

PROVENTIA GROUP CORPORATION

HALF-YEAR FINANCIAL REPORT

JANUARY-JUNE 2025

PROVENTIA GROUP CORPORATION'S HALF-YEAR FINANCIAL REPORT JANUARY-JUNE 2025

A STRONG START TO THE YEAR, SIGNIFICANT NEW CUSTOMER AGREEMENTS SUPPORT LONG-TERM GROWTH

April-June 2025 in brief

- The Group's net sales increased by 6.3% from the previous year to EUR 12.4 (11.7) million
- The operating profit was EUR 1.6 (1.7) million
- The profit for the period was EUR 1.0 (1.4) million
- Earnings per share (undiluted) were EUR 0.06 (0.08)

January-June 2025 in brief

- The Group's net sales increased by 10.8% from the previous year to EUR 24.6 (22.2) million
- The operating profit was EUR 3.4 (2.9) million
- The profit for the period was EUR 2.4 (2.1) million
- Earnings per share (undiluted) were EUR 0.15 (0.14)
- The group had 173 (177) employees at the end of June

The figures in brackets refer to the same period in the previous year.

PRESIDENT AND CEO JARI LOTVONEN:

In the second quarter of 2025, net sales increased by 6.3% compared to the corresponding period of the previous year, reaching 12.4 (11.7) million euros. Operating profit was 1.6 (1.7) million euros, with an operating profit margin of 13.2% (14.2), slightly below the level of the corresponding period last year. This was mainly due to changes in the sales mix between different product groups.

In Proventia's key customer segment, the global market for off-highway machinery, engine and

machine sales volumes remain below average, and we have not yet seen signs of improvement. Despite the market situation, we managed to grow, supported in part by the start of mass production of two new products at our Czech factory in the fall of 2024. In the Emission Control product group, we entered into three strategically highly significant product development and manufacturing contracts during the review period with some of the world's leading operators in the off-highway machine industry. The development phase of the new products will take 2–5 years, after which serial production will continue well into the late 2030s, significantly strengthening our long-term growth prospects.

The expansion of the Oulunsalo Technology Center is progressing according to plan and is scheduled for completion in the final quarter of this year. This expansion will significantly enhance our product development capacity. At the same time, we have invested in boosting efficiency and strengthening cost competitiveness across both engineering and production.

KEY FIGURES

EUR 1,000	4-6/2025	4-6/2024	1-6/2025	1-6/2024	1-12/2024
Net sales	12,402	11,672	24,557	22,156	41,927
Change in net sales, %	6.3%	-	10.8%	-	-1.5%
Operating profit	1,632	1,653	3,411	2,889	5,175
Operating profit, %	13.2%	14.2%	13.9%	13.0%	12.3%
Earnings per share (EPS), undiluted, EUR	0.06	0.08	0.15	0.13	0.24
Earnings per share (EPS), diluted, EUR	0.06	0.08	0.14	0.12	0.23
Return on equity (ROE), %	6.6%	15.6%	6.6%	15.6%	5.8%
Equity ratio, %	66.2%	64.2%	66.2%	64.2%	67.1%
Return on capital employed (ROCE), %	10.6%	18.9%	10.6%	18.9%	9.1%
Interest-bearing liabilities	3,246	4,128	3,246	4,128	3,419
Net debt	-1,035	-7,912	-1,035	-7,912	-1,800
Investments	239	596	1,299	1,465	3,538

The formulas used to calculate the key figures are shown on **page 11**.

Proventia has classified the Test Solutions business as an asset held for sale and reports the Test Solutions business for the years 2024 and 2025 as discontinued operations in accordance with IFRS reporting practices. Unless otherwise stated, the figures reported in this business review pertain to continuing operations, which include the product groups: Emission Control, Thermal Components and Electric Powertrain. During the second quarter, we decided to discontinue the Test Solution business by the end of this year. As a result of this decision, we made impairment write-downs amounting EUR 819 thousand euros on the assets of the Test Solutions business. These write-downs have no cash flow impact and do not affect the results or balance sheet position of the continuing operations.

NET SALES

The group's net sales in January–June 2025 stood at EUR 24.6 (22.2) million. Net sales increased by 10.8% from the comparative period. In January–June, Europe accounted for 94.0% (98.8%) of total net sales.

NET SALES BY MARKET AREA

EUR 1,000	4-6/2025	4-6/2024	Change, %	1-6/2025	1-6/2024	Change, %	1-12/2024
Europe	11,455	11,426	0.3%	23,082	21,887	5.5%	40,744
Other continents	947	246	285.4%	1,475	269	448.5%	1,184
Total	12,402	11,672	6.3%	24,557	22,156	10.8%	41,927

PERFORMANCE AND FINANCIAL POSITION

In January–June 2025, the operating profit was EUR 3.4 (2.9) million, representing 13.9% (13.0%) of net sales. Profit was EUR 2.4 (2.1) million. The income tax line item includes adjustments related to prior years' taxes of the Czech subsidiary amounting to EUR -312 thousand. A correction procedure has been initiated to seek recovery of taxes overpaid in Finland in prior years. No asset has been recognized in respect of the potential tax refund.

Undiluted earnings per share were EUR 0.15 (0.13), while diluted earnings per share were EUR 0.14 (0.12).

During the first half of 2025, cash flow from operating activities was EUR 2.1 (4.3) million. The group's liquid assets at the end of June 2025 stood at EUR 4.3 (12.0) million. In addition, the company held EUR 1.0 (0.0) million in other short-term financial assets. Interest-bearing liabilities including lease liabilities totaled EUR 3.2 (4.1) million at the end of the review period.

RESEARCH AND DEVELOPMENT

R&D expenses totaled EUR 2.0 (1.2) million, representing 8.3% (5.5%) of the net sales. R&D expenses of EUR 0.7 (0.6) million have been capitalized on the balance sheet as development expenses. R&D expenses recognized through profit or loss totaled EUR 1.4 (0.6) million.

PERSONNEL

At the end of June 2025, Proventia had 173 (177) employees. Of these, 101 worked in Finland and 72 in the Czech Republic.

IMPLEMENTING THE STRATEGY

At the end of 2024, Proventia decided to focus on three product groups: Emission Control, Thermal Components, and Electric Powertrain products. During the first half of the year, in line with its strategy, Proventia has invested in developing sales of these three product groups, securing engineering and production capacity, and strengthening efficiency and price competitiveness.

SHORT-TERM RISKS AND UNCERTAINTIES

The customs agreements between the United States and the European Union have brought clarity to the market situation. However, the economic recovery is progressing slowly, and no signs of a significant turnaround in demand in the off-highway machinery market have been observed. The challenges of global trade may still affect our customers' demand and, consequently, reflect on the company's operations. Otherwise, there have been no changes in the key near-term risks and uncertainties presented in the financial statements.

GUIDANCE FOR 2025 (CONTINUING OPERATIONS, UNCHANGED)

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.

ACCOUNTING PRINCIPLES

Proventia Group prepared financial statements for 2024 in accordance with the International Financial Reporting Standards (IFRS). Business review figures apply the same calculation principles as the annual accounts dated 31 December 2024. The figures presented have been rounded from exact figures. The figures indicated in the six-month interim report are unaudited.

CONSOLIDATED INCOME STATEMENT

EUR 1,000	4-6/2025	4-6/2024	1-6/2025	1-6/2024	1-12/2024
Net sales	12,402	11,672	24,557	22,156	41,927
Other operating income	7	24	37	29	45
Materials and services	-6,645	-5,863	-13,006	-11,217	-21,597
Employee benefit expenses	-2,351	-2,312	-4,621	-4,500	-8,250
Depreciation and impairment	-876	-793	-1,702	-1,586	-3,169
Other operating expenses	-905	-1,075	-1,854	-1,994	-3,782
Operating profit	1,632	1,653	3,411	2,889	5,175
Financial income	56	113	139	256	604
Financial expenses	-114	-111	-161	-484	-930
Profit before tax	1,574	1,654	3,389	2,661	4,848
Income tax	-567	-291	-965	-523	-912
Profit for the period from continuing operations	1,007	1,363	2,423	2,138	3,936
Profit/loss for the period from discontinued operations	-1,158	-234	-1,123	-930	-2,520
Profit for the period	-151	1,130	1,300	1,208	1,416
Profit attributable to owners of the parent company	-151	1,130	1,300	1,208	1,416
Earnings per share calculated on profit attributable to owners of the parent company					
Undiluted earnings per share, EUR	-0.01	0.07	0.08	0.07	0.09
Diluted earnings per share, EUR	-0.01	0.07	0.07	0.07	0.08
Undiluted earnings per share, continuing operations, EUR	0.06	0.08	0.15	0.13	0.24
Diluted earnings per share, continuing operations, EUR	0.06	0.08	0.14	0.12	0.23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	4-6/2025	4-6/2024	1-6/2025	1-6/2024	1-12/2024
Profit for the period	-151	1,130	1,300	1,208	1,416
Items of other comprehensive income					
Items that may be reclassified to profit or loss at a later date					
Translation differences from foreign units	5	-45	59	-54	-56
Other items of comprehensive income for the period, total	5	-45	59	-54	-56
Comprehensive income for the period	-147	1,085	1,360	1,154	1,360
Comprehensive income for the period attributable to owners of the parent company	-147	1,085	1,360	1,154	1,360

CONSOLIDATED BALANCE SHEET

EUR 1,000	30.6.2025	30.6.2024	31.12.2024
ASSETS			
Non-current assets			
Intangible assets	4,126	3,662	3,557
Property, plant and equipment	5,086	5,343	5,568
Right-of-use assets	3,009	3,657	2,906
Non-current receivables	160	50	3
Deferred tax assets	32	257	265
Total non-current assets	12,413	12,969	12,299
Current assets			
Inventories	6,749	8,959	7,075
Sales receivables	5,919	4,945	4,969
Other receivables	864	990	719
Contract assets	1,256	619	295
Accrued income	934	837	761
Other financial assets	1,118	0	5,067
Cash and cash equivalents	4,281	12,040	5,219
Total current assets	21,122	28,390	24,105
Assets held for sale	1,331	0	3,023
TOTAL ASSETS	34,866	41,359	39,426

EUR 1,000	30.6.2025	30.6.2024	31.12.2024
SHAREHOLDERS'S EQUITY AND LIABILITIES			
Share capital	1,090	1,090	1,090
Invested unrestricted equity reserve	2,548	7,377	7,377
Translation differences	15	-37	-44
Retained earnings	16,248	14,752	14,797
Profit for the period	1,300	1,208	1,416
Shareholders' equity, total	21,202	24,390	24,636
Non-current liabilities			
Lease liabilities	2,117	2,538	1,958
Provisions	487	1,087	469
Total non-current liabilities	2,604	3,626	2,427
Current liabilities			
Financial liabilities	0	355	150
Lease liabilities	995	1,234	1,047
Contract liabilities	1,777	3,390	1,791
Trade payables	3,736	5,110	1,839
Other liabilities	873	1,217	554
Deferred income	1,667	2,037	1,170
Total current liabilities	9,048	13,343	6,550
Liabilities directly associated with the assets held for sale	2,013	0	5,813
Total liabilities	13,664	16,969	14,791
TOTAL SHAREHOLDERS'S EQUITY AND LIABILITIES	34,866	41,359	39,426

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, 2025	1,090	7,377	-44	16,212	24,636
Profit for the period				1,300	1,300
Translation differences			59		59
Total items of comprehensive income for the financial year after taxes	0	0	59	1,300	1,360
Share issue		72			72
Share-based payments				36	36
Dividend / equity repayment		-4,901		0	-4,901
Transactions with owners	0	-4,829	0	36	-4,794
Shareholders' equity, June 30, 2025	1,090	2,548	15	17,548	21,202

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	16	16,176	24,560
Profit for the period				1,208	1,208
Translation differences			-54		-54
Total items of comprehensive income for the financial year after taxes	0	0	-54	1,208	1,154
Share issue		100			100
Share-based payments				28	28
Dividend				-1,452	-1,452
Transactions with owners	0	100	0	-1,425	-1,324
Shareholders' equity, June 30, 2024	1,090	7,377	-37	15,960	24,390

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

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	1-6/2025	1-6/2024	1-12/2024
Cash flow from operating activities			
Profit for the period	1,300	1,208	1,416
Adjustments			
Depreciation and impairment	1,937	1,838	3,671
Financial income and expenses	22	228	327
Income tax	684	291	282
Other adjustment items	-293	59	105
Changes in working capital			
Increase/decrease in trade and other receivables	-2,226	2,418	2,372
Increase/decrease in inventories	1,930	-2,130	-1,673
Increase/decrease in trade and other payables	-96	1,025	351
Interest and other financial expenses paid	-153	-470	-917
Interest received	129	237	566
Income taxes paid	-1,162	-368	-1,162
Cash flow from operating activities	2,073	4,335	5,337
Cash flow from investing activities			
Investments in tangible and intangible assets	-1,299	-1,465	-3,538
Investments in financial instruments	3,948	0	-5,067
Dividends received from investments	0	0	26
Cash flow from investing activities	2,649	-1,465	-8,579
Cash flow from financing activities			
Repayment of financial liabilities	-150	-305	-510
Payments based on lease liabilities	-681	-506	-1,010
Dividend / equity repayment	-4,901	-1,452	-1,452
Share issue	72	100	100
Cash flow from financing activities	-5,660	-2,163	-2,872
Changes in cash and cash equivalents, increase (+)/decrease (-)	-938	708	-6,113
Cash and cash equivalents at the beginning of the period	5,219	11,332	11,332
Cash and cash equivalents at the end of the period	4,281	12,040	5,219

OTHER ADJUSTMENT ITEMS IN CASH FLOW STATEMENT

EUR 1,000	1-6/2025	1-6/2024	1-12/2024
Change in translation differences	59	-54	-56
Share-based payments	36	28	68
Change in provisions	-388	85	93
Total	-293	59	105

KEY FIGURE CALCULATION FORMULAS

Key figure	Definition	Purpose of use
Operating profit, %	Operating profit as a percentage of net sales	The operating profit rate is an indicator of the Group's performance.
Return on equity (ROE), % (including discontinued operations)	$\frac{(\text{Profit before taxes} + \text{income taxes})}{\text{Average shareholders' equity during the period}} \times 100$	Return on equity, equity ratio, return on capital employed, interest-bearing liabilities and net debt are indicators of the Group's ability to acquire funding and clear its debts, and they also illustrate the level of risks associated with funding and help to monitor the level of capital used in the Group's business activities.
Equity ratio, % (including discontinued operations)	$\frac{\text{Shareholders' equity}}{(\text{Balance sheet total} - \text{contract liabilities})} \times 100$	
Return on capital employed (ROCE), % (including discontinued operations)	$\frac{(\text{Profit before taxes} + \text{financial expenses})}{(\text{Average shareholders' equity during the period} + \text{average interest-bearing liabilities during the period})} \times 100$	
Interest-bearing liabilities (including discontinued operations)	Total long-term and short-term loans from financial institutions + lease liabilities	
Net debt (including discontinued operations)	Total long-term and short-term loans from financial institutions + lease liabilities - cash and cash equivalents	
Investments (including discontinued operations)	Investments in tangible and intangible assets in accordance with the cash flow statement	Investments represent the cash flow required for the company's investments.

The interim period balance sheet calculations of the key figures for return on equity (ROE, ROCE) use the rolling amount from the last twelve months.



Proventia Group Oyj
Tietotie 1, FI-90460 Oulunsalo, Finland
Tel. +358 20 781 0200
info@proventia.com
www.proventia.com