b>Other operating income</b>		
Royalties from group companies	148 996,34	672 320,19
Other income from group companies	10 687 619,21	9 812 016,26
Government grants	78 190,12	11 219,20
Compensation from suppliers	1 128 242,76	1 200 512,81
Other income	193 910,83	174 442,90
<b>Total operating income</b>	<b>12 236 959,26</b>	<b>11 870 511,36</b>
<b>Materials and services</b>		
Materials	-54 311 496,90	-68 243 686,48
External services	-1 083 504,60	-3 591 737,84
<b>Total materials and services</b>	<b>-55 395 001,50</b>	<b>-71 835 424,32</b>
<b>Personnel expenses</b>		
Wages and salaries	-49 286 241,52	-72 275 113,17
Pension insurances	-7 622 250,62	-12 635 430,29
Other indirect employee costs	-1 550 441,84	-2 458 859,87
<b>Total personnel expenses</b>	<b>-58 458 933,98</b>	<b>-87 369 403,33</b>
<b>Compensation to the Board of Directors</b>	<b>295 250,00</b>	<b>349 600,00</b>
The average number of personnel, active*	1 097	1 490

### Pension liabilities

The pension responsibility for personnel is covered by a pension insurance agreement with an external insurance company.

\*Active number of employees excludes temporarily laid off personnel.



	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
<b>Depreciation and write-down of fixed assets</b>		
Intangible rights	-114 529,44	-143 357,16
Other capitalized long-term expenditure	-1 529 980,38	-2 372 007,42
Improvements of land areas	-267 177,56	-271 038,56
Buildings	-4 120 960,95	-3 777 857,75
Machinery and equipment	-22 648 504,84	-14 678 914,39
<b>Total depreciation and write-down of fixed assets</b>	<b>-28 681 153,17</b>	<b>-21 243 175,28</b>
<b>Other operating expenses</b>		
Property, operating and maintenance costs	-8 743 384,68	-9 746 951,04
Research and development expenses	-28 000,00	-12 764,12
External services	-7 435 149,49	-12 256 131,56
ICT expenses	-10 079 454,82	-11 305 005,85
Machinery and equipment expenses and leases	-4 236 034,17	-5 292 100,05
Other personnel expenses	-1 736 371,13	-2 594 867,05
Other operating expenses	-811 608,70	-2 583 233,39
<b>Total other operating expenses</b>	<b>-33 070 002,99</b>	<b>-43 791 053,06</b>
<b>Services rendered by statutory auditors</b>		
Audit services	-237 907,60	-314 420,50
Other services	-66 100,89	-670 281,16
<b>Total services rendered by statutory auditors</b>	<b>-304 008,49</b>	<b>-984 701,66</b>



	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
<b>Finance income</b>		
Dividend income	5 054,27	2 448,00
Interest income	880 486,36	1 081 679,58
Interest income from group companies	2 384 628,85	3 307 703,07
Gain from foreign exchange	253 291,33	1 878 073,14
Other financing income from group companies	4 436 891,23	-
<b>Total finance income</b>	<b>7 960 352,04</b>	<b>6 269 903,79</b>
<b>Finance cost</b>		
Interest expenses	-7 437 005,30	-6 843 798,21
Interest expenses to group companies	-613 183,66	-630 862,27
Other financing expenses	-260 244,28	-264 775,66
<b>Total finance cost</b>	<b>-8 310 433,24</b>	<b>-7 739 436,14</b>
<b>Total financing income and expenses</b>	<b>-350 081,20</b>	<b>-1 469 532,35</b>
<b>Appropriations</b>		
Change in accelerated depreciation	4 311 971,51	-
<i>of which profit for the financial year</i>	3 449 577,21	-
<i>of which deferred tax liability</i>	862 394,30	-
<b>Total</b>	<b>4 311 972</b>	<b>-</b>
<b>Income taxes</b>		
Previous year taxes	-134 953,19	134 346,83
Change in deferred taxes	-997 752,44	734 813,47
<b>Total</b>	<b>-1 132 705,63</b>	<b>869 160,30</b>

### 3. NOTES OF BALANCE SHEET

	<b>2024</b>	<b>2023</b>
<b>Non-current assets</b>	<b>EUR</b>	<b>EUR</b>
<b>Intangible assets</b>		
<b>Intangible rights</b>		
Historical purchase price 1.1	9 030 230,60	9 475 589,19
Additions	86 503,41	6 120,00
Disposals	-5 369 770,90	-451 478,59
Reclassifications	58 482,04	-
<b>Total cost 31.12.</b>	<b>3 805 445,15</b>	<b>9 030 230,60</b>
Accumulated depreciation 1.1	8 783 388,16	9 106 250,59
Depreciation charge of the year	114 529,44	143 357,16
Disposals	-5 329 796,58	-466 219,59
<b>Accumulated depreciation 31.12</b>	<b>3 568 121,02</b>	<b>8 783 388,16</b>
<b>Book value 31.12</b>	<b>237 324,13</b>	<b>246 842,44</b>
<b>Other capitalised long-term expenditure</b>		
Historical purchase price 1.1	16 203 418,06	16 068 804,15
Additions	185 588	219 094,05
Disposals	-	-865 998,20
Reclassifications	261 100,24	781 518,06
<b>Total cost 31.12.</b>	<b>16 650 106,26</b>	<b>16 203 418,06</b>
Accumulated depreciation 1.1	13 086 277,49	11 580 268,27
Depreciation charge of the year	1 529 980,38	2 369 922,59
Disposals	-	-863 913,37
<b>Accumulated depreciation 31.12</b>	<b>14 616 257,87</b>	<b>13 086 277,49</b>
<b>Book value 31.12</b>	<b>2 033 848,39</b>	<b>3 117 140,57</b>
<b>Assets under construction</b>		
Historical purchase price 1.1	14 902 952,47	4 410 085,19
Additions	7 205 712,25	11 284 974,17
Disposals	-9 024 908,79	-
Reclassifications	-319 582,28	-792 106,89
<b>Total cost 31.12.</b>	<b>12 764 173,65</b>	<b>14 902 952,47</b>
<b>Book value 31.12</b>	<b>12 764 173,65</b>	<b>14 902 952,47</b>



	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
<b>Property, plant and equipment</b>		
<b>Land- and water areas</b>		
Historical purchase price 1.1	4 591 102,88	4 591 102,88
<b>Total cost 31.12.</b>	<b>4 591 102,88</b>	<b>4 591 102,88</b>
Accumulated revaluation 1.1.	168 187,93	168 187,93
<b>Revaluation 31.12.</b>	<b>168 187,93</b>	<b>168 187,93</b>
<b>Book value 31.12</b>	<b>4 759 290,81</b>	<b>4 759 290,81</b>
<b>Buildings and constructions</b>		
Historical purchase price 1.1	78 499 802,95	66 884 756,48
Additions	874 385,74	5 480 136,42
Disposals	-25 776 311,02	-506 644,72
Reclassifications	687 386,11	6 641 554,77
<b>Total cost 31.12.</b>	<b>54 285 263,78</b>	<b>78 499 802,95</b>
Revaluation 1.1	6 559 329,13	6 559 329,13
<b>Revaluation 31.12</b>	<b>6 559 329,13</b>	<b>6 559 329,13</b>
Accumulated depreciation 1.1	25 289 250,86	22 018 037,83
Depreciation charge of the year	4 120 960,95	3 760 021,61
Disposals	-3 403 469,78	-488 808,58
<b>Accumulated depreciation 31.12</b>	<b>26 006 742,03</b>	<b>25 289 250,86</b>
<b>Book value 31.12</b>	<b>34 837 850,88</b>	<b>59 769 881,22</b>



	<u>2024</u>	<u>2023</u>
	EUR	EUR
<b>Machinery and equipment</b>		
Historical purchase price 1.1	280 286 419,72	242 828 478,20
Additions	1 533 721,68	31 986 391,60
Disposals	-405 314,66	-5 549 504,59
Reclassifications	978 062,86	11 021 054,51
<b>Total cost 31.12.</b>	<b>282 392 889,60</b>	<b>280 286 419,72</b>
Accumulated depreciation 1.1	221 186 175,62	212 056 765,82
Depreciation charge of the year	22 647 982,50	14 678 914,39
Disposals	-210 776,81	-5 549 504,59
<b>Accumulated depreciation 31.12</b>	<b>243 623 381,31</b>	<b>221 186 175,62</b>
<b>Book value 31.12</b>	<b>38 769 508,29</b>	<b>59 100 244,10</b>
<b>Other tangible assets</b>		
Historical purchase price 1.1	2 793 871,27	2 639 760,38
Increase	-	25 841,89
Disposals	-43 315,20	-
Reclassifications	-	128 269,00
<b>Total cost 31.12.</b>	<b>2 750 556,07</b>	<b>2 793 871,27</b>
Accumulated depreciation 1.1	1 031 695,43	760 656,87
Depreciation charge of the year	267 177,56	271 038,56
Disposals	-6 497,28	-
<b>Accumulated depreciation 31.12</b>	<b>1 292 375,71</b>	<b>1 031 695,43</b>
<b>Book value 31.12</b>	<b>1 458 180,36</b>	<b>1 762 175,84</b>
<b>Assets under construction</b>		
Historical purchase price 1.1	2 910 470,00	19 254 885,59
Additions	206 974,46	1 446 462,69
Reclassifications	-1 665 448,97	-17 790 878,28
<b>Total cost 31.12.</b>	<b>1 451 995,49</b>	<b>2 910 470,00</b>
<b>Book value 31.12</b>	<b>1 451 995,49</b>	<b>2 910 470,00</b>



		<u>2024</u>	<u>2023</u>
		EUR	EUR
<b>Investments</b>			
<b>Shares and participations</b>			
<b>Group companies</b>			
Valmet Automotive GmbH	100	22 658 000,00	17 200 000,00
Ioncor Oy *	100	35 359 293,06	8 221 190,92
Valmet Automotive Sp. z o.o.	100	31 084 824,26	9 588 925,49
Valmet Automotive Management GmbH	100	25 000,00	25 000,00
<b>Total Group companies</b>		<b><u>89 127 117,32</u></b>	<b><u>35 035 116,41</u></b>
<b>Other companies</b>			
Other shareholdings total		<u>77 993,50</u>	<u>77 993,50</u>
<b>Total shares and participations</b>		<b><u>89 205 110,82</u></b>	<b><u>35 113 109,91</u></b>

\*Previously Valmet Automotive EV Power Oy



	<u>2024</u>	<u>2023</u>
	EUR	EUR
<b>Accounts receivable</b>	<b>22 856 269,51</b>	<b>35 996 674,59</b>
<b>Other short-term receivables</b>		
VAT receivables	582 221,95	3 047 754,77
Salary and travel advances	10 981,16	109 595,51
Other receivables	68 349,16	720 332,44
<b>Total other short-term receivables</b>	<b>661 552,27</b>	<b>3 877 682,72</b>
<b>Accrued income and prepaid expenses</b>		
<b>Long-term</b>		
Loan arrangement fee	-	250 000,08
<b>Total long-term</b>	<b>-</b>	<b>250 000,08</b>
<b>Short-term</b>		
Accrued income	13 186 618,12	5 012 405,11
Loan arrangement fee	250 000,00	250 000,00
Income tax receivables	-	134 812,18
Other accrued income and prepaid expenses	558 039,95	1 891 012,66
<b>Total short-term</b>	<b>13 994 658,07</b>	<b>7 288 229,95</b>
<b>Total accrued income and prepaid expenses</b>	<b>13 994 658,07</b>	<b>7 538 230,03</b>
<b>Receivables from group companies</b>		
<b>Long-term</b>		
Loans receivable	8 063 574,00	32 122 364,32
<b>Total long-term</b>	<b>8 063 574,00</b>	<b>32 122 364,32</b>
<b>Short-term</b>		
Loans receivable	-	18 577 199,32
Accounts receivable	4 508 094,63	3 349 004,23
Accrued income	782 883,45	3 078 115,57
<b>Total short-term</b>	<b>5 290 978,08</b>	<b>25 004 319,12</b>
<b>Total receivables from group companies</b>	<b>13 354 552,08</b>	<b>57 126 683,44</b>



	<u>2024</u>	<u>2023</u>
	<b>EUR</b>	<b>EUR</b>
<b>Shareholders' equity</b>		
<b>Equity</b>		
Shareholders' equity 1.1.	10 932 215,22	10 932 215,22
Shareholders' equity 31.12.	10 932 215,22	10 932 215,22
Additional paid-in capital 1.1.	1 704 135,55	1 704 135,55
Additional paid-in capital 31.12.	1 704 135,55	1 704 135,55
Revaluation reserve 1.1.	5 382 013,65	5 382 013,65
Revaluation reserve 31.12.	5 382 013,65	5 382 013,65
<b>Total equity</b>	<b><u>18 018 364,42</u></b>	<b><u>18 018 364,42</u></b>
<b>Unrestricted equity</b>		
Reserve for invested unrestricted equity 1.1.	88 840 723,19	88 840 723,19
Reserve for invested unrestricted equity 31.12.	108 840 723,19	88 840 723,19
Retained earnings 1.1.	-81 697 342,53	-78 892 431,04
Retained earnings 31.12.	-81 697 342,53	-78 892 431,04
Net income for the year	-18 102 944,64	-2 804 911,49
<b>Total unrestricted equity</b>	<b><u>9 040 436,02</u></b>	<b><u>7 143 380,66</u></b>
<b>Hybrid capital</b>		
Hybrid capital	-	20 000 000,00
<b>Total hybrid capital</b>	<b>-</b>	<b><u>20 000 000,00</u></b>
<b>Total shareholders' equity</b>	<b><u>27 058 800,44</u></b>	<b><u>45 161 745,08</u></b>
<p>The Group issued a EUR 20 million hybrid capital on 24 April 2020, an instrument classified as equity in the financial statements. The hybrid capital was converted into equity during 2024. The accrued interest was EUR 15,35 million at the time of the conversion (EUR 12,7 million 31.12.2023). This interest was not recognised in the accounts and it was declared as void at the time of the hybrid capital conversion.</p>		
<b>Distributable funds</b>		
Retained earnings	-81 697 342,53	-78 892 431,04
Net income for the year	-18 102 944,64	-2 804 911,49
Reserve for invested unrestricted equity	108 840 723,19	88 840 723,19
<b>Total distributable funds</b>	<b><u>9 040 436,02</u></b>	<b><u>7 143 380,66</u></b>
<b>Appropriations</b>		
Cumulative accelerated depreciation	667 353,75	4 979 325,26
<i>of which shareholders equity</i>	533 883,00	3 983 460,21
<i>of which deferred tax liability</i>	133 470,75	995 865,05
<b>Total appropriations</b>	<b><u>667 353,75</u></b>	<b><u>4 979 325,26</u></b>



	<u>2024</u>	<u>2023</u>
	<b>EUR</b>	<b>EUR</b>
<b>Provisions</b>		
Provision for restructuring, personnel	2 328 403,47	703 200,83
Long-service benefit	2 923 971,12	2 885 571,57
Warranty reserves	1 496 309,40	2 931 992,40
<b>Total provisions</b>	<b><u>6 748 683,99</u></b>	<b><u>6 520 764,80</u></b>
<b>Advances received</b>		
Advances received, POC projects	-	15 224 049,95
Other advances	11 464 008,30	24 937 094,12
<b>Total advances received</b>	<b><u>11 464 008,30</u></b>	<b><u>40 161 144,07</u></b>
<b>Specification of accrued income, combined asset and liability amounts</b>		
<b>Long-term contracts, combined amounts</b>		
Accrued receivables related to POC revenues	-	-15 014 739,62
Advances received from customers	-	15 224 049,95
<b>Project receivables on the balance sheet, current assets</b>	<b><u>-</u></b>	<b><u>209 310,33</u></b>
<b>Liabilities to group companies</b>		
<b>Short-term liabilities</b>		
Accounts payable	407 107,39	2 612 907,76
Other short-term liabilities	1 809 902,37	31 749 832,15
<b>Short-term liabilities total</b>	<b><u>2 217 009,76</u></b>	<b><u>34 362 739,91</u></b>
<b>Total liabilities to group companies</b>	<b><u>2 217 009,76</u></b>	<b><u>34 362 739,91</u></b>
<b>Other short-term liabilities</b>		
Withholding taxes and social security expenses	1 307 963,11	1 414 422,19
Other short-term liabilities	17 489,21	44,20
<b>Total other short-term liabilities</b>	<b><u>1 325 452,32</u></b>	<b><u>1 414 466,39</u></b>
<b>Accruals</b>		
Wages and salaries including social security expenses	9 280 000,30	16 306 286,94
Accruals on manufacturing materials	28 634 929,17	45 870 755,84
Other accruals	3 080 919,97	3 647 597,44
<b>Total accruals</b>	<b><u>40 995 849,44</u></b>	<b><u>65 824 640,22</u></b>



#### 4. OTHER NOTES

<b>Other notes</b>	<b>2024</b>	<b>2023</b>
	<b>EUR</b>	<b>EUR</b>
<b>Revenue recognition on long-term contracts based on POC</b>		
POC revenue booked on long-term contracts not yet delivered to customers, total amount booked in the financial year and in earlier financial years, as of 31.12.	-	<b>15 014 739,62</b>
Not recognized as revenue 31.12. (order backlog)	-	<b>209 310,33</b>
<b>Deferred taxes</b>		
<b>Deferred tax liabilities</b>		
Revaluations of fixed assets	1 345 503,41	1 345 503,41
<b>Total deferred taxes</b>	<b>1 345 503,41</b>	<b>1 345 503,41</b>
<b>Deferred tax asset</b>		
Fixed assets (depreciation)	5 390 909,90	5 400 358,59
Accruals	1 349 736,80	1 304 152,96
From loss carry forwards	-	1 033 887,59
<b>Total deferred tax asset</b>	<b>6 740 646,70</b>	<b>7 738 399,14</b>
<b>Total deferred taxes</b>	<b>5 395 143,29</b>	<b>6 392 895,73</b>
<b>Mortgages and lease contracts</b>		
<b>Lease and rental contracts (Excluding VAT)</b>		
Due within one year	1 795 546,90	1 806 822,52
Due between 1 and 2 years	550 233,02	717 546,28
Due between 2 and 3 years	138 304,85	141 772,95
Due more than 3 years	-	5 427,30
<b>Total lease and rental contracts</b>	<b>2 484 084,77</b>	<b>2 671 569,05</b>
<b>Other commitments</b>		
Solar energy supply	462 700,00	475 890,00
<b>Total other commitments</b>	<b>462 700,00</b>	<b>475 890,00</b>
<b>Other mortgages and pledges</b>		
Mortgages and pledges	593 277 471,00	593 702 471,00
Other guarantees on behalf of group companies	6 960 365,49	6 603 794,97
<b>Total other mortgages and pledges</b>	<b>600 237 836,49</b>	<b>600 306 265,97</b>



# SIGNATURES FOR BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Vantaa, April 7, 2025

KARI HEINISTÖ

**Kari Heinistö**

*Chairman*

TIMO KOKKILA

**Timo Kokkila**

*Member*

SVEN ENNERST

**Sven Ennerst**

*Member*

JARKKO SAIRANEN

**Jarkko Sairanen**

*Member*

PHILIP-CHRISTIAN ELLER

**Philip-Christian Eller**

*Member*

PASI RANNUS

**Pasi Rannus**

*Chief Executive Officer*

A report on the audit performed has been issued  
on the date indicated by the electronic signature.

**Ernst & Young Oy**

*Authorized Public Accountant Firm*

MIKKO RYTI LAHTI

**Mikko Rytilahti**

*Authorized Public Accountant*



VALMET AUTOMOTIVE



**Building a better  
working world**

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domicile Helsinki

## **AUDITOR'S REPORT (Translation of the Finnish original)**

To the Annual General Meeting of Valmet Automotive Corporation

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Valmet Automotive Corporation (business identity code 0143991-2) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- The consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards 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 financial statements in Finland and comply with statutory requirements.

#### **Basis for Opinion**

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

#### **Material uncertainty related to going concern**

We draw attention to Note 1.2 *Going concern principle* in the financial statements, which states that the negotiations for new terms for the Company's financing facility and continuation of extended payment terms for supplier invoices in VCM business are ongoing, and their result is not known at the time of preparation of the financial statements. The note further states that new customer contracts and IONCOR business line's growth strategy require successful outcome from new financing negotiations. As stated in Note 1.2, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **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 IFRS Accounting Standards 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 going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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



## **Other Reporting Requirements**

### **Other information**

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

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

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

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 compliance with the applicable provisions.

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

Helsinki, 8<sup>th</sup> of April 2025

Ernst & Young Oy  
Authorized Public Accountant Firm

Mikko Ryttilahti  
Authorized Public Accountant