



**Lehto Group Plc  
Report by the Board of  
Directors  
2025**

# Year 2025 in brief

## Development of the electricity storage business

- In the first half of the year, the focus of operations was on the development of electricity storage projects, and in the second half of the year, on the installation, commissioning and construction of electricity storage channels.
- At the end of the year, four power storage facilities were in productive use and another four were under installation. The total capacity of these eight power storage facilities is approximately 11.4 megawatts (MW).
- After the end of the review period in January, Lehto acquired the rights to build a 30 MW electricity storage facility in Kalajoki. The connection agreement includes an option to increase the connection capacity to up to 100 megawatts. Design work on the project has begun.
- The projects have been financed with cash and project-specific loans and installment plans obtained from external investors.
- There were changes in the operating environment: a lot of new electricity storage capacity entered the market, market yields weakened and battery prices fell.

## Progress of the restructuring program

- The corporate restructuring program for Lehto Group Oyj was confirmed on 24 September 2024.
- Lehto has completed the restructuring program payments faster than planned.
- In November 2025, Lehto Group Oyj's subsidiary Lehto Components Oy sold the Oulainen factory for EUR 4.7 million. The majority of the purchase price was used to repay secured restructuring debts. The company no longer has secured restructuring debts.
- At the end of the year, Lehto has approximately EUR 3.2 million of unsecured restructuring debts remaining under the restructuring program, which will be paid according to the payment program by the end of 2029.
- In accordance with the restructuring program, Lehto has abandoned the construction business and Lehto is still seeking to sell the business of its subsidiary Lehto Components Oy's Hartola factory unit, which manufactures components for the construction industry. Lehto is in negotiations to sell the Hartola factory operations. In addition to the manufacturing company, the group includes small subsidiaries that do not have significant operations and real estate companies that have rental income.
- Early termination of the restructuring program is possible according to the terms of the program. The prerequisite for early termination is that the company pays the secured debts and their interest in full, the payment program payments and additional payments for non-preferred restructuring debts in full, and the special additional payment based on early termination.

## Stock-related events

- On 31 January 2025, the 75,000,000 new shares issued in the conversion of Lehto's convertible bond were registered in the Trade Register. As a result of the conversion, the number of shares in the company increased to 162,339,410 shares.
- As a result of the conversion and the subsequent share arrangement, the combined holding of Hannu Lehto and Lehto Invest Oy in Lehto Group Plc's shares and votes

increased to 49.96 percent. In the conversion, the holding of Ilmarinen Mutual Pension Insurance Company increased to 7.08 percent.

- During the financial period, Lehto transferred a total of 203,424 of the company's own shares held by the company to the members of the Board of Directors as a board fee. At the end of the financial period, the company held no own shares.
- Trading in Lehto's shares on the Nasdaq Helsinki stock exchange has been suspended since February 2024. Lehto has previously announced its intention to transfer the trading venue of the shares from the Nasdaq Helsinki stock exchange to the First North Growth Market. Lehto aims to have the transfer completed and trading of the shares commenced during the second half of 2026. The listing of the shares on the First North Growth Market requires the preparation of a prospectus and approval by Nasdaq Helsinki.

## Financial development during the review period

The Group's net sales were EUR 1.4 million (EUR 1.1 million in 2024) and consisted mainly of rental income from properties owned by the Group and material sales by Lehto Components Oy. The Energy Construction business did not generate significant net sales during 2025.

The Group's operating result from continuing operations was EUR -2.6 (-5.7) million, which was particularly affected by low net sales and maintenance costs at Lehto Components Oy's factories. The result for the financial period was EUR -2.3 (-2.9) million.

Group	7-12/ 2025	7-12/ 2024	1-12/ 2025	1-12/ 2024
Net Sales from continuing operations, EUR million	0.9	0.7	1.4	1.1
Operating result from continuing operations, EUR million	-0.6	-1.0	-2.6	-5.7
Result from continuing operations, EUR million	-0.6	2.8	-2.3	-3.3
Result from discontinued operations, EUR million	0.0	0.0	0.0	0.4
Result for the period, EUR million	-0.6	2.7	-2.3	-2.9
Cash and other liquid assets, EUR million	2.0	2.2	2.0	2.2
Equity ratio, %	-17.9 %	8.2 %	-17.9 %	8.2 %

The number of employees in the Group decreased significantly during the financial year. At the end of December, the Group had 24 employees, of whom 20 were on full-time or part-time layoffs. The laid-off employees are employees of Lehto Components Oy.

## Development of the business environment

The electricity storage market has grown significantly in recent years. The growth is driven by the strong growth of renewable energy sources (wind power, solar power), which causes an imbalance between electricity production and consumption. Electricity storage plays an increasing role in managing this imbalance and ensuring the operational capacity of the electricity system. When production exceeds consumption, electricity is stored in electricity storage and, correspondingly, electricity is taken from electricity storage when consumption is high.

In its press release published in February 2026, the Finnish grid operator Fingrid states that approximately 1,050 MW of electricity storage has been connected to the Finnish electricity grid and the pace of connection is expected to continue rapidly in the coming years. According to Fingrid, 261 electricity storage units with a capacity of at least 1 MW have been connected to the electricity grid in Finland by the beginning of February 2026.

As a result of the strong growth in the construction of electricity storage facilities and the increase in the number of facilities that consume a lot of electricity (e.g. data centers), the availability of electricity grid connection points suitable for electricity storage facilities has become more difficult. Electricity-intensive facilities and electricity storage facilities compete for the same connection points.

## Financial outlook

Lehto does not provide a numerical estimate of the development of its net sales or operating result in 2026. During 2026, Lehto aims to build significantly more new electricity storage capacity, which will be used primarily in the reserve and wholesale markets.

During 2026-2028, Lehto aims to build new electricity storage capacity so that the net sales generated from electricity storage in 2028 would be approximately EUR 25 million and the operating result would be more than 10% of net sales.

The business requires significant battery investments, which will be acquired partly by leasing and partly by purchasing for its own balance sheet.

# Balance sheet and financial position

The consolidated balance sheet total decreased during the year, particularly as a result of the sale of the Oulainen factory and the repayment of secured restructuring liabilities paid in connection with it.

<b>Balance sheet, EUR million</b>	<b>31 Dec 2025</b>	<b>31 Dec 2024</b>
Non-current assets	3.0	6.4
Current assets		
Inventories	0.1	0.7
Current receivables	0.8	0.2
Cash and cash equivalents	2.0	2.2
Non-current assets held for sale	1.4	2.4
<b>Assets total</b>	<b>7.3</b>	<b>11.8</b>
Equity	-1.3	1.0
Financial liabilities	0.6	3.5
Lease liabilities	0.0	0.0
Other liabilities	5.4	4.7
Liabilities related to non-current assets held for sale	2.7	2.6
<b>Equity and liabilities total</b>	<b>7.3</b>	<b>11.8</b>

## Assets

Non-current assets, EUR 3.0 million, consist mainly of assets related to electricity storage facilities and holdings and shares in real estate companies.

Inventories, EUR 0.1 million, consist mainly of Lehto Components Oy's material inventories. Current receivables, EUR 0.8 million, consist of trade receivables and cash deposited in an escrow account in accordance with the restructuring program.

The change in cash and cash equivalents was particularly affected by investment expenses for electricity storage projects, financing raised for projects, proceeds from the sale of assets and current operating expenses.

Non-current assets held for sale consist of the right-of-use asset related to the lease agreement for Lehto Components Oy's Hartola factory, as well as machinery and equipment.

## Liabilities

Loans from financial institutions were fully repaid in connection with the sale of the Oulainen factory. Other liabilities include, among others, liabilities under the restructuring program of EUR 3.2 million, accounts payable of EUR 1.1 million and loans taken out for electricity storage facilities of EUR 0.5 million.

Liabilities related to non-current assets held for sale are lease liabilities for Lehto Components Oy's Hartola factory in accordance with IFRS 16.

## Going Concern analysis

In connection with the preparation of the financial statements, the company has made an assessment of the conditions for the continuity of operations. The company needs cash and cash income to cover current operating expenses, implement electricity storage projects and pay off restructuring liabilities according to the restructuring program.

The company estimates that the cash expenses for the next 12 months can be financed in general terms as follows:

- The company's current operating expenses (fixed costs) will be paid from existing cash resources.
- Investments required by electricity storage projects will be financed with project-specific debt instruments.
- Payments of restructuring liabilities will be financed by the sale of assets

The adequacy of cash and cash equivalents depends in particular on the success and timing of asset sales, and the development of market returns of the energy construction business. The company has also identified ways to accelerate the cash flows of the business if asset sales are delayed.

The assessment has taken into account that the company is in a restructuring program and its business is subject to more risks than usual. The continuity of the company's and the group's operations depends on its ability to implement the measures planned to finance cash expenditures over the next 12 months. If the measures cannot be implemented, this indicates a material uncertainty that may have a significant impact on the company's ability to continue as a going concern.

## Personnel and remuneration

The number of employees in the Group decreased significantly during the financial year. At the end of December, the Group had 24 employees, of whom 20 were on full-time or part-time layoffs. The laid-off employees are employees of Lehto Components Oy.

The principles of employee remuneration are described in the remuneration report available on the company's website.

## Research and development

Lehto, together with its partners, is developing solutions for the efficient construction and control of electricity storage facilities. In 2025, all development costs have been expensed in the income statement. At the end of 2025, the total amount of capitalised development costs in the Group's balance sheet was approximately EUR 162 thousand.

## Responsibility and environmental issues

Lehto's turnover, number of employees and balance sheet total are below the reporting limits set in the EU Sustainability Reporting Directive (CSRD) and Lehto has not prepared a separate sustainability report for the financial year 2025.

Lehto aims to operate in accordance with generally accepted sustainability principles in environmental matters, social responsibility matters and governance. As the energy construction business expands, Lehto will define separate sustainability focus areas, targets and indicators, as well as processes supporting sustainability, which serve Lehto's business.

## The Group's legal structure

At the end of the financial year, the Group consisted of the parent company Lehto Group Plc and its wholly owned subsidiaries Lehto Components Oy, Lehto Energia Oy, Lehto Sverige Ab and Koy Oulun Eteläkeskus. In addition, the Group included shares in real estate companies.

The energy construction business is mainly carried out by the parent company Lehto Group Plc, but electricity storage projects can also be implemented in subsidiaries if the financing of the projects so requires. At the end of 2025, the subsidiaries had no other business activities than real estate and equipment rental operations.

## Shares and shareholdings

Lehto Group Plc's shares are listed on the Nasdaq Helsinki Ltd stock exchange, but trading has been suspended since 6 February 2024. The closing price of the share on 5 February 2024 was EUR 0.0318. Trading is still suspended at the time of writing this report.

The company plans to transfer trading of the share from the Nasdaq Helsinki stock exchange to the First North Growth Market marketplace during the second half of 2026. Admission of the shares to trading on the First North Growth Market marketplace requires the preparation of a prospectus and approval by Nasdaq Helsinki.

The number of shares in the company at the end of 2025 was 162,339,410 and the company had 13,949 shareholders. The company does not hold any treasury shares. The company has one series of shares and each share entitles the holder to one vote at the company's general meeting.

Hannu Lehto and his controlling company Lehto Invest Oy own a total of 49.96% of all shares in the company. In addition, Lehto Invest Oy has subscribed to the company's 2,500,000 euro convertible equity bond issued on 31 December 2024, which is convertible into new shares in Lehto at a conversion ratio of 0.20 euro/share, i.e. a maximum of 12,500,000 new shares in the company. However, if the interest on the Bond is also converted into shares, the Board of Directors may decide to change the number of shares.

## Flagging notifications

On 31 January 2025, Lehto received a notification pursuant to Chapter 9, Section 5 of the Securities Markets Act from Ilmarinen Mutual Pension Insurance Company ("Ilmarinen"). According to the notification, Ilmarinen's total ownership of Lehto's shares and votes had increased above the 5 percent limit on 31 January 2025. The reason for the increase in ownership was the conversion of Ilmarinen's investment in a 15 million convertible bond issued by Lehto in 2022 into shares in a directed share issue. As a result of the conversion, the total number of shares and votes owned by Ilmarinen increased to 7.08% of all shares and votes in Lehto.

On 31 January 2025, Lehto received a notification pursuant to Chapter 9, Section 5 of the Securities Markets Act from Hannu Lehto and his controlling entity (Lehto Invest Oy, business ID 2034042-4). According to the announcement, Hannu Lehto's combined shareholding in Lehto Group Oyj's total number of shares and voting rights has risen above the 50 percent flagging threshold on 31 January 2025. At the same time, Lehto Invest Oy and Hannu Lehto, who exercises control over it, announced that they would use the exception provided for in Chapter 11, Section 21, Subsection 5 of the Securities Markets Act and that they would relinquish their voting rights exceeding the threshold for the obligation to make a tender offer within one month of the obligation to make a tender offer arising, i.e. by 28 February 2025, and that the relinquishment would be made by transferring the Company's shares.

On 28 February 2025, Lehto received a notification from Hannu Lehto and his controlling entities pursuant to Chapter 9, Section 5 of the Securities Markets Act. According to the notification, Lehto Invest Oy had transferred 2,900,000 shares on 28 February 2025, as a result of which Hannu Lehto's combined direct and indirect ownership of the total number of shares and voting rights in Lehto Group Oyj had fallen below the 50 percent flagging threshold.

## Risks and uncertainties

The key risks for 2026 are described below.

### Market risk

The company's energy business revenues depend on prices determined in the market through auction procedures. It is possible that as competition increases, market revenues will weaken significantly from current levels, resulting in lower than expected revenue streams for the company.

### Liquidity and funding risk

The company does not have significant regular revenue streams at the time of publication of this financial statement release. The company's current expenses can be covered by existing cash resources during 2026, but the existing cash resources are not sufficient to pay the electricity storage investments in accordance with the business plan and the debts specified in the restructuring program. The company must sell its assets and obtain debt financing for electricity storage investments in order to meet all its future payments.

Failure to obtain financing for electricity storage projects or to sell assets could lead to a situation in which the company is unable to meet all of its payment obligations.

### **Risks related to expanding the energy construction business**

The business is still in its early stages and its expansion requires, among other things, technical assessment and planning, building procurement channels, finding suitable energy project sites, operational implementation of projects, obtaining financing, and finding partners and building cooperation models. Failure to implement these may lead to delays in starting the business and a deterioration in liquidity.

### **Risks related to the sale of factory operations**

The company is in negotiations to sell Lehto Components Oy's Hartola factory operations. It is possible that the factory operations will not be sold. In such a situation, the company would be left with cost burdens related to the maintenance of the factories and the company would possibly not be able to meet its payments.

## **2025 Annual General Meeting decisions**

The Annual General Meeting held on 22 May 2025 decided, in accordance with the Board of Directors' proposal, that no dividend will be paid based on the approved balance sheet for the financial year 1 January - 31 December 2024.

The number of members of the Company's Board of Directors was decided to be three. In accordance with the proposal of the Shareholders' Nomination Committee, Timo Okkonen, Tarja Teppo and Hannu Lehto were re-elected as members of the Board of Directors. Jani Nokkanen had previously informed the Nomination Committee that he was no longer available as a member of the Board of Directors. The term of office of the Board members ends at the end of the Annual General Meeting following their election.

The Annual General Meeting authorized the Board of Directors to decide on the acquisition of the company's own shares in one or more installments with funds belonging to the company's own unrestricted equity or without consideration, so that the maximum amount to be acquired is 16,200,000 shares. The amount corresponds to approximately 10 percent of all shares in the company.

The Annual General Meeting authorized the Board of Directors to decide on share issues and the issuance of stock options and other special rights entitling to shares, so that the Board of Directors is authorized to decide on the issuance of a total of 16,200,000 shares through a share issue or by issuing stock options or other special rights entitling to shares. The amount corresponds to approximately 10 percent of all shares in the company.

The above-mentioned and other decisions of the Annual General Meeting are available in the minutes of the Annual General Meeting on the company's website.

## Significant events after the reporting period

On January 16, 2026, Lehto announced that it had signed a business transaction agreement (the "Agreement"), pursuant to which Lehto or a subsidiary established by it will purchase (the "Transaction") from HPF Kalajoki Oy the rights, agreements and permits that enable the construction of a large electricity storage facility in Kalajoki.

The transaction will transfer to Lehto, among other things, land lease agreements and a 30 megawatt connection agreement. In the initial phase, the connection capacity will be 16 megawatts and will increase to 30 megawatts after the completion of the transmission line under construction, estimated at the end of 2027. The connection agreement includes an option to increase the connection capacity to up to 100 megawatts.

Lehto intends to build a substation and a 30 megawatt electricity storage facility in the project area in two phases. Lehto is seeking partners to utilize the agreements and rights related to the solar park. The substation to be built in the area will also be able to serve a potential solar park.

The final completion of the transaction requires the fulfillment of several conditions, such as obtaining legally binding building permits and the completion of the transfers of land lease and connection agreements.

Lehto has started to prepare technical plans related to the project. Lehto estimates that the conditions for the final completion of the transaction could be fulfilled in the second quarter of 2026 and the construction of the substation and electricity storage could start during the rest of the year. The electricity storage could be put into productive use during the first half of 2027.

The total investment in the construction of the project rights, substation and 30 megawatt electricity storage in the first phase is estimated to be approximately EUR 15 million. The investment is intended to be financed with a bank loan and a leasing or installment arrangement. The company currently has no binding financing agreements regarding the project.

## Board of Directors' proposal on the use of the result shown in the balance sheet and the decision on the payment of dividends

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial period 1.1.-31.12.2025.

2 April 2026  
Lehto Group Plc  
Board of Directors