



Report by the Board of Directors and Financial statements 2024



**Report by the
Board of Directors
2024**





Key events in 2024

In 2024, significant changes occurred in the Group's operations. The Group's construction business ended and a corporate restructuring program was confirmed for the parent company, Lehto Group Oyj, according to which the company is transitioning to the energy construction business.

Lehto Group Plc still owns Lehto Components Oy, a factory company that manufactured components for the construction industry, which has its own factory premises in Oulainen and a leased factory premises in Hartola. The factories are currently not operating. Lehto is in negotiations to sell the Hartola factory operations and sell or lease the Oulainen factory. In addition to the factory company, the Group includes small subsidiaries that do not have significant operations and real estate companies that have rental income.

The following describes key events during the financial year:

- On 6 February 2024, trading in Lehto Group Oyj's shares was suspended on Nasdaq Helsinki. Trading in the shares is still suspended at the time of publication of this financial statement release.
- On 8 February 2024, Lehto Group Oyj's subsidiaries Lehto Asunnot Oy, Lehto Tilat Oy and Lehto Korjausrakentaminen Oy were declared bankrupt.
- On 16 February 2024, corporate restructuring proceedings were initiated at Lehto Group Oyj.
- On 6 March 2024, Lehto announced that the parent company's equity had become negative.
- On 19 March 2024, the entire share capital of Insinööritoimisto Mäkeläinen Oy was sold.
- On 1 May 2024, the CEO of Lehto Group Oyj changed.
- On 29 May 2024, Lehto announced that it would focus its business on energy solutions for real estate and electricity storages.
- On 17 June 2024, Lehto Group Plc's restructuring plan proposal was submitted to the Oulu District Court.
- The Annual General Meeting held on 19 June 2024 decided, among other things, on the new composition of the Board of Directors, amendments to the Articles of Association, and significant authorizations to acquire own shares and arrange share issues.
- On 24 September 2024, Lehto Group Plc's restructuring plan was confirmed and the decision regarding it became legally binding on 3 October 2024
- On 15 November 2024, Lehto announced that the company intends to apply to transfer trading of its shares from the Nasdaq Helsinki Stock Exchange (main list) to the First North Growth Market marketplace.
- On 31 December 2024, Lehto's EUR 15 million convertible bond issued in 2022 was fully converted into shares.
- On December 31, 2024, Lehto issued a new convertible equity bond of EUR 2.5 million, which was offered for subscription to the Company's largest shareholder, Lehto Invest Oy, which subscribed for the loan in full.

Stock exchange releases have been published about the above-mentioned events, which can be read in full at <https://lehto.fi/en/investors/stock-exchange-releases/>.

Contrary to previously announced information, Lehto estimates that the transfer of share trading from the Nasdaq Helsinki stock exchange list to the First North Growth Market will not occur in the first half of 2025, but only in the last quarter of 2025.



Financial development during the financial year

The Group's net sales and operating result weakened significantly as a result of the bankruptcies of Group companies engaged in construction. Net sales from continuing operations were EUR 1.1 million, which mainly consists of rental income from properties owned by the Group and material sales from Lehto Components Oy. The energy construction business did not generate significant net sales during 2024.

The Group's operating result from continuing operations was EUR -5.7 million, which was particularly affected by low turnover, maintenance costs of Lehto Components Oy's factories, costs incurred from the downscaling of the parent company's operations, and costs related to the launch of new business.

Result from discontinued operations was EUR 0.4 million. Discontinued operations include the results of bankrupt subsidiaries up to the date of bankruptcy and the results of Lehto Sverige Ab's operations for the entire financial year.

Result for the period was EUR -2.9 million. The result was improved by EUR 6.2 million in debt reductions recorded in the income statement in accordance with the restructuring program.

Due to significant changes in the Group's operations, structure and strategy, as well as the reclassification of continuing operations during the financial year, the financial information for 2024 is not reasonably comparable with the financial information for previous years.

| Group | 7-12/ 2024 | 7-12/ 2023 * | 1-12/ 2024 | 1-12/ 2023 * |
|--|-----------------------|-------------------------|-----------------------|-------------------------|
| Net sales from continuing operations, EUR million | 0.7 | 1.6 | 1.1 | 4.5 |
| Operating result from continuing operations, EUR million | -1.0 | -14.7 | -5.7 | -24.7 |
| Result from continuing operations, EUR million | 2.8 | -16.7 | -3.3 | -28.5 |
| Result from discontinued operations, EUR million | 0.0 | -41.4 | 0.4 | -50.6 |
| Result for the period, EUR million | 2.7 | -58.1 | -2.9 | -79.0 |
| Cash and other liquid assets, EUR million | 2.2 | 6.1 | 2.2 | 6.1 |
| Equity ratio, % | 8.2 % | -12.1 % | 8.2 % | -12.1 % |

**The figures in the comparative period's income statement have changed due to a change in the classification of continuing operations. In this report discontinued operations include companies that went bankrupt and the Swedish operations.*

The Group's cash reserves weakened during the financial year but increased at the end of the year to EUR 2.2 million due to the convertible bond issued.

The Group's personnel decreased significantly during the financial year. At the end of December, the Group had 76 employees, of whom 67 were on full-time or part-time layoff. The laid-off employees are employees of Lehto Components Oy.



Energy construction business

Business in general

The energy construction business is based on the utilization of electricity storage in balancing the production and demand of electricity markets (so-called reserve and wholesale markets) and in energy saving solutions for properties.

The strong growth of weather-dependent wind and solar power causes an imbalance between electricity production and consumption, which in turn creates an imbalance in electricity networks. The imbalance in electricity networks can be managed with electricity storage, which enables electricity to be charged and discharged as needed. When electricity production is high, energy is charged to electricity storage and when production is low, energy is taken from them. Already today, there are adjustment reserves connected to electricity networks, which are used to prepare for changes in the frequency, production and consumption of electricity, but the need for reserves is now increasing sharply as a result of the growth of renewable energy sources.

A large part of the electricity storage facilities operating or under construction in Finland and Europe are so-called battery parks, where a relatively large electricity storage capacity is placed at one point. Lehto's primary goal is to build a distributed electricity storage system, where relatively small batteries are placed in properties across Finland. This model enables the utilization of existing electricity connections and also serves the properties' own energy saving needs. When the electricity storage facilities are connected to the property's own electricity production, for example, the electrical energy produced by solar panels that exceeds the property's needs can be stored in a battery and the stored electricity can be used when energy is expensive. In addition to the distributed electricity storage system, the company's goal is to build medium-sized battery parks that are separate from the properties.

Lehto is also developing a solution in which the property's HVAC systems (e.g. ventilation, heating) work together with the batteries to balance the electricity grids. Lehto's partner company manages the HVAC systems of a large property portfolio, which enables the utilization of HVAC in balancing the electricity grid. Electricity storage systems installed in properties can simultaneously serve the needs of the property and operate in the reserve and wholesale markets.

In its energy construction business, Lehto acquires suitable battery locations (buildings or land areas), designs and implements battery installations at the locations, connects the batteries as part of the property's own energy solution if necessary, obtains the necessary permits, and concludes the necessary agreements with property owners, electricity grid companies and business partner companies. The batteries are purchased or rented and their operations are controlled using the partner company's software.

Business income is generated from reserve market compensation paid by the Finnish grid company Fingrid, income from the sale and purchase of electricity from the Nord Pool marketplace, and compensation paid by property owners and users. Lehto also develops battery park projects for sale to investors in the industry.



Lehto's Energy Construction business development during the financial period

The company began evaluating the energy construction business already in 2023, when the company began to familiarize itself with the market logic, market players and technologies of energy construction.

In the spring of 2024, the company began systematic project development, the aim of which is to acquire rights to use real estate and land as locations for electricity storage facilities and to agree on the necessary electricity connections with electricity grid companies.

During the summer, the company implemented the first pilot project, which successfully tested and verified the control functions of the electricity storage facilities and compatibility with various technical interfaces. The electricity storage facility in question has been in use by the reserve market since the third quarter of the year.

During the second half of the year, the company built procurement channels for electricity storage and carried out project development, as a result of which the company has good conditions for expanding its business.

Financial outlook

Due to uncertainties related to the initial phase of the business, Lehto does not provide a precise estimate of the development of its net sales or operating result in 2025.

During 2025, Lehto aims to build significantly more new electricity storage capacity, which will be used primarily in the reserve and wholesale markets, but also in connection with the properties' own energy solutions.

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. The working capital needs of the initial phase of the business will be managed through capital investments specified in Lehto's restructuring program.

The company's restructuring program

Lehto Group Oyj's corporate restructuring program was confirmed on September 24, 2024.

Main content of the restructuring program:

- The restructuring programme is based on the company's complete divestment of the construction business of Lehto Group and the reorientation of its business towards real estate energy solutions and electricity storages ("Energy Construction Business"). The Energy Construction Business is described in more detail in the stock exchange release published on 29 May 2024 and in the half-year financial report published on 1 August 2024.
- In order to launch the Energy Construction Business, the company is required to raise EUR 2.5 million in equity financing within three months from the date on which the decision to approve the restructuring programme has become final and EUR 2.5 million in debt or equity financing by 31 December 2025. The deadlines for obtaining financing may be extended with the approval of the supervisor of the restructuring programme.



- The company is obliged to ensure that the EUR 15 million convertible bond of the company is converted into shares of the company at least for the claim of approximately EUR 10 million of Lehto Invest Oy by 31 December 2024.
- The payments under the payment schedule of the restructuring programme will be financed partly by the realisation of the company's assets and by future payments on the company's claims. The company is therefore obliged to sell most of its assets within the timeframe set out in the restructuring programme at an arm's length price and to collect the claims identified in the restructuring programme.
- The company's liabilities under the restructuring programme have been structured in such a way that the company will be able to meet the payments and interest due under the payment schedule with the proceeds from the realisation of the company's assets and the cash flow from the company's Energy Construction Business.
- The duration of the payment schedule is approximately 5 years. The last payments under the payment schedule are due on 31 December 2029 for the non-preferential restructuring liabilities and on 30 November 2027 for the secured liabilities.
- The total amount of the secured liabilities under the restructuring programme is EUR 3.5 million. The secured liabilities are to be paid upon realization of the collateral assets up to the amount of the net realisation value of the collateral assets, but not exceeding the amount of the secured liabilities. The secured liabilities shall bear annual interest at the rate of 6-month Euribor plus a margin of 2.5 %. The interest rate shall always be at least 3.5 %.
- The total amount of the non-preferential restructuring liabilities, whose amount and basis is clear, is EUR 19.2 million, including, inter alia, the company's EUR 15 million convertible bond. The amount of the non-preferential restructuring liabilities will be reduced by 90 % of the amount of the claims. The company will be obliged to make additional payments on the non-preferential restructuring liabilities if the conditions set out in the restructuring programme are met, inter alia in case of better-than-expected asset sales and collection of claims.
- Payments on restructuring liabilities whose basis is conditional or amount is capped, shall be deposited in an escrow account and the funds in the escrow account shall be paid on the liabilities in the same way as for non-preferential restructuring liabilities, once a reliable explanation of the basis and amount of the liabilities has been obtained. The payment schedule contributions to the escrow account shall be 75 % of the maximum amount of the unclear liabilities remaining after the debt reduction. The total amount of such restructuring liabilities is approximately EUR 41.8 million. The amount of disputed restructuring liabilities is EUR 4.6million.
- The restructuring liabilities of a creditor with a lower ranking (Section 2 of the Act on the Ranking of Claims) will be reduced in full, i.e. obligation to pay such liabilities will be abolished in full as a result of the adoption of the restructuring programme.
- Early termination of the restructuring programme is possible at the earliest on 1 July 2025. Early termination is conditional on the company paying in full the secured liabilities and their interest, the payment schedule contributions and additional payments on the non-preferential restructuring liabilities in full and the additional payment resulting from the early termination.



Balance sheet and financial position

There were major changes in the Group's balance sheet during the financial year. As a result of the bankruptcies of subsidiaries, a large amount of assets were removed from the balance sheet, and as a result of the parent company's restructuring program, the company's debts decreased and equity returned to positive. The equity ratio at the end of the financial year was 8.2%.

| Balance sheet, EUR million | 31 Dec 2024 | 31 Dec 2023 |
|---|------------------------|------------------------|
| Non-current assets | 6.4 | 11.9 |
| Current assets | | |
| Inventories, excluding IFRS 16 assets | 0.7 | 0.0 |
| Inventories, IFRS 16 assets | 0.0 | 73,6 |
| Current receivables | 0.2 | 12,1 |
| Cash and cash equivalents | 2.2 | 6,1 |
| Non-current assets held for sale | 2.4 | 0,0 |
| Assets total | 11.8 | 103,7 |
| Equity | 1.0 | -12.4 |
| Financial liabilities | 3.5 | 20.6 |
| Lease liabilities | 0.0 | 59.1 |
| Liabilities to customers for constructing contracts (advances received) | 0.0 | 1.7 |
| Other paybles | 4.7 | 34.7 |
| Liabilities related to non-current assets held for sale | 2.6 | 0.0 |
| Equity and liabilities total | 11.8 | 103.7 |

Assets

Non-current assets, EUR 6.4 million, consist mainly of Lehto Components Oy's Oulainen factory building and machinery and furniture. Non-current assets also include a total of EUR 1.5 million in ownership and shares in real estate companies and one project company.

Inventories, EUR 0.7 million, consist mainly of Lehto Components Oy's materials and finished products.

Cash and cash equivalents increased as a result of the subscription of a EUR 2.5 million convertible bond in December 2024. Of the subscription, EUR 0.5 million was implemented as a conversion of a loan previously granted to Lehto Group Oyj into a convertible bond in 2024.

Non-current assets held for sale consist of lease rights related to Lehto Components Oy's Hartola factory, machinery and equipment.

Liabilities

Financial liabilities decreased significantly when the EUR 15 million convertible bond was converted into shares. The interest liabilities on the convertible bond were cut as part of the Company's restructuring process. The cuts in interest liabilities had an impact of EUR 0.5 million and EUR 0.9 million on PIK interest liabilities, which are included in financial items. As a result of the conversion of the convertible bond, the number of shares in the Company increased by 75,000,000 shares and the Group's equity improved by EUR 13.9 million.



At the balance sheet date, the amount of financial liabilities was EUR 3.5 million, of which the majority consists of secured RCF bank debt. The debt in question will be repaid according to the schedule specified in the company's restructuring program. The RCF bank debt is secured by, among other things, all shares and the most significant receivables of the real estate companies owned by Lehto Group Oyj, as well as the assets of the bankrupt subsidiaries. If the assets of the bankruptcy estates of the subsidiaries are used to repay Lehto Group Oyj's RCF bank debt, the bankruptcy estates in question will become creditors of Lehto Group Oyj with the rights of the original creditor.

Other liabilities are mainly unsecured liabilities in accordance with the restructuring program and in addition, ordinary trade and accrued liabilities.

Liabilities related to non-current assets held for sale are future rental obligations for Lehto Components Oy's Hartola factory in accordance with the IFRS 16 standard.

Intra-group loans

The parent company Lehto Group Oyj has loan receivables totaling EUR 12.9 million from its subsidiaries Lehto Components Oy, Koy Oulun Eteläkeskus, and Koy Ylivieska Arvokiinteistö.

Subordinated loan

On 31 December 2024, Lehto issued a new EUR 2.5 million convertible equity loan, which was offered for subscription to the Company's largest shareholder, Lehto Invest Oy, which subscribed for the loan in full.

The loan meets all the terms of a subordinated loan referred to in Chapter 12 of the Finnish Companies Act and the Group has the full and exclusive right to decide on both the interest and the repayment of the loan. Based on the terms, the loan is classified as an equity item. The loan has an agreed annual interest rate of 14 percent. No interest has been paid on the loan.

The subordinated loan and interest may be paid in liquidation and bankruptcy with a lower priority than all other debts. The loan has no maturity date and no collateral is provided for the loan.

Based on the loan, the Lender is granted one special right free of charge, based on which a maximum of 12,500,000 new shares of the Company may be subscribed. However, if the interest on the loan is also converted into shares, the Board of Directors may decide to change the number of shares.

The subscription price of each share is EUR 0.20, i.e. a total of EUR 2,500,000 corresponding to the amount of the loan from all offered shares. The subscription period for the shares begins on the date of the loan drawdown, 31 December 2024, and ends on 31 December 2031. The subscription price for the shares must be paid in connection with the subscription by offsetting the loan as repaid accordingly. The subscription price is recorded in the invested unrestricted equity fund.



Going Concern analysis

The financial statements have been prepared on a going concern basis. During the financial year, on 8 February 2024, Lehto Group Plc's operational subsidiaries Lehto Asunnot Oy, Lehto Tilat Oy and Lehto Korjausrakentaminen Oy were declared bankrupt. The companies declared bankrupt practically completely covered Lehto's business operations related to the construction of apartments and business premises and thus formed the majority of Lehto Group's turnover. In addition, the parent company Lehto Group Plc was placed under restructuring proceedings by a decision of the District Court on 16 February 2024. The restructuring programme was confirmed on 24 September 2024 and as part of the restructuring proceedings, Lehto will completely divest itself of its construction business and related holdings and will focus on the energy construction business.

During the financial year, the company's EUR 15 million convertible bond was exchanged for new and/or existing shares in Lehto in accordance with the restructuring proceedings. In addition, the company issued a convertible equity bond of EUR 2.5 million.

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 assessment has taken into account that the company is in a restructuring program and its business is subject to more risks than usual.

The adequacy of cash resources depends in particular on the success and timing of asset sales. The company has also identified ways to accelerate cash flows from operations if asset sales are delayed.

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 its operations.

According to the assessment, positive cash flow will begin to be generated from new energy construction business projects during 2025. The pace of development of the energy construction business will not have a significant impact on the continuity of operations over the next 12 months.



Risks and uncertainties

The most important risks for 2025 are described below.

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 during 2025 with existing cash resources, 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. Although Lehto's reserve and wholesale market returns are expected to increase during 2025, the company will need to 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 result in a situation where the company is unable to meet all its payment obligations.

Risks related to starting and 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 the factory operations of Lehto Components Oy. It is possible that the factory operations cannot be sold or the factory premises and equipment cannot be leased. In such a situation, the company would be left with cost burdens related to the maintenance of the factories and the company might not be able to meet its payments.

Personnel and remuneration

The number of employees in the Group decreased significantly during the financial year. At the end of December, the Group had 76 employees, of whom 67 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 at <https://lehto.fi/en/investors/corporate-governance/remuneration/>.

Research and development

Lehto's subsidiary Lehto Components Oy has developed and manufactured building technology modules and components for years, such as bathroom-kitchen modules, apartment space elements, wall elements, large ceiling elements, building technology modules and windows. Modulation aims to improve the quality of construction and speed up the construction process. During 2024, Lehto Components Oy's factories have been at a standstill and Lehto is in negotiations to sell its factories.

In 2024, Lehto started the energy construction business, for the needs of which Lehto is developing a solution together with a partner company, in which the building technology solutions of the property (ventilation, heating) are connected to serve the needs of the electricity reserve market. Of the development costs incurred during the financial year, EUR 0.2 million has been capitalized in the balance sheet.



Responsibility and environmental issues

Lehto's energy construction business is still small, which is why Lehto does not have a regulatory obligation to report in accordance with the EU Sustainability Reporting Directive (CSRD).

Lehto aims to act in accordance with generally accepted responsibility principles in environmental matters, social responsibility matters and governance.

As the energy construction business expands, Lehto will define separate responsibility focus areas, targets and indicators, as well as processes supporting responsibility that 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 Oyj 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 carried out only by the parent company Lehto Group Oyj. At the time of preparation of this report, the subsidiaries have no other business activities than property rental.

On 8 February 2024, three of Lehto's subsidiaries, Lehto Asunnot Oy, Lehto Tilat Oy and Lehto Korjausrakentaminen Oy, were declared bankrupt. On 19 March 2024, Lehto sold the entire share capital of its subsidiary Insinööri-toimisto Mäkeläinen Oy.

Shares and shareholdings

Lehto Group Plc's shares are listed on the Nasdaq Helsinki Ltd stock exchange, but trading in the shares was suspended on 6 February 2024. Trading is still suspended at the time of preparation of this report.

The number of shares in the company at the end of 2024 was 87,339,410 and the company had 13,954 shareholders. The company held 203,424 shares. The company has one series of shares and each share entitles to one vote at the company's general meeting.

The company's EUR 15 million convertible bond issued in 2022 was converted into shares on 31 December 2024. The conversion resulted in a total of 75,000,000 new shares, which were registered in the Trade Register on 31 January 2025, when the number of shares in the company increased to 162,339,410 shares.

After the conversion of the convertible bond, the combined ownership of the company's board of directors, executive management and their controlled entities in all shares of the company is approximately 50.3%.

On 31 December 2024, Lehto also issued a new equity convertible bond of EUR 2.5 million, which was offered for subscription to the Company's largest shareholder, Lehto Invest Oy, which subscribed for the loan in full. At the time of preparation of this report, the loan has not been converted into shares in any part.

The share has not been traded since 5 February 2024. During the period 1 January–5 February 2024, the highest share price was EUR 0.0578 and the lowest price was EUR 0.0151. The number of shares traded during the period in question was 18,708,406. The closing price of the share on February 5, 2024 was EUR 0.0318.

Flagging notifications

The company did not receive any flagging notifications during the financial year.

After the end of the financial year on 31 January 2025, the company received a flagging notification, according to which the combined holding of Hannu Lehto and his controlling entity Lehto Invest Oy (together the "Main Owner") in all shares and votes in Lehto Group Oyj had increased to 51.75 percent in connection



with the conversion of the convertible bond. However, the Main Owner announced that he would use the exception provided for in Chapter 11, Section 21, Subsection 5 of the Securities Markets Act and that he would relinquish his voting share exceeding the tender obligation limit within one month of the tender obligation arising. On 28 February 2025, Main Owner announced that it had transferred 2,900,000 shares, as a result of which the Main Owner's total ownership of all shares and votes in Lehto Group Plc had decreased to 49.96 percent.

On 31 January 2025, Lehto Group Plc received a flagging notification from Pension Insurance Company Ilmarinen. According to the notification, Ilmarinen's total ownership of Lehto Group Plc's shares and votes had increased to 7.08 percent on 31 January 2025 as a result of the conversion of the convertible bond into shares.

Transfers of treasury shares

No treasury shares were acquired or transferred during the financial year.

Resolutions of the Annual General Meeting

The Annual General Meeting (AGM) held on June 19, 2024 decided, in accordance with the board's proposal, that no dividend will be paid based on the balance sheet approved for the fiscal year January 1-December 31, 2023.

The number of company board members was decided to be four. In accordance with the proposal of the shareholders' nomination committee, Hannu Lehto and Jani Nokkanen were re-elected as board members and Tarja Teppo and Timo Okkonen as new members. The term of the board members will expire at the end of 2025 annual general meeting.

The AGM decided to change the scope of the articles of association so that it includes energy services, energy storage and distribution, energy saving services and ownership and sale of energy production equipment.

The AGM authorized the board of directors to decide on the issue of shares and the granting of stock options and other special rights entitling to shares, so that the board has the authority to decide on the issuance of a total of approximately 114 million new shares, which corresponded to approximately 131% of the company's number of shares at that time (87,339,410 shares). Of the authorization, approximately 39 million shares can be used for share issues or for granting option rights or other special rights entitling to shares, and 75 million shares for converting the company's EUR 15 million convertible bond into shares.

The above-mentioned and other decisions of the annual general meeting have been detailed in the stock exchange bulletin published on 19 June 2024.



Significant events after the reporting period

The 75 million new shares resulting from the conversion of Lehto's EUR 15 million convertible bond were registered in the Trade Register on 31 January 2025. At the same time, the combined holding of Hannu Lehto and his controlling entity Lehto Invest Oy in all shares and votes in Lehto Group Oyj increased to 51.75 percent. However, the Lehto Invest Oy and Hannu Lehto announced that they will use the exception provided for in Chapter 11, Section 21, Subsection 5 of the Securities Markets Act, and waive their voting rights exceeding the threshold within one month from the creation of the obligation to make the tender offer, i.e., by 28 February 2025.

On 31 January 2025, Lehto Group Oyj received a flagging notification from Pension Insurance Company Ilmarinen. According to the announcement, Ilmarinen's total holding of shares and votes in Lehto Group Oyj had increased to 7.08 percent as of 31 January 2025 as a result of the conversion of the convertible bond into shares.

On 28 February 2025, Lehto Group Oyj received a flagging notification from Hannu Lehto and his controlling entity Lehto Invest Oy. According to the announcement, Lehto Invest Oy had disposed 2,900,000 shares on 28 February 2025, as a result of which the total holding of Hannu Lehto and Lehto Invest Oy in all shares and votes in Lehto Group Oyj had decreased to 49.96 percent.

Proposal by the Board of Directors on the use of profit shown on the balance sheet and the payment of the dividend

The Board of Directors proposes to the Annual General Meeting that no dividend be paid for the financial year 1 January – 31 December 2024.

25 April 2025
Lehto Group Plc
Board of Directors



Financial statements 2024





CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

1 000 EUR

| | Note | 1.1.2024 - 31.12.2024 | 1.1.2023 - 31.12.2023 |
|--|-------|--------------------------|--------------------------|
| Continuing operations | | | |
| Net sales | 3 | 1 086 | 4 454 |
| Other operating income | 4 | 754 | 2 399 |
| Changes in inventories of finished goods and work in progress | | -206 | -887 |
| Material and services | | -709 | -5 938 |
| Employee benefit expenses | 5 | -2 177 | -7 880 |
| Depreciation and impairments | 6 | -960 | -5 568 |
| Other operating expenses | 7 | -3 447 | -11 300 |
| Operating result | | -5 660 | -24 720 |
| Financial income | 8 | 6 175 | 26 |
| Financial expenses | 8 | -3 858 | -3 723 |
| Result before taxes | | -3 342 | -28 417 |
| Income taxes | 9, 18 | -1 | -31 |
| Result for the financial year from continuing operations | | -3 343 | -28 448 |
| Result for the financial year from discontinued operations | 2 | 409 | -50 601 |
| Result for the financial year | | -2 934 | -79 049 |
| Result attributable to | | | |
| Equity holders of the parent company | | -2 934 | -79 049 |
| Non-controlling interest | | 0 | 1 |
| | | -2 934 | -79 049 |
| Components of other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Translation difference | 23 | -106 | 119 |
| | | -106 | 119 |
| Comprehensive result attributable to | | | |
| Equity holders of the parent company | | -3 040 | -78 931 |
| Non-controlling interest | | 0 | 1 |
| | | -3 039 | -78 930 |
| Earnings per share calculated from the result attributable to equity holders of the parent company, EUR per share | 10 | | |
| Issue-adjusted average number of outstanding shares during the period, basic | | 88 078 609 | 87 257 649 |
| Issue-adjusted average number of outstanding shares during the period, diluted | | 88 084 150 | 87 332 931 |
| Earnings per share, basic, EUR/share | | -0,03 | -0,91 |
| Earnings per share, diluted, EUR/share | | -0,03 | -0,91 |
| Earnings per share, continuing operations, basic, EUR/share | | -0,04 | -0,33 |
| Earnings per share, continuing operations, diluted, EUR/share | | -0,04 | -0,33 |
| Earnings per share, discontinued operations, basic, EUR/share | | 0,00 | -0,58 |
| Earnings per share, discontinued operations, diluted, EUR/share | | 0,00 | -0,58 |



CONSOLIDATED BALANCE SHEET, IFRS

1 000 EUR

| | Note | 31.12.2024 | 31.12.2023 |
|---|----------|---------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Other intangible assets | 12 | 243 | 423 |
| Property, plant and equipment | 13 | 4 668 | 6 603 |
| Investment properties | 14 | 644 | 660 |
| Investments in associated companies | 15 | 780 | 780 |
| Other financial assets | 16 | 100 | 971 |
| Receivables | 17 | - | 2 463 |
| Deferred tax assets | 18 | - | 0 |
| Non-current assets, total | | 6 434 | 11 900 |
| Current assets | | | |
| Inventories | 19 | 694 | 73 591 |
| Trade and other receivables | 20 | 161 | 12 107 |
| Financial assets at fair value through profit or loss | 21 | - | 328 |
| Cash and cash equivalents | 22 | 2 159 | 5 802 |
| Current assets, total | | 3 014 | 91 828 |
| Non-current assets held for sale | 2 | 2 395 | 0 |
| TOTAL ASSETS | | 11 843 | 103 729 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 100 | 100 |
| SVOP - Reserve for invested unrestricted equity | | 102 589 | 88 695 |
| Translation difference | | -215 | -110 |
| Retained earnings | | -104 010 | -101 076 |
| Capital loans | | 2 500 | - |
| Capital attributable to equity holders of the parent company | | 964 | -12 391 |
| Non-controlling interest | | 10 | 9 |
| Equity, total | 23 | 974 | -12 382 |
| Non-current liabilities | | | |
| Provisions | 24 | 10 | 7 745 |
| Financial liabilities | 25,27 | 1 775 | 0 |
| Lease liabilities | 25,27,28 | 34 | 53 585 |
| Other non-current liabilities | 26 | 3 511 | 110 |
| Non-current liabilities, total | | 5 330 | 61 441 |
| Current liabilities | | | |
| Provisions | 24 | 100 | 2 931 |
| Liabilities to customers for constructing contracts (advances received) | 26 | - | 1 657 |
| Trade and other payables | 26 | 1 078 | 23 922 |



| | | | |
|---|----------|---------------|----------------|
| Trade and other payables | 25,27 | 1 710 | 20 621 |
| Lease liabilities | 25,27,28 | 3 | 5 538 |
| Current liabilities, total | | 2 891 | 54 670 |
| Liabilities related to non-current assets held for sale | | 2 649 | - |
| Liabilities, total | | 10 870 | 116 110 |
| TOTAL EQUITY AND LIABILITIES | | 11 843 | 103 729 |

CONSOLIDATED CASH FLOW STATEMENT, IFRS

1 000 EUR

| | Note | 31.12.2024 | 31.12.2023 |
|---|--------|---------------|---------------|
| Cash flow from operating activities | | | |
| Result for the financial year | | -2 934 | -79 049 |
| <i>Adjustments:</i> | | | |
| Non-cash items | | -371 | -2 880 |
| Depreciation and impairment | | 1 090 | 11 792 |
| Financial income and expenses | | -2 135 | 5 898 |
| Capital gains | | -255 | -376 |
| Income taxes | | 3 | 129 |
| <i>Changes in working capital:</i> | | | |
| Change in trade and other receivables | | -2 670 | 42 250 |
| Change in inventories | | 2 243 | 83 608 |
| Change in trade and other payables | | 5 | -57 511 |
| Interest paid and other financial expenses | | -810 | -6 732 |
| Financial income received | | 15 | 74 |
| Income taxes paid | | -2 | -129 |
| Net cash from operating activities | | -5 822 | -2 925 |
| Cash flow from investments | | | |
| Investments in property, plant and equipment | | -1 | -41 |
| Investments in intangible assets | | -243 | -15 |
| Proceeds from sale of property, plant and equipment and intangible assets | | 79 | 4 776 |
| Financial assets at fair value through profit or loss | | - | 14 |
| Repayments of loan receivables | | 0 | 37 |
| Acquisition of associated companies | 15 | - | -780 |
| Dividends received | | - | 0 |
| Net cash from investments | | -163 | 3 990 |
| Cash flow from financing | | | |
| Loans drawn | 25 | - | 3 447 |
| Loans repaid | 25 | -294 | -10 182 |
| Lease liabilities paid | 25,28 | -189 | -1 408 |
| Withdrawal of own equity capital loan | | 2 500 | - |
| Loan arrangement fees | | - | 0 |
| Costs related to repurchasing own shares | 23 | - | -28 |
| Net cash used in financing activities | | 2 017 | -8 172 |
| Change in cash and cash equivalents (+/-) | | -3 969 | -7 106 |
| Effects of exchange rate change | | -3 | 1 |
| Cash and cash equivalents at the beginning of the financial year | | 6 130 | 13 236 |
| Cash and cash equivalents at the end of the financial year | 21, 22 | 2 159 | 6 130 |

The figures in the cash flow statement also include cash flows from discontinued operations.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

1 000
EUR

| | Capital attributable to equity holders of the parent company | | | | | | | |
|--|--|---|------------------------|-------------------|---------------|--|--------------------------|----------------|
| | Share capital | SVOP - Reserve for invested unrestricted equity | Translation difference | Retained earnings | Capital loans | Capital attributable to equity holders of the parent company | Non-controlling interest | Equity, total |
| Equity on 1 January 2023 | 100 | 88 695 | -229 | -22 003 | | 66 563 | 9 | 66 571 |
| <i>Comprehensive income</i> | | | | | | | | |
| Result for the financial period | | | | -79 049 | | -79 049 | 1 | -79 049 |
| <i>Other comprehensive income items</i> | | | 119 | | | 119 | | 119 |
| <i>Total comprehensive income</i> | | | 119 | -79 049 | | -78 931 | 1 | -78 930 |
| <i>Transactions with equity holders</i> | | | | | | | | |
| The equity component separated from the convertible bond | | | | -28 | | -28 | | -28 |
| Share-based compensation | | | | 5 | | 5 | | 5 |
| <i>Transactions with equity holders, total</i> | | | | -23 | | -23 | | -23 |
| Equity on 31 December 2023 | 100 | 88 695 | -110 | -101 076 | | -12 391 | 9 | -12 382 |
| Equity on 1 January 2024 | 100 | 88 695 | -110 | -101 076 | | -12 391 | 9 | -12 382 |
| <i>Comprehensive income</i> | | | | | | | | |
| Result for the financial period | | | | -2 934 | | -2 934 | 0 | -2 934 |
| <i>Other comprehensive income items</i> | | | -106 | | | -106 | | -106 |
| <i>Total comprehensive income</i> | | | -106 | -2 934 | | -3 040 | 0 | -3 039 |
| <i>Transactions with equity holders</i> | | | | | | | | |
| Convertible bond conversion | | 13 895 | | | | 13 895 | | 13 895 |
| Capital loan withdrawal | | | | | 2 500 | 2 500 | | 2 500 |
| <i>Transactions with equity holders, total</i> | | 13 895 | | | 2 500 | 16 395 | | 16 395 |
| Equity on 31 December 2024 | 100 | 102 589 | -215 | -104 010 | 2 500 | 964 | 10 | 974 |



Principles for Preparing Consolidated Financial Statements

GROUP BASIC INFORMATION

Lehto Group is a construction and real estate group. The parent company is Lehto Group Plc and its business operations are organised for its subsidiaries. The parent company is domiciled in Kempele. The address is Voimatie 6, 90440 Kempele, Finland.

Lehto Group Plc's Board of Directors approved the financial statements on 25 April 2025. Pursuant to the Finnish Companies Act, shareholders have a possibility to approve or reject the financial statements in a general meeting of shareholders to be held after the publication. The general meeting of shareholders also has a possibility to make a decision on amending the financial statements. Copies of the consolidated financial statements are available from the parent company headquarters at the address Voimatie 6, 90440 Kempele, Finland.

CONTINUITY OF OPERATIONS

These financial statements have been prepared in accordance with the continuity of operations principle. During the financial year on 8 February 2024, Lehto Group Plc's operational subsidiaries Lehto Asunnot Oy, Lehto Tilat Oy, and Lehto Korjausrakentaminen Oy were declared bankrupt. The bankrupt companies covered practically all of Lehto's residential and commercial construction businesses and thus constituted the majority of Lehto Group's revenue. Additionally, the parent company Lehto Group Plc was placed under restructuring by a District Court decision on 16 February 2024. The restructuring programme was confirmed on 24 September 2024, and as part of the restructuring process, Lehto will fully withdraw from the construction business and related holdings, and will focus on the energy construction sector.

During the financial year, in accordance with the restructuring programme, the company's €15 million convertible bond was converted into new and/or existing shares of Lehto. Furthermore, the company issued an equity-based convertible bond in the amount of €2.5 million.

In connection with the preparation of the financial statements, the company has assessed the conditions for the continuity of its operations. The company requires cash reserves and cash inflows to cover ongoing operating expenses, to implement energy storage projects, and to repay restructuring debts in accordance with the restructuring programme. The company estimates that the cash outflows for the next 12 months can be financed principally as follows:

- The company's ongoing operating expenses (fixed costs) will be covered using existing cash reserves.
- Investments required for energy storage projects will be financed through project-specific debt instruments.
- Payments of restructuring debts will be financed through the sale of assets.

The assessment has considered that the company is subject to a restructuring programme and that its business activities involve a higher level of risk than normal. The sufficiency of cash reserves particularly depends on the successful and timely sale of assets. The company has also identified measures to accelerate business cash flows in the event that asset sales are delayed.

The continuity of the company's and the group's operations depends on their ability to implement the planned measures to finance cash outflows over the next 12 months. If these measures cannot be implemented, this indicates fundamental uncertainty that may have a substantial impact on the company's ability to continue its operations. According to the assessment, positive cash flow from new energy construction business projects is expected to start generating during 2025. The development pace of the energy construction business does not have a significant impact on the continuity of operations over the next 12 months.

ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Accounting principles requiring management judgement and the main factors of uncertainty affecting the estimates

The preparation of financial statements in accordance with IFRS standards requires the management to make future-oriented accounting estimates and assumptions and exercise judgement in the application of the accounting policies. These estimates and decisions influence the amounts of assets, liabilities, income and expenses and contingent liabilities recorded for the reporting period.

When preparing the financial statements for 2024, management's judgement has particularly focused on assessing the basis for the continuity of operations and the valuation of assets. Lehto's construction business operations, which have constituted the majority of the group's revenue, were declared bankrupt on 8 February 2024, and the parent company



was placed under restructuring by a district court decision on 16 February 2024. The subsidiaries declared bankrupt have been consolidated in the 2024 financial statements up to the date of bankruptcy in terms of the income statement.

The valuation of assets remaining in the group is based on an assessment of the recoverable amounts in situations where they fall below the book value formed on the basis of the continuity principle. The debt reduction according to the parent company's restructuring process had a profit-enhancing effect of €6.2 million, which is included in the financial items. Additionally, the €15 million convertible bonds, along with their interest, were converted into Lehto's shares.

Below are presented the most significant items of the financial statements where management judgement and estimates were required.

Revenue Recognition Over Time

In construction contracts recognised using the stage of completion method revenue is based generally on the contract and revenue projections for the projects are estimated on a regular basis. Project total costs are based on the management's best estimate of the trend in total cost of project completion. The actual income and costs incurred, and the estimated result are monitored regularly on a monthly basis. Lehto's construction business operations, which have constituted the majority of the group's revenue, were declared bankrupt on 8 February 2024. Projects recognised over time were related to discontinued operations.

Inventories

The Group assess the valuing of inventory and possible decrease in value on its best estimate on a regular basis. The value of finished unsold sites included in inventories is the lower of their acquisition cost and the probable selling price. When estimating the probable selling price, the management takes into account the market situation and possible demand for the site. In the financial statements, inventories consist of finished products, as well as materials and supplies from factories.

Provisions

Provisions mainly consist of guarantee provisions typical for the industry. The amount is estimated on the basis of experience of the materialisation of such guarantee expenses.

Goodwill impairment testing

The entire goodwill of the group, amounting to €4.3 million, was fully allocated to the business operations of the subsidiaries engaged in construction business that were declared bankrupt. The goodwill has been written off the balance sheet in the 2023 financial statements as an impairment loss.

Deferred tax assets

The company does not present deferred tax assets and liabilities in the balance sheet, but in the note "Deferred taxes" it is shown the amounts that have been recorded before deducting them from each other based on the group's right to net them against each other. The netted deferred tax assets and liabilities are related to lease agreements.

Basis of preparation

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) by applying IAS and IFRS standards and their SIC and IFRIC interpretations, which were in force as at 31 December 2024. International Financial Reporting Standards refer to the standards, their interpretations, approved for application in the EU in accordance with the procedures in the EU regulation (EC) No. 1606/2002 and embodied in Finnish accounting legislation and the statutes enacted under it. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation, complementing the IFRS regulations.

The consolidated financial statements are prepared on historical cost basis except for financial assets at fair value through profit or loss. The financial information is presented in thousands of euros. For the financial year 2024, there are no items that need to be recognised at fair value with an impact on profit or loss.

Principles of consolidation

The consolidated financial statements include the parent company Lehto Group Plc and all subsidiaries in which the parent company at the time of financial statements directly or indirectly holds more than 50% of the voting rights or in which the Group otherwise has control. The criteria for control are fulfilled when the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Subsidiaries acquired are consolidated from the date when the Group obtains control. Mutual holdings are eliminated on



using the acquisition method. All intra-Group transactions and internal profits, receivables and liabilities are eliminated in the consolidated financial statements. The number of shareholders' equity attributable to non-controlling shareholders is shown as a separate item under shareholders' equity.

The consolidated financial statements include the income statement items of the subsidiaries declared bankrupt during the financial year up to the date of bankruptcy. The income statement items are presented as continuing operations.

Non-current assets held for sale and discontinued operations

Non-current assets and assets and liabilities related to discontinued operations are classified as held for sale if their carrying amounts are expected to be recovered principally through a sale transaction rather than through continuing use. Classification as held for sale presupposes that the sale is highly probable, the asset in its current condition is immediately available for sale on normal terms, management is committed to the sale of the asset and the sale is expected to take place within one year of the classification. Before an asset or a disposal group is classified as held for sale, its carrying amounts are determined in accordance with the applicable IFRS standards. From the date of classification, non-current assets held for sale shall be measured at the lower of carrying amount and fair value less costs to sell. Depreciation is no longer recognized for property, plant and equipment and intangible assets held for sale. Assets held for sale, disposal groups, items recognized in other comprehensive income related to assets held for sale and liabilities included in disposal groups are presented in the balance sheet separately from other items.

A discontinued operation is a part of the Group that has been disposed of or classified as held for sale and that meets the criteria for classification as a discontinued operation in accordance with IFRS 5. The result of discontinued operations is presented as a separate item in the consolidated income statement and the figures for the comparison period have been adjusted accordingly.

The discontinued operations in Sweden, as well as the subsidiaries declared bankrupt (Lehto Asunnot Oy, Lehto Korjausrakentaminen Oy, and Lehto Tilat Oy), are presented as discontinued operations in the financial statements. In the group's income statement, continuing and discontinued operations are presented separately. Discontinued operations are shown as a separate item, and internal transactions between discontinued operations have been eliminated from the figures.

The discontinued operations and assets held for sale are described in the note "Discontinued operations and Non-current assets held for sale".

Tangible assets

Tangible assets are valued at their original acquisition cost less depreciation and impairments. They are depreciated over their useful economic life. The group's tangible fixed assets include machinery and equipment, as well as a factory property available for lease. The residual value, useful economic life, and depreciation method of tangible fixed assets are reviewed at least at the end of each financial year and adjusted if necessary to reflect changes in expected economic benefits.

The amortisation period for machinery and equipment is 3–20 years.

Goodwill

Goodwill arising in business combinations is measured as the excess of the total of the consideration transferred, the non-controlling interest in the acquiree and the previously held interest over the fair value of the acquired net assets. Goodwill is tested for impairment annually and whenever there is any indication that an asset may be impaired. For this purpose, goodwill is allocated to cash-generating units. Goodwill is recognised at cost less accumulated impairment losses.

During the review period, on February 8, 2024 the operative subsidiaries of Lehto Group Plc, Lehto Asunnot Oy, Lehto Tilat Oy and Lehto Korjausrakentaminen Oy, were declared bankrupt. Those companies covered practically Lehto's whole housing construction and business premises construction businesses and thus they made up most of the net sales of Lehto Group, which is why there is no longer a basis for the goodwill, and the entire goodwill has been completely written off as an impairment loss in the 2023 financial statements.



Other intangible assets

Other intangible assets

An intangible asset is recognised in the balance sheet at the original acquisition cost if its acquisition cost can be determined reliably and it is likely that an expected economic benefit will flow to the Group from it.

Intangible rights are mostly software and licenses. The group's intangible assets have finite useful lives, and they are amortised in straight-line instalments during their estimated useful lives.

Research costs are recognised as expenses in the income statement. Development expenses is capitalised in the balance sheet once development phase expenses can be reliably estimated, and it can be demonstrated that the development target will probably generate future economic benefit. Development expenses recognised in the balance sheet includes material and labour costs as well as any capitalised borrowing costs directly attributable to bringing the asset to working condition for its intended use. Prior development expenses recognised as expenses is not capitalised later.

The amortisation period for intangible rights and other intangible assets is 3–5 years. The residual value, useful lives and method of amortisation are reassessed at the end of each financial year and as necessary, adjusted to reflect the changes in the expected economic benefit.

Investment properties

Investment properties are properties which the Group holds in order to obtain rental income or appreciation in value or both. At inception investment properties are recognised at acquisition cost, which includes transaction costs. Investment properties are subsequently valued at the original acquisition price less accumulated depreciation and impairments. Investment properties are depreciated in straight-line instalments during their estimated useful lives. Land areas are not depreciated. Investment properties are business and residential properties and the estimated useful life of buildings and structures on these properties is 20 years. The residual value, useful lives and method of depreciation of investment properties are reassessed at the end of each financial year and, as necessary, adjusted to reflect the changes in the expected economic benefit.

The fair values of investment properties are disclosed in the notes to the financial statements. Rental income obtained from investment properties is recorded on a straight-line basis over the period of the lease.

Impairment of intangible assets and property, plant and equipment

At the end of each reporting period the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount from the asset item is estimated. Goodwill's recoverable amount is estimated annually regardless of whether there is any indication of impairment. Goodwill is also tested for impairment whenever there is any indication that the value of a unit may be impaired. Goodwill is tested for impairment at the level of individual cash-generating units, which is the lowest unit level mainly independent of other units and the cash flows of which are separable and mainly independent of cash flows of other corresponding units. A cash-generating unit is the lowest level within the Group at which goodwill is monitored for the purposes of internal management.

During the review period, on February 8, 2024 the operative subsidiaries of Lehto Group Plc, Lehto Asunnot Oy, Lehto Tilat Oy and Lehto Korjausrakentaminen Oy, were declared bankrupt. Those companies covered practically Lehto's whole housing construction and business premises construction businesses and thus they make up most of the net sales of Lehto Group, which is why there is no longer a basis for the goodwill, and the entire goodwill has been completely written off as an impairment loss in the financial statements of 2023.

Recoverable amount is the higher of a unit's fair value less costs of disposal and its value in use. Value in use is the estimated discounted future net cash flows expected to be derived from the cash-generating unit. The discount rates used are pre-tax and reflect current market assessments of the time value of money and specific risks relating to the relevant asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is recognised as an expense. An impairment loss on a cash-generating unit is first allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets of the unit pro rata. At recognition of the impairment loss, the useful life of the depreciated assets is reassessed. Impairment loss of other assets than goodwill is reversed in the case that a change has occurred in the estimates used in measuring the recoverable amount of the asset. A reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Impairment losses on goodwill are never reversed.



Associated companies

Associated companies are companies over which the Group has significant influence. Significant influence exists when the Group owns more than 20% of the company's voting power or when it otherwise has significant influence but not control. Associated companies have been consolidated using the equity method of accounting.

Inventories

Inventories are valued at the lower of acquisition cost and expected net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are comprised of sites under construction, completed sites intended for sale and raw materials and supplies used in the operations. The acquisition cost of these comprises the value of the plot and other raw materials, borrowing costs, planning costs, direct costs of labour and other direct and indirect costs relating to the construction projects.

In the financial statements, the majority of inventories consist of materials and finished products from Lehto Components Oy.

Financial assets and liabilities

Financial assets

Based on the Group's business model for the administration of financial assets and their contractual cash flow characteristics, financial assets are classified as those recognised at amortised cost and those at fair value through profit or loss.

Transaction costs are included in the original carrying amount of financial assets in the case of items that are not measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised at fair value in the balance sheet at the time of original recognition and transaction costs are recognised through profit or loss.

All purchases and sales of financial assets are recognised on the transaction date when the Group commits to the purchase or sale of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Items included in cash and cash equivalents have original maturities of three months or less.

Financial assets recognised at amortised cost

Financial assets recognised at amortised cost include financial assets under the held-to-collect business model, which are held until the due date in order to collect contractual cash flows. The cash flows of these items consist solely of principal and interest on the principal outstanding.

After initial measurement, the value of these financial assets is measured at amortised cost using the effective interest method, deducting any impairment. The Group recognises a deduction for expected credit losses from an asset item recognised at amortised cost in financial assets. Expected credit losses and impairment losses are disclosed in other operating expenses in the income statement.

The Group's financial assets recognised at amortised cost include trade and other receivables that are non-derivative financial assets. The carrying amount of short-term trade and other receivables is deemed to correspond to their fair value. Trade and other receivables are presented in the balance sheet as current assets if they are expected to be realised within 12 months of the end of the reporting period.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include held-at-call fund units, which are short-term and highly liquid investments. However, investments are subject to a greater risk of change in value than cash and cash equivalents. Financial assets at fair value through profit or loss are initially recognized at fair value and subsequently re-measured at fair value. Changes in fair value are recognized in financial items through profit or loss.

Financial liabilities

Financial liabilities are recognised initially at fair value. Transaction costs are included in the original carrying amount of financial liabilities at periodised acquisition cost. Financial liabilities are subsequently carried at amortised cost using the



effective interest method. Financial liabilities are classified as non-current or current. The latter group comprises all those financial liabilities for which the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Convertible bonds are classified as composite instruments, and their components are defined as liabilities or equity based on the content of the arrangement. The debt component is initially recognised at the fair value of a similar debt instrument without the conversion option. The equity component is initially recognised as the difference between the fair value of the entire instrument and the fair value of the debt component. Transaction costs are allocated to the debt and equity components in proportion to their initial carrying amounts. The value of the conversion option is included in the fair value. Subsequently, the debt component is measured at amortised cost using the effective interest method. The equity component is reclassified within equity when the bonds are converted into shares or when they expire. The convertible bond from the comparative financial year has been fully converted into shares. The equity-based loan at the end of the financial year, as defined by the Companies Act, meets the requirements for an equity instrument and is classified entirely as equity.

Capitalisation of borrowing costs

Borrowing costs directly arising as a result of the acquisition, construction or manufacturing of a qualifying asset are capitalised as part of the acquisition cost of the asset in question. A qualifying asset is one that takes a substantial period of time to complete for its intended purpose. Capitalisation commences when the company first incurs expenditures for a qualifying asset giving rise to borrowing costs, and when it undertakes activities that are necessary for preparation of the asset for its intended use or for sale. Capitalisation ceases when all activities necessary to complete the asset for its intended use or sale have been carried out. In developer contracting housing projects, borrowing costs are capitalised in construction stage and recorded above operating profit as project cost upon delivery.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The Group's provisions are guarantee provisions based on estimated supplementary work expenses of completed contracts. The amount of a guarantee provision is estimated on the basis of experience of the materialisation of such guarantee expenses. If guarantee provisions materialise in an amount greater than estimated, the portion in excess is recorded as expense at the same time. If the provision is deemed excessive after the end of the guarantee period, the provision is released through profit or loss.

The ten-year liabilities of the founding contracting are presented as provisions in the financial statements to the extent that their realization is considered probable and the amount of the liability arising from them can be estimated reliably. The majority of the provisions in the balance sheet for the comparative financial year were related to discontinued operations.

If the contractual costs required to fulfil contractual obligations exceed the benefits of the contract, any impairment losses on assets pertaining to that contract should first be recognised. If the expected costs still exceed the benefits of the contract, a provision should be made for the loss-making contract.

Leases

Group as lessee

The Group has long-term of land leases related to developer-contracted construction, which often have a lease period of up to 50-70 years. Land leases related to inventories are in the possession of the company during the project design and construction phase, that is, only a few years, but under IFRS 16 they must be classified as right-of-use assets and liabilities. Right-of-use inventories are presented in the balance sheet in inventories in the same way as inventories held by the Group. At the time of handing over the developer-contracted project, the management and ownership of the land lease will also be transferred to the customer, and the company will currently derecognise the fixed assets from inventories and lease liabilities without income statement entries.

Right-of-use in machinery and equipment are mostly leases for office premises and small machinery and equipment.

When measuring a lease liability, the present value of future payments takes into account any incentives, variable rents (indexes or based on price or other variable), residual value of the asset item, the realisation price of any purchase options or sanctions imposed due to termination of the lease. In fixed-term agreements, the lease period is the non-cancellable lease period and the probability of exercising an extension. The discount rate of a lease is the interest rate implicit in the lease or, if said rate cannot be readily determined, the incremental borrowing rate. Interest expenses on leases are presented in financial expenses. Leases are also recognised as assets and depreciated on a straight-line basis over the



lease period. Leases with a lease period of less than one year or value of less than EUR 5,000 are expensed during the lease period.

A significant portion of the right-of-use assets and lease liabilities included in the comparative period relate to agreements made by companies that went bankrupt after the end of the comparative period.

Group as lessor

The Group is the lessor of two investment properties. Rental income from them is presented in net sales. In addition, the company has rented out one business premise during the financial year. Its rental income is presented in other operating income.

Sale and leaseback

In sale and leaseback situations, it should be determined whether the transfer of an asset meets the IFRS 15 requirements for treating it as a sale. If the transfer is a sale, the value of the right-of-use asset should be recognised as the proportion of the asset's original book value that corresponds to the value of the right-of-use that remains with the company. Only the proportion of capital gains or losses that corresponds to the rights transferred to the buyer is shown as capital gains or losses. If either the compensation received from the sale of an asset or the terms of the lease do not correspond to the fair values, revenue from the sale should be adjusted accordingly. If the terms of the sale are worse than market terms, they should be entered as advance payments. If they are better than market terms, they should be entered as financial liabilities. If the IFRS 15 criteria for a sale are not met, the transferred asset should still be reported in the balance sheet with the transfer price presented as a financial liability.

Revenue recognition principles

Sales revenue is recognised separately for each performance obligation in accordance with how control of the goods or service is transferred to the customer. If control of the goods or service is transferred to the customer over time, and the performance obligation is therefore fulfilled, sales revenue should be recognised over time. If the performance obligation is not fulfilled over time, the sale should be recognised at a point in time.

Performance obligations

At the time when a customer contract is signed, it should be assessed whether the goods or services promised in the customer contract contain any distinct performance obligations. Any performance obligations that are identified should be recognised as income separately in accordance with the standard.

As a rule, construction projects will involve one performance obligation for the company, that is, a completed construction project. Any additional work or modifications are generally treated as part of the original contract, as they are usually not separable products and/or services. If the company commits to warranty periods that are longer than prescribed in law or general terms and conditions, these warranties may be considered to be an additional service for the customer. Such warranties will then be treated as identified performance obligations, and part of the transaction price for the contract should be allocated to this performance obligation. A warranty that is classified as an additional service will also be recognised as income separately, as a performance obligation that is not part of the construction project.

Customer contracts in the new energy construction business may include more than one performance obligation. Revenues are generated from reserve market compensation paid by Fingrid, revenues from the Nord Pool marketplace, and revenues from the operation and maintenance of batteries. The recognition of all these sales revenues is based on the performance principle.

Transaction price

The transaction price primarily consists of a fixed price and, when necessary, a variable component. The variable component of the transaction price will most commonly be a penalty for delay related to the date of completion. The variable sum should be estimated using the expected value method. When estimating the variable sum, the company should also take into account all information that is reasonably available. The variable sum should be included in the transaction price only in the amount for which it is highly probable that there will be no significant reversal in recognised sales revenue once the uncertainties relating to the variable amount are subsequently resolved. The variable sum included in the transaction price should be reassessed at the end of every reporting period. Adjustments to the transaction price resulting from these re-estimates should be made in accordance with the IAS 8 standard. Sales incentives granted for housing projects should be equated to price reductions and should be entered as adjustments to the sale price.

If customer contracts contain a significant financing component, the transaction price should be adjusted accordingly. If the financing period is less than a year, the company will apply the IFRS 15 exemption and not make any adjustments for the significant financing component when determining the transaction price.



Revenue recognition principles related to construction projects

If control of a project is transferred to the customer over time, and the performance obligation is therefore fulfilled over time, the construction project should be recognised as income over time according to the degree of completion. If the performance obligation is not fulfilled over time, the sale should be recognised at a point in time.

Net sales are recognised at the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or properties to a customer, with the exception of amounts collected on behalf of third parties. If the agreement includes variable consideration, the variability is taken into account based on probability. The transaction price may be priced on a yield basis, whereby the final purchase price will not be finalized until the construction is completed. In determining the transaction price, the company adjusts the promised amount of consideration with a financing component if the payment schedule agreed by the parties provide the customer or the entity with a significant financing component in relation to the transfer of goods or services to the customer and if the duration is longer than one year.

Sales recognised as revenue over time

Construction projects are recognised as revenue over time according to progress if the customer controls the asset as the asset is created or enhanced and the company has an enforceable right to payment for performance completed to date. Revenue from a performance obligation satisfied over time is recognised over time by measuring the progress towards complete satisfaction of the performance obligation in question. Satisfaction of the performance obligation is determined mainly based on costs incurred compared to estimated total costs if it does not materially differ from the satisfaction of the performance obligation determined otherwise.

A single method of measuring progress is applied for each performance obligation satisfied over time, and this method is consistently applied to similar performance obligations in similar circumstances. If the company is not able to reasonably measure the outcome of a performance obligation but expects to recover the costs incurred in satisfying the performance obligation, the company recognises revenue only to the extent of the costs incurred until the outcome of the performance obligation can reasonably be measured. If it is likely that the total costs of project completion exceed the total income from the project, the expected loss is entirely expensed.

Sales recognised as revenue upon delivery

If a project does not fulfil the criteria for revenue recognised over time, it is recognised at a point in time. The sale of property construction projects and land areas are recognised at the moment when control of the property is transferred to the buyer. For apartments sold in the construction phase, control is deemed to have transferred upon completion, and for completed apartments, upon sale.

The Group has been able to take out so-called RS loans for developer contracting projects. RS loans are provided by credit institutions under certain terms and condition for designated housing construction sites. RS loans are construction-time loans for housing company shares for sale, and in such projects the total purchase prices obtained from the sale of housing units, i.ee transaction prices, include both the purchase prices paid by customers and the RS loan shares for apartments. The RS loan shares for the apartments are transferred from the company to the buyer in connection with the sale of the apartment share, and they are taken into account in revenue recognition as part of the transaction price. RS loans raised for developer contracting projects in progress are presented in the balance sheet as interest-bearing liabilities for unsold apartments (in the breakdown "Debts on shares in unsold housing and real estate company shares in progress " in the note "Financial liabilities") and for sold apartments in current non-interest-bearing liabilities (note "Trade payables and other non-interest-bearing liabilities", in the breakdown "Liabilities to customers for constructing contracts (advances received), Debts on shares in unsold housing and real estate company shares in progress). Liabilities to customers for constructing contracts also show the purchase prices paid by customers. Liabilities to customers for constructing contracts upon completion of the project are recognized as income in revenue. Net sales from developer contracting housing projects is recognized as income upon delivery when the control of housing share is transferred to the customer.



Revenue recognition principles related to other incomes

Sales recognised as rental income

Rental income shown in net sales relates to items that form the company's actual business. Rental income relates to items that the company has itself built. Rental income shown in other operating income relates to items that doesn't arise from the company's actual business.

Recognition of interest and dividend income

Interest income is recognised using the effective interest method. Dividends are recorded when the right to receive payment is established.

Operating result

IAS 1 Presentation of Financial Statements does not define the concept of operating result or profit. The Group has defined it as follows: operating result is the net sum which is formed by adding other operating income to net sales and then deducting changes in the inventory of finished goods and work in progress, material and services, cost of employee benefits, depreciation, amortisation and possible impairment losses and other operating expenses. All other items of income statement are presented below operating result.

Employee benefits

Pension obligations

Group companies have pension plans. The plans are classified as either defined benefit plans or defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all the pension benefits. All arrangements that do not meet these criteria are defined benefit plans. Payments made to the defined contribution plans are recognised in the income statement in the period in which they were incurred. All of the Group's pension plans are defined contribution plans.

Share-based payments

The company has two share-based incentive plans in place. Rewards are paid under the incentive plan partly in the form of shares and partly in the form of cash. The granted benefits are measured at fair value at the time of granting and are recognised as expenses in the income statement and equity evenly over the vesting period of the rights. The expense recognised for the incentive plan is based on the Group's estimate on the number of shares that eventually vest at the end of the vesting period.

Related party transactions

The Group's related parties include Group companies, members of the Board of Directors and the Group's top managements as well as entities on which related parties, or their family have influence through ownership or management. Related parties also include associated companies and joint ventures. Transactions with related parties are disclosed in Note "Related party transactions".

Income taxes

Tax expenses on the consolidated income statement include taxes of the Group companies based on taxable profit for the period, together with tax adjustments for previous periods and the change in deferred tax liabilities and assets. Tax consequences relating to items recognised directly in equity are similarly recognised as equity.

Changes in deferred taxes are calculated on temporary differences between the carrying amount and taxable value on the basis of the tax rate in force at the balance sheet date or confirmed tax rates entering into force subsequently. Deferred tax assets have been recognised to the extent that it is probable that taxable income against which the temporary difference can be applied will materialise in the future. The most significant temporary differences arise from difference between book value and tax value in unused taxable losses, revenue recognised for construction contracts by stage of completion and capitalisation of and financial expenses.



New and revised standards and interpretations

New or amended standards and interpretations do not have a significant impact on the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 000 EUR

1. OPERATING SEGMENTS

The group currently has one operating segment, the energy construction business, which has not yet generated significant revenue during 2024.

2. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

Discontinued operations

The companies that went bankrupt during the financial year and the previously discontinued operations in Sweden are presented as discontinued operations. The notes related to the income statement are presented only for continuing operations.

| Result for the financial year from discontinued operations | 2024 | 2023 |
|--|--------------|----------------|
| Net sales | 4 362 | 167 366 |
| Other operating income | 209 | 562 |
| Expenses | -3 938 | -216 116 |
| <i>Operating result</i> | 633 | -48 188 |
| Financial items | -224 | -2 315 |
| Taxes | | -98 |
| <i>Result for the financial year from discontinued operations</i> | 409 | -50 601 |
| Earnings per share, discontinued operations, basic, EUR/share | 0,00 | -0,58 |
| Earnings per share, discontinued operations, diluted, EUR/share | 0,00 | -0,58 |
| Effect of disposal of financial position of the Group | 2024 | 2023 |
| Non-current assets | -2 734 | |
| Inventories | -73 443 | |
| Trade and other receivables | -14 805 | |
| Cash and cash equivalents | -225 | |
| Non-Current liabilities | 60 567 | |
| Current liabilities | 32 642 | |
| <i>Net assets and liabilities</i> | 2 002 | |

Non-current assets held for sale

The right-of-use asset, equipment, and lease liability of approximately 20,564 square meters of the Hartola factory, owned by Lehto Components Oy, a subsidiary of Lehto Group Plc, are presented as non-current assets held for sale and the related liability

| | |
|---------------------------|-------------|
| | 2024 |
| Non-current assets | 2 395 |
| Liabilities | 2 649 |



3. NET SALES

| | 2024 | 2023 |
|----------------------------------|--------------|--------------|
| Revenue recognised upon delivery | 1 037 | 4 392 |
| Rental income | 49 | 62 |
| Total | 1 086 | 4 454 |

Rental income shown in net sales relates to items that form the company's actual business.

4. OTHER OPERATING INCOME

| | 2024 | 2023 |
|---------------|------------|--------------|
| Rental income | 68 | 16 |
| Grants | -64 | 227 |
| Damages | 0 | 1 195 |
| Capital gains | 571 | 918 |
| Other income | 178 | 43 |
| Total | 754 | 2 399 |

Rental income shown in other operating income relates to items that doesn't arise from the company's actual business. Capital gains consist of the gain on sales of equipment.

5. EMPLOYEE BENEFIT EXPENSES

| | 2024 | 2023 |
|--|--------------|--------------|
| Salaries and wages | 1 881 | 6 596 |
| Share-based incentives, to be paid out in shares | | |
| Pension costs– defined contribution plans | 239 | 1 083 |
| Other personnel costs | 57 | 200 |
| Total | 2 177 | 7 880 |

Number of personnel in average during the year, Group

| | 2024 | 2023 |
|--------------------|------------|------------|
| Salaried employees | 32 | 287 |
| Workers | 69 | 196 |
| Total | 101 | 483 |

Number of personnel at the end of the financial year, Group

| | 2024 | 2023 |
|--------------------|-----------|------------|
| Salaried employees | 17 | 238 |
| Workers | 59 | 146 |
| Total | 76 | 384 |



6. DEPRECIATION AND IMPAIRMENTS

| Depreciation of property, plant and equipment | 2024 | 2023 |
|--|--------------|--------------|
| Machinery and equipment | | |
| Machinery and equipment | 319 | 932 |
| Machinery and equipment, right-of-use asset | 6 | 58 |
| Properties | | |
| Properties in own use | 277 | 426 |
| Business premises, right-of-use asset | 575 | 678 |
| Other tangible assets | | 111 |
| Total | 1 177 | 2 206 |
| Depreciation of intangible assets | 2024 | 2023 |
| Other intangible assets | 118 | 488 |
| Total | 118 | 488 |
| Depreciation of investment properties | 2024 | 2023 |
| Investment properties | 16 | 16 |
| Total | 16 | 16 |
| Impairments | 2024 | 2023 |
| Intangible assets | 295 | 202 |
| Property, plant and equipment: Properties in own use | | 1 860 |
| Machinery and equipment and other tangible assets | 14 | 796 |
| Reversals of impairments, properties | -660 | |
| Total | -351 | 2 857 |
| Depreciation and impairments, total | 960 | 5 568 |



7. OTHER OPERATING EXPENSES

| | 2024 | 2023 |
|---|--------------|---------------|
| Voluntary personnel expenses | 19 | 153 |
| Costs related to construction site and office space | 771 | 1 798 |
| IT and equipment expenses | 659 | 1 515 |
| Travel expenses | 1 | 126 |
| Product development expenses | 2 | 66 |
| Marketing expenses | 7 | 28 |
| Administrative and consulting services | 1 183 | 3 216 |
| Other operating expenses | 805 | 4 398 |
| Total | 3 447 | 11 300 |

| <i>Fees paid to auditor:</i> | 2024 | 2023 |
|------------------------------|------------|------------|
| Audit fees | 151 | 95 |
| Certificates and statements | | 15 |
| Tax services | | |
| Other services | 10 | 11 |
| Total | 161 | 121 |

8. FINANCIAL INCOME AND EXPENSES

| Financial income | 2024 | 2023 |
|-----------------------------------|--------------|-----------|
| Other financial income | 14 | 26 |
| Reductions of restructuring debts | 6 162 | |
| Total | 6 175 | 26 |

| Financial expenses | 2024 | 2023 |
|--|--------------|--------------|
| Impairments | 1 018 | 100 |
| Interest expenses | 2 385 | 2 622 |
| Interest expenses from lease liabilities | 318 | 50 |
| Other financial expenses | 137 | 951 |
| Total | 3 858 | 3 723 |

| | | |
|---|--------------|---------------|
| Financial income and expenses, total | 2 318 | -3 697 |
|---|--------------|---------------|

The parent company's restructuring program was confirmed on 24 September 2024. According to the program, the amounts of unsecured restructuring debts were reduced to 10% of their original amounts. For conditional or maximum debts, payment schedules and additional payments were set, corresponding to 75% of the maximum amounts of these debts after the debt reduction. Any unused portion of the payment reserve for conditional and maximum debts, as well as certain asset sale profits, will be used to make additional distributions to unsecured restructuring debts. The net effect of the debt reduction under the restructuring program was an improvement of €6.2 million in the results, which consists of a €9.1 million reduction in debts and an additional expense of €3.0 million for the payment reserve set for conditional and maximum debts and guarantee-based debts.



9. INCOME TAXES

| | 2024 | 2023 |
|---------------------------------|----------|-----------|
| Current income tax | 1 | 31 |
| Change deferred tax assets | 0 | 0 |
| Change deferred tax liabilities | 0 | 0 |
| Total | 1 | 31 |

Reconciliation of the tax expense in the income statement and taxes calculated at the tax rate of Group domicile country

| | 2024 | 2023 |
|--|----------|-----------|
| Tax rate | 20,0 % | 20,0 % |
| Result from continuing operations before taxes | -3 346 | -28 417 |
| Taxes calculated at the tax rate of the domicile country | -669 | -5 683 |
| Tax-exempt income | -1 222 | 1 259 |
| Non-deductible expenses | 1 065 | 1 445 |
| Temporary differences from stage-of-completion revenue recognition and depreciation and amortisation | -7 | -206 |
| Taxes from previous years | | 28 |
| Write-off of previously recorded deferred taxes | | |
| Unrecognized deferred tax asset from losses | 833 | 3 188 |
| Total | 1 | 31 |

10. SHARE-BASED KEY FIGURES

| | 2024 | 2023 |
|--|--------------|------------|
| Result for the financial year attributable to equity holders of the parent company | -2 934 | -79 049 |
| Issue-adjusted average number of outstanding shares during the period, basic | 88 078 609 | 87 257 649 |
| Issue-adjusted average number of outstanding shares during the period, diluted | 88 084 150 | 87 332 931 |
| Earnings per share, basic, EUR/share | -0,03 | -0,91 |
| Earnings per share, diluted, EUR/share ¹⁾ | -0,03 | -0,91 |
| Earnings per share, continuing operations, basic, EUR/share | -0,04 | -0,33 |
| Earnings per share, continuing operations, diluted, EUR/share ¹⁾ | -0,04 | -0,33 |
| Earnings per share, discontinued operations, basic, EUR/share | 0,00 | -0,58 |
| Earnings per share, discontinued operations, diluted, EUR/share ¹⁾ | 0,00 | -0,58 |
| Issue-adjusted number of outstanding shares at the end of the year | 162 135 986* | 87 135 986 |
| Equity / share | 0,01 | -0,14 |
| Dividend per share paid in fiscal year | - | - |
| Dividend proposal per share from fiscal year | - | - |

* The number of shares increased by 75 million shares on December 31, 2024, as a result of the conversion of convertible bonds. The shares were registered in the trade register on January 31, 2025.



11. GOODWILL

| Cash-generating unit: Building Services | 2024 | 2023 |
|--|-------------|-------------|
| Goodwill at 1 Jan. | 0 | 4 624 |
| Impairment | | -4 624 |
| Goodwill at 31 Dec. | 0 | 0 |

The entire goodwill of the group, amounting to 4.3 million euros, was fully allocated to the business operations of the construction subsidiaries that were declared bankrupt. The goodwill was written off the balance sheet as an impairment loss in the 2023 financial statements. The goodwill was related to discontinued operations.

12. OTHER INTANGIBLE ASSETS

| Other intangible assets 2024 | Total |
|--|---------------|
| Acquisition cost at 1 Jan. 2024 | 9 242 |
| Increases | 243 |
| Depreciation | -9 242 |
| Acquisition cost at 31 Dec. 2024 | 243 |
| Accumulated depreciation and amortisation at 1 Jan. 2024 | -8 818 |
| Accumulated depreciation of reductions | 9 232 |
| Depreciation | -118 |
| Impairments | -295 |
| Accumulated depreciation and amortisation at 31 Dec. 2024 | - |
| Carrying amount at 1 Jan. 2024 | 423 |
| Carrying amount at 31 Dec. 2024 | 243 |
| Other intangible assets 2023 | Total |
| Acquisition cost at 1 Jan. 2023 | 9 226 |
| Increases | 15 |
| Acquisition cost at 31 Dec. 2023 | 9 242 |
| Accumulated depreciation and amortisation at 1 Jan. 2023 | -7 799 |
| Depreciation | -818 |
| Impairments | -202 |
| Accumulated depreciation and amortisation at 31 Dec. 2023 | -8 818 |
| Carrying amount at 1 Jan. 2023 | 1 427 |
| Carrying amount at 31 Dec. 2023 | 423 |



13. PROPERTY, PLANT AND EQUIPMENT

| Property, plant and equipment 2024 | Right-of-use asset | Properties in own use | Machinery and equipment and other tangible assets | Total |
|--|--------------------|-----------------------|---|---------------|
| Acquisition cost at 1 Jan. 2024 | 8 444 | 10 389 | 16 218 | 35 051 |
| Increases | 2 084 | | | 2 084 |
| Decreases | -8 558 | | -15 096 | -23 654 |
| Transfers to non-current assets held for sale | -1 917 | | -478 | -2 395 |
| Acquisition cost at 31 Dec. 2024 | 53 | 10 389 | 644 | 11 086 |
| Accumulated depreciation and amortisation at 1 Jan. 2024 | -7 254 | -6 380 | -14 813 | -28 447 |
| Depreciation of reduced assets | 7 818 | | 14 743 | 22 561 |
| Depreciation | -581 | -277 | -320 | -1 178 |
| Impairments | | | -14 | -14 |
| Reversals of impairments | | 660 | | 660 |
| Accumulated depreciation and amortisation at 31 Dec. 2024 | -17 | -5 997 | -405 | -6 419 |
| Carrying amount 1.1.2024 | 1 190 | 4 009 | 1 405 | 6 603 |
| Carrying amount 31.12.2024 | 37 | 4 392 | 239 | 4 668 |

| Property, plant and equipment 2023 | Right-of-use asset | Properties in own use | Machinery and equipment and other tangible assets | Total |
|---|--------------------|-----------------------|---|----------------|
| Acquisition cost 1.1.2023 | 10 010 | 10 436 | 16 705 | 37 151 |
| Increases | 162 | 138 | 9 | 308 |
| Decreases | -1 728 | -185 | -496 | -2 409 |
| Transfers to non-current assets held for sale | | | | |
| Acquisition cost 31.12.2023 | 8 444 | 10 389 | 16 218 | 35 051 |
| accumulated depreciation 1.1.2023 | -6 517 | -4 095 | -12 968 | -23 581 |
| Depreciation | -736 | -426 | -1 049 | -2 212 |
| Impairments | | -1 860 | -796 | -2 655 |
| Accumulated depreciation and amortisation 31.12.2023 | -7 254 | -6 380 | -14 813 | -28 447 |
| Carrying amount 1.1.2023 | 3 492 | 6 341 | 3 737 | 13 571 |
| Carrying amount 31.12.2023 | 1 190 | 4 009 | 1 405 | 6 603 |



14. INVESTMENT PROPERTIES

| Investment properties 2024 | Undeveloped land | Properties | Total |
|--|-------------------------|-------------------|--------------|
| Acquisition cost 1.1.2024 | 202 | 809 | 1 011 |
| Acquisition cost 31.12.2024 | 202 | 809 | 1 011 |
| Acquisition cost 1.1.2024 | | -352 | -352 |
| Depreciation | | -16 | -16 |
| Accumulated depreciation 31.12.2024 | | -367 | -367 |
| Carrying amount 1.1.2024 | 202 | 458 | 660 |
| Carrying amount 31.12.2024 | 202 | 442 | 644 |
| | | | |
| Investment properties 2023 | Undeveloped land | Properties | Total |
| Acquisition cost 1.1.2023 | 202 | 809 | 1 011 |
| Acquisition cost 31.12.2023 | 202 | 809 | 1 011 |
| Acquisition cost 1.1.2023 | | -335 | -335 |
| Depreciation | | -16 | -16 |
| Accumulated depreciation 31.12.2023 | | -352 | -352 |
| Carrying amount 1.1.2023 | 202 | 474 | 676 |
| Carrying amount 31.12.2023 | 202 | 458 | 660 |
| | | | |
| Net rental income | 2024 | | 2023 |
| Rental income from investment properties | 49 | | 62 |
| Direct maintenance costs for investment properties | 46 | | 32 |
| Net rental income, total | 3 | | 30 |

Fair values of investment properties

The Group's investment properties are properties available for rent. Investment properties are recognised using the acquisition cost method and they are not valued at fair value through profit and loss.

| Balance sheet values and fair values of investment properties | Valuation method | Level | Fair value 2024 | Käypä arvo 2023 |
|--|-------------------------|--------------|------------------------|------------------------|
| Business property | Acquisition cost | 3 | 454 | 453 |
| Land area | Acquisition cost | 3 | 202 | 202 |
| | | | 656 | 655 |

The fair values of investment properties are determined by the company itself using the cash flow method. Fair values of level 3 asset items are based on input data concerning the asset item, which are not based on verifiable market information but are based substantially on management estimates and their use in generally accepted valuation models.



15. INVESTMENTS IN ASSOCIATED COMPANIES

| | 2024 | 2023 |
|---|------------|------------|
| Investments in associated companies 1.1. | 780 | 0 |
| Increases | | 780 |
| Share of profit or loss for the financial year | | 0 |
| Investments in associated companies 31.12. | 780 | 780 |

During the financial year, the Group has acquired a small business-related property management associate company.

16. OTHER FINANCIAL ASSETS

| Financial assets recognised through profit and loss | 2024 | 2023 |
|---|------------|------------|
| Financial assets recognised through profit and loss 1.1. | 971 | 971 |
| Increases | | |
| Depreciation | -14 | |
| Impairments | -857 | |
| Financial assets recognised through profit and loss 31.12. | 100 | 971 |

Financial assets recognised through profit and loss are unlisted share investments. The shares are recognised at acquisition cost because there is no quoted price for fully similar instruments in active market. Financial assets recognised through profit and loss are classified at level 3 in the hierarchy.

17. NON-CURRENT RECEIVABLES

Long-term receivables in the comparative period of 2023 include items from companies that went bankrupt after the end of the financial year.

| | 2024 | 2023 |
|---|----------|--------------|
| Non-current project related bank deposits | - | 2 364 |
| Non-current loan receivables | - | 44 |
| Other non-current receivables | - | 56 |
| Total | - | 2 463 |



18. DEFERRED TAX ASSETS AND LIABILITIES

| Deferred tax assets 2024 | 1.1.2024 | Recognised in income statement | 31.12.2024 |
|---|-----------------|---|-------------------|
| Confirmed losses | 635 | -635 | |
| Lease liabilities | 11 825 | -11 434 | 391 |
| Netting deferred tax assets and liabilities | -12 460 | 12 069 | -391 |
| Total | 0 | 0 | 0 |

| Deferred tax liabilities 2024 | 1.1.2024 | Recognised in income statement | 31.12.2024 |
|---|-----------------|---|-------------------|
| Right-of-use assets | 11 006 | -10 616 | 391 |
| Convertible bonds | 585 | -585 | |
| Other temporary differences | 18 | -18 | |
| Netting deferred tax assets and liabilities | -11 609 | 11 219 | -391 |
| Total | 0 | 0 | 0 |

Confirmed losses, for which no deferred tax asset has been recorded, amount to 63.8 (224.6) million euros. Of the 63.8 million euros in losses, 48.1 (208.9) million euros are attributable to Finland and 15.7 (15.7) million euros to Sweden. These losses will expire starting from 2029 onwards.

Deferred tax assets and liabilities recorded in the balance sheet have been netted because they are related to taxes collected by the same taxpayer and they can be set off against each other based on a legally enforceable right.

| Deferred tax assets 2023 | 1.1.2023 | Recognised in income statement | 31.12.2023 |
|---|-----------------|---|-------------------|
| Confirmed losses | 932 | -297 | 635 |
| Lease liabilities | 15 569 | -3 745 | 11 825 |
| Other temporary differences | | -5 | |
| Netting deferred tax assets and liabilities | -16 502 | 4 047 | -12 460 |
| Total | - | - | - |

| Deferred tax liabilities 2023 | 1.1.2023 | Recognised in income statement | 31.12.2023 |
|--|-----------------|---|-------------------|
| Temporary differences from capitalisation of financial expenses | 32 | -32 | |
| Temporary differences from stage-of-completion revenue recognition and depreciation and amortisation | 4 | -4 | |
| Right-of-use assets | 14 036 | -3 029 | 11 006 |
| Depreciation difference with taxation | 171 | -171 | |
| Convertible bonds | 668 | -83 | 585 |
| Other temporary differences | 58 | -40 | 18 |
| Netting deferred tax assets and liabilities | -14 968 | 3 359 | -11 609 |
| Total | 0 | - | 0 |



19. INVENTORIES

Inventory in the comparative period includes items from companies that went bankrupt after the end of the financial year.

| | 2024 | 2023 |
|------------------------|------------|---------------|
| Materials and supplies | 215 | 1 048 |
| Work in progress | | 4 808 |
| Right-of-use asset | | 55 031 |
| Completed products | 396 | 11 975 |
| Inventory shares | | 29 |
| Other inventories | 83 | 701 |
| Total | 694 | 73 591 |

Right-of-use asset in inventories is long-term land leases related to construction projects that are under the control of the company during the design and construction period, i.e. often only a few years, but need to be classified as fixed assets and liabilities in accordance with IFRS 16. The liability corresponding to the right-of-use assets is presented in the notes under "Financial liabilities".

20. TRADE AND OTHER RECEIVABLES

Trade and other receivables in the comparative period includes items from companies that went bankrupt after the end of the financial year.

| | 2024 | 2023 |
|---|------------|---------------|
| Trade receivables | 19 | 5 108 |
| Loan receivables | | 535 |
| Security deposits | 27 | 38 |
| Other receivables | 63 | 864 |
| Receivables from customers for constructing contracts | | 4 996 |
| Adjusting entries for assets | 52 | 566 |
| Total | 161 | 12 107 |

Ageing analysis of trade receivables and receivables from customers for constructing contracts

| | 2024 | 2023 |
|---|-----------|---------------|
| Not yet due | | |
| Trade receivables | 14 | 1 475 |
| Receivables from customers for constructing contracts | | 4 996 |
| Reduction from expected credit loss | | -81 |
| Due for | | |
| less than 30 days | 4 | 1 742 |
| 30–60 days | | 7 |
| 61–90 days | 0 | 780 |
| more than 90 days | | 1 184 |
| Total | 19 | 10 104 |

The carrying amount of receivables corresponds to their fair value.



21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2024 | 2023 |
|---|------|------------|
| Financial assets at fair value through profit or loss | | 328 |
| Total | | 328 |

Financial assets at fair value through profit or loss include held-at-call fund units, which are short-term and highly liquid investments. The fair value of the investment is level 1 and it is determined using the buying rate of the counterparty at the end of the reporting period.

22. CASH AND CASH EQUIVALENTS

| | 2024 | 2023 |
|---------------------------|--------------|--------------|
| Cash in hand and at banks | 2 159 | 5 802 |
| Total | 2 159 | 5 802 |

23. EQUITY

| | Number of shares | Share capital | SVOP - Reserve for invested unrestricted equity | Total |
|--------------------------------------|-------------------|---------------|---|----------------|
| 31.12.2022 | 87 339 410 | 100 | 88 695 | 88 795 |
| of which company holds | 28 123 | | | |
| 31.12.2022 Outstanding shares | 87 311 287 | | | |
| 31.12.2023 | 87 339 410 | 100 | 88 695 | 88 795 |
| of which company holds | 203 424 | | | |
| 31.12.2023 Outstanding shares | 87 135 986 | | | |
| 31.12.2024 | 87 339 410 | 100 | 102 589 | 102 689 |
| of which company holds | 203 424 | | | |
| 31.12.2024 Outstanding shares | 87 135 986 | | | |

Shares and share capital

At balance sheet date, the number of shares totalled 87,339,410, of which the company holds 203,424 shares. The share capital is EUR 100,000. The company has one series of shares, and all shares are of the same class. Each share entitles its holder to one vote in the General Meeting of Shareholders and to an equal amount of dividend.

Transfer of own shares

In March 2023, with the authorization given by the Annual General Meeting held on May 2, 2022, the company carried out a directed share issue without consideration, 103,782 shares, to implement the share-based incentive plan.



In December 2024, the company executed a directed paid share issue authorized by the general meeting held on June 19, 2024, issuing 75,000,000 shares, in which the convertible bond was fully converted into shares. The subscription price was 0.20 euros per share.

Invested non-restricted equity reserve

The invested non-restricted equity reserve contains equity investments and that part of the share subscription price that has not specifically been allocated to share capital. The funds received from the IPO, less total fees and expenses for the IPO, have been recorded to invested non-restricted equity reserve.

Key terms of a capital loan

On December 31, 2024, Lehto issued a convertible bond with equity characteristics amounting to 2.5 million euros. The bond meets all the conditions of a capital loan as defined in Chapter 12 of the Limited Liability Companies Act, and the group has full and exclusive rights to decide on both the interest and the repayment of the loan. Based on the terms, the bond is classified as an equity item. The bond has an agreed annual interest rate of 14 percent. No interest has been paid on the bond.

The capital loan and interest can be paid in liquidation and bankruptcy with a lower priority than all other debts. The loan does not have a maturity date and no collateral is provided for the loan

Based on the loan, the lender is granted one special right, which allows the subscription of up to 12,500,000 new shares of the company. However, if the interest on the loan is also converted into shares, the board may decide to change the number of shares.

The subscription price for each share is 0.20 euros, totaling 2,500,000 euros for all the offered shares, corresponding to the amount of the loan. The subscription period for the shares begins on the loan drawdown date, December 31, 2024, and ends on December 31, 2031. The subscription price must be paid at the time of subscription by offsetting the loan accordingly. The subscription price will be recorded in the reserve for invested unrestricted equity.



Share-based compensations

On 20 December 2016, The Board of Directors of Lehto Group Plc has resolved to launch two new share-based incentive plans for the Group key employees. The aim of the plans is to combine the objectives of the shareholders and the key employees in order to increase the value of the Company in the long-term, to commit the key employees to the Company, and to offer them competitive reward plans based on earning the Company's shares.

The potential reward from the long-term incentive plan will be paid to the key employees after a two-year restriction period partly in the Company's shares and partly in cash. The cash proportion is meant for covering taxes and tax-related costs arising from the reward to the key employee.

After the earning period, the gross performance bonus entered for the participant in the performance bonus plan will be converted into shares. When converting the performance bonus into shares, the trade volume weighted average quotation on Nasdaq Helsinki Oy (conversion rate) will be the weighted trading rate of the 20 trading days following the date of release of the company's financial statement bulletin. In spring 2023 company decided on a directed share issue free of consideration related to the reward payment for the performance period 2020. In the share issue 103,782 Lehto Group Plc's shares owned by the company were issued free of consideration to group key employees in accordance with the terms and conditions of the plan. The Issue Shares corresponded to approximately 0.12 per cent of Lehto's shares and votes prior to the share issue. For the earning period 2021 the performance bonus for members of the share plan was EUR 15,000, converted to shares 52,000.

In 2022-2024 The Board of Directors did not decide on a new share-based incentive plans program and thus no performance bonuses will be paid as shares from year 2022, 2023, and 2024. Incentive plans program from year 2021 details are presented below:

| <i>Arrangement</i> | <i>Earning period 2021</i> |
|--|---|
| Nature of arrangement | Shares |
| Date of issue | 18 Feb 2021 |
| Number of instruments issued (issued-adjusted) | 52 000 |
| Share price on grant date (issued-adjusted) | 1.59 |
| Period of validity | 3 years |
| Expected performance, % | 100 % |
| Carried out | As shares |
| Terms and conditions of conferral of right | Variable terms based on the fulfilment of non-market, performance-based terms |

For the 2021 earnings period, the earnings-based terms have been met in full. The number of shares issued on the balance sheet date is based on an estimate.

In addition to long-term incentive plan, the Company has restricted share plan. The reward from the restricted share plan is based on a key employee's valid and continuing employment or service during the restriction period. The reward will be paid after a restriction period lasting for one to three years, partly in the Company's shares and partly in cash. The cash proportion is meant for covering taxes and tax-related costs arising from the reward to the key employee.

The restricted share plan is directed to selected key employees only. The rewards to be paid on the basis of the restricted share plan correspond to the value of an approximate maximum total of 50,000 Lehto Group Plc shares including also the proportion to be paid in cash. No key personnel were covered by the restricted share plan in 2023.



24. PROVISIONS

Provisions include items from companies that went bankrupt after the end of the financial year. The

| Provisions 2024 | Guarantee | Onerous projects | Restructuring provision | Total |
|------------------------------------|------------------|-------------------------|--------------------------------|---------------|
| 1.1.2024 | 10 663 | 13 | | 10 676 |
| Increases | | | | |
| Decreases | -273 | | | -273 |
| Decreases, discontinued operations | -10 280 | -13 | | -10 293 |
| 31.12.2024 | 110 | | | 110 |
| <i>of which non-current</i> | <i>10</i> | | | <i>10</i> |
| <i>of which current</i> | <i>100</i> | | | <i>100</i> |
| Provisions 2023 | Guarantee | Onerous projects | Restructuring provision | Total |
| 1.1.2023 | 11 072 | 2 317 | 128 | 13 518 |
| Increases | 4 213 | | | 4 213 |
| Decreases | -4 622 | -2 304 | | -6 926 |
| Decreases, discontinued operations | | | -128 | -128 |
| 31.12.2023 | 10 663 | 13 | | 10 676 |
| <i>of which non-current</i> | <i>7 745</i> | | | <i>7 745</i> |
| <i>of which current</i> | <i>2 918</i> | <i>13</i> | | <i>2 931</i> |

Guarantee provisions include estimated supplementary work expenses for construction projects completed during the financial year and actual supplementary work expenses incurred for construction projects completed during the previous financial year as a decrease. The guarantee period for a construction contract is 2 years and 10 years for developer contracting projects. The provision recorded is based on experience from previous years. Provisions are recorded as an expense in the item in which they are expected to materialise. Onerous projects include the estimated amount of expenditure that exceeds the benefits that may be derived from it. Restructuring provision includes after-costs of the discontinued Swedish operations. The majority of the provisions have been allocated to discontinued operations



25. FINANCIAL LIABILITIES

Financial liabilities include items from companies that went bankrupt after the end of the financial year.

| | 2024 | 2023 |
|--|--------------|---------------|
| Non-current capital loan | 65 | |
| Non-current loans from financial institutions | 1 710* | 0 |
| Convertible bonds | | |
| Non-current lease liabilities | 34 | 53 585 |
| Total | 1 809 | 53 585 |
| | 2024 | 2023 |
| Current loans from financial institutions | 1 710* | 3 427 |
| Convertible bonds | | 12 074 |
| VAT loan arrangement with the Tax Administration | | 2 880 |
| Debts on shares in unsold housing and real estate company shares completed | | 2 241 |
| Current lease liabilities | 3 | 5 538 |
| Total | 1 713 | 26 159 |
| Financial liabilities, total | 3 522 | 79 745 |

Financial liabilities are mainly market loans with a floating rate and their carrying amounts correspond to their fair values.

* Restructuring programme liabilities

| Financial liabilities 2024 | Non-current financial liabilities | Current financial liabilities | Total |
|---|--|--|---------------|
| 1.1.2024 | 53 585 | 26 159 | 79 745 |
| <i>Changes during the period:</i> | | | |
| Cash flows | 1 775 | -16 671 | -14 896 |
| Non-cash flows | -53 551 | -5 535 | -59 086 |
| Unsold housing and real estate company shares completed | | -2 241 | -2 241 |
| 31.12.2024 | 1 809 | 1 713 | 3 522 |
| | Non-current financial liabilities | Current financial liabilities | Total |
| Financial liabilities 2023 | | | |
| 1.1.2023 | 80 075 | 31 637 | 111 712 |
| <i>Changes during the period:</i> | | | |
| Cash flows | -14 059 | 5 915 | -8 143 |
| Non-cash flows | -12 431 | -4 471 | -16 902 |
| Unsold housing and real estate company shares completed | | -6 922 | -6 922 |
| 31.12.2023 | 53 585 | 26 159 | 79 745 |

Non-cash flow items are mainly related to lease liabilities.



Convertible bonds

On 31 December 2024, Lehto's 15 million euro convertible bond issued in 2022 was fully converted into shares. On the same date, Lehto also issued a new 2.5 million euro equity-based convertible bond, which was offered for subscription to the Company's largest shareholder, Lehto Invest Oy, who subscribed to the entire bond.

Conversion of the convertible bond

In December 2024, the convertible bond was converted into company shares to the value of 15 million euros. The interest debts of the convertible bond were reduced as part of the company's restructuring process. The reduction of interest debts had a positive impact on the result, amounting to 0.5 million euros, and the reduction of PIK interest debts had a positive impact of 0.9 million euros, which are included in financial items. As a result of the conversion of the convertible bond, the number of Company shares increased by 75,000,000 shares and the Group's equity improved by 13.9 million euros.

| | |
|---|---------------|
| Proceeds from issue of convertible bonds | 15 000 |
| Transaction costs | -708 |
| <i>Net proceeds</i> | <i>14 292</i> |
| The equity component separated from the convertible bond before taxes | -2 789 |
| Accreted interest | 571 |
| Convertible bonds 31.12.2023 | 12 074 |
| Accreted interest, fiscal year | 556 |
| Interest debts of the convertible bond 31.12.2024 | 755 |
| PIK interest debts of the convertible bond 31.12.2024 | 510 |
| Used for share subscription 31.12.2024 | 13 895 |

26. TRADE PAYABLES AND OTHER NON-INTEREST-BEARING LIABILITIES

Trade and other non-interest-bearing liabilities include items from companies that went bankrupt after the end of the financial year.

| Non-current non-interest-bearing liabilities | 2024 | 2023 |
|---|--------------|---------------|
| Non-current non-interest-bearing liabilities | | 110 |
| Non-current non-interest-bearing liabilities, restructuring debt | 3 511 | |
| Total | 3 511 | 110 |
| current non-interest-bearing liabilities | 2024 | 2023 |
| Liabilities to customers for constructing contracts (advances received) | | |
| From projects where revenue recognised over time | - | 1 489 |
| From projects where revenue recognised upon delivery | | |
| Other liabilities to customers for constructing contracts | - | 168 |
| Trade payables | 709 | 10 472 |
| Other liabilities | | |
| Liabilities paid to the Tax Administration | 16 | 2 733 |
| Liabilities paid to the Tax Administration, restructuring debt | 1 | - |
| Other liabilities | 18 | 2 417 |
| Other liabilities, restructuring debt | 35 | - |
| Adjusting entries for liabilities | | |
| Accrued liabilities due to employee benefits | 191 | 3 704 |
| Income tax debt | - | - |
| Interest liabilities | 53 | 1 401 |
| Interest liabilities, restructuring debt | 51 | - |
| Other adjusting entries for liabilities | 4 | 3 196 |
| Total | 1 078 | 25 580 |



27. FINANCIAL RISK MANAGEMENT

The Group's main sources of funding consist of cash flow from normal business operations, project-based debt financing, and proceeds from the sale of assets. The Company does not have any credit facilities. At the end of the financial year 2024, the Company had cash reserves of 2.2 million euros (5.8 million euros on 31 December 2023) and other financial assets measured at fair value through profit or loss amounting to 0.0 (0.3) million euros.

The company needs funding particularly for the implementation of energy storage projects and the payment of restructuring debts. The financing of energy storage projects is mainly handled through project-specific loans, where the lender is paid a fixed interest rate and a share of the energy storage's output. At the end of the fiscal year 2024, the company had no loans related to the projects.

The payments for restructuring debts are primarily financed through the sale of assets. A repayment schedule for the restructuring debts is defined in the restructuring program. The company aims to carry out the asset sales in advance so that it can make the payments for the restructuring debts according to the schedule outlined in the restructuring program.

The most significant restructuring debt is a secured RCF bank debt of 3.4 million euros, which is secured by, among other things, all the shares of the real estate companies owned by Lehto Group Oyj and the most significant receivables, as well as the assets of the bankrupt subsidiaries. If the assets of the bankrupt subsidiaries' estates are used to repay Lehto Group Oyj's RCF bank debt, these estates will become creditors of Lehto Group Oyj with the rights of the original creditor.

| Net liabilities | 2024 | 2023 |
|--|--------------|---------------|
| Interest-bearing liabilities | 3 485 | 20 621 |
| Cash and cash equivalents and interest-bearing receivables | -2 159 | -6 130 |
| Net liabilities without IFRS lease liabilities | 1 326 | 14 491 |
| Vuokrasopimusvelat | 37 | 59 123 |
| Net liabilities | 1 364 | 73 614 |
| Equity, total, EUR 1,000 | 974 | -12 382 |
| Net gearing ratio | 412,1 % | -594,5 % |

Loan facility with the Tax Administration

During the comparison period, the company entered into a loan arrangement with the Tax Administration concerning the company's VAT liabilities, amounting to approximately 3.5 million euros. The repayment period for the arrangement was 12 months, with the first repayment occurring in November 2023. The interest rate for the repayment arrangement was 3.4%. This VAT liability loan was fully repaid during the financial year 2024.

Foreign exchange risk

The Group's functional currency is euro. At the balance sheet date the Group had no significant liabilities or receivables denominated in foreign currency. The Group's foreign exchange risk is currently somewhat low because income and expenses are denominated mainly in euros. If an order is agreed on in a foreign currency, the method of hedging the exchange rate risk and the hedge ratio is determined separately in each case. Foreign exchange differences arising from hedging is recorded in the income statement under financial income and expenses. During the financial period and at balance sheet date the Group had no open currency hedges.

Interest rate risk

Interest rate risk arises mainly from loans with variable interest rates. Due to the low amount of long-term liabilities with variable interest rates, the interest rate risk related to these balance sheet items is not very significant for the Group. As far as possible, the Group can change the interest rate fixation period of the loan portfolio by arranging the loan portfolio, using interest rate swaps or other derivatives. The degree of protection can vary between 0 and 100 percent. The company monitors the interest rate risk of the loan portfolio and can change its fixed interest period if necessary.

Sensitivity analysis for loans with floating rates

| | 2024 | | 2023 | |
|-----------------------------------|-------------|------|-------------|------|
| Change, % | +1 % | -1 % | +1 % | -1 % |
| Impact on profit/loss after taxes | -27 | 27 | -27 | 27 |

**Credit risk**

The company's current business income is predominantly derived from reserve market revenues maintained by Fingrid and revenues paid by market participants of Nord Pool, as well as to some extent from rental income from properties. Entities operating in the electricity market are generally large and financially stable, with no significant financial uncertainties associated with their operations.

Market revenues are remitted to Lehto monthly by an aggregator approximately two months after the end of the month in which the revenues were accrued. Lehto manages credit risk by actively monitoring the collection of payments and regularly reviewing the basis and calculations of the revenues accrued with the aggregator.

Liquidity risk

In preparing the financial statements, the company has assessed the conditions for the continuity of operations. The company needs cash reserves and cash inflows to cover ongoing operating expenses, implement energy storage projects, and pay restructuring debts according to the restructuring programme.

As a conclusion of the assessment, the company's management and board have determined that there are no uncertainties that would significantly cast doubt on the company's ability to continue its operations and meet its payments over the next 12 months. According to the assessment, positive cash flow from new energy construction business projects is expected to begin in 2025. The development pace of the energy construction business does not have a significant impact on the continuity of operations over the next 12 months.



Analysis of debt maturity

For the sake of clarity, in the table for 2024 below, the debt maturity analysis is presented separately for companies that went bankrupt after the financial year and for other companies.

| 31.12.2024 | Under 1 year | 1-5 years | More than 5 years | Total |
|---|-------------------------|----------------------|------------------------------|---------------|
| Restructuring programme liabilities | | | | |
| <i>secured liabilities</i> | 2 060 | 1 898 | | 3 958 |
| <i>non-preferential restructuring liabilities</i> | 36 | 327 | | 363 |
| <i>conditional or maximum debts</i> | 314 | 2 826 | | 3 140 |
| Restructuring programme liabilities total | 2 411 | 5 051 | | 7 461 |
| Financial liabilities | | | 65 | 65 |
| Lease liabilities | 1 515 | 1 128 | 43 | 2 686 |
| Trade payables and other non-interest-bearing liabilities | 992 | | | 992 |
| Total | 4 917 | 6 179 | 108 | 11 204 |

| 31.12.2023 | Under 1 year | 1-5 years | More than 5 years | Total |
|---|-------------------------|----------------------|------------------------------|----------------|
| Financial liabilities | 8 711 | | | 8 711 |
| <i>of which the companies that went bankrupt after the financial year</i> | 5 220 | | | 5 220 |
| <i>of which other companies</i> | 3 490 | | | 3 490 |
| Convertible bonds | 21 600 | | | 21 600 |
| <i>of which other companies</i> | 21 600 | | | 21 600 |
| Lease liabilities | 7 314 | 9 263 | 92 984 | 109 562 |
| <i>of which the companies that went bankrupt after the financial year</i> | 6 803 | 8 721 | 92 829 | 108 353 |
| <i>of which other companies</i> | 512 | 542 | 155 | 1 209 |
| Trade payables and other non-interest-bearing liabilities | 15 621 | 110 | | 15 731 |
| <i>of which the companies that went bankrupt after the financial year</i> | 4 903 | 110 | | 5 013 |
| <i>of which other companies</i> | 10 719 | | | 10 719 |
| Total | 53 246 | 9 373 | 92 984 | 155 604 |
| <i>of which the companies that went bankrupt after the financial year</i> | 16 925 | 8 831 | 92 829 | 118 585 |
| <i>of which other companies</i> | 36 321 | 542 | 155 | 37 018 |

The majority of Lehto's lease liabilities at the end of the financial period were related to leases of plots for developer-contracted housing projects under construction. These obligations have been removed from Lehto's consolidated balance sheet due to the bankruptcies of subsidiaries after the end of the financial period. The IFRS 16 liabilities taken off the balance sheet due to the bankruptcies total EUR 58 million.



28. LEASE AGREEMENTS

Lease agreements include items from companies that went bankrupt after the end of the fiscal year during the comparison period.

Group as Lessee

The currently valid lease agreements of the company related to tangible assets are primarily leases of business premises and minor leases for small machinery and equipment. In addition, the company has land lease agreements which are related to inventories.

| Right-of-use assets and lease liabilities 2024 | Inventories | Property, plant and equipment | Non- current assets held for sale | Lease liabilities |
|---|--------------------|--|--|------------------------------|
| 1.1.2024 | 56 159 | 1 190 | | 59 123 |
| Increases | 45 | 2 084 | 1 917 | 2 395 |
| Decreases | -56 061 | -740 | | -58 615 |
| Depreciation / instalments | -143 | -581 | | -218 |
| Transfers to Non-Current Assets Held for Sale | | -1 917 | | |
| 31.12.2024 | 0 | 37 | 1 917 | 2 686 |

| Right-of-use assets and lease liabilities 2023 | Inventories | Property, plant and equipment | Non- current assets held for sale | Lease liabilities |
|---|--------------------|--|--|------------------------------|
| 1.1.2023 | 70 897 | 3 492 | | 77 847 |
| Increases | 455 | 162 | | 207 |
| Decreases | -13 927 | -1 728 | | -17 523 |
| Depreciation / instalments | -1 266 | -736 | | -1 408 |
| 31.12.2023 | 56 159 | 1 190 | | 59 123 |

Interest expenses related to lease liabilities in 2024 amounted to EUR 318 thousand (EUR 50 thousand in 2023). Interest expenses on lease liabilities are presented in financial expenses in the notes under "Financial income and expenses".

EUR 552 (2 278) thousand was recognised as expenses from low-value and short leases during the financial year. In addition to low-value IT machinery and equipment rents, these include short-term (maximum 12 months) rents for tool, machine and site facilities related to the construction industry. The total cash flow leases amounted to EUR 1 427 (3 108) thousand and from land leases to EUR 9 (4) thousand.

The Company has no expenses related to variable rents that are not included in lease liabilities. The company also has no sublease of right-of-use assets.



29. LIABILITIES AND GUARANTEES

| Loans covered by pledges on assets | 2024 | 2023 |
|--|----------------|----------------|
| Loans from financial institutions | 3 420 | 3 427 |
| Debts on shares in unsold housing company shares | | 2 241 |
| Total | 3 420 | 5 667 |
| Guarantees | 2024 | 2023 |
| Company mortgages | 67 600 | 135 200 |
| Real-estate mortgages | 67 600 | 102 760 |
| Pledges | 129 | 3 742 |
| Total | 135 329 | 241 702 |
| Contract guarantees | 2024 | 2023 |
| Production guarantees | | 2 957 |
| Warranty guarantees | 20 | 13 695 |
| RS guarantees | | 14 030 |
| Payment Guarantee | | 6 |
| Rent guarantees | 150 | 150 |
| Counter-Guarantees Given on Behalf of Bankrupt Companies | 3 087 | |
| Total | 3 257 | 30 838 |
| Liability to adjust value added tax (VAT) on property investments | 2024 | 2023 |
| Liability to adjust VAT | 646 | 862 |

Pledges are investments, inventory, and other financial assets pledged as collateral for bank loans and loans for housing companies under construction. Pledges are presented at their book values.

The liabilities of bankrupt subsidiaries from contract guarantees amount to EUR 27.7 million, for which the parent company Lehto Group Plc has given a counter guarantee. It is possible that, as a result of the subsidiaries' bankruptcies, claims will be made against the Lehto Group that the group will not be able to meet.

30. DISCLOSURE OF INTERESTS IN OTHER ENTITIES

Group parent/subsidiary relationships on 31.12.2024

| Company | Country of domicile | Holding, % | Share of votes, % |
|---|----------------------------|-------------------|--------------------------|
| Parent company Lehto Group Plc | Finland | | |
| Lehto Energia Oy | Finland | 100 % | 100 % |
| Lehto Components Oy | Finland | 100 % | 100 % |
| Kiinteistö Oy Ylivieskan Arvokiinteistö | Finland | 80 % | 80 % |
| Kiinteistö Oy Oulun Eteläkeskus | Finland | 100 % | 100 % |
| Lehto Sverige Ab | Sweden | 100 % | 100 % |

A summary of financial information on subsidiaries with a substantial non-controlling interest

The Group has no subsidiaries with a substantial non-controlling interest.



31. RELATED PARTY TRANSACTIONS

The Group's related parties include Group companies, members of the Board of Director and the Group's top management as well as their families and entities on which related parties, or their family members, have influence through ownership or management. Related parties also include associated companies and joint ventures. The Group didn't have any transactions with associated companies and joint ventures.

Transactions with related parties

| | Sales 2024 | Sales 2023 | Purchases 2024 | Purchases 2023 |
|---|------------|------------|----------------|----------------|
| Key personnel and their controlled entities | 67 | 438 | 76 | 3 682 |
| Total | 67 | 438 | 76 | 3 682 |

| | Receivables 31.12.2024 | Receivables 31.12.2023 | Liabilities 31.12.2024 | Liabilities 31.12.2023 |
|---|------------------------|------------------------|------------------------|------------------------|
| Key personnel and their controlled entities | | 624 | 2 514 | 11 372 |
| Total | | 624 | 2 514 | 11 372 |

A major part of related party transactions is connected with purchase of apartments and other premises from the company. The transactions are valued at the debt-free selling price of the completed site. Purchases are mainly equipment rents and other service purchases. During the financial year, the conversion of a €15 million convertible bond included a related party share of €11.0 million.

Purchases from related parties mainly consist of the rental of work machines and equipment from Lehto Invest Oy, a company controlled by the member of the Board Hannu Lehto. These purchases amounted to EUR 2.0 million in 2023. In addition, Lehto purchases building technology design and maintenance services from Elvak Oy, which is a company controlled by the member of the Board Hannu Lehto's son. The amount of these purchases in the fiscal year 2024 was €45 thousand and €1.6 million in the comparison period. Related party liabilities as of 31 December 2024 include equity-classified capital loans from Lehto Invest Oy.

| Management salaries and remuneration | 2024 | 2023 |
|---|------------|--------------|
| Chief Executive Officer, CEO | 364 | 398 |
| Other management team* | 120 | 1 070 |
| Share incentives | 0 | 2 |
| Post-employment benefits, statutory pension contribution paid by the employer | 86 | 260 |
| Total | 570 | 1 731 |

* Salaries and fees of the company's management team until the dissolution of the management team (February 2024)

| Members of the Board of Directors | 2024 | 2023 |
|---|-----------|------------|
| Eero Sihvonen, chairman (until 19.6.2024) | 13 | 102 |
| Timo Okkonen, chairman (starting 20.6.2024) | 9 | |
| Hannu Lehto | 7 | 43 |
| Jani Nokkanen | 13 | 48 |
| Tarja Teppo (member, starting 20.6.2024) | 6 | |
| Anne Korhikoski (until 11.7.2023) | | 26 |
| Helena Säteri (until 30.3.2023) | | 10 |
| Total | 48 | 229 |



32. EVENTS AFTER THE FINANCIAL YEAR

In the conversion of Lehto's €15 million convertible bond, 75 million new shares were registered in the Trade Register on 31 January 2025. At the same time, the combined ownership of Hannu Lehto and his controlling entity Lehto Invest Oy (together "Principal Owner") of all shares and votes in Lehto Group Oyj increased to 51.75%. However, the Principal Owner announced that it would use the exemption rule under Section 21, Subsection 5 of Chapter 11 of the Securities Markets Act and relinquish the voting rights exceeding the mandatory bid threshold within one month of the emergence of the mandatory bid obligation, i.e., by 28 February 2025.

On 31 January 2025, Lehto Group Oyj received a flagging notification from Pension Insurance Company Ilmarinen. According to the notification, Ilmarinen's combined ownership of shares and votes in Lehto Group Oyj had increased to 7.08% as a result of the conversion of the convertible bond into shares.

On 28 February 2025, Lehto Group Oyj received a flagging notification from Hannu Lehto and his controlling entities (Lehto Invest Oy). According to the notification, Lehto Invest Oy had transferred 2,900,000 shares on 28 February 2025, resulting in the combined ownership of Hannu Lehto and Lehto Invest Oy of all shares and votes in Lehto Group Oyj decreasing to 49.96%.



INCOME STATEMENT FOR PARENT COMPANY, FAS

1 000 EUR

| | 1.1.2024 | 1.1.2023 |
|--|---------------------|---------------------|
| | - 31.12.2024 | - 31.12.2023 |
| Net sales | 520 | 6 305 |
| Capitalised Production | 243 | |
| Other operating income | 39 | 255 |
| Materials and services | | |
| External Services | -39 | |
| <i>Materials and services, total</i> | <i>-39</i> | |
| Personnel expenses | | |
| Salaries | -1 141 | -2 492 |
| Indirect employee costs | | |
| Pensions | -156 | -394 |
| Other indirect employee costs | -39 | -68 |
| <i>Personnel expenses, total</i> | <i>-1 337</i> | <i>-2 954</i> |
| Depreciation and Impairment | | |
| Depreciation according to plan | -116 | -399 |
| Impairment of Non-Current Assets | -295 | |
| <i>Depreciation and Impairment, total</i> | <i>-411</i> | <i>-399</i> |
| Other operating expenses | -2 773 | -7 118 |
| Operating result | -3 758 | -3 910 |
| Financial income and expenses | | |
| Income from holdings in Group companies | 8 | 10 010 |
| Interest and other financial income | | |
| From Group companies | 205 | 1 173 |
| From others | 6 172 | 19 |
| Amortisation from other investments held as non-current assets | -2 728 | -67 674 |
| Interest and other financial expenses | | |
| To Group companies | -79 | -77 |
| To others | -562 | -2 894 |
| <i>Financial income and expenses, total</i> | <i>3 017</i> | <i>-59 442</i> |
| Result before appropriations and taxes | -741 | -63 352 |
| Result before taxes | -741 | -63 352 |
| Result for the financial year | -741 | -63 352 |



BALANCE SHEET FOR PARENT COMPANY, FAS

1 000 EUR

| | 31.12.2024 | 31.12.2023 |
|---|---------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Intangible assets | 243 | 414 |
| Machinery and equipment | 1 | 2 |
| Holdings in Group companies | 102 | 102 |
| Investments in associated companies | 780 | 780 |
| Other shares and investments | 100 | 957 |
| Non-current assets, total | 1 226 | 2 255 |
| Current assets | | |
| Inventories | 83 | 83 |
| <i>Non-current receivables</i> | | |
| Receivables from Group companies | 203 | 389 |
| Loan receivables | | 56 |
| Other receivables | | 2 |
| <i>Current receivables</i> | | |
| Trade receivables | 5 | 8 |
| Receivables from Group companies | 13 067 | 13 549 |
| Other receivables | 41 | 216 |
| Adjusting entries for assets | 43 | 370 |
| Financial securities | | 328 |
| Cash and cash equivalents | 1 974 | 5 582 |
| Current assets, total | 15 416 | 20 584 |
| ASSETS TOTAL | 16 642 | 22 839 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 100 | 100 |
| SVOP - Reserve for invested unrestricted equity | 106 655 | 91 655 |
| Retained earnings | -107 333 | -43 981 |
| Result for the financial year | -741 | -63 352 |
| Capital Loans | 2 500 | |
| Equity, total | 1 181 | -15 578 |
| Liabilities | | |
| Non-current liabilities | | |
| Loans from Financial Institutions | 1 710 | |
| Trade payables | 60 | |
| Other liabilities | 3 450 | |
| Non-current liabilities, total | 5 221 | |
| Current liabilities | | |
| Loans from Financial Institutions | 1 710 | 3 420 |
| Convertible bonds | | 15 000 |
| Trade payables | 272 | 454 |
| Liabilities to Group companies | 8 000 | 17 558 |



| | | |
|-------------------------------------|---------------|---------------|
| Other liabilities | 46 | 113 |
| Adjusting entries for liabilities | 212 | 1 871 |
| Current liabilities, total | 10 241 | 38 417 |
| Liabilities, total | 15 461 | 38 417 |
| EQUITY AND LIABILITIES TOTAL | 16 642 | 22 839 |

CASH FLOW STATEMENT FOR THE PARENT COMPANY, FAS

1 000 EUR

| | 31.12.2024 | 31.12.2023 |
|---|---------------|----------------|
| Cash flow from operating activities | | |
| Result for the financial year | -741 | -63 352 |
| <i>Adjustments:</i> | | |
| Depreciation according to plan and impairment | 411 | 399 |
| Gain on sale of non-current assets | -22 | 408 |
| Non-cash items | -54 | |
| Financial income and expenses | -3 017 | 59 442 |
| Change in trade and other receivables | -569 | 1 928 |
| Change in trade and other payables | -2 055 | 64 |
| Interest paid and other financial expenses | -380 | -1 944 |
| Interests received from operations | 145 | 1 190 |
| Dividends received from operations | 8 | |
| Net cash from operating activities | -6 273 | -1 867 |
| Cash flow from investments | | |
| Investments in intangible and tangible assets | -243 | 0 |
| Proceeds from sale of intangible and tangible assets | 25 | -408 |
| Investments in other investments | | -34 300 |
| Proceeds from sale of investments | 54 | 107 |
| Repayment of loan receivables | 1 | |
| Loans granted | | -404 |
| Purchases of associated companies | | -780 |
| Net cash from investments | -163 | -35 786 |
| Cash flow from financing | | |
| Loans drawn | | 3 680 |
| Loans repaid | | -11 580 |
| Change in Group financing | | 39 185 |
| Raising equity-based loan | 2 500 | |
| Repurchase of own shares | | -28 |
| Net cash used in financing activities | 2 500 | 31 256 |
| Change in cash and cash equivalents (+/-) | -3 936 | -6 396 |
| Cash and cash equivalents at the beginning of the financial year | 5 910 | 12 306 |
| Cash and cash equivalents at the end of the financial year | 1 974 | 5 910 |



NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

Continuity of operations

These financial statements have not been prepared in accordance with the continuity of operations principle. After the end of the financial period on February 8, 2024, Lehto Group Plc's operational subsidiaries Lehto Asunnot Oy, Lehto Tilat Oy and Lehto Korjausrakentaminen Oy were declared bankrupt, which is also taken into account in the valuation of the balance sheet items in the financial statement information. Lehto Asunnot Oy, Lehto Tilat Oy, and Lehto Korjausrakentaminen Oy cover practically Lehto's whole housing construction and business premises construction businesses and thus they make up most of the net sales of Lehto Group. In addition, on February 16, 2024, Lehto Group Plc was ruled to corporate restructuring by the District Court's decision. As part of the corporate restructuring proceedings Lehto plans to divest its whole construction business and any holdings related thereto and will focus on the energy construction business.

During the financial year, the company's €15 million convertible bond was converted into Lehto's new and/or existing shares in accordance with the restructuring process. Additionally, the company issued a €2.5 million equity-based convertible bond.

In preparing the financial statements, the company has assessed the conditions for the continuity of operations. The company needs cash reserves and cash inflows to cover ongoing operating expenses, implement electricity storage projects, and pay restructuring debts in accordance with the restructuring program. The company estimates that the cash outflows for the next 12 months can be financed roughly as follows:

- The company's ongoing operating expenses (fixed costs) will be paid from existing cash reserves.
- Investments required for electricity storage projects will be financed with project-specific debt instruments.
- Payments for restructuring debts will be financed through the sale of assets.

The assessment has considered that the company is subject to a restructuring programme and that its business activities involve a higher level of risk than normal. The sufficiency of cash reserves particularly depends on the successful and timely sale of assets. The company has also identified measures to accelerate business cash flows in the event that asset sales are delayed.

The continuity of the company's and the group's operations depends on their ability to implement the planned measures to finance cash outflows over the next 12 months. If these measures cannot be implemented, this indicates fundamental uncertainty that may have a substantial impact on the company's ability to continue its operations. According to the assessment, positive cash flow from new energy construction business projects is expected to start generating during 2025. The development pace of the energy construction business does not have a significant impact on the continuity of operations over the next 12 months.

Measurement and timing principles

Inventories are measured at variable cost by applying the FIFO principle and the lowest value principle pursuant to Chapter 5, Section 6(1) of the Finnish Accounting Act.

Depreciable fixed assets are measured at variable cost and depreciated according to plan.

Investments in non-current assets are valued at acquisition cost or at a lower amount that is likely to generate income in the future. For the valuation of subsidiary shares in the financial statements as of 31 December 2023, it has been considered that the shares of subsidiaries that have gone bankrupt have no value.

The valuation of receivables from the group company is based on an estimate of the amount of money that can be collected from the subsidiary. The success of selling subsidiary assets or making other arrangements that affect cash flow has a significant impact on the amount of money that can be recovered. Therefore, this estimate includes a higher-than-usual valuation risk.

Bases of depreciation

| | |
|-----------------------------|--|
| Machinery and equipment | 3 - 5 years straight-line depreciation |
| Intangible rights | 3 - 5 years straight-line depreciation |
| Other long-term expenditure | 3 years straight-line depreciation |

No changes in the bases of depreciation.



| Net sales by business area | 2024 | 2023 |
|-----------------------------------|-------------|--------------|
| Group internal service charges | 423 | 6 228 |
| Other net sales, internal | 0 | 55 |
| Other net sales, external | 97 | 21 |
| Total | 520 | 6 305 |

| <i>Fees paid to auditor:</i> | 2024 | 2023 |
|------------------------------|-------------|-------------|
| Statutory auditing | 128 | 80 |
| Certificates and statements | 0 | 15 |
| Tax services | 0 | 0 |
| Other services | 10 | 11 |
| <i>Total</i> | <i>138</i> | <i>105</i> |

| Financial income and expenses | 2024 | 2023 |
|---|--------------|----------------|
| Dividend income from Group companies | 8 | 10 010 |
| Dividend income from others | 0 | 0 |
| Interest income from Group companies | 205 | 1 173 |
| Interest income from others | 10 | 19 |
| Debt reductions and additional costs of guarantees in the restructuring program | 6 162 | |
| Amortisation from other investments held as non-current assets | -2 728 | -67 674 |
| Interest costs on intra-Group liabilities | -79 | -77 |
| Interest costs to others | -436 | -2 387 |
| Other financial expenses | -127 | -507 |
| Total | 3 017 | -59 442 |

The parent company's restructuring program was confirmed on 24 September 2024. According to the program, the amounts of unsecured restructuring debts were reduced to 10% of their original amounts. For conditional or maximum debts, payment schedules and additional payments were set, corresponding to 75% of the maximum amounts of these debts after the debt reduction. Any unused portion of the payment reserve for conditional and maximum debts, as well as certain asset sale profits, will be used to make additional distributions to unsecured restructuring debts. The net effect of the debt reduction under the restructuring program was an improvement of €6.2 million in the results, which consists of a €9.1 million reduction in debts and an additional expense of €3.0 million for the payment reserve set for conditional and maximum debts and guarantee-based debts.

| Taxes | 2024 | 2023 |
|---------------|-------------|-------------|
| Current taxes | 0 | 0 |
| Total | 0 | 0 |

| Development expenses | 2024 | 2023 |
|--|-------------|-------------|
| Acquisition cost at 1 Jan. | | |
| Increases | 243 | |
| Decreases | | |
| Acquisition cost at 31 Dec. | 243 | 0 |
| Accumulated depreciation at 1 Jan. | | |
| Depreciation and amortisation | | |
| Accumulated depreciation at 31 Dec. | 0 | 0 |
| Book value at 1 Jan. | 0 | 0 |
| Book value at 31 Dec. | 243 | 0 |



| Intangible rights | 2024 | 2023 |
|--|-------------|---------------|
| Acquisition cost at 1 Jan. | 1 272 | 1 272 |
| Increases | 0 | 0 |
| Decreases | -1 272 | |
| Acquisition cost at 31 Dec. | 0 | 1 272 |
| Accumulated depreciation at 1 Jan. | -1 269 | -1 263 |
| Depreciation and amortisation | -1 | -6 |
| Depreciation and amortisation | 1 269 | |
| Accumulated depreciation at 31 Dec. | 0 | -1 269 |
| Book value at 1 Jan. | 4 | 10 |
| Book value at 31 Dec. | 0 | 4 |

| Other long-term expenses | 2024 | 2023 |
|--|--------------|---------------|
| Acquisition cost at 31 Dec. | 3 545 | 3 438 |
| Increases | 0 | 107 |
| Decreases | -3 545 | 0 |
| Acquisition cost at 31 Dec. | 0 | 3 545 |
| Accumulated amortisation at 1 Jan. | -3 134 | -2 743 |
| Amortisation | -116 | -391 |
| Decreases | -295 | 0 |
| Depreciation and amortisation | 3 545 | 0 |
| Accumulated depreciation at 31 Dec. | 0 | -3 134 |
| Book value at 1 Jan. | 411 | 695 |
| Book value at 31 Dec. | 0 | 411 |

| Advance payments | 2024 | 2023 |
|--|-------------|-------------|
| Acquisition cost at 1 Jan. | 0 | 107 |
| Increases | 0 | 0 |
| Decreases | 0 | -107 |
| Acquisition cost at 31 Dec. | 0 | 0 |
| Accumulated depreciation at 1 Jan. | 0 | 0 |
| Depreciation and amortisation | 0 | 0 |
| Accumulated depreciation at 1 Jan. | 0 | 0 |
| Accumulated depreciation at 31 Dec. | 0 | 0 |
| Book value at 1 Jan. | 0 | 107 |
| Book value at 31 Dec. | 0 | 0 |



| Machinery and equipment | 2024 | 2023 |
|--|-------------|---------------|
| Acquisition cost at 1 Jan. | 1 265 | 1 265 |
| Increases | 0 | 0 |
| Decreases | -1 265 | 0 |
| Acquisition cost at 31 Dec. | 0 | 1 265 |
| Accumulated depreciation at 1 Jan. | -1 265 | -1 263 |
| Depreciation and amortisation | 0 | -2 |
| Accumulated depreciation at 1 Jan. | 1 265 | 0 |
| Accumulated depreciation at 31 Dec. | 0 | -1 265 |
| Book value at 1 Jan. | 0 | 2 |
| Book value at 31 Dec. | 0 | 0 |

| Other tangible assets | 2024 | 2023 |
|--|-------------|-------------|
| Acquisition cost at 1 Jan. | 1 | 1 |
| Increases | 0 | 0 |
| Decreases | 0 | 0 |
| Acquisition cost at 31 Dec. | 1 | 1 |
| Accumulated depreciation at 1 Jan. | 0 | 0 |
| Depreciation and amortisation | 0 | 0 |
| Accumulated depreciation at 1 Jan. | 0 | 0 |
| Accumulated depreciation at 31 Dec. | 0 | 0 |
| Book value at 1 Jan. | 1 | 1 |
| Book value at 31 Dec. | 1 | 1 |

| Investments | 2024 | 2023 |
|--|----------------|-----------------|
| Acquisition cost at 1 Jan. | 103 692 | 86 498 |
| Increases | 0 | 18 071 |
| Decreases | -53 488 | -878 |
| Acquisition cost at 31 Dec. | 50 203 | 103 692 |
| Accumulated amortisation at 1 Jan. | -101 853 | -37 279 |
| Amortisation | -857 | -64 574 |
| Accumulated amortisation at 31 Dec. | 53 488 | |
| Accumulated amortisation at 31 Dec. | -49 221 | -101 853 |
| Book value at 1 Jan. | 1 839 | 49 219 |
| Book value at 31 Dec. | 982 | 1 839 |

| Non-current receivables from Group companies | 2024 | 2023 |
|---|-------------|-------------|
| Loan receivables | 203 | 389 |
| Total | 203 | 389 |

| Current receivables from Group companies | 2024 | 2023 |
|---|-------------|-------------|
|---|-------------|-------------|



| | | |
|-------------------|---------------|---------------|
| Trade receivables | 100 | 107 |
| Loan receivables | 39 | 39 |
| Other receivables | 12 928 | 407 |
| Group limit | 0 | 12 996 |
| Total | 13 067 | 13 549 |

| | | |
|---|-------------|-------------|
| Essential items included in adjusting entries for assets | 2024 | 2023 |
| Other adjusting entries for assets | 43 | 370 |
| Total | 43 | 370 |

| | | |
|---------------------------------|-------------|-------------|
| | 2024 | 2023 |
| Share capital on 1 Jan. | 100 | 100 |
| Share capital on 31 Dec. | 100 | 100 |

| | | |
|--|----------------|---------------|
| SVOP - Reserve for invested unrestricted equity | 91 655 | 91 655 |
| Increases | 15 000 | |
| Invested non-restricted equity reserve at 31 Dec. | 106 655 | 91 655 |

| | | |
|--------------------------------------|-----------------|-----------------|
| Retained earnings at 1 Jan. | -107 333 | -43 953 |
| Purchases of own shares | | -28 |
| Retained earnings from previous year | -741 | -63 352 |
| Retained earnings at 31 Dec. | -108 075 | -107 333 |

| | | |
|--------------------------------------|-------------|----------------|
| Result for the financial year | -741 | -63 352 |
|--------------------------------------|-------------|----------------|

| | | |
|----------------------|--------------|--|
| Capital loans | 2 500 | |
|----------------------|--------------|--|

| | | |
|----------------------|--------------|----------------|
| Equity, total | 1 181 | -15 578 |
|----------------------|--------------|----------------|

Key Terms of the Capital Loan

On 31 December 2024, Lehto issued a €2.5 million equity-based convertible bond. The loan meets all the conditions of a capital loan as defined in Chapter 12 of the Limited Liability Companies Act, and the group has full and exclusive discretion over both the interest and the repayment of the loan. Based on these terms, the loan is classified as an equity item. The loan carries an annual interest rate of 14%. No interest has been paid on the loan.

The capital loan and its interest may be repaid in liquidation and bankruptcy with a lower priority than all other debts. The loan has no maturity date and is unsecured.

Based on the loan, the lender is granted one special right free of charge, which entitles the holder to subscribe for up to 12,500,000 new shares of the company. However, if the interest on the loan is also converted into shares, the board may decide to adjust the number of shares.

The subscription price for each share is €0.20, corresponding to a total of €2,500,000 for all the offered shares, equivalent to the amount of the loan. The subscription period for the shares begins on the loan drawdown date of 31 December 2024 and ends on 31 December 2031. The subscription price must be paid at the time of subscription by offsetting the corresponding amount of the loan as repaid. The subscription price will be recorded in the invested unrestricted equity fund.



| Statement of distributable funds | 2024 | 2023 |
|---|---------------|----------------|
| Invested non-restricted equity reserve | 106 655 | 91 655 |
| Retained earnings | -107 333 | -43 981 |
| Result for the financial year | -741 | -63 352 |
| Capitalized development costs | -243 | |
| Total | -1 662 | -15 678 |

The parent company's equity has become negative, for which a notification was submitted to the Trade Register on 15 March 2024 and registered on 19 April 2024.

| Liabilities to Group companies | 2024 | 2023 |
|---------------------------------------|--------------|---------------|
| Trade payables | 0 | 189 |
| Other payables | 8 000 | 8 210 |
| Group limit | 0 | 9 159 |
| Total | 8 000 | 17 558 |

| Essential items included in adjusting entries for liabilities | 2024 | 2023 |
|--|-------------|--------------|
| Salary liabilities | 0 | 0 |
| Holiday pay liabilities with related costs | 82 | 357 |
| Non-wage labour cost liabilities | 26 | 130 |
| Tax liabilities | 0 | 0 |
| Interest liabilities | 104 | 1 385 |
| Other liabilities | 0 | 0 |
| Total | 212 | 1 871 |

| Restructuring debts by balance sheet item | 2024 |
|--|--------------|
| Long-term loans from financial institutions | 1 710 |
| Long-term trade payables | 60 |
| Long-term other liabilities | 3 450 |
| Short-term loans from financial institutions | 1 710 |
| Trade payables | 7 |
| Other liabilities | 35 |
| Accrued liabilities | 51 |
| Total | 7 024 |

| Guarantees and contingent liabilities | 2024 | 2023 |
|--|--------------|--------------|
| Loans covered by pledges on assets | | |
| Loans from financial institutions | 3 420 | 3 420 |
| Total | 3 420 | 3 420 |

| Guarantees | | |
|--|---------------|---------------|
| Corporate mortgages | 33 800 | 33 800 |
| Real-estate mortgages | 33 800 | 33 800 |
| Pledges | 102 | 102 |
| Lease guarantees | 150 | 150 |
| Counter-guarantees given on behalf of bankrupt companies | 5 346 | 0 |
| Total | 73 198 | 67 852 |

**Amount of credit limits**

| | | |
|-------------------------|-------|-------|
| Credit limits available | 3 422 | 3 421 |
| Credit limits in use | 3 422 | 3 421 |

Credit limits outstanding - -

| | | |
|----------------------------|--|--------|
| Guarantee limits available | | 87 179 |
| Guarantee limits in use | | 31 613 |

Guarantee limits outstanding - **55 567**

Guarantees given on behalf of other Group companies

| | | |
|--|--|--------|
| Pledges | | 0 |
| Guarantees given and other commitments | | 33 150 |

Total **0** **33 150**

Other guarantees given **1 662**

Leasing agreements not included in balance sheet

| | | |
|---------------------------------|--|----|
| Expiring in 12 months | | 34 |
| Expiring in more than 12 months | | 51 |

Total **0** **85**

Lease liabilities

| | | |
|--|----|-------|
| Construction leases, expiring in 12 months | 36 | 696 |
| Construction leases, expiring in more than 12 months | | 1 665 |

Total **36** **2 362**

Other liabilities

After the review period, on February 8, 2024 the operative subsidiaries of Lehto Group Plc, Lehto Asunnot Oy, Lehto Tilat Oy and Lehto Korjausrakentaminen Oy, have been declared bankrupt. It is possible that as a result of subsidiaries' bankruptcies, claims are made against the parent company that the parent company is unable to meet.

Average number of company personnel at the end of the financial year

| | 2024 | 2023 |
|--------------------|-------------|-------------|
| Salaried employees | 14 | 35 |
| Total | 14 | 35 |

Remuneration of the CEO and members of the Board of Directors are specified in note "Related party transactions" to the consolidated financial statements.



ACCOUNTING BOOKS AND DOCUMENT TYPES

List of accounting books and storage methods

| | | |
|------------------------------|--|------------|
| Journal | | electronic |
| General ledger | | electronic |
| Financial statements | | electronic |
| Balance sheet specifications | | electronic |

Used document types and storage method

| | | |
|--------------------|------------|------------|
| Accrual documents | 94 | electronic |
| Memo documents | 13,80,9,HI | electronic |
| Sales documents | 15,33,39 | electronic |
| Purchase documents | 21,45 | electronic |
| Salary documents | 51 | electronic |
| Bank statements | 1,2,3,60 | electronic |

Original purchase invoices received on paper are retained by the accounting entity in paper form. If a paper invoice has been scanned, it is retained only electronically in a paperless archive.

Original receipts attached to travel and expense reports are retained by the accounting entity in paper form. If a paper receipt or its attachments have been scanned, they are retained only electronically in a paperless archive.

| | | |
|-------|--|------------|
| Notes | | electronic |
|-------|--|------------|

BOARD PROPOSAL FOR THE USE OF THE RESULT SHOWN ON THE BALANCE SHEET

The parent company has no distributable funds, with equity amounting to €1,180,838.40, of which the share of the financial year's result is -€741,376.10

The Board of Directors will propose to the Annual General Meeting that no dividends be paid for the 1 January–31 December 2024 financial year.

CONFIRMATION OF THE BOARD OF DIRECTORS AND THE CEO

We confirm that:

- the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the financial statements of the parent company prepared in accordance with the laws and regulations governing the preparation of financial statements in Finland give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole and
- the management report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.



SIGNATURES OF THE REPORT OF THE BOARD OF DIRECTORS AND THE FINANCIAL STATEMENTS

Lehto Group Plc, Board of directors, 25.4.2025

Timo Okkonen, Chairman

Hannu Lehto, Member, CEO

Jani Nokkanen, Member

Tarja Teppo, Member

FINANCIAL STATEMENTS ENTRY

A report on the audit performed has been issued today.

Oulu 29.4.2025

KPMG Oy Ab
Auditing firm

Pekka Alatalo, KHT