ANNUAL REPORT 2024

PROVENTIA

CONTENTS

STRATEGIC REVIEW

1

THIS IS PROVENTIA

WE DEVELOP CLEANER POWER

We develop and manufacture products that help our customers design and manufacture cleaner and more energy-efficient machines, vehicles and equipment.

Proventia is a Finnish technology company with international operations. We advance cleaner off-road machinery and vehicle industries with our advanced emission control, thermal insulation and battery products. We develop and manufacture our innovative products for the world's leading engine and machine manufacturers.

Based on more than 30 years of experience, Proventia has strong expertise in how to reduce emissions. Our emission control systems are the most advanced in the world. Our thermal insulation improves the energy efficiency of off-road machines and contributes to compact machine design. Our battery systems enable the electrification of off-road machines.

For the future, it is imperative that humanity finds new ways to reduce the emissions it generates. At Proventia, we work every day to achieve this goal.

PROVENTIA CZECH, BRNO
Serial manufacturing, off-road machinery systems and components

EMPLOYEES CZECH REPUBLIC 70

PROVENTIA, OULU
2 locations
Headquarters, technology centre

PROVENTIA, TAMPERE
R & D

EMPLOYEES, FINLAND 138*

* includes discontinued operations

OUR BUSINESS AREAS

Reducing emissions and advancing energy efficiency are at the core of Proventia's business operations, regardless of what technologies are used to produce power.

Proventia's Board of Directors has made a strategic decision to focus on its largest business area in the future – Off-road Machinery Systems and Components – which includes emission control, thermal insulation products and battery products.

Synergies between the Test Solutions business and the Off-road Machinery Systems and Components business are limited, as their customer bases and business models differ significantly.

Proventia has classified the Test Solutions business as an asset held for sale and reports it in discontinued operations in accordance with the IFRS reporting practices for 2024.

OFF-ROAD MACHINERY SYSTEMS AND COMPONENTS (CONTINUING OPERATIONS)

Our world's most advanced emission control systems, thermal insulation and batteries enable the sustainable development of non-road machinery.

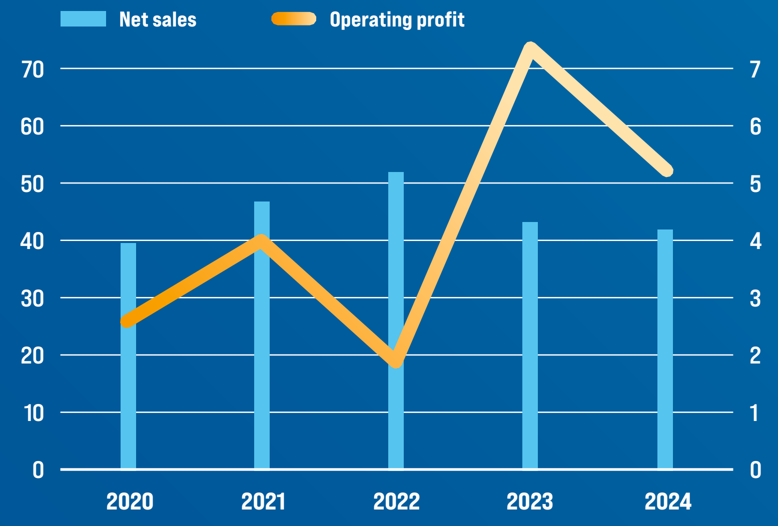
TEST SOLUTIONS (DISCONTINUED OPERATIONS)

Our innovative modular test solutions revolutionise the development and testing of batteries and hydrogen fuel cells, accelerate product development and ensure high-quality production.

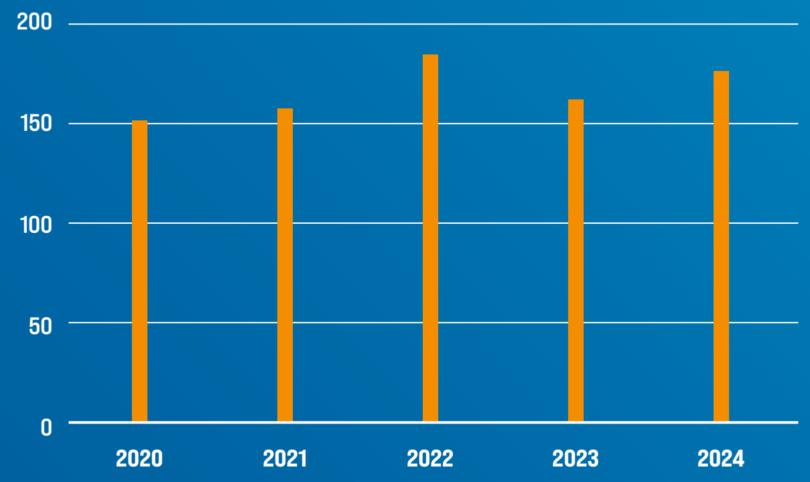
KEY FIGURES (CONTINUING OPERATIONS)

NET SALES	CHANGE IN NET SALES	OPERATING PROFIT	OPERATING PROFIT	EMPLOYEES AT THE END OF THE FINANCIAL YEAR
41.9 EUR MILLION	-1.5%	5.2 EUR MILLION	12.3%	176

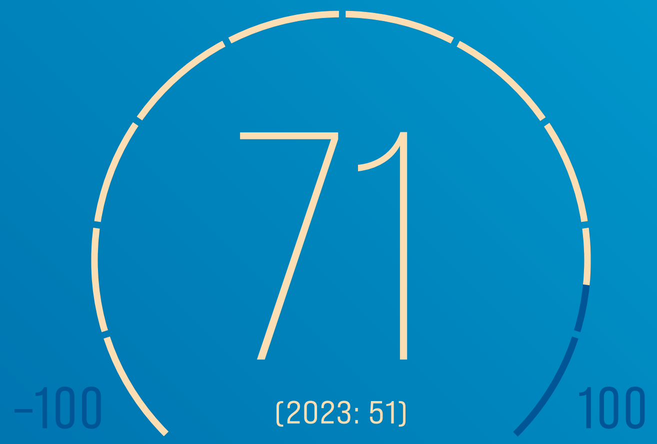
THE GROUP'S NET SALES AND OPERATING PROFIT, M€



NUMBER OF PERSONNEL, AVERAGE



CUSTOMER SATISFACTION, NPS (NET PROMOTER SCORE)



The figures for 2020–2022 include both continuing operations and discontinued operations.

KEY EVENTS IN 2024

A NEW CUSTOMER PROJECT FOR EMISSION CONTROL SYSTEMS

We received a contract for the design and manufacture of emission control systems from a major machine manufacturer in the United States.

COOPERATION AGREEMENT WITH MAN ENGINES

We signed a cooperation agreement with MAN Engines for the product development and manufacturing of emission control systems.

COOPERATION AGREEMENT WITH MORROW BATTERIES

The goal of our cooperation with Morrow Batteries is to develop a fully European lithium iron phosphate battery system (LFP) for heavy-duty off-road machine applications.

EXPANSION OF THE CZECH PLANT

We decided to expand our plant in the Czech Republic by 2,000 square metres to ensure sufficient production capacity for future needs.

EXPANSION OF THE OULU TECHNOLOGY CENTER

We decided to expand our Technology Center by 2,000 square metres. The new building will have office, product development and pre-production facilities, especially for the development of battery systems.

CEO JARI LOTVONEN

PROVENTIA FOCUSES ON PROFITABLE GROWING BUSINESS

In December 2024, we made a strategic decision to focus on our largest business area, the Off-road Machinery Systems and Components, and initiated measures to divest the Test Solutions business. The synergies of the Test Solutions business with the Off-road Machinery Systems and Components business are minimal, as their customer bases and business models differ significantly from each other. We believe that the Test Solutions can be developed better under outside ownership.

In general, the year 2024 was eventful, and market environment challenging. Despite challenges, the net promoter score (NPS) was excellent and rose from 51 to 71 in the annual customer satisfaction survey.

Although the sales volumes of engines and machines in Proventia's key customer segment, the global off-road machinery market, decreased, we still managed to achieve net sales close to the previous year's level. This is thanks to, among other things, our new projects that proceeded from development to production. The net sales were EUR 41.9 million (42.6) and the operating profit was EUR 5.2 million

(7.4). The operating profit rate was 12.3 % (17.4 %) and the result for the period was EUR 3.9 million (5.7).

Off-road Machinery Systems and Components (continuing operations)

Emission control

In the original equipment manufacturer (OEM) emission control systems, net sales increased from the previous year, even though delivery volumes increased more slowly than expected due to weak end-customer demand for off-road machinery. We estimate, based on key customers' reporting, that the global off-road machine market decreased by about 20 per cent in 2024, which led also to a decrease in the production volumes of our customers. The weakened demand was offset by the start of serial production and deliveries of two new products at Proventia's Czech plant in the autumn of 2024.

Several projects currently in the development phase will proceed to serial production starting in 2025, which will result in significant revenue growth in the coming years. In addition, we landed new product development projects from new customers, which expand the company's customer base and will bring predictability to the company's R&D and production for years to come. These globally operating customers include i.a. the engine manufacturer MAN Engines, and a major off-road machine manufacturer from the USA.

In the Retrofit customer segment, the year 2024 was quiet, and sales remained at a lower level than in the previous year. Due to the structural change in market demand, the importance of the product group for Proventia will continue to decline and our operations will focus more clearly on OEM products.

Thermal components

In 2024, demand for thermal components remained at the previous year's level. We started serial production of thermal components at our Czech plant and made progress in using 3D printing in the design and production of tools used in the manufacture of components. We manufacture thermal components for the insulation of engines and engine compartments, as well as for emission control systems, exhaust manifolds and piping. Effective thermal management plays an increasingly important role in improving the performance, safety and ease of use of engines and machines.

Battery packs

The challenges in the off-road machinery market and low sales volumes were also reflected in Proventia's battery product group. Off-road machine manufacturers focused on cost savings instead of investing in developing new technologies or power sources. During 2024, we invested especially in expanding our battery portfolio. We announced cooperation with the Norwegian battery cell manufacturer Morrow Batteries. The aim of the partnership is to develop a European lithium iron phosphate (LFP) energy battery for heavy off-road machinery suitable for applications characterized by long-lasting continuous loads. Proventia's LFP batteries will be built as modular battery systems, similar to lithium-titanate (LTO) batteries. The product will be launched at the Bauma trade fair in Germany in the spring of 2025. The expanding battery product range supports growth opportunities in the off-road machinery industry and other industrial sectors with similar electrification demands. We have planned the expansion of the Oulu Technology Center to include spaces specifically designed for battery product development and commercialization.

Test Solutions (discontinued operations)

The productization of modular test solutions into the EVA product family progressed well in the Test Solutions business, and the business has a lot of potential for development and growth. However, the global challenges in the electric vehicle and battery markets materialized in 2024. The main reason for the weak development was the bankruptcy of a significant customer and the projects that were therefore suspended. As a result, operations produced a loss in 2024. Had the projects continued as planned, net sales and profitability of the Test Solutions business would have also been in line with the targets set.

We are preparing for CSRD sustainability reporting

We have continued our preparations for sustainability reporting in accordance with the CSRD directive. We aim to further reduce the emissions of our own and our customers' products, and accordingly, in December 2024, we committed to setting emission reduction targets in line with the Science Based Targets initiative (SBTi).

Thank you for the year 2024

2024 was an eventful year, and I would like to take this opportunity to thank our personnel for their innovativeness, flexibility and commitment to common goals. I would also like to thank our customers, suppliers, shareholders and other partners for your excellent cooperation and trust. We are optimistic about 2025, and our many successes in 2024 have increased our confidence in our expertise and competitiveness.

Jari Lotvonen
CEO

NEW R&D AND MANUFACTURING CONTRACTS FOR OEM CUSTOMERS

OUR STRATEGY

Proventia's Board of Directors has made a strategic decision to focus on its largest business area in the future – Off-road Machinery Systems and Components – which includes emission control, thermal insulation products and battery products.

Our goal is to be the leading supplier of technology for the engine, off-road machine and vehicle industries.

PROVENTIA'S STRATEGIC FOCUS AREAS

1. INNOVATIVE SOLUTIONS
2. THE BEST EXPERTISE IN THE INDUSTRY
3. POSITIVE CUSTOMER EXPERIENCE
4. EFFICIENT AND SUSTAINABLE PRODUCTION
5. CONTROLLED, PROFITABLE GROWTH
6. A GOOD CORPORATE CITIZEN

MISSION

We develop and manufacture products that help our customers create cleaner, more energy-efficient machines, vehicles, and equipment.

VISION

Zero emissions

OUR VALUES

Customers come first

Responsible and sustainable

We are a team

Results guarantee development

THE CORNERSTONES OF OUR STRATEGY

1 INNOVATIVE HIGH-QUALITY SOLUTIONS

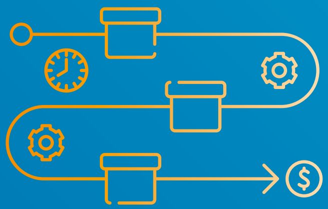
Our innovative high-quality solutions and services are designed to improve the energy efficiency of vehicles and machinery and reduce harmful emissions. They help our customers develop products that protect the environment and human health. We seek to actively reduce our carbon footprint and help our customers achieve their sustainability goals.

2 THE BEST EXPERTISE IN THE INDUSTRY

We use our technology expertise synergistically in different application areas and customer bases. We maintain the best expertise in the industry by providing an inspiring and encouraging working environment for the development of top technologies. We understand the threats and opportunities presented by technological changes. Evolving legislation and the electrification of the vehicle and machinery industry offer Proventia new business opportunities.

3 POSITIVE CUSTOMER EXPERIENCE

A comprehensive understanding of customer needs, proactive customer service and positive customer experiences form the basis of our success.

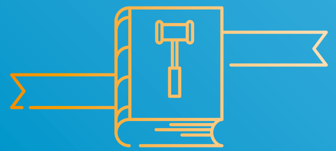


4 EFFICIENT, HIGH-QUALITY AND SUSTAINABLE PRODUCTION

In line with its manufacturing strategy, Proventia focuses on the final assembly of products and acquires components efficiently and sustainably from sub-contractors. If necessary, we produce critical components and assemblies ourselves. The goals of our production include high quality, cost efficiency, delivery reliability and agile responses to any changes in customer needs and markets, taking sustainability aspects into account.

5 CONTROLLED AND PROFITABLE GROWTH

We aim for controlled and profitable growth in our business areas together with our customers. Serving our expanding customer base also means a broader geographical presence. We develop innovation into new products and services for the needs of the electrifying vehicle and off-road machinery industries. Potential technology and business acquisitions are part of our growth strategy.



6 A GOOD CORPORATE CITIZEN

We comply with good corporate governance based on openness and transparency. We develop our operations systematically in the long term, taking the interests of our stakeholders into account. Our Code of Conduct underlines sustainability and honesty. These principles and values are an integral part of our corporate culture and the day-to-day operations of the company.

OUR BUSINESS AREAS

DEVELOPING CLEANER POWER, ADVANCING ENERGY EFFICIENCY

Decision-making concerning the power sources of off-road machines and vehicles is becoming more challenging in the rapidly changing world. Different power sources each have their advantages and challenges, and their suitability depends on the application and the operating environment, among other factors.

To meet future emissions reduction targets, it is increasingly important to develop solutions that improve energy efficiency, promote a low-carbon approach and minimise local emissions such as particulate matter (PM) and nitrogen oxides (NO_X). For its customers, Proventia is a partner that – through its innovative products – promotes the sustainable, low-emission and energy-efficient use of engines, off-road machinery, vehicles and equipment, regardless of what technologies are used for power generation.

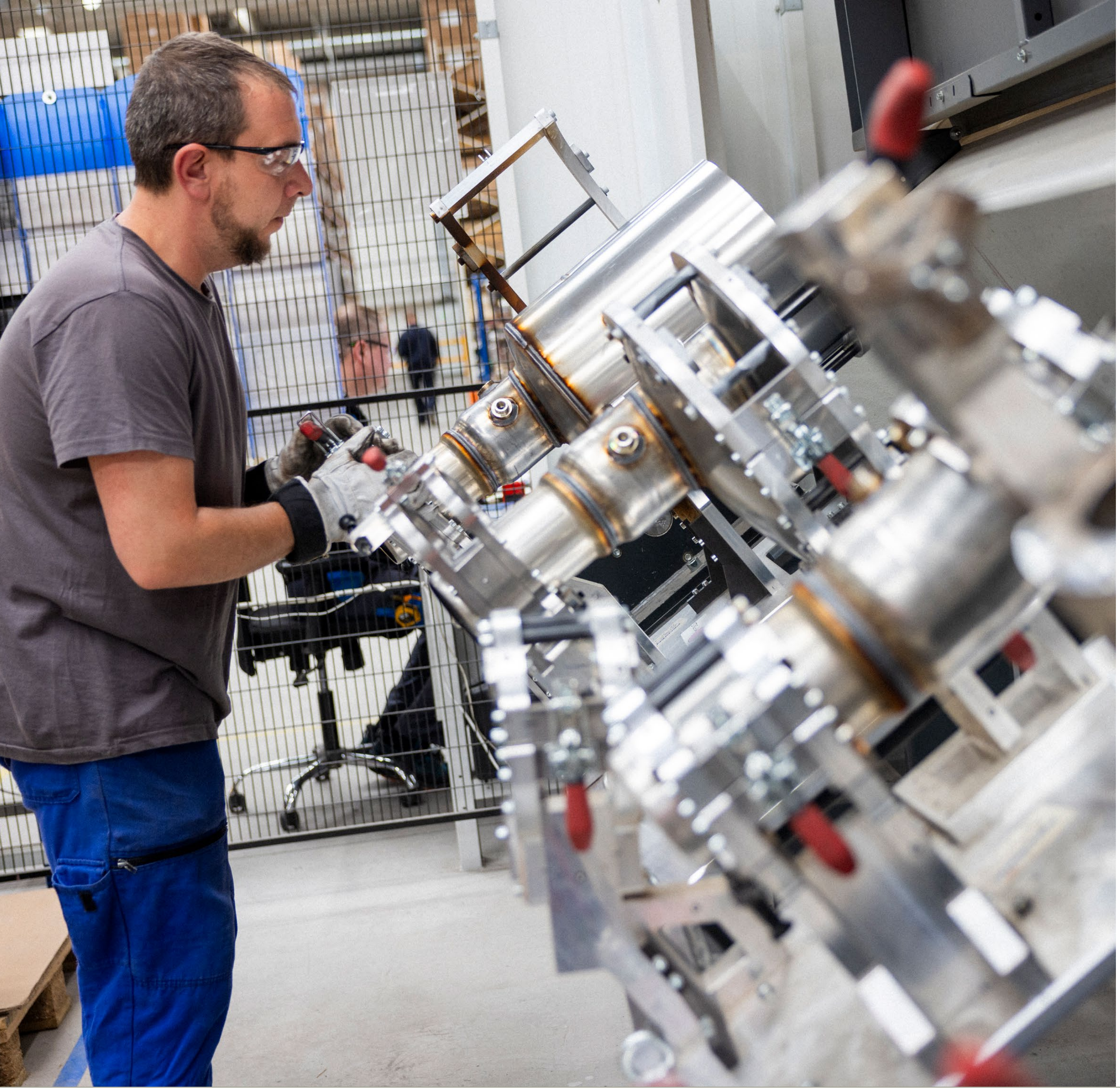
Developing cleaner power and thereby helping to mitigate climate change and air pollution are at the core of our business operations.

OFF-ROAD MACHINERY SYSTEMS AND COMPONENTS

The Off-road Machinery Systems and Components business area includes emission control systems, thermal components and batteries. These products reduce emissions from machinery and improve energy efficiency, paving the way towards a cleaner future.

Emission control

Proventia develops and manufactures the world's most advanced and reliable emission control systems. Our customers include global original equipment manufacturers (OEM) such as manufacturers of engines and agricultural, forestry, material handling, construction and mining machinery. We provide our customers with state-of-the-art product development, design and testing, as well as exhaust aftertreatment systems manufactured in our own plant, which feature patented technologies and intelligent control systems.



First-rate technological capabilities, innovative R&D and solid testing and validation expertise are the drivers behind Proventia's success in the off-road machinery market. Our strengths in design and manufacturing include our vast experience in off-road machine technologies and operating environments, combined with our flexible and efficient way of working. Stricter emission limits, especially for nitrogen oxide emissions (NO_X), and the lack of space in non-road machinery will highlight the importance of Selective Catalytic Reduction (SCR) technology, Adblue and compact design in the coming years. Stricter emission legislation is creating a need for new technically demanding cleaning solutions of a high quality. Regardless of whether fossil or renewable fuels are used, emission control technologies are needed to reduce local emissions, including particulate matter and nitrogen oxides.

We design, test and manufacture our prototypes at our Technology Center in Oulu in Finland. We also have an R&D unit in Tampere. We use the best design and simulation tools on the market to design our products. Our own state-of-the-art test center ensures that our products meet the strictest standards in the industry. The key principles of our manufacturing strategy include high quality, flexibility, sustainability and cost-effectiveness. For our OEM customers, we manufacture emission control systems in series production in our own plant near Brno in the Czech Republic.

We also utilise technologies and innovations developed for the OEM market in the retrofit customer segment. Retrofitting refers to equipping existing machinery or heavy-duty vehicles, such as buses and trucks, with modern exhaust aftertreatment systems. This enables the resource-smart and low-emission use of heavy off-road machines and vehicles until the end of their life cycle.

Thermal components

Thermal components are an important and essential part of energy-efficient machines and vehicles. Good insulation reduces heat radiation and enables the fire-safe and efficient use of the confined engine compartments of technologically complex machines. High-quality insulation also increases safety. We design and manufacture thermal insulation not only for our own emission control systems but also for other components that require excellent insulation. Our customers include OEM machinery customers and other industries with similar insulation needs.

Our competitive advantage in thermal insulation is based on our long-standing experience in off-road machinery technologies and our strong

INVESTING IN THE FUTURE: WE ARE EXPANDING OUR TECHNOLOGY CENTER IN FINLAND AND OUR FACTORY IN CZECHIA.

In 2024, we decided to expand our technology centre in Oulu by around 2,000 square metres. The new building will have office, product development and pre-production facilities, especially for the development of battery systems. After the expansion, our technology centre will have more than 150 employees.

Expanding our technology centre is a strategically significant decision and a strong investment in the company's future. It reinforces our commitment to developing cutting-edge technologies and supports our mission to help our OEM customers develop cleaner and more energy-efficient engines and machines. We work to promote the green transition of off-road machinery through our emission control systems and thermal insulation, as well as through our battery systems suitable for the electrification of off-road machinery. The expansion contributes to the development and commercialisation of these systems and supports their manufacture, from design to mass production. The construction work began in December 2024.

Our systems, developed, tested and productised in Oulu, are mass-produced at our plant in the Czech Republic, which we also decided to expand by around 2,000 square metres. The expansion of the Czech plant was completed during the first quarter of 2025. The expansion will significantly increase our production capacity and storage space.

Both expansion projects underline our readiness and ability to serve our OEM customers with cutting-edge technologies and innovative solutions.

understanding of the importance of temperature control in the operation of exhaust aftertreatment systems. In addition, we can verify the efficiency and functionality of our thermal components in our own state-of-the-art test centre. We design our thermal components in Oulu and manufacture them in Oulu and the Czech Republic.

Battery packs

The electrification of machinery can reduce machine operating costs, improve productivity and reduce CO_2 emissions. Our battery expertise is based on more than three decades of experience in off-road machinery technologies and their operating environments and special requirements. Based on our experience, we have developed our modular lithium-ion battery systems specifically designed for the off-road machine industry and other operators with similar electrification needs.

Off-road machinery is used in a wide range of operating environments and conditions and with different loads, which vary in accordance with the type of machine and the way in which it is used. In terms of battery solutions, this means that there is no single solution that would be suitable for the electrification of all off-road machines. Depending on the application and electrification requirements, we offer both power and energy batteries. Our batteries are built from flexible and scalable modules, ensuring the best fit for a variety of applications.

Our power batteries are based on lithium titanate technology (LTO), and are designed to produce significant burst power quickly. In power batteries, we use LTO cells manufactured by Toshiba. High-voltage power batteries are suitable for peak power management in hybrid systems, and for hydrogen fuel cell applications, where they provide power for load situations, as well as for fully electric applications, where the batteries must withstand repeated fast charging, among other uses. Low-voltage batteries are suitable for light hybrid applications or start-stop systems, for example.

Energy batteries are our newest battery product. Proventia's energy batteries use safe and environmentally friendly lithium iron phosphate (LFP) technology. We develop LFP batteries in cooperation with the Norwegian company Morrow Batteries. Our first energy battery will be launched in the spring of 2025.

Our own technology and testing centre plays a key role in the product development of our battery systems. It also enables the testing of batteries and hybrid systems. Our battery products are designed, tested and manufactured in Oulu.

TEST SOLUTIONS (DISCONTINUED OPERATIONS)

The Test Solutions business area includes the Proventia EVA (Evaluate, Validate, Approve) product family for modular test facilities, designed for a variety of product development and testing needs in the battery and hydrogen fuel cell industry. The EVA product family also supports mass production by offering production-level test systems.

Test Solutions customers include research and test facilities, operators in the battery and hydrogen industries, and manufacturers of cars and off-road machinery. Our modular and scalable test solutions and quick deliveries create added value and a competitive edge for our customers. High-quality R&D and test solutions help to speed up the development and testing of technologies and launch new battery and hydrogen products more quickly and safely.

The EVA product family includes five products. EVA Climatic modules test the performance and durability of batteries in various conditions. EVA Life modules test the performance and service life of battery cells that are already in production. EVA Safe is a safe module for testing various kinds of battery abuse. EVA Storage is a solution for the safe storage of batteries. EVA H2 is a test module for hydrogen fuel cell testing. All our EVA products are highly productised test solutions with scalable volumes. EVA products flexibly adapt to the evolving needs of customers.

SUSTAINABILITY 2

SUSTAINABILITY AT PROVENTIA

At Proventia, sustainability is at the core of business and integrated into the company's strategy. To us, sustainability means our way of operating – how we address the environment, what we do in society at large, how we treat people and what management principles we follow here at Proventia. Our sustainable and responsible ways of working are based on our vision, mission, values and strategy.

We have started to prepare for reporting under the EU Corporate Sustainability Reporting Directive (CSRD). In this sustainability review, the reported figures include both continuing operations (off-road machinery systems and components) and discontinued operations (test solutions).

BRONZE | Top 35% ecovadis Sustainability Rating JAN 2024

SUSTAINABILITY POLICY AND COMMITMENTS

Sustainability policy

Proventia's sustainability policy describes the company's commitments regarding the protection of the environment and human health. The sustainability policy highlights Proventia's aims to reduce emissions, improve energy efficiency, identify and manage environmental impact, and promote sustainable development throughout the value chain. Proventia's sustainability policy does not include a commitment to the Paris Agreement target of limiting global warming to less than 1.5 °C. During 2024, the company has however committed to setting short-term emissions reduction targets for its operations, as well as a net-zero target in line with the Science Based Targets initiative (SBTi), which is in line with the goals of the Paris Agreement.

Proventia's sustainability policy emphasizes respect for and the promotion of human rights in the company's operations and business relations, compliance with international human rights conventions and declarations, as well as the wellbeing and safety of employees. In addition, the policy emphasizes good corporate governance and transparent and reliable reporting.

Commitments

Proventia has signed the UN Global Compact initiative and is committed to adopting, supporting and applying its ten basic values related to human rights, labour standards, the environment and anti-corruption within its sphere of interest.

In addition to the Global Compact initiative, Proventia complies with the following international declarations and conventions:

- The UN's Universal Declaration of Human Rights
- The UN's Convention on the Rights of the Child
- The UN's Guiding Principles on Business and Human Rights
- The ILO's Fundamental Principles and Rights at Work
- The OECD Guidelines for Multinational Enterprises
- The UN's Sustainable Development Goals

Proventia supports the UN's Sustainable Development Goals

The UN's 2030 Agenda for sustainable development defines international sustainable development priorities and goals to be achieved by 2030. Proventia seeks to contribute to the achievement of these goals. The company has identified three key areas of the UN's Sustainable Development Goals (SDGs) for which it can provide solutions to achieve a positive change and reduce any negative impact, or which are important for its personnel, stakeholders or value chain.

Sustainability management

Proventia's Board of Directors, management team and environmental, social and corporate governance (ESG) steering group regularly discuss material sustainability themes. The company's management team and Board of Directors meet once a month, and the ESG steering group convenes four times a year. In the spring of 2022, Proventia started providing sustainability training for the company's ESG steering group and

SDG 13: Climate Action
Proventia develops products and solutions that help reduce the local emissions and CO_2 emissions of transport and off-road machines, and improve the energy efficiency of off-road machines and vehicles.

SDG 8: Decent Work and Economic Growth
Proventia does its part to take care of its employees' mental and physical wellbeing. The company aims to grow and develop with its customers, partners and subcontractors. Its operations are founded on sustainable profitable growth.

SDG 9: Industry, Innovation and Infrastructure
Proventia's solutions improve its customers' competitiveness and success. Based on its innovation, the company develops new products and solutions for the vehicle and off-road machine industries. The company cooperates actively with universities and universities of applied sciences.

management. First CSRD sustainability training for members of the Board of Directors, the management team and the ESG steering group was held in October 2023. During 2024, Proventia continued to prepare for CSRD reporting.

Proventia's Board of Directors has approved the company's policies, guidelines and sustainability goals that guide the company's sustainable business. Sustainability is included in the strategy, business plans and risk assessments approved by the Board of Directors. During the 2024 financial year, the Board of Directors discussed the following sustainability themes, among others, at its meetings:

- Sustainability reporting overview and training
- Employee satisfaction
- Customer satisfaction
- Approval of climate goals

The CEO and the management team are responsible for the implementation of the goals confirmed by the Board of Directors, processing material sustainability themes as well as related risks and opportunities, and reporting them to the Board of Directors. During the 2024 financial year, Proventia's management team discussed the following sustainability themes:

- Personnel survey results and the action plan
- Equality and non-discrimination plan
- Occupational safety
- Information security
- Customer satisfaction and the action plan
- Double materiality assessment
- Climate goals

The ESG steering group discusses Proventia's sustainable development activities. Its responsibility is to obtain information about sustainability, identify development needs, and monitor, guide and develop sustainability as part of the company's daily activities. Members of the ESG steering group are the CEO, CFO, Development Director, Production Director, Quality and Sustainability Manager, and Communications Manager.

Proventia's governance structure, as well as the tasks and responsibilities of the Board of Directors and management, are described under Governance in this report, which also includes presentations of the Board of Directors and management team.

Integrating sustainability performance into incentive schemes

Proventia has a shared performance-based incentive scheme, which covers the company's management and personnel. The bonus paid under the incentive scheme is a key part of the company's remuneration model. Currently, Proventia has not adopted sustainability goals as part of its incentive schemes.

Strategy, business and value chain

Proventia's strategy is described in more detail under Our strategy in this report. The company's business operations are presented under Our business areas.

Value chain: Off-road Machinery Systems and Components (continuing operations)

The Off-road Machinery Systems and Components business area encompasses NPI (New Product Introduction) activities, including research and development, design, testing and prototype manufacturing, which are located at Proventia's Technology Center in Finland. Products are manufactured for customers through serial production at the company's plant in the Czech Republic.

The value chain of the Off-road Machinery Systems and Components business area starts from upstream raw material suppliers and subcontractors. It essentially involves mining and the sourcing of raw materials, activities related to stainless steel manufacturing and processing, and logistics in the subcontracting chain.

Off-road machine customers and their production facilities are downstream of the value chain of the Off-road Machinery Systems and Components business area.

SUSTAINABILITY MANAGEMENT

These include engine and off-road machine manufacturers, as well as users of off-road machines and equipment, whose safety Proventia's products improve, also having a positive impact on air quality by reducing emissions. The recyclability of Proventia's products and any waste generated during decommissioning are at the end of the value chain.

Value chain: Test Solutions (discontinued operations)

The Test Solutions business area's Research and Development and manufacturing operations are in Oulu.

The value chain of the Test Solutions business area starts from upstream raw material suppliers and subcontractors. It essentially involves mining and the sourcing of raw materials, activities related to stainless steel manufacturing and processing, and logistics in the subcontracting chain.

The downstream value chain of the Test Solutions business area includes research and test facilities, members of the battery and hydrogen industries, and manufacturers of vehicles and machines that use Proventia's test solutions in the R&D and manufacturing of their safe and emission-free battery products.

Stakeholders

As a responsible company, employer and community member, Proventia interacts with its key stakeholders and addresses the feedback received from its stakeholders in the development of its operations and decision making concerning the company.

Proventia's key stakeholders include the personnel, customers, shareholders, suppliers and subcontractors, as well as educational institutions and local communities.

STAKEHOLDER	STAKEHOLDER ENGAGEMENT	PURPOSE OF ENGAGEMENT	IMPACT ON THE COMPANY'S OPERATIONS
Personnel	• Performance appraisals once a year • Personnel surveys once a year • Personnel briefings at least four times a year • Regular supervisors' briefings • Suggestions • Cooperation meetings four times a year • Occupational health and safety • Training • Occupational safety notifications	• Consideration of employees' opinions • Equal and non-discriminatory treatment • A sustainable and safe workplace • Competence development and career paths	• Identification of development areas • Updated policies and guidelines • Training programme • Strengthening the employer image • Personnel commitment and wellbeing
Customers	• Ongoing and regular dialogue • Customer satisfaction surveys once a year	• Building trust • Sustainable and innovative high-quality solutions • Consideration of customers' sustainability goals	• Product development • Quality improvement • Cost effectiveness • Responsible manufacturing
Shareholders	• Business reviews four times a year	• Value creation • Building trust • Sustainable business and good corporate citizenship	• Improved efficiency, profitability and competitiveness • Risk management
Suppliers and subcontractors	• Supplier evaluations • Regular supplier meetings • Providing information about Proventia's sustainability goals	• Compliance with the Code of Conduct • Health and safety • Sustainability in the supply chain and the calculation of greenhouse gases	• Shared sustainability goals • Sustainability assessments • Long-term cooperation
Educational institutions	• Thesis and training opportunities • Visits • Cooperation projects • Recruitment events two or three times a year	• Training and skills • Research cooperation with educational institutions	• Joint development projects • Skilled workforce
Local communities	• Whistleblowing channel • Charitable work • Supporting the activities of various organisations	• Transparency of operations • Building trust • Supporting local projects	• Supporting local communities

DOUBLE MATERIALITY ASSESSMENT

As part of its preparation for the requirements of the CSRD, Proventia conducted its first double materiality analysis for sustainability during 2024. The goal of the analysis was to identify and assess the most significant negative and positive impacts, risks and opportunities related to sustainability (environment, social sustainability, governance) that are material to understand the company's sustainability profile and long-term value creation.

The double materiality analysis was conducted with the help of an external consultant by interviewing the company's internal specialists. The analysis identified and defined sustainability-related impacts on people and the environment, as well as the corresponding financial risks and opportunities. The impacts, risks and opportunities have been scored and assessed by combining qualitative and quantitative criteria. The identification and assessment of impacts, risks and opportunities covers not only Proventia's own operations but also the upstream and downstream value chains, as well as other parties affected by the company's operations.

In the analysis, Proventia has preliminary identified the following sustainability themes as material for future reporting:

ENVIRONMENT

- E1 climate change: climate change mitigation
- E2 pollution: air pollution

SOCIAL

- S1 own workforce: working conditions, equal treatment and opportunities, personnel training and skill development
- S2 workers in the value chain: working conditions, equal treatment and other work-related rights

GOVERNANCE

- G1 business conduct: corporate culture and supplier relationships, including payment practices

The sustainability themes identified as material in the analysis will be assessed and specified during early 2025. At the same time, a summary of the entire process and its results will be prepared.

ENVIRONMENT

Proventia seeks to help mitigate climate change and its impacts, as well as to reduce emissions that cause air pollution.

Policies

Proventia's sustainability policy describes the company's commitment to protecting the environment and human health by reducing harmful emissions. The policy emphasises the identification of the environmental impact of operations, as well as the proactive and preventive assessment of risks and opportunities. The company undertakes to reduce harmful emissions in its own operations and value chain, and to engage its suppliers and partners in the promotion of sustainable development. Proventia's sustainability policy does not include a commitment to the Paris Agreement target of limiting global warming to less than 1.5 °C. The company is however committed to setting short-term emissions reduction targets for its operations, as well as a net-zero target in line with the Science Based Targets initiative (SBTi), which is in line with the goals of the Paris Agreement.

Measures

Proventia's environmental activities are guided by our ISO 14001-certified environmental system which covers both our locations in Oulu in Finland and our Czech plant. An independent body audits all certified locations as part of the company's audit programme. With its environmental management system, Proventia identifies and manages the most significant environmental impacts and risks of its individual locations. The Quality and Sustainability Manager is responsible for the environmental management system.

Proventia assesses environmental

E1 CLIMATE CHANGE

Material impacts, risks and opportunities related to climate change and energy

Climate change mitigation	↑ Positive impact	Proventia helps its customers shift away from fossil fuels
	↓ Negative impact	Greenhouse gas emissions in the upstream value chain resulting from the production of stainless steel and other components, for example Greenhouse gas emissions from incoming and outgoing logistics
Energia	↑ Positive impact	Diesel engine fuel efficiency benefits from optimal SCR loads in emission control systems and related greenhouse gas emission reductions during the engine lifecycle
	↓ Negative impact	Energy consumption (electricity, diesel and other fuels) in Proventia's manufacturing and test operations

E2 POLLUTION

Material impacts, risks and opportunities related to pollution

Air pollution	↑ Positive impact	Emission control systems have been designed to reduce harmful emissions from internal combustion engines (NOX, PM)
	→ Opportunity	Stricter emission regulations (NOX, PM) offer more demand for Proventia's products

aspects regularly as part of the company's environmental management system. Proventia leads and develops its business taking into account its environmental and climate impact, and seeks to actively improve its carbon footprint, recycling rate and energy efficiency. Testing, production, energy consumption and indirect emissions cause most significant environmental impact. Indirect emissions come especially from purchasing, subcontracting, logistics and work-related travel. The environmental issues play a central role in the company's supplier assessments. Proventia is working constantly to reduce the environmental impact arising from the activities of its suppliers and subcontractors.

Energy efficiency and emissions

Proventia has, with its customers, investigated the opportunities to use renewable fuel in the testing of emission control systems which would significantly reduce the company's Scope 1 emissions. During the reporting period, Proventia also tested its emission control systems using renewable diesel. Testing will continue in 2025. During 2024, the company updated the eddy current brake of a test cell in its testing laboratory into an AC dynamometer, which converts kinetic energy into electricity. This electricity can be used in Proventia's electricity consumption. Proventia estimates that the brake update will reduce the company's Scope 2 CO_2 emissions by approximately 30 tonnes a year from 2025 which stands for a reduction of approximately eight per cent in Scope 2 emissions. Proventia has started cooperation with its suppliers to reduce emissions in the supply chain and collect more accurate emissions data. With these measures and the fulfilment of Finland's carbon neutrality plans, the 50 per cent reduction target for Scope 1 and 2 emissions by 2030 can be achieved.

The environment is an integral part of Proventia's business operations, and the company's products enable its customers to make more energy-efficient and lower-carbon products with lower emissions. This enables the company to reduce carbon dioxide emissions and local emissions, including particulate matter and nitrogen oxides, from transport and the use of off-road machines globally. The more Proventia's products are used, the larger its environmental handprint is.

Goals and results

Proventia is committed to setting short-term science-based emissions reduction targets for its operations, as well as a net-zero target in line with the Science Based Targets initiative (SBTi). The short-term targets focus on halving emissions from the company's operations by 2030, starting from 2023. In contrast, the net-zero target set for 2050 covers the company's entire supply chain.

The reduction in Scope 1 emissions in 2024 is attributable to lower testing loads than in the comparative year and partly to the smaller engines used in testing. Renewable fuel has also been used in testing, but not to any significant extent yet.

Scope 2 emissions increased slightly from the comparative year. While consumption in locations in Finland has decreased, electricity consumption at the Czech plant has increased as its operations have grown.

The company's carbon footprint calculation is based on the Greenhouse Gas (GHG) Protocol.

E1 AND E2 ENVIRONMENT: CLIMATE CHANGE AND EMISSION REDUCTIONS

Carbon footprint	Situation in 2024	Comparative year 2023
Scope 1	395.5 tonnes	629 tonnes
Scope 2	779.8 tonnes	712 tonnes
	Total 1,175.3 tonnes CO2e	Total 1,341 tonnes CO2e

Emission intensity relative to net sales	Situation in 2024	Comparative year 2023
tCO_2e	25.0	24.7

The reported figures include both continuing operations and discontinued operations.

SOCIAL SUSTAINABILITY

The material impacts, risks and opportunities concerning Proventia's personnel, employees in the value chain, as well as consumers and end-users, have been investigated in the company's double materiality analysis. The occupational healthcare service provider has conducted workplace surveys, on the basis of which any employees in the most vulnerable position can be identified and supported, if required, with the help of occupational healthcare measures.

S1 OWN WORKFORCE

Policies

Proventia's sustainability policy emphasises the rights of employees and the promotion of the personnel's wellbeing and safety. Proventia seeks to be an inspiring and encouraging workplace for both current and future employees. The company encourages its employees to innovate new products and solutions that promote both human health and environmental sustainability.

Proventia's Code of Conduct underlines an international and equal working community without any discrimination. Proventia is committed to ensuring equal opportunities for all its employees in practices and processes related to work and the working community. The company provides its employees with a non-discriminatory work environment in which diversity is valued, regardless of gender, ethnic or national origin, religion,

S1: OWN WORKFORCE

Material effects, risks and opportunities related to the company's own workforce

Working conditions	↓ Negative impact	Potential adverse impact on employees, for example, in terms of health and safety, work-life balance and terms of employment
	▲ Risk	Challenges in attracting and committing skilled employees if social sustainability impacts reduce the company's reputation as an employer
Equal treatment and equal opportunities for all	↓ Negative impact	Negative impact resulting from any discrimination cases
Training and skill development	↑ Positive impact	Wellbeing at work and opportunities for career development may improve
	→ Opportunity	Career paths improve the employer image and engage current personnel

The reported figures include both continuing operations and discontinued operations.

age, physical characteristics or other aspects of diversity. Proventia does not accept any form of harassment, aggravation or bullying. The company takes any deviations from these principles seriously and will handle such cases appropriately. Proventia is committed to protecting the health and safety of its personnel in the workplace. The entire personnel are responsible for protecting themselves, their colleagues, workplace, community and environment. Every employee is obliged to report any deficiencies or problems related to occupational health and safety and to prevent any losses. Proventia respects the freedom of association of its personnel.

Recruitment policy

The goal of Proventia's recruitment policy is to ensure the consistency, fairness and effectiveness of recruitment processes. This ensures that recruitment supports the company's strategic goals, attracts the correct professionals, and promotes diversity and non-discrimination. The policy also sets straightforward principles and procedures that help ensure a positive job seeking experience and strengthen the company's employer image.

Remuneration policy

The goal and key content of Proventia's remuneration policy is to define the principles and practices applicable to the wages paid by the organisation in such a way that they improve the personnel's motivation and commitment, and ensure fairness and competitiveness in the labour market.

Measures

Equality and non-discrimination plan

Proventia has an equality and non-discrimination plan which has been prepared to help the company achieve its goals of providing a working community which values diversity, equality and non-discrimination, and fulfil the obligations on equality and non-discrimination laid down by law. The plan promotes the integration of equality and non-discrimination aspects into Proventia's daily activities and develops the company's operating methods in a more equal and non-discriminatory direction in a goal-driven and systematic manner in the long term.

Working community development plan

The goal of Proventia's working community development plan is to support personnel wellbeing and competence accrual. The plan is used to identify potential areas for development, plan measures for them and ensure the continuous development of the working community. The working community development plan is linked to the company's strategy to ensure that the working community supports the achievement of the organisation's long-term goals.

Personnel manual

Proventia's personnel manual aims to clarify the company's practices, rules and values, promote the fair and equal treatment of the personnel, and increase employee engagement and job satisfaction. The personnel manual serves as an important tool in the induction of new employees.

Work ability management, monitoring and early caring

Wellbeing at work and the promotion of work ability are proactive steps to identify, as early as possible, the factors that threaten the personnel's work ability and take corrective action if required, as well as maintain employees' health throughout their careers.

Occupational health and safety action plan

Proventia uses an occupational health and safety action plan to ensure a safe and healthy work environment for all employees of the company. The programme covers several different areas, including occupational health and safety responsibilities, hazard and risk assessment, and the activities of the occupational health and safety committee. Occupational health and safety responsibilities have been divided between different levels of the organisation. The CEO bears overall responsibility for occupational health and safety. The occupational health and safety manager is responsible for cooperation in terms of occupational health and safety, as well as its development. The occupational health and safety representative is familiar with occupational health and safety regulations, and participates in occupational health and safety inspections, thus promoting the realisation of occupational health and safety in the company. The occupational health and safety committee meets regularly to discuss matters related to occupational health and safety. To increase interaction between the personnel and management, Proventia has appointed a cooperation committee chaired by the company's CEO. The committee discusses significant organisational reforms, matters related to the working community and competence development, general guidelines applicable to the personnel and proposals for changes in employee benefits, as well as other matters similar to the above and laid down by law.

At Proventia, one of the key communication and interaction channels is the company CEO's quarterly personnel briefing session, in which topical issues are discussed. At the end of each session, the personnel are given the opportunity to ask questions and present their comments to the management.

Proventia investigates the wellbeing and job satisfaction of its employees through regular performance appraisals and annual personnel surveys. The results of the personnel surveys are discussed in teams, and each team selects their development areas for the following year. In addition, development areas are selected for the entire company based on the survey results. Based on the results of the 2024 personnel survey, Proventia decided to focus on improving the efficiency of cooperation between its various businesses and operating areas (including Finland and the Czech Republic), strengthening its culture of encouraging everyone to share their knowledge and good practices, and developing the remuneration system for its senior salaried employees. The remuneration system for senior salaried employees was launched in December 2024.

Regular briefings for supervisors support supervisory work by providing information and tools that help supervisors lead their teams competently and in accordance with the company's values.

In 2024, a hazard and risk assessment was carried out under Proventia's occupational health and safety programme, covering the company's Test Solutions business area operations. In addition, 62 safety observations were made using personnel hazard notifications, on the basis of which the company's operations have been developed further. The safety observations made were related to the development of internal logistics, including the use of packaging, markings and pathways. Based on the observations, Proventia carried out corrective measures and provided related instructions for its personnel. The instructions ensured that employees are aware of the new practices and know how to act accordingly, thereby improving the safety of their work environment.

Goals and results

Proventia's health and safety target is zero accidents. The target for the employee net promoter score (eNPS) is 50.

Key figures for the personnel

	2024	2023
Number of employees, 31 Dec.	138	137
Women	22	20
Men	116	117
Full-time equivalent (FTE)	139	140
Women	22	20
Men	117	120

Employees by country in 2024 (countries with more than 50 employees or at least 10 per cent of the total number of employees)

	Finland	Czech Republic
Employees, 31 Dec.	138	70
Full-time equivalent (FTE)	139	67

Lost-time injury frequency rate (LTIFR)

	2024	2023
LTIFR	6	0

Employee net promoter score (eNPS)

	2024	2023
NPS	34	17

The reported figures include both continuing operations and discontinued operations.

S2 WORKERS IN THE VALUE CHAIN

S2 WORKERS IN THE VALUE CHAIN

Equal treatment and equal opportunities for all	↓ Negative impact	Proventia's upstream value chains may include activities in which the wellbeing of employees in the value chain may be at risk

Policies

The sustainability of Proventia's value chain employees is guided by the Supplier Code of Conduct, which is included in Proventia's Supplier Manual. The Supplier Code of Conduct defines guidelines and requirements related to human rights, equal treatment, fair working conditions and the prohibition of harassment, as well as occupational health and safety.

Measures

During 2024, Proventia actively promoted the evaluation and auditing of its suppliers. During the reporting period, the company evaluated three and audited five suppliers.

Goals and results

The company has not yet set targets or indicators for employees in its value chain.

GOOD CORPORATE GOVERNANCE

At Proventia, the culture of good corporate governance means the principles and practices that guide the company's operations to ensure responsibility, transparency and ethics in operations. Good governance includes the following principles:

- **Responsibility:** Proventia takes care of its financial obligations and complies with law and the Code of Conduct in all its operating environments.
- **Openness and transparency:** Proventia's operations are open and transparent, and the company reports its operations and decisions clearly and honestly.
- **Honesty and trust:** Proventia emphasises honesty and trust, which are key values in the company's operations.
- **Continuous development:** Proventia strives to continuously and systematically develop and improve its operating methods.

Policies

Code of Conduct

Proventia's Code of Conduct guides the company's all employees and stakeholders to act in an ethically sustainable manner. The Code of Conduct defines the principles and practices to be followed to ensure responsible and honest activities in all situations. The Code of Conduct covers several areas of operations, including customer relations, environmental responsibility, subcontractor and supplier relations, general business principles, conflicts of interest, the protection of information and property, even-handed competition, and communication and contact toward stakeholders. It also emphasises the significance of corporate responsibility and encourages Proventia's entire personnel to act in accordance with ethically acceptable principles.

The Code of Conduct applies to the company's Finnish and Czech operations. Proventia's Board of Directors is responsible for the implementation of the Code of Conduct.

G1 BUSINESS CONDUCT

G1 Material impacts, risks and opportunities related to business

Corporate culture	▲ Risk	Failure to comply with the Code of Conduct may result in negative publicity with consequences directed at the reputation and finances
Supplier relationship management, including payment policies	▲ Risk	Unethical or environmentally unsustainable activities by suppliers in the upstream value chain may subject the supply chain to disruptions or reputation harm

Supplier Code of Conduct

Proventia's Supplier Code of Conduct is part of Proventia's Supplier Manual. The Supplier Code of Conduct describes ethical guidelines for suppliers related to such matters as anti-corruption, compliance with competition law, conflicts of interest, business continuity planning, data protection and information security. The Supplier Code of Conduct applies to Proventia's all suppliers and subcontractors.

Other management policies

In addition to the public Codes of Conduct, Proventia uses internal policies, including the company's risk management, internal control and information security policies. The goal of the risk management policy is to guide Proventia Group's risk management principles and define goals for risk management to systematically and comprehensively assess the Group's overall risk level to achieve business goals.

The internal control policy defines the

goals and responsibilities set for internal control. The information security policy defines the principles, practices and responsibilities Proventia's personnel and partners must follow.

Measures

In November 2024, Proventia instructed its Finnish personnel to review the company's Code of Conduct, after which a Code of Conduct survey was conducted for the personnel. The purpose of the survey was to ensure that all employees know and understand the content of the Code of Conduct. Reviewing the Code of Conduct and responding to the survey helped promote Proventia's responsible and ethical operating culture, as well as to ensure that employees are aware of how they are expected to behave in different situations. The Code of Conduct describes what to do if an employee sees bribery or corruption in their work.

Whistleblowing channel

Throughout 2024, Proventia used a whistleblowing channel in accordance with the EU whistleblowing directive, which is a confidential and anonymous channel for the company's employees and external stakeholders for reporting any illegal activities, suspicions of abuse or unethical activities. While Proventia's personnel are encouraged to primarily contact their nearest supervisor, the whistleblowing channel serves to report suspected abuse anonymously. In addition to the company's personnel, external stakeholders can report any suspicions of abuse or other violations anonymously through the whistleblowing channel. Notifications concerning abuse will only be processed through the whistleblowing channel.

Everyone participating in the processing of notifications are bound by a confidentiality obligation. Notifications can be submitted anonymously or in one's name, and all notifications received through the channel will be processed confidentially. If a notification has not been submitted anonymously, the identity of the person who submitted it will only be known by the persons appointed to process it and by the specialists invited to investigate the case. Notifications will be investigated by a dedicated team appointed by Proventia, with its members being committed to storing and processing the information as required by law. When a misuse notification is received through the whistleblowing channel, the individuals appointed by Proventia to process notifications will assess the further investigation measures required and invite the company's other employees or external specialists to investigate the case.

Information about the Code of Conduct survey (Finland) in 2024

Respondents to the Code of Conduct survey	127
Percentage of total personnel in Finland	91%

Notifications received in the whistleblowing channel in 2024

All notifications	0

The reported figures include both continuing operations and discontinued operations.

Investigating notifications

If a notification is found to be truthful, the individuals responsible for processing notifications will report the case to the company's CEO or the Chair of the Board of Directors to take action to investigate the violation.

Notifying the submitter of further measures

Those responsible for processing notifications submitted to the whistleblowing channel will notify the person who submitted a notification of further measures within three months after sending the receipt of confirmation through the whistleblowing channel.

Information about further measures will be provided to the extent that is possible considering the three-month time limit, confidentiality obligations and other factors.

Results and conclusions of investigations

As a result of investigations, Proventia will decide on necessary further measures and their implementation or determine that no further measures are required. Further measures may include process development, agreements, HR activities, reporting the case as a crime, or legal proceedings. If possible, those who have submitted notifications will be notified of the final results of investigations.

During 2024, no suspicions of abuse were reported through Proventia's whistleblowing channel.

Goals and results

The company has not yet set goals for indicators of good governance and corporate culture.

GOVERNANCE 3

MANAGEMENT TEAM ON 31 DECEMBER 2024

CEO
Jari Lotvonen
b. 1968, automation engineer

CEO and a member of the Management Team since 2004

Joined Proventia in 2004

CFO
Tommi Aarnio
b. 1983, M.Sc. (Economics and Business Administration)

CFO and a member of the Management Team since 2023

Joined Proventia in 2023

Director, Development, HR & ICT
Kaisu Kivioja
b. 1968, Vocational Qualification in Business and Administration.

Director of Development since 2023

Member of the Management Team since 2011

Joined Proventia in 2008

General Counsel
Sanna Raatikainen
b. 1972, LL.M with court training

General Counsel since 2024

Member of the Management Team since 2024

Joined Proventia in 2024

Vice President, Emission Control
Petri Saari
b. 1969, Mechanical Engineer

Vice President since 2007

Member of the Management Team since 2011

Joined Proventia in 2007

More information about our management team: proventia.com/about-us/management-board-of-directors/

Director, Technology, Emission Control
Arno Amberla
b. 1974, M.Sc. (Engineering)

Director, Technology since 2009

Member of the Management Team since 2011

Joined Proventia in 2000

Director, Production, Emission Control
Tomi Palovaara
b. 1974, M.Sc. (Engineering)

Director, Production since 2015

Member of the Management Team since 2015

Joined Proventia in 2007

Director, Thermal Components
Aaro Heilala
b. 1982, M.Sc. (Engineering)

Director, Thermal Components since 2019

Member of the Management Team since 2019

Joined Proventia in 2017

Product Manager, Batteries
Jari Granath
b. 1984, M.Sc. (Engineering)

Product Manager, Batteries since 2019

Member of the Management Team since 2024

Joined Proventia in 2010

Director, Test Solutions
Jani Mäntylä
b. 1975, engineer

Director, Test Solutions since 2024

Member of the Management Team since 2024

Joined Proventia in 2024

BOARD OF DIRECTORS ON 31 DECEMBER 2024

Chair of the Board of Directors
Harri Suutari
b. 1959, B.Sc. (Engineering)

Chair of the Board of Directors since 2018

Member of the Board of Directors
Lauri Antila
b. 1976, M.Sc. (Engineering)

Member of the Board since 2018

Main occupation:
Head Invest Oy, CEO

Member of the Board of Directors
Gary L. Collar
b. 1956, B.Sc. (Business Administration)

Member of the Board since 2024

Member of the Board of Directors
Kalle Kekkonen
b. 1978, M.Sc. (Economics and Business Administration)

Member of the Board since 2022

Main occupation:
Evli Oyj, Managing Partner, EAB Private Equity

Member of the Board of Directors
Johnny Pehkonen
b. 1973, M.Sc. (Engineering)

Member of the Board since 2019

Main occupation:
Brightplus, Business Development Director

Member of the Board of Directors
Tommi Salunen
b. 1972, M.Sc. (Economics and Business Administration)

Member of the Board since 2018

Main occupation:
Aava Advisors Ltd, Founder and Chair of the Board of Directors

Member of the Board of Directors
Erja Sankari
b. 1973, M.Sc. (Economics and Business Administration)

Member of the Board since 2023

Main occupation:
iLOG, Executive Vice President and COO

More information about our Board of Directors: proventia.com/about-us/management-board-of-directors/

MANAGEMENT TEAM 2024

From 1 January 2024 to 31 August 2024, members of the management team were Jari Lotvonen, CEO; Tommi Aarnio, CFO; Kaisu Kivioja, Director, Development HR & ICT; Petri Saari, Vice President, Proventia Emission Control & Sales; Arno Amberla, Director, Technology; Tomi Palovaara, Director, Operations; Aaro Heilala, Director, Proventia Thermal Components; and Jani Mäntylä, Director, Proventia Test Solutions. On 1 September 2024, Sanna Raatikainen, General Counsel, and Jari Granath, Product Manager, Batteries, were also appointed to the management team.

DIVERSITY AMONG MEMBERS OF THE MANAGEMENT TEAM

Members and gender distribution	Male	Female	Other	Not indicated	Total
Percentage	80%	20%	0%	0%	
Total members	8	2	0	0	10

BOARD OF DIRECTORS IN 2024

The Board of Directors consisted of the following six persons until the Annual General Meeting held on 15 April 2024: Harri Suutari, Chair of the Board of Directors; Lauri Antila; Kalle Kekkonen; Johnny Pehkonen; Tommi Salunen; and Erja Sankari. At the Annual General Meeting in 2024, the members of the Board of Directors Harri Suutari, Lauri Antila, Kalle Kekkonen, Johnny Pehkonen, Tommi Salunen and Erja Sankari were re-elected as members. Gary L. Collar was elected as a new member of the Board of Directors. Harri Suutari was elected Chair.

DIVERSITY AMONG MEMBERS OF THE BOARD OF DIRECTORS

Members and gender distribution	Male	Female	Other	Not indicated	Total
Percentage	86%	14%	0%	0%	
Total members	6	1	0	0	7

INDEPENDENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS

	Independent of the company	Independent of a significant shareholder
Harri Suutari	Yes	Yes
Lauri Antila	Yes	No[1)]
Gary L. Collar	Yes	Yes
Kalle Kekkonen	Yes	No[2)]
Johnny Pehkonen	Yes	No[3)]
Tommi Salunen	Yes	Yes
Erja Sankari	Yes	Yes

1) The member is in an employment or service relationship with a significant shareholder, and a person within the member's family circle is a member of the Board of Directors of a significant shareholder.
2) The member is a member of the Board of Directors of an entity that has control over a significant shareholder.
3) A person within the member's family circle is a member of the Board of Directors of a major shareholder.

Percentage of members of the Board who are independent of the company	100%
Percentage of members of the Board who are independent of a significant shareholder	57%

GENDER DISTRIBUTION IN THE MANAGEMENT TEAM (FEMALE TO MALE RATIO)

0.25

GENDER DISTRIBUTION IN THE BOARD OF DIRECTORS (FEMALE TO MALE RATIO)

0.17

CORPORATE GOVERNANCE

Proventia Group's parent company is Proventia Group Corporation ("the Company" or "Proventia"), which is a Finnish limited liability company. The Company is domiciled in Oulu, Finland. The Group's subsidiaries are Proventia Oy, Proventia Czech s.r.o. and Proventia UK Limited.

Annual General Meeting

The General Meeting exercises the highest decision-making power in the Company and decides on the matters required in the Limited Liability Companies Act and the Articles of Association. Proventia's Annual General Meeting ("AGM") is held in the Company's domicile in Oulu or Helsinki and convened by the Board of Directors. The AGM is held annually on a day specified by the Board of Directors within six months of the close of the financial year. An Extraordinary General Meeting can be convened to address a specific matter when the Board of Directors deems it necessary or if it is required by law. . The Annual General Meeting decides on:

- approving the financial statements and distributing profit;
- releasing the members of the Board of Directors and the CEO from liability; and
- selecting the members of the Company's Board of Directors and the auditor and determining their fees.

The general meeting is also responsible for:

- amending the Articles of Association;
- deciding on the purchase of treasury shares, share issues and option schemes; and
- authorising the Board of Directors to decide on them.

The notice of the General Meeting is published on the Company's website. The notice includes the agenda of the General Meeting, the proposals of the Board of Directors and its committees to the General Meeting, and the instructions for registration and participation in the meeting. A shareholder has the right to participate in the General Meeting if they have been entered as a shareholder in the Company's shareholder register eight business days before the General Meeting and if they have registered their participation as mentioned in the notice of the General Meeting. A holder of nominee-registered shares also has the right to participate in the General Meeting by temporarily registering in the Company's shareholder register.

A shareholder can participate in the General Meeting in person or through an authorized representative. At the General Meeting, all shareholders have the right to ask questions and make proposals for decisions on the matters discussed. Proventia has one series of shares, and each share entitles its holder to one vote at the Company's General Meeting.

Annual General Meeting 2024

The Annual General Meeting was held on 15 April 2024.

Board of Directors

The AGM elects the Board of Directors annually which consists of three to eight members in accordance with the Articles of Association. One to three deputy members can also be elected to the Board of Directors. The Board of Directors' term continues until the end of the next AGM. The Shareholders' Nomination Committee prepares proposals for the election of members of the Board of Directors for the AGM.

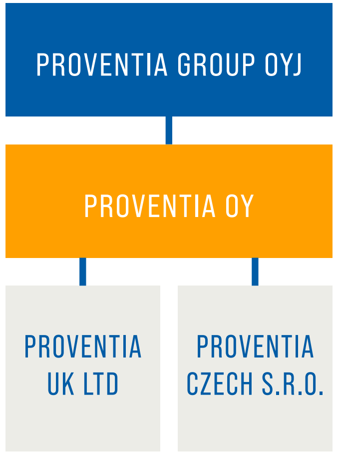
Diversity must be taken into account when proposing and electing members for the next Board of Directors, including both genders and sufficient expertise and experience corresponding to the Company's needs. Members of the Board of Directors must have the competence required and the opportunity to allocate sufficient time to the position. The company has defined principles concerning the diversity of the Board of Directors.

More information about our Board of Directors: proventia.com/about-us/management-board-of-directors/

Tasks of the Board of Directors

According to the Limited Liability Companies Act (624/2006 as amended) and the Articles of Association, the Board of Directors sees to the Company's management and the appropriate organisation of its operations and represents the Company. The Board of Directors has approved written charter that defines the Board of Directors main duties and working principles. The Board of Directors is responsible for the following:

- confirming Proventia's strategy and monitoring its fulfilment;
- approving the Company's financial statements and business reviews, and monitoring the accuracy of accounting and the Company's finances;



PROVENTIA GROUP CORPORATION

the Group's parent company, owns 100% of Proventia Oy. Proventia Oy's wholly-owned subsidiaries are Proventia Czech s.r.o. and Proventia UK Limited[1].

1) The operations of Proventia UK Ltd were discontinued in December 2024.

- deciding on significant individual investments, business and asset transactions, and strategically significant business expansions and contractions;
- confirming the Company's long-term strategic and financial goals;
- approving the budget and risk management principles;
- approving and confirming the charters of the committees and the Company's internal guidelines;
- deciding on the incentive schemes of the CEO and the personnel;
- electing Proventia's CEO and deciding on the terms of his/her service; and
- confirming the members of the management team and their employment terms as proposed by the CEO.

Audit Committee

To work more effectively, the Board of Directors has appointed the Audit Committee. The Board of Directors elects members and the Chair of the Audit Committee annually from among its members and confirms the Audit Committee's written charter. The Audit Committee consists of two or three members of the Board of Directors. The majority of the members of the Audit Committee must be independent of the Company and at least one of its members must be independent of the Company's significant shareholders. As required by the Limited Liability Companies Act, a member of the Audit Committee cannot participate in the daily management of the Company or an entity or foundation consolidated in its consolidated financial statements. At least one member of the Audit Committee must also have expertise in accounting or auditing.

The Audit Committee is responsible for the following, especially regarding the Company's financial reporting and auditing:

- monitoring and evaluating the effectiveness of the Company's financial reporting system and related internal control, audit and risk management systems;
- monitoring and assessing the auditor's independence and especially the provision of non-auditing services by the auditor; and
- monitoring and evaluating the Company's audits and preparing the selection of the Company's auditor.

The Audit Committee convenes at least four times a year. It does not have any independent decision making powers but acts as a preparatory body, and the matters handled by it are presented to the Board of Directors for decision making.

In 2024, members of the Audit Committee were Tommi Salunen (Chair), Kalle Kekkonen and Erja Sankari

Shareholders' Nomination Committee

The Shareholders' Nomination Committee is a shareholder body which prepares proposals for the AGM regarding the election of members of the Board of Directors and their fees.

The key responsibility of the Shareholders' Nomination Committee is to ensure that the Board of Directors and its members have sufficient expertise and experience corresponding to the Company's needs and, to this end, prepare well-founded proposals for the AGM regarding the election and remuneration of members of the Board of Directors.

Each shareholder of the Company can also present proposals directly to the AGM.

The Shareholders' Nomination Committee consists of three (3) members appointed by the Company's three largest shareholders. In addition, the Chair of the Company's Board of Directors participates in the Nomination Committee's activities in the role of a specialist.

The Shareholders' Nomination Committee is responsible for the following:

- preparing a proposal for the AGM regarding the remuneration of the members of the Board of Directors;
- preparing a proposal for the AGM regarding the number of members of the Board of Directors;
- preparing a proposal for the AGM regarding the members of the Board of Directors;
- if required, searching for candidates to succeed the members of the Board of Directors;
- presenting a proposal for the remuneration of the members of the Board of Directors to the AGM;
- presenting a proposal for the number of the members of the Board of Directors to the AGM;
- presenting a proposal for the members of the Board of Directors to the AGM;
- presenting a proposal for the Chair and Deputy Chair of the Board of Directors to the AGM; and
- answering questions asked by shareholders at the AGM.

In 2024, members of the Shareholders' Nomination Committee were Lauri Antila (Chair), Kalle Kekkonen and Harri Suutari (Chair of the Board of Directors, also a member appointed by a shareholder).

CEO and management team

The Board of Directors appoints Proventia's CEO and decides on the terms of his/her service as defined in the written CEO agreement. The CEO is responsible for implementing the goals, plans, guidelines and targets set by the Board of Directors in the Company. According to the Limited Liability Companies Act, the CEO is responsible for ensuring that the

Company's accounting complies with law and assets are managed reliably. The Board of Directors assesses the CEO's work and the achievement of their goals.

Supporting the CEO's work, the Group's management team is responsible for the development and operations of the Group and the business areas in line with the goals set by the Board of Directors and the CEO. The management team assists the CEO in the preparation of the strategy, Code of Conduct and other shared matters of the business areas and the Company. The CEO acts as the Chair of the Group's management team.

Auditing

Statutory auditing covers accounting, financial statements and management audits for the financial year. In addition to preparing an audit report annually, auditors report their audit findings regularly to the Board of Directors, and if required, participate in meetings of the Board of Directors and the Audit Committee.

According to the Articles of Association, the Company must have at least one authorized public accountants and one deputy auditor, or alternatively at least one auditing firm, whose principal auditor is an authorized public accountant. The auditor's term continues until the end of the AGM following the election.

The Company's Audit Committee prepares a proposal for the election of an auditor and the auditor's fees for the AGM, and the AGM elects the Company's auditor and decides on their fees.

The auditing firm Ernst & Young Oy served as the company's auditor in 2024, with Jari Karppinen, Authorized Public Accountant (APA), as its principal auditor.

Internal control

The purpose of internal control at Proventia Group is to ensure the efficiency and productivity of the Company's operations, the reliability of financial and acting management reporting, as well as compliance with applicable laws, regulations and internal guidelines in the Group.

At Proventia, internal control is an integral part of business management and the ensured achievement of goals. The Group seeks to arrange internal control effectively to identify any deviations from goals as early as possible or prevent them altogether.

The Company's internal control consists of the internal control policy approved by the Board of Directors, decision making and approval practices, uniformly determined control points in various processes and their monitoring, as well as corrective measures. Risk assessment lays a solid foundation for internal control. Internal control ensures that the realisation of identified risks is minimized.

The Company's Board of Directors is responsible for the organisation of internal control, whereas the Audit Committee monitors the efficiency of internal control. The Group's management team is responsible for ensuring that effective control measures are in place. The Group's financial unit monitors the efficiency of control measures in conjunction with interruptions in financial reporting.

Every employee of the Company has the right and obligation to report, if required, any activities they have identified as being in violation of law or internal guidelines or as unethical through the anonymous whistleblowing channel.

Risk management

Proventia Group's risk management is guided by the risk management policy. The goal of risk management is to create operating conditions where business-related risks are controlled comprehensively and systematically at all organisational levels. The principle is that risks are identified, their scope and significance are assessed, the actions mitigating risks are determined, and decisions are made on their implementation and on monitoring their effects.

Proventia uses a Group-level risk assessment and reporting model, and the Group conducts a comprehensive risk assessment annually to assess the probability of the most significant risks concerning the fulfilment of the Group's strategy, and the achievement of its goals, as well as their impact on business operations, are assessed and risk management measures are identified. If required, risk assessments will be updated for business reviews, for example.

The Group's CFO is in charge of risk management and reports the status of risk management to the CEO and the management team. The CEO provides the Company's Board of Directors with an annual risk management report.

Proventia's Board of Directors is responsible for determining the level of risk taking within the Group, deciding on the taking of strategic risks, monitoring the results of risk management and assessing their effectiveness. The Board of Directors' Audit Committee monitors the effectiveness of the Group's risk management system.

FINANCIAL STATEMENTS 4

FINANCIAL STATEMENTS

These financial statements must be retained until December 31, 2034.

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

Domicile: Oulu
Business ID: 1612236-0

IN BRIEF

THE GROUP'S NET SALES INCREASED BY

1.5%

FROM THE PREVIOUS YEAR TO

EUR 41.9 MILLION

(42.6 million)

THE OPERATING PROFIT WAS

EUR 5.2 MILLION

(7.4 million)

THE OPERATING PROFIT RATE WAS

12.3%

(17.4%)

PROFIT FOR THE PERIOD WAS

EUR 3.9 MILLION

(5.7 million)

CASH FLOW FROM OPERATING ACTIVITIES WAS

EUR 5.3 MILLION

(11.8 million)

NET DEBT WAS

EUR -1.8 MILLION

(-6.4 million)

THE NUMBER OF PERSONNEL AT THE END OF THE FINANCIAL YEAR WAS

176

(165)

Proventia has classified the Test Solutions business as an asset held for sale and reports the Test Solutions business for the year 2024 as discontinued operations in accordance with IFRS reporting practices. Unless otherwise stated, the figures reported in the financial statements pertain to continuing operations i.e., the Off-road Machinery Systems and Components business area, which will be the only reportable business segment in the future.

REVIEW OF 2024

In December 2024, Proventia's Board of Directors made a strategic decision to focus on its largest business area, Off-road Machinery Systems and Components, which includes emission control, thermal insulation and battery products. Measures to sell the Test Solutions business have been initiated. The synergies of the Test Solutions business with the Off-road Machinery Systems and Components businesses are minimal, as their customer bases and business models differ significantly from each other. The company believes that the operations can be developed better under outside ownership.

Off-road Machinery Systems and Components (continuing operations)

Emission Control

In the original equipment manufacturer (OEM) emission control systems, net sales increased from the previous year, even though delivery volumes increased more slowly than expected due to weak end-customer demand for off-road machinery. Proventia estimates, based on key customers' reporting, that the global off-road machine market decreased by about 20 per cent in 2024, which led also to a decrease in the production volumes of the company's customers. The weakened demand was offset by the start of serial production and deliveries of two new products at Proventia's Czech plant in the autumn of 2024.

Several projects currently in the development phase will proceed to serial production starting in 2025, which will result in significant revenue growth in the coming years. In addition, Proventia landed new product development projects from new customers, which expand the company's customer base and will bring predictability to the company's R&D and production for years to come. These globally operating customers include i.a. engine manufacturer MAN Engines and a major off-road machine manufacturer from the USA.

In the retrofit customer segment, the year 2024 was quiet, and sales remained at a lower level than the previous year. Due to the structural change in market demand, the importance of the product group for Proventia will continue to decline, and our operations will focus more clearly on OEM products.

Thermal Components

In 2024, demand for thermal components remained at the previous year's level. The company started serial production of thermal components at its Czech plant and made progress in using 3D printing in the design and production of tools used in the manufacture of components. The company manufactures thermal components for the insulation of engines and engine compartments, as well as for emission control systems, exhaust manifolds and piping.

Battery packs

The challenges in the off-road machinery market and low sales volumes were reflected in Proventia's battery product group. Off-road machine manufacturers focused on cost savings instead of investing in developing new technologies or power sources. During 2024, Proventia invested especially in expanding its battery portfolio. The company announced cooperation with the Norwegian battery cell manufacturer Morrow Batteries. The aim of the partnership is to develop a European lithium iron phosphate (LFP) energy battery for heavy off-road machinery suitable for applications characterized by long-lasting continuous loads. Proventia's LFP batteries will be built as modular battery systems, similar to lithium-titanate (LTO) batteries. The product will be launched at the Bauma trade fair in Germany in the spring of 2025. The expanding battery product range supports growth opportunities in the off-road machinery industry and other industrial sectors with similar electrification demands. The expansion of the Oulu Technology Center includes spaces specifically designed for battery product development and commercialization.

Test Solutions (discontinued operations)

The productization of modular test solutions into the EVA product family progressed well in the Test Solutions business, and the business has a lot of potential for development and growth. However, the global challenges in the electric vehicle and battery markets materialized in 2024. The main reason for the weak development was the bankruptcy of a significant customer and the projects that were therefore suspended. As a result, operations produced a loss in 2024. Had the projects continued as planned, net sales and profitability of the Test Solutions business would have also been in line with the targets set.

Preparing for CSRD sustainability reporting

Proventia continued preparing for sustainability reporting in accordance with the CSRD directive. The company aims to further reduce the emissions of its own and customers' products. Accordingly, in December 2024, the company committed to setting emission reduction targets in line with the Science Based Targets initiative (SBTi).

STRATEGY AND ITS IMPLEMENTATION IN 2024

Growth strategy

Proventia seeks controlled and profitable growth together with current and future customers. Serving an expanding customer base also means a broader geographical presence for the company. Stricter emission limits, the green transition in off-road machinery, electrification and renewable fuels offer new business opportunities for Proventia. Potential technology and business acquisitions are part of the company's growth strategy. Proventia entered into new R&D and manufacturing agreements and continued to investigate the establishment of its operations in the United States.

As part of the growth strategy, Proventia's Board of Directors made a strategic decision in December 2024 to focus on its growing business area – Off-road Machinery Systems and Components – which includes emission control, thermal insulation, and battery products.

Investments in the future and the expansion of the Technology Center

The company continued investing in innovative solutions that improve the energy efficiency of off-road machinery and reduce emissions comprehensively, regardless of the technology used for power generation. There are no significant changes in sight in the use of internal combustion engines in off-road machinery. Fossil fuels will be replaced with renewable fuels, contributing to the continued use of internal combustion engines. Due to stricter emissions legislation, the overall market share of engines equipped with emission control equipment will increase significantly. Proventia has invested especially in the development of first-rate emission control systems following stricter emissions regulations, but also in the development of emission control equipment for hydrogen engines. In addition, the company decided to expand the Oulu Technology Center, which will contribute to the development and productization of new products all the way to serial production.

Electrification is increasing in off-road machinery, albeit much more slowly than previously estimated. Proventia invested in expanding its battery product portfolio by focusing on the development of an energy battery based on lithium iron phosphate technology (LFP) for off-road machines. Proventia entered into a cooperation agreement with the Norwegian battery cell manufacturer Morrow Batteries to develop an LFP battery system.

A comprehensive understanding of customer needs, proactive customer service and positive customer experiences form the basis of the company's success. Proventia held an international symposium in the spring, where its businesses focused on the off-road machine market received valuable information about the market and development outlook. The event was attended by leading engine, machine and equipment manufacturers, as well as research and consulting companies. The symposium strengthened the company's customer relations and deepened its understanding of the future of the off-road machine industry. In addition, Proventia actively participated in industry conferences and trade fairs.

Manufacturing strategy and the expansion of the Czech factory

Proventia continues to operate in accordance with its manufacturing strategy, focusing on the final assembly of its products and acquiring components efficiently and responsibly from subcontractors. If necessary, the company manufactures critical components and assemblies independently. The primary goals of production are high quality, cost efficiency, delivery reliability and agile responses to any changes in customer needs and markets, while addressing the perspective of sustainability. Proventia continued to invest in developing its Czech plant and concentrated its serial production of thermal components in the Czech Republic. To secure its production capacity for the coming years, the company also decided to expand the Czech plant by about 2,000 square meters.

KEY FIGURES: PERFORMANCE AND FINANCIAL POSITION

Proventia Group's key figures are presented in the table below. The figures for the Group have been presented in accordance with IFRS. The revenue and operating profit for the Group in 2024 and 2023 relate to continuing operations. The figures for 2022 have not been adjusted. The figures for the parent company have been reported in accordance with Finnish accounting standards (FAS).

PROVENTIA GROUP'S KEY FIGURES

EUR 1,000	2024	2023	2022
Net sales, EUR 1,000	41,927	42,557	51,490
Operating profit, EUR 1,000	5,175	7,421	1,886
Operating profit, %	12.3%	17.4%	3.7%
Return on equity (ROE), %	5.8%	20.9%	7.3%
Equity ratio, %	67.1%	62.9%	55.4%
Return on capital employed (ROCE), %	9.1%	22.7%	11.8%
Net debt, EUR 1,000	-1,800	-6,394	-3,494

PARENT COMPANY'S KEY FIGURES (FAS)

EUR 1,000	2024	2023	2022
Net sales, EUR 1,000	3,124	2,975	2,655
Operating profit, EUR 1,000	-25	-7	-9
Operating profit, %	-0.8%	-0.2%	-0.3%
Return on equity (ROE), %	62.7%	28.0%	0.1%
Equity ratio, %	98.5%	96.7%	97.2%
Return on capital employed (ROCE), %	62.7%	28.3%	0.1%
Net debt, EUR 1,000	-6,499	-933	-704

THE KEY FIGURES HAVE BEEN CALCULATED AS FOLLOWS:

Return on equity (ROE), %
(including discontinued operations)

$$\frac{\text{(Profit before taxes – income taxes)}}{\text{Average shareholders' equity during the period}} \times 100$$

Equity ratio, %
(including discontinued operations)

$$\frac{\text{Shareholders' equity}}{\text{(Balance sheet total – contract liabilities)}} \times 100$$

Return on capital employed, % (ROCE)
(including discontinued operations)

$$\frac{\text{(Profit before appropriations and taxes + financing costs)}}{\text{(Average shareholders' equity during the period + average interest-bearing liabilities during the period)}} \times 100$$

Net debt (including discontinued operations)

Total long-term and short-term loans from financial institutions + lease liabilities – cash and cash equivalents

NET SALES AND THE DEVELOPMENT OF PROFIT

In 2024, Proventia's net sales decreased by 1.5% from the previous year to EUR 41.9 (42.6) million. (The figures in brackets refer to the corresponding period in the previous year, unless otherwise indicated.) In 2024, operating profit decreased by 30.3% to EUR 5.2 (7.4) million. Profit was EUR 3.9 (5.7) million. Undiluted earnings per share were EUR 0.24 (0.35), while diluted earnings per share were EUR 0.23 (0.33).

BALANCE SHEET, CASH FLOW AND FINANCING

At the end of 2024, the consolidated balance sheet total stood at EUR 39.4 (41.3) million. The Group's equity ratio was 67.1% (62.9%). The Group's cash flow from operating activities was EUR 5.3 (11.8) million. At the end of 2024, the Group's liquid assets amounted to EUR 5.2 (11.3) million. In addition, the company has a revolving credit facility of EUR 4.0 million, of which EUR 0.0 (0.0) million was in use on the closing date. On December 31, 2024, the Group's interest-bearing liabilities stood at EUR 3.4 (4.9) million.

RESEARCH AND DEVELOPMENT

R&D expenses from continuing operations totalled EUR 3.2 million in year 2024 (EUR 3.4 million in 2023 and EUR 3.4 million in 2022 including discontinued operations), comprising 7.6% of the Group's net sales (8.0% in 2023 and 6.6% in 2022). R&D expenses of EUR 1.3 million have been capitalized on the balance sheet as development expenses (EUR 1.3 million in 2023 and EUR 1.5 million in 2022). R&D expenses recognized through profit or loss totalled EUR 1.9 million (EUR 2.1 million in 2023 and EUR 1.9 million in 2022 including discontinued operations).

INVESTMENTS

The Group's investments in tangible and intangible assets were EUR 3.5 (3.3) million.

PERSONNEL

During the financial year, the Group had an average of 172 employees (160 employees in 2023 and 185 employees in 2022 including discontinued operations). At the end of the financial year, the Group had 176 employees (165 employees in 2023 and 196 employees in 2022 including discontinued operations). Of these, 105 (103) worked in Finland, 70 (60) in the Czech Republic and 1 (2) in the UK.

GROUP STRUCTURE

The Group's parent company is Proventia Group Corporation, which is a Finnish limited liability company. The Company is domiciled in Oulu, Finland. The Group's subsidiaries are Proventia Oy, Proventia Czech s.r.o. and Proventia UK Limited.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

Harri Suutari (Chair), Lauri Antila, Tommi Salunen, Johnny Pehkonen, Kalle Kekkonen, Erja Sankari and Gary Collar formed the company's Board of Directors.

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

The Group's Management Team consists of the following roles and members: Jari Lotvonen, CEO; Tommi Aarnio, CFO; Kaisu Kivioja, Director, Development, HR & ICT; Sanna Raatikainen, General Counsel, (since September 1, 2024); Petri Saari, Vice President, Proventia Emission Control; Arno Amberla, Director, Technology, Proventia Emission Control; Tomi Palovaara, Director, Production, Proventia Emission Control; Aaro Heilala, Director, Proventia Thermal Components; Jari Granath, Product Manager, Batteries (since September 1, 2024); and Jani Mäntylä, Director, Proventia Test Solutions.

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

SHARE CAPITAL

On December 31, 2024, Proventia Group Corporation's registered share capital was EUR 1,090,281.04 and its total number of shares was 16,337,808. The company has one series of shares, and each share entitles its holder to one vote. The company's shares are registered in the book-entry system maintained by Euroclear Finland Oy. At the end of 2024, the company had 111 shareholders.

SHARE-BASED PAYMENTS

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

The option scheme implemented in 2016 entitles the company's key personnel to subscribe for a total of 1,193,800 shares at a price of EUR 0.50 per share in 2019–2027. During the financial year, a total of 200,533 new shares were subscribed with the 2016D options of the stock option scheme. The subscription price of the shares, EUR 100,266.50, was recorded in the company's reserve for invested unrestricted equity. The new shares were registered with the trade register on September 3, 2024. After the option subscriptions made during the 2024 financial year, a total of 993,267 new shares can still be subscribed under the 2016 stock option scheme.

The option scheme implemented in 2022 entitles the company's key personnel to subscribe for shares at a price of EUR 2.64 per share in 2025–2029.

Option schemes	Subscription price	Number of option rights	Subscription period
2016D	EUR 0.50 per share	197,401	Feb 28, 2019 to Feb 28, 2027
2016E	EUR 0.50 per share	397,932	Feb 28, 2020 to Feb 28, 2028
2016F	EUR 0.50 per share	397,934	Feb 28, 2021 to Feb 28, 2029
Option schemes	**Subscription price**	**Number of option rights**	**Subscription period**
2022G	EUR 2.64 per share	99,987	Oct 1, 2025 to Sep 30, 2027
2022H	EUR 2.64 per share	100,005	Oct 1, 2026 to Sep 30, 2028
2022I	EUR 2.64 per share	100,008	Oct 1, 2027 to Sep 30, 2029

ANNUAL GENERAL MEETING

Proventia Group Corporation's Annual General Meeting (AGM) was held on April 15, 2024. The AGM adopted the financial statements and consolidated financial statements for 2023 and discharged the members of the Board of Directors and the CEO from liability. In accordance with the Board of Directors' proposal, the AGM decided to distribute EUR 0.09 per share in dividends. As a result, the total amount of dividends was EUR 1,452,354.75, based on the total number of shares of 16,137,275. It was decided to transfer the profit for the period of EUR 3,655,852.83 to retained earnings in accordance with the Board of Directors' proposal. In addition, the AGM decided on the fees to be paid to the members and the Chair of the Board of Directors.

It was decided that the Board of Directors consists of seven members. Harri Suutari, Lauri Antila, Tommi Salunen, Johnny Pehkonen, Kalle Kekkonen and Erja Sankari were re-elected members of the Board of Directors, and Gary Collar was elected as a new member. The Board selected Harri Suutari as its Chair.

The Authorized Public Accountant Firm Ernst & Young Oy was selected as the company's auditor, with Jari Karppinen, APA, as the principal auditor.

The Annual General Meeting of April 15, 2024 authorized the company's Board of Directors to decide on one or more share issues and the provision of special rights in accordance with chapter 10, section 1 of the Limited Liability Companies Act. The authorization can be used for financing business acquisitions or other business arrangements and investments, carrying out cooperation between companies or other similar arrangements, strengthening the company's financial and capital structure, or implementing option schemes or other incentive schemes. A maximum of 4,000,000 shares may be issued or subscribed for based on the authorization. The authorization includes the right to implement directed measures if a weighty financial reason exists in accordance with the Limited Liability Companies Act. The authorization is valid until the next Annual General Meeting, but for no longer than 18 months.

The Annual General Meeting of April 15, 2024, authorized the Board of Directors to decide on the acquisition of treasury shares using the company's unrestricted equity in accordance with chapter 15, section 5, subsection 2 of the Limited Liability Companies Act. The authorization concerns the acquisition of no more than 500,000 treasury shares in one or more installments. The authorization can be used for financing and carrying out business arrangements and investments, or for other purposes determined by the Board of Directors. The authorization is valid until the next Annual General Meeting, but for no longer than 18 months.

The Annual General Meeting of 15 April 2024 authorized the Board of Directors to decide on the transfer of treasury shares in accordance with chapter 9, section 1, subsection 1 of the Limited Liability Companies Act. The authorization concerns the transfer of no more than 500,000 treasury shares. The Board is authorized to decide to whom and in which order treasure shares are transferred, as well as determining the transfer price and other terms and conditions of the transfer. The authorization is valid until the next Annual General Meeting, but for no longer than 18 months.

SHAREHOLDERS' NOMINATION COMMITTEE

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

The Nomination Committee consisted of Lauri Antila, Kalle Kekkonen and Harri Suutari. It convened three times during the financial year.

RISKS AND UNCERTAINTIES

The principle of risk management

Risk management aims to identify risks, assess their impact and probability regarding the achievement of the company's goals and fulfilling the company's strategy, and plan measures to control the most significant risks. The goal is to create operating conditions where business-related risks are controlled comprehensively and systematically at all organizational levels. At Proventia, risk management aligns with the ISO 31000 risk management standard. Risk assessment and prioritization are based on an assessment scale using which the likelihood of risks, their impact, and the current level of risk management are rated.

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

Strategic risks

Strategic risks mean the unfavourable consequences that may arise from significant changes in the organization's management, the operating environment, the markets, and the competitive situation, and that, when realized, may have a long-term impact on business activities. Strategic risks may also result from legislative development or delays, contractual problems, as well as new competitors or technological changes that weaken the company's position.

Operative risks

Operative risks mean adverse consequences that may arise from deficiencies in internal processes such as production interruptions and significant changes in the supply chain. These risks also include quality and environmental risks, as well as personnel risks, which may be caused by deficiencies in the recruitment process or in training. In addition, key employees leaving the company forms a significant operational risk. Operative risks also include product liability risk, which means the unfavourable consequences that may arise from material damage or personal injuries caused by a faulty product or the improper use of a product.

Financial risks

Financial risks mean the major unfavourable changes taking place in the financial markets that may have an impact on the Group's performance, equity, and liquidity. Financial risks also include credit risk, which means the inability of a counterparty to fulfil its obligations, and liquidity risk, which means the risk associated with the availability of financing. In addition, financial risks include interest rate, cash flow and currency risks. The Group's financial risk management is centralized in the parent company. Financial risks are discussed in more detail in the notes to the financial statements (4.2 Financial risk management).

Accident risks

Accident risks include occupational and corporate safety risks, which mean the unfavourable consequences that may arise from defects in industrial safety, occupational safety, and corporate safety. Accident risks also include natural disasters, epidemics and climate change risks, as well as property damage caused by fires or water leaks.

Cyber risks

Cyber risks include information security and system risks, which mean the unfavourable consequences that may arise from the non-protection of information against unauthorized access. Cyber risks may include data breaches, malware, denial-of-service attacks, or other cyber threats that may compromise the company's security.

Key short-term risks and uncertainties

The risks and uncertainties described below are examples only and should not be taken as an exhaustive description of the risks.

Risks	Description and preparedness
Risks related to general market conditions	Demand for Proventia's products depends on general global economic development and the cyclical nature of markets and factors affecting them, and a slower recovery or weakening of the economy and demand has a direct impact on net sales and profitability. Proventia prepares for the risk by actively monitoring market indicators as well as customers' forecasts and future prospects. Negative impacts are minimized by means of cost management by maintaining the most flexible cost structure, minimizing fixed costs, outsourcing the risk of capacity fluctuations, flexible transfer of human resources between business units, improving the flexibility of human resources and optimizing purchase and sales batches in relation to demand. A diverse product portfolio also balances the effects of this risk.
Customer risks	Proventia is dependent on a limited number of customers and extensive multi-year contracts, as a result of which the loss of an individual customer or contract, a decrease in the customer's production, payment difficulties due to the customer's financial difficulties or delayed or cancelled critical delivery and other problems may have a material adverse effect. The loss of a customer may also be due to the customer's dissatisfaction with the quality and/or price of Proventia's products or services. Proventia prepares for the risk by, among other things, closely monitoring customers' financial information, payment behaviour and market outlook. The approval process for new customers and agreements aim to ensure that Proventia does not incur a significant financial risk due to project or delivery cancellations. The risk arising from Proventia's own actions is managed by ensuring sufficient customer-oriented management of key accounts at every level of the organisation, by actively monitoring customer satisfaction and by seeking to deepen customer relationships. Dependence on a limited number of key accounts is minimized by expanding the customer base.
Cybersecurity risks	At the core of the business are emails, websites, financial management programs, customer systems, ERP-systems and other software and services related to the company's operations, which may be subject to data breaches, ransomware, denial-of-service attacks, supply chain attacks, user account leaks and various deviations and interruptions, which, if realized, may cause interruptions in production and business operations and leakage of confidential information which result in direct financial losses and various crisis management costs and liability for damages. Proventia has taken appropriate cybersecurity measures to protect against viruses, worms, Trojan horses, phishing, denial of service (DOS) attacks, unauthorized access, and control system attacks. These measures shall include (without being limited to) e.g. firewalls, anti-virus software, intrusion detection and prevention systems, encryption, up-to-date security updates and backup data, controlled access to sensitive information and systems (including policies for data access), strong passwords and multi-factor authentication, procedures for evaluating the effectiveness of security measures (regular cybersecurity audits and attach simulations), risk assessments and security policies for information systems, plan for handling security incidents, training and education, monitoring third-Party users and applications, and security around the procurement of systems and the development and operation of systems.
Geopolitical and regulatory risks	The intensification of economic competition between the superpowers as well as the increased security politic tensions and possible escalation of conflicts as a result of the war in Ukraine and other military conflicts, maintain continuous uncertainty in markets and supply chains and may have a significant impact on Proventia's business environment, market situation, continuity of supply chains and component availability. Due to partly political reasons, changes in emission legislation that are important for Proventia's business operations are difficult to predict, and the company may allocate limited resources to the wrong technology, product or production method. Proventia prepares for the risk by, among other things, taking geopolitical risks into account in production and supply chain management and expanding its customer portfolio in order to minimize potential problems and disruptions in production, service production, customer deliveries, logistics or the entire supply chain. Proventia actively monitors the market, the development of emission legislation and changes in technology, and engages in continuous dialogue with its customers about emission limits and related technology solutions.
Risks related to competitiveness	Price competitiveness and product quality are of primary importance to our customers. Therefore, a failure in our ability to respond to technological developments and in continuously improving our operations and efficiency may lead to a halt to the company's growth. Proventia prepares for the risk by, among other things, actively dialogue with customers to understand the customer's needs and by strengthening the connection between product and production technology development and strategy. Proventia actively monitors technological development, the competitive situation, competitors and competitors' product portfolios in order to better understand its competitive position and what factors affect maintenance and improvement of competitiveness. Proventia is constantly developing more cost-effective alternatives for both products and production technologies, both in its own production and in its supply chain, in order to ensure a competitive price/quality ratio.

Insurance

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

SUSTAINABILITY

Proventia's sustainability is based on its values. Sustainability has been integrated into the company's strategy and day-to-day operations. At the core of the company's business are products that enable customers to make more energy-efficient, low-emissions and low-carbon products, regardless of the technology used to generate power. The company actively strives to reduce also its carbon footprint and helps its customers achieve their sustainability goals. For Proventia, sustainability encompasses the way of working – how the company deals with environmental issues, its contribution to society, how the company treats people and the leadership principles Proventia follows. The company's sustainability policy describes the company's commitment to protecting the environment and human health by reducing harmful emissions. The policy emphasizes the identification of the environmental impact of operations, as well as the proactive and preventive assessment of risks and opportunities. The company's sustainability policy describes the company's commitment to protecting the environment and human health by reducing harmful emissions. The policy emphasizes the identification of the environmental impact of operations, as well as the proactive and preventive assessment of risks and opportunities.

Proventia has started to prepare for reporting under the EU Corporate Sustainability Reporting Directive (CSRD). As part of its preparation for the requirements of the CSRD, Proventia conducted its first double materiality analysis during 2024. The sustainability themes identified as material in the analysis will be assessed and specified during early 2025.

In this sustainability review, the reported figures include both continuing operations (Off-road Machinery System and Components) and discontinued operations (Test Solutions).

Environment

The company undertakes to reduce harmful emissions in its own operations and value chain, and to engage its suppliers and partners in the promotion of sustainable development. The company is committed to setting short-term emissions reduction targets for its operations, as well as a net-zero target in line with the SBTi, which is in line with the goals of the Paris Agreement. Proventia's Scope 1 and Scope 2 carbon dioxide emissions were 1,175.3 tonnes of CO_2e (2023: 1,341 tCO_2e). Emission intensity relative to net sales was 25.0 tCO_2e per EUR million (24.7 tCO_2e per EUR million). The company's carbon footprint calculation is based on the Greenhouse Gas (GHG) Protocol.

Social sustainability

Proventia's sustainability policy emphasizes the rights of employees and the promotion of the personnel's wellbeing and safety. The company seeks to be an inspiring and encouraging workplace for both current and future employees. The company encourages its employees to innovate new products and solutions that promote both human health and environmental sustainability.

Proventia's Code of Conduct underlines an international and equal working community without any discrimination. The company is committed to ensuring equal opportunities for all its employees in practices and processes related to work and the working community. The company provides its employees with a non-discriminatory work environment in which diversity is valued, regardless of gender, ethnic or national origin, religion, age, physical characteristics or other aspects of diversity. Proventia does not accept any form of harassment, aggravation or bullying. The company takes any deviations from these principles seriously and will handle such cases appropriately. Proventia is committed to protecting the health and safety of its personnel in the workplace. The entire personnel are responsible for protecting themselves, their colleagues, workplace, community and environment. Every employee is obliged to report any deficiencies or problems related to occupational health and safety and to prevent any losses. Proventia respects the freedom of association of its personnel.

Proventia monitors its employees' wellbeing and job satisfaction through development appraisals and an annual personnel survey, based on which development needs are selected for the following year. In 2024, the eNPS in the personnel survey was 34 (2023: 17) and the lost-time injury frequency rate (LTIFR) was 6 (2023: 0).

Good corporate governance

At Proventia, the culture of good corporate governance means the principles and practices that guide the company's operations to ensure responsibility, transparency and ethics in operations. Good governance includes the following principles:

- **Responsibility**: Proventia takes care of its financial obligations and complies with law and the Code of Conduct in all its operating environments.
- **Openness and transparency**: Proventia's operations are open and transparent, and the company reports its operations and decisions clearly and honestly.
- **Honesty and trust**: Proventia emphasizes honesty and trust, which are key values in the company's operations.
- **Continuous development**: Proventia strives to continuously and systematically develop and improve its operating methods.

Proventia's Code of Conduct guides the company's all employees and stakeholders to act in an ethically sustainable manner. The Code of Conduct defines the principles and practices to be followed to ensure responsible and honest activities in all situations. The

Code of Conduct covers several areas of operations, including customer relations, environmental responsibility, subcontractor and supplier relations, general business principles, conflicts of interest, the protection of information and property, even-handed competition, and communication and contact toward stakeholders. It also emphasizes the significance of corporate responsibility and encourages Proventia's entire personnel to act in accordance with ethically acceptable principles. The Code of Conduct applies to the company's Finnish and Czech operations. The Code of Conduct survey was completed by 127 (91%) people in the company's locations in Finland. In 2024, 0 notifications were submitted through the whistleblowing channel (2023: 0).

Proventia's Supplier Code of Conduct is part of Proventia's Supplier Manual. The Supplier Code of Conduct describes ethical guidelines for suppliers related to such matters as anti-corruption, compliance with competition law, conflicts of interest, business continuity planning, data protection and information security. The Supplier Code of Conduct applies to Proventia's all suppliers and subcontractors.

The company's sustainable ways of working, sustainability management, operating principles and policies, as well as ESG indicators and performance, are described in more detail in the company's annual report for 2024.

OTHER INFORMATION

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

EVENTS AFTER THE FINANCIAL YEAR

No key events after the financial year.

OUTLOOK

Stricter emission regulations, electrification, hydrogen and renewable fuels support Proventia's long-term strategy and growth. Proventia is actively involved in developing new technologies to improve the energy efficiency of off-road machinery and reduce emissions regardless of the technology used as a power source.

The off-road machinery market is growing, and emission control systems will be applied in an increasing number of engine categories. Fossil fuels will be replaced with renewable fuels and, together with exhaust aftertreatment systems, will also enable the use of internal combustion engines in the future. Proventia invests heavily in its customers and the development of their products, as well as in increasing production capacity at the Czech plant. Several product development projects will continue to proceed to serial production from 2025 onwards, which will result in significant revenue growth in the coming years. In addition, the company won new product development projects from new customers during 2024, which brings predictability to our product development and production for years to come.

The off-road machinery battery market has developed more slowly than previously estimated, but our new battery products will expand our growth opportunities in the market for fully electric off-road machinery and equipment. Proventia continues to invest in the development of its battery technologies.

GUIDANCE (CONTINUING OPERATIONS)

Net sales and the operating profit are expected to increase in 2025 from the 2024 level. In 2024, net sales were EUR 41.9 million, and the operating profit was EUR 5.2 million.

THE BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF PROFIT

Proventia Group Corporation's distributable funds total EUR 24,681,976.20. The Board of Directors proposes that the profit for the period of EUR 12,622,060.39 be transferred to retained earnings, and that EUR 0.30 per share be distributed from reserves of unrestricted equity, totalling EUR 4,901,342.40, with the total number of shares being 16,337,808.

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

CONSOLIDATED INCOME STATEMENT

EUR 1,000	Note	2024	2023
Net sales	2.1	41,927	42,557
Other operating income	2.2	45	99
Materials and services	2.3	-21,597	-20,559
Employee benefit expenses	2.4	-8,250	-7,835
Depreciation and impairment	2.7	-3,169	-3,188
Other operating expenses	2.5	-3,782	-3,652
Operating profit		**5,175**	**7,421**
Financial income		604	250
Financial expenses	2.8	-930	-707
Profit before tax		**4,848**	**6,964**
Income taxes	2.9	-912	-1,267
Profit for the period from continuing operations		**3,936**	**5,698**
Loss for the period from discontinued operations	2.6	-2,520	-1,029
Profit for the period		**1,416**	**4,668**
Profit attributable to owners of the parent company		**1,416**	**4,668**
Earnings per share calculated on profit attributable to owners of the parent company			
Undiluted earnings per share, EUR		0.09	0.29
Diluted earnings per share, EUR		0.08	0.27
Undiluted earnings per share, continuing operations, EUR		0.24	0.35
Diluted earnings per share, continuing operations, EUR		0.23	0.33

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	2024	2023
Profit for the period	**1,416**	**4,668**
Items of other comprehensive income		
Items that may be reclassified to profit or loss at a later date		
Translation differences from foreign units	-56	-13
Other items of comprehensive income for the financial year, total	**-56**	**-13**
Comprehensive income for the financial year	**1,360**	**4,655**
Comprehensive income for the financial year attributable to owners of the parent company	**1,360**	**4,655**

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	Dec 31, 2024	Dec 31, 2023
ASSETS			
Non-current assets			
Intangible assets	3.1	3,557	3,127
Property, plant and equipment	3.2	5,568	5,735
Right-of-use assets	3.3	2,906	4,175
Non-current receivables		3	50
Deferred tax assets	3.3	265	285
Total non-current assets		**12,299**	**13,370**
Current assets			
Inventories	3.4	7,075	6,829
Sales receivables	3.5, 4.3	4,969	5,900
Other receivables	3.5, 4.3	719	869
Contract assets	3.5	295	2,212
Accrued income	3.5	761	780
Other financial assets		5,067	0
Cash and cash equivalents	4.3	5,219	11,332
Total current assets		**24,105**	**27,923**
Assets held for sale	2.6	3,023	0
TOTAL ASSETS		**39,426**	**41,294**

EUR 1,000	Note	Dec 31, 2024	Dec 31, 2023
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		1,090	1,090
Invested unrestricted equity reserve		7,377	7,277
Translation differences		-44	12
Retained earnings		14,797	11,513
Profit for the period		1,416	4,668
Shareholders' equity, total	4.1	**24,636**	**24,560**
Non-current liabilities			
Financial liabilities	4.3	0	150
Lease liabilities	4.3	1,958	3,076
Provisions	3.7	469	1,003
Total non-current liabilities		**2,427**	**4,229**
Current liabilities			
Financial liabilities	4.3	150	510
Lease liabilities	4.3	1,047	1,202
Contract liabilities	3.6	1,791	2,230
Trade payables	3.6, 4.3	1,839	4,641
Other liabilities	3.6, 4.3	554	1,644
Deferred income	3.6	1,170	2,277
Total current liabilities		**6,550**	**12,505**
Liabilities directly associated with the assets held for sale	2.6	5,813	0
Total liabilities		**14,791**	**16,734**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**39,426**	**41,294**

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	Note	2024	2023
Cash flow from operating activities			
Profit for the period		1,416	4,668
Adjustments			
Depreciation and impairment	2.7	3,671	4,012
Financial income and expenses	2.8	327	457
Income tax	2.9	282	1,009
Other adjustment items		105	72
Changes in working capital			
Increase/decrease in trade and other receivables		2,372	879
Increase/decrease in inventories		-1,673	2,117
Increase/decrease in trade and other payables		351	-589
Interest and other financial expenses paid		-917	-693
Interest received		566	205
Income taxes paid		-1,162	-368
Cash flow from operating activities		**5,337**	**11,769**
Cash flow from investing activities			
Investments in tangible and intangible assets		-3,538	-3,321
Investments in financial instruments		-5,067	0
Dividends received from investments		26	26
Cash flow from investing activities		**-8,579**	**-3,295**

EUR 1,000	Note	2024	2023
Cash flow from financing activities			
Repayment of financial liabilities	4.3	-510	-660
Payments based on lease liabilities	4.3	-1,010	-1,077
Dividend		-1,452	-481
Share issue		100	262
Cash flow from financing activities		**-2,872**	**-1,956**
Changes in cash and cash equivalents, increase (+)/decrease (-)		**-6,113**	**6,518**
Cash and cash equivalents, Jan 1	4.3	11,332	4,814
Cash and cash equivalents, Dec 31	4.3	**5,219**	**11,332**

OTHER ADJUSTMENT ITEMS IN CASH FLOW STATEMENT

EUR 1,000	2024	2023
Change in translation differences	-56	-13
Share-based payments	68	46
Change in provisions	93	39
Total	**105**	**72**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000	Share capital	Invested unrestricted equity reserve	Translation differences	Retained earnings	Shareholders' equity total
Shareholders' equity, Jan 1, 2024	**1,090**	**7,277**	**12**	**16,181**	**24,560**
Profit for the period				1,416	**1,416**
Translation differences			-56		**-56**
Total items of comprehensive income for the financial year after taxes	**0**	**0**	**-56**	**1,416**	**1,360**
Share issue		100			**100**
Share-based payments				68	**68**
Dividend				-1,452	**-1,452**
Transactions with owners	**0**	**100**	**0**	**-1,384**	**-1,284**
Shareholders' equity, Dec 31, 2024	**1,090**	**7,377**	**-44**	**16,212**	**24,636**

EUR 1,000	Share capital	Invested unrestricted equity reserve	Translation differences	Retained earnings	Shareholders' equity total
Shareholders' equity, Jan 1, 2023	**1,090**	**7,015**	**25**	**11,948**	**20,078**
Profit for the period				4,668	**4,668**
Translation differences			-13		**-13**
Total items of comprehensive income for the financial year after taxes	**0**	**0**	**-13**	**4,668**	**4,655**
Share issue		262			**262**
Share-based payments				46	**46**
Dividend				-481	**-481**
Transactions with owners	**0**	**262**	**0**	**-435**	**-173**
Shareholders' equity, Dec 31, 2023	**1,090**	**7,277**	**12**	**16,181**	**24,560**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

1.1. GENERAL INFORMATION ABOUT THE GROUP

Proventia Group Corporation ("the parent company") is a Finnish limited liability company and the parent company of Proventia Group ("Proventia" or "the Group"). Proventia Group Corporation is domiciled in Oulu, and its head office's registered address is Tietotie 1, 90460 Oulunsalo. The Group's subsidiaries are Proventia Oy, Proventia Czech s.r.o. and Proventia UK Limited.

Proventia Group is part of the Head Invest Group, a group of technology companies. Proventia Group is consolidated into Head Invest Oy's consolidated financial statements. Head Invest Oy is domiciled in Oulu, and its registered address is Rantakatu 4, 90100 Oulu.

Proventia Group is an internationally operating Finnish technology company, which provides solutions and services in the engine, machine and vehicle industries to combat climate change and to solve the air pollution problem. Proventia develops and manufactures modular test centres for the R&D of batteries and electric vehicles, as well as systems and components that reduce the emissions of off-road machines and improve their energy efficiency. Proventia takes people, the environment and future generations into account in all of its operations, with zero emissions being the company's vision.

1.2. ACCOUNTING PRINCIPLES

These Proventia Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the EU and their interpretation guidelines (IFRIC).

These consolidated financial statements have been prepared in euro, which is Proventia Group's presentation currency and the parent company's functional currency. The figures presented in these financial statements have been rounded which means that the sum total of individual figures may differ from the presented sums. Items of Group companies included in these financial statements are measured in the currency of each company's primary financial operating environment. These consolidated financial statements are presented in EUR thousand, unless otherwise mentioned. These consolidated financial statements have been prepared based on the original acquisition cost.

Conversion of foreign currency items

Items of Group companies included in these financial statements are measured in the currency of each company's primary financial operating environment (functional currency).

Business transactions denominated in a foreign currency have been converted into the functional currency using the exchange rate valid on the transaction date. Exchange rate gains and losses resulting from payments related to such business transactions and the conversion of monetary assets and liabilities denominated in a foreign currency according to the exchange rate valid on the transaction date have been recognized through profit or loss.

In these consolidated financial statements, the income statements of foreign subsidiaries have been converted into euro using the average exchange rate during the financial year, and their balance sheets have been converted using the exchange rate valid on the closing date.

Translation differences resulting from the elimination of foreign subsidiaries and the conversion of equity items accrued after acquisitions have been recognized in other items in the statement of comprehensive income.

Consolidation principles

Intra-Group shareholdings have been eliminated using the acquisition cost method, and translation differences have been recognized at the same time. All intra-Group transactions, receivables, liabilities, unrealized profit and internal profit distributions are eliminated when preparing the consolidated financial statements. Proventia has no goodwill on the balance sheet of December 31, 2024.

1.3. ACCOUNTING PRINCIPLES REQUIRING THE MANAGEMENT'S DISCRETION AND KEY UNCERTAINTIES RELATED TO ESTIMATES

The preparation of consolidated financial statements in accordance with the IFRS requires the management's discretion, future estimates and assumptions that have an impact on the reported assets and liabilities, other information, including conditional assets and liabilities, as well as the recognition of expenses in the income statement. Even though forecasts, assumptions and estimates are based on the management's previous experience and best knowledge of events and activities at the time under review, the realized outcome may differ from them.

Revenue from contracts with customers

The recognition of revenue recognized over time is based on the realized share of the estimated total cost of the product or service (progress in satisfying the performance obligation). The Group's management uses discretion when estimating total project costs. Project cost estimates are monitored and updated continuously, if required.

Deferred tax assets

Deferred tax assets are recognized when it is likely that the company has sufficient taxable income in the future to use deferred tax assets in excess of deferred tax liabilities. The Group's management uses discretion when deciding whether deferred tax assets are recognized from unused taxable losses. The estimation of future taxable cash flows is based on Proventia Group's strategy, estimates and the assessment of uncertainties. The Group's management monitors the Group's financial position and estimates future development on the closing date of each reporting period. Deferred tax assets are recognized up to the amount according to which it is likely that taxable income is generated in the future on the basis of which unused taxable losses can be used.

R&D costs

Development costs that meet the capitalization criteria are recognized on the balance sheet. The capitalization of development costs is based on the management's discretion, according to which the technical and financial feasibility of projects has been ensured.

Provisions

Proventia recognizes provisions for work subject to warranties, the amount of which is based on similar costs realized previously. Provisions are reviewed regularly and adjusted to correspond to the best estimate on the date under review, if required. Realized costs may differ from estimates.

Share-based payments

Proventia recognizes costs arising from share-based payments in its income statement. Regarding share options, the Group's management makes estimates of certain factors required for the option pricing model, including volatility, the number of options probably falling within the scope of subscription rights, and the probable date on which options can be exercised.

2. FINANCIAL DEVELOPMENT

2.1. REVENUE FROM CONTRACTS WITH CUSTOMERS

Accounting principles

Discretion, estimates and assumptions significant for accounting and related revenue from contracts with customers are presented in this note.

Proventia recognizes income derived from the sale of products and services, after the deduction of discounts, as well as value added tax and other taxes based directly on the amount of sales in net sales. Product returns and refunds are handled through the customer complaint process and recognized as adjustments to net sales.

Determining transaction prices and allocating them to performance obligations

Transaction prices are based on customer-specific contracts. Revenue is recognized according to the amount to which the Group expects to be entitled in exchange for the products and services it offers. If different performance obligations are specified in agreements, Proventia will allocate the fixed contractual transaction price to different performance obligations based on their separate sales prices. Payments typically fall due in 14–60 days.

Recognition principles

In accordance with the IFRS 15 standard, revenue from contracts entered into with customers is recognized when products and services are transferred under the customer's control corresponding to the payment amount to which Proventia expects to be entitled in exchange for its products and services. The recognition of revenue takes place at a point in time or over time.

Recognition of revenue at a point in time

The date on which revenue is recognized depends mainly on the terms of delivery used in Proventia's sales transactions and any supplementary terms and conditions. As Proventia uses different terms of delivery for different types of sales transactions, the dates of their recognition also differ. The terms of delivery and the supplementary agreement terms and conditions are indicated in the sales agreement or invoice. In general, terms of delivery can be used to determine the point at which significant risks and rewards of the ownership of products are transferred from the seller to the buyer. Instead of or in addition to the terms of delivery provided in the collection of terms of delivery maintained by the International Chamber of Commerce (Incoterms), more detailed delivery terms can be agreed in the sales agreement.

Recognition of revenue over time

With regard to fixed-priced contracts related to project sales, the share of the entire product or service provided that has been realized by the end of the reporting period is recognized as revenue (progress in satisfying the performance obligation). This share is determined based on the share of realized costs from the total amount of expected costs.

Contract assets and liabilities

If the invoiced amount of a project sales agreement recognized as income over time is smaller than the revenue recognized based on the progress in satisfying the performance obligation on the reporting date, the difference will be presented as contract asset in accrued income on the balance sheet under contract assets. If the invoiced amount of a project sales agreement is larger than the revenue recognized based on the progress in satisfying the performance obligation on the reporting date, the difference will be presented as a contract liability in current liabilities on the balance sheet under contract liabilities.

CONTRACT ASSETS AND LIABILITIES

EUR 1,000	2024	2023
Contract assets	295	248
Contract liabilities	1,791	1,634

Contract assets include revenue recognized from incomplete sales projects to be recognized as income over time, netted with project-specific liabilities based on a contract. Contract liabilities include prepayments for incomplete projects to be recognized as income over time, netted with project-specific asset items based on a contract, prepayments for warranty and maintenance agreements, as well other advances received.

Distribution of net sales

NET SALES BY INCOME RECOGNITION TYPE

EUR 1,000	2024	2023
At a point in time	39,017	38,882
Over time	2,911	3,675
Total	**41,927**	**42,557**

NET SALES BY MARKET AREA

EUR 1,000	2024	2023
Europe	40,744	40,981
Other continents	1,184	1,576
Total	**41,927**	**42,557**

2.2. OTHER OPERATING INCOME

Accounting principles

Other operating income includes grants received and sales gains from fixed assets, among other items. Public grants are recognized through profit or loss for the periods for which the expenses intended to cover them have been recognized, when it is reasonably certain that the conditions related to the grants can be fulfilled and the grants will be received.

Proventia Group has received public grants from Business Finland. Public grants received for the acquisition of fixed assets have been recognized to reduce the acquisition cost of fixed assets. Their recognition through profit or loss has been registered in the form of decreased depreciation on the acquired asset item.

OTHER OPERATING INCOME

EUR 1,000	2024	2023
Grants received	14	35
Sales gains from fixed assets	0	7
Other operating income	31	58
Total	**45**	**99**

2.3. MATERIALS AND SERVICES

Accounting principles

Materials and services consist of direct operating expenses, including purchases related to the making of products, external services, and changes in inventories. The measurement of inventories is presented in more detail in Note 3.4. Inventories.

MATERIALS AND SERVICES

EUR 1,000	2024	2023
Substances, supplies and goods		
Purchases during the financial year	21,983	19,223
Change in inventories	-234	398
External services	519	937
Total	**22,269**	**20,559**

2.4. NUMBER OF EMPLOYEES AND EMPLOYEE BENEFIT EXPENSES

Accounting principles

Total fees paid by Proventia Group to its personnel consist of basic wages, increments, annual holiday pay, bonuses and fringe benefits. Proventia's personnel are within the scope of the bonus scheme, which is based on the achievement of the company's shared goals. Share-based payments are described below in Note 5.1. Share-based payments. Information about remuneration paid to the management is presented in Note 5.2. on related party transactions.

Proventia Group's current pension arrangements are payment-based pension schemes, and their payments are recognized as expenses in the income statement during the period which each charge concerns.

Number of employees, continuing operations	2024	2023
Average number for the period	172	160
Number of employees at the end of the period	176	165

Number of employees, discontinued operations	2024	2023
Average number for the period	35	38
Number of employees at the end of the period	33	33

BREAKDOWN OF EMPLOYEE BENEFIT EXPENSES

EUR 1,000	2024	2023
Salaries and fees	6,681	6,358
Share-based payments	68	46
Pension expenses	1,350	1,233
Other statutory indirect expenses	150	198
Total	**8,250**	**7,835**

2.5. OTHER OPERATING EXPENSES

Other operating expenses include expenses that do not arise directly from Proventia's business operations. Other operating expenses mainly consist of voluntary personnel, facility and equipment, marketing and administrative, as well as IT expenses. Facility and equipment expenses include short-term and low-value leases. Leases are discussed in more detail in Note 3.3. Leases.

Other operating expenses also include the amounts recognized from expected credit losses. More information about expected credit losses is presented in Note 3.5. Sales and other current receivables.

OTHER OPERATING EXPENSES

EUR 1,000	2024	2023
Facility expenses	399	472
IT, device and equipment expenses	945	849
Travel expenses	279	277
Sales and marketing expenses	344	439
Administrative services and other administrative expenses	1,341	1,285
Other expense items	474	331
Total	**3,782**	**3,652**

AUDITORS' FEES

EUR 1,000	2024	2023
Auditing	106	112
Tax consultancy services	156	53
Other services	0	8
Total	**262**	**173**

2.6. DISCONTINUED OPERATIONS

In December 2024, Proventia decided to divest its Test Solutions business from the company's core operations and initiated actions to sell the business. The operations subject to the sale have been classified as assets held for sale and reported as discontinued operations. The balance sheet has not been adjusted for the comparison period. The cash flow statement has not been adjusted.

DISCONTINUED OPERATIONS INCOME STATEMENT

EUR 1,000	2024	2023
Net sales	4,993	11,739
Other operating income	13	12
Materials and services	-4,574	-8,032
Employee benefit expenses	-2,030	-2,679
Depreciation and impairment	-502	-823
Other operating expenses	-1,050	-1,503
Operating profit	**-3,150**	**-1,287**
Financial income	0	0
Financial expenses	0	0
Profit before tax	**-3,150**	**-1,287**
Income tax	630	257
Profit for the period	**-2,520**	**-1,029**

THE EFFECT OF DISCONTINUED OPERATIONS ON THE BALANCE SHEET

EUR 1,000	Dec 31, 2024
Assets held for sale	
Intangible assets	417
Property, plant and equipment	202
Right-of-use assets	252
Non-current receivables	47
Inventories	1,427
Sales receivables	270
Contract assets	407
Total assets held for sale	**3,023**

EUR 1,000	Dec 31, 2024
Liabilities directly associated with the assets held for sale	
Provisions	626
Other liabilities	72
Lease liabilities	264
Contract liabilities	917
Trade payables	2,823
Other liabilities	33
Deferred income	1,078
Total liabilities directly associated with the assets held for sale	**5,813**

2.7. DEPRECIATION AND IMPAIRMENT

Accounting principles

Depreciation on asset items has been determined based on their expected useful lives. All asset items are depreciated using the straight-line depreciation method. Proventia Group reviews depreciation periods and methods at the close of each financial year. If the useful life of an asset item differs from a previous estimate, the depreciation period will be adjusted accordingly. If the useful life cannot be reliably estimated, the depreciation period can be 10 years at maximum.

Useful economic lives of asset items:

- Development expenses 5 years
- Intellectual property rights 5 years
- Renovation costs from leased facilities 5 years
- Machinery and equipment 3–10 years
- Office fixtures and furniture 3–10 years

The useful lives and residual values of asset items are discussed in more detail in Notes 3.1. Intangible assets; 3.2. Property, plant and equipment; and 3.3. Leases.

DEPRECIATION BY ASSET GROUP

EUR 1,000	2024	2023
Development expenses	775	641
Intellectual property rights	183	165
Renovation costs from leased facilities	29	45
Buildings and structures	843	938
Machinery and equipment	1,319	1,399
Depreciation, total	**3,148**	**3,188**
Impairment of non-current assets	21	0
Depreciation and impairment, total	**3,169**	**3,188**

2.8. FINANCIAL INCOME AND EXPENSES

Accounting principles

Financial income and expenses are recognized for the period during which they were generated.

EUR 1,000	2024	2023
Financial income		
Dividend income	26	26
Other interest and financial income	126	17
Exchange rate gains	452	207
Financial income, total	**604**	**250**
Financial expenses		
Interest and other financial expenses	-131	-379
Exchange rate losses	-799	-327
Financial expenses, total	**-930**	**-707**
Financial income and expenses, total	**-327**	**-457**

2.9. INCOME TAX

Accounting principles

Income tax consists of tax on the taxable profit for the period and deferred tax. In tax expenses, Proventia Group recognizes payment-based taxes calculated based on the Group companies' taxable profit for the period in accordance with the regulations and valid tax rates of each country, tax adjustments for previous financial years, and changes in deferred tax liabilities and assets.

Deferred tax is recognized from temporary differences between the carrying amount and taxable value using the tax rate valid on the closing date or an established tax rate to be effective later. Deferred tax assets are only recognized up to the extent of probable future taxable income, against which temporary differences can be used. The conditions for recognizing deferred tax assets are always reassessed on each reporting date.

Confirmed losses deductible in taxation are taken into consideration as tax assets insofar as the company is likely to be able to use them in the future.

Proventia only deducts deferred tax assets and liabilities from each other when the company has a legally enforceable right to net deferred tax assets and liabilities based on the taxable profit for the period with each other.

TAX IN THE INCOME STATEMENT

EUR 1,000	2024	2023
Income tax	-879	-1,252
Deferred tax	-33	-15
Total	**-912**	**-1 267**

RECONCILIATION OF TAX IN THE INCOME STATEMENT THROUGH PROFIT OR LOSS BEFORE TAXES

EUR 1,000	2024	2023
Profit/loss before taxes	4,848	6,964
Income tax based on Finland's tax rate, 20%	-970	-1,393
Non-deductible expenses and tax-exempt income	27	87
Effect of different tax rates	70	36
Other differences	-6	19
Income tax in the income statement	**-879**	**-1,252**

DEFERRED TAX ASSETS AND LIABILITIES IN 2024

Deferred tax assets EUR 1,000	Jan 1, 2024	Recognized in the income statement	Dec 31, 2024
Leases	21	1	22
Revenue from contracts with customers	79	-71	8
Inventories	-25	25	0
Financial instruments	13	11	23
Warranty provision	198	13	211
Total	**285**	**-20**	**265**

Deferred tax liabilities EUR 1,000	Jan 1, 2024	Recognized in the income statement	Dec 31, 2024
Financial instruments	0	13	13
Total	**0**	**13**	**13**

DEFERRED TAX ASSETS AND LIABILITIES IN 2023

Deferred tax assets EUR 1,000	Jan 1, 2023	Recognized in the income statement	Dec 31, 2023
Leases	11	10	21
Revenue from contracts with customers	108	-29	79
Inventories	-17	-8	-25
Financial instruments	8	5	13
Warranty provision	190	8	198
Total	**300**	**-15**	**285**

3. CAPITAL EMPLOYED

3.1. INTANGIBLE ASSETS

Accounting principles

Proventia Group's intangible assets include capitalized development costs and intellectual property rights.

Intangible assets are recognized on the balance sheet at the original acquisition cost when the acquisition cost can be determined reliably and it can be expected that the intangible assets generate financial gain for the Group. Depreciation and any impairment are deducted from the acquisition costs of intangible assets. Intangible assets that have a known or estimated useful economic life are recognized in the income statement as expenses during their useful life using the straight-line depreciation method. Assets that have not yet been entered into use are recognized as prepayments for intangible assets in accordance with their nature. Proventia has no goodwill on the balance sheet.

The estimated useful economic lives and depreciation periods of intangible assets are:

- Development expenses 5 years
- Intellectual property rights 5 years

The useful life of intangible assets is reviewed at the close of the reporting period. If expectations differ from previous estimates, any changes will be handled as changes in the accounting estimate. Intangible assets are reviewed for impairment whenever there are signs that their value may have decreased.

Development costs are capitalized in intangible assets on the balance sheet when they are likely to generate corresponding financial benefits, the completion of the assets is technically possible, an asset is available for use or sale, the costs to be capitalized can be determined reliably, and the Group has sufficient technical and financial resources to complete development activities. Proventia recognizes costs associated with research as expenses for the period when research was conducted.

EUR 1,000	Development expenses	Intellectual property rights	Total
Dec 31, 2024			
Carrying amount, Jan 1, 2024	2,708	419	3,127
Increase	1,482	474	1,956
Transfers between items; assets related to assets held for sale	0	-417	-417
Decrease	-7	0	-7
Depreciation and impairment	-914	-188	-1,102
Carrying amount, Dec 31, 2024	**3,269**	**288**	**3,557**
Dec 31, 2024			
Acquisition cost	11,139	2,778	13,917
Accumulated depreciation and impairment	-7,869	-2,490	-10,360
Carrying amount, Dec 31, 2024	**3,269**	**288**	**3,557**
Dec 31, 2023			
Carrying amount, Jan 1, 2023	2,390	505	2,895
Increase	1,407	117	1,524
Decrease	-323	0	-323
Depreciation and impairment	-766	-203	-969
Carrying amount, Dec 31, 2023	**2,708**	**419**	**3,127**
Dec 31, 2023			
Acquisition cost	9,663	2,721	12,384
Accumulated depreciation and impairment	-6,955	-2,302	-9,258
Carrying amount, Dec 31, 2023	**2,708**	**419**	**3,127**

3.2. PROPERTY, PLANT AND EQUIPMENT

Accounting principles

At Proventia Group, property, plant and equipment consist of renovation costs associated with leased facilities, machinery and equipment, as well as prepayments for tangible assets.

Property, plant and equipment are recognized on the balance sheet at acquisition cost less depreciation according to plan and any impairment. Assets estimated to generate a profit during several financial years, including machinery and equipment, as well as office fixtures and furniture, are capitalized in property, plant and equipment. Property, plant and equipment are recognized at the original acquisition cost less accumulated depreciation and any impairment losses. The cost of a tangible asset includes not only its purchase price but also the variable costs of its acquisition and manufacture, i.e. direct costs associated with making the asset operational, including transportation and installation costs.

On the closing date of each reporting period, the Group assesses whether there are any signs of a decrease in the value of a tangible asset item. If there are such signs, the Group will assess the amount that can be accrued from the asset item in question. Impairment losses are recognized when the carrying amount of an asset item exceeds the amount that can be accrued from it.

Tangible assets are depreciated during their useful economic lives as follows using the straight-line depreciation method:

- Machinery and equipment 3–10 years
- Office fixtures and furniture 3–10 years
- Renovation costs from leased facilities 5 years

Profit and losses from the divestment and decommissioning of property, plant and equipment are presented in other operating income and expenses. Sales gains and losses are calculated as a difference of the net income received and the balance sheet value.

EUR 1,000	Machinery and equipment	Renovation costs from leased facilities	Prepayments for tangible assets	Total
Dec 31, 2024				
Carrying amount, Jan 1, 2024	5,658	59	17	5,735
Increase	1,588	17	18	1,623
Transfers between items; assets related to assets held for sale	-202	0	0	-202
Decrease	-285	0	0	-285
Depreciation and impairment	-1,272	-29	0	-1,301
Carrying amount, Dec 31, 2024	**5,487**	**47**	**35**	**5,568**
Dec 31, 2024				
Acquisition cost	17,394	520	35	17,949
Accumulated depreciation and impairment	-11,907	-473	0	-12,380
Carrying amount, Dec 31, 2024	**5,487**	**47**	**35**	**5,568**
Dec 31, 2023				
Carrying amount, Jan 1, 2023	5,441	90	0	5,530
Increase	1,589	15	17	1,621
Depreciation and impairment	-1,372	-45	0	-1,417
Carrying amount, Dec 31, 2023	**5,658**	**59**	**17**	**5,735**
Dec 31, 2023				
Acquisition cost	16,293	503	17	16,814
Accumulated depreciation and impairment	-10,635	-445	0	-11,079
Carrying amount, Dec 31, 2023	**5,658**	**59**	**17**	**5,735**

3.3. LEASES

Accounting principles

Right-of-use assets on the balance sheet consist of Proventia's leased facilities, machinery, IT equipment and vehicles. A typical facility lease is 5–10 years. Certain leases include options to extend the lease period. At the start of the lease agreement, the Group assesses whether exercising the option is reasonable and therefore probable. The Group will reassess whether options should be exercised if the conditions under its control change or a significant event takes place. The Group has not recognized any options exercised based on leases. In addition, the Group has leases that concern passenger cars and other vehicles (mainly forklifts), as well as equipment. The typical duration of leases is 1–4 years. In car lease agreements, the Group processes other than lease components (such as servicing) as separate.

When an agreement enters into force, the Group assesses whether it is a lease or whether it includes a lease. An agreement is a lease or includes a lease if it provides the right to use a specific asset item for a specific period in exchange for a payment.

For leases, a right-of-use asset and a corresponding lease liability are recognized on the balance sheet starting from the date from which the leased asset is available to the Group. Lease payments are recognized as repayments of lease liabilities and the related interest is recognized as expenses. Right-of-use assets are depreciated during their useful lives or in accordance with the lease period, whichever is shorter. The estimated useful lives of right-of-use assets are determined following the same principle as the useful lives of owned properties and equipment. In addition, any impairment losses and adjustments resulting from the redetermination of lease liabilities have an impact on right-of-use assets.

Lease liabilities are recognized at the current value of future lease payments using the incremental borrowing rate as the discount rate so that the value of a right-of-use asset corresponds to the amount of the lease liability on the start date of the lease.

Lease liabilities are measured using the effective interest rate method. Lease liabilities will be redetermined when future lease payments change due to a change in an index or interest rate, if the estimate of the payable residual value guarantee changes, or if the assessment of exercising an option to extend or end a lease changes. When a lease liability is redetermined as described above, a corresponding adjustment will be made in the carrying amount of the right-of-use asset or the impact of the change will be recognized through profit or loss if the carrying amount of the right-of-use asset has decreased to zero.

The Group applies exemptions concerning short-term leases of at most 12 months and low-value assets of no more than EUR 5,000. Expenses related to leases of short-term and low-value assets are recognized as expenses in other operating expenses allocated evenly over the lease period.

ITEMS RECOGNIZED IN THE INCOME STATEMENT

Depreciation on right-of-use assets EUR 1,000	2024	2023
Buildings	1,166	1,215
Machinery and equipment	102	87
Total	**1,268**	**1,302**

ITEMS RECOGNIZED ON THE BALANCE SHEET

EUR 1,000	Buildings	Machinery and equipment	Total
Dec 31, 2024			
Carrying amount, Jan 1, 2024	4,115	60	4,175
Increase	50	201	251
Transfers between items; assets related to assets held for sale	-252	0	-252
Depreciation and impairment	-1,166	-102	-1,268
Carrying amount, Dec 31, 2024	**2,747**	**159**	**2,906**
Dec 31, 2024			
Acquisition cost	6,454	471	6,926
Accumulated depreciation and impairment	-3,708	-312	-4,020
Carrying amount, Dec 31, 2024	**2,747**	**159**	**2,906**
Dec 31, 2023			
Carrying amount, Jan 1, 2023	5,155	147	5,301
Increase	176	0	176
Decrease	0	-1	-1
Depreciation and impairment	-1,215	-87	-1,302
Carrying amount, Dec 31, 2023	**4,115**	**60**	**4,175**
Dec 31, 2023			
Acquisition cost	6,657	270	6,927
Accumulated depreciation and impairment	-2,542	-210	-2,752
Carrying amount, Dec 31, 2023	**4,115**	**60**	**4,175**

3.4. INVENTORIES

Accounting principles

Proventia's inventories consist of finished products, the components and spare parts required for making products, work in progress and raw materials.

Inventories are measured at the lower of acquisition cost and selling price. Acquisition costs include purchasing expenses, production costs and other expenses arising from setting inventories in their current condition. In addition, acquisition costs consist of indirect costs, including production-related depreciation, maintenance costs and equipment, which remain relatively unchanged regardless of the production volume. Purchasing expenses include the purchase price, transportation costs and other costs directly attributable to the acquisition of services.

Inventories are measured at the average purchase price. The impairment of inventories is assessed regularly. A percentage-based impairment provision is recognized for individual inventory items that have remained in stock for a long time.

EUR 1,000	Dec 31, 2024	Dec 31, 2023
Substances and supplies	4,093	3,932
Work in progress	941	963
Finished products	1,866	1,551
Prepayments on inventories	176	383
Total	**7,075**	**6,829**

3.5. SALES AND OTHER CURRENT RECEIVABLES

Accounting principles

Sales and other current receivables consist of sales receivables, other current receivables, contract assets and accrued income. Sales and other receivables come from typical business-related transactions and are non-interest-bearing receivables. The payment term of sales receivables is typically 14–60 days. Sales receivables result from the sale of products or services in normal business operations. Sales receivables are recognized at the original fair value on the transaction date. Other receivables are recognized in accordance with the original cost and typically include tax receivables and other short-term accruals that are not classified as financial instruments. Contract assets include revenue recognized from incomplete sales projects to be recognized as income over time, netted with project-specific liabilities based on a contract.

EUR 1,000	Dec 31, 2024	Dec 31, 2023
Sales receivables	4,969	5,900
Other receivables	719	869
Contract assets	295	2,212
Accrued income	761	780
Total	**6,744**	**9,762**

Proventia recognizes a deductible item from sales receivables for expected credit losses in accordance with IFRS 9. The Group's sales receivables do not include any significant financing component. The Group uses a provision matrix to determine expected credit losses from sales receivables. The provision matrix is based on the rate of previously identified neglect during the validity of sales receivables and has been adjusted with future estimates. Any changes in the parameters of the provision matrix are analysed and updated on each reporting date. The deductible item is presented under sales receivables on the balance sheet. Changes in credit losses from uncertain receivables are presented under operating expenses in the income statement.

SALES RECEIVABLES

EUR 1,000	Dec 31, 2024	Dec 31, 2023
Sales receivables	5,034	5,965
Expected credit losses	-65	-64
Total	**4,969**	**5,900**

Conditions related to receivables from related party transactions are available in Note 5.2.

3.6. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Accounting principles

Trade payables and other liabilities consist of liabilities associated with regular business operations, including purchases, personnel expenses, tax debt and deferred income. Other current liabilities also include contract liabilities. Contract liabilities include prepayments for incomplete projects to be recognized as income over time, netted with project-specific asset items based on a contract, prepayments for warranty and maintenance agreements, as well other advances received.

Liabilities are recognized at the acquisition cost or amortized cost. Proventia's deferred income includes expenses that have not yet been invoiced. Trade payables usually fall due in 30-90 days.

EUR 1,000	Dec 31, 2024	Dec 31, 2023
Financial liabilities	150	510
Lease liabilities	1,047	1,202
Trade payables	1,839	4,641
Other current liabilities	554	1,644
Contract liabilities	1,791	2,230
Deferred income	1,170	2,277
Total	**6,550**	**12,505**

3.7. PROVISIONS

Accounting principles

Provisions are recognized when the Group has a legal or actual obligation as a result of a previous transaction, the fulfillment of a payment obligation is probable and the amount of the obligation can be estimated reliably. The amount recognized as a provision is the current value of the expenses that the fulfillment of the obligation is expected to require at the close of the reporting period in accordance with the management's best estimate.

Proventia recognizes provisions for sales subject to warranties. A percentage-based warranty provision is calculated for net sales of products subject to warranties. The warranty period is one year in Proventia's general warranty terms and two to four years in special warranty terms. The warranty provision will be on the balance sheet for the duration of the warranty and will be cleared from the balance sheet during the reporting period when the warranty expires. The amount of the warranty provision is determined based on historical knowledge arising from experiences of the realization of warranty expenses. The percentage is estimated by comparing actual warranty expenses with net sales subject to warranties. Warranty provisions require decisions based on judgment. Provisions are reviewed regularly and adjusted to correspond to the best estimate on the date under review, if required. Realized costs may differ from estimates.

Proventia recognizes a provision for onerous (loss-generating) contracts when the necessary costs required for the fulfillment of obligations exceed the benefits gained from the contract. Loss provisions are reduced at the ratio of the recognition of onerous contracts as income.

EUR 1,000	Dec 31, 2024	Dec 31, 2023
Warranty provisions	430	990
Provisions from onerous contracts	39	13
Total	**469**	**1,003**

4. CAPITAL STRUCTURE AND FINANCIAL RISKS

4.1. SHAREHOLDERS' EQUITY

Accounting principles

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

On December 31, 2024, Proventia Group Corporation's registered share capital was EUR 1,090,281.04 and its total number of shares was 16,337,808. The company has one series of shares, and each share entitles its holder to one vote. The company's shares are registered in the book-entry system maintained by Euroclear Finland Oy.

According to the shareholder register on December 31, 2024, Head Invest Oy's holding of shares and votes in Proventia Group Corporation was 50.62%. Proventia Group is consolidated into Head Invest Oy's financial statements.

Invested unrestricted equity reserve

During the financial year 200,533 new shares have been subscribed with year 2016 options with share subscription price EUR 0.5 per share, i.e. total of EUR 100,266.5. The share subscriptions have been made in accordance with the terms and conditions of the option program approved by the Board of Directors on May 30, 2016 (based on authorization of the Annual General Meeting held on April 20, 2016 to the Board of Directors to decide on the issuance of shares and on the granting of special rights entitling to shares) and Finnish Companies Act. The shares were paid, and the subscription price was recognized in the company's invested unrestricted equity reserve.

Number of shares	Total number of registered shares
Jan 1, 2023	16,027,275
Directed share issue	110,000
Dec 31, 2023	16,137,275
Directed share issue	200,533
Dec 31, 2024	16,337,808

Translation differences

Translation differences include those resulting from the conversion of the shareholders' equity of foreign subsidiaries on the acquisition date and figures consolidated on the reporting date. The change in translation differences is presented in the statement of comprehensive income.

4.2. FINANCIAL RISK MANAGEMENT

Accounting principles

In its business operations, Proventia is exposed to various financial risks, including liquidity, credit, interest and currency risks. The Group follows a harmonized financial policy in its financial risk management. Proventia has set appropriate practices and procedures for financial risk management. Financial risks are identified, measured and managed in accordance with the financial policy. The Group aims to minimize financial risks whenever this is financially reasonable.

Liquidity risk

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

Credit risk

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

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate due to changes in market interest rates. Proventia's exposure to interest rate fluctuations is related to its interest-bearing debt obligations with variable interest rates and the Group's interest-bearing investments.

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

The Group invests in low-risk interest-bearing funds, which expose it to interest rate risk. Changes in the value of other financial assets measured at fair value through profit or loss affect the financial result for the period.

Currency risk

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

The translation risk consists of net investments made in subsidiaries outside the eurozone. The Group's translation risks outside the eurozone concern investments made in its subsidiaries in the Czech Republic and the UK. The tables below present the Group's net investments in its subsidiaries.

EUR 1,000	CZK	GBP
Net investment, Dec 31, 2024	477	59

EUR 1,000	CZK	GBP
Net investment, Dec 31, 2023	332	40

The following tables present the results of the sensitivity analysis to calculate the impact of a 10% weakening or strengthening of the functional currencies of the Group companies against the euro on the Group's equity.

IMPACT ON SHAREHOLDERS' EQUITY, DEC 31, 2024

EUR 1,000	CZK	GBP
Strengthening 10%	48	6
Weakening 10%	-48	-6

IMPACT ON SHAREHOLDERS' EQUITY, DEC 31, 2023

EUR 1,000	CZK	GBP
Strengthening 10%	33	4
Weakening 10%	-33	-4

The transaction risk consists of foreign currency-denominated receivables and liabilities on the balance sheet. The tables below present the Group's transaction risk and the results of the sensitivity analysis to calculate the impact of foreign currencies on profit or loss if foreign currencies strengthened or weakened by 10% against the euro.

THE GROUP'S TRANSACTION RISK, DEC 31, 2024

EUR 1,000	CZK	GBP
Transaction risk, Dec 31, 2024	165	381

THE GROUP'S TRANSACTION RISK, DEC 31, 2023

EUR 1,000	CZK	GBP
Transaction risk, Dec 31, 2023	181	472

The tables below present the results of the sensitivity analysis to calculate the impact of foreign currencies on profit or loss before taxes, if foreign currencies strengthened or weakened by 10% against the euro.

IMPACT ON PROFIT OR LOSS BEFORE TAXES, DEC 31, 2024

EUR 1,000	CZK	GBP
Strengthening 10%	16	38
Weakening 10%	-16	-38

IMPACT ON PROFIT OR LOSS BEFORE TAXES, DEC 31, 2023

EUR 1,000	CZK	GBP
Strengthening 10%	18	47
Weakening 10%	-18	-47

4.3. FINANCIAL ASSETS AND LIABILITIES

Accounting principles

A financial instrument is any agreement which establishes a financial asset item for a single company and simultaneously a financial liability or an equity instrument for another company.

Financial assets

Financial assets significant for Proventia include sales and other receivables, as well as cash and cash equivalents. IFRS 9 defines that financial assets be measured at amortized cost, fair value through other items in the statement of comprehensive income or fair value through profit or loss. Proventia recognizes its financial assets as measured at amortized cost and at fair value through profit or loss.

Sales and other receivables are measured at amortized cost less any impairment losses. Proventia has applied the simplified approach set in IFRS 9 for expected credit losses to the measurement of sales receivables, according to which a deductible item is recognized for all sales receivables throughout the validity period on the basis of expected credit losses. Expected credit losses are recognized as expenses in other operating expenses. More information about expected credit losses is presented in Note 3.5. Sales and other current receivables.

Short-term money market investments are classified as measured at fair value through profit or loss and are included in the balance sheet item 'Other financial assets'.

Cash and cash equivalents consist of bank deposits, some of which are denominated in foreign currencies. Changes in the values of bank deposits denominated in foreign currencies result from the conversion of assets according to the exchange rate valid on the closing date. Exchange rate gains and losses are recognized in financial income and expenses through profit or loss. The company has a revolving credit facility of EUR 4.0 million, of which EUR 0.0 million was in use at the end of the reporting period.

Financial liabilities

Financial liabilities significant for Proventia include bank loans, lease liabilities, trade payables and other non-interest-bearing liabilities. IFRS 9 defines that financial liabilities be measured at amortized cost, fair value through other items in the statement of comprehensive income or fair value through profit or loss. Proventia recognizes all of its financial liabilities at amortized cost.

Lease liabilities and trade payables are included in liabilities measured at amortized cost. Trade payables and other liabilities are recognized in current liabilities when they will be paid within 12 months of the closing date and if the company does not have any unconditional right to postpone their payment by at least 12 months from the close of the financial year. Lease liabilities are processed in accordance with IFRS 16.

As euro-denominated management fees for bank loans have been small, they have been recognized as expenses in conjunction with loan withdrawals.

Dec 31, 2024 EUR 1,000	At fair value through profit or loss	At amortized cost	Carrying amount	Fair value
Non-current financial assets				
Other receivables		214	214	214
Total non-current financial assets		**214**	**214**	**214**
Current financial assets				
Sales receivables		4,969	4,969	4,969
Other receivables		719	719	719
Other financial assets	5,067		5,067	5,067
Cash and cash equivalents		5,219	5,219	5,219
Total current financial assets	**5,067**	**10,907**	**15,974**	**15,974**
Total financial assets	**5,067**	**11,121**	**16,188**	**16,188**
Non-current financial liabilities				
Non-current financial liabilities		0	0	0
Non-current lease liabilities		1,958	1,958	1,958
Total non-current financial liabilities		**1,958**	**1,958**	**1,958**
Current financial liabilities				
Current financial liabilities		150	150	150
Current lease liabilities		1,311	1,311	1,311
Trade payables		4,663	4,663	4,663
Other non-interest-bearing liabilities		587	587	587
Total current financial liabilities		**6,710**	**6,710**	**6,710**
Financial liabilities, total		**8,668**	**8,668**	**8,668**

Dec 31, 2023 EUR 1,000	At fair value through profit or loss	At amortized cost	Carrying amount	Fair value
Non-current financial assets				
Other receivables		50	50	50
Total non-current financial assets		**50**	**50**	**50**
Current financial assets				
Sales receivables		5,900	5,900	5,900
Other receivables		869	869	869
Cash and cash equivalents		11,332	11,332	11,332
Total current financial assets		**18,101**	**18,101**	**18,101**
Total financial assets		**18,151**	**18,151**	**18,151**
Non-current financial liabilities				
Non-current financial liabilities		150	150	150
Non-current lease liabilities		3,076	3,076	3,076
Total non-current financial liabilities		**3,226**	**3,226**	**3,226**
Current financial liabilities				
Current financial liabilities		510	510	510
Current lease liabilities		1,202	1,202	1,202
Trade payables		4,641	4,641	4,641
Other non-interest-bearing liabilities		1,644	1,644	1,644
Total current financial liabilities		**7,998**	**7,998**	**7,998**
Financial liabilities, total		**11,224**	**11,224**	**11,224**

5. OTHER NOTES

5.1. SHARE-BASED PAYMENTS

Accounting principles

The company has two option schemes, both of which are divided into three series. Each option entitles its holder to subscribe for one new share in the company. The company has a serious financial reason to issue option rights, because they are intended to be part of the company's incentive and engagement scheme for its key personnel. Option rights include regular conditions related to the validity of employment relationships and restrictions on transferability. In the FAS financial statements, expenses arising from option schemes were not recognized in the income statement. In accordance with the IFRS, the fair value of option rights must be recognized as expenses in the income statement during the vesting period of the option rights.

Option rights are processed in accordance with IFRS 2 so that they are measured at fair value at the time of their issuance and recognized as expenses in the income statement (employee benefit expenses) as evenly sized items during their vesting period. The vesting period means the period during which all conditions set for the establishment of the relevant right must be met. The vesting period has been defined so that it starts at the beginning of a scheme or when a person has obtained the option rights and ends when the share subscription period starts. When the subscription period starts, the company cannot withdraw the options (except when an employment relationship is terminated or if a person is discharged on individual grounds). As a result, options are considered to have been earned by the beginning of the subscription period.

Scheme	Option scheme 2016D	Option scheme 2016E	Option scheme 2016F	Option scheme 2022G	Option scheme 2022H	Option scheme 2022I	Total
Type	Option	Option	Option	Option	Option	Option	
Quantity	197,401	397,932	397,934	99,987	100,005	100,008	1,293,267
Subscription rights relative to shares	1	1	1	1	1	1	
Original subscription price, EUR	0.50	0.50	0.50	2.64	2.64	2.64	
Current subscription price, EUR	0.50	0.50	0.50	2.64	2.64	2.64	
Issuance date	Aug 31, 2016	Aug 31, 2016	Aug 31, 2016	Nov 4, 2022	Nov 4, 2022	Nov 4, 2022	
Start of the subscription period	Feb 28, 2019	Feb 28, 2020	Feb 28, 2021	Oct 1, 2025	Oct 1, 2026	Oct 1, 2027	
Expiry date	Feb 28, 2027	Feb 28, 2028	Feb 28, 2029	Sep 30, 2027	Sep 30, 2028	Sep 30, 2029	

Changes during the period	Option scheme 2016D	Option scheme 2016E	Option scheme 2016F	Option scheme 2022G	Option scheme 2022H	Option scheme 2022I	Total
Quantity, Jan 1, 2023	397,934	397,932	397,934	66,659	66,669	66,672	1,393,800
Issued				9,996	10,002	10,002	30,000
Quantity, Dec 31, 2023	397,934	397,932	397,934	76,655	76,671	76,674	1,423,800
Quantity, Jan 1, 2024	397,934	397,932	397,934	76,655	76,671	76,674	1,423,800
Share subscription	-200,533						-200,533
Issued				23,332	23,334	23,334	70,000
Quantity, Dec 31, 2024	197,401	397,932	397,934	99,987	100,005	100,008	1,293,267

5.2. RELATED PARTY TRANSACTIONS

Accounting principles

Parties are considered related if one party can exercise control, significant influence or joint control over the other party in decision making regarding its finances or business operations.

Proventia's related parties include its subsidiaries and the parent company Head Invest Oy, as well as its subsidiaries other than Proventia Group companies (Proventia Oy, Proventia Czech s.r.o. and Proventia UK). Related parties also include members of Proventia Group's Board of Directors and the Management Team, the CEO, the family members of the aforementioned individuals, and companies that they control.

In addition, Proventia's related parties include the members of Head Invest Oy's Board of Directors, their immediate family members, as well as companies that they control. Business transactions between Proventia and Head Invest Group have been presented as related party transactions. Such related party transactions include purchases of administrative services and leases of facilities from Head Invest Oy. Proventia has leased its facilities in Oulunsalo from Head Invest Oy until 2028. Related party transactions have been carried out on typical market terms.

The following are presented as notes as required by IAS 24:

- Board members' salaries and fees
- CEO's and Management Team members' salaries and fees
- Related party transactions (rents and administrative service fees paid to Head Invest Oy)
- Sales and other receivables from related parties
- Lease and other liabilities to related parties

BOARD MEMBERS' SALARIES AND FEES

EUR 1,000	2024	2023
Board members' salaries and fees	225	152
Total	**225**	**152**

CEO'S AND MANAGEMENT TEAM MEMBERS' SALARIES AND FEES

EUR 1,000	2024	2023
Salaries and other short-term benefits	1,292	1,010
Share-based payments	37	26
Total	**1,329**	**1,036**

RELATED PARTY TRANSACTIONS

Sales of products and services to Head Invest Group companies and purchases from them EUR 1,000	2024	2023
Products and services sold	0	27
Products and services purchased	-62	-86
Facility rents	-351	-343
Sales of products and services to other related parties and purchases from them		
Products and services purchased	0	25

Open balances with Head Invest Group companies EUR 1,000	Dec 31, 2024	Dec 31, 2023
Lease liabilities	969	1,304
Total non-current liabilities	**969**	**1,304**
Lease liabilities	332	325
Trade payables	-7	-7
Total current liabilities	**325**	**319**

5.3. GUARANTEES AND CONTINGENT LIABILITIES

Proventia Group's liabilities consist of business mortgages, a revolving credit facility, bank guarantees and debts with mortgages or pledges as securities.

PLEDGES AND CONTINGENT LIABILITIES

EUR 1,000	2024	2023
Securities and mortgages for own liabilities		
Business mortgages	13,300	13,300
Revolving credit facilities		
Total amount of granted credit facilities	4,000	4,000
In use	0	0
Liabilities for which mortgages or pledges have been given as securities		
Loans from financial institutions	150	660
Total	150	660

5.4. GROUP STRUCTURE

These consolidated financial statements concern the parent company and its subsidiaries. Subsidiaries are companies in which Proventia Group Corporation exercises control and in which it holds more than 50% of votes directly or indirectly, or in which it otherwise exercises actual control.
On December 31, 2024, the Group had the following subsidiaries:

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

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

5.5. KEY EVENTS AFTER THE CLOSING DATE

No key events after the financial year.

PARENT COMPANY'S FINANCIAL STATEMENTS (FAS)

PARENT COMPANY'S INCOME STATEMENT

Sums in EUR	Note	Jan 1, 2024 – Dec 31, 2024	Jan 1, 2023 – Dec 31, 2023
Net sales	1	3,124,476	2,975,344
Other operating income		0	0
Materials and services		0	0
Personnel expenses	2	-1,111,191	-1,045,156
Depreciation and impairment	3	-135,758	-116,652
Other operating expenses	4	-1,902,821	-1,820,549
Operating loss		**-25,294**	**-7,014**
Financial income and expenses	5	12,651,834	3,622,300
Profit before appropriations and taxes		**12,626,539**	**3,615,286**
Appropriations	6	0	70,000
Income tax	7	-4,479	-29,434
Profit for the period		**12,622,060**	**3,655,853**

PARENT COMPANY'S BALANCE SHEET

Sums in EUR	Note	Dec 31, 2024	Dec 31, 2023
ASSETS			
Non-current assets			
Intangible assets	8	578,243	278,501
Tangible assets	8	52,925	43,102
Investment	9	5,421,157	5,421,157
Non-current assets, total		**6,052,325**	**5,742,760**
Current assets			
Non-current receivables	10		
Loan receivables		3,500,000	3,500,000
Other receivables		132,568	88,699
Non-current receivables, total		3,632,568	3,588,699
Current receivables	11		
Sales receivables		155,485	593,777
Other receivables and accrued income		9,824,061	4 137,049
Current receivables, total		9,979,546	4,730,826
Cash and cash equivalents		1,499,190	932,622
Current assets, total		**20,111,304**	**9,252,147**
TOTAL ASSETS		**26,163,630**	**14,994,907**

Sums in EUR	Note	Dec 31, 2024	Dec 31, 2023
LIABILITIES			
Shareholders' equity	12		
Share capital		1,090,281	1,090,281
Invested unrestricted equity reserve		7,377,332	7,277,066
Retained earnings		4,682,584	2,479,086
Profit for the period		12,622,060	3,655,853
Shareholders' equity, total		**25,772,257**	**14,502,285**
Debt			
Current debt	13		
Trade payables		122,110	171,520
Other payables and deferred income		269,262	321,101
Current debt, total		391,372	492,622
Debt, total		**391,372**	**492,622**
TOTAL LIABILITIES		**26,163,630**	**14,994,907**

PARENT COMPANY'S CASH FLOW STATEMENT

Sums in EUR	2024	2023
Cash flow from operating activities:		
Profit (loss) before taxes	12,626,539	3,685,286
Adjustments:		
Planned depreciation	135,758	116,652
Financial income and expenses	-12,651,834	-3,622,300
Cash flow before changes in working capital	110,464	179,638
Changes in working capital		
Changes in current non-interest-bearing trade receivables	-5,292,590	-3,406,121
Changes in current non-interest-bearing liabilities	-101,249	170,386
Interest paid and payments on other operating financial expenses	7,122,203	89,701
Cash flow from operating activities (A)	1,834,348	-2,967,452
Cash flow from investing activities:		
Investments in tangible and intangible assets	-445,323	-117,317
Dividends received from investments	5,529,631	3,532,599
Cash flow from investing activities (B)	5,084,308	3,415,282
Cash flow from financing activities:		
Share issue	100,267	261,800
Dividends paid and other distribution of profit	-1,452,355	-480,818
Cash flow from financing activities (C)	-1,352,088	-219,018
Changes in cash and cash equivalents (increase +, decrease -) (A+B+C)	5,566,567	228,812
Cash and cash equivalents at the beginning of the period	932,622	703,810
Cash and cash equivalents at the end of the period	6,499,190	932,622

PARENT COMPANY'S ACCOUNTING PRINCIPLES

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

Net sales

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

Valuation of non-current assets

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

Depreciation periods:

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

Items denominated in foreign currencies

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

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Net sales by business area	2024	2023
Other net sales	3,124,476	2,975,344
Total	**3,124,476**	**2,975,344**

2. Number of employees and personnel expenses	2024	2023
Average number for the period	14	12
Number of employees at the end of the period	15	12

Breakdown of personnel expenses		
Salaries and fees	948,373	883,236
Pension expenses	150,137	141,030
Other statutory indirect expenses	12,681	20,891
Total	**1,111,191**	**1,045,156**

3. Depreciation and impairment	2024	2023
Intellectual property rights	112,674	91,694
Other capitalized long-term expenditure	15,406	16,998
Machinery and equipment	7,677	7,960
Total	**135,758**	**116,652**

4. Other operating expenses	2024	2023
Facility expenses	356,623	342,453
Maintenance, IT, device and equipment expenses	764,002	698,661
Travel expenses	14,849	12,108
Sales and marketing expenses	52,916	149,094
Administrative services and other administrative expenses	435,799	356,965
Other expense items	278,632	261,267
Total	**1,902,821**	**1,820,549**

5. Financial income and expenses	2024	2023
Dividend income		
From Group companies	12,579,728	3,506,599
From others	26,000	26,000
Other interest and financial income		
From Group companies	43,870	88,699
From others	2,345	1,405
Financial income, total	**12,651,943**	**3,622,703**
Interest and other financial expenses		
To others	-110	-403
Financial expenses, total	**-110**	**-403**
Financial income and expenses, total	**12,651,834**	**3,622,300**

6. Appropriations	2024	2023
Group contribution	0	70,000
Total	**0**	**70,000**

7. Income tax	2024	2023
Income tax	4,479	1,056
Deferred tax	0	28,378
Total	**4,479**	**29,434**

8. Changes in non-current assets	2024	2023
Intellectual property rights		
Acquisition cost, Jan 1	1,148,553	1,050,456
Increase	427,823	98,096
Acquisition cost, Dec 31	1,576,376	1,148,553
Accumulated depreciation according to plan	-899,151	-807,457
Depreciation for the period	-112,674	-91,694
Carrying amount, Dec 31	564,550	249,401

Other capitalized long-term expenditure	2024	2023
Acquisition cost, Jan 1	86,772	86,772
Acquisition cost, Dec 31	86,772	86,772
Accumulated depreciation according to plan	-57,673	-40,675
Depreciation for the period	-15,406	-16,998
Carrying amount, Dec 31	13,693	29,100
Intangible assets, total	**578,243**	**278,501**

Machinery and equipment	2024	2023
Acquisition cost, Jan 1	226,114	224,282
Increase	0	1,832
Acquisition cost, Dec 31	226,114	226,114
Accumulated depreciation according to plan	-200,402	-192,441
Depreciation for the period	-7,677	-7,960
Carrying amount, Dec 31	18,035	25,712

Prepayments for tangible assets		
Acquisition cost, Jan 1	17,390	0
Increase	17,500	17,390
Carrying amount, Dec 31	34,890	17,390
Tangible assets, total	**52,925**	**43,102**

9. Investment	2024	2023
Shares and holdings in Group companies		
Acquisition cost, Jan 1	5,421,157	5,421,157
Acquisition cost, Dec 31	5,421,157	5,421,157
Shares and holdings, total	5,421,157	5,421,157
Investments, total	**5,421,157**	**5,421,157**

Holdings in other companies	2024	2023
Group companies		
Proventia Oy, Oulu, Finland	100%	100%
Proventia Czech s.r.o., Brno, the Czech Republic (ownership through Proventia Oy)	100%	100%
Proventia UK Limited / Milton Keynes, UK (ownership through Proventia Oy)	100%	100%
Other shares held by the parent company		
Optatech Oy	15.26%	15.26%

10. Non-current receivables	2024	2023
Non-current receivables		
Loan receivables from Group companies	3,500,000	3,500,000
Other receivables from Group companies	132,568	88,699
Non-current receivables, total	**3,632,568**	**3,588,699**

11. Current receivables	2024	2023
Sales receivables		
From Group companies	155,485	593,777
Total	155,485	593,777
Other receivables		
From Group companies	9,182,696	3,506,599
Total	9,182,696	3,506,599
Accrued income		
From Group companies	605,000	605,000
From others	36,365	25,450
Total	641,365	630,450
Current receivables, total	**9,979,546**	**4,730,826**

12. Changes in shareholders' equity	2024	2023
Share capital, Jan 1	1,090,281	1,090,281
Share capital, Dec 31	1,090,281	1,090,281
Invested unrestricted equity reserve, Jan 1	7,277,066	7,015,266
Share issue	100,267	261,800
Invested unrestricted equity reserve, Dec 31	7,377,332	7,277,066
Retained earnings, Jan 1	6,134,939	2,959,904
Dividend	-1,452,355	-480,818
Retained earnings, Dec 31	4,682,584	2,479,086
Profit for the period	12,622,060	3,655,853
Earnings, Dec 31	17,304,644	6,134,939
Unrestricted equity, Dec 31	24,681,976	13,412,004
Shareholders' equity, total	25,772,257	14,502,285
Distributable funds at the end of the period	24,681,976	13,412,004

13. Current liabilities	2024	2023
Trade payables		
To others	122,110	171,520
Total	122,110	171,520
Other current liabilities		
To others	98,027	123,333
Total	98,027	123,333
Deferred income		
To Group companies	266	266
To others	170,969	197,503
Total	171,235	197,769
Total current liabilities	**391,372**	**492,622**

14. Pledges and contingent liabilities	2024	2023
Securities and mortgages for subsidiaries' liabilities		
Business mortgages	1,000,000	1,000,000
Amounts to be paid on leasing agreements (incl. VAT)		
To be paid during the next financial year	235,151	243,299
To be paid later	273,021	295,610
Total	**508,172**	**538,909**
Other contractual liabilities (incl. VAT)		
To be paid during the next financial year	475,222	433,623
To be paid later	8,249,484	1,662,223
Total	**8,724,706**	**2,095,847**

Other contractual liabilities consist of rental liabilities related to facilities.

SIGNATURES TO THE FINANCIAL STATEMENTS

Oulu, 28 February 2025

Harri Suutari
Chair of the Board

Lauri Antila
Board member

Kalle Kekkonen
Board member

Johnny Pehkonen
Board member

Tommi Salunen
Board member

Erja Sankari
Board member

Gary Collar
Board member

Jari Lotvonen
President and CEO

AUDITOR’S CONFIRMATION
An auditor’s report has today been issued on the audit carried out.

Oulu, 10 March 2025

Ernst & Young Oy
Authorized Public Accountants
Jari Karppinen
APA

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Proventia Group Oyj (business identity code 1612236-0) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, 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 the Financial Statements* section of our report.

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

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

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

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

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

OTHER REPORTING REQUIREMENTS

Other information

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

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

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

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

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

In Oulu on the 10th of March 2025

Ernst & Young Oy
Authorized Public Accountant Firm

Jari Karppinen
Authorized Public Accountant

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