# ANNUAL REPORT 2024

FORTACO GROUP HOLDCO PLC

# THE WAY FORWARD

# CONTENTS

# THIS IS FORTACO

**Fortaco is the leading** full-solution provider for OEMs (Original Equipment Manufacturer) in the off-highway machine industries. Pioneering the design and production of assemblies, cabins, steel fabrications, and zero emission solutions, we offer cutting-edge technology for enhanced productivity. We empower off-highway machines to use fossil-free steel and our customers to optimize their operations and move towards a greener future.

**Collaborating with industry-leading OEMs,** we specialize in full lifecycle solutions from research and technology to the design and production of their components and machines. Fortaco's innovative technologies extend to lightweight design, ensuring efficiency without compromising on durability and functionality.

**Fortaco has operations** in multiple business sites which enable flexible and reliable support for our customers.

**Our top priorities** are safety, quality, and delivery accuracy.

**Professional people** are our asset. We develop our people and leaders based on core values – Respect, Simplicity, and Speed.

**Zero Emissions** on focus, we are committed to reshaping the industry toward net zero emissions.

**We have the mindset** of continuous improvement, and we are dedicated to operational excellence.

**Profitable growth -** Our target is to deliver >7 per cent EBITA over the cycle.

## Fortaco Values

**Respect • Simplicity • Speed**

**Our reputation** is the foundation for our success, and it stems from our values: Respect, Simplicity, and Speed.

**The Fortaco Values** are the basis for our Code of Conduct. Our ambition is to be the most desired partner in our industry.

The Values guide our mindset and attitudes and provide a common framework for the behaviours we expect from all our people.

# FOOTPRINT

## BUSINESS SITES AND TECHNOLOGY HUBS

T Technology Hub

**Breitenau, Austria**
Cabins

**Gliwice, Poland**
Steel Fabrications

**Gruža, Serbia**
Assemblies

**Holič, Slovakia**
Cabins

**Janów Lubelski, Poland**
Steel Fabrications

**Kurikka, Finland**
Assemblies, Cabins

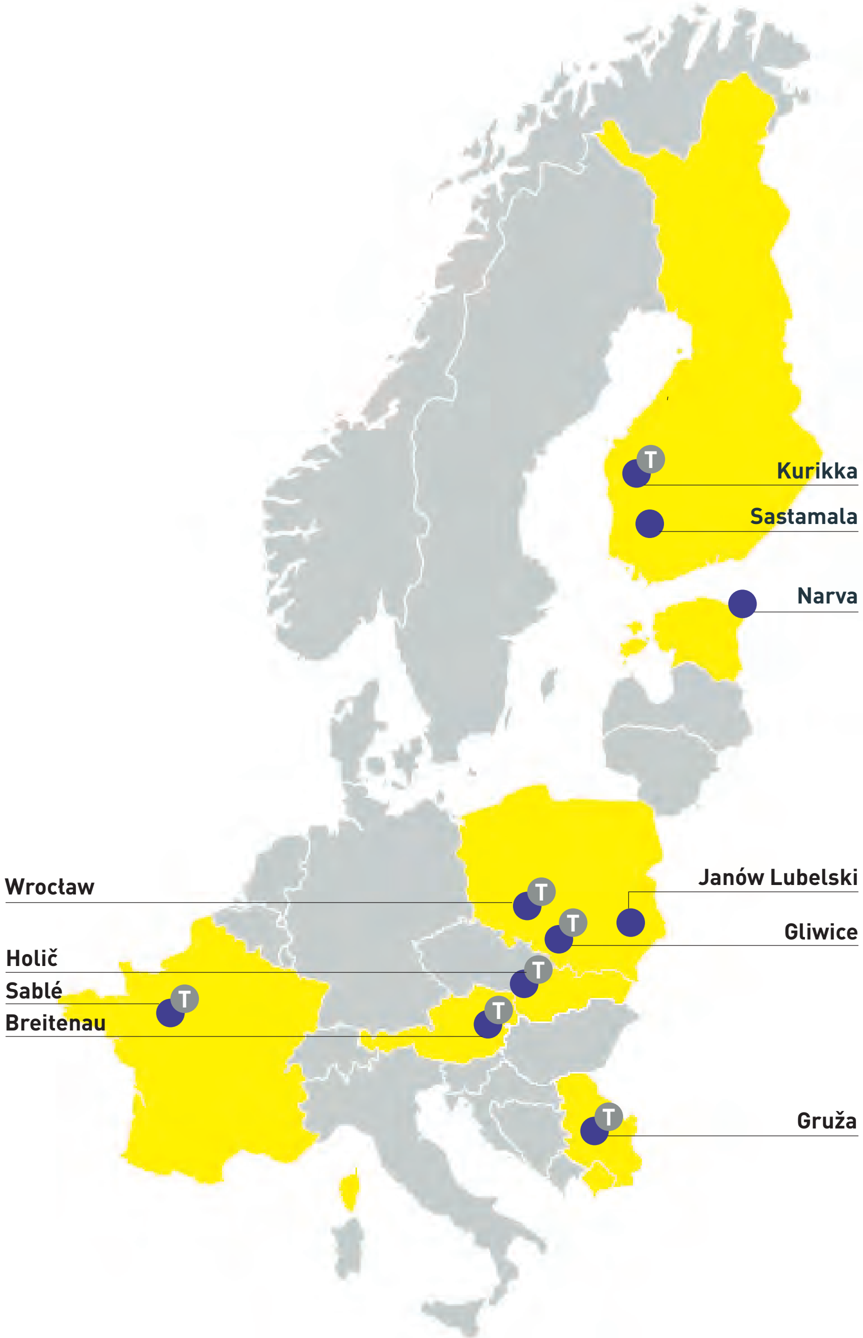
**Narva, Estonia**
Steel Fabrications

**Pune, India**
Cabins

**Sablé, France**
Cabins

**Sastamala, Finland**
Assemblies

**Wrocław, Poland**
Assemblies, Steel Fabrications




### Safety cabins by Fortaco and TATA AutoComp

The off-highway vehicle market is developing rapidly in India. Based on the increasing safety requirements, Fortaco and TATA AutoComp started a business relationship years ago with an agreement to manufacture safety cabins for the Indian and Asian markets. Cabin manufacturing is done by TATA AutoComp and it is based on Fortaco's cabin design and manufacturing technology.

# 2024 IN NUMBERS

**356**
Net Sales MEUR

**5.2**
EBITDA % 1)

**338**
Net sales excluding divested businesses 2)

**6.0**
EBITDA excluding divested businesses 1) 2)

**80,000+**
Tonnes of Steel

**-0.3**
CO2e % 3)

**10.3**
Lost Time Injury Frequency 4)

**2,400**
Number of Empoyees

1) Excluding non-recurring items
2) Financials excluding divested businesses: Jaszbereny and Kalajoki & Sepänkylä businesses were divested during 2024
3) Carbon dioxide emissions of energy consumption in own operations
4) Number of injuries per million working hours

# FROM THE CEO

Fortaco is the leading full-solution service provider for OEMs (Original Equipment Manufacturer) in the off-highway equipment industries. Our offerings include assembly services, vehicle cabins, welded steel components, and technology & zero-emission solutions.

We serve more than 60 industry-leading OEM customers in our 10 business sites in Europe. Together with TATA AutoComp, we have a partnership business site in Pune, India.

The company has grown significantly since its establishment ten years ago, and our position in the market is strong. Turnover has more than doubled and capacity more than tripled, including our strategic investments.

I have now been the President & CEO of Fortaco for three months. The industry company operates in is already familiar to me, and I am looking forward to working together with our customers and developing new business opportunities for Fortaco's future success.

The current off-highway industry outlook is unpredictable, and the global economy fluctuates requiring continuous actions to stay competitive. Close cooperation with customers is essential.

The year 2024 was challenging for Fortaco due to continued market headwind. In most of our market segments, order intake decreased clearly from 2023 due to general uncertainty in the market as well as high interest rates impacting end customers' willingness to invest.

Our comparable net sales for the full year decreased by 21 per cent from the previous year to EUR 338 (429) million. Our comparable net sales for the fourth quarter decreased by 23 per cent to EUR 76 (100) million.

Our comparable recurring EBITDA for 2024 amounted to EUR 20.3 (36.1) million or 6.0 (8.7) per cent of net sales. EBITDA weakened primarily due to decreased net sales and postponement in ramping up a certain new investment and low profitability of a certain lately acquired business. In addition, the company had a significant amount of non-recurring items related to, among other things, the strategic evaluation of our marine, energy, and heavy project businesses, our profitability improvement programme, and growth-focused investments we made in 2024. These non-recurring items also burdened our cash flow.

We foresee substantially lower amount of non-recurring items in 2025. After having completed the structural organic investments in Poland, Estonia and Slovakia, we foresee getting back to a normalised level of investments enabling further increasing productivity and maintenance of our asset base.

## Our customers trust our quality and delivery accuracy

Regardless of the decline in net sales and lower profitability, I am happy that the promptness of our deliveries and our quality have remained on a high level, for which we have received positive feedback from our customers. The dip in volume has had different impacts on different business sites, and in some business sites, earnings capacity developed positively despite the declined volumes.

## Profitability improvement continues

In early 2024, we launched an extensive business and margin improvement programme targeting reductions in fixed costs, improved pricing and volumes as well as EBITDA and working capital, and other improvements in profitability and cash flow.

In June, we sold our heavy project business in Jászberény, Hungary, to Cyclus GmbH and Ask US Management s.r.o, and in October, our marine and energy businesses located in Kalajoki and Sepänkylä, Finland, were sold to Componenta. With these divestments, we finalised the strategic evaluation of our marine, energy and heavy project businesses announced in February 2024.


During the last quarter of the year, we further intensified our profitability improvement programme due to the market situation, which continued to be challenging. The intensified Fortaco 25 programme did not yet impact our result for 2024; the impact of the additional measures will become visible as the year 2025 progresses. Relying on our strong main owner, we will continue our efforts to improve Fortaco's profitability in 2025. Additionally, we and our main owner are assessing options to further improve our liquidity and strengthen our capital structure.

## Investments proceeded as planned

Strategic expansion projects in our factories in Estonia, Slovakia, and Poland proceeded as planned. In Narva, Estonia, we have added 8,000 square metres of floor space and introduced the best-in-class equipment and machinery. We plan to start serial production during the first quarter of 2025. In Slovakia, we made a major makeover in our business site in Holic. Serial production has started in the new extension of the assembly hall, and the new welding robot line is scheduled to start production in early 2025. In the Gliwice region in Poland, the new factory was inaugurated in October 2024, and preparations for serial production are ongoing. Production ramp-up is ongoing, and the target is to reach full production capacity by the end of 2025.

With these investments, we will have the needed capacity to fulfil our customers' needs when the market eventually recovers.

## Sustainable development programme

In 2024, we have been preparing the Fortaco Group's climate programme and getting ready for the EU corporate sustainability reporting (CSRD). We also expanded the Zero Emissions product portfolio and took a leap towards becoming an integrated solution provider by expanding offerings into integrated thermal management (ITM). We are active in the green transition, and one of our strategic targets is to make the heavy off-highway industry emission-free. Our customers are more interested in sustainability topics.

## We expect market to remain weak

We expect the market demand to remain weak at least till the latter part of the second half of 2025 except for certain market segments such as the mining and defense industries. We are focusing on improving the earnings capacity and profitability of our current business. We continue to be committed to our strategy and have expanded our customer base in line with our strategy while making use of our entire offering for our customers. We are now primarily focusing on improving our profitability during the current market downturn. We are therefore for the time being only very selectively engaging in M&A activities.

## Trust in tomorrow

Heavy off-highway equipment manufacturers want more and more to rely on business partners in the production of different cabins and steel structures or assembly operations as they improve the efficiency of their own production. When the market eventually turns towards growth, Fortaco will be well-positioned to grow alongside its customers.

My predecessor, Lars Hellberg retired on 3 January 2025 and became a member of Fortaco's Supervisory Board, participating in the company's strategic initiatives. I want to thank Lars for his commitment and excellent work during his 11 years as a head of Fortaco. The company has established its position in the off-highway equipment industry being the technology leader in vehicle cabins and steel fabrications in Europe.

My warmest thanks to our customers and our owner for their trust and to entire Fortaco personnel for their efforts in 2024.

**Mika Mahlberg**
President & CEO

# STRATEGIC INVESTMENTS

### Innovative steel processing at Business Site in Gliwice

Fortaco's greenfield factory, Business Site Gliwice in Poland, was inaugurated on October 1, 2024. The factory brings pioneering solutions to the off-highway industry. Preparations for serial production are ongoing and production ramp-up is proceeding with a target to reach full production capacity by the end of 2025.

Steel processing equipment consists of high-tech machines of fiber laser-, plasma-, and oxygen cutting, press bend up to 12 meters length, and CNC machines.

AI and digital tools are used, and 3D scanners are employed for a very fast Production Part Approval Process (PPAP). Innovation comes from everywhere and reaches all basic functions, such as material handling, cutting, bending, kitting, and shipping.

The plant will eventually process 40,000 tons of steel annually. 30 per cent of the 35,000 square-meter hall is dedicated to welding technologies to manufacture thin steel plate components for Fortaco's Zero Emission solutions.

## Cabin capacity increasing in Holic

The new factory extension of 4,000 square meters of floor space at Holic Business Site in Slovakia is a solid cornerstone for the future growth of the vehicle cabin business.

The new and functional hall is equipped with a new welding robot line and a high degree of automation and the latest technologies that ensure strong operational excellence. Assembly operations for serial production was started at the beginning of 2025. Sustainability and energy efficiency is the focus, and the building is designed to be environmentally friendly.

Fortaco has four modern cabin factories offering manufacturing capabilities, desing and engineering as well as aftermarket services. Factories are located in Austria, Finland, France, and Slovakia.

## Business Site Narva is growing

The new facility brings 8,000 square meters additional floor space for Narva Business Site operations, in addition to the current 35,000 square meters located in the Narva city center – with a total land area of approximately 100,000 square meters. The new facility is an important milestone for Narva Business Site and Narva town development.

The factory offers competitive solutions and strong operational excellence by an advanced production specialization line, prefabrication equipment, welding robots, and CNC machinery centers.

Fortaco's four steel fabrication factories located in Estonia and Poland offer manufacturing capabilities with the best-in-class equipment, including design, engineering, and aftermarket services.


# HIGHLIGHTS 2024

## Towards net-zero emissions

The Technology & Zero Emissions team supports our customers' journeys to net-zero emissions. We are active with the green environmental transformation and one of our strategic targets is to transform the off-highway equipment industry into an emissions-free industry. To prioritize and focus on this transition, the Technology & Zero Emissions team is developing future business offerings, including fossil-free steel, lightweight design, integrated thermal management, and battery pack weldments and assemblies.

This is a critical cornerstone to support our climate program in collaboration with our customers and business partners.

## Technology & Zero Emissions: teams behind innovations

**The DefenseTech** team develops complex and high-tech solutions for defense segment customers. Unlike the traditional cabin business, Fortaco offers the whole integrated solution, combining cabin hardware and customer-specific applications, including control systems. Fortaco is responsible for meeting the stringent performance requirements in extreme weather conditions, mobility in water, and compliance with air transportation regulations, and many others.

**The SystemTech** team develops control, infotainment, and cloud system for off-highway machines and cabin-related functionalities, such as user interface, air conditioning, lighting, wipers, cameras, and access control. Fortaco's offering greatly reduces the complexity of control system development for customers and expand Fortaco's offerings into control system components. Our SmartCabin solution works as a base for the further development of offerings, such as integrated thermal management controlling, not only for cabins but also for battery packs and high-voltage elements.

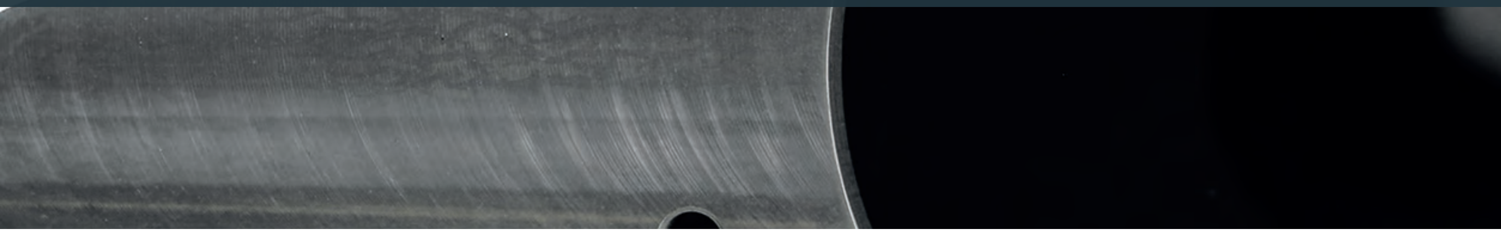
**The ManuTech** team develops solutions related to new production technologies. In 2024, the focus was on developing technology for the E-mobility sector with an emphasis on the production of battery cages. This is a highly demanding structure with the requirements for lightweight and resistance for high impact and vibration.

**The SteelTech** team assists customers in the transition to lightweight and high-strength steel components from concept planning to manufacturing implementation. The SteelTech team supports Fortaco's business sites by offering complex fatigue analysis and it is involved in developing environmentally friendly steel structures.

## Sustainability agenda is progressing

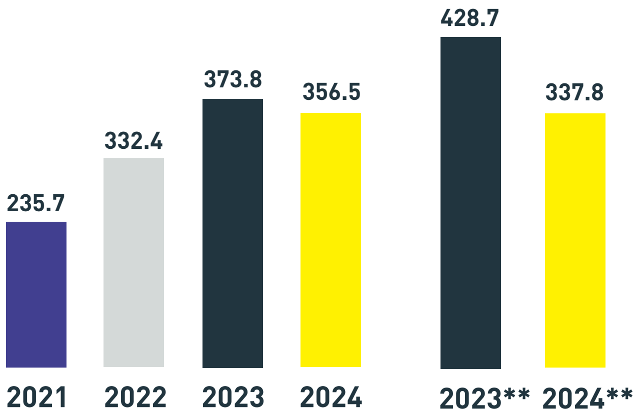
Fortaco's sustainability agenda was launched in 2023, and we made good progress in 2024. We have been preparing the Fortaco Climate Program and getting ready for the CSRD reporting by conducting a double materiality assessment. We have updated our sustainability-related policies, reviewed processes, and developed our risk mitigation and controls. We continue to cooperate with customers to build a common sustainability agenda.

We also expanded the Zero Emissions product portfolio and took a leap towards becoming an integrated solution provider by expanding offerings into integrated thermal management (ITM). Our target is to offer thermal management, not only for cabins, but also vehicle electrification systems such as batteries and other subsystems.

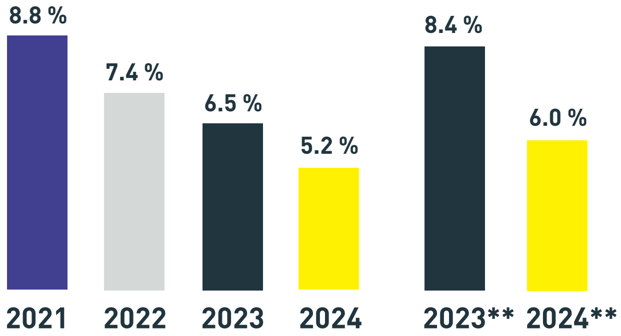


# FINANCIAL HIGHLIGHTS

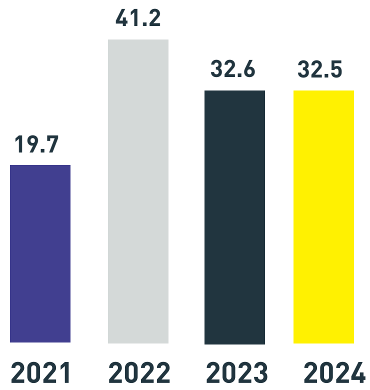
## Net sales 2021-2024 MEUR



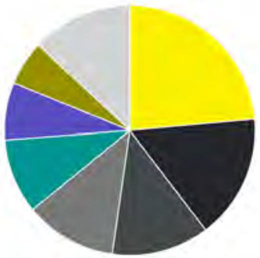

## EBITDA* 2021-2024 %




## Cash balance 2021 - 2024 MEUR



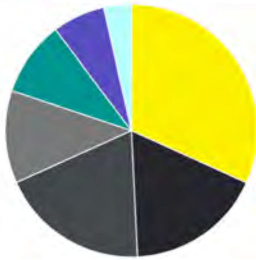

## Net sales per industry segment %



**2024**

| | |
|---|---|
| 23 % | Material handling |
| 16 % | Mining |
| 13 % | Agriculture |
| 12 % | Forestry |
| 10 % | Construction |
| 7 % | Container handling |
| 6 % | Defense |
| 13 % | Other industries |

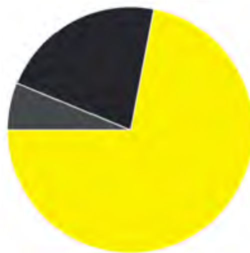
## Personnel per country %



**2024**

| | |
|---|---|
| 32 % | Poland |
| 17 % | Estonia |
| 19 % | Finland |
| 12 % | France |
| 10 % | Austria |
| 7 % | Slovakia |
| 4 % | Serbia |

## Personnel %



**2024**

| | |
|---|---|
| 72 % | Blue-collar total |
| 22 % | White-collar total |
| 6 % | External |

*) EBITDA excluding non-recurring items
**) Pro forma net sales and EBITDA including the full-year impact of acquired businesses (MauserCABS and Buisard), and excluding the impact of marine, energy, and heavy project business. EBITDA excluding non-recurring items.

# STRATEGY

Fortaco's strategy was approved in 2014, and has remained largely the same since then.

Fortaco is the leading brand independent strategic partner, having integrated offerings to customers in the heavy off-highway equipment industries.

Fortaco is active with the green environmental transformation and one of our strategic targets is to transform the off-highway equipment industry into emissions free. The Technology & Zero Emissions team is developing future business offerings, including fossil-free steel, lightweight design, integrated thermal management, and battery pack weldments and assemblies.

A new modern ERP platform investment for SAP S/4 Hana is currently on-going.

## INITIATIVES

| | |
|---|---|
| Business growth: both organic growth and M&A in the toolbox | Brand building: the most respected brand within the industry |
| Integrated offerings and expanded technology services and concepts | World-class sourcing |
| New business concepts and digital platform | Leading Operational Excellence and Master of Flexibility |

## GOAL

We provide integrated offering, covering the core modules.

We maximize Group synergies in net sales and profitability.

We drive on-going industry transformation.

We deliver >7 per cent EBITA over the cycle to afford the continuous development of people, equipment and technologies.

## MISSION

We provide complete value chain solutions to global customers in the heavy off-highway equipment industries.

## VISION

Fortaco is the leading brand-independent Tier 0.5 partner offering complete value chain solutions from design and manufacturing to spare parts deliveries.

## VALUES

**Respect**
Fair and equal play, trust, teamwork, transparency, diversity

**Simplicity**
Straightforward, proactive, solution seeking, value adding, eliminating waste

**Speed**
Customer mindset, fast & intelligent solutions, highest quality, learning mentality

## FOUNDATION

**Customers** | **People & Leadership** | **Operational Excellence** | **Technology Leadership** | **Profitable Growth**

# INDUSTRIES SERVED

**Fortaco has a large portfolio** of global customers. It serves more than 60 industry-leading OEM customers in the following industries:

**Agriculture**
A variety of applications like sprayers, tractors, balers, agricultural wheel loaders and telehandlers, combine and harvester machines. Applications are used widely in the agricultural sector.

**Construction Equipment**
A wide range of applications for off-highway equipment, infrastructure- and construction market. Applications include various types of equipment, like excavators, bulldozers, graders, wheel loaders, dump trucks, pavers, compactors, telehandlers, and various piling applications, as well as crushing and screening equipment for material management.

**Container Handling**
A wide range of container handling applications for seaports and terminals and intermodal terminals. A variety of ship-to-shore and gantry cranes are included in the applications, as well as straddle and shuttle carriers, reach stackers, empty container handlers, terminal tractors, and automated guided vehicles.

**Defense**
A variety of applications for defense products, for example lifting equipment, cranes and transportation vehicles.

**Forestry**
Applications for mechanized wood harvesting, handling, and processing. These applications include cut-to-length forest harvesters and forwarders, on-road forestry cranes, terminal and mobile cranes, and related equipment.

**Marine**
Assembled systems and deck machinery. Applications include winches, A-frames, overhead cranes, and handling booms.

**Material Handling**
A wide range of material handling applications for retail, food and beverage, logistics and industrial sectors. Applications include various types of equipment for cargo and material movement. As an example, industrial and mobile cranes, light-, medium- and heavy forklifts, and on-road load handling equipment, such as loader cranes, forestry cranes, and truck mounted forklifts.

**Mining**
A wide range of equipment for exploration, tunneling, surface and underground mining and rock excavation applications. The range of applications extends over exploration drill rigs, mechanical cutting equipment, mobile crushers and screens, surface drilling rigs, underground drill rigs, loaders, and dump trucks.

**Recycling**
A wide range of industrial recycling applications for transportation companies, collection points, waste transfer stations, and processing centres. Applications include screens and crushers, on-road and mobile recycling cranes, hooklifts, skip loaders, tail lifts and truck mounted forklifts.

**Other industries**
Mobile and stationary equipment for various industries, like food processing, airport-, and municipal equipment.

# OFFERING

### Technology & Zero Emissions

Fortaco is actively involved in the green transition transformation. The Technology & Zero Emissions team is developing future business offerings. We provide innovative solutions to support our customers on their path to net zero.

- Expanded steel fabrication offerings to battery pack weldments and assemblies.
- Cabin offerings include integrated cabin control systems and thermal management systems.
- Research and design services provided for lightweight and extended-lifetime components.
- Development of environmentally friendly manufacturing processes and green steel applications.

### Assemblies

We simplify complexity in the supply chain by mitigating swings in demand, working with capacity constraints, reducing time-to-market, fixed costs, and tied capital, thus allowing our customers to focus on their core business.

- Complete vehicle assemblies, module assemblies, cabin assemblies, and assembled systems.
- Tailor-made supply chain solutions, and alternative sourcing and outsourcing solutions for assembly operations.
- Lifetime service and after-sales service for spare parts.

### Vehicle Cabins

Product design and manufacturability ensure efficient manufacturing processes with the right quality and price. This makes Fortaco a genuine manufacturing partner from design to manufacturing.

- Completely assembled plug & play vehicle cabins and high-volume operator cabins.
- Serial manufacturing with flexible cabin content.
- Cabin technology, including complete project handling; product development and new product implementation with design concepts, engineered solutions, industrialization, and customized manufacturing services.
- Aftermarket services for spare parts during a cabin life cycle.

### Steel Fabrications

Fortaco's steel fabrications are built for durability and strength, excelling in tough conditions. Using advanced welding technologies we optimize costs and ensure quality.

- Steel components, complete frames, and other types of structures.
- In-house pre-fabrication, welding, machining, surface treatment, pre-assembly, project management, quality control and testing.
- Surface preparation and corrosion protection by various technologies: E-coating, wet painting, powder painting, and thermal spray processing.

# PEOPLE

In 2024, Fortaco employed 2,418 people across all its business sites. The People & HR team remained focused on its central goal: to foster people's growth in Fortaco operations.

Notable progress was achieved in strengthening the employer brand, advancing people development, promoting mental health, and driving sustainability initiatives. These efforts are aligned with our vision to foster a compliant, engaged, high-performing culture within an inclusive workplace.

## Employer branding

Fortaco strengthened its employer brand through impactful campaigns, social media engagement, and training programs.

**International Women's Day**
Lars Hellberg, President & CEO marked the day by participating in activities with male and female colleagues.

**International Welder's Month**
This month-long campaign featured success stories, quizzes, and a focus on women welders, raising awareness of diverse career opportunities.

**Diversity campaign**
"You Thought It Was a Man?" Our industry is dominated by men, and even with growing numbers of women within the field, the gap is still visible. A campaign was arranged to combat this stereotype.

**Fortaco x Toyota**
Our partnership with Toyota is strongly driven by our shared values, and for years the Fortaco team has learned Lean Management from Toyota. A joint video with Toyota highlights Fortaco's commitment to inclusion and teamwork.

## People development

Fortaco continued to empower its workforce through innovative tools, structured onboarding processes, and training programs.

**Applicant Tracking System (eRecruiter)**
This system is fully implemented across the organization with expansion plans underway for our new locations.

**Onboarding enhancements**
New eLearning modules were introduced for use by hiring managers. On-the-job training plans were introduced to ensure consistent and effective onboarding experiences.

**Skill matrix application**
This application is integrated with the global HR system, and the launch of the first operational cycle took place in January 2025.

**eLearning modules**
New training materials, including the updated Code of Conduct and new onboarding material on local Fortaco languages, are being prepared. For example, Code of Conduct trainings were completed with 100 per cent participation at business sites.

**Engagement Awards 2024**
Employees were recognized for outstanding contributions in three categories: building company culture, innovations, and production optimization.

## Employee well-being and mental health

We have put extra effort into our employees' well-being. We established a team of seven mental health ambassadors who support colleagues when life gets challenging. The team gives support, helps all employees, and builds a culture of caring for our mental health. "It's okay not to be okay," is the message.

Fortaco reinforced its commitment through focused initiatives such as Mental Health Guidelines, a booklet created and published in all local Fortaco languages, behavior model workshops launched to align employee behavior with Fortaco values to enhance engagement and performance, and a webinar on mental health was also conducted.

## Sustainability improvements

Fortaco made significant strides in sustainability, aligning efforts with the EU's Corporate Sustainability Reporting Directive (CSRD). We strengthened governance structures and engaged all business sites in execution. We focused on reforms in energy efficiency, emissions reduction, diversity, equality, and mental health. Positive feedback was received from our customers and stakeholders for our sustainability performance.

## Employee engagement and Pulse survey

Pulse, an annual employee engagement survey provided key insights into employee sentiment: an engagement score of 38 per cent with a 56 per cent response rate.

Strengths: Health, safety, and customer care emerged as top priorities.

Challenges: Fair compensation, interdepartmental collaboration, and employee motivation require targeted interventions. Fortaco has committed to addressing these challenges in 2025 through strategic initiatives.

## Plan for 2025

In 2025, the People & HR team focuses on accelerating growth and fostering a resilient, inclusive, and high-performing culture.

**Leadership development**
Enhancing training and mentoring programs for managers and employees.

**AI and digital transformation**
Leveraging smart technologies to boost efficiency and productivity.

**Assessment and talent management tools**
Strengthening systems for succession planning and skills development.

**Mental health and sustainability**
Continuing to prioritize employee well-being and eco-friendly practices.

In 2024, Fortaco's success was driven by the dedication of its employees, leadership, and stakeholders. With clear People & HR actions for 2025, the company is well-positioned to continue building an inclusive, sustainable, and high-performing organization. These efforts reflect Fortaco's commitment to fostering innovation, collaboration, and long-term growth.

# SUSTAINABILITY

In 2024, Fortaco continued its sustainability journey and focused mainly on three areas: (1) preparations to report according to the EU's Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), (2) progress on the sustainability agenda we outlined in 2023, and (3) continued work to support our customers in their green transitions.

We recognize there are multiple advantages of driving a strong and ambitious sustainability development program. The advantages include market leadership, attracting the right people, stakeholder trust, resilience in the business and supply chains, regulatory compliance, risk mitigation, cost savings, and financial efficiency.

Fortaco's sustainability agenda functions as a structured backbone for our sustainability work, where initiatives related to our focus areas are implemented and KPIs are monitored. In 2024, we updated our sustainability materiality analysis to a double materiality analysis, where all of Fortaco's material impact, risks, and opportunities were identified throughout its value chain (more about the process and outcomes in our ESRS 2 section of the Sustainability Statement).

The outcome of the analysis is in line with the main sustainability challenges in the heavy off-highway equipment industries where Fortaco operates. The main sustainability challenges are:

- negative environmental impact
- social issues in the supply chain
- regulatory pressures
- changing customer preferences.

In the scope of the agenda, Fortaco targets ambitious sustainability goals in its own operations and in the value chain. We have identified and prioritized actions for the coming years in three focus areas: the environment, social sustainability, and sustainability governance.

## Environmental sustainability

Environmental concerns are fundamental to Fortaco operations and to our everyday work. Our environmental sustainability focuses on climate change mitigation, product design, and life-cycle management.

Main environmental impacts were evaluated at each Fortaco business site as early as 2022. In 2024, the work to monitor progress and follow up on development continued. Many of our business sites have reported energy saving activities, implemented environmental improvements, or achieved emissions reductions.

Our Zero Emissions Solutions function continued to develop our environmental offerings and work with customers to support their green transitions. We collaborate closely with our customers to reduce emissions, mainly in terms of:

- Reduction in lifecycle emissions of vehicles through weight-decreasing innovations such as new materials and technology.
- Steel manufacturing improvements through readjustment of sourcing priorities that extend the lifetime of steel components and involve fossil-free steel implementations for selected applications and customers.

As our impact also reaches upstream in the value chain, we strive to strengthen collaboration with our suppliers, ensuring that they share our commitment to sustainability. In 2024, material impacts, risks, and opportunities related to sustainability in Fortaco's supply chain were identified, and we continue the work to develop our processes for the monitoring of and improvement in good sustainability practices related to those topics.

## Social sustainability

We take social responsibility seriously and acknowledge our impact, not only on our people, but also on external workers, the supply chain, local communities, and the end-users of our products.

In our operations, we strive for a safe, injury-free work environment where everyone is committed to and active in driving risk reduction and zero accidents. Simultaneously, we want to ensure the well-being of our people by offering career development, equal treatment, and a diverse workplace without discrimination of any kind.

In 2024, we executed multiple local campaigns related to social aspects such as safety, mental health, and our Code of Conduct.

## Sustainability governance

Fortaco's sustainability agenda guides our work when a clear structure for sustainability work is necessary to comply with new legislative and regulatory requirements, navigate through increasing stakeholder demands, and tackle increasing challenges related to climate change and social issues in the value chain.

We aim to maintain the highest legal and ethical standards and improve business practices related to the environment and social aspects. Going forward, we continue to develop our sustainability data management systems, automate reporting processes, and implement sustainability into key processes.

The Corporate Sustainability Reporting Directive (CSRD) sets criteria for reporting and, simultaneously, expectations for sustainability processes such as risk management and due diligence. We also closely follow the development of legislation, such as the EU Taxonomy, Carbon Border Adjustment Mechanism, and the Human Rights Due Diligence Directive, to maintain compliance.

Read our full CSRD compliant Sustainability Statement as from page 48.

# CORPORATE GOVERNANCE

## Corporate Governance Statement 2024

### Introduction

This statement describes Fortaco Group Holdco Plc's key corporate governance principles. The statement has been approved by the company's Supervisory Board and Board of Directors.

Fortaco Group Holdco Plc is a public limited liability company registered in Finland, whose bonds are publicly traded on the bond list managed by Nasdaq Helsinki Ltd and the Frankfurt Stock Exchange (Open Market).

Fortaco Group Holdco Plc's governance complies with applicable laws and regulations, such as the Finnish Limited Liability Companies Act, the Finnish Securities Markets Act, the Market Abuse Regulation (EU), the rules and guidelines of Nasdaq Helsinki Ltd, as well as the company's Articles of Association and Code of Conduct. As the issuer of the bonds, the company is not obliged to comply with the Finnish Corporate Governance Code maintained by the Securities Market Association. However, the company publishes an annual Corporate Governance Statement.

The most important guidelines and principles guiding Fortaco's operations are

- Rules of Procedure of the governing bodies
- Code of Conduct
- Insider guidelines
- Disclosure policy
- Risk management policy
- Decision-making policy

**Group structure 31 December 2024**

| Company name | Country of incorporation | Ownership, % |
|---|---|---|
| Fortaco Group Holdco Plc | Finland | 100 % |
| Fortaco Group Oy | Finland | 100 % |
| Fortaco Oy | Finland | 100 % |
| Fortaco Ostrobothnia Oy | Finland | 100 % |
| Fortaco Finance Oy | Finland | 100 % |
| Fortaco s.r.o. | Slovakia | 100 % |
| Fortaco Polska Sp z o.o. | Poland | 100 % |
| Fortaco Sp z o.o. | Poland | 100 % |
| Fortaco JL Sp z o.o. | Poland | 100 % |
| Fortaco Estonia OÜ | Estonia | 100 % |
| Linda Properties OÜ | Estonia | 100 % |
| Fortaco GmbH | Germany | 100 % |
| Fortaco AB | Sweden | 100 % |
| Fortaco d.o.o. Gruza | Serbia | 100 % |
| Fortaco Austria Holding GmbH | Austria | 100 % |
| Walter Mauser GmbH | Austria | 100 % |
| Fortaco France Holding | France | 100 % |
| Buisard S.A.S | France | 100 % |

### Group structure

Fortaco Group Holdco Plc is the management company of Fortaco Group Oy and its subsidiaries, domiciled in Helsinki, Finland. The registered address of the company's head office is Äyritie 24, Vantaa, Finland. Fortaco Group Holdco Group was formed on 30 September 2022, when Fortaco Group Holdco Plc acquired the share capital of Fortaco Group Oy.

The Group's parent company, Fortaco Group Holdco Plc, has one class of shares, and each share entitles its holder to one vote. The number of shares in the company is 1,000, and all shares confer equal rights in the company. On 31 December 2024, 100 per cent of the company's shares were owned by OEP 81 B.V., a company managed by One Equity Partners.

## Governance

Fortaco Group Holdco Plc's responsibilities related to governance, control and management are divided between the General Meeting, the Supervisory Board, the Board of Directors, the President & CEO and his subordinate Group Leadership Team as set out below. Fortaco Group Holdco Plc and its Group companies are subject to the Rules of Procedure, which define in more detail matters related to decision-making and division of responsibilities between the Supervisory Board, the Board of Directors, the President & CEO and the Group Leadership Team.

### Matters pertaining to the General Meeting

Fortaco Group Holdco Plc's highest decision-making power is exercised by the company's shareholder. The shareholder participates in the decision-making, governance and supervision of the company by making decisions on matters pertaining to the General Meeting.

According to the Finnish Limited Liability Companies Act, the Annual General Meeting must be held annually within six (6) months of the end of each financial year.

The Annual General Meeting resolves on matters falling within its competence under the Finnish Limited Liability Companies Act and the company's Articles of Association, including the following:

a) adoption of the financial statements

b) the measures necessary to meet the profit or loss shown on the balance sheet

c) discharge from liability to the members of the Supervisory Board and the Board of Directors and to the President and CEO

d) election and remuneration of the members of the Supervisory Board and the Board of Directors

e) election of the auditor

f) other matters required by the company's Articles of Association or by law

The resolutions of the Annual General Meeting are published as soon as possible after the Annual General Meeting by means of a stock exchange release.

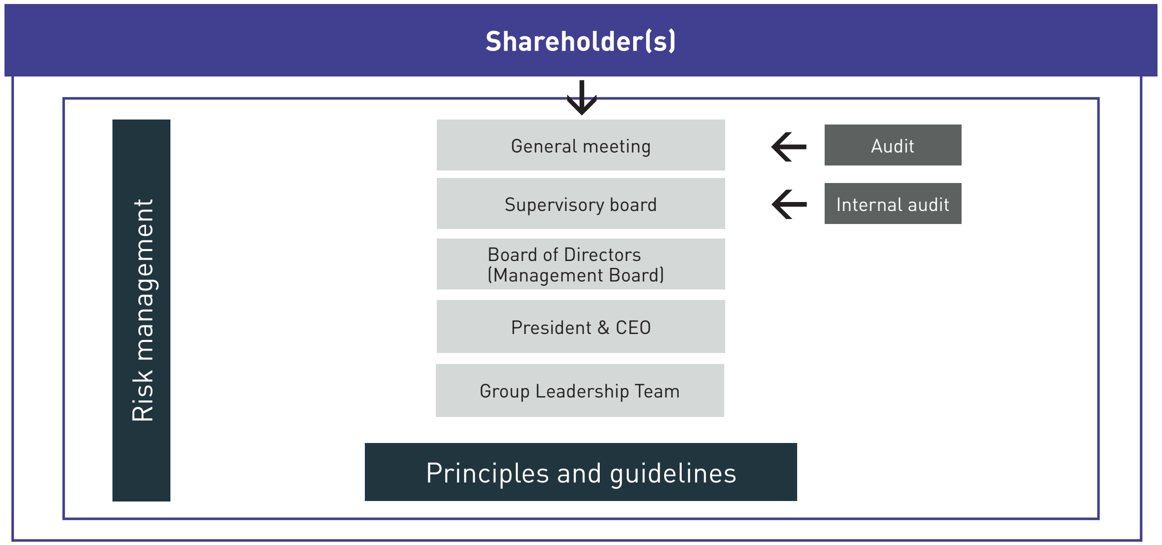
### Supervisory Board

Fortaco Group Holdco Plc has a Supervisory Board whose task is to supervise the governance of the company, which is the responsibility of the Board of Directors and the President and CEO. The Supervisory Board consists of three to six (3–6) members, who are elected by the General Meeting. The term of office of the members of the Supervisory Board continues until further notice.

The general task of the Supervisory Board is to steer the company's business operations in such a way that it generates the highest possible added value for the capital invested in the company in the long term, while taking into account different stakeholders.

According to the Rules of Procedure, the company's Supervisory Board has the right to make decisions in matters falling within the competence of the Supervisory Board, which, according to the Finnish Companies Act, fall within the exclusive competence of either the General Meeting or the Board of Directors, in which case the decisions are officially recorded as decisions of either the General Meeting or the Board of Directors.

**Governing bodies**



According to the Rules of Procedure, the Supervisory Board decides, among other things, on all material business matters (including, but not limited to, the purchase and sale of real estate, business, shares or other securities), significant organisational changes, material investments, leases and the appointment and dismissal of the President and CEO. Such decisions are officially recorded as decisions of the Board of Directors.

The Supervisory Board is also responsible for monitoring and evaluating the company's internal control, internal audit and risk management.

The President & CEO draws up the agenda for the meetings of the Supervisory Board and is responsible for preparing and presenting matters to the Supervisory Board. The Supervisory Board evaluates its activities and working methods once a year.

When selecting the members of the Supervisory Board, it is ensured that the candidate's competence profile supports Fortaco's current and future business. Essential factors for diversity are the members' complementary education, competence, experience in different industries and operating environments, and personal characteristics such as age and gender.

### Members of the Supervisory Board in 2024

Fortaco Group Holdco Plc's Annual General Meeting held on 13 June 2024 resolved that the number of ordinary members of the Supervisory Board shall be five (5). Panu Routila (Chairman), Marc Lindhorst, Markus Sjöholm, Sebastian Schatton and Mona Henning were re-elected as members of the Supervisory Board. Mona Henning served as a member of the Supervisory Board until 11 July 2024. David Pfeifer was elected as observer member of the Supervisory Board from 14 October 2024 onwards. Lars Hellberg was elected as a member of the Supervisory Board from January 3 onwards.

### Remuneration of the members of the Supervisory Board

Panu Routila, Chairman of the Supervisory Board, is paid an annual compensation of EUR 52,800 in monthly instalments, and Markus Sjöholm, a member of the Supervisory Board, is paid an annual compensation of EUR 40,000 in monthly instalments. No remuneration shall be paid to the other members of the Supervisory Board.

In 2024, the Supervisory Board convened 10 times and made written decisions without convening 11 times.

## Members of the Supervisory Board, 31 December 2024

**Panu Routila**
Born 1964, Finnish citizen
Supervisory Board Chairman since 2022
Board Chairman 2020–2022
DBA, Aalto University
M.Sc. in Finance & Accounting

**Key positions of trust**
Patria Plc
Chairman of the Board since 2020

Neova Oyj
Chairman of the Board since 2022

Ensto Oy
Board Member since 2020

**Relevant work experience**
Konecranes
President & CEO 2015–2019

Ahlström Capital
Presdent & CEO 2008–2015

**Markus Sjöholm**
Born 1971, Finnish citizen
Supervisory Board Member since 2022
Board Member 2016–2017, 2019–2022
M.Sc. in Economics and Business Administration
LL.M.

**Key positions of trust**
Rototec Group AB
Chairman of the Board since 2025

DEN Group Oy
Chairman of the Board since 2024

Oy Bamsekram AB
(Avosylin Corporation)
Chairman of the Board since 2023

**Relevant work experience**
Actone Oy
Founder & CEO since 2018

CapMan Buyout
Various positions 1996-2018, incl.
Managing Partner 2014-2017
Partner 2001-2018

**Marc Lindhorst**
Born 1986, German citizen
Supervisory Board Member since 2022
M.Sc. in Finance
B.Sc. in General Management & Business Law

**Relevant work experience**
One Equity Partners
Partner since 2024
Principal 2015 - 2023

**Sebastian Schatton**
Born 1990, German citizen
Supervisory Board member since 2022
B.Sc. in General Management

**Key positions of trust**
DESMI
Board Member since 2022

**Relevant work experience**
One Equity Partners
Principal since 2024
Vice President 2018-2024

**David Pfeifer**
Born 1994, German citizen
Board Observer since 14.10.2024
M.A. in Accounting and Finance
M.Sc. in International Management
B.Sc. in Business Administration

**Relevant work experience**
One Equity Partners
Associate since 2024

**Lars Hellberg**
Born 1959, Swedish citizen
B.Sc. in Mechanical Engineering
Supervisory Board Member
since 3.1.2025

**Key positions of trust**
SinterCast AB
Board Member 2018–2020

Walki Oy
Board Member 2013–2019

Troax Group AB
Board Member 2014-2015

GLG
Council Member since 2013

Komas Oy
Board Member 2011–2019

**Relevant work experience**
Fortaco Group
President & CEO 2013-2024

Wärtsilä Plc
President, PowerTech division
Board of Management Member
2004–2013

General Motors Europe
Executive Quality Board Member
2001-2004

## Board of Directors

According to Fortaco Group Holdco Plc's Articles of Association, the Board of Directors is responsible for the administration and proper organisation of the company's activities. The Board of Directors consists of at least one (1) and at most five (5) ordinary members elected by the General Meeting. If there are fewer than three members in the Board of Directors, there must be at least one deputy member. If there are several members on the Board, a Chairperson must be elected. The term of office of the members of the Board of Directors ends at the end of the Annual General Meeting following their election.

### Members of the Board in 2024

Fortaco Group Holdco Plc's shareholder resolved on 13 June 2024 that the number of members of the Board of Directors shall be one (1) ordinary member and one (1) deputy member.

Lars Hellberg was re-elected as the ordinary member of the company's Board of Directors, and Kimmo Raunio was elected as deputy member. Mika Mahlberg was elected as member of the Board of Directors from 3 January 2025 onwards when Lars Hellberg left the Board of Directors.

### Remuneration of the members of the Board of Directors

Board members are not remunerated.

In 2024, the Board of Directors made written decisions without convening 25 times.

## President & CEO

Fortaco Group Holdco Plc's President & CEO is appointed by the company's Supervisory Board. The President & CEO is responsible for the everyday management and supervision of the company in accordance with the provisions of the Finnish Companies Act as well as in accordance with authorisations and guidelines received from the Supervisory Board.

The President & CEO is responsible for ensuring that the obligations, agreements or other legal actions to which the company is committed or in which it takes part are properly documented and that they do not conflict with Finnish or foreign mandatory legislation. ThePresident & CEO furthermore oversees compliance with the goals, procedures and strategy plans on which the Supervisory Board has decided and ensures that these goals, procedures and plans are submitted to the Supervisory Board for update or review when necessary.

### President & CEO in 2024

Lars Hellberg has served as the company's President & CEO from 1 October 2013 to 31 December 2024. Mika Mahlberg has served as the President & CEO of Fortaco since 1 December 2025.

## Management Team

The President & CEO is assisted in the management of the company's business by the Group Leadership Team, the members of which are appointed by the company's Supervisory Board based on a proposal made by the President & CEO. The Group Leadership Team must have at least three (3) members.

The Group Leadership Team is responsible for the development of the Group and its businesses as well as operational activities in accordance with the goals confirmed by the Supervisory Board. The Leadership Team convenes monthly, or more often if needed, and focuses on strategic matters pertaining to the Group and its businesses. Performance and business reviews, development projects and People & HR are regularly on the agenda. The President & CEO is the Chairman of the Group Leadership Team.

### Group Leadership Team in 2024

In 2024, the Group Leadership Team included seven (7) members: Lars Hellberg, Kimmo Raunio, Agnieszka Koziara, Mika Mahlberg (from 1 November 2024), Krzysztof Michel (until 2 September 2024), Mikael Persson, Gustav Svärd (from 7 October 2024) and Rafal Sornek. Tuula Kivelä served as the secretary to the Group Leadership Team.

## Members of the Board of Directors, 31 December 2024

**Lars Hellberg**
Born 1959, Swedish citizen
B.Sc. in Mechanical Engineering
Board Member 2022-2024

Fortaco Group
President & CEO 2013-2024

Fortaco Group
Supervisory Board Member
since 2025

**Kimmo Raunio**
Born 1985, Finnish citizen
M.Sc. in Technology
Deputy Board Member since 2022

Fortaco Group
Senior Executive Vice President &
CFO since 2023
Senior Vice President & CFO
2016–2023

Board Member at several
Fortaco Group subsidiary companies

**Mika Mahlberg**
Born 1963, Finnish citizen
M.Sc. in Engineering
Board Member since 2025

Fortaco Group
President & CEO since 2025

Board Member at several Fortaco
Group subsidiary companies

Mika Mahlberg was elected as a member of the Board of Directors from 3 January 2025 onwards when Lars Hellberg left the Board of Directors.

## Members of the Group Leadership Team, 31 December 2024

**Lars Hellberg**
Born 1959, Swedish citizen
B.Sc. in Mechanical Engineering
President & CEO 2013 - 2024
Group Leadership Team Member
2013-2024

**Relevant work experience**
Wärtsilä Plc
President, PowerTech division
Board of Management Member
2004–2013

General Motors Europe
Executive Quality Board Member
2001-2004

**Key positions of trust**
SinterCast AB
Board Member 2018–2020

Walki Oy
Board Member 2013–2019

Troax Group AB
Board Member 2014-2015

GLG
Council Member since 2013

Komas Oy
Board Member 2011–2019

**Kimmo Raunio**
Born 1985, Finnish citizen
M.Sc. in Technology
Senior Executive Vice President &
CFO since 2023
Group Leadership Team Member
since 2016

**Relevant work experience**
Fortaco Group
Senior Vice President & CFO 2016–2023

Fortaco Group
Group Business Controller 2012–2016

HLP Corporate Finance Oy
Associate 2010–2012

**Mika Mahlberg**
Born 1963, Finnish citizen
M.Sc. in Engineering
President & CEO since 2025
Chief Operating Officer (COO)
1.11.-31.12.2024
Group Leadership Team Member
since 1.11.2024

**Relevant work experience**
Senior Advisor 1-10/2024

Konecranes Port Solutions
Executive Vice President 2017-2023

Konecranes Port Cranes
Senior Vice President 2008-2016

**Agnieszka Koziara**
Born 1981, Polish citizen
Master in Human Resource Management
MBA
Senior Vice President, People & HR
since 2019
Group Leadership Team Member
since 2018

**Relevant work experience**
Fortaco Group
HR Director 2018–2019
HR Manager 2014–2018

Ruukki Polska Sp. z o.o.
HR Specialist 2007–2014

Lars Hellberg has served as the company's President & CEO from 1 October 2013 to 31 December 2024.

Mika Mahlberg has served as the President & CEO of Fortaco since 1 December 2025.

**Gustav Svärd**
Born 1980, Swedish citizen
M.Sc. in Information Systems/
Information Technology
Senior Vice President, Sourcing & IT
since 2024
Group Leadership Team Member
since 2024

**Relevant work experience**
Volvo Group
Vice President Purchasing 2006–2024

**Mikael Persson**
Born 1961, Swedish citizen
M.Sc. in Mechanical Engineering
Senior Vice President, Customer &
Business Development since 2022
Group Leadership Team Member
since 2022

**Relevant work experience**
Dafo Vehicle Fire Suppression AB
2019–2022

**Rafal Sornek**
Born 1972, Polish citizen
Ph.D. University of Tokyo
Executive MBA, Aalto University
Senior Vice President, Technology &
Zero Emissions since 2024
Group Leadership Team Member
since 2018

**Relevant work experience**
Fortaco Group
Senior Vice President Technology &
Zero Emission Solutions 2023

Fortaco Group
Senior Vice President Technology &
Zero Emission Solutions 2018–2023

HIAB Cargotec
Vice President R&D 2010–2018

## Senior Leadership Team

Fortaco Group's extended Senior Leadership Team consisted of the Group Leadership Team members and the following people on 31 December 2024:

### Group functions

**Lauri Anttilainen**
Director, Business Control Cabins and Technology & Zero Emissions
Born 1983
M.Sc. in Economics
Employed by Fortaco since 2021

**Jean-Guy Cocaign**
Vice President, Cabin Business Development
Born 1966
Engineering Degree from ESTACA Ecole Supérieure des Techniques Aéronautiques et de Construction Automobile, MBA
Employed by Fortaco since 2022

**Andras Csizmazia**
Director, QHSE
Born 1972
M.Sc. in Chemical Engineering and Management
Employed by Fortaco since 2014

**Piotr Galiński**
IT Director
Born 1982
M.Sc. in Mechanical Engineering
Employed by Fortaco since 2019

**Teemu Hovi**
Legal Director, Fortaco Group
Born 1981
LL.M., Executive MBA
Employed by Fortaco since 2024

**Tuula Kivelä**
Director, Brand, Communication & Marketing
Born 1961
Bachelor of Business Administration
Employed by Fortaco since 2013

**Joanna Lesicka**
Director, Business Control Steel Fabrication, Sourcing and Group Finance
Born 1985
M.Sc. in Technology, Management and Marketing
Employed by Fortaco since 2015

**Cecilia Mickos**
Director, Group Sustainability
Born 1989
M.Sc. in Economics and Business Administration
Employed by Fortaco since 2023

**Henrik Toni**
Director, Group Business Control and Business Control Assembly
Born 1993
M.Sc. in Economics and Business Administration
Employed by Fortaco 2021-2024

**Andrzej Wrona**
Director, Operations Development
Born 1976
M.Sc. in Mechanical Engineering
Employed by Fortaco since 2014

**Zbigniew Zych**
Director, Manufacturing Technology
Born 1962
M.Sc. in Mechanical Engineering
Employed by Fortaco since 2019

### Business Site Leadership

**Adam Czerwiec**
General Manager, Wroclaw Steel Fabrication & Assembly
Born 1978
M.Sc. in Engineering, MBA
Employed by Fortaco since 2014

**Mariusz Majdanik**
General Manager, Janow Lubelski Steel Fabrication
Born 1974
Executive MBA
Employed by Fortaco since 2011

**Ivona Poletan**
Managing Director Gruza Assembly
Born 1988
M.Sc. in Law
Employed by Fortaco since 2023

**Juraj Prachár**
Managing Director, Holic Cabins
Born 1979
M.Sc. in International Management and Finance
Employed by Fortaco since 2011

**Markku Pulliainen**
General Manager, Sastamala Assembly
Born 1979
M.Sc. in Mechanical Engineering
Employed by Fortaco since 2023

**Nicolas Roussel**
Managing Director, Sablé Cabins
Born 1981
M.Sc. in Economics and Business Administration
Employed by Fortaco since 2023

**Larissa Shabunova**
Managing Director, Narva Steel Fabrication
Born 1975
MBA
Employed by Fortaco since 1997

**Tom Store**
General Manager Kurikka Cabins & Kurikka Assembly
Born 1965
M.Sc. in Economics and Business Administration
Employed by Fortaco since 2023

**Jaroslaw Szytow**
General Manager, Gliwice Steel Fabrication
Born 1970
M.Sc in Mechanical Engineering, MBA
Employed by Fortaco in 2024

**Michael Volz**
Managing Director, Breitenau Cabins
Born 1972
Engineer in Electrotechnics
Employed by Fortaco since 2023

## Auditor

According to Fortaco Group Holdco Plc's Articles of Association, an audit firm approved by the Finnish Patent and Registration Office shall be appointed as the company's auditor, and the company's principal auditor shall be a certified public accountant (APA). The term of office of the auditor ends at the end of the Annual General Meeting following the election.

The statutory task of independent external auditing is to verify that the Financial Statements and the Board of Directors' Report provide accurate and adequate information on the company's result and financial position for the financial year. The auditor issues a statutory Auditor's Report to the company's shareholders in connection with the financial statements.

### Auditor in 2024

Ernst & Young Oy served as Fortaco's auditor in the financial period from 1 January to 31 December 2024, and Anders Svennas, APA, was the principal auditor. Ernst & Young Oy also served as the assurance authority of the company's sustainability reporting in the 2024 financial period.

### Related party transactions

Fortaco Group Holdco Plc maintains a register of natural persons and legal entities that are defined as related parties. Related parties of Fortaco Group are defined to consist of subsidiaries, key management personnel and their close family members as well as legal entities which the aforementioned persons control.

## Insider Issues

Fortaco Group Holdco Plc has Insider Guidelines, the purpose of which is to ensure that insider information is handled in accordance with applicable laws and regulations in the company. The Insider Guidelines include provisions on, among other things, management of inside information, prohibited use of inside information, insider registers, trading restrictions pertaining to insiders and insider management.

The Director, Legal of Fortaco Group is responsible for the Insider Guidelines, the maintenance of the insider list and the general insider management of the company. Fortaco Group organises regular personal trainings on insider issues.

## Risk Management

The responsibilities and duties of risk management in Fortaco Group are divided between the Supervisory Board, the company's management and internal audit as illustrated in the picture. The differing levels and perspectives ensure that risks are appropriately managed within the organisation.

Risk management is a key part of internal control. Risk Management means a structured way of organizing the roles, responsibilities, and processes of Fortaco to reduce risks and to take advantage of opportunities according to the strategy.

## Internal Audit

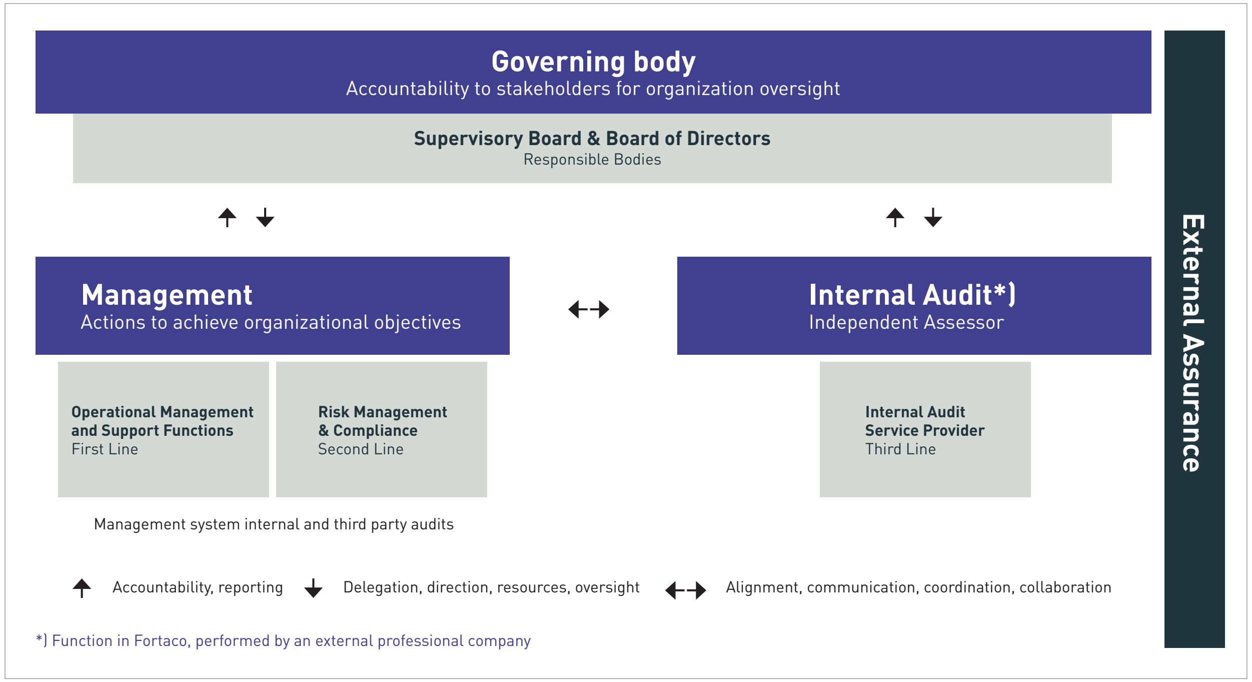
The purpose of an internal audit is to provide independent and objective assurance and consulting services that are designed to add value and improve Fortaco's operations. Internal audit work is expected to cover risks that threaten Fortaco's strategic, operational, compliance and reporting related objectives. Through a systematic and objective approach, internal audit can help Fortaco to improve the effectiveness of governance, risk management and control processes. Internal audit work should contribute to the achievement of defined objectives.

An internal audit determines whether the organisation's risk management, control and governance processes, as designed and represented by the Supervisory Board and management, are adequate and functioning.

The Director, Legal is responsible for coordinating internal audit work, and the internal Audit is administratively organised under their authority.

To ensure the independence of the internal audit, the function reports to the Supervisory Board. The Supervisory Board is responsible for monitoring the efficiency of the internal audit and approving operating instructions as well as long term and annual audit plans.

Planning and execution of the internal audit work is managed by an external professional service provider.



# BOARD OF DIRECTORS REPORT 2024

# BUSINESS AND STRATEGY

Fortaco Group is the leading brand-independent strategic partner to the heavy off-highway equipment industry, offering technology and zero-emission solutions, assemblies, vehicle cabins, and steel fabrications. Fortaco has operations in multiple European business sites and technology hubs, supporting global customers in a number of industrial sectors like agriculture, construction equipment, forestry, material handling, and mining.

Fortaco benchmarks itself to the automotive industry and its standards to secure maximized value added for customers as a true Tier 0.5 partner. Competitive advantages include expertise in product technology and manufacturing, cabin design and development, demanding welding of steel structures, as well as module- and vehicle assemblies.

Fortaco improves its customers' businesses and profitability by providing market-leading safety, quality, delivery accuracy, and a right price. People engagement is the cornerstone of all operations. Fortaco makes tomorrow safer and better as a true lean-operating company.

The heavy off-highway equipment industry is a large, fragmented, and underdeveloped market driven by several megatrends and ongoing structural changes. Overall, the industry is following the evolutionary steps that the automotive business has made in the last decade, such as an increasing share of outsourcing, consolidation of supply chains, and increased importance of technology and R&D services. These changes will benefit Fortaco as the leading company within the industry, with its wide range of offerings and strong focus on technology.

# FINANCIAL YEAR 2024

## Business environment and key actions 2024

The business environment during the financial year 2024 was characterized by challenging market conditions in most market segments. The order intake and net sales decreased clearly from 2023 due to lower customer demand, which was driven by general uncertainty in the market and high interest rates impacting end customers' willingness to invest.

Big variations in demand development were found in the different industry segments Fortaco serves. The industries mostly impacted by the negative market development were the construction and agriculture segments. Development in container handling and material handling segments was also clearly negative, whereas the business environment in mining and defence segments was flat. The forestry segment continued to be favourable for Fortaco during 2024, driven by customer-specific reasons. Generally, Fortaco continued to win new business from existing customers and new customers which is expected to contribute positively to future net sales.

The price of the main input material steel continued to decline during 2024. Fortaco generally transfers the change of steel prices to its customers. Concerning the costs of other inputs, the development was generally rather stable after a few years of high cost inflation. In some operating countries, salary inflation continued above its historical average levels.

In early 2024, Fortaco launched an extensive business and margin improvement program targeting reductions in fixed costs, improved pricing and volumes, as well as EBITDA and working capital, and other improvements in profitability and cash flow. As the business environment continued to weaken during the year, the profitability improvement program was further intensified during the last quarter of the year. The intensified 'Fortaco 25' program did not impact Fortaco's result for 2024; the impact of additional measures will become visible as the year 2025 progresses.

During the financial year, Fortaco completed two divestments after announcing the strategic evaluation of marine, energy and heavy project businesses in February 2024. The divestment of the heavy project business in Jaszbereny, Hungary, was completed on June 28, 2024. The divestment of the marine and energy business in Kalajoki and Sepänkylä, Finland, was completed on October 1, 2024.

During the financial year, Fortaco had three ongoing organic investment projects in Estonia, Slovakia, and Poland. In Narva, Estonia, Fortaco added 8,000 square meters of floor area and introduced the best production machinery in the industry. The plan is to start serial production in the first quarter of 2025. In Holic, Slovakia, Fortaco made a major extension of the business site. Serial production has started in the new extension of the assembly hall, and the new welding robot line is scheduled to start production in early 2025. In the Gliwice region of Poland, Fortaco's new factory was inaugurated in October 2024, and preparations for serial production are ongoing. Production ramp-up is ongoing, and the goal is to reach full production capacity by the end of 2025. With these investments, Fortaco will have the needed capacity to fulfil customers' needs when the market eventually recovers.

## Group legal structure and changes during the financial year

Fortaco Group companies as of 31.12.2024 are listed in the table.

During the financial year, Fortaco Group divested its legal entity Fortaco Zrt in Hungary, and the company has not been part of Fortaco as of 30 June 2024.

On 1 October 2024, Fortaco sold its marine and energy business in Kalajoki and Sepänkylä in Finland to Componenta, an international technology company and a Finnish contract manufacturer of metal components. The unit has not been part of Fortaco Group as of 1 October 2024.

Additionally, Fortaco bought the remaining shares in Fortaco JL Sp. z o.o. increasing its ownership to 100 per cent.

## Net sales, operating results, and financial position

*In this report, figures in parentheses refer to the corresponding period from the previous fiscal year.*

In 2024, Fortaco Group's order intake was EUR 351.8 (330.2*) million. The increase in order intake was solely attributable to the acquisitions of Buisard and MauserCABS at the end of 2023, and comparable growth was negative due to the weaker market. Net sales decreased 5 per cent year on year and amounted to EUR 356.5 (373.8) million. Net sales decreased due to declining market during 2024 as well as due to the divestments carried out during the year. Acquisitions of Buisard and MauserCABS executed towards the end of 2024 were contributing clearly positive to the net sales.

Group's recurring EBITDA was EUR 18.6 (24.4) million or 5.2 (6.5) per cent of net sales, a decrease of -24 per cent from the comparison period. The decrease in recurring EBITDA was driven by lower volume.

Non-recurring items impacting EBITDA during the financial year totalled EUR 11.1 (7.1) million. The amount of non-recurring items was driven by losses during the ramp-up of operations in the new factory in Gliwice, external costs of the performance improvement programme, divestment costs, M&A project costs, and restructuring costs. EBITDA was EUR 7.6 (17.3) million or 2.1 (4.6) per cent of net sales.

EBITA for the financial year 2024 was EUR -7.4 (5.0) million or -2.1 (1.3) per cent of net sales. The decrease in EBITA was driven by lower recurring EBITDA as well as increased amount of non-recurring items. Net income was EUR -48.5 (-19.9) million. Net income included impairments related to divestments amounting to EUR -11.3 million. Earnings per share were EUR -48.5 (-19.9).

Excluding the businesses divested during 2024, net sales for the financial year 2024 were EUR 337.8 (428.7) million. Recurring EBITDA was EUR 20.3 (36.1) million, i.e. 6.0 (8.4) per cent of net sales and EBITDA was EUR 9.8 (29.6) million, i.e. 2.9 (6.9) per cent of net sales. Comparison figures in the brackets refer to the same scope of business in 2023, i.e. including the full year impact of Buisard and MauserCABS and excluding the impact of businesses divested during 2024. The decrease in comparable net sales and recurring EBITDA, excluding non-recurring items, was driven by declining market. The decrease in EBITDA was driven by declining market and increased amount of non-recurring items.

On 31 December 2024, the consolidated balance sheet amounted to EUR 306.3 (306.6) million. Cash and cash equivalents amounted to EUR 32.0 (32.4) million. Equity ratio was 12.7 (24.8) per cent, including the

**Group structure on 31 December 2024**

| Company name | Domicile | Holding % |
|---|---|---|
| Fortaco Group Holdco Plc | Finland | 100 % |
| Fortaco Group Oy | Finland | 100 % |
| Fortaco Oy | Finland | 100 % |
| Fortaco Ostrobothnia Oy | Finland | 100 % |
| Fortaco Finance Oy | Finland | 100 % |
| Fortaco s.r.o. | Slovakia | 100 % |
| Fortaco Polska Sp z o.o. | Poland | 100 % |
| Fortaco Sp z o.o. | Poland | 100 % |
| Fortaco JL Sp z o.o. | Poland | 100 % |
| Fortaco Estonia OÜ | Estonia | 100 % |
| Linda Properties OÜ | Estonia | 100 % |
| Fortaco GmbH | Germany | 100 % |
| Fortaco AB | Sweden | 100 % |
| Fortaco d.o.o. Gruza | Serbia | 100 % |
| Fortaco Austria Holding GmbH | Austria | 100 % |
| Walter Mauser GmbH | Austria | 100 % |
| Fortaco France Holding S.A.S | France | 100 % |
| Buisard S.A.S | France | 100 % |

**Fortaco Group Key Financials**

| EUR million unless otherwise noted | 1–12/24 | 1–12/23 |
|---|---|---|
| Net sales | 356.5 | 373.8 |
| EBITDA | 7.6 | 17.3 |
| % of net sales | 2.1 % | 4.6 % |
| EBITA | -7.4 | 5.0 |
| % of net sales | -2.1 % | 1.3 % |
| Non-recurring items | 11.1 | 7.1 |
| Recurring EBITDA | 18.6 | 24.4 |
| % of net sales | 5.2 % | 6.5 % |
| Recurring EBITA | 3.7 | 12.2 |
| % of net sales | 1.0 % | 3.3 % |
| **Balance sheet ratios** | | |
| Return on Capital Employed % (ROCE) | 1.6 % | 5.7 % |
| Equity ratio % | 12.7 % | 24.8 % |
| Net debt | 150.0 | 91.2 |
| Net gearing % | 384.9 % | 119.9 % |
| Net debt / last 12 months recurring EBITDA | 8.1x | 3.7x |

subordinated shareholder loan of EUR 6.4 (5.0) million treated as equity-like instrument. Net gearing was 384.9 (119.9) per cent.

**) Excluding order intake for Mauser-CABS and Buisard Cabins.*

## Financing

On 31 December 2024, Fortaco Group had a senior secured bond outstanding totalling EUR 127.5 million. As of 31 December 2024, the IFRS net principal in the balance sheet equalled EUR 122.7 million. In addition to the bond, the Group's debt financing consists of local term loans, leasing debt, a super senior revolving credit facility, as well as earn-out liability. On 31 December 2024, total gross debt (IFRS) totalled EUR 182.5 million. EUR 4.0 million of super senior facility was in use, and EUR 3.5 million was not used but available as liquidity reserve. The total super senior credit facility agreed during the financial year was EUR 7.5 million.  In December 2024, Fortaco Group received a waiver from its super senior revolving credit facility provider, when it comes to the envisaged covenant breach of the leverage ratio covenant at year end 2024. According to the waiver, the lender waives all its rights arising from the envisaged covenant breach, and Fortaco can continue to use the facility normally.

During the financial year, Fortaco raised EUR 25 million additional senior secured bonds, which, in accordance with the terms and conditions, were listed on the corporate bond list of Nasdaq Helsinki. In connection with raising additional bonds, Fortaco also sold its own bonds in the amount of EUR 3.6 million to the markets. Additionally, during the financial year, Fortaco Group received a EUR 0.9 million long-term shareholder loan from the sole shareholder of the company, OEP 81 B.V. The loan is subordinated to the bond financing. The funds are related to the acquisition of MauserCABS in September 2023 and were used to finalise the local investment programme. On 31 December 2024, the total principal of subordinated shareholder loans was EUR 6.4 million. The loan carries PIK interest. On 31 December 2024, Fortaco had a cash balance of EUR 32.0 million. Net debt was EUR 150.0 million.

| **Net debt** | | |
| --- | --- | --- |
| **MEUR** | **1-12/24** | **1-12/23** |
| Senior secured bond | 122.7 | 93.2 |
| Local bank financing | 9.5 | 8.3 |
| Leasing liabilities | 44.8 | 18.7 |
| Other gross debt items | 5.5 | 3.5 |
| **Total gross deb** | **182.5** | **123.7** |
| Cash and cash equivalents | 32.0 | 32.4 |
| Security deposits | 0.5 | 0.1 |
| Pledged cash | 0.0 | 0.0 |
| **Gross cash** | **32.5** | **32.6** |
| **Net debt** | **150.0** | **91.2** |

During the financial year Fortaco commenced operations in its new location in Gliwice, Poland. At the commencement, the newly built rental facility was handed over to Fortaco, and Fortaco booked the respective IFRS 16 liability in the balance sheet. The IFRS 16 liability related to the building was EUR 15.6 million as of December 31, 2024. Newly leased machinery arrived for that facility and was put into use during the financial year. The Gliwice machinery-related IFRS 16 liability was EUR 8.6 million, as of December 31, 2024.

Subsequent to the divestment of its operations in Hungary in June 2024, and as agreed in the divestment agreement, Fortaco granted financing totalling EUR 4.5 million for the divested company. The financing has an interest rate of 5 per cent with seven years maturity (bullet loan). Additionally, Fortaco bought machinery to be used in the operations in Hungary with total value of EUR 2.1 million, out of which EUR 0.7 million was already paid by the year end 2024, and EUR 1.4 million will be paid during 2025. The machinery will be repaid in ten years.

On 31 December 2024, investments in equity consisted of EUR 105.2 million (EUR 95.2 million). The increase in invested equity during the financial year originated from an equity injection from the company's sole shareholder in connection with a bond tap issue carried out in March 2024. On 31 December 2024, the book value of equity was EUR 32.5 (71.1) million, including non-controlling interest. The Group applies a non-recourse based factoring programme. On 31 December 2024, 78 per cent of all receivables had been sold based on the programme, and credit risk was transferred to the buyer.

## Investments

Fortaco's net investments amounted to EUR 14.4 million in 2024.

## Research and development

Fortaco technology services comprises research of new technologies and product development. Cabin product development projects are run by the CabTech team, executing full-service vehicle cabin development projects from concept and design to serial production. The Technology & Zero Emissions team focuses on four areas:

(1) SystemTech focuses on cabin control systems and integration of cabin and battery thermal management systems.

(2) SteelTech and ManuTech focus on light-weight design and simulation techniques, plus new manufacturing technologies and production line design.

(3) DefenseTech focuses on demanding system integration projects for defense and rescue services. Fortaco's journey as a system integrator of both hardware and software started in 2023, and the first customer projects were commercialized in 2024.

## Personnel and management

During the financial year, average number of personnel employed was 2,627. On 31 December 2024, the number of personnel was 2,327.

Total salary cost was EUR 103.9 million, including all employee benefit expenses.

### Group Leadership Team

On December 31, 2024, Fortaco Group's Leadership Team members were Lars Hellberg, President & CEO; Mika Mahlberg, COO; Kimmo Raunio, Senior Executive Vice President & CFO; Agnieszka Koziara, Senior Vice President People & HR; Gustav Svärd, Senior Vice President, Group Sourcing & IT; Mikael Persson, Senior Vice President, Customer & Business Development; and Rafal Sornek, Senior Vice President, Technology & Zero Emissions.

During the financial year, Gustav Svärd joined the Group Leadership Team on October 7, 2024, and Mika Mahlberg on November 1, 2024. Krzysztof Michel left the leadership team on September 2, 2024.

After the financial year, Mika Mahlberg was appointed President & CEO of Fortaco Group as of 3 January 2025.

### Board of Directors

The Board of Directors is responsible for making decisions required by the provisions of the Finnish Companies Act. The Board of Directors makes all necessary resolutions in accordance with the instructions given by the Supervisory Board on matters which belong within the competence of the Board of Directors according to the Finnish Companies Act, but which have been addressed to the Supervisory Board under the Rules of Procedure. On 31 December 2024, the members of the Board of Directors were Chairman Lars Hellberg and deputy member Kimmo Raunio.

After the financial year, the company announced that Lars Hellberg had been appointed as a member of the company's Supervisory Board as of 3 January 2025, and his position as a member of the company's Board of Directors ended on the same day. Mika Mahlberg was appointed as a member of the Board of Directors of Fortaco Group Holdco Plc as of 3 January 2025.

### Supervisory Board

The Supervisory Board's role is to oversee the management of the company and it directs Fortaco Group's business to generate the greatest possible added value on the capital invested. On 31 December 2024, the members of the Supervisory Board were Panu Routila, Chairman, and Members of the Board Markus Sjöholm, Marc Lindhorst, and Sebastian Schatton. David Pfeifer has served as Board Observer since 14 October 2024. Mona Henning was a member of the Supervisory Board until 11 July 2024.

As of 3 January 2025, the members of the Supervisory Board have been Panu Routila, Chairman, and Lars Hellberg, Marc Lindhorst, Sebastian Schatton and Markus Sjöholm as members.

Ernst & Young Oy served as an auditor with Anders Svennas (APA) as the chief responsible auditor.

## Risk management

Fortaco follows and categorizes its risks based on the following categories, under which each individual risk is evaluated based on probability and business impact:

- Strategic risks
- Financial risks
- Operational risks
- Cyber- and technological risks
- Regulatory risks

Fortaco seeks to protect itself against risk in these categories by utilizing the Fortaco Group Risk Management approach, which is based on three lines of defense—governing body, management, and internal audit—combined with proper analysis and reporting tools. A broader description of the company's risk management practices is available on the company's website.

Direct impacts stemming from the crisis in Ukraine are and have been very limited for Fortaco. Fortaco does not have and has not had any net sales in either Russia or Ukraine. Also, customers' exposure to orders from Russia and Ukraine has been limited, with a few exceptions. However, the crisis has resulted in increasing geopolitical tensions and uncertainty about the development of the global economy, and has fueled overall inflation, resulting in increased risk related to overall market demand and costs of production. Also, the availability of key commodities, such as electricity, may still be negatively impacted.

Fortaco operates in a sector which, to a large extent, is affected by macroeconomic factors. Economic downturns and the uncertainty of the international financial markets have adverse impacts on the global economy and may cause a decreased demand for Fortaco's products and services.

As announced in various press releases, Fortaco is currently undergoing a period of several strategic investments taking place in Slovakia, Poland, and Estonia. The investment programs request continued availability of financing and cash-flows so that investments can be properly executed. As part of the overall financing structure, Fortaco is selling its receivables based on a non-recourse basis factoring program. Continued availability of such financing is imperative for Fortaco Group. Also, continued good payment terms from suppliers and availability of credit risk limits from credit insurance companies are imperative to secure the cash flow generation.

Other key risks which might negatively impact Fortaco are, for example, the availability of employees, security of systems and devices, inflationary cost environment, risks related to the extensive business development agenda, and the overall economic uncertainties that currently exist.

More information on the identified key risks can be found from the bond prospectus materials published during 2024 and available on the company's website.

## Shares, ownership structure, and proposal for distribution of profits

The parent company of Fortaco, Fortaco Group Holdco Oyj, has one type of share with one vote per share. The company has, in total, 1,000 shares, and all shares carry an equal right to dividends and company assets. On December 31, 2024, 100 per cent of the shares in Fortaco Group Holdco Oyj were owned by OEP 81 B.V., which is a fund managed by One Equity Partners.

On December 31, 2024, the parent company Fortaco Group Holdco Oyj had distributable equity of EUR 95.4 million. The Board of Directors proposes at the Annual General Meeting that the company will not pay dividends, and the result for the financial year be transferred to the profit and loss account for previous years.

## Events after financial period

As announced on November 4, 2024, Lars Hellberg, former President & CEO of Fortaco Group, retired on January 1, 2025, and Mika Mahlberg started as the new President & CEO on the same day. Connected to this change, Lars Hellberg was nominated as a Supervisory Board member to begin January 3, 2025, and stepped down simultaneously from his Board of Directors membership. Mika Mahlberg was nominated to be a member of the Board of Directors from January 3, 2025 onwards. Beginning January 3, 2025, Fortaco's Supervisory Board consisted of Panu Routila (Chairman of the Supervisory Board), Lars Hellberg, Marc Lindhorst, Sebastian Schatton, and Markus Sjöholm.

## Assessment of operating environment and outlook for 2025

Market demand is expected to remain weak at least until the latter part of the second half of 2025, except for certain market segments, such as the mining and defense industries. Fortaco is focused on improving the earnings capacity and profitability of its current business. Further, Fortaco continues to be committed to its strategy, including expanding its customer base, while making use of the entire offering for customers. These activities are expected to contribute positively to the market share and share of wallet among existing customers.

## Reconciliation of Alternative Performance Measures

The following table sets forth a reconciliation of the Alternative Performance Measures as of the dates and for the periods indicated.

| MEUR | 1–12/24 | 1–12/23 |
|---|---|---|
| EBIT | -24.2 | 1.0 |
| Amortisation and impairments | 16.8 | 4.1 |
| **EBITA** | **-7.4** | **5.0** |
| Depreciation | 14.9 | 12.3 |
| **EBITDA** | **7.6** | **17.3** |
| **Non-recurring items** | | |
| Transaction costs | 2.9 | 2.9 |
| Other non-recurring items | 8.1 | 4.2 |
| **Non-recurring items, total** | **11.1** | **7.1** |
| **Recurring EBITDA** | **18.6** | **24.4** |
| **Recurring EBITA** | **3.7** | **12.2** |

Note: A retrospective correction has been made to exclude impairment costs from EBITA and Recurring EBITA impacting all presented periods in above table.

Financials include MauserCABS since September 2023 and Buisard since 24 October 2023.

## Formulas of alternative performance measures

**EBITDA** = Operating profit + depreciation + amortisation + impairments

**EBITA** = Operating profit + amortisation + impairments

**Recurring EBITDA** = Operating profit + depreciation + amortisation + impairments +/- non-recurring items

**Recurring EBITA** = Operating profit + amortisation + impairments +/- non-recurring items

**Non-recurring items** = Certain costs or income not related to the ordinary course of business, including restructuring costs, strategic development projects and transaction costs

**Return of Capital Employed % (ROCE)** = Recurring EBITA (annualised) / (total assets – current liabilities)

**Equity ratio** = (Equity + subordinated shareholder loans) / total assets

**Net debt** = Current and non-current interest-bearing liabilities + M&A liabilities - total liquidity

**Net gearing** = Net debt / (total equity + subordinated shareholder loans)

# SUSTAINABILITY STATEMENT

The following sustainability statements have been prepared according to the Finnish Accounting Act with reference to the European Sustainability Reporting Standards (ESRS) and EU Taxonomy Regulation. In the first chapter of the sustainability statements, we give a detailed account of our double materiality assessment conducted in 2024 and provide an overview of the ESRS topics that we identified as material. In the following sections, we report on our impacts, ambitions, policies, strategies, actions, resources and progress towards targets for each of these material topics. For a detailed overview of all the ESRS disclosure requirements addressed in this report and a list of datapoints that derive from other EU legislation, please see the Sustainability Statement appendices.

## GENERAL (ESRS 2)

### Basis for preparation

The data is consolidated according to the same principles as the financial statements. Thus, the consolidated quantitative ESG data comprises the group company Fortaco Group HoldCo Oyj and subsidiaries controlled by Fortaco Group. No information has been omitted due to intellectual property, impending developments or other sensitive information.

In the process of conducting our Double Materiality Assessment we have reviewed Fortaco's value chain upstream and downsteam in order to get a realistic understanding of all the impacts, risks and opportunities sustainability may have on Fortaco or Fortaco on various sustainability topics and the information disclosed in these statements are reaching out to the very end of the value chain, both upstream and downstream, where required, applicable and possible.

The accounting policies have been applied consistently over the financial year and for comparative figures unless otherwise stated.

Consolidation of all quantitative data follows the principles above, unless otherwise specified in the accounting policy for each reported data point in the sections E, S, and G.

#### Estimates and judgements

We use assessments and estimates for the reporting of some data points, e.g. our scope 3 emissions. We regularly reassess our use of estimates and judgements based on the development of ESG reporting, source data availability, and other factors. Changes in estimates are recognized in the period in which the estimate in question is revised. In addition, we make judgements when we apply the accounting policies. For further information on the key estimates, judgements, and assumptions applied, can be found in the pages with quantitative ESG data tables.

For adjustments to financial numbers, we follow the financial statements. For adjustments to ESG information, we indicate where we have restated the data.

### Governance

#### Administrative, management and supervisory bodies

Fortaco has a Supervisory Board, which role is to oversee the management of the company, which is the responsibility of the Board of Directors (Management Board) and the Managing Director. The Supervisory Board consists of three to six (3-6) members elected by the General Meeting. The Supervisory board does not include workers' representatives. When selecting members of the Supervisory Board, it is ensured that the competence profile supports Fortaco's current and future business operations. In terms of diversity, essential factors are the members' complementary education, know-how, experience in different industrial sectors and operating environments, as well as personal characteristics, such as age and gender.

The Board of Directors consists of at least one (1) and at most five (5) ordinary members elected by the General Meeting. In 2024, the Board of Directors consisted of one ordinary member Lars Hellberg, President and CEO, and one deputy member Kimmo Raunio, Senior Vice President and CFO. The Board of Directors supervises the company's operations and management, deciding on significant matters concerning strategy, investments, organisation and finance. Fortaco's Board of Directors is Fortaco's highest body overseeing sustainability, and it approves the policies guiding Fortaco's operations. Principles concerning sustainable business are defined in the Code of Conduct, as well as policies and other documentation such as those related to procurement, People and HR, legal compliance, quality, risk management, contracts, data protection, information security, taxation, communication, health and safety. Policies are approved by the Board of Directors.

Changes in the operating environment are addressed as needed in updating targets and policies. The Group Leadership team, appointed by the Board of Directors, approves Fortaco's strategic sustainability targets, and the Director of Group Sustainability is responsible for target implementation. The Group Leadership team consists of executives covering needed

| | Unit | 2024 |
|---|---|---|
| **Supervisory board** | **Number** | **4** |
| Executive members | Number | 0 |
| Non-executive members | Number | 4 |
| Female members | % | 0 |
| Male members | % | 100 |
| Gender diversity ratio | % | 0 |
| Independent members | % | 50 |
| **Board of directors** | **Number** | **2** |
| Executive members | Number | 2 |
| Non-executive members | Number | 0 |
| Female members | % | 0 |
| Male members | % | 100 |
| Gender diversity ratio | % | 0 |
| Independent members | % | 0 |

#### Accounting principles

*Gender diversity ratio*
Calculated as an average ratio of female to male board members per December 31st.

*Independent members*
Fortaco has dual boards, a supervisory board consisting of independent executives elected by the General Meeting. The board of directors is a management board consisting of one ordinary member and one deputy member.

experience, skillset and know-how to develop the group and businesses as well as operational activities in accordance with the goals confirmed by the Supervisory Board.

In 2024, the progress made in targets has been reported to the Group Leadership Team quarterly and Board of Directors sporadically, while key performance indicators have been reported more regularly. Sustainability is reported to the Supervisory Board on an annual basis. Sustainability is incorporated into the business strategy as well as in long-term business and investment plans, risk assessments, and annual action plans. Environmental, Social, and Governance aspects are taken into consideration on a wide spectrum depending on the situation. For example, the strategy process utilizes the results of the risk assessments on a general level. Implementation and processes related to sustainability is under constant improvement and development to become and then remain at the core of our operations.

Sustainability is a standard point on the agenda of the Group Leadership Team's meetings. Sustainability is presented by the Group Director of Sustainability, member of the extended Senior Leadership Team since 2024, while related topics such as health and safety, data security, and employee training are presented by Fortaco's other experts and executive management responsible for respective area. The reviews ensure the Board of Directors' and Group leadership team's understanding and competence are up to date in sustainability matters. In 2024, all members of the Group Leadership Team and the Senior Leadership Team were involved in the Double Materiality Assessment, participated in Sustainability trainings provided internally at Fortaco but with external experts involved, and external trainings as needed. Fortaco's Group Sustainability Director coordinates in collaboration with relevant functions and units the work related to material impacts, risks and opportunities, and reports identified gaps in skills and expertise to the Group Leadership Team. Also functions responsible for policies, targets and actions related to a particular impact, risk or opportunity may act on gaps. For example, in 2024 the People and HR organisation appointed a manager to lead Corporate Social Responsibility initiatives who ensures social sustainability topics are addressed sufficiently.

The Board of Directors focused on topics such as updates to sustainability targets and policies, preparations of the group's climate program, employees' wellbeing and development, occupational safety, information security, and regulatory development related to sustainability. The Group Leadership Team focused in 2024 on supervising the implementation of sustainability measures such as updating policies, compliance with new regulations, updated expectations and requirements towards suppliers, and improved dialogue with customers. Impact, risks and opportunities identified through the double materiality assessment conducted in spring 2024 have been presented to the Group leadership team and we investigate the need of targets and action plans for each material topic.

Sustainability-related performance has not been integrated into incentive schemes or remuneration policies. In the future we will develop our target-setting model and investigate how to sufficiently encourage continuous assessment and improvement of sustainability matters through remuneration.

### Risk management and internal controls

All corporate functions and business sites are responsible for ensuring that group-wide initiatives are implemented to meet Fortaco's sustainability goals. In 2024, we started to plan the integration of all identified sustainability risks and opportunities into our group-wide risk management process, which is incorporated to assess the probability and impact of risks and opportunities regularly as of the full implementation. This will include applying internal control in line with established processes, and centralized reporting of business operations to the Group Leadership Team in accordance with Fortaco's general internal control governance model and the annual cycle. Now the group-wide processes include a few risks related to the environment, climate change and well-being of our employees while the wider spectrum of sustainability risks and opportunities identified in the double materiality assessment are currently managed separately.

In the double materiality assessment 20 material risks were identified covering all aspects (Environment, Social and Governance) of sustainability, mainly in our own operations and upstream value chain. For more information about identified risk see the section for Material Sustainability topics, and sections for topical standard disclosures. More information about the processes of internal control, internal audit and risk management, is available in section G1 Business conduct.

Fortaco's risk management policy (Risk Management Handbook) outlines how we in a structured way organize the roles, responsibilities and processes of our business to reduce risks and to take advantage of opportunities according to the strategy. Group-wide policies that are in place, to mitigate risks and promote opportunities, with our Code of Conduct serving as an ethical foundation. The code also describes our approach to sustainable business operations, people and society, and environmental issues. Fortaco strives for globally consistent and transparent practices, to ensure stakeholders can reliably assess the company's operations and development.

Our operations are certified in accordance with ISO 14001:2015 (environmental), ISO 45001:2018 (health and safety) and ISO 9001:2015 (quality) management standards, reflecting our commitment to sustainability and excellence.

Sustainability reporting is in line with Fortaco's group-level principles and processes for statutory reporting, risk management and internal control.
In sustainability reporting, internal control is based on risk identification and focus on the most material risks identified, as well as the best practices of internal control. The sustainability reporting control environment is based on Fortaco's values, the management's commitment to sustainable operations, a corporate culture including ethics and sustainability, policies promoting sustainable operations, professional employees, and transparent operations.

Sustainability reporting is centrally coordinated by the group's finance department, where Group Sustainability Director oversees the Sustainability statements. ESG data is collected and reported in all Business Sites and functions, by experts in respective field.

## Strategy

### Strategy, business model and value chain

Fortaco serves as the leading brand-independent strategic partner to the heavy off-highway equipment and marine industries. Our operations in multiple European business sites and technology hubs support global customers who are the leading OEMs in their own industry sectors like agriculture, construction equipment, container handling, defense, forestry, marine and energy, material handling, and mining. Fortaco's offering is versatile including assemblies, vehicle cabins, and steel fabricated components as well as technology services and zero emission solutions. Information about Fortaco's financials and net sales to be found in note 2.1 Net sales of the Financial Statements.

Viewing the transition to a carbonneutral economy as an opportunity, we consider zero-emission solutions crucial for mitigating climate change impacts. By offering these solutions, reducing exhaust emissions and usage of natural resources, we want to enable decarbonization in our customers' industries. Fortaco has not yet set any sustainability related goals to specific products, services, customer categories, geographical areas or relationships with stakeholders.

Beyond providing value for owners, Fortaco contributes economically and socially as an employer, taxpayer, and buyer of goods and services. Fortaco provides employment and business opportunities to a wide range of stake-holders and indirectly builds wealth in local communities.  We predominantly purchase raw materials, components, energy, and services from suppliers in European countries. Some direct suppliers are customer nominated as Fortaco collaborates closely with customers from development to the commercialization of new solutions.

Our employees, with their expertise and motivation, are central to the company's success and bring the company's strategy to life. More information about our people, such as the head count per country can be found in the section for ESRS S1 – Own workforce.

An illustration of Fortaco's value chain and identified material sustainability impacts, risk and opportunities can be found in the section for Double Materi-ality Assessment. Identified impacts identified in our own operations are present and highly connected to Fortaco's business model and nature of operations. Fortaco's strategy and business model enables positive impact in the downstream value chain. See the table in section Material sustainability topics for an overview of Fortaco's impacts.

The material impact, risks and opportunities do not change our business model or strategy signifi-cantly, and we see no need to adjust the direction, only continue the path we are on, setting goals, planning change and implementing actions. We expect Fortaco's current strategy and business model to have the sufficient capacity to address material impacts and risk, and to take advantage of opportunities. The resilience analysis has been conducted on a high level, and we are considering quantifying the analysis, and conducting it according to definition in ESRS 1.

### Interests and views of our stakeholders

Stakeholder engagement is an integral part of our business. Through ongoing dialogue, we strive to understand their positions, concerns, and expectations. The insight gained through this continuous interaction serves to inform our due diligence processes, double materiality assessment, operational development, and decision-making, allowing us to align with industry trends, and the interests and views expressed by stakeholders. See the stakeholder table for more information on which channels and form of dialogue we utilize to engage with each stakeholder group.

The views and interests of affected stakeholders regarding our sustainability-related impacts are regularly Leadership team and Board of Directors through our Group Sustainability Director. The Supervisory board is informed by the CEO, who prepares and presents the meeting agendas. In 2024, strategy and business model has not been amended because of interest or views of its stakeholders. However, external stakeholders such as owners, investors, customers and regulators

| Key stakeholders | How engagement is organised | Purpose of engagement | Examples of outcomes from the engagements |
|---|---|---|---|
| Employees | • Employment relations and occupational health and safety representation<br>• Personal development dialogues<br>• Surveys and workplace assessments | • Including employees' perceptions and experiences<br>• Contributing to a sustainable workplace and working life<br>• Improve wellbeing and work satisfaction | • Internal policy updates<br>• Improvement and action plans<br>• Communications from management<br>• Global initiatives and campaigns |
| Customers | • Continuous discussions and support<br>• Joint projects for emission reduction and sustainability<br>• Customer questionnaires | • Building trust and strong collaboration<br>• Providing sustainable solutions<br>• Enabling customers to achieve their targets<br>• Understanding expectations | • Product/service improvements<br>• Sourcing process improvements<br>• Shared sustainability knowledge<br>• Responses to customer queries |
| Suppliers | • Periodical dialogue<br>• Supplier due diligence<br>• Workshops and industry collaborations<br>• Supplier self-assessments and on-site audits | • Compliance with our code of conduct<br>• Promoting sustainability<br>• Decarbonising our supply chain<br>• Mitigating risks | • Streamlined supplier expectations<br>• Supplier improvement plans<br>• Informed selection of suppliers<br>• Improved sustainability data quality |
| Owners and investors | • Investor calls and questionnaires<br>• Periodic investor updates | • Understanding expectations<br>• Build and maintain an attractive business<br>• Enhancing transparency | • ESG rating improvement plans<br>• Responses to investor queries<br>• Internal policy updates |
| Governments and regulators | • Reporting | • Ensuring regulatory compliance | • Aligning business model and strategy<br>• Value creation and risk mitigation from compliance |
| Civic and non-profit organisations | • Collaboration on community projects<br>• Donations to NGOs<br>• Contributions to research projects | • Contributing to local initiatives<br>• Addressing concerns of communities<br>• Supporting means important to our people | • Site-specific initiatives on e.g. community development<br>• Monetary donations to non-profit organisations<br>• Enabled work possibilities for Ukrainian refugees |
| Industry and sustainability associations | • Joint initiatives and programmes<br>• Inputs into strategic directions<br>• Events, workshops and knowledge sharing | • Gain insight on sustainability trends<br>• Initiate sustainability development<br>• Working to tackle sustainability challenges in the industry<br>•Understanding views of value chain workers | • Alignment on sustainability practices and measurement standards<br>• Design of value chain workers initiatives |
| Local communities | • Programmes and events for employees' families<br>• Partnerships for community benefits | • Building trust and community support<br>• Support community wellbeing<br>• Addressing community concerns, questions, and feedback | • Support of local projects |

are raising their expectations regarding sustainability performance and accountability. Fortaco meets these expectations and requirements for example by innovating new solutions, investing in sustainability actions and improving the sustainability know-how among our own people.

## Impact, risk, and opportunity management

### Double materiality assessment

In the spring of 2024, in preparation for CSRD-compliant reporting, we conducted a Double Materiality Assessment (DMA) with external guidance and support. The DMA was guided by ESRS principles and the EFRAG guidance and leveraged our previous materiality assessment conducted in 2022. The assessment followed a structured, step-by-step approach, where impacts, risks and opportunities were assessed through a value chain analysis, incorporating both inside-out (organizational impact) and outside-in (financial exposure) perspectives. Where quantification was possible, data-driven assessments were conducted and supplemented by qualitative insights. Stakeholder input was collected from internal subject-matter experts and from selected customers, suppliers, and industry organisations.

To ensure continuous compliance we will in the coming years refine our DMA process, methodology, and stakeholder engagement. The outcome presented here is a true and fair representation of our 2024 impacts, risks and opportunities.

## Approach and methodology

Our DMA methodology is derived from EFRAG and ESRS principles, linking all identified impacts, risks, and opportunities to relevant ESRS topical standards. The score of material impacts, risks and opportunities determined their placement in the DMA matrix, which function as basis for prioritization.

### *Scope*

Our assessment focused on sustainability impacts directly associated with our operations and value chain, as well as potential risks and opportunities to business continuity across our value chain. The value chain assessments were based on both internal knowledge, commonly available information, and stakeholder interviews. Due to this being the first Double Materiality assessment Fortaco has conducted, all areas and factors were emphasized equally.

The key principles guiding our methodology included the following:

- Both positive and negative impacts were considered.

- Impacts were assessed as either actual or potential.

- Financial risks and opportunities were evaluated as potential effects caused by sustainability matters.

### *Stakeholder engagement*

For our DMA, internal subject-matter experts from both the business sites and Group functions were engaged. External stakeholders such as customers, suppliers and the industry association were consulted to understand how they may be impacted by Fortaco's business activities, and Fortaco by them. Throughout the process we leveraged insights from our functions that are in continuous dialogue with our stakeholders and that have a good overview of their interests and views. External stakeholders were not directly consulted to the same extent as internal experts and nor have external stakeholders reviewed the outcome of our DMA.

In addition, our continuous engagement activities in the communities in which we are present are a solid basis for assessing the impacts, risks and opportunities most material to us.

### *Scoring of impact, risk and opportunities*

The utilised methodology for assessing 'scale', 'scope', and 'irremediability' follow the guidelines provided by EFRAG in October 2023.

1. 'Scale' was assessed as the magnitude of impact on the environment or people, after considering mitigation of current actions.

2. 'Scope', was assessed as how extensive the impact is based on parameters such as geographical coverage, percentage of affected stakeholders, or financial spend that the impact relates to.

3. 'Irremediability', refers to the difficulty level (in terms of cost and time) of the evaluated impact's remediation measures. Financial, technological and operational requirements were considered in the evaluation of irremediability and measures taken before occurred impact (e.g. emission reduction measures).

Each parameter was evaluated based on the known proof of evidence, experience, data, measurement or other reliable observation. Additionally, the impact categorization included two dimensions: actuality and potentiality. Actual impact is where the connection and actual impact is known to exist, or there are good reasons to expect so. Potential impact is where there is no clear evidence for the impact. For potential impacts, risk and opportunities, an additional parameter of 'likelihood' was scored.

Financial impact was assessed based on the most obvious financial implications caused by the impact, risk or opportunity. As impacts, risks and opportunities can have multiple impacts chains which triggers financial implications, we included the most obvious recognized financial implications, and risk mitigation actions that are already in place.

The potential magnitude of financial effects was scored as 'low', 'medium', or 'high' using relevant time horizons of short-, mid-, or long-term. The assessment of financial scaling of risks and opportunities and their likelihood was done with substance-expertise and Fortaco's group leadership team. The financial risk assessment model leverages the risk classifications and risk assessment model that Fortaco is using for other business risks. Quantification in monetary terms was supplemented with qualitative assessments due to the complexity of defining exact values for potential sustainability risk scenarios.

Fortaco has taken a cautious approach in its DMA and set the materiality thresholds at 'high', meaning if any of the parameter scores was identified as 4 or higher on a scale from 1-5, the sustainability matter has been defined as material.

### *Process*

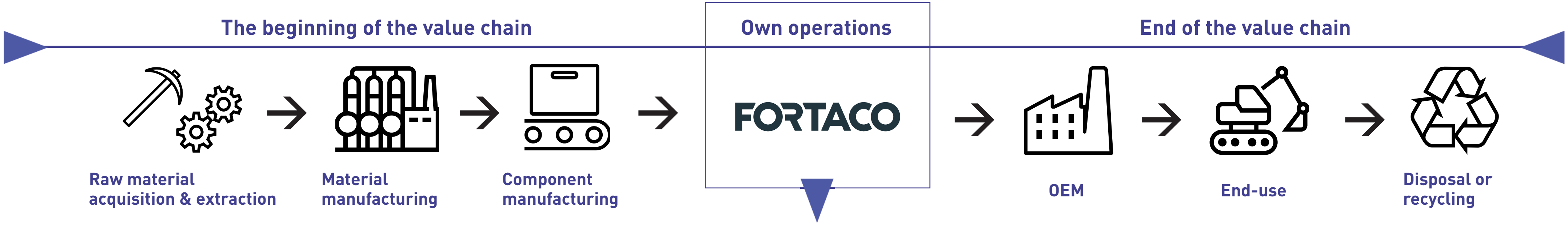
Fortaco's DMA process includes a value chain analysis, impact assessment, and financial assessment. The process contains 6 steps, and appropriate stakeholders were engaged for each step.

**1. Definition of Fortaco's value chain and stakeholders**

Fortaco's value chain was analysed from the perspective of the industry, upstream, own operations and downstream. Firstly, an analysis of the industry trends and characteristics was conducted. Following, the upstream value chain was analysed on a high level with key emphasis on direct spend and the steel supply chain, which was identified as the most important supply stream and production material for Fortaco. The next step included review of Fortaco's strategy and business model to identify and verify key stakeholders. This DMA process step was concluded with an analysis of Fortaco's key customer industries and recycling processes. This step also included identification of experts in the business sites and group functions with insights into the topics and deep knowledge of our business within each area.

**2. Identification of impacts, risks, and opportunities**

Impacts include those impacts, risks, and opportunities connected with Fortaco's own operations and upstream and downstream value chain, including Fortaco's products and services, as well as business relationships. The identification process included documentation review, interviews with internal and external stakeholders as well as review of previous assessment. The outcome was a long list of actual and potential sustainability related impacts, risks, and opportunities related to raw material extraction, production and manufacturing of relevant or critical raw materials and utilities, own processes, customers, end use and end-of life processes.




| | The beginning of the value chain | Own operations | End of the value chain |
|---|---|---|---|
| ENVIRONMENTAL | **Climate change**<br>• Extreme weather conditions<br>• Increased fossil energy price<br>• Scope 3 emissions (supply chain)<br>**Pollution**<br>• Pollution of air, water and soil (raw materials extraction and production)<br>**Biodiversity**<br>• Biodiversity loss (raw materials extraction) | **Climate change**<br>• Extreme weather conditions<br>• Increased fossil energy price<br>• CO2 reduction through technological solutions and fossil free steel<br>• Scope 1 and 2 emissions<br>• Reduction of fossil energy use and energy efficiency measures<br>**Pollution**<br>• Emissions to air (own production)<br>**Circular economy**<br>• Resource use (steel and other material)<br>• Decreased need for virgin raw materials<br>• Hazardous waste from own production | **Climate change**<br>• CO2 reduction through technological solutions and fossil free steel<br>• Scope 3 emissions (end use of products) |
| SOCIAL | **Workers in the value chain**<br>• Working conditions of supply chain workers (raw material extraction and production)<br>• Occupational health and safety issues of value chain workers (raw material extraction and production)<br>• Human rights abuses of value chain workers (raw material extraction and production)<br>**Affected communities**<br>• Affected communities' rights (raw material extraction and production) | **Own workforce**<br>• Engage employment and ensure enough competent and resilience workforce<br>• Health and safety issues<br>• Capabilities and skills of shopfloor workers | |
| GOVERNANCE | **Business conduct**<br>• ESG management of suppliers<br>• Unstable geopolitical situation in Europe<br>• Uncertainty in ESG regulative changes and related impacts, risks and opportunities (e.g. CBAM, CSDDD) | **Business conduct**<br>• Sustainability management and culture<br>• ESG management of suppliers<br>• Unstable geopolitical situation in Europe<br>• Uncertainty in ESG regulative changes and related impacts, risks and opportunities (e.g. CBAM, CSDDD) | |

**3. Materiality assessment of identified impacts, risk, and opportunities**
The identified sustainability impacts, risks and opportunities were assessed by their scale, scope, irremediability and likelihood. All identified impact, risks and opportunities, and respective scoring on all parameters were tracked in a DMA tool. For each impact also the rationales, sources, related business areas or value chain actor was documented.

**4. Assessment of financial impact**
The following step was to assess the potential financial effects of the identified impacts, risks and opportunities. For this, relevant stakeholders were engaged to ensure appropriate consideration of sustainability risks and opportunities. These included internal subject-matter experts, the Fortaco group leadership team, as well as the owner of Fortaco's corporate risk management process. Financial risks and opportunities were documented in the DMA tool.

**5. Review and validation of the results**
The identified and assessed sustainability-related impacts, risks and opportunities have been subsequently categorized following our scoring methodology approach and linked to the ESRS. Consolidated overviews of the DMA were presented to and discussed with internal stakeholders and management. Finally, the determined materiality threshold yielded a final list of 24 material matters that were assessed as 'high' impact or above.

Fortaco aims at revisiting the DMA process annually to review and re-evaluate scope, process, stakeholder engagement and outcome to ensure the most material sustainability impacts, risks and opportunities are reacted on. A more qualified and quantified re-assessment will be conducted at least every five years or more often when sufficient.

### *Outcome*

The sustainability impacts, risks and opportunities that we have identified as material for Fortaco are 46. Each material matter has been linked to the ESRS, showing that of the topical standards E1, E2, E4, E5, S1, S2, S3, and G1 include topics that are material sustainability matters to Fortaco. Sub-topics classified as high (a value of 4-5 of 5) were determined as material sub-topics. Sub-topics and sub-sub-topics of low materiality are not addressed in these sustainability statements.

The environmental impacts, risks and opportunities we have, are closely linked to our strategic efforts to deliver zero emission solutions to our customers while minimizing our own negative impact on the environment. The deployment of new emission free solutions mitigates climate impacts further down the value chain but also requires significant amounts of natural resources such as steel with negative impacts on the climate, the environment and biodiversity.

Our own people and workers in Fortaco's value chain are also heavily impacted by working conditions, safety measures and labour rights.

### *Material sustainability topics*

The following tables list the sustainability-related impacts, risks and opportunities we have identified and assessed as material through our double materiality assessment process. Eight out of the ten ESRS topical standard are material to Fortaco. Our scoring includes mitigation actions that are already part of our daily operations to reduce or mitigate any negative impacts or risks. Corruption and bribery were added as a material risk in the autumn 2024 after a re-assessment of governance related topics. The re-assessment was initiated following the appointment of Fortaco's Group Legal Director, adding comprehensive legal and compliance expertise to the company.

More information on our material impacts, risks and opportunities, and how we respond to the effects of them, is included in the topical sections under 'Environment', 'Social', and 'Governance'.

The material impacts, risks and opportunities that we identified in our double materiality assessment do not differ significantly from the results of our previous materiality assessment conducted in 2022. In the previous assessment insights on stakeholder expectations and requirements were collected through interviews and workshops with representatives from customers, owners, the management and suppliers. Impacts, risks and opportunities were identified, and the outcome was 7 material sustainability topics related to both the environment, social aspects and governance. However, in the double materiality assessment conducted in 2024, the assessment of impacts, risks and opportunities was expanded to cover the whole value chain. The significant change to the assessment methodology expanded the results and impacts on for example workers in the value chain, affected communities, and biodiversity in raw material extraction could be better accounted for.

Based on the double materiality assessment water and marine resources (E3), as well as consumers and end users (S4) are not material sustainability topics for Fortaco. When evaluating potential or actual, direct or indirect, water-related impacts, risks, and opportunities, we utilised the results of previous biodiversity assessments including water risk analysis of own locations. We also utilized insight from the ISO14001 certified management system which sets common requirements for the company's business sites to assess and mitigate material environmental risks. Additionally, open industry and location data was leveraged. Water-related business risks were assessed from a physical, regulatory and reputational angle. In the assessment of water-related impacts, risks and opportunities affected communities were not directly consulted.

| E1 Climate change | | | |
|---|---|---|---|
| **Material impact, risk or opportunity** | **Location** | **Sub-topic** | **Short description** |
| Climate change adaption | | | |
| Physical climate risk<br>(medium- and long-term) | Own operations, upstream value chain | | Increased risk of extreme weather conditions (climate and water warming, thunderstorms) cause damage or disruptions, and require investments in own operations and supply chains. |
| Transitional climate risk<br>(medium- and long-term) | Own operations | | Increased energy price of fossil fuels related to own production and bought energy |
| Transitional climate risk<br>(medium- and long-term) | Supply Chain | | Increased sourcing costs as a result of implemented emissions trading schemes for road transport fuels that raise the price of fossil fuels in upstream transportation and logistics. |
| Climate change mitigation | | | |
| Positive impact<br>(long-term) | Value chain, downstream and downstream | | CO2 reduction through technological solutions and by using fossil free steel |
| Negative impact (short- and medium- and long-term) | Own operations | | Scope 1 and 2 emissions related especially to infrastructure and heating, e-coating, and painting. |
| Negative impact<br>(medium- and long-term) | Value chain, upstream and downstream | | Scope 3 emissions related to especially purchased goods and services, transportation and distribution, business travel and end use of products. |
| Transitional climate risk<br>(long-term) | Own operations | | Increased cost of fossil free steel and capability to include the increased cost of steel to price of products or agreements of customers |
| Strategic opportunity<br>(medium- and long-term) | Own operations | | New Zero emission solutions by Fortaco enable green transition and decrease of value chain emissions |
| Strategic opportunity<br>(medium- and long-term) | Own operations | | Transition to use fossil free steel to reduce CO2 emissions |
| Energy | | | |
| Positive impact<br>(medium-term) | Own operations | | Reduction of fossil energy and fuels through increase of renewable energy share in facilities, machinery, and by electrifying and automating. Enables Scope 2 emission reduction. |
| Strategic opportunity<br>(short-, medium- and long-term) | Own operations | | Emission reduction potential through energy efficiency measures and reduction of fossil energy consumption in facilities, machinery, electrification and automation. |

| E2 Pollution | | | |
|---|---|---|---|
| **Material impact, risk or opportunity** | **Location** | **Sub-topic** | **Short description** |
| Pollution of air | | | |
| Negative impact<br>(short-, medium- and long-term) | Own operations | | Pollution to air in form of dust and heavy metals from metal fabrication such as welding processes, as well as volatile organic compounds (VOCs) released from painting processes, and emissions from transportation. |
| Negative impact<br>(short-, medium- and long-term) | Value chain, upstream | | Noise and pollution of air and noise related to raw material extraction and production of materials such as iron ore/steel, copper, and glass. |
| Regulatory risk<br>(medium-term) | Own operations | | Extra costs for investigation and investments of measurement technologies (e.g. heavy metal, VOC emissions) From the risk perspective, reputational impacts of unmanaged air pollution can occur. |
| Strategic risk<br>(long-term) | Value chain, upstream | | Reputational impacts of air pollution and noise caused by suppliers especially in the supply chains of steel, iron ore, copper, aluminium, and glass. |
| Pollution of water | | | |
| Negative impact<br>(short-, medium- and long-term) | Value chain, upstream | | Pollution of water related to the extraction and production of especially iron ore and steel. |
| Pollution of soil | | | |
| Negative impact<br>(short-, medium- and long-term) | Value chain, upstream | | Pollution and contamination of soil as a result of extraction and production of iron ore and steel. |

| E4 Biodiversity | | | |
|---|---|---|---|
| **Material impact, risk or opportunity** | **Location** | **Sub-topic** | **Short description** |
| Direct impact drivers on biodiversity loss | | | |
| Negative impact<br>(short-, medium- and long-term) | Value chain, upstream | | Biodiversity loss as a result of activities in raw material extraction of steel and iron ore, copper, aluminium, glass and rubber. Impacts related to e.g. land, freshwater and sea use change, tree cover loss, protected or conserved areas. |
| Strategic risk<br>(medium-term) | Value chain, upstream | | Reputational risk related to biodiversity loss in form of, threatened species, ecosystem services, conflict with agriculture or indigenous people, integrated land management, and deforestation caused by suppliers of steel, copper, glass, aluminium and rubber. |

| E5 Circular Economy | | | |
|---|---|---|---|
| **Material impact, risk or opportunity** | **Location** | **Sub-topic** | **Short description** |
| Resources of inflows, including resource use | | | |
| Negative impact (short- and medium-term) | Own operations | | The impact related to the use of material such as steel, glass, paint chemicals, and aluminium, all causing negative environmental impact in their supply chain. |
| Positive impact (long-term) | Own operations | | Decreased need for virgin raw materials and increase of material efficiency through circular design of products impacts positively. For example, the use of recycled insulation materials and plastics. |
| Operational opportunity (medium-term) | Arvoketju, alkupää ja loppupää | | Circular design and responsible sourcing and production including material and resource efficiency, use of alternative materials, and optimizing use of production materials enables minimized use of materials. |
| Waste | | | |
| Negative impact (short- and medium-term) | Own operations | | Generation of hazardous waste, e.g. toxic waste from machining and painting. |

| S1 Own workforce | | | |
|---|---|---|---|
| **Material impact, risk or opportunity** | **Location** | **Sub-topic** | **Short description** |
| Working conditions | | | |
| Positive impact (medium- and long-term) | Own operations | Secure employment | Engaging employment and enough competent and resilient workforce enabled through investments in automation, digitalisation, internal rotation and training, mentoring and change management. |
| Positive impact (medium- and long-term) | Own operations | Health and safety | Automation, robotics, new techniques and machinery reduce physical load for employees and improve working conditions. |
| Negative impact (short- and medium-term) | Own operations | Health and safety | Demanding working conditions and human errors cause various health problems, diseases, and accidents on the shop floor. |
| Operational risk (medium-term) | Own operations | Secure employment | Inability to maintain flexibility and resource-efficiency in fast, mainly inorganic, growth and increasing person-nel with cultural diversity. |
| Operational risk (long-term) | Own operations | Health and safety | Decreasing productivity and higher costs related to health due to increasing employee health issues as a result of demanding working conditions. |
| Equal treatment and opportunities for all | | | |
| Positive impact (short-, medium- and long-term) | Own operations | Training and skills development | Fortaco supports and provides opportunities for employees to improve capabilities and skills. |
| Operational risk (medium-term) | Own operations | Training and skills development | Challenges to recruit technically competent and engaged shopfloor workers when education level as well as technical and language skills of younger generations and agency workers do not meet the need in many countries. |
| Operational opportunity (medium-term) | Own operations | Training and skills development | Investment in automation, digitalisation, internal rotation and training, mentoring and change management to ensure enough competent and resilient workforce. |

| S2 Workers in the value chain | | | |
|---|---|---|---|
| **Material impact, risk or opportunity** | **Location** | **Sub-topic** | **Short description** |
| Working conditions | | | |
| Negative impact (short- and medium-term) | Value chain, upstream | | Unfair terms and conditions of employment related to extraction and production of certain materials. |
| Negative impact (short- and medium-term) | Value chain, upstream | Health and safety | Occupational health and safety impacts of workers in the extraction and production phase of certain materials. |
| Strategic risk (medium- and long-term) | Value chain, upstream | | Risk of hidden mistreatment of supply chain workers, particularly in raw material extraction and production processes of materials such as steel, glass, and aluminium. Failure to address issues may lead to significant reputational damage and ethical concerns for businesses reliant on these supply chains. |
| Strategic risk (medium- and long-term) | Value chain, upstream | Health and safety | Potential issues related to occupational health and safety of supply chain workers, particularly in raw material extraction and production processes of materials such as steel, glass, and aluminium. Failure to address the issues may lead to reputational damage for businesses reliant on these supply chains. |
| Other work-related rights | | | |
| Negative impact (short- and medium-term) | Value chain, upstream | | Serious human rights abuses related to extraction and production of materials such as steel, glass, aluminium and rubber. |
| Strategic risk (medium-term) | Value chain, upstream | | Serious human rights abuses of employees in raw material extraction and production processes of key materials cause reputational risk to businesses reliant on these supply chains. |

| S3 Affected communities | | | |
|---|---|---|---|
| **Material impact, risk or opportunity** | **Location** | **Sub-topic** | **Short description** |
| Communities' economic, social, and cultural rights | | | |
| Negative impact (short- and medium-term) | Value chain | | Infringement of rights related to communities in the extraction and production of certain raw materials. |
| Strategic risk (medium-term) | Value chain | | Sourcing battery materials from certain countries supports the limitation of freedom of expression for local commu-nities. |
| Strategic risk (medium-term) | Value chain | | Reputational risk caused by infringement of rights related to communities in the extraction and production of certain raw materials. |

| G1 Business conduct | | | |
|---|---|---|---|
| **Material impact, risk or opportunity** | **Location** | **Sub-topic** | **Short description** |
| Corporate culture | | | |
| Strategic risk<br>(medium- and long-term) | Own operations | | In the midst of acquisitions and integrations, creating a unified corporate culture regarding responsibility is a challenge. |
| Strategic risk<br>(medium- and long-term) | Own operations | | The pressures from legislation and stakeholders are growing and new skills are required to maintain required sustainability expertise. |
| Strategic risk<br>(medium- and long-term) | Value chain, upstream | | A materialized ESG risk may cause significant reputational damage to Fortaco. ESG risk assessments should be fully integrated in the value chain risk management processes. |
| Management of suppliers | | | |
| Strategic risk<br>(medium-term) | Value chain, upstream | | Small- and medium sized suppliers typically lack knowledge and resources about sustainability. |
| Strategic risk<br>(medium-term) | Value chain, upstream | | Improving Supplier ESG requirements and compliance control and development on Fortaco Group level. |
| Corruption and bribery | | | |
| Strategic risk<br>(short- and medium-term) | Value chain, upstream | | Fortaco's supply chains are long and raw materials may originate from countries where corruption is part of the country's culture. |

# ENVIRONMENT

## EU taxonomy for sustainable finance

The EU taxonomy for sustainable finance The European Union Sustainable Finance Taxonomy Regulation (the EU taxonomy) requires large companies subject tothe CSRD to disclose the extent to which their economic activities have a substantial positive environmental impact. The EU taxonomy is intended to encourage financial markets to invest and finance more sustainably. It sets the criteria for activities that the EU has classified as environmentally sustainable.

Economic activities with the most significant need and potential to make substantial contribution are in the taxonomy referred to as eligible activities. Eligible activities that also meet set criteria are referred to as aligned activities in the taxonomy. The criteria allow companies to demonstrate their contribution to six environmental objectives: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) pollution prevention and control, (5) transition to a circular economy, and (6) protection and restoration of biodiversity and ecosystems.

To assess eligibility, Fortaco's operations have been reviewed against the economic activities listed in Annexes I and II of the delegated regulation, and complementary regulations published by the European Commission. Our approach to identifying and reporting sustainable economic activities consists of:

1. Eligibility assessment: mapping of economic activities to taxonomy activity descriptions and NACE codes.

2. Substantial contribution assessment: screening of eligible activities against technical screening criteria.

3. Do no significant harm (DNSH) assessment: screening of Fortaco's procedures to ensure that our operations do not cause significant harm to relevant environmental objectives. Screening conducted at an appropriate level for each environmental objective.

4. Minimum safeguards assessment: a review of Fortaco's corporate social safeguards to ensure that our operating instructions, company policies, and management system are compliant with the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

Currently the majority of Fortaco's business, i.e., the manufacturing of vehicle cabins, steel fabrications and assemblies, does not fall within the scope of the taxonomy. As a result of the 2023 assessment, and now also the update in 2024 the only economic activity that was identified as taxonomy eligible is CE 5.2 Sale of spare parts. However, in 2024 the activity's share of Fortaco's turnover, capital expenditure (Capex), and operational expenditure (Opex) was zero per cent.

The three financial indicators must be reported according to their definition in the taxonomy. The definitions of Capex and Opex differ from their definition in the IFRS. Fortaco has calculated the financial indicators in accordance with the taxonomy regulation and interpreted the regulation conservatively. Total Capex (denominator) has been presented and measured in accordance with the investments presented in the consolidated financial statements. These include investments in tangible and intangible assets and additions to right-of use assets. Total Capex also includes the tangible and intangible assets acquired in a business combination, as well as right-of-use assets. Additions to goodwill are excluded. Total Opex (denominator) includes expenses related to the maintenance and repair of premises and buildings, as well as short-term leases.

Since the identified activity's (CE 5.2. Sale of spare parts) taxonomy-eligible share of turnover, Capex, and Opex was 0 per cent in 2024, and the taxonomy-alignment of the activity is not required to be reported for 2024, steps 2-4 of the process described above, have not been carried out in the 2024 assessment.

For Fortaco's spare parts to be considered taxonomy-eligible they should relate to equipment classified under the NACE code C28.22 Manufacturing of lifting and handling equipment and they must be parts that can replace a part of a product and thus enable the intended functioning of the product. Most of the components and parts included in Fortaco's offering are not necessary for the proper functioning of the customer's product or are not used in lifting and handling equipment, but in equipment covered by other NACE codes. We consider spare parts related to personal safety to be necessary for the proper functioning of the products.

Fortaco offers zero-emission solutions for the heavy off-highway vehicle and marine industries and supports more sustainable logistics in these industries. We expect Fortaco's eligibility to increase as the taxonomy evolves to include more sectors relevant to Fortaco´s operations. Fortaco continues to develop taxonomy-related reporting and complies with new guidance when it is published by the EU.

## Turnover

| Financial year 2024 | 2024 | | | Substantial Contribution Criteria | | | | | | DNSH criteria ('Does Not Significantly Harm') | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code | Turnover | Proportion of turnover, 2024 | Climate change mitigation | Climate change adaptation | Water | Pollution | Circular economy | Biodiversity | Climate change mitigation | Climate change adaptation | Water | Pollution | Circular economy | Biodiversity | Minimum safeguards | Proportion of taxonomy aligned (A.1.) or eligible (A.2.) turnover, 2023 | Category enabling activity | Category transitional activity |
| | | MEUR | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. TAXONOMY ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 0 | 0 % | | | | | | | | | | | | | | 0 % | | |
| Of which enabling | | 0 | 0 % | | | | | | | | | | | | | | 0 % | | |
| Of which transitional | | 0 | 0 % | | | | | | | | | | | | | | 0 % | | |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | |
| Sale of spare parts | CE 5.2. | 0 | 0 % | | | | | | | | | | | | | | 0 % | | |
| Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 0 | 0 % | | | | | | | | | | | | | | 0 % | | |
| **A. Turnover of Taxonomy eligible activities (A.1+A.2)** | | 0 | 0 % | | | | | | | | | | | | | | 0 % | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-non-eligible activities | | 357 | 100 % | | | | | | | | | | | | | | | | |
| **Total (A+B)** | | **357** | **100 %** | | | | | | | | | | | | | | | | |

## Capex

| Financial year 2024 | 2024 | | | Substantial Contribution Criteria | | | | | | DNSH criteria ('Does Not Significantly Harm') | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Economic activities** | **Code** | **Capex** | **Proportion of Capex, 2024** | **Climate change mitigation** | **Climate change adaption** | **Water** | **Pollution** | **Circular economy** | **Biodiversity** | **Climate change mitigation** | **Climate change adaption** | **Water** | **Pollution** | **Circular economy** | **Biodiversity** | **Minimum safeguards** | **Proportion of taxonomy aligned (A.1.) or eligible (A.2.) Capex, 2023** | **Category enabling activity** | **Category transitional activity** |
| | | **MEUR** | **%** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y/N** | **Y/N** | **Y/N** | **Y/N** | **Y/N** | **Y/N** | **Y/N** | **%** | **E** | **T** |
| **A. TAXONOMY ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 0 | 0 % | | | | | | | | | | | | | | 0 % | | |
| Of which enabling | | 0 | 0 % | | | | | | | | | | | | | | 0 % | | |
| Of which transitional | | 0 | 0 % | | | | | | | | | | | | | | 0 % | | |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | |
| Sale of spare parts | CE 5.2. | 0 | 0 % | | | | | | | | | | | | | | 0% | | |
| Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 0 | 0 % | | | | | | | | | | | | | | 0% | | |
| **A. Capex of Taxonomy eligible activities (A.1+A.2)** | | 0 | 0 % | | | | | | | | | | | | | | 0% | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| Capex of Taxonomy-non-eligible activities | | 34 | 100 % | | | | | | | | | | | | | | | | |
| **Total (A+B)** | | **34** | **100 %** | | | | | | | | | | | | | | | | |

## Opex

| Financial year 2024 | 2024 | | | Substantial Contribution Criteria | | | | | | DNSH criteria ('Does Not Significantly Harm') | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Economic activities** | **Code** | **Opex** | **Proportion of Opex, 2024** | **Climate change mitigation** | **Climate change adaption** | **Water** | **Pollution** | **Circular economy** | **Biodiversity** | **Climate change mitigation** | **Climate change adaption** | **Water** | **Pollution** | **Circular economy** | **Biodiversity** | **Minimum safeguards** | **Proportion of taxonomy aligned (A.1.) or eligible (A.2.) opex, 2023** | **Category enabling activity** | **Category transitional activity** |
| | | **MEUR** | **%** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y/N** | **Y/N** | **Y/N** | **Y/N** | **Y/N** | **Y/N** | **Y/N** | **%** | **E** | **T** |
| **A. TAXONOMY ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 0 | 0 % | | | | | | | | | | | | | | 0% | | |
| Of which enabling | | 0 | 0 % | | | | | | | | | | | | | | 0% | | |
| Of which transitional | | 0 | 0 % | | | | | | | | | | | | | | 0% | | |
| **A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | |
| Sale of spare parts | CE 5.2. | 0 | 0 % | | | | | | | | | | | | | | 0% | | |
| Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 0 | 0 % | | | | | | | | | | | | | | 0% | | |
| **A. Opex of Taxonomy eligible activities (A.1+A.2)** | | 0 | 0 % | | | | | | | | | | | | | | 0% | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| Opex of Taxonomy-non-eligible activities | | 3 | 100 % | | | | | | | | | | | | | | | | |
| **Total (A+B)** | | **3** | **100 %** | | | | | | | | | | | | | | | | |

## Climate change (ESRS E1)

We strive to do business in a sustainable manner and enable our customers to achieve their net zero targets. This aspiration drives our determination to deliver emission free solutions and care for climate change mitigation and adaption throughout our own operations. With our efforts we want to do our share in the transition towards a sustainable future.

### Our approach and governance

Accountability for our sustainability commitment and targets lies with Group Leadership Team and is steered by our Group Sustainability Director. Climate-related factors are not yet considered in the remuneration, but we are to investigate how we best can do this in the future.

We recognize our responsibility for the climate change related impacts our operations have, and our key role in enabling our customers to reach their respective sustainability targets. Fortaco has not yet a policy for climate change or included in its current policies how to manage impacts and risks related to climate change. The preparations of including climate change related impacts, risks and opportunities into policies has been started in 2024 and we aim for the Board of Directors to approve additions in 2025.

### Impacts, risks and opportunities

Material impacts, risks and opportunities related to climate change have been identified in our double materiality assessment which is described in the section for Double materiality assessment under ESRS 2. Below a summary of Fortaco's impacts, risks and opportunities related to climate change in our own operations and value chain.

At Fortaco we see sustainability actions as one of the ways to strengthen our resilience and ability to stay competitive in a future with increasing stakeholder expectations, regulation requirements, and climate change challenges. Addressing material impact, risks and opportunities can lead to new partnerships, innovative projects with customers, and other commercial opportunities.

Fortaco has not yet conducted a climate change scenario analysis where climate related risks and opportunities would be analysed thoroughly. Risks and opportunities were reviewed and identified in the double materiality assessment, and we see it sufficient to conduct a more thorough scenario analysis in 2025 or later.

As the double materiality assessment process included assessment of different climate-related physical and transition risks and opportunities, Fortaco is prepared to deepen the understanding of those, and we plan to conduct a climate change scenario analysis based on TCFD recommendations in 2025 or later mid-term. In the DMA the climate-related risks and opportunities were identified and assessed in the short (<1 year), medium (2-5 years) and long term (>5 years). The term horizons are aligned with general target setting, financial planning, and the strategic planning period in the company.

We consider the material IROs to already be tied to our core business activities and growth potential. To improve opportunities and mitigate impacts and risks, we have integrated

| Sub-topic | Short description | Impact/ Risk/ Opportunity | Location | Time horizon |
|---|---|---|---|---|
| Climate change adaption | Increased risk of extreme weather conditions which cause damages or disruptions and require investments in own operations and supply chains. As Europe has become the fastest warming continent with other extreme weather conditions it may cause e.g. power outages. Increased extreme weather phenomena affect also throughout global supply chains e.g. mining, production phases, logistics and transportation. | Physical risk | Own operations, upstream value chain | Medium- and long-term |
| Climate change adaption | ESG regulation increases the prices of fossil energy, of which Fortaco is currently dependent on through fossil-based electricity and fossil energy used in heating. | Transitional risk | Own operations | Medium- and long-term |
| Climate change adaption | Growing sourcing costs as a result of implemented emissions trading schemes for road transport fuels that raises the price of fossil fuels in upstream transportation and logistics. Emissions trading for road transport fuels is started in 2027. | Transitional risk | Upstream value chain | Medium- and long-term |
| Climate change mitigation | Reduction of CO2 emissions in the value chain with Fortaco's technology solutions, needing less raw materials, built with fossil free steel, and including innovative sustainable solutions. | Positive impact | Value chain | Long-term |
| Climate change mitigation | Scope 1 and 2 emissions resulted from especially infrastructure and heating, as well as production line phases e-coating and painting. | Negative impact | Own operations | Short-, medium- and long-term |
| Climate change mitigation | Scope 3 emissions related to especially purchased goods and services (mainly steel), transportation and distribution, business travel and end use of products. New Business Site Gliwice's operations increased scope 3 emissions due to transportation and distribution to/from the site. | Negative impact | Value chain | Medium- and long-term |
| Climate change mitigation | Green transition and related regulation will increase the price of steel and fossil free steel, requiring adjustments to customer agreements and pricing. Customers call for fossil free steel but are not yet willing to pay for it. | Transitional risk | Own operations | Long-term |
| Climate change mitigation | New Zero emission solutions by Fortaco enables green transition and decrease of value chain emissions. Fortaco's offering has been expanded to include, for example, solutions with fossil free steel, integrated thermal management, lightweight structures and circular model for steel components, and battery systems and charging solutions. | Strategic opportunity | Own operations | Medium- and long-term |
| Climate change mitigation | Reduction of CO2 emission in the value chain by increasing the share of fossil free steel in products. Possible through collaboration with the main supply partners who utilize tech solutions, low-carbon raw materials, and replaces fossil coal with green hydrogen in their production processes. | Strategic opportunity | Own operations | Medium- and long-term |
| Energy | Reduction of fossil energy and fuels through energy efficiency measures and increase of renewable energy share in facilities and machinery, and by electrifying and automating production phases. Enables Scope 2 emission reduction. | Positive impact | Own operations | Medium-term |
| Energy | Additional emission reduction potential by decreased use of fossil energy in own operations. Reductions enabled through energy efficiency measures and increase of renewable energy share in facilities and machinery, and by electrifying and automating production phases. | Strategic opportunity | Own operations | Short-, medium- and long-term |

our initiatives into the existing structures and are in 2025 adding the climate risk analysis to our general risk management structure.

In relation to the double materiality assessment, we have briefly estimated our resilience in the world's reaction to sustainability related trends. Based on the information we have now, we consider Fortaco's business strategy well-positioned for future challenges. The demand for our solutions supports growth, while the decarbonization and electrification in the medium term presents additional opportunities. Although physical hazards may occasionally disrupt Fortaco's operations and supply chain, our approach to anticipate, prepare for, and adapt to disruptions will help minimizing interruptions, ensuring they remain manageable and do not result in significant financial losses. In the future when we have conducted a scenario analysis, we aim to analyse the resilience of our business by looking at climate-related transition and physical risks and opportunities.

When addressing the impacts, risks and opportunities of climate change we divide our efforts into three streams, the upstream value chain, our own operations, and downstream value chain.

***Upstream value chain***

We recognize that a green transition is not possible without collaboration with actors in our value chain. We engage particularly with our first-tier suppliers and strive to build relationships where we can actively call to action for activities in line with the goals of the Paris Agreement.

Most of our upstream value chain emissions come from hard-to-abate sectors like steel and transportation. We have therefore identified some strategic levers that we are working on embedding, in order to reduce emissions from our supply chains:

• Engaging with suppliers on the integration of decarbonization strategies in their operations. We strive to activate our engagement with key suppliers, who account for the major share of our total procurement spend and cover carbon-intensive sectors of our supply chains. This includes the adoption of science-based targets, transparent climate reporting, and decarbonization of their value chains.

• Low-emission products are essential to the green transition. We contribute towards the scaling of new technologies and fossil-free steel by reducing uncertainties for our suppliers and further incentivising their investments in low-emission technologies.

***Fortaco's own operations***

We have calculated our Scope 1 and 2 emissions to be approximately 10 % of our emissions, and upstream Scope 3 emissions to approximately 90 %. When considering the downstream value chain, the share of Fortaco's Scope 3 emissions is predicted to be even more significant. Although emissions from Fortaco's own operations are minor in the big picture, we recognize the responsibility to decarbonize.

The overarching science-based targets we are setting will be supported by mid-term decarbonization targets. In addition to tracking and monitoring our company-wide emissions reduction progress, we can utilise the climate targets internally to anchor our other strategic initiatives. These include, for example, decarbonisation of our supply chains for materials and components.

***Downstream value chain***

To contribute to the global net-zero goal in the most impactful way, we are committed to go beyond reducing our own emissions and support our customers in their green transition. To address negative impacts, we are setting targets and plans to actively engage and partner with suppliers enabling us to provide customers with zero emission solutions as alternatives to the traditional offerings, and to engage with customers to understand their sustainability needs better.

Some of our customers have set net zero targets that have been approved by the Science Based Targets initiative (SBTi) and we can support them by, for example, enabling emission reduction related to extraction of steel and manufacturing of main components. Fortaco's Zero Emission Solutions-team focuses on improving the company's readiness to support the green transition in customer industries. The team's activities are aligned with the company's technology vision for 2030 and aims to further strengthen Fortaco's R&D work to develop its offering and utilize emission-free steel. Our zero emission solutions offering includes:

• Applications of green steel and other eco-materials in mass production.

• Development of highly productive and environmentally friendly manufacturing processes.

• Research and development of lightweight and extended lifetime components.

• Expanding of Fortaco's offering related to electrification: integrated thermal management, battery pack weldments and assemblies.

***Actions***

In 2024, actions related to our material impacts, risks and opportunities have been mainly focused on our own operations and downstream value chain. Each business site is accountable for their actions and their alignment with the group's targets. Energy or emissions savings have not been systematically calculated but we are planning to improve monitoring of savings in 2025. Some examples of climate change related actions during the year are:

• Lighting replacements in multiple business sites enabling minimum 1,628 MWh savings annually.

• Heat recovery by redirection of air from the compressor room and improved temperature adjustments enabling 729 MWh savings annually in Business Site Wroclaw

• Installation of new equipment such as air compressors and welding machines with 30% less power consumption on average in Business Sites Janow, Kurikka, and Wroclaw.

Fortaco is in the beginning of its sustainability journey and promotes sustainability internally through communication, training and campaigns. In 2024, we continued to grow awareness and ownership of environmental and climate actions, for example in meetings or webinars with each business site, with the Group Leadership Team, and the Senior Leadership team. Fortaco also actively responds to customers' increasing demand for sustainable products and services such as LCA requests, new sustainable solutions, and refurbishments. The emissions reduction activities will be continued in 2025 and beyond in accordance with the coming climate program including targets. In 2025 and beyond we:

• are looking into ways to decrease our energy consumption and cover fossil-based fuels with energy from renewable sources. Investigations are needed as the local availability of renewable electricity is limited in some countries we operate in, and the installation of solar panels restricted in some of our locations.

- continue to develop tools to support our suppliers in their green transformations as we enhance the incorporation of sustainability in our sourcing processes.

- will seek ways to engage with our suppliers and customers to further incentivise investments in low-emission technologies.

Fortaco has no EU Taxonomy eligible nor aligned activities related to climate change mitigation or climate change adaption. See further details in the section EU Taxonomy. Actions taken in 2024 have not required significant Capex or Opex specified in the Financial Statements.

## Metrics and targets

### *Targets*

In 2023, Fortaco set a reduction target to achieve an absolute energy consumption reduction by 10% by 2025 since the baseline year 2022. In 2022 the energy consumption was 69,358 MWh for all the nine business sites included in the group that year and 55,138 MWh when recalculated to exclude businesses sold in 2023 and 2024. The progress has been monitored annually and actions taken. To prove our pledge to be aligned with the Paris Agreement and to align our core business activities with our sustainability ambition, we aim to set science-based targets and transition plans that can be approved by the SBTi. The setting of GHG emission reduction targets is part of our Climate Programme being prepared and the aim is for the Board of Directors to approve the program and targets in 2025. Setting science-based targets requires thorough preparations and calculations. We anticipate that the transition plans include decarbonisation actions related to energy and material efficiency and consumption reduction, and fuel switching to renewable sources.

Key decarbonisation levers identified to reach our energy consumption target are consumption reduction through energy saving solutions, fuel switching and increased use of renewable energy. In the process of creating a climate program we will identify key levers and their estimated potential also for scope 3 emissions.

The energy consumption reduction target is not linked to a specific policy and covers consolidated energy consumption of our own operations. Target is based on calculations of possible scenarios including consideration of energy efficiency or reduction solutions. It has been assumed reduction in energy will also decrease Scope 1-2 emissions. Internal stakeholders from all business sites have been heard during target setting and support in their action plans is provided from group function. Target, underlying measurements or related processes has not been changed since target setting in 2023. Fortaco plans on setting new energy consumption reduction targets as part of or in addition to the Climate Programme.

| GHG emissions scope 1-3 | Retrospective | | | | Milestones and target years | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 / 2023 | 2025 | 2030 | 2050 | Annual % target / Base year |
| | tCO2eq | tCO2eq | tCO2eq | % | tCO2eq | tCO2eq | tCO2eq | % |
| **Scope 1 GHG emissions** | | | | | | | | |
| Gross GHG emissions | 5,907 | 5,218 | 6,107 | 117 | - | - | - | - |
| Scope 1 GHG emissions from regulated emission trading schemes (%) | - | - | - | - | - | - | - | |
| **Scope 2 GHG emissions** | | | | | | | | |
| Gross location-based GHG emissions | 19,485 | 18,366 | 17,408 | 95 | - | - | - | |
| Gross market-based GHG emissions | - | 18,366 | 17,203 | 94 | - | - | - | |
| **Significant scope 3 GHG emissions** | | | | | | | | |
| Total gross indirect GHG emissions | - | 334,000 | 211,606 | 63 | - | - | - | |
| 1: purchased goods and services | - | 334,000 | 209,279 | 63 | - | - | - | |
| 4: upstream transportation and distribution | - | - | 2,325 | - | - | - | - | |
| 5: waste generated in operations | - | - | 2 | - | - | - | - | |
| **Total GHG emissions** | | | | | | | | |
| Total GHG emissions (location-based) | 25,392 | 357,584 | 235,121 | 66 | - | - | - | |
| Total GHG emissions (market-based) | 5,907 | 357,584 | 234,916 | 66 | - | - | - | |

**Accounting principles**

*Scope 1 GHG emissions*
Scope 1 emissions are reported according to the Greenhouse Gas (GHG) Protocol and cover all direct emissions of greenhouse gases from Fortaco. The emissions are calculated as energy consumption multiplied by emission factors. Fortaco uses the most recent country specific emission factors by International Energy Association. Fortaco's scope 1 emissions do not originate from regulated emissions trading schemes.

*Scope 2 GHG emissions*
Scope 2 emissions are reported according to the GHG Protocol and include indirect GHG emissions from the generation of electricity, heat, and steam purchased and consumed by Fortaco. Scope 2 emissions are primarily calculated as the energy consumption multiplied by country-specific emission factors. Location-based emissions are calculated based on average country-specific emission factors.

In market-based emissions renewable energy purchases have been included and it is assumed that regular electricity is delivered as residual mix, excluding renewable energy purchased through Renewable Energy Guarantees of Origin. No removals or carbon credits have been included in the Scope 2 GHG emission calculations. Fortaco uses country specific emission factors by Association of Issuing Bodies.

*Scope 3 GHG emissions*
Scope 3 emissions are reported based on the GHG Protocol. Six of the GHG Protocol's 15 subcategories are material to Fortaco. The subcategories (3) Fuel- and energy related activities, (5) Waste generated in operations, (6) Business travel, (7) Employee commuting (8) Upstream leased assets, (10) Processing of sold products, (11) Use of sold products, (13) Downstream leased assets, (14) Franchises, and (15) Investments are not applicable or material for Fortaco. Data for (2) Capital goods, (9) Downstream transportation, and (12) End-of-life is not available for 2024. We are investigating the possibilities for data collection.

1. Emissions of steel components and materials have been calculating by multiplying gross weight with relevant emission factor from the OpenCO2-tool's database including for example SSAB EMEA AB's, Finnish Environment Institute's (SYKE) and DEFRA's emission factors. All other spend data (approximately 50 % of total spend) is categorised and multiplied by relevant spend-category-specific emission factors by Exiobase. In 2023, all emissions were calculated on spend basis.

4: only includes emissions from contracted logistic companies. Emissions are calculated based on spend multiplied with relevant emission factor from Exiobase. Emissions from logistics contracted by suppliers have not been available in 2024 and are excluded.

5: is calculated based on actual waste data multiplied by relevant emission factors from DEFRA.

*GHG emissions outside of scope 1-3*
Carbon emissions from burning biomass are net-zero for scope 1 emissions, according to the GHG Protocol, as the amount of carbon absorbed by the biomass during the growth phase is equivalent to the amount of carbon released through combustion. Documenting these emissions separately is recommended by the GHG Protocol.

No emissions were from regulated emission trading schemes.
Based on Statistic Finland's fuel classifications, CO2 from energy produced with renewable energy sources (wood pellets and firewood) were 157 tonnes in 2024.

### *Energy*

The total energy consumption increased by 8 % in 2024 compared to 2022, and 13 % compared to 2023.

### *Financial aspects related to climate change GHG removals, carbon credits and internal carbon pricing*

In 2024, Fortaco has not participated in projects aiming at enhancing natural sinks or innovating technical solutions to remove GHGs from the atmosphere in our own operations or our value chain. In 2024, Fortaco has not financed GHG emission reductions and removals from climate change mitigation projects with purchased carbon credits. Fortaco has not yet implemented an internal carbon pricing scheme. GHG removal projects, purchase of carbon credits and internal carbon pricing schemes are all interesting development possibilities and as Fortaco implements a science-based targets and transition plans, we will investigate options and best practice and related to these.

As part of the double materiality assessment financial effects from risks and opportunities have been subjectively evaluated on a scale where 1 has low magnitude, implicating only minor negative impact on operations or concerns only a small area of the organisation, while 5 stands for extreme magnitude where Fortaco's strategic objectives are significantly compromised, financial losses can be major, Fortaco's reputation significantly hurt or key operations interrupted. In the future we are developing our analysis of financial effects and investigate how to apply science-based data in the calculations.

| GHG intensity per net revenue | 2023 | 2024 | 2024/2023 |
|---|---|---|---|
| | tCO2eq/MEUR | tCO2eq/MEUR | % |
| Location-based GHG emission intensity | 957 | 660 | 69 |
| Market-based GHG emission intensity | 957 | 659 | 69 |

#### Accounting principles

*GHG emission intensity*
Calculated as total scope 1-3 GHG emissions (where scope 2 is either market-based or location-based) divided by total net sales (dominator) as it is presented in the financial statements note 2.1 Net sales.

| Energy consumption and mix | Unit | 2023 | 2024 |
|---|---|---|---|
| Coal and coal products | MWh | 0 | 0 |
| Crude oil and petroleum products | MWh | 1,693 | 2,084 |
| Natural gas | MWh | 15,810 | 19,130 |
| Other fossil fuels | MWh | 4,835 | 3,484 |
| Electricity, heat, steam and cooling | MWh | 14,666 | 13,871 |
| **Total fossil energy** | **MWh** | **37,004** | **38,569** |
| Share of total energy consumption | % | 56 | 52 |
| **Total nuclear sources** | **MWh** | **9,260** | **11,378** |
| Share in total energy consumption | % | 14 | 15 |
| Renewable fuels | MWh | 0 | 390 |
| Electricity, heat, steam, and cooling | MWh | 19,884 | 23,838 |
| Self-generated non-fuel renewable energy | MWh | 0 | 527 |
| **Total renewable energy** | **MWh** | **19,884** | **24,755** |
| Share of total energy consumption | % | 30 | 33 |
| **Total energy consumption** | **MWh** | **66,148** | **74,702** |
| **Energy intensity** | **MWh/MEUR** | **177** | **210** |

#### Accounting principles

*Total energy consumption*
Includes energy from fossil-based sources and renewable sources. Total energy consumption is the same as total energy consumption from activities in high climate impact sectors.

*Energy savings*
The scope of the internal energy savings covers both heat and energy consumption and process optimization savings at our business sites (i.e. fuel savings and electricity savings). Projects are included when they are fully implemented and operational.

*Energy intensity*
Calculated as energy consumption per net revenue. Fortaco operations are part of the Manufacturing sector, described in NACE Section C as defined in Commission Delegated Regulation (EU) 2022/1288, and is therefore classified as one of the high climate impact sectors. The net revenue (dominator) can be found in the financial statements note 2.1 Net sales


2
KONECRANES 10.0 t
ARKU

## Pollution (ESRS E2)

### Our approach and governance

Fortaco commitment to environmental matters is communicated through our EHS policy. It highlights our approach that we aim to be in harmony with our environment, always improving our resource efficiency and achieving full compliance with legal requirements and regulations. Importance of environmental matters including pollutions and emissions control is understood by implementing environment management systems according to ISO 14001 for each of the Fortaco Business sites. Only the recently acquired (in 2023) business site in Breitenau, Austria lacks the environmental management system, but its implementation is already scheduled for 2026.

The focus of our currently operating environmental management system is Fortaco own operations. There are guidelines in place to manage and control emissions to air, water and soil (referred as pollution). The main approach is to continuously meet the targets set in our environmental permits for different emissions and improve our resource efficiency by decreasing the number of pollutants compared to volume of production. Environmental impacts, risks and opportunities are evaluated annually, and it include evaluation of emissions to air, soil and water. Regular environmental assessments and audits are organised to ensure functioning of the environment management system.

Fortaco internal audit schedule has been set to evaluate environmental issues in compliance with ISO14001 and ESG requirements for all Business sites during a 3-year period.

Potential supply chain related environmental impacts in form of emissions are monitored in the supplier selections process through review of implemented environmental management systems of potential suppliers.

Accountability for our commitments and targets related to emissions lies with Group Leadership Team and is steered by our Group QHSE Director.

### Impact, risks, and opportunities

The material impacts, risks and opportunities related emissions have been identified in environmental aspect assessment as defined in ISO14001 standard. These evaluations have been confirmed and adjusted in our double materiality assessment (described in the general section ESRS 2 of the Sustainability Statement) based on the available data and statistics about emissions to air, water and soil in our operations. In due diligence processes over the past years all our business sites have been screened on both the current operation impacts and the past and historical impacts to environment.

On the right a summary of Fortaco's impacts, risks and opportunities related to pollution in our own operations and value chain. Main impacts and risks are related to our own production and the raw material extraction and

| Sub-topic | Short description | Impact/ Risk/ Opportunity | Location | Time horizon |
|---|---|---|---|---|
| Pollution of air | Pollution to air in form of dust and heavy metals from metal fabrication such as welding processes, as well as volatile organic compounds (VOCs) released from painting processes, and emissions from transportation. | Negative impact | Own production | Short-, medium- and long-term |
| Pollution of air | Noise, vibrations, dust and other air emissions from the extraction, and transportation of iron ore/steel, copper, class and aluminium. Frequently dumping of processed rocks generates noise and dust pollution in the iron ore mining industry, also common diesel-powered generators add to air emissions by producing CO2 and other noxious emissions. The transportation of iron ores causes air emissions and noise leading to potentially significant secondary impact. These risks may lead to a number of environmental and social impacts, especially when not properly controlled. | Negative impact | Supply Chain | Short-, medium- and long-term |
| Pollution of water | Pollution of water related to the extraction and production of especially iron ore and steel. The steel making processes use significant amounts of water for activities such as the extraction process, washing, dust suppression, slurry transport and for the maintenance of the site and to supply water to the workforce. | Negative impact | Supply Chain | Short-, medium- and long-termi |
| Pollution of soil | Pollution and contamination of soil as a result of extraction and production of iron ore and steel. 50% of iron mines are located in forests and vegetation is removed for mine constructions. Spills of fuel and chemicals contaminate soil and have both direct impact and indirect cumulative impact on the immediate environment. | Negative impact | Supply Chain | Short-, medium- and long-term |
| Pollution of air | Extra costs for investigation and investments of measurement technologies such as heavy metal and VOC emissions. Additionally, pollution impacts in supply chain can trigger reputational impacts if unmanaged air pollution or leakages occur in the supply chain. | Regulatory risk | Own production | Medium-term |
| Pollution of air | Reputational impacts of air pollution and noise caused by suppliers especially in the supply chains of steel, iron ore, copper, aluminium, and glass. | Strategic risk | Supply chain | Long-term |

production in our supply chain.

### *Pollution in our own operations*

In Fortaco's own operations emissions to air are mainly generated in welding operations as welding fumes, dust particles, heavy metal contamination and from painting as VOC emissions. These emissions (pollution) are considered as regular operation related. In some of our business sites, the annual amounts of emissions and pollutants are set in respective environmental permits. Those pollutants are monitored regularly as set in the environment permits. Business sites' EHS organisation is responsible for monitoring and reporting pollutants to local authorities.

Environmental management and environmental performance are guided by the requirements of our business sites' certified environmental management systems. To ensure compliance, resource efficiency and meeting the targets for protecting our environment we:

- regularly review of legislative requirement and ensuring compliance,
- review and if needed update our environmental goals and targets,
- identify and annually evaluate our environmental impacts and operational risks related to environmental impacts
- regularly test and define emergency procedures
- identify environmental training needs and organise necessary training.

These actions are managed and coordinated at Business sites, Group EHS is monitoring and in case supports with guidance and Group best practices.

A key goal is to actively engage in preventive environmental work. Business Site employees must continuously observe their work environment, actively make EHS observations and adopt immediate corrective action if required.

All Fortaco's employees have the right and responsibility to report a situation that may cause a leakage or malfunction. Any infringement of environmental permit limits and significant deviations are investigated, and corrective actions are determined. The site's leadership is always in charge of the possible investigations, as well as the adequacy and implementation of corrective actions.

### *Pollution in our value chain*

Our efforts to monitor and minimize Fortaco's impacts and risks related to pollution in the supply chain are bound to the engagement and relationship we have with our suppliers. With our Supplier Handbook, which we expect all direct material suppliers to sign, we ask for commitment to be actively engaged with environmental concerns. Specific policies outlining Fortaco's efforts to manage specifically emissions to air, soil, water and noise in the supply chain, has not yet been established but is generally embedded in the Supplier Handbook's and Code of conduct's sections on Environmental impacts. Our possibilities to manage indirect impact in our value chain is something we will investigate in the future.

## Metrics and targets

### *Targets*

Our main goal is to continuously meet the emission targets defined in our business sites' relevant environment permits and to improve our resource efficiency by decreasing the number of pollutants compared to volume of production. As environment permits are based on each country legislation with different requirements and limits for emissions, thus no consolidation for the whole Group made in the past. At Business site level the site environmental targets are considered to lower amount for the emissions close to limit values.

In 2024, the only emission target at Group level, related to pollution is the energy reduction target described in section E1, which impacts the carbon-dioxide equivalent ($eCO_2$) emissions to air. The intention is to decrease the energy consumption by 10% from 2022 base year by the end of 2025.

No significant environmental impacts, claims or compensation related to the pollution of air, water and soil were recorded in 2024, nor did any media visibility related to these topics appear. Fortaco did not have deviation to environmental permits in 2024.

Reducing pollution in the value chain can be challenging as impact possibilities are limited. However, there is material impact and risk related to pollution in Fortaco's supply chain and we will investigate how this impact and risk should be addressed most properly.

### *Emissions to air in our own operations*

In Fortaco standard operations emissions to air is considered as one of the main impacts on the environment. Nevertheless, none of the air pollutants coming from Fortaco's operations reaches disclosing threshold set in Annex II of Regulation (EC) No 166/2006 of the European Parliament and of the Council (European Pollutant Release and Transfer Register "E-PRTR Regulation").

Fortaco's most common pollutants occur from its welding operations. In the past years significant investments have been made to improve internal air quality with removing and filtering welding fumes both as source exhaust and as background welding fume exhaust. With these actions we were able to decrease the amount of dust particles and improving the efficiency of the ventilation systems in general. Welding also generates ozone, nitrogen oxides formed in the arcs. These amounts have never been estimated due to the naturally small amounts generated in the process.

Wet painting is generating VOC emissions that is evaluated and monitored based on calculation template provided by paint supplier for each paint and is based on the amount of paint consumptions.

In additions to VOC emissions our production sites in Estonia, Poland, Slovakia, Serbia analyses regularly (as defined in the local environment permit) air emissions from each air emitting source. There are environmental fees connected to the emitted pollutants, where the measured value is multiplied by the annual worktime estimate for the site.

### *Plastics and substances of high concern*

Plastic materials are not used at Fortaco in significant amounts. Plastics are used in the packaging of components for our steel fabrication, and in some parts for the interior and insulation of vehicle cabins. Microplastics are not purchased, used or generated intentionally at Fortaco. Fortaco does not use or produce substances of concern or substances of very high concern.

## Biodiversity and ecosystems (ESRS E4)

### Our approach and governance

At Fortaco, we recognize our responsibility and possibilities to impact positively on biodiversity and ecosystems. In the double materiality assessment, it was identified that our material impact on biodiversity is located upstream in the value chain, connected to mining and extraction of raw materials. Although our upstream value chain may have material negative impact related to land degradation, desertification, soil sealing or threatened species, we have not identified that Fortaco's operations under normal conditions have direct impact on those. We ensure that all needed environmental permits of our sites are up to date. More about our environmental permits in section E2 Pollution.

We are aware that best practice around biodiversity is rapidly evolving. For us to develop our approach and policies we need to frequently update our biodiversity assessment (previously conducted in 2022), understand the adverse effects that our own operations and mining has on wildlife, habitats, and ecosystems, and thereafter, identify the possibilities we have to impact positively on biodiversity. Fortaco has not yet assessed the resilience of our business model and strategy to biodiversity and ecosystems-related risks.

### Impact, risks, and opportunities

The material impacts, risks and opportunities related to biodiversity and ecosystems have been identified in our double materiality assessment which is described in the general section ESRS 2 of the Sustainability Statement.

At Fortaco we have identified that our work related to biodiversity is influenced by various factors, including the EU's biodiversity strategy for 2030, the Global Biodiversity Framework, and national legislation in the countries where we operate. In our biodiversity impact assessment, we have used sources such as Natura 2000, WWF Biodiversity Risk Filter, and data of The Key Biodiversity Area Partnership. As our double materiality assessment reveals, our most material impacts are related to raw material extraction and production of materials used in Fortaco products. Potentially affected communities and ecosystems, or transition or physical risks have not been specifically reviewed in the process.

In 2024, we have updated our Biodiversity assessment, verifying that none of the businesses Fortaco acquired since 2023 has sites located in any protected areas. As the buffer zones for sensitive areas can increase, we see it necessary to review all locations regularly and include new science-based data from various frameworks. Of our ten business sites only Janow Lubelski, Poland, is located in the buffer zone of the protected area Lasy Janowskie Landscape Park.

| Sub-topic | Short description | Impact/ Risk/ Opportunity | Location | Time horizon |
|---|---|---|---|---|
| Direct impact drivers of biodiversity loss | Biodiversity related impacts are one of the key environmental impacts in metals and mining industry. Impacts relate to e.g. land, freshwater and sea use change, tree cover loss, protected/conserved areas. Although Fortaco's possibilities to affect impacts are limited, there are growing information needs on biodiversity due to upcoming regulations and customers surveys in the future. Fortaco's impact is related to the biodiversity loss in raw material extraction of steel and iron ore, copper, aluminium, glass and rubber. | Negative impact | Supply chain | Short-, medium- and long-term |
| Direct impact drivers of biodiversity loss | Biodiversity loss caused by suppliers of steel, copper, glass (Silica), aluminium and rubber (e.g., threatened species, ecosystem services, conflict with agriculture or indigenous people, integrated land management, and deforestation) form a reputational risk to Fortaco. | Strategic risk | Supply chain | Medium-term |

The results of the assessment conducted by third party in 2018 indicates that Fortaco's operations in the site does not under normal conditions affect the sensitive area negatively. The environmental impacts and risks are mitigated and managed through the valid environmental permit and ISO certified Environmental Management System.

Biodiversity related to our material risk and impact is not yet addressed in our policies and related actions. Biodiversity was identified as material in the materiality assessment conducted in 2024.The direct drivers of biodiversity loss in Fortaco's supply chain will be considered when we in 2025 review policies covering our supply chain.

Though biodiversity and ecosystem protection has not been addressed in policies yet, Fortaco has adopted actions that indirectly mitigates our impacts and risks. Local environmental permits and ISO certifications are examples of how we mitigate in our own production. By applying supplier selection criteria and conducting supplier screenings as well as audits, all including environmental aspects, we have able to mitigate some of our impact in the supply chain.

Going forward, in the short term, we will update and extend the Biodiversity Impact Assessment of our own operations. We will start identifying our key impacts on biodiversity in our upstream value chain, e.g. by identifying which materials have the greatest impact on biodiversity, reviewing the biodiversity risk of those supply chains, and cooperate with our suppliers on mitigating negative impacts on biodiversity.

As s strategic partner for many customers, Fortaco also sees this as an opportunity to improve its reputation, aiming to increase the knowledge sharing of sustainability issues with customers and suppliers (especially steel suppliers).

In the future we will also clarify our biodiversity ambition and integrate KPIs to our ESG reporting framework. We will investigate the dimensions of integrating biodiversity into supplier requirements and map possibilities to engage our people in local projects improving biodiversity and mitigating negative impact on the environment.

Accountability for outlining policies and targets related to biodiversity lies with Group Leadership Team and is steered by our Group Sustainability Director.

### Metrics and targets

Impacting positively on the value chain as far up as material extraction is challenging and we work on firstly identifying the possibilities to impact positively that Fortaco have. In our own locations mitigating risks related to biodiversity is significantly easier and we will investigate the possibilities and needs to set targets for mitigating our negative impact, and impact positively in the areas our business sites are located. Fortaco's current target is to maintain the local environmental permits and certifications.

In long-term we strive to set specific biodiversity targets and plan actions related to our material impact and risk in the upstream value chain. We also want to ensure alignment with biodiversity related frameworks, and new regulations guide our continued development and engagement with biodiversity, including outlining policies, setting targets and planning actions.

Fortaco has business sites under operational control in Breitenau (Austria), Gliwice (Poland), Gruža (Serbia), Holič (Slovakia), Janów Lubelski (Poland), Kurikka (Finland), Narva (Estonia), Sablé (France), Sastamala (Finland) Wrocław (Poland). Of the sites sites Janow Lubelski, Poland, is located near the protected area Lasy Janowskie Landscape Park. The Business site manufactures steel fabrications for material handling, construction, mining and energy sectors, and the production area is 1.8 hectares. The business sites Environment Management System is certified according to ISO 14001:2015 and demonstrates Fortaco's commitment to reduce our environmental footprint, like pollution and waste generation, and as well improve our energy performance. No material impacts with regards to land-use change or conditions of ecosystems have been identified.

## Resource use and circular economy (ESRS E5)

### Our approach and governance

In Fortaco's operations we aim to follow circular economy principles, minimising waste and emissions, and keeping natural resources in use for as long as possible. The use phase of Fortaco's products can last for decades, so investing in low emission and resource-efficient products means our customers can reduce their environmental impact. Being a preferred partner, and being able to select trustworthy partners, is paramount for the whole Fortaco value chain. Sustainable business practices and systematic risk management are crucial for creating long-term value and financial stability. Our environmental management and continued environmental performance are guided by the requirements of the production site's certified management systems.

Our manufacturing of off-highway vehicle equipment relies on various metals, plastics, glass, rubbers and chemicals for paints. We are looking for ways to improve promotion of responsible supply chains for the key materials we rely on. For more information about social aspects of our sourcing of minerals and metals, see section S2 on workers in the value chain.

The major share of our upstream carbon emissions comes from the extraction and processing of materials for our products (approximately 96 %) – steel alone accounts for almost 70 % of our sourced materials. By incorporating circular principles across our business, we can reduce carbon emissions, support our customers in meeting their targets, while also ensuring responsible waste management. Our approach to circularity evolves around three principles:

1. Reduce and optimise resource usage by rethinking design and offering. We want to engage with key suppliers and customers to promote the use of recycled and recyclable materials, particularly in high-impact categories like steel. We also continuously look for possibilities to minimize the use of materials by optimizing processes and innovating new solutions.

2. Maximise the value of our compo-nents and products. We investigate opportunities for repairing, refurbishing, and reusing key components to prolong their lifetime, and we aim to make our products recyclable. Our technology teams support our customers with change management and after market needs during the entire product life cycle. Fortaco has a dedicated PLM ecosystem to manage engineering, product information and documentation needs.

3. Repair, recover or recycle all materials possible before they reach their end-of-life stage in our manufacturing processes. Making the most out of scrap metal, repairing and reusing wooden pallets, and recycling plastics are just the start.

**Impact, risks, and opportunities**

The material impacts, risks and opportunities related to resource use and circular economy have been identified in our double materiality assessment which is described in the section for double materiality assessment under ESRS 2. Impacts, risks and opportunities have mainly been assessed by utilizing internal information and knowledge about Fortaco's resource use and circularity. The information and knowledge we have about the value chain is obtained through close relationships with suppliers and customers. Information about affected stakeholders and communities has also been collected from open sources by a third party on behalf of Fortaco in order to assess material sustainability matters.

Accountability for our circularity efforts lies with our Group Leadership team and is divided into three streams. Commitment and targets related to waste from our own operations are managed and coordinated at Business sites, while Group QHSE Director is monitoring, supporting and guiding best practices. Accountability for our commitments and targets related to circularity in product design and Fortaco's offering lies with VSP Technology, and VSP Sourcing and IT.

***Resourcwe inflows***

Fortaco is reliant on significant amounts of steel and of other critical materials such as copper, glass and rubber. However, renewable energy supply chains are under pressure, and bottlenecks and material scarcities are already defining the pace of green transition in many markets. We can reduce some of these pressures through circularity efforts. By considering the origin and mix of materials, and by increasing recycling and reusing, we can reduce the need for raw materials and reduce unpredictability in our supply chain while minimising carbon emissions throughout the value chain.

Fortaco's supplier policy (Supplier Handbook) covers themes such as material certifications and materials of concern. The policy and sourcing operations is accounted for by SVP Sourcing and IT. Circularity and minimized use of materials in our products is led by SVP Fortaco Technology.

Some key actions related to sustainable resource use and the circular economy we have taken in 2024 are:

• Minimizing use of resources: In our business site Breitenau, customers can choose to have weldings replaced with bondings and in that way decrease not only the product CO2-footprint by 40% but also reduced the amount of steel used.

• Product lifetime care: Fortaco's technology teams support our customers with change management and after market needs during the entire product life cycle. For example, in Business Site Sastamala, one of the leading projects in 2024 has been to renovate a Vammas PSB5500 snow removal machine. A refurbishment project takes approximately 5-6 months including disassembly, testing, repair and repaint. Refurbishing and restoring the former efficiency of machines to give them a second life.

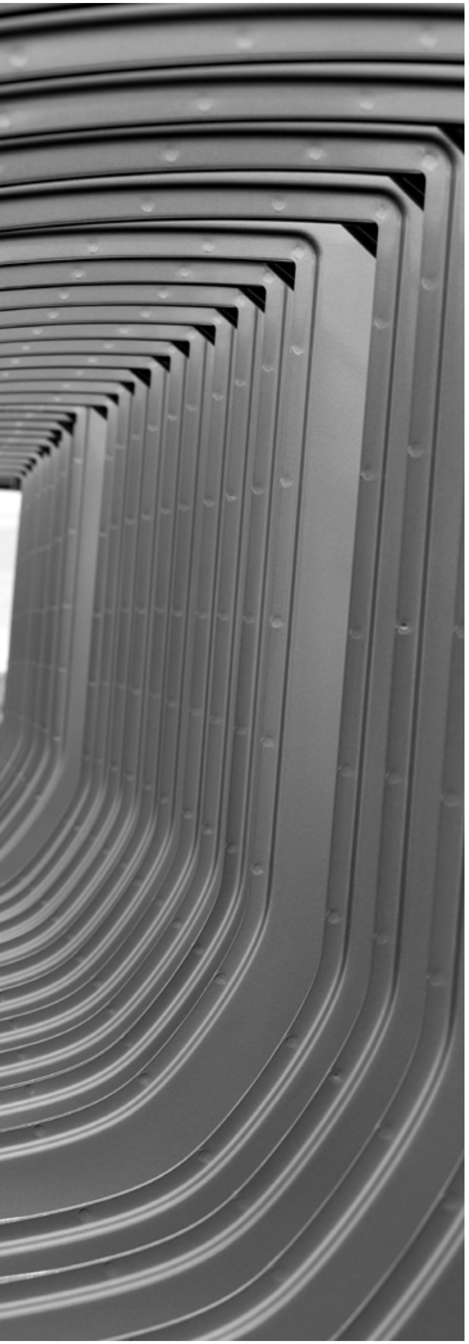
| Sub-topic | Short description | Impact/ Risk/ Opportunity | Location | Time horizon |
|---|---|---|---|---|
| Resource inflows, including resource use | Resource use is a major driver of other environmental impacts such as climate change, pollution, water and marine resources and biodiversity. The impact relates to Fortaco's use of steel, glass, rubber, plastic and paints, copper, and aluminium. | Negative impact | Own operations | Short- and medium-term |
| Resource inflows, including resource use | Decreased need for virgin raw materials (insulation material, plastics etc) and increase of material efficiency, through circular design of products enables positive impact. For example, the use of recycled insulation materials and plastics. | Positive impact | Own operations | Long-term |
| Waste | Generation of hazardous waste, e.g. toxic waste from machining and painting. | Negative impact | Own operations | Short- and medium-term |
| Resource inflows, including resource use | Circular design and responsible sourcing and production enables minimized use of materials. Material and resource efficiency, use of alternative materials and optimizing use of production materials (design, sourcing, logistics and utilising IoT, automation and AI analytics) is increasingly demanded by customers. | Operational opportunity | Value chain | Medium-term |

In 2025 and beyond we will continue our work related to material efficiency and circular economy in our product design, supply chain, and own operations. Efforts will be seen in avoiding downgrading and instead retain the quality and value of metals and other wasted material. We focus the actions on our three principles: Reduce and optimise resource usage, Maximise value, and Repair, recover or recycle all materials possible.

***Waste***

To support the promotion of circularity and waste management in our business, we have taken waste elimination to our values. EHS Handbook covers resource management in all Fortaco's activities and locations. With this we also want to address our aim of minimising the use of raw materials and to provide the direction for sustainable sourcing of resources.

Environmental impacts of Fortaco's waste management facilities are minimised in accordance with the environmental permits and operated according to Fortaco's operational management system. Most of the waste is delivered to external waste management companies, whose operations are subject to environmental permits, for processing or disposal. The sustainability of waste management operators is ensured in supply agreements.



Some circularity related actions Fortaco has taken in 2024:

• In Business Site Wroclaw, Fortaco started a collaboration with a local company repairing EUR-pallets instead of sending broken pallets to recycle or incineration.

• Promoting recycling by improving waste management and recycling facilities in several Business Sites. Clear and easy processes in appropriate facilities are key elements for a well working waste management that promotes recycling. In Business Site Kurikka a new system for tracking hazardous and chemical waste was implemented, and in business site Janow Lubelski a new recycling and waste facility was taken into use.

## Metrics and targets

We are in the beginning of structuring our circularity journey and have voluntarily set targets to a) improve recycling ratio (ratio of utilised and recycled waste to all waste excluding scrap steel) to 65% from current 59% (2024) b) improve steel material efficiency to 80% by year 2030 with defining measuring and monitoring of this metric from 2025. Each business site has set individual targets to support the group level target, and the progress is monitored both business site wise, and on a group level.

Our products are most often tailored to customer's needs and designed in close collaboration with customers. For Fortaco, there is opportunity to work with customers to increase the use of e.g. recycled insulation materials and plastics and also optimizing the use of production materials through design, sourcing, and utilising IoT, automation and AI analytics). Measurable targets related to circularity in the value chain (inflows and circularity of our products) are yet to be set and focus is laid in accordance with our three principles: Reduce and optimise resource usage, Maximise value, and Repair, recover or recycle all materials possible. Minimisation of steel, which is Fortaco's primary raw material, is under constant improvement and in many cases, it is already possible for customers to choose green steel or recycled steel.

| Inflows | Unit | 2024 |
|---|---:|---:|
| Total products and materials | Tonnes | 120,146 |
| Biological materials | Tonnes | 0 |
| Biological materials | % | 0 |

## Accounting principles

*Products and materials*

Total weight of products and materials (technical and biological) used in Fortaco's products. Actual weight data has been available for 57 % of the direct spend, excluding spend categories such as subcontracting and other services, mechanical components such as insulation, and electrical components. Double counting has been avoided by only including data from external purchases.

*Biological materials*

The percentage of biological materials (and biofuels used for non-energy purposes) used in Fortaco's products and services (including packaging) that is sustainably sourced.

### *Inflows*

We strive to promote circularity and waste management both upstream and downstream the value chain, in addition to our own operations. We strive to minimize waste in our production by reusing and recycling, when possible, we also work together with suppliers and customers to minimize emissions in the products we deliver. An overall objective is to minimise the use of virgin resources and to provide the direction for sustainable sourcing of materials and components.

Of the materials and products Fortaco sources, approximately 70% is constituted by steel parts (plates, hot rolled steel sheets, solid bars, castings, open die forgings, etc.). Thereafter approximately 10 % are electrical components (cables harnesses, electronic devices, lights, etc.) and 8 % mechanical components (hydraulics and pneumatics, wiper systems etc.). We predominantly purchase raw materials, components, energy, and services from several suppliers, mainly from European countries. Fortaco has in 2024 not collected information on amounts of recycled and used components on group level. Individual customers have requested their respective information, and we are planning to monitor the amount of recycled and reused components on an annual level starting in 2025.

| Waste | Unit | 2024 | % of total |
|---|---|---|---|
| Diverted from disposal | Tonnes | 9,250 | 85 |
| Hazardous | Tonnes | 0 | 0 |
| Reused | Tonnes | 0 | 0 |
| Recycled | Tonnes | 0 | 0 |
| Recovered | Tonnes | 0 | 0 |
| Non-hazardous | Tonnes | 9,250 | 85 |
| Reused | Tonnes | 0 | 0 |
| Recycled | Tonnes | 9,250 | 85 |
| Recovered | Tonnes | 0 | 0 |
| Directed to disposal | Tonnes | 1,674 | 15 |
| Hazardous | Tonnes | 660 | 6 |
| Incinerated | Tonnes | 0 | 0 |
| Landfill | Tonnes | 0 | 0 |
| Other disposal | Tonnes | 660 | 6 |
| Non-hazardous | Tonnes | 1,014 | 9 |
| Incinerated | Tonnes | 648 | 6 |
| Landfill | Tonnes | 366 | 3 |
| Other disposal | Tonnes | 0 | 0 |
| **Total waste** | **Tonnes** | **10,924** | **100** |

### Accounting principles

*Waste by type and disposal method*

The waste volumes include waste transferred from Fortaco properties, including production, warehouses and transportation. Waste is collected and stored based on categories defined in the list of wastes (Directive 2008/98/EC). Waste is stored on Fortaco property in temporary waste storage areas before transported to rightful handling by authorised waste handling companies. Disposal can be incineration, landfill disposal, or hazardous waste treatment, and is defined for each waste type in the list of wastes directive. Amounts of waste are reported based on invoices received from waste utilisation companies and categorised into landfill, recycled waste, incinerated waste. Fortaco does currently not collect harmonised data for each waste category as defined in list of wastes.

### *Waste*

From the point of view of recycling, steel is a valuable raw material that retains its properties well, and due to its magnetism, it is easy to separate. For this reason, steel is one of the most recycled raw materials in the world. For us it is essential to recycle scrap steel from our production and to improve recycling rates of other raw materials we utilize.

In Fortaco's operation waste is mainly steel scrap generated from production processes, but also plastics and different packaging materials. We continuously strive to reduce hazardous waste, primarily from the paint shop, machining and cutting oils. Our processes do not consume significant amounts of water, and the water is often reused or recycled. Water is mostly used in our E-coating lines for cabin manufacturing and for the washing of products before painting.

The total amount of non-recycled waste from Fortaco's operations is 1,674 tonnes, 15% of total waste. The total amount of hazardous waste is 660 tonnes, of which none is radioactive waste.

## SOCIAL

## Own workforce (ESRS S1)

### Our approach and governance

We strive to provide a safe and inspiring working environment to all employees and external workers working on Fortaco's premises, especially those in blue collar roles in our production processes. We aim to be an attractive employer, and to develop and retain qualified and motivated people as. our people are one of the corner stones of the foundation of Fortaco. Additionally, at Fortaco we prioritize leadership, team building, and highly engaged people over managers and hierarchy.

### Impact, risk, and opportunities

At Fortaco we work to effectively integrate positive impacts, proactively manage risks, and utilize opportunities in the social domain into the strategy and business model. This approach not only minimizes potential threats but also strengthens the company's competitiveness and lays the foundation for sustainable growth.

Fortaco operates in a dynamic environment affected by market changes and regulatory developments. To maintain leadership position while acting in a socially responsible manner, we are integrating identified positive impacts, risks, and opportunities into key elements of Fortaco's strategy and business model.

The material impacts, risks and opportunities related to own workforce have been identified in our double materiality assessment, which is described in the section for double materiality assessment under ESRS 2. In the process we identified that Fortaco people subject to the material impacts, risks and opportunities under the ESRS S1 are own employees and external workers contracted by Fortaco to participate in its operations. All Fortaco entities operates within Europe and all except Serbia within the European Economic Area. Compliance with local legislation and group wide management systems in place mitigates the risk of incidents, such as forced labour or child labour, that are against the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises and International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

To ensure an inclusive and equitable workplace and to gain insight into the perspectives of our own people, particularly those that may be vulnerable and marginalised, Fortaco has implemented several initiatives. The regularly conducted anonymous Pulse Survey gathers insights on working conditions and challenges while confidential whistleblowing and local problem reporting channels allow employees to share their concerns. Social dialogue and cooperation with trade unions helps us identify and remove workplace barriers. Our policy for inclusive recruitment promotes diversity by increasing opportunities for underrepresented groups.

| Sub-topic | Short description | Impact/ Risk/ Opportunity | Location | Time horizon |
|---|---|---|---|---|
| Working conditions; Secure employment | Through investments in automation, digitalisation, internal rotation and training, mentoring and change management, extra effort is put on engaging employment and ensuring enough competent and resilience workforce. | Positive impact | Own operations | Medium- and long-term |
| Working conditions; Health and safety | Demanding working conditions on shopfloor and human errors have negative impact such as causing respiratory problems and diseases, neurological problems, disorders and diseases of the musculoskeletal system, sensory impairments and damage, other accidents on the shopfloor. | Negative impact | Own operations | Short- and medium-term |
| Working conditions Health and safety | Automation, robotics, new techniques and machinery reduced physical load for employees and improve working conditions. | Positive impact | Own operations | Medium- and long-term |
| Equal treatment and opportunities for all, Training and skills development | Fortaco supports and provides opportunity for employees to improve capabilities and skills. Deficiencies in school systems in many countries result in a lack of skilled employees. | Positive impact | Own operations | Short-, medium- and long-term |
| Working conditions, secure employment | Inability to maintain flexibility and resource-efficiency in fast, mainly inorganic, growth and increasing personnel with cultural diversity. Substantial financial risks related to fluctuating market and demand. | Operational risk | Own operations | Medium-term |
| Working conditions, Health and safety | Decreasing productivity and higher costs related to health due to increasing employee health issues as a result of demanding working conditions. | Operational risk | Own operations | Long-term |
| Equal treatment and opportunities for all, Training and skills development | Challenges to recruit technically competent and engaged shopfloor workers when education level as well as technical and language skills of younger generations and agency workers do not meet the need in many countries. | Operational risk | Own operations | Medium-term |
| Equal treatment and opportunities for all, Training and skills development | Investment in automation, digitalisation, internal rotation and training, mentoring and change management to ensure enough competent and resilient workforce. | Operational opportunity | Own operations | Medium-term |

Additionally, through the Fortaco DNA initiative, educational campaigns and training sessions on equality and anti-discrimination foster a culture of respect while also functioning as a forum where insight is collected.

Our processes and controls to identify and address negative impacts on our people cover risk assessment, analysis of accident and incident data, regular employee consultations, as well as analysis of insight data collected through Fortaco's mental health program, various channels for reporting and interaction (e.g. the Pulse survey, our whistleblowing channel, and local problem reporting channels), and also by analysing training and development results. Risk assessments include for example evaluation of employee health and safety, exposing potential negative impact such as accidents, occupational diseases, and stress. Workplace accident and incident data is also collected and analysed to determine root causes and preventive measures are planned accordingly. To minimize actualization of the potential negative impact of health and safety hazards we organize Safety Days. By following applicable and relevant regulation such as local laws and GDPR policies we ensure that Fortaco's practices do not cause or contribute to material negative impacts on our own people.

Material impacts related to Fortaco's own people are managed by the People and HR organisation led by Group Leadership Member responsible for People and HR. The P&HR organisation has in 2024 nominated one professional to drive CSR and ESG topics related to our people. Also, the departments for QHSE, Manutech and Sustainability are involved in activities related to the company's impact on its people. In addition to Human resources financial means are allocated for initiatives at providing safety and training, improve wellbeing and health, etc.

### *Working conditions*

We see human rights as a fundament in maintaining and developing our culture and workplace. Working conditions and the guidelines for how we treat our people are covered in our Code of conduct, our EHS policy (Safety Handbook) and HR policy (People Handbook) and in our HR Manual. The policies have been approved by the Group Leadership Team and together they cover all subjects to material impacts, risks and opportunities related to ESRS S1 as well as all employees and contractors working at Fortaco business sites.

Implementation of the People Handbook and HR manual is accounted for by Fortaco's People and HR team, led by Vice President People and HR. Read more about the Safety Handbook below in the section about Health and Safety, and see section G1 Business Conduct for more about our code of conduct. We respect key international human and labour rights standards included in the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Our Code of conduct and People policy highlights our dedication to ensuring freedom of association, the right to collective bargaining, elimination of forced or compulsory labour, effective abolition of child labour, and elimination of discrimination in employment and occupation, among other critical issues. In our work with human rights, we are guided by the authoritative global frameworks, UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. To stay competitive and secure a working place for its employees Fortaco must continuously stay flexible and resource-effective when market and demand is fluctuating. At the same time cultural diversities and inorganic growth through mergers and acquisitions puts additional pressure on our abilities to flex and stay efficient. To mitigate this risk and increase positive impact Fortaco invests in automatization, digitalisation, internal rotation and training, mentoring and change management. Fortaco's People and HR strategy emphasizes effort on engaging employment and ensuring enough competent and resilience workforce. To support the strategy and mitigate the risks, our action plans include for example training programs, skill development, and mentoring. The offering for skill development and offering is customised depending on the 'employee role and interests.

### *Health and safety*

Fortaco's ambition and vision is to have zero accidents. Creation of a safe working environment requires intentional effort building awareness, setting guidelines, and monitoring working conditions. Therefor our safety systems include several elements to ensure safe working conditions. We recognize that awareness and safe behaviour are critical for incident prevention, which is why we expect every employee, at every level of the organization, to take responsibility for safety.

At Fortaco, safe working conditions include:

• Safety on equipment, to ensure that only proper tools, machinery, and equipment are being used.

• A continuous process of identifying and reducing workplace hazards, both to remove unsafe conditions and to train ourselves to recognize them.

• Guidance and awareness of safe working practices.

• Personal protective equipment (PPE) to prevent potential injuries.

To support our zero-accident mindset, Fortaco has introduced and implemented nine Golden Safety Rules to reflect the main hazards workers face in their everyday work. These rules have been developed to align worker behaviour and maintain safety processes at our places of work. The Golden Safety Rules apply to all Fortaco employees.

We have established a policy for health and safety (Safety Handbook), setting the standards for how we protect and ensure the well-being of our employees and good working conditions. The policy covers all our employees and facilities. Fortaco's Group QHSE Director is accountable for adequate policies and management systems group wide while General Managers of each Business site is responsible for the implementation locally. We have implemented workplace accident prevention procedures to ensure the safety and well-being of our employees.

• Work environment: Welding & Carbon arc gouging: heavy metal emissions and dust, E-coating and painting: several types: VOC emissions, Ergonomic challenges (working positions in welding, lifting, vibrations etc.)

• In a factory environment, the noise levels are high and, for example, during welding, vision damage is possible

• Demanding work conditions and human errors cause respiratory problems and diseases, neurological problems,

• Disorders and diseases of the musculoskeletal system. Sensory impairments and damage (noise, hearing, vision). Different level of accidents in the shopfloor.

We prioritise and protect the physical, social, and psychological safety of everyone in the workplace. Material risks and negative impacts are especially in focus in our health and safety related work. The production environment can be especially demanding in some parts of the process. Welding, carbon arc gouging, e-coating and painting cause ergonomic challenges, emission or dust, or high noise levels. The demanding working conditions and human errors may lead to respiratory problems and diseases, neurological problems, disorders and diseases of the musculoskeletal system, sensory impairments and damage and other accidents on the shopfloor.

We believe that personal health and wellbeing are fundamental drivers for living a balanced life where people can realise their potential. Therefore, it is fundamental to our operations that we have a robust health and safety management system in place and that we foster a culture that promotes our employees' health and safety. Fortaco's management system for occupational health and safety is certified by the ISO 45001. The ISO 45001 certification validates a company's commitment to occupational health and safety. Continuous monitoring related to the standard includes safety metrics, risk observations, safety discussions, and safety training hours, with the lost time incident frequency (LTIF) as a key indicator. The management system is audited internally and by third party to uphold valid certification and can even be part of audits conducted by third party on behalf of a Fortaco customer.

At Fortaco we have identified mental health to be an increasingly important part of holistic health. When it comes to mental health, our mission is to offer support to our people when life gets challenging. Our main goal is to create a supportive environment where everyone feels heard, valued, and empowered. We are dedicated to building a strong company culture where mental health is openly discussed and understood. To provide support in an early phase we have trained six mental health ambassadors in different locations. The ambassadors' role is to be low threshold contacts when employees face stress, anxiety, or just need someone to talk to. To teach about health more widely within the workplace People & HR share insightful blogs, interesting articles, and practical tips and tricks to help employees taking care of their mental well-being. Accountability for our activities related to well-being lies with the Senior Vice President People & HR.

### *Training and skills development*

Fortaco has to balance between fluctuating demand, dynamic workforce and increased competition of competent and engaged shopfloor workforce. The challenge is tackled by putting extra efforts in engaging employment and ensuring enough competent and resilience workforce, through investments in automatization, digitalisation, internal rotation and training, mentoring and change management.

Fortaco supports the growth of its workforce through training programs, upskilling opportunities, and initiatives promoting health and safety. The company's business model emphasizes innovation and high quality, which requires committed and skilled employees. Employee development strengthens organizational culture and enhances operational efficiency.

At Fortaco we concentrate on building a high-trust culture, but also want to prepare our team for uncertainty. Through connecting people, we lay the groundwork for sustainable transformation, important not just for the development of our employees but also for the company as a whole. We find it important that our employees are motivated, and that they have been given the best prerequisites to develop and grow in their tasks.
We support every employee towards achieving their personal goals in respective roles.

Our commitment to cultivating and expanding a skilled workforce is outlined in our HR policy (People Handbook). We firmly believe that for employees to thrive, perform effectively, and experience growth, it is essential for them to comprehend their role within the organisation and be aware of future opportunities that may arise. This also mitigates material risks related to training and skills development, as well as minimizes negative impact while enables opportunities.

The training and development of Fortaco people start upon hiring. For new hires Fortaco has implemented a standardized onboarding process, available in all local languages, where the process flow and tasks of responsible persons have been described in detail. Throughout the employment our people are trained in professional and personal skills required in their respective roles, and voluntary trainings are also available as classroom training and in Fortaco's e-learning portal Apprix. The e-learning management system was established with the sole purpose of developing our people and all employees have access.

For white-collar employees Fortaco has also established development discussions that are held with a direct superior. Discussions are conducted twice annually. In the first discussion, the previous year's achievements are reviewed, and goals are set for the coming year, and mid-year the status is reviewed. The development discussion process is a framework to help to ensure that our employees know and understand what is expected from them, and that they have the skills and ability to deliver what is expected.
In 2024, 100% of our white-collar employees had all their planned development discussions with a superior.

### *Engaging with own workforce and workers' representatives*

We are committed to creating a culture with zero accidents and where everyone feels psychologically safe to raise concern and address matters important to them. We build this safe environment by providing safety equipment, training our people, collect feedback in our annual Pulse survey (for satisfaction and motivation), provide channels to report risks and anonymously raise concern (please see G1 for more information on our Whistle blowing channel), encourage membership in worker's associations, conduct working culture related campaigns, among others.

The pulse survey is a sufficient tool for us to collect insight into employees' perceptions of Fortaco as an employer, their daily work experiences, their relationships with supervisors and senior management, and other factors impacting working life. The survey results serve as a valuable foundation for dialogue and identifying areas to further improve the workplace. Parallel with the survey we have established channels for more frequent engagement with employees: employee representatives, the Speak up- whistleblowing hotline, biannual personal development discussions, and mental health ambassadors.

Fortaco held its first European Work Council (EWC) in 2014. Since then, the Council has gathered annual and functions as a forum where employee representatives and Fortaco Group Leadership Team discuss openly and communicate the Fortaco strategy, business plans and financial plans. Employee representatives are elected in compliance with the legislation of each country, collective agreement or labour market practices.

### ***Remediation and channels to raise concerns***

In all Fortaco's business sites we have implemented adequate management systems to identify, prevent, mitigate, and remedy any potential adverse human rights impacts, whether they are related to our own employees or contracted non-employees. In cases where we identify potential adverse human rights impacts, we are committed to promptly and effectively providing and enabling remedies. Our grievance and remediation approach includes addressing any adverse human rights impacts on individuals, workers, and communities that we have caused or contributed to.

Access to remedy helps ensure fairness, justice, and protection for individuals and communities. It allows people to seek recourse and find a solution when they believe that their rights have been violated, promoting a more equitable and fairer workplace. If any employee feels they have experienced an instance of bullying, discrimination, or harassment, they are encouraged to raise concern so that effective identification and resolution of issues can be ensured. This is possible through one of the many channels Fortaco provides:

• Whistleblowing line: An anonymous whistleblowing system is available to all employees, enabling the reporting of issues related to ethics, safety, or regulatory compliance. For more information on our whistleblowing channel and how we protect whistleblowers against retaliation, see section G1 on business conduct.

• Direct Contact with Supervisors: Employees are encouraged to openly communicate their concerns to their direct supervisors, allowing for prompt responses at the operational level.

• P&HR Department and Union Representatives: Employees can report their concerns to the P&HR department or union representatives, who provide support and advocate f or employee interests.

• Regular Employee Meetings: Fortaco organizes regular meetings where employees can openly share their comments and concerns directly with the management team.

• Local Systems for Filing Requests and Complaints: Through the local management platforms and channels, employees can submit requests or complaints in an organized and recorded manner.

Fortaco has adopted a systematic approach to evaluate the effectiveness of remedial measures implemented in response to reported issues or identified risks. The evaluation methods include:

• Regular Reviews and Internal Audits: Remedial measures are monitored through periodic reviews of operational processes and internal audits, allowing us to assess their impact and effectiveness. The results of these audits are analysed by management and incorporated into improvement strategies.

• Key Performance Indicators (KPIs) Analysis: Fortaco uses key performance indicators (KPIs) to assess the effectiveness of its measures, including the number of reported and resolved issues, response times to reports, and employee satisfaction levels after implementing remedial actions.

• Employee Feedback: Regularly collected feedback from employees through surveys and discussions helps identify whether the implemented measures have achieved the desired outcomes.

• Corrective Action Tracking System: All remedial actions are recorded in a central compliance management system. This system enables monitoring progress in their implementation and identifying areas that require further improvement.

We have also implemented concrete actions to ensure the effectiveness of the remedial measures and to create an environment where employees feel safe, raising their concerns. Systematic evaluations and a variety of reporting channels are integral to the company's strategy, supporting its commitment to building a responsible and sustainable organization.

We take proactive steps to ensure that our employees are aware of and reminded about the grievance mechanisms available. This awareness is built into various aspects of our employee experience, including:

• Code of conduct training: As part of our training programme, we include specific modules on our grievance and complaints handling policy. According to the training policy, every Fortaco employee is required to complete Code of Conduct training at least once a year. To encourage participation, enhance awareness, and highlight the importance of adhering to the code of conduct, we organise annually a dedicated "Code of Conduct Month."

• Internal information campaigns: We regularly communicate with our employees through various internal channels, including emails, newsletters, and our intranet, to remind them about the availability of grievance channels and encourage their use.

We are dedicated to ensuring that our employees not only have access to these channels but also have the knowledge, confidence, and psychological safety to utilise them when necessary. Fortaco as an organization has the responsibility to take all reported cases seriously and provide fair outcomes for investigated cases that take all parties' needs into consideration. Read more in section G1 Business Conduct.

## Metrics and targets

Fortaco's targets related to identified material impact, risks, and opportunities are long-term goals to improve health, safety and wellbeing of our employees. Not all are yet time-bound with set baseline and monitored action plan, but we have set overall goals for development of our leadership and culture, introducing new tools and solutions to make work easier, improving wellbeing, health and safety, as well as employee engagement.

Fortaco's primary indicator of safety is the Lost Time Injury Frequency (LTIF). It is acknowledged that the LTIF alone does not communicate the full picture of the group's safety performance. Thus, employees are encouraged to report safety observations and improvement ideas in our safety reporting portal.

Fortaco targets to continuously decrease its LTIF, which is reported monthly to the group management. Safety action frequency is the number of reported health, safety and environment events (observations, deviations, safety rounds and safety toolbox talks) in Fortaco safety tool. The target is to introduce the same practices to new business sites and to increase the amount of safety actions. In 2024, the number was a total of 5,005 safety actions.

Our employee engagement target is to improve the score measured in the Pulse Survey described below under the section for Working conditions.

The target has no set baseline but is monitored annually in group management reporting and an action plan is defined according to the results, attempting to also improve the results annually.

### *Working conditions*

In 2024, the number of employees remained steady with a slight decrease of 2 % at the end of 2024 compared to 2023. The main contributor to the decrease in the absolute headcount were due to the sale of Business Sites Kalajoki and Sepänkylä in Finland, and Business Site Jászberény in Hungary.

We want to create a workplace culture where everyone feels empowered to voice their thoughts, share innovative ideas, and express themselves freely. To support this, we have trained yet another group of Fortaco leaders in emotional intelligence and launched a series of dynamic psychological safety workshops. The objective of these workshops is to cultivate a shared understanding and provide practical techniques for nurturing psychological safety, with the ultimate goal of fostering an open, creative, and inclusive culture.

In 2024 we also started the work on translating Fortaco's values into practical and consistent behaviour models. In April we arranged workshops in our Business site Kurikka in Finland with the aim to create models that enhance performance, innovation, and engagement among our people.

**Number of employees by contract type and gender**

| | Male | Female | Not reported | Total |
|---|---|---|---|---|
| Number of permanent employees | 1,885 | 248 | 0 | 2,133 |
| Number of temporary employees | 139 | 27 | 0 | 166 |
| Number of non-guaranteed hours employees | 0 | 0 | | 0 |
| Total number of employees | 2,024 | 275 | 0 | 2,299 |

| | Unit | 2024 |
|---|---|---|
| Number of employees (as of December 31st) | Number | 2,299 |
| Austria | Number | 231 |
| Estonia | Number | 405 |
| Finland | Number | 407 |
| France | Number | 285 |
| Poland | Number | 733 |
| Serbia | Number | 92 |
| Slovakia | Number | 146 |
| Average number of employees (during the year) | Number | 2,672 |
| Employees who have left Fortaco | Number | 576 |
| Employee turnover rate | % | 22 |
| Employee satisfaction survey results | Number | 38 |
| Employee amount change | % | -2 |

## Accounting principles

*Number of employees*
Employee data is based on records from Fortaco's People & HR systems as of December 31st. Redundant employees are recognised until the expiry of their notice period, regardless of whether they have been released from all or some of their duties during their notice period. The group employment on average can be found in the financial statements can be found in note 2.6. Personnel expenses.

*Turnover rate*
Calculated as the number of employees who have left the company relative to the average number of employees in the financial year.

*Employee satisfaction survey results*
Fortaco conducts a comprehensive employee satisfaction survey once a year. With a few exceptions, all employees are invited to participate in the survey. The following employees are omitted from the survey results: employees who joined the company shortly before the employee satisfaction survey, employees who resigned shortly after the employee satisfaction survey, interns, consultants, advisors, and external temporary workers who do not have an employment contract with Fortaco.

In 2025, when it comes to fostering secure employment, our focus is set on:

- AI and Digitalization – Using smart tools to make our work easier and more efficient
- Fortaco DNA – Bringing our values to life in everyday actions
- Assessment Tools – Introducing tools to support personal and team growth
- Employee Engagement – Finding new ways to connect and work better together

Fortaco's target setting process involves collaboration with employees and union representatives. Through joint consultations, we define key goals related to workplace safety, training, and professional development, allowing employees to influence priorities and propose solutions. The annual Pulse Survey provide insights into organizational needs, and their results guide goal setting for the upcoming period. To track performance, each business site implements Survey Corrective Action Plans, ensuring continuous improvement. We transparently report on progress, including metrics such as the number of health and safety trainings conducted, workplace accident reductions, and employee engagement improvements. These reports are shared with employees and union representatives, fostering accountability and informed decision-making. Lessons learned from performance tracking help refine future targets, reinforcing our commitment to a safe and supportive work environment.

### *Anti-discrimination*

In 2024, Fortaco was made aware of zero incidents and complaints (only verified instances) related to severe human rights impacts and discrimination among its employees. During the reporting period, no fines, sanctions or compensations as a result to those complaints and incidents have been required to be paid for. The incidents and our grievance mechanisms are discussed more thoroughly under G1 – Business conduct. Incidents concerning the occupational safety and other work-related rights of suppliers' employees, are discussed in more detail under S2 – Workers in the value chain.

### *Training and skills development*

As Fortaco has to tackle the challenge with increased competition of competent and engaged shopfloor workforce we put extra effort in internal rotation and training programs, mentoring, upskilling opportunities and change management. For example, skilled welders are becoming rare in countries where Fortaco operates so we want to embrace and retain the knowledge of welding we have in the company. In 2024, during welder's month in April, the appreciation for the skill was shown with various activities such as pictures and stories about experienced welders, and also beginners, knowledge quiz for welders, women in the role of welders, successful career stories, a sum up video of the month's activities. We were happy to see the positive reactions among employees and on social media that the activities resulted in.

Furthermore, to develop our onboarding and ensuring groupwide standard a new training for Hiring Managers was launched. The training, available in all local languages, covers the key steps of onboarding and emphasizes their importance. Parallel an On-the-Job Training Plan with guidance was introduced, and the completion of it is monitored to ensure all new hires receive a training plan and completes it.

**Number of employees by contract type and country**

| | Austria | Estonia | Finland | France | Poland | Serbia | Slovakia |
|---|---|---|---|---|---|---|---|
| Number of permanent employees | 224 | 380 | 379 | 270 | 668 | 84 | 128 |
| Number of temporary employees | 7 | 25 | 28 | 15 | 65 | 8 | 18 |
| Number of non-guaranteed hours employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total number of employees | 231 | 405 | 407 | 285 | 733 | 92 | 146 |

**Accounting principles**

*Number of employees*

Employee data is based on records from Fortaco's People & HR systems as of December 31st. Redundant employees are recognised until the expiry of their notice period, regardless of whether they have been released from all or some of their duties during their notice period. The group employment on average can be found in the financial statements can be found in note 2.6. Personnel expenses.

| Incidents, complaints and severe human rights impacts | 2024 |
|---|---|
| Number of incidents of discrimination | 1 |
| Filed complaints | 19 |
| Monetary penalty paid for damages | 0 EUR |

**Accounting principles**

*Number of incidents of discrimination*

The total number of incidents of discrimination, including harassment, reported in the reporting period.

*Filed complaints*

The total number of complaints filed through channels for Fortaco's own people to raise concerns including unsubstantiated complaints.

*Monetary penalty paid for damages*

The total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above.

Going into 2025, we focus our actions related to training and development on three areas:

- Leadership Development – Training and supporting our managers
- Mentoring Program – Creating opportunities for production employees to learn and grow
- Succession and Skill Matrix App – Making the most of these apps to plan careers and skills

***Health and safety***

To ensure the health and safety of our employees and contractors, we constantly monitor our safety performance and implement relevant and effective actions where and when needed. In 2024, we worked to preserve our robust health and safety records while expanding our business activities. This entails continuing preventive and mitigating efforts such as safety days, internal audits, inspections, personal risk dialogues, emergency drills, and safety trainings.

In 2023 we launched a Mental Health Program and in 2024, we trained seven health ambassadors, ready to support colleagues in need of mental support as part of our health and safety measures. The program includes Mental Health Protocols available in the local languages of all our business sites.

| Health and safety | Unit | 2024 |
|---|---|---|
| Covered by ISO 14001 management system | % | 90 |
| Fatalities | Number | 0 |
| Total recordable injuries (TRIs) | Number | 49 |
| Total recordable injury rate (TRIR) | Number | 12 |
| Total recordable work-related ill health cases | Number | 2 |
| Lost days | Number | 723 |

**Accounting principles**

*Covered by ISO 14001 management system*
Share of employees of Fortaco covered by a health and safety management system certified according to ISO 14001 standard.

*Fatalities*
Number of people working on Fortaco business sites who lost their lives as a result of a work-related incident such as injury or ill health.

*Total recordable injuries (TRIs)*
The total number of recordable work-related injuries.

*Total recordable injury rate (TRIR)*
Calculation representing the number of work-related injuries per one million hours worked. The hours worked is based on the total annual working hours of Fortaco's employees.

*Total recordable work-related ill health cases*
The number of cases of recordable work-related ill health. The number may include cases of former employees.

*Lost days*
TThe total number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health. Data is collected in hours and converted into days by dividing by 8 hours.

## Workers in the value chain (ESRS S2)

**Our approach and governance**
Fortaco's operations impacts people working across our supply chains indirectly through setting requirements and expectations, by collaborating and building trusting relationships with, and improving transparency with direct suppliers. Fortaco's own operations are located only in Europe, where the risk of serious human rights violations in the operations is considered low. Through our code of conduct and supplier policy (Supplier handbook) we expect the companies we work with to run their business and supply chains in compliance with national laws and with respect for international labour and human rights standards defined by the UN Guiding Principles on Business & Human Rights, the OECD's Guidelines for Multinational Enterprises, as well as the core conventions of international labor organizations, such as the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. So not only do we at Fortaco make sure that we respect labour and human rights in everything we do, but also that we reduce the risk of people in our value chain being adversely impacted.

In our products we use materials such as steel, plastics, glass, and paints. Some of our key materials are extracted or produced in countries where the likelihood of adverse impacts on human and labour rights is high, and we must therefore do everything we can to avoid harmful effects on workers and communities. Fortaco's possibilities to affect impacts in the value chain beyond direct suppliers are limited. We aim to source our materials only from trusted suppliers who we have passed our screenings and committed to our Code of Conduct, but we need to understand how we can support, respect and protect the rights of workers and communities involved in the minerals and metals supply chains beyond direct suppliers.

Fortaco is connected to workers in the value chain through its supplier relationships. The impacts on value chain workers originate indirectly from Fortaco's business model and strategy. The impacts have not led to adaptations in the business model or strategy. Fortaco continuously identifies and assesses potential and actual impacts and defines preventive and mitigating actions accordingly. Dependencies related to workers in the value chain have not been identified.

**Impact, risk and opportunities**
The material impact, risks and opportunities related to workers in the value chain have been identified in our double materiality assessment which is described in the general section ESRS 2 of the Sustainability Statement. In the process we have analysed stakeholder groups in our value chain and how Fortaco's operations directly or indirectly impacts the groups. For the analysis

we have utilized external expertise and openly available information about e.g. raw material extraction, metal manufacturing, and transportation, and also internal expertise about Fortaco's value chain processes, actors, and supplier criteria.

In the materiality assessment we identified material impacts and risks related to workers in the value chain. The impacts and risks are related to mainly blue collar and female workers in raw material extraction and production where working conditions, labour rights, human rights, and health and safety are topics of concern.

We provide our employees decent wages, secure employment, safe working conditions, and a working environment where they are free to express their concerns and their right to organize in trade unions is protected. This is something we also we want for people that are not directly employed by Fortaco.

The possibilities to impact treatment of workers in the value chain are limited but we will investigate and act where we can, for example by set higher expectations on our direct suppliers and request more transparency regarding sustainability of materials that we source. Fortaco has not yet publicly outlined a formal policy to uphold human rights, including labour rights in the value chain, and to manage the material impacts, and risks related to value chain workers. Material impact and risks related to workers in the value chain were for the first time identified in the double material assessment conducted in 2024 and the needed work to outline a general approach and policy, set targets and plan actions has been started. Currently Fortaco's Code of Conduct and Supplier Handbook (supplier policy) include related themes such ethical business conduct, labour rights and human rights, and safe working conditions. However, management of identified material risks related to value chain workers will be reviewed and mitigation actions developed further in the future. For more information on our Code of Conduct and Supplier Handbook, see section G1 on Business Conduct.

We have recognised that the risks we have assessed to be material, are worsened by small suppliers' struggles with market pressures, which hinder their ability to meet sustainability requirements, and by limited oversight of larger suppliers. Fortaco's Code of conduct is therefore attached to the General terms and conditions of supplier contracts. In the standard agreement practices we expect our suppliers to familiarize themselves with our Code of Conduct and act according to expectation set in them. The collaboration related to sustainability is planned to be intensified in 2025 going forward.

### *Engaging with value chain workers*

The material impacts and risks are related to external workers in raw material extraction and production. To reach the very beginning of the supply chain Fortaco needs to work with each direct supplier and understand how they work towards their supply chain. Fortaco is in regular contact with suppliers through e.g. periodical dialogue, workshops and collaborations, supplier self-assessments and audits. However, Fortaco has not yet adopted a formal process to engage with supply chain workers. In the spring of 2025 Fortaco's whistleblowing channel is made easily available for externals. More about the whistleblowing channel under section G1 on Business Conduct.

Active engagement with supply chain workers can help us to obtain insights into labour conditions and the implementation of specific suppliers' management systems. The possibility is currently not utilized to full extend and as we develop our supplier relationships, and our work to manage impact, risk, and opportunities in the value chain, we can leverage the channels we already have.

More about our relationships with

| Sub-topic | Short description | Impact/ Risk/ Opportunity | Location | Time horizon |
|---|---|---|---|---|
| Working conditions | Unfair terms and conditions of employment related to extraction and production of materials such as steel, glass, aluminium and rubber. | Negative impact | Supply chain | Short- and medium-term |
| Working conditions; Health and safety | Occupational health and safety impacts of workers in the extraction and production phase of materials such as steel, glass, aluminium and rubber. | Negative impact | Supply chain | Short- and medium-term |
| Other work-related rights | Serious human rights abuses related to extraction and production of materials such as steel, glass, aluminium and rubber. | Negative impact | Supply chain | Short- and medium-term |
| Working conditions | Risk of hidden mistreatment of supply chain workers, particularly in raw material extraction and production processes of materials such as steel, glass, and aluminium. Mistreatments include unfair employment terms, inadequate wages, excessive working hours, and limited freedom of association. Failure to address the issues may lead to significant reputational damage and ethical concerns for businesses reliant on these supply chains. | Strategic risk | Supply chain | Short- and medium-term |
| Working conditions; health and safety | Potential issues related to occupational health and safety of supply chain workers, particularly in raw material extraction and production processes of materials such as steel, glass, and aluminium. Failure to address the issues may lead to reputational damage for businesses reliant on these supply chains. | Strategic risk | Supply chain | Medium- and long-term |
| Other work-related rights | Serious human rights abuses of employees in particularly in raw material extraction and production processes of materials such as steel, glass, and aluminium cause reputational risk to businesses reliant on these supply chains. The human right abuses often take form as disciplinary practices and violence, forced labour, child labour, limitation of women's rights, discrimination and diversity issues. | Strategic risk | Supply chain | Medium-term |

suppliers and the development of them including communication, self-assessments and audits can be found in section G1 on Business Conduct.

### *Remediation and channels to raise concerns*

At Fortaco we strive to address concerns and grievances with remediation that is proportionate to the grievance that has occurred. We are committed to and continuously work to strengthen our processes for providing or helping to provide appropriate remediation to harmed workers in situations where we have identified that we have caused or contributed to a negative impact. This applies not only to our own workers but also people in the value chain that report an incident or concern related to Fortaco. In 2024, Fortaco was not made aware of any cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve value chain workers in its upstream and downstream value chain.

Fortaco employees and stakeholders (including value chain workers) are encouraged to report any ethical concerns and suspected non-compliance with laws. For external stakeholders such as workers in the value chain Fortaco's whistleblowing channel offers a supplementary reporting channel in cases where it is not possible or appropriate to report concerns or suspected misconduct through regular reporting channels. The whistleblowing reporting tool allows submitting reports anonymously, securely and in compliance with laws regarding data protection and privacy. Currently externals with the link can submit reports with the same protection as Fortaco employees. In 2025, the whistleblowing channel will be made easily available to externals e.g. through Fortaco's website and we plan to start following up on the substantiation rate to measure the effectiveness of the channel. For more information on our code of conduct, whistleblower hotline, and how we protect whistleblowers against retaliation, see section G1 on business conduct.

In 2025, as an action to address material impact and risks, we are planning to outline a supplier code of conduct that sets clear expectations to our suppliers, emphasising also the establishment of accessible grievance mechanisms for their workers and other stakeholders. In cases where we would identify shortcomings, we would collaborate with our suppliers to develop improvement plans.

### Metrics and targets

In our double material assessment three material impacts and risks were identified relating to workers in the value chain, more precisely in the extraction and production of raw materials. We recognize the responsibility and importance to address those risks, however, we have not yet set targets for in relation to the material topics. In the future, we will review current processes to investigate development possibilities, and based on gaps, plan targets and actions for mitigating the material risks related to value chain workers.

## Affected communities (ESRS S3)

### Our approach and governance

Fortaco's material impacts and risks related to communities are located in the supply chain of the materials we use in our products. The iron ore mining sector may provide new employment opportunities in resource-rich countries such as Brazil, Australia and China, but here local communities and indigenous people, such as residentials living and working around mines, have historically been affected negatively by such activities. A shortage of decent jobs in a producing region may lead to people advocating for mining projects, despite potential other negative environmental and social impacts.

Fortaco's possibilities to affect impacts in the value chain are limited. We aim to source our materials only from trusted suppliers and we need to understand how we can support, respect and protect the rights of communities involved or affected in the supply chains. Fortaco's Code of Conduct guides us as we pursue business in a responsible manner, including economic-, social-, and environmental issues, in several countries.

### Impact, risks, and opportunities

The material impacts, risks and opportunities related to affected communities have been identified in our double materiality assessment which is described in the general section ESRS 2. All potential affected communities upstream and downstream in the value chain have been reviewed by utilizing internal and external sustainability and industry expertise, and by reviewing literature and databases containing information on supply chains, industries, Human Rights Risk maps etc. We have identified risks and impacts on communities living and/or working near raw material extraction and production sites upstream in our value chain, especially in countries such as China, Australia and Brazil. The risks include potential health issues caused by pollution, disruption of livelihoods and cultural heritage for indigenous peoples, and labour rights violations such as forced and child labour. Communities may also face displacement, environmental degradation, and social tensions tied to mining and industrial activities. The negative impacts on communities are considered widespread in the industry for mining and raw material extraction.

Our approach to managing our impacts and risks aims to avoid and mitigate negative impacts for affected communities while choosing business partners carefully. Negative impacts can be mitigated for example by reducing environmental harm and pollution, engaging with affected communities to protect their rights and cultural heritage, strengthening employees' rights, and ensuring safe working conditions. Fortaco enables this by enhancing supply chain monitoring and supporting suppliers in meeting ESG requirements.

Our commitment to uphold human rights of everyone and engage with communities is outlined in our Code of conduct, which gives us guidance on how we treat others, conduct business, and protect our corporate assets. Through our code of conduct and supplier policy (Supplier Handbook) we expect the companies we work with, to run their business and supply chains in compliance with national laws and with respect for international labour and human rights standards. So not only do we at Fortaco make sure that we respect labour and human rights in everything we do but we also strive to reduce the risk of people in our value chain being adversely impacted.

Material impacts related to affected communities in Fortaco's supply chain are managed by the Group Sustainability Director in collaboration with Group Leadership Members responsible for People and HR, as well as Supply Chain and IT. The supply chain organisation is accountable for the engagement and interaction with suppliers while the P&HR, with its one professional nominated in 2024 to drive CSR and ESG topics related to our people share expertise on engagement with marginalized people and local communities. In addition to human resources financial means are allocated for initiatives related to data collection and management, auditing etc.

For more information on our Supplier Handbook and Code of conduct, how they address human rights impacts, see section G1 on business conduct. See also S1 – Own workforce and S2 – Workers in the value chain for more details about our commitments related to human rights in the value chain. Indigenous people are not addressed specifically in the policies. In 2024, Fortaco did not have management processes and practices for engagement with the affected communities in the extraction and production of materials, only for engagement with direct suppliers. Material impact and risks related to affected communities were for the first time identified in the double material assessment conducted in 2024 and the needed work to outline a general approach and policy, set targets and plan actions has not been priority during this reporting period.

***Remediation and channels to raise concerns***

We have started to actively work on improving our abilities to address and remedy negative impacts on communities affected by our operations. We work towards our supply chain through our first-tier suppliers, which we screen, assess and audit regularly in accordance with our supplier policy and related processes. By collaborating with suppliers on sustainability in the value chain we aim to improve awareness and to mitigate our risks and negative impacts. Affected communities can always raise concerns by directly contacting Fortaco's local or group operations, for example, through the business units' contact persons. Individuals may also confidentially report any ethical concerns or non-compliance with legislation through Fortaco's whistleblowing channel. For more information on our whistleblower channel and how we protect whistleblowers against retaliation, see section G1 on business conduct.

### Metrics and targets

The ultimate vision is to operate in a way that has minimal negative impact and maximal positive impact on communities in our value chain. Although Fortaco had not yet in 2024 set specific targets and actions linked directly to material impacts and risks related to affected communities, many of our actions mentioned in the environmental related sections and section S2, have impact further upstream in the supply chain and take us closer to our vision for affected communities. For example, management of negative impacts and promotion positive impacts including systematically reducing environmental impacts and engaging with suppliers on sustainability in the value chain, has broader impact.

| Sub-topic | Short description | Impact/ Risk/ Opportunity | Location | Time horizon |
|---|---|---|---|---|
| Communities' rights | Infringement of rights related to communities in the extraction and production of raw materials such as iron ore or steel, aluminium, copper, glass and rubber. | Negative impact | Value chain | Short- and medium-term |
| Communities' rights | Sourcing battery materials from China supports the limitation of freedom of expression for local communities. Freedom of expression is limited in China and China also supports Russia where the freedom of expression is even more limited. | Strategic risk | Value chain | Medium-term |
| Communities' rights | Reputational risk caused by infringement of rights related to communities in the extraction and production of raw materials such as iron ore or steel, aluminium, copper, glass and rubber. Suppliers may infringe on rights such as residential and indigenous rights, community and stakeholder engagement, cultural heritage, resettlement and displacement, and community health and safety | Strategic risk | Value chain | Medium-term |

# GOVERNANCE

## Business conduct (ESRS G1)

### Our approach and governance

Our business conduct is guided by applicable legislation, our values, Code of Conduct and various policies approved by Fortaco's Group Leadership Team. We are committed to operating in accordance with the UN Guiding.

Principles on Business and Human Rights and require the same of our business partners. Through our Code of conduct and policies, we strive to uphold a healthy corporate culture with a high level of integrity, providing guidance to all employees on the expected behaviour at Fortaco and in interactions with stakeholders. The code addresses topics such as running a fair business, anti-bribery and anti-corruption, working with political decision makers and civil servants, entertainment, and reporting suspected misconduct. It is overseen by our Group Legal Director and reported to the Board of Directors.

In 2024, Fortaco commenced the implementation of new legal compliance policies related to anti-bribery and anti-corruption, whistleblowing, competition compliance, data protection and trade compliance. Also, the Code of Conduct and other policies were updated to comply with changes in legislation and the company's operating strategies. Our stand against corruption and bribery is laid out in our Code of Conduct while the Anti-Bribery and Anti-Corruption Policy sets out the rules for preventing and detecting bribery and corruption risks in our operations. The Anti-Bribery and Anti-Corruption policy provides detailed guidelines, according to which business can be conducted in a transparent and honest manner when offering and accepting gifts, hospitality and other forms of benefits. Our policies do currently not include animal welfare as it is not seen as material in our operations and in cases where animals would be involved, we follow local European legislation and recommendation.

Fortaco carries out internal audit assessments on a regular basis. The audits are for example, focusing on governance, quality, sourcing, IT controls, and sales at business site level, and indirectly including sustainability topics. Sustainability will in the future be included as a separate topic, however, in 2024 there was no scheduled plan for the implementation. Internal audit is an independent and objective assurance and consulting activity to evaluate if Fortaco's processes and operations function as expected. Internal audit function evaluates the effectiveness and efficiency of Fortaco's risk management, internal control, and governance processes. Internal audit activities are conducted based on identified needs, covering different risk types and business processes. Independence is enabled with a direct reporting line to the Board of Directors. Additionally, internal audit reports to executive management for daily administrative purposes. Objectivity is enabled by an impartial attitude and avoidance of conflicts of interest.

### Impact, risks, and opportunities

The material impacts, risks and opportunities related to business conduct have been identified in our double materiality assessment which is described in the section for Double Materiality Assessment under ESRS 2.

### *Corporate culture*

Upon joining the company, and thereafter at least every second year, all employees are expected to complete our e-learning course in the Code of Conduct. The Code of Conduct and the e-learning module were updated in 2024. They cover our key ethical principles and describe best practice related to business sustainability.

Various trainings are available in multiple languages in Fortaco's e-learning portal. They are for example related to insider information, the Corporate Sustainability Reporting Directive, time management, and conflict resolution. We also train our people locally in classroom trainings or online for example in fire safety, emotional intelligence and mental health. Upon joining the company new employees are trained in our business conduct and ways to operate. Throughout the employment we want to support individual development and wellbeing by offering not only good working conditions but also training in their individual roles. The completion of e-learning courses and classroom training is regularly monitored by People and HR and reported to the Group Leadership Team.

Our commitment to business integrity is supported by Fortaco's whistleblowing channel, which during 2025 will become available also for external stakeholders. It is currently available in ten different languages on Fortaco's intranet. Our commitment to whistleblower

| Sub-topic | Short description | Impact/ Risk/ Opportunity | Location | Time horizon |
|---|---|---|---|---|
| Corporate culture | In the midst of acquisitions and integrations, creating a unified corporate culture regarding responsibility is a challenge. | Strategic risk | Own operations | Medium- and long-term |
| Corporate culture | The pressures from legislation and stakeholders are growing and new skills are required to maintain required sustainability expertise. | Strategic risk | Own operations | Medium- and long-term |
| Corporate culture | A materialized ESG risk may cause significant reputational damage to Fortaco. ESG risk assessments should be fully integrated in the value chain risk management processes. | Strategic risk | Value chain, upstream | Medium- and long-term |
| Management of relationships with suppliers | Small- and medium-sized suppliers typically lack knowledge and resources about sustainability. | Strategic risk | Value chain, upstream | Medium- and long-term |
| Corruption and bribery | Fortaco's supply chains are long and raw materials may originate from countries where corruption is part of the country's culture. | Strategic risk | Value chain, upstream | Short- and medium-term |
| Management of relationships with suppliers | Improving Supplier ESG requirements and compliance control and development on Fortaco Group level. | Strategic opportunity | Value chain, upstream | Medium-term |

protection is outlined in our Code of Conduct and the Whistleblowing Policy. Fortaco's whistleblowing channel enables submitting reports anonymously and securely, and we are committed to protecting whistle-blowers in accordance with applicable laws. In addition, we have established a standard operating procedure to ensure that reports are rigorously and objectively investigated.

***Management of relationships with suppliers***

Corporate responsibility is an integral part of Fortaco's supply chain management. We aim to develop relationships based on honesty, fairness, transparency and mutual trust throughout our supply chain. As part of our supplier development program, Fortaco has procedures in place to screen, approve, and audit business partners.

During the supplier selection and assessment phase, Fortaco may perform various audits to evaluate supplier capability. Suppliers that initially do not fulfil requirements may be allowed to develop action plans to correct any deficiencies and then request a re-audit to verify implementation of these plans. When necessary, we also audit critical processes of sub-suppliers to verify that proper controls are in place throughout the entire supply chain. The audit form includes for example questions about quality, health and safety, and environment. We regularly review and develop our audit procedures and forms, and we currently update them to extend the included scope of sustainability, so that topics such as human rights and climate change, can become part of the audit. Supplier screenings are carried out by Fortaco in collaboration with suppliers while audits are conducted by Fortaco and a third-party auditor.

Our Supplier general terms and conditions sets forth the foundation for all relationships and interactions with our suppliers and they refer to also Fortaco's Code of Conduct and Supplier Handbook. We expect our suppliers to comply with all applicable laws and regulations and to adhere to good business conduct. In our supply chain, we also encourage suppliers to implement similar requirements for their suppliers and to take responsible business behavior upstream in the entire supply chain.

In our agreements with suppliers, we require a commitment by the suppliers to matters set out in Fortaco's Code of Conduct and our legal compliance policies. In addition, our agreements with suppliers include environmental and social requirements. We understand the potential sustainability risks of our supply chain, and this guides our procurement and sourcing activities. To evaluate performance and identify any gaps or adverse impacts, we employ a combination of risk screenings, extended risk screenings, which may occur both before and after contract signing.

Contracts with suppliers are accompanied with general terms and conditions including information about payment terms. The general terms and conditions are applied unless otherwise agreed upon or prescribed in mandatory legislation in relevant jurisdiction. In some cases, the payment terms can be adjusted to differ from the general terms and conditions. To prevent late payments Fortaco has adequate financial systems and internal controls that all suppliers and invoices must pass through.

We are looking to further develop our relationship with suppliers and business partners by improving our due diligence processes, updating the risk model used in screenings, harmonizing processes and implement sustainability to a higher degree in screenings, self-assessments and audits of suppliers. We are committed to continuous improvement and see great possibilities and responsibility in incorporating sustainability in our work with supply chains.

***Anti-corruption and anti-bribery***

Our stand against corruption and bribery is laid out in our Code of Conduct. In 2024, we have published a new Anti-Bribery and Anti-Corruption Policy which sets out the rules for preventing and detecting bribery and corruption risks in our operations. According to the Anti-Bribery and Anti-Corruption policy, suspected breaches are reported to Group Legal or via Fortaco's whistleblowing channel, which initiates the investigation process The Anti-Bribery and Anti-Corruption Policy provides detailed guidelines, according to which business can be conducted in a transparent and honest manner when offering and accepting gifts, hospitality and other forms of benefits. Caution is particularly required when dealing with corporate executives and managers responsible for decision-making in sales, purchases and sourcing as well as when dealing with public officials. All Fortaco personnel, including 100 % of functions at risk, must participate in mandatory anti-bribery and anti-corruption training which is organized in cooperation between Group Legal and People & HR functions.

We have identified the need to screen our suppliers on a wide variety of topics. Currently we mainly screen sanctions and government watch lists while we investigate how to add screening related to ethics, compliance, anti-bribery and anti-corruption. Before entering high-risk partnerships such as joint ventures or acquiring businesses we perform more comprehensive partner due diligence processes covering a wide selection of topics including sustainability. Through the screening process, we could review how potential business partners prevent, detect, and address allegations or incidents of corruption and bribery.

Fortaco employees and stakeholders are encouraged to report any ethical concerns and suspected non-compliance with laws. Fortaco employees are recommended to contact their direct superior, or local representative of the People & HR if they have any concerns. It is also possible to contact a manager of higher rank or Legal Director. In addition, Fortaco has a whistleblowing channel as an early warning system to reduce risks and to handle reports of violations and suspected misconduct. The whistleblowing channel offers a supplementary reporting channel in cases where it is not possible or appropriate to report concerns or suspected misconduct through regular reporting channels. The whistleblowing reporting tool is acquired from a third-party service provider, and it allows submitting reports anonymously, securely and in compliance with laws regarding data protection and privacy. The whistleblowing channel will serve also external stakeholders. Fortaco is committed to protecting whistle-blowers in accordance with applicable laws. Fortaco's Whistleblowing Team has access to reports and ensures appropriate handling, assessment and escalation of reports in accordance with the Whistleblowing Policy.

As business conduct starts from within, in 2025, we will focus on legal training for Fortaco's employees based on the new legal compliance policies, including anti-bribery and anti-corruption, whistleblowing, competition compliance, data protection and trade compliance.

**Metrics and targets**

At Fortaco we have set targets and KPIs to measure business conduct and ethical operations. These relate to our corporate culture and reaches out to the supply chain. We follow up and ensure all our employees participate in the Code of Conduct training upon joining the company and thereafter at least once every second year. We also aim at in the long-term, by 2030, having 80 per cent of our direct suppliers' commitment to Fortaco's code of conduct. In 2024, the number of suppliers who have formally committed was not available and Fortaco will in 2025 assess the baseline. In 2024, we had no suppliers in high risk countries and we plan to investigate suitable targets to mitigate our risks.

Reports submitted to Fortaco's whistleblowing channel may be of various kind, including allegations related to bribery, fraud, and other inappropriate or illegal conduct. Each report is investigated thoroughly and objectively. In 2025, Fortaco will continue development of the whistle-blowing channel and follow up on the substantiation rate (percentage of reports found to be valid after investigation) to assess the functioning of the whistleblowing channel and to ensure that the whistleblowing channel is being used appropriately. In 2024, none of the reported cases were critical to our business or caused adjustments to our financial results. None of the cases lead to convictions for Fortaco.

Management of sustainability and ethical business is monitored in Fortaco's supply chain by supplier screenings, assessments, and audits. The number of supplier screenings and due diligence activities conducted is determined by procurement priorities from year to year.

In 2024, Fortaco has not been fined or convicted for violating any anti-bribery or anti-corruption laws.

In 2024, it took Fortaco on average of 66-69 days to pay an invoice from when the invoice is received by Fortaco or the scope of supply has been fully delivered to Fortaco. Payments are process according to the Fortaco Group Payment Policy where payment dates are defined. Unless otherwise is agreed upon or prescribed in mandatory legislation in relevant jurisdiction, the standard payment in Fortaco's general terms and conditions for purchases is on average 63 days for all main supplier categories. In case of smaller suppliers, the payment conditions can be reconsidered individually and differ from the general terms. The development of Fortaco's contractual payment terms is followed on regular basis. However, in 2024, there was no regular follow-up on how actualized payments aligned with the payment terms. Based on selected scope, we estimate that 20% of payments are aligned with the contractual payment terms. Fortaco is not party to any legal proceedings due to late payments.

| **Incidents of corruption or bribery** | **Unit** | **2024** |
|---|---|---|
| Number of convictions | Number | 0 |
| Fines for violation of anti-corruption and anti-bribery laws | € | 0 |
| **Code of conduct training** | | |
| Employees required to complete the code of conduct training | % | 100 |
| Employees who have completed the code of conduct training | % | 100 |

### Accounting principles

*Convictions*
Total number of incidents leading to bribery or corruption convictions of Fortaco during the financial

*Fines for violation of anti-corruption and anti-bribery laws*
Total fines in euros paid related to convictions during the financial year

*Code of Conduct training*
The share of employees that have completed training in Fortaco's code of conduct within the past two years. The share is relative to the amount of employees invited to take the course.

## Statement on sustainability due diligence (ESRS 2 GOV-4)

The following table provides an overview of where in our sustainability statements we disclose information about our due diligence process.

| Core elements of due diligence | Section in the sustainability statement |
|---|---|
| a) Embedding due diligence in governance, strategy and business model | ESRS 2<br>ESRS G1 |
| b) Engaging with affected stakeholders in all key steps of the due diligence | ESRS 2<br>ESRS S1, S2, S3<br>ESRS G1 |
| c) Identifying and assessing adverse impacts | ESRS 2<br>ESRS E1, E2, E4, E5<br>ESRS S1, S2, S3<br>ESRS G1 |
| d) Taking actions to address those adverse impacts | ESRS 2<br>ESRS E1, E2, E4, E5<br>ESRS S1, S2, S3<br>ESRS G1 |
| e) Tracking the effectiveness of these efforts and communicating | ESRS 2<br>ESRS E1, E2, E4, E5<br>ESRS S1, S2, S3<br>ESRS G1 |

## Datapoints derived from other EU legislation (ESRS 2)

The following tables list all the datapoints in cross-cutting and topical standards that derive from other EU legislation.

| Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Disclosure Requirement | Datapoint | | SFDR reference | Pillar 3 reference | Benchmark Regulation reference | EU Climate Law reference | Compulsory or material | Section |
| ESRS 2 GOV-1 | 21 (d) | Board's gender diversity | x | | x | | Yes | 48 |
| ESRS 2 GOV-1 | 21 (e) | Percentage of board members who are independent | | | x | | Yes | 48 |
| ESRS 2 GOV-4 | 30 | Statement on due diligence | x | | | | Yes | 92 |
| ESRS 2 SBM-1 | 40 (d) i | Involvement in activities related to fossil fuel activities | x | x | x | | Not applicable | |
| ESRS 2 SBM-1 | 40 (d) ii | Involvement in activities related to chemical production | x | | x | | Not applicable | |
| ESRS 2 SBM-1 | 40 (d) iii | Involvement in activities related to controversial weapons | x | | x | | Not applicable | |
| ESRS 2 SBM-1 | 40 (d) iv | Involvement in activities related to cultivation and production of tobacco | | | x | | Not applicable | |
| ESRS E1-1 | 14 | Transition plan to reach climate neutrality by 2050 | | | | x | Yes | 65 |
| ESRS E1-1 | 16 (g) | Undertakings excluded from Paris-aligned Benchmarks | | x | x | | Yes | 65 |
| ESRS E1-4 | 34 | GHG emission reduction targets | x | x | x | | Yes | 67-68 |
| ESRS E1-5 | 38 | Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) | x | | | | Not applicable | |
| ESRS E1-5 | 37 | Energy consumption and mix | x | | | | Yes | 70 |
| ESRS E1-5 | 40-43 | Energy intensity associated with activities in high climate impact sectors | x | | | | Yes | 70 |
| ESRS E1-6 | 44 | Gross Scope 1, 2, 3 and Total GHG emissions | x | x | x | | Yes | 68 |
| ESRS E1-6 | 53-55 | Gross GHG emissions intensity | x | x | x | | Yes | 71 |
| ESRS E1-7 | 56 | GHG removals and carbon credits | | | | x | Not material | |
| ESRS E1-9 | 66 | Exposure of the benchmark portfolio to climate-related physical risks | | | x | | Phased in | |
| ESRS E1-9 | 66 (a); 66 (c) | Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk | | x | | | Phased in | |
| ESRS E1-9 | 67 (c) | Breakdown of the carrying value of its real estate assets by energy-efficiency classes | | x | | | Phased in | |
| ESRS E1-9 | 69 | Degree of exposure of the portfolio to climate-related opportunities | | | x | | Phased in | |

| Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Disclosure Requirement** | **Datapoint** | | **SFDR reference** | **Pillar 3 reference** | **Benchmark Regulation reference** | **EU Climate Law reference** | **Compulsory or material** | **Section** |
| ESRS E2-4 | 28 | Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil | x | | | | Yes | 73 |
| ESRS E3-1 | 9 | Water and marine resources | x | | | | Not material | |
| ESRS E3-1 | 13 | Dedicated policy | x | | | | Not material | |
| ESRS E3-1 | 14 | Sustainable oceans and seas | x | | | | Not material | |
| ESRS E3-4 | 28 (c) | Total water recycled and reused | x | | | | Not material | |
| ESRS E3-4 | 29 | Total water consumption in m3 per net revenue on own operations | x | | | | Not material | |
| ESRS 2- SBM 3 - E4 | 16 (a) i | | x | | | | Yes | 74-75 |
| ESRS 2- SBM 3 - E4 | 16 (b) | | x | | | | Yes | 74-75 |
| ESRS 2- SBM 3 - E4 | 16 (c) | | x | | | | Yes | 74-75 |
| ESRS E4-2 | 24 (b) | Sustainable land / agriculture practices or policies | x | | | | Not material | |
| ESRS E4-2 | 24 (c) | Sustainable oceans / seas practices or policies | x | | | | Not material | |
| ESRS E4-2 | 24 (d) | Policies to address deforestation | x | | | | Not material | |
| ESRS E5-5 | 37 (d) | Non-recycled waste | x | | | | Yes | 78 |
| ESRS E5-5 | 39 | Hazardous waste and radioactive waste | x | | | | Yes | 78 |
| ESRS 2- SBM3 - S1 | 14 (f) | Risk of incidents of forced labour | x | | | | Yes | 79 |
| ESRS 2- SBM3 - S1 | 14 (g) | Risk of incidents of child labour | x | | | | Yes | 79 |
| ESRS S1-1 | 20 | Human rights policy commitments | x | | | | Yes | 79 |
| ESRS S1-1 | 21 | Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 | | | x | | Yes | 79-80 |
| ESRS S1-1 | 22 | Processes and measures for preventing trafficking in human beings | x | | | | Yes | 81,82 |
| ESRS S1-1 | 23 | Workplace accident prevention policy or management system | x | | | | Yes | 80-81 |
| ESRS S1-3 | 32 (c) | Grievance/complaints handling mechanisms | x | | | | Yes | 82 |
| ESRS S1-14 | 88 (b) and (c) | Number of fatalities and number and rate of work-related accidents | x | | x | | Yes | 85 |
| ESRS S1-14 | 88 (e) | Number of days lost to injuries, accidents, fatalities or illness | x | | | | Yes | 85 |

| Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Disclosure Requirement** | **Datapoint** | | **SFDR reference** | **Pillar 3 reference** | **Benchmark Regulation reference** | **EU Climate Law reference** | **Compulsory or material** | **Section** |
| ESRS S1-16 | 97 (a) | Unadjusted gender pay gap | x | | x | | Not material | |
| ESRS S1-16 | 97 (b) | Excessive CEO pay ratio | x | | | | Not material | |
| ESRS S1-17 | 103 (a) | Incidents of discrimination | x | | | | Yes | 84 |
| ESRS S1-17 | 104 (a) | Non-respect of UNGPs on Business and Human Rights and OECD Guidelines | x | | x | | Yes | 84 |
| ESRS 2- SBM3 – S2 | 11 (b) | Significant risk of child labour or forced labour in the value chain | x | | | | Yes | 85 |
| ESRS S2-1 | 17 | Human rights policy commitments | x | | | | Yes | 85 |
| ESRS S2-1 | 18 | Policies related to value chain workers | x | | | | Yes | 85-86 |
| ESRS S2-1 | 19 | Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines | x | | x | | Yes | 86 |
| ESRS S2-1 | 19 | Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 | | | x | | Yes | 85 |
| ESRS S2-4 | 36 | Human rights issues and incidents connected to its upstream and downstream value chain | x | | | | Yes | 86 |
| ESRS S3-1 | 16 | Human rights policy commitments | x | | | | Yes | 87 |
| ESRS S3-1 | 17 | Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines | x | | x | | Yes | 87 |
| ESRS S3-4 | 36 | Human rights issues and incidents | x | | | | Yes | 88 |
| ESRS S4-1 | 16 | Policies related to consumers and end-users | x | | | | Not material | |
| ESRS S4-1 | 17 | Non-respect of UNGPs on Business and Human Rights and OECD guidelines | x | | x | | Not material | |
| ESRS S4-4 | 35 | Human rights issues and incidents | x | | | | Not material | |
| ESRS G1-1 | §10 (b) | United Nations Convention against Corruption | x | | | | Yes | 90-91 |
| ESRS G1-1 | §10 (d) | Protection of whistle- blowers | x | | | | Yes | 90-91 |
| ESRS G1-4 | §24 (a) | Fines for violation of anti-corruption and anti-bribery laws | x | | x | | Yes | 91 |
| ESRS G1-4 | §24 (b) | Standards of anti- corruption and anti-bribery | x | | | | Yes | 91 |

## ESRS disclosure requirements complied with

The following tables list all the ESRS disclosure requirements in ESRS 2 and the topical standards which are material to Fortaco. Topical standards E3 and S4 are below our materiality thresholds and have therefor been omitted.

| ESRS Requirement | | Page |
|---|---|---|
| ESRS2 | General Disclosures | |
| BP-1 | General basis for preparation of the sustainability statement | 48 |
| BP-2 | Disclosures in relation to specific circumstances | 48 |
| GOV-1 | The role of the administrative, management and supervisory bodies | 48 |
| GOV-2 | Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies | 48-49 |
| GOV-3 | Integration of sustainability-related performance in incentive schemes | 49 |
| GOV-4 | Statement on due diligence | 49 |
| GOV-5 | Risk management and internal controls over sustainability reporting | 49 |
| SBM-1 | Strategy, business model and value chain | 50, 53 |
| SBM-2 | Interests and views of stakeholders | 50-51 |
| SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 50, 55-59 |
| IRO-1 | Description of the process to identify and assess material impacts, risks and opportunities | 51-52 |
| IRO-2 | Disclosure Requirements in ESRS covered by the undertaking's sustainability statement | 54 |

| Environmental information | | Page |
|---|---|---|
| ESRS E1 | Climate change | |
| ESRS 2, GOV-3 | Integration of sustainability-related performance in incentive schemes | 49 |
| E1-1 | Transition plan for climate change mitigation | 65 |
| ESRS 2, SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 65 |
| ESRS 2, IRO-1 | Description of the processes to identify and assess material climate-related impacts, risks and opportunities | 64-66 |
| E1-2 | Policies related to climate change mitigation and adaptation | 66 |
| E1-3 | Actions and resources in relation to climate change policies | 66-67 |
| E1-4 | Targets related to climate change mitigation and adaptation | 67 |
| E1-5 | Energy consumption and mix | 70 |
| E1-6 | Gross Scopes 1, 2, 3 and Total GHG emissions | 68 |
| ESRS E2 | Pollution | |
| ESRS 2, IRO 1 | Description of the processes to identify and assess material pollution-related impacts, risks and opportunities | 72 |
| E2-1 | Policies related to pollution | 72 |
| E2-2 | Actions and resources related to pollution | 72 |
| E2-3 | Targets related to pollution | 73 |
| E2-4 | Pollution of air, water and soil | 73 |
| E2-5 | Substances of concern and substances of very high concern | 73 |

| Environmental information | | Page |
|---|---|---|
| ESRS E4 | Biodiversity and ecosystems | |
| E4-1 | Transition plan and consideration of biodiversity and ecosystems in strategy and business model | 74 |
| SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 74-75 |
| ESRS 2, IRO-1 | Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities | 74-75 |
| E4-2 | Policies related to biodiversity and ecosystems | 74 |
| E4-3 | Actions and resources related to biodiversity and ecosystems | 75 |
| E4-4 | Targets related to biodiversity and ecosystems | 75 |
| ESRS E5 | Resource use and circular economy | |
| ESRS 2, IRO-1 | Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities | 50, 75 |
| E5-1 | Policies related to resource use and circular economy | 75 |
| E5-2 | Actions and resources related to resource use and circular economy | 76 |
| E5-3 | Targets related to resource use and circular economy | 77 |
| E5-4 | Resource inflows | 77 |
| E5-5 | Resource outflows | 78 |

| Social information | | Page |
|---|---|---|
| ESRS S1 | Own workforce | |
| ESRS 2, SBM-2 | Interests and views of stakeholders | 50, 79 |
| ESRS 2, SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 79-80 |
| S1-1 | Policies related to own workforce | 80-82 |
| S1-2 | Processes for engaging with own workforce and workers' representatives about impacts | 81 |
| S1-3 | Processes to remediate negative impacts and channels for own workforce to raise concerns | 82 |
| S1-4 | Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions | 80-82 |
| S1-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | 83 |
| S1-6 | Characteristics of the undertaking's employees | 83-84 |
| S1-13 | Training and skills development metrics | 84-85 |
| S1-14 | Health and safety metrics | 85 |
| S1-17 | Incidents, complaints and severe human rights impacts | 84 |

| Social information | | Page |
|---|---|---|
| ESRS S2 | Workers in the value chain | |
| ESRS 2, SBM-2 | Interests and views of stakeholders | 50 |
| ESRS 2, SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 86 |
| S2-1 | Policies related to value chain workers | 86 |
| S2-2 | Processes for engaging with value chain workers about impacts | 86-87 |
| S2-3 | Processes to remediate negative impacts and channels for value chain workers to raise concerns | 87 |
| S2-4 | Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions | 87 |
| S2-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | 87 |
| ESRS S3 | Affected communities | |
| ESRS 2, SBM-2 | Interests and views of stakeholders | 50 |
| ESRS 2, SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 87-88 |
| S3-1 | Policies related to affected communities | 87-88 |
| S3-2 | Processes for engaging with affected communities about impacts | 88 |
| S3-3 | Processes to remediate negative impacts and channels for affected communities to raise concerns | 88 |
| S3-4 | Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions | 88 |
| S3-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | 88 |

| Governance | | Page |
|---|---|---|
| ESRS G1 | Business conduct | |
| ESRS 2, GOV-1 | The role of the administrative, management and supervisory bodies | 48 |
| ESRS 2, IRO-1 | Description of the processes to identify and assess material impacts, risks and opportunities | 51-54 |
| G1-1 | Business conduct policies and corporate culture | 89-90 |
| G1-2 | Management of relationships with suppliers | 90 |
| G1-3 | Prevention and detection of corruption and bribery | 90-91 |
| G1-4 | Incidents of corruption or bribery | 91 |
| G1-6 | Payment practices | 91 |

# CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

## Consolidated income statement

| 1,000 EUR | Note | 1.1.-31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|---|
| **NET SALES** | **2.1.** | **356,471** | **373,838** |
| Other operating income | **2.3.** | 2,994 | 1,942 |
| Work performed for own purposes and capitalized | | 469 | 659 |
| Materials and services | **2.2.** | -205,670 | -232,158 |
| Employee benefits expenses | **2.6.** | -103,907 | -85,997 |
| Other operating expenses | **2.4.** | -42,804 | -40,975 |
| Depreciation, amortization and impairments | **4.5/4.6/4.7** | -31,740 | -16,349 |
| | | | |
| **OPERATING PROFIT (LOSS)** | | **-24,187** | **959** |
| Finance income | **5.4.** | 3,214 | 3,400 |
| Finance costs | **5.4.** | -27,455 | -19,892 |
| Share of profit accounted for using the equity method | **4.2.** | | 557 |
| Loss from investments in associates | **4.2.** | | -657 |
| **PROFIT (LOSS) BEFORE INCOME TAX** | | **-48,428** | **-15,632** |
| Income taxes | **2.8.** | -111 | -4,277 |
| **PROFIT (LOSS) FOR THE PERIOD** | | **-48,538** | **-19,909** |
| | | | |
| **Other comprehensive income** | | | |
| **Items that will never be reclassified to profit and loss** | | | |
| Actuarial gains/losses on defined benefit plans | | -55 | |
| **Total Items that will never be reclassified to profit and loss, net of tax** | | **-55** | |
| **Items that are or may be reclassified to profit and loss** | | | |
| Translation differences | | 215 | 1,865 |
| **Total items that are or may be reclassified to profit and loss, net of tax** | | **215** | **1,865** |
| **Other comprehensive income, net of tax** | | **160** | **1,865** |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | **-48,378** | **-18,043** |

## Consolidated income statement

| 1,000 EUR | Note | 1.1.-31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|---|
| **Profit (loss) for the period attributable to** | | | |
| Owners of the parent company | | -48,536 | -19,928 |
| Non-controlling interests | | -3 | 19 |
| Profit (loss) for the period | | -48,538 | -19,909 |
| **Total comprehensive income for the period attributable to** | | | |
| Owners of the parent company | **2.5.** | -48,377 | -18,070 |
| Non-controlling interests | | -2 | 27 |
| Total comprehensive income for the period | | -48,378 | -18,043 |
| **Earnings per share for profit attributable to the ordinary equity holders of the parent company, EUR** | | | |
| Basic and diluted, EUR | | -48,5 | -19,9 |

## Consolidated balance sheet

| 1,000 EUR | Note | 31.12.2024 | 31.12.2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | **4.7.** | 47,043 | 51,088 |
| Goodwill | **4.8.** | 20,976 | 20,976 |
| Property, plant and equipment | **4.5.** | 87,028 | 98,358 |
| Right-of-use assets | **4.6.** | 47,152 | 12,367 |
| Trade and other receivables | **5.3.** | 5,682 | 1,988 |
| Receivables from defined benefit plan | **2.7.** | 681 | 629 |
| Deferred tax assets | **2.9.** | 4,804 | 5,118 |
| **TOTAL NON-CURRENT ASSETS** | | **213,366** | **190,525** |
| **CURRENT ASSETS** | | | |
| Inventories | **3.1.** | 37,683 | 50,137 |
| Trade and other receivables | **3.2.** | 20,480 | 30,599 |
| Contract assets | **2.1.** | | 1,479 |
| Income tax assets | **2.8.** | 1,695 | 1,461 |
| Cash and cash equivalents | **5.7** | 32,034 | 32,420 |
| **TOTAL CURRENT ASSETS** | | **91,892** | **116,096** |
| **ASSETS HELD FOR SALE** | | **1,000** | |
| **TOTAL ASSETS** | | **306,258** | **306,621** |

## Consolidated balance sheet

| 1,000 EUR | Note | 31.12.2024 | 31.12.2023 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | **5.6.** | 80 | 80 |
| Invested unrestricted equity capital | **5.6.** | 105,178 | 95,178 |
| Translation differences | **5.6.** | 2,741 | 2,527 |
| Retained earnings | **5.6.** | -75,467 | -26,757 |
| **Total equity attributable to owners of the parent** | | **32,531** | **71,028** |
| **Non-controlling interests** | | | **103** |
| **TOTAL EQUITY** | | **32,531** | **71,131** |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred tax liabilities | **2.9.** | 17,895 | 18,495 |
| Borrowings | **5.5.** | 127,394 | 101,013 |
| Borrowings from related parties | **3.3.** | 6,441 | 5,000 |
| Other liabilities | **3.3.** | 5,372 | 5,485 |
| Lease liabilities | **4.6** | 37,175 | 8,807 |
| Provisions | **3.4.** | 1,494 | 1,272 |
| Liabilities from defined benefit plan | **2.7.** | 3,003 | 3,674 |
| **TOTAL NON-CURRENT LIABILITIES** | | **198,773** | **143,746** |
| **CURRENT LIABILITIES** | | | |
| Borrowings | **3.3.** | 6,881 | 6,352 |
| Trade and other payables | **3.3.** | 59,496 | 79,529 |
| Lease liabilities | **4.6.** | 7,581 | 4,020 |
| Provisions | **3.4.** | 860 | 1,141 |
| Contract liabilities | **3.3.** | | 208 |
| Income tax liabilities | **2.8.** | 137 | 495 |
| **TOTAL CURRENT LIABILITIES** | | **74,954** | **91,744** |
| **TOTAL LIABILITIES** | | **273,727** | **235,490** |
| **TOTAL EQUITY AND LIABILITIES** | | **306,258** | **306,621** |

## Consolidated cash flow statement

| 1,000 EUR | Note | 1.1.-31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| **PROFIT (LOSS) FOR THE PERIOD** | | **-48,538** | **-19,909** |
| Depreciation, amortization and impairments | **4.5./4.6./4.7.** | 31,740 | 16,349 |
| Gains and losses on sale of property, plant and equipment and other non-current assets | | 439 | 134 |
| Share of profit accounted for using the equity method | **4.2.** | | 100 |
| Financial income and expenses | **5.4.** | 24,333 | 16,542 |
| Income taxes | **2.8.** | 111 | 4,277 |
| Other adjustments | | 904 | 835 |
| **Change in working capital** | | | |
| Increase / decrease in inventories | **3.1.** | 5,957 | 7,562 |
| Increase / decrease in trade and other receivables | | 8,143 | 10,232 |
| Increase / decrease in interest free trade payables | | -16,433 | -17,259 |
| Change in provisions | | 4 | 249 |
| Interest paid | **5.4.** | -16,907 | -11,542 |
| Interest received | **5.4.** | 27 | 294 |
| Other financial items | **5.4.** | -3,832 | -4,346 |
| Income taxes paid | **2.8.** | -958 | -1,719 |
| **Total cash flow from operating activities** | | **-15,010** | **1, 798** |

## Consolidated cash flow statement

| 1,000 EUR | Note | 1.1.-31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|---|
| **Cash flow from investing activities** | | | |
| Investments in property, plant and equipment and intangible assets | | -15,604 | -16,076 |
| Disposal of property, plant and equipment and intangible assets | | 2,322 | 392 |
| Acquisition of subsidiaries reduced with the cash and cash equivalents at the acquisition moment | **4.1.** | 74 | -29,591 |
| Disposal of subsidiaries increased with the cash and cash equivalents at the acquisition moment | **4.3.** | -321 | |
| Used collateral deposit for investments | | 50 | 12,985 |
| Dividends received | | | 731 |
| **Total cash flow from investing activities** | | **-13,480** | **-31,558** |
| **Cash flow from financing activities** | | | |
| Proceeds from issue of share capital | **5.6.** | 10,000 | 9,000 |
| Proceeds from loans | **5.6.** | 39,456 | 38,866 |
| Repayments of current borrowings | **5.5.** | -7,863 | -8,827 |
| Repayments of non-current borrowings | **5.5.** | -1,193 | -2,041 |
| Repayments of leasing liabilities | **5.5.** | -7,877 | -3,493 |
| Loans granted | **5.5.** | -4,500 | |
| **Total cash flow from financing activities** | | **28,023** | **33,504** |
| **Change in cash and cash equivalents** | | **-467** | **3,745** |
| **Cash and cash equivalents at the beginning of the period** | | **32,420** | **28,182** |
| Effects of exchange rate changes on cash and cash equivalents | | 81 | 493 |
| **Cash and cash equivalent at the end of the period** | | **32,034** | **32,420** |

## Consolidated statement of changes in equity

| 1,000 EUR | Note 5.6. | Share capital | Invested unrestricted equity reserve | Translation differences | Profit (loss) for period | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | Attributable to owners of the Company 31.12.2024 | | | | | | |
| **EQUITY 1.1.** | | **80** | **95,178** | **2,527** | **-26,757** | **71,028** | **103** | **71,131** |
| **Comprehensive income** | | | | | | | | |
| Profit/loss for the period | | | | | -48,536 | -48,536 | -3 | -48,538 |
| Translation differences | | | | 214 | | 214 | 1 | 215 |
| Actuarial gains/losses from defined benefit plans | | | | | -55 | -55 | | -55 |
| **TOTAL COMPREHENSIVE INCOME** | | | | **214** | **-48 591** | **-48,377** | **-2** | **-48,378** |
| **Transactions with shareholders** | | | | | | | | |
| Investments | | | 10,000 | | | 10,000 | | 10,000 |
| Changes in subsidiary ownership shares | | | | | -120 | -120 | -102 | -222 |
| **Changes in equity total** | | | **10,000** | **214** | **-48,711** | **-38,497** | **-103** | **-38,600** |
| **TOTAL EQUITY 31.12.2024** | | **80** | **105,178** | **2,741** | **-75,467** | **32,531** | | **32,531** |

| 1,000 EUR | Note 5.6. | Share capital | Invested unrestricted equity reserve | Translation differences | Profit (loss) for period | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | Attributable to owners of the Company 31.12.2023 | | | | | | |
| **EQUITY 1.1.** | | **80** | **61,920** | **669** | **-6,829** | **-55,840** | **82** | **55,922** |
| **Comprehensive income** | | | | | | | | |
| Profit/loss for the period | | | | | -19,928 | -19,928 | 19 | -19,909 |
| Translation differences | | | | 1,858 | | 1,858 | 8 | 1,865 |
| **TOTAL COMPREHENSIVE INCOME** | | | | **1,858** | **-19,928** | **-18,070** | **27** | **-18,043** |
| **Transactions with shareholders** | | | | | | | | |
| Transactions with non-controlling interests | | | | | | | -5 | -5 |
| Investments | | | 33,258 | | | 33,258 | | 33,258 |
| **Changes in equity total** | | | **33,258** | **1,858** | **-19,928** | **15,188** | **22** | **15,210** |
| **TOTAL EQUITY 31.12.2023** | | **80** | **95,178** | **2,527** | **-26 757** | **71,028** | **103** | **71,131** |


# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

# 1. Accounting policies for the consolidated financial statements

### 1.1. General information

Fortaco Group Holdco Plc and its subsidiaries (together, the "Group", "Fortaco") is a leading brand independent strategic partner to the heavy off-highway equipment and marine industries, offering technology, vehicle cabins, steel fabrications and vehicle assembly.

Fortaco has operations in several European business sites and technology hubs serving customers worldwide. The group was created on 30 September 2022, when Fortaco Group Holdco Plc acquired the share capital of Fortaco Group Oy. Fortaco Group Holdco Oyj is domiciled in Finland. The registered address of the company's head office is Äyritie 24, Vantaa.

Information on the group structure can be found in note 6.1. Information on related parties can be found in note 6.2.

Fortaco's consolidated financial statements for the financial year ended 31 December 2024 have been authorized for issue on 21 March 2025 by a decision of the Board of Directors. In accordance with the Finnish Limited Liability Companies Act, the shareholders approve or reject the financial statements at the Annual General Meeting. The General Meeting may also decide on amendments to the financial statements.

### 1.2. Accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the IASB, in accordance with the IAS and IFRS standards and SIC and IFRIC interpretations in force on 31 December 2023. The notes to the consolidated financial statements also comply with the requirements of Finnish accounting and corporate law, which supplement IFRS. The consolidated financial statements have been prepared primarily on a historical cost basis, unless otherwise stated. Financial assets at fair value through other comprehensive income and contingent consideration liabilities are measured at fair value. The presentation currency of the consolidated financial statements is the euro and all values have been rounded to the nearest thousand euro unless otherwise stated. The consolidated financial statements have been prepared for the reporting period of 12 months from January 1 to December 31, 2024 and the basis that the Group will continue to operate as going concern.

### 1.3. Use of estimates

The preparation of consolidated financial statements in conformity with IFRS standards requires management to make judgements, estimates and assumptions that affect the reported amounts and disclosure of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The uncertainty associated with these assumptions and estimates may result in the need to make material adjustments to the carrying amounts of assets and liabilities in future periods.

#### Estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRSs requires management to make estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures. Management is also required to exercise judgement in the application of accounting policies.

Estimates and judgements are continually evaluated and are based on management's best knowledge, historical experience and expectations of future events that are believed to be reasonable under the circumstances. By definition, the resulting accounting estimates are rarely the same as the related actual results.

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are disclosed in the following notes to the financial statements:

- Amortization periods for tangible and intangible assets (Notes 4.5 and 4.7)
- Recognition of revenue from the sale of products (Note 2.1)
- Provisions (Note 3.4)
- Amount of recoverable amount of goodwill (Note 4.8)
- Recognition of deferred tax assets (Note 2.9)
- Leases - determination of the lease term (note 4.6)
- Leases - Determination of interest rate on margin (Note 4.6)

### 1.4. Basis of consolidation

Subsidiaries are entities in which the Group has a controlling interest. Subsidiaries are entities controlled by the Fortaco Group. Control is based either directly or indirectly on control by shares and/or control by other means. Subsidiaries are consolidated in their entirety from the date on which the Group obtains control. Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are treated as equity transactions.

Profit, loss and all items of comprehensive income are attributable to the owners of the parent and to non-controlling interests of the Group, even if this would result in the non-controlling interest becoming negative.

Where necessary, adjustments are made to the financial statements of subsidiaries to ensure that the accounting policies applied are consistent with those of the Group. All intra-group assets, liabilities, equity, income, expenses and cash flows of the Fortaco Group relating to internal transactions between Group companies are eliminated in full in the preparation of the consolidated financial statements.

### 1.5. Foreign currencies

#### Functional and presentation currency

The consolidated financial statements are presented in euros, which is the functional currency of the Parent Company and the presentation currency of the Group. The Group determines the functional currency for each of the companies in the Group in which the companies present their financial statements.

#### Transactions and balances in foreign currency

Transactions denominated in foreign currencies are recorded in the Group companies' accounts in the functional currency, with the foreign currency denominated item being translated into the functional currency using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the reporting date. Exchange differences arising from the settlement of foreign currency items or in the translation of monetary items are recognized in profit or loss.

The cost of non-monetary items measured at cost in foreign currencies is translated at the exchange rate prevailing at the date of acquisition.

#### Group companies

The profit and loss accounts and balance sheets of group companies using a functional currency other than the presentation currency are translated into the presentation currency. In the consolidated statement of comprehensive income, income and expenses are translated into euro using the average exchange rates for the financial year and assets and liabilities are translated into euro using the exchange rates prevailing at the end of the reporting period. Any resulting exchange differences are recognized in other comprehensive income.

Exchange differences arising from the translation of net investments in foreign entities at the date of the consolidated financial statements are recognized in other comprehensive income.

### 1.6. Adaptation of new and reviewed IFRS standards

The new standards, standard amendments, or interpretations adopted on January 1, 2024, have not had a significant impact on Fortaco's financial statements.

#### New or amended IFRS Standards and Interpretations from 2025 onward

The group will adopt each standard on its effective date or, if the effective date is other than the beginning of the reporting period, from the start of the next reporting period, provided that the EU approves them.

In April 2024, the IASB published a new IFRS 18 financial reporting standard, "Presentation and Disclosure in Financial Statements," which replaces IAS 1 "Presentation of Financial Statements." The objective of the standard is to enhance the comparability of financial performance among similar companies and to provide users with relevant and transparent information. The standard changes the presentation format of financial statements and the required disclosures but does not affect recognition or measurement principles. The IFRS 18 standard will come into effect on January 1, 2027, subject to EU approval. The group is currently assessing the future impact of the standard on its reporting.

Other new standards, standard amendments, or interpretations issued as of the financial statement date and taking effect on or after January 1, 2025, are not expected to have a significant impact on Fortaco's financial statements.

## 2. Financial development

### 2.1. Net sales

#### Segment information

Fortaco has only one reportable segment. The figures for the reportable segment are consistent with those of the Group. Significant operational decisions are made by Fortaco's Management Board, which is the highest operational decision maker at Fortaco. Due to Fortaco's business model, nature of operations and governance structure, operating segments have been combined into a single reportable segment.

#### Accounting policy

**Revenue recognition**

Fortaco applies the five-step revenue recognition model of IFRS 15 Revenue from Contracts with Customers for revenue recognition. Revenue is recognized as the amount expected to be received from the customer in exchange for the delivery of a product or service. Revenue is recognized when control of the service or good is transferred to the customer, either over time or at a single point in time.

Fortaco had three individual customers that accounted for more than 10 per cent of the Group's turnover. The total turnover recognized from these customers amounted to EUR 131.3 million.

#### Sale of goods

The products sold consist of, for example, welded components and vehicle cabins. Customer contracts usually include one performance obligation, which is to manufacture a product based on the order made by the customer, and to deliver the product to the customer. Revenue from products is recognized at a point in time, based on the transfer of control to the customer. The Group determines that the control of the product is transferred to the customer at the time when the product is delivered to the customer.

Warranty periods granted on products sold are standard in the industry and therefore do not constitute a separate performance obligation. Warranty provisions are disclosed in note 3.4 Provisions.

Products sold account for the majority of Fortaco's sales revenues.

**Net sales divided by geographical areas**

| 1,000 EUR | 1.1.2024-31.12.2024 | 1.1.2023-31.12.2023 |
|---|---|---|
| Finland | 87,412 | 102,724 |
| Poland | 84,183 | 114,394 |
| Estonia | 58,676 | 75,518 |
| France | 53,675 | 10,381 |
| Austria | 35,270 | 16,458 |
| Slovakia | 23,813 | 26,917 |
| Hungary | 8,542 | 22,469 |
| Serbia | 4,900 | 4,977 |
| **Total** | **356,471** | **373,838** |

#### Rendering of services

Service revenues mainly consist of research and development services and assembly services. The Group estimates that the services promised in the contract are separable from the products sold and therefore the Group treats the services as a separate performance obligation. The Group has estimated that the performance obligation related to the engineering services will generally be fulfilled over time, as the service does not generate an asset with an alternative use for Fortaco. In addition, Fortaco is entitled to receive payment for the service provided up to the review date. In the case of an assembly service, the performance obligation is normally fulfilled upon delivery of the finished product. Services are invoiced based on current agreed prices and revenue from the sale of services is recognized up to the amount that Fortaco is entitled to invoice the customer.

#### Variable considerations

Fortaco Group's customer contracts may include variable consideration components, such as discounts and penalties for late payment. The effect of such variable consideration is assessed on a contract-by-contract basis and only the amount to which the Group is contractually entitled is recognized as revenue. Management has assessed that the uncertainty associated with the initial consideration is low. The estimate of the amount of the variable consideration is updated at the end of each reporting period.

#### Contractual amounts recognized in the balance sheet

Contractual amounts include sales related to project deliveries that have not yet been invoiced to the customer. The group did not have any sales contracts subject to partial revenue recognition as of 31 December 2024.

**Contract balances**

| 1,000 EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Contract assets | | 1,479 |
| Contract liabilities | | 208 |

### 2.2. Materials and services

Materials and services include purchases of materials, supplies and goods during the accounting period, changes in stocks and external services. The Group's purchases consist mainly of steel, mechanical and electronic components, sub-assemblies and consumables used in production. Outside services include temporary labor, maintenance and repair services and other subcontracting services related to production.

| 1,000 EUR | 1.1.-31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|
| Purchases of materials, supplies and goods | -154,632 | -202,046 |
| Change in stock | -31,561 | -5,545 |
| External services | -19,477 | -24,567 |
| **Total** | **-205,670** | **-232,158** |

### 2.3. Other operating income

Other operating income includes, among other things, gains from the sale of tangible fixed assets, government grants and rental income from leases.

| Other operating income | | |
|---|---|---|
| **1,000 EUR** | **1.1.-31.12.2024** | **1.1.-31.12.2023** |
| Gain on sale of tangible and intangible | 507 | |
| Rental income | 336 | 384 |
| Development grants | 465 | 462 |
| Other operating income | 1,685 | 1,096 |
| **Total** | **2,994** | **1,942** |

**Accounting policy**

**Leases – The Group as a lessor**

Fortaco has a limited activity as a lessor by renting property. Fortaco classifies all of its leases as operatin leases because the leases do not transfer the risks and rewards of ownership of the underlying asset in all material respects.

**Government grants**

Government grants are recognized when it is reasonably certain that they will be received and that Fortaco will meet the conditions to receive the grant. Government grants related to expenditure are recognized as deferred income in the balance sheet and recognized in profit or loss in the same periods as the expenditure for which they are intended. Government grants related to the acquisition of property, plant and equipment are recognized as deferred income in non-current liabilities and amortized to profit or loss on a straight-line basis over the expected useful lives of the related assets.

Fortaco Zrt has received a government grant for investment in a painting line and Fortaco S.r.o has received a government grant for factory expansion. In addition, Fortaco Sp. Z o.o. received a public grant for a boom line development project and Fortaco Estonia Oü has received a public grant for a factory extension project. Walter Mauser GmbH has received a grant for green energy and production machinery and equipment received a public grant for a factory extension project. Walter Mauser GmbH has received a grant for green energy and production machinery and equipment.

| Government grants | | |
|---|---|---|
| **1,000 EUR** | **2024** | **2023** |
| 1.1. | 2,484 | 2,477 |
| Received during the year | 23 | 434 |
| Exchange rate differences | 12 | 35 |
| Released to the statement of profit and loss | -214 | -462 |
| Acquisition/Sale of subsidiaries | -178 | |
| **31.12.** | **2,128** | **2,484** |

| EU Government grants on non-current and current liabilities | | |
|---|---|---|
| **1,000 EUR** | **2024** | **2023** |
| Current portion | 181 | 286 |
| Non-current portion | 1,947 | 2,198 |

| Specification on government grants | | | |
|---|---|---|---|
| **1,000 EUR** | **31.12.2024** | **31.12.2023** | **Description** |
| EU subsidy | | 178 | Government grant for paint shop investment in Fortaco Zrt. (Jaszbereny / Hungary) |
| EU subsidy | 539 | 584 | EU subsidy for factory extension in Fortaco s.r.o. (Holic / Slovakia) |
| EU subsidy | 763 | 807 | EU subsidy for project RapidSteel, Fortaco Sp. Z.o.o (Wroclaw / Poland) |
| EU subsidy | 745 | 811 | EU subsidy for expansion project in Fortaco Estonia OÜ (Narva / Estonia) |
| Government grant | 81 | 104 | Government grant for green energy and production machinery and equipment, Walter Mauser GmH (Breitenau am Steinfelde/Austria) |
| **Total** | **2,128** | **2,484** | |

## 2.4. Other operating expenses

Other variable costs of production consist of tools and protective equipment for production. Other costs include marketing, training, insurance, etc. Other costs include marketing, training, insurance, etc.

| Other operating expenses | | |
|---|---|---|
| **1,000 EUR** | **1.1.-31.12.2024** | **1.1.-31.12.2023** |
| IT expenses | -5,345 | -4,323 |
| Facilities and maintenance | -13,016 | -12,142 |
| External services | -10,740 | -8,263 |
| Other expenses related to business restructuring | -64 | -1,047 |
| Travelling and representation | -1,910 | -2,178 |
| Rents | -1,358 | -1,172 |
| Other variable costs of production | -5,783 | -8,382 |
| Other expenses | -4,587 | -3,468 |
| **Total** | **-42 804** | **-40 975** |

| Auditor's fees | | |
|---|---|---|
| **1,000 EUR** | **1.1.-31.12.2024** | **1.1.-31.12.2023** |
| Audit | -492 | -426 |
| Other professional services | -178 | -233 |
| **Total** | **-670** | **-659** |

## 2.5. Earnings per share

### Basic and diluted

In the financial year 2024, the total number of shares in Fortaco Group Holdco Plc was 1.000. Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent company by the number of shares. The parent company does not hold any treasury shares.

For the period presented, Fortaco did not have any instruments with a dilutive effect on earnings per share.

| Earnings per share | | |
|---|---|---|
| **1,000 EUR** | **1.1.-31.12.2024** | **1.1.-31.12.2023** |
| Profit/-loss attributable to shareholders of the company | -48,536 | -19,928 |
| The number of shares issued | 1,000 | 1,000 |
| Earnings per share, basic, EUR | -48,54 | -19,93 |

## 2.6. Personnel expenses

### Accounting policy

The short-term employee benefits are recognized in the period in which they arise. Liability is recorded when Fortaco has a legal or constructive obligation on the basis of the actual employment and the amount of the obligation can be reliably estimated.

The personnel benefits granted to the management are presented in Note 6.2. Related party transactions.

| Personnel expenses | | |
|---|---|---|
| **1,000 EUR** | **1.1.-31.12.2024** | **1.1.-31.12.2023** |
| Wages and salaries | -83,317 | -69,582 |
| Pension costs - defined contribution plans | -3,999 | -4,073 |
| Pension costs - defined benefit plans | -503 | -73 |
| Other employee benefit expenses | -16,087 | -12,269 |
| **Total** | **-103,907** | **-85,997** |

| **Group employment on average** | **1.1.-31.12.2024** | **1.1.-31.12.2023** |
|---|---|---|
| White collars | 604 | 467 |
| Blue collars | 2,024 | 2,067 |
| **Total** | **2,627** | **2,534** |

## 2.7. Defined benefit plans

### Accounting policy

Fortaco has several different pension schemes, both defined benefit and defined contribution pension plans, in accordance with local regulations and practices in countries where it operates.

Contributions to defined contribution pension plans are recognized in the income statement in the financial period during which the charge is due. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The Group has defined benefit pension plans in Austria and France. Obligations connected with the Group's defined benefit plans are calculated annually by independent actuaries using the projected unit credit method.

The discount rate used in calculating the present value of the pension obligation is the market rate of high-quality corporate bonds. The maturity of the bonds used to determine the reference rate substantially corresponds to the maturity of the related pension obligation. In defined benefit plans, the pension liability recognized on the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

Pension expenditure is expensed in the income statement, allocating the costs over the employment term of the employees. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement. The discount rate has been determined using the Mercer Yield Curve in Austria and iBoxx EUR Corporates AA 10+ in France.

**Defined benefit plan obligations in the balance sheet**

| 1,000 EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Defined pension benefit plan liabilities | 3,003 | 3,674 |
| Defined pension benefit plan assets | -681 | -629 |
| **Total** | **2,322** | **3,045** |

**Allocation of plan assets and liabilities geographically**

| 1,000 EUR | Austria | France | Total |
|---|---|---|---|
| Present value of plan liability: | | | |
| 2024 | 1,808 | 1,195 | 3,003 |
| Fair value of plan assets: | | | |
| 2024 | | 681 | 681 |

**Changes in the present value of the defined benefit**

| 1,000 EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Present value of the defined benefit plan obligations Jan 1 | 3,674 | |
| Business combinations | | 3,563 |
| Interest cost | 117 | 37 |
| Current service cost | 74 | 73 |
| Direct benefit payments | -859 | |
| Actuarial gains/losses | -3 | |
| **Present value of the defined benefit plan obligations** | **3,003** | **3,674** |

**Change in the fair value of defined benefit plans**

| 1,000 EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Plan assets Jan 1** | **629** | |
| Business combinations | | 625 |
| Interest income | | 4 |
| Return on plan assets | 52 | |
| **Plan assets Dec 31** | **681** | **629** |

**Items recognized in income statement**

| 1,000 EUR | 2024 | 2023 |
|---|---|---|
| Service cost | -74 | -73 |
| Net interest cost | -117 | -33 |
| Direct benefit payments | 859 | |
| **Total** | **668** | **-106** |

**Remeasurement impact recognised in the other comprehensive income**

| 1,000 EUR | 2024 | 2023 |
|---|---|---|
| Actuarial gain (loss) on plan assets | -52 | |
| Actuarial gain (loss) on plan liabilities | 1 | |
| Actuarial gain (loss) on change in asset ceiling | -4 | |
| **Total** | **-55** | |

| Principal actuarial assumptions | | |
|---|---|---|
| **Assumptions** | **Austria** | **France** |
| Discount rate | 3.56 | 3.16 |
| Increase in salaries | 3.00 | 1.00 |

| The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is | | |
|---|---|---|
| **1,000 EUR** | **2024** | **2023** |
| Change in discount rate: | | |
| 0.5 % (0.25 %) increase | -133 | -64 |
| 0.5 % (0.25 %) decrease | 144 | 66 |
| Change in salary growth rate: | | |
| 0.5 % (0.25 %) increase | 144 | 66 |
| 0.5 % (0.25 %) decrease | -135 | -64 |

| Income taxes in the Income Statement | | |
|---|---|---|
| **1,000 EUR** | **1.1.-31.12.2024** | **1.1.-31.12.2023** |
| Tax on income from operations | -279 | -500 |
| Tax from previous periods | -208 | |
| Change in deferred tax asset | -298 | -1,362 |
| Change in deferred tax liability | 674 | -2,415 |
| **Income tax** | **-111** | **-4,277** |

| Income tax reconciliation | | |
|---|---|---|
| **1,000 EUR** | **1.1.-31.12.2024** | **1.1.-31.12.2023** |
| **Profit before taxes** | **-48,428** | **-15,632** |
| **Income taxes at Finnish statutory tax rate (20 %)** | **9,686** | **3,126** |
| Difference between Finnish and foreign tax rates | -922 | 934 |
| Non-deductible expenses | -2,930 | -4,351 |
| Tax free income | 3,474 | 566 |
| Share of result of associated companies | | 111 |
| Deferred tax liability from undistributed profits | -353 | -3,077 |
| Tax losses from which no deferred taxes have been | -5,998 | -1,586 |
| Utilization of unrecognized losses from prior years | -2,835 | |
| Taxes from previous periods | -232 | |
| **Income taxes in the income statement** | **-111** | **-4,277** |

The Group's weighted average of the duration of the defined benefit obligations is 11 years. Defined benefit plans consist of funds deposited in an external bank account.

The described sensitivity analysis is based on a change in the presented assumption, while the other assumptions remain unchanged. In reality, this is unlikely to happen, but a change in one assumption may also affect a change in other assumptions. The sensitivity of the defined benefit obligation to significant actuarial assumptions has been calculated using the same method as for calculating the pension obligation recognized in the balance sheet.

### 2.8. Income tax

#### Accounting policy

The Group's income taxes include income taxes based on the taxable profit for the period, any tax adjustments for prior periods and the change in deferred taxes. The tax effects of transactions and other events recognized in the income statement are recognized in the income statement. The tax effects, if any, of transactions recognized in other comprehensive income or directly in equity are also recognized in other comprehensive income or directly in equity, respectively. The tax effect of each Group company is recognized in accordance with local tax legislation. The tax rate applicable at the end of the tax year is used for the calculation.

## 2.9. Deferred tax

### Accounting policy

Deferred tax is calculated using the tax rates in force at the balance sheet date and the new tax rate known in theevent of any changes in tax rates. Deferred tax assets recognized in the balance sheet are assessed at theGroup's year-end.

The deferred tax liability is calculated for all taxable temporary differences and is recognized in full in the balance sheet.

A deferred tax asset is recognized for all deductible temporary differences that are expected to result in future taxable profits. A deferred tax asset is recognized only to the extent that it is probable that taxable profit will beavailable against which the deferred tax asset can be utilized.

The Group recognizes deferred tax assets and liabilities, net of any deduction for current taxable income, whenthere is a legally enforceable right to set off current tax assets against current tax liabilities and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fortaco's main temporary differences arise from the tax treatment of previously recognized losses in the group's Finnish and Polish companies. Deferred tax liabilities in the group are related to the undistributed profits of its Estonian subsidiaries and the allocation of the acquisition cost of the Fortaco Group.

In the financial year ended 31 December 2024, the Group had EUR 6.4 million (EUR 6.8 million in 2023) of deferred tax assets unrecognized due to uncertainty about their realization. These deferred tax assets consist of losses recognized for tax purposes. Of these deferred tax assets, EUR 3.4 million will expire in the next five years and the rest will expire later or never.

| 1,000 EUR | 1.1.2024 | Recognized in the profit and loss account | Business combinations | Other changes | Translation differences | 31.12.2024 |
|---|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | | |
| Tax losses | 3,003 | -1,235 | -380 | -130 | 2 | 1,260 |
| Inventories | 3 | 3 | | | | 6 |
| Lease contracts [1] | 104 | 4 | | | | 108 |
| Provisions | 458 | 9 | | 33 | 3 | 503 |
| Other | 1,550 | -141 | -2 | | 7 | 1,414 |
| **Total** | **5,118** | **-1,360** | **-382** | **-97** | **12** | **3,291** |
| **Deferred tax liabilities** | | | | | | |
| Tangible and intangible assets | 13,588 | -1,318 | | 72 | 2 | 12,344 |
| Other | 1,832 | -169 | | -22 | 1 | 1,642 |
| Undivided profits | 3,077 | 833 | | | | 3,910 |
| **Total** | **18,495** | **-654** | | **50** | **3** | **17,895** |
| **Net** | **-13,377** | **808** | **-382** | **-147** | **9** | **-13 090** |

[1] The net deferred tax asset on leases (IFRS16) of EUR 80 (4) thousand presented in the balance sheet consists of a deferred tax asset of EUR 1.1 (740 t EUR) million and a deferred tax liability of EUR 1.0 (736 t EUR) million.

| 1,000 EUR | 1.1.2023 | Recognized in the profit and loss account | Business combinations | Translation differences | 31.12.2023 |
|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | |
| Tax losses | 4,239 | -1,235 | | | 3,003 |
| Inventories | | 3 | | | 3 |
| Lease contracts [1] | 98 | 4 | | 2 | 104 |
| Provisions | 420 | 9 | | 29 | 458 |
| Other | 301 | -141 | 1,378 | 12 | 1,550 |
| **Total** | **5,058** | **-1,361** | **1,378** | **43** | **5,118** |
| **Deferred tax liabilities** | | | | | |
| Tangible and intangible assets | 7,935 | -905 | 6,546 | 12 | 13,588 |
| Other | 907 | 244 | 680 | | 1,832 |
| Undivided profits | | 3,077 | | | 3,077 |
| **Total** | **8,842** | **2,415** | **7,227** | **12** | **18,495** |
| **Net** | **-3,784** | **-3,776** | **-5,849** | **31** | **-12,377** |

# 3. Working capital

## 3.1. Inventory

### Accounting policy

Inventories are measured at acquisition cost, or at net realizable value if it is lower than the acquisition cost. Theacquisition cost is determined using the rolling average price method. The acquisition cost of materials andsupplies includes the purchase price and transport costs.

Finished goods and work in progress include the cost of direct materials and direct salaries and their socialsecurity costs, as well as a share of the general costs related to work in progress. Borrowing costs are excluded. Net realizable value is the estimated actual selling price in normal business operations, less the estimated costs necessary to complete the sale.

Inventory items which exceed the utilized amounts in production within last 12 months and are not purchased within last six months are subject to a write-down in obsolescence and a provision for these slow-moving items isrecognized in the balance sheet. The same principle is applied in all Group companies.

In the financial period, Fortaco has recognized an inventory acquisition cost of EUR 155 (202) million as an expense. The expense is presented under "Materials and services" in the income statement.

In the financial period, EUR 1,717 (1,612) thousand was recognized in impairment for inventories.

**Inventories**

| 1,000 EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Materials and supplies | 21,733 | 29,832 |
| Work in progress | 13,145 | 16,906 |
| Finished goods | 2,696 | 3,271 |
| Advance payments | 108 | 127 |
| **Total** | **37,683** | **50,137** |

## 3.2. Trade and other receivables

### Accounting policy

The Group's financial assets consist of trade receivables, other financial receivables, cash and cash equivalents. These are classified as financial assets measured at amortized cost because these financial assets are held to collect contractual cash flows and their cash flows consist exclusively of the payment of capital and interest. Thevaluation of trade and other receivables are disclosed in note 5.3 Financial assets and liabilities.

Fortaco recognises the expected consideration as trade receivables to which it is entitled when goods or servicesare delivered to a customer before the customer pays the consideration. The Group's customer contracts havepayment terms that are typical for the industry and do not include a significant financing component for the sale of goods or services.

The Group has pledged in essence all of its short-term receivables to fulfil collateral requirements. Refer to Note6.3 for further details. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

The note 5.1. includes disclosures on credit risk of trade receivables. In addition, it is described how the Group manages and assesses the credit quality for the trade receivables that have not been expired nor impaired. In the note 5.1., the expected credit losses and the maturity analysis of the trade receivables are also presented.

**Current trade and other receivables**

| 1,000 EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Accounts receivables, factored | 3,231 | 1,518 |
| Trade receivables, other | 8,567 | 20,872 |
| Bad debt allowance | -671 | -340 |
| VAT Receivables | 5,251 | 5,248 |
| Security deposits | 497 | 116 |
| Other receivables | 2,274 | 2,020 |
| **Other current receivables** | **19,149** | **29,433** |
| Accruals of personnel expenses | 122 | 137 |
| Other prepayments and accrued income on sales | 274 | 324 |
| Other prepayments and accrued income on expenses | 935 | 705 |
| **Current prepayments and accrued income** | **1,332** | **1,166** |
| **Total** | **20,480** | **30,599** |

### 3.3. Trade and other payables

**Accounting policy**

Trade payables and other financial liabilities included in the item are classified as financial liabilities measured at amortized cost. They are initially recognized at fair value. Valuation of trade payables and other liabilities is disclosed in Note 5.3, Financial assets and liabilities.

Trade and other payables are classified as current liabilities if they fall due within 12 months of the end of the reporting period. The maturity analysis of trade and other payables is presented in Note 5.7.

| 1,000 EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Non-current interest-bearing** | | |
| Senior bond | 122,743 | 93,194 |
| Loans from financial institutions | 4,651 | 7,819 |
| **Non-current borrowings** | **127,394** | **101,013** |
| Loans from related parties | 6,441 | 5,000 |
| Leasing liability | 37,175 | 8,807 |
| **Other non-current liabilities** | **43,616** | **13,807** |
| **Total interest-bearing liabilities, noncurrent** | **171,010** | **114,820** |
| **Current interest-bearing borrowings** | | |
| Loans from financial institutions | 6,881 | 6,352 |
| **Current borrowings** | **6,881** | **6,352** |
| Leasing liability | 7,581 | 4,020 |
| **Other current liabilities** | **7,581** | **4,020** |
| **Total interest-bearing liabilities, current** | **14,462** | **10,371** |

| 1,000 EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Liabilities, interest-free** | | |
| **Non-current liabilities** | | |
| Trade payables for investments | 3,491 | 3,285 |
| EU-subsidy | 1,881 | 2,198 |
| Tax liabilities, income taxes | | 1 |
| **Non-current other liabilities total** | **5,372** | **5,484** |
| **Provisions** | **1,494** | **1,272** |
| **Liabilities from defined benefit plan** | **3,003** | **3,674** |
| **Total liabilities, non-current** | **9,869** | **10,431** |
| **Current liabilities, interest-free** | | |
| Trade payables | 39,666 | 56,668 |
| EU-subsidy | 247 | 286 |
| VAT-payables | 966 | 1,029 |
| Accrued employee expenses | 15,495 | 18,519 |
| Accrued interest | 2,735 | 2,262 |
| Other liabilities | 385 | 765 |
| **Other current liabilities** | **59,496** | **79,529** |
| Contract liabilities | | 208 |
| Provisions | 860 | 1,141 |
| Income tax liabilities | 137 | 495 |
| **Current accrued liabilities** | **997** | **1,844** |
| **Total liabilities, current** | **60,492** | **81,373** |

### 3.4. Provisions

#### Accounting policy

A provision is recognized on the balance sheet when the Group has a valid legal or actual obligation arising from a previous event, when it is likely that meeting the obligation will require the transfer of assets from the Group and when the amount of the obligation can be reliably estimated. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Provisions are presented as short-term if the related payments are expected to be made within 12 months of the end of the reporting period. Otherwise, provisions are presented as long-term. The amount recognized as aprovision is the present value of the expenses that meeting the obligation is expected to require at the end of the reporting period according to the management's best estimate.

| 1,000 EUR | Warranty and quality provisions | Other provisions | Restoration provisions | Total |
|---|---|---|---|---|
| **1.1.2024** | **1,402** | **492** | **520** | **2,414** |
| Disposals through business divestitures | -255 | | | -255 |
| Translation differences | 1 | | 8 | 9 |
| Additions | 1,062 | 352 | | 1,414 |
| Used during the year | -710 | -267 | 21 | -956 |
| Unused provisions reversed | -254 | -18 | | -272 |
| **31.12.2024** | **1,246** | **559** | **549** | **2,354** |
| **Non-current** | **448** | **498** | **549** | **1,495** |
| **Current** | **797** | **63** | | **860** |

| 1,000 EUR | Warranty and quality provisions | Other provisions | Restoration provisions | Total |
|---|---|---|---|---|
| **1.1.2023** | **718** | **386** | | **1,104** |
| Acquisitions through business combinations | 284 | 334 | | 618 |
| Translation differences | 9 | 9 | | 18 |
| Additions | 750 | 193 | 520 | 1,463 |
| Used during the year | -312 | -413 | | -725 |
| Unused provisions reversed | -47 | -17 | | -64 |
| **31.12.2023** | **1,402** | **492** | **520** | **2,414** |
| **Non-current** | **360** | **393** | **520** | **1,273** |
| **Current** | **1,041** | **100** | | **1,141** |

#### Warranty and quality provisions

Provisions for warranty-related costs are recognized mainly when the claim has been received and considered justified. Initial recognition is based on historical experience and the negotiation processes. The initial estimate of warranty and quality-related costs is revised and calculated monthly. Warranty and quality provisions are mainly related to Fortaco's subsidiaries in Finland and in France.

#### Restoration provisions

A restoration provision is recognized when the Group has a contractual obligation to return the land or premises to their original condition. The restoration provision is related to the rental agreement of the factory building in Poland. The provision is reviewed at the end of every reporting period.

#### Other provisions

Other provisions are related to the environmental, restructuring and personnel obligations. Environmental provisions are recognized when the Group has a present obligation as a result of past events, if it is probable thatbthe Group has an obligation for payment and a reliable estimate of the amount can be made. When there are changes in the circumstances, the amount of environmental provision may be adjusted.

The restructuring provision consist mainly of statutory unemployment insurance liabilities to the Finnish Unemployment Insurance Fund. Restructuring provisions are recognized only when the recognition criteria for provisions are fulfilled. The Group has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plan's main features.

Personnel related provisions are related to statutory obligations in Poland, Serbia and Sweden.

#### Key judgements

An estimate of the financial impact of a previous event requires the Group's management to exercise judgement based on past similar events, and on statements issued by an external expert in some cases. Provisions are reviewed regularly and adjusted as necessary to reflect the best estimate at the time of examination. Actual costs may differ from estimates.

# 4. Business acquisitions and investments

## 4.1. Acquisitions

### Accounting policy

Business combinations are treated using the acquisition method. The consideration for the acquisition of a subsidiary consists of the fair value of the assets transferred. The identifiable assets and the identifiable liabilities and contingent liabilities acquired in a business combination are initially measured at fair value at the time of acquisition, with a few exceptions. Any non-controlling interest in the acquired business has been recognized in the amount corresponding to the share of the non-controlling interest of the identifiable net assets of the acquired business.

The consideration transferred for the acquisition of a business is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. If a contingent consideration is classified as a financial liability, it is measured at fair value on each reporting date, and the changes in the fair value are recognized in the statement of income.

If a business combination is achieved in stages, the previously held equity interest is revalued at fair value at the acquisition date. Any gains or losses arising from remeasurement are recognized in the statement of income. The costs related to the acquisition have been recognized as expenses at their time of implementation and are presented in other operating expenses in the income statement with the exception of expenses directly attributable to the issue of equity instruments, which are deducted from equity.

The amount by which the consideration provided, the non-controlling interest in the acquired business and the fair value of the previously held interest in the acquired company at the time of acquisition exceed the fair value of the acquired identifiable net assets is recognized as goodwill.

### Key judgements

**Measurement of intangible assets**
The net assets acquired in a business combination are measured at fair value. Fortaco's management has exercised judgement when determining the fair value of the identifiable intangible assets at the time of acquisition and when determining the amortization period for the assets in question.

### Acquisitions in 2024

In September 2024, Fortaco acquired the minority shareholders' stake in Fortaco JL S.p. z.o.o, making the group the sole owner of the company with a 100 % ownership share.

### Acquisitions in 2023

Fortaco Group acquired the entire share capital of Walter Mauser GmbH on 6 September 2023. Walter Mauser GmbH has been fully consolidated into the Group since the acquisition. The contribution to Group's net sales in 2023 was EUR 16.5 million.The impact on Group's profit was EUR -0.1 million (loss). Had this acquisition taken place in the beginning of the year, the estimated contribution to Group's sales would have been EUR 44.6 million.

The transaction costs were EUR 1.8 million which were included in Group income statement to other operating expenses and in the cash flow statement to net cash flow from operating activities. The acquisition increased Group's goodwill by EUR 13.4 million. Goodwill is mainly attributable to synergies.

Since January 2022 the Group has had a 35 per cent interest in its associate Buisard S.A.S. Fortaco acquired the remaining 65 per cent part of the shares on 24 October 2023. As a result, Buisard S.A.S became a Fortaco subsidiary and has been fully consolidated into the Group since the acquisition. The contribution to Group's net sales in 2023 was EUR 10.4 million. The impact on Group's profit was EUR 0.4 million.

The transaction costs were EUR 273 thousand which were included in group income statement to other operating expenses and in the cash flow statement to net cash flow from operating activities. The acquisition increased Group's goodwill by EUR 7.3 million. Goodwill is mainly attributable to synergies. Contingent considerations recognized for the acquisition amounted to EUR 3.5 million and are recognized to fair value on 31 December 2024. Contingent considerations are based for instance on the EBITDA between 2023–2025. The contingent considerations will be paid during 2026. The amount of contingent considerations is reviewed on the end date of each reporting period.

### 4.2. Investments in associated companies

#### Accounting policy

The consolidated financial statements include associated companies in which the Group either holds 20-50 per cent of the voting rights or in which the Group otherwise has significant influence but not control. Companies where the Group has joint control with another entity are considered as joint ventures. Investments in associated companies and joint ventures are accounted for using the equity method: they are initially recorded at cost and the carrying amount is increased or decreased by Fortaco's share of the profit or loss. The Group determines at each reporting date whether there is any indication of impairment.

The Group's share of profits or losses after the acquisition is presented separately in the income statement after operating profit.

The Group's share of post-acquisition profit or loss is recognized in the income statement and its share of postacquisition movements in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in each associate.

The financial years of the Group and the associates are consistent. Adjustments are made, where necessary, to the combined financial statements to ensure that the accounting policies used in their preparation are consistent with those of the Group.

#### Associated companies

In 2024, the group had no holdings in associated companies.

Since January 2022, the Group has had a 35 per cent interest in its associate, Buisard S.A.S, an unlisted company domiciled in France. The Group acquired the remaining 65 per cent of the shares on 24 October 2023. As a result, Buisard S.A.S became a Fortaco subsidiary.

| 1,000 EUR | 1.1.–31.12.2024 | 1.1.–24.10.2023 |
|---|---|---|
| **Share of profit/loss** | | **557** |
| **Loss of the equity interest** | | **-657** |
| **Total** | | **-100** |

**Information on associates**

| 1,000 EUR | | 1.1.–31.12.2024 | 1.1.–24.10.2023 |
|---|---|---|---|
| Net sales | | | 57,963 |
| Purchases and other expenses | | | -55,867 |
| Depreciation | | | -985 |
| Interest income and expenses | | | 481 |
| Net profit for the period | | | 1,593 |
| Non-current assets | | | 7,550 |
| Current assets | | | 23,377 |
| | Of which cash | | 4,397 |
| Non-current liabilities | | | 4,616 |
| | Of which financial liabilities | | 3,632 |
| Current liabilities | | | 20,853 |
| **Net assets of associate** | | | **5,458** |
| **Net assets belonging to the Group** | | | **1,910** |

## 4.3. Business disposals

### Accounting policy

Sold subsidiaries are consolidated into the group financial statements until the moment control is lost. When control is lost, all assets and liabilities related to the sold subsidiary are derecognized from the balance sheet. Additionally, any translation differences related to the subsidiary sold are reclassified from other comprehensive income to the income statement at the time of disposal.

### Business disposals 2024

On 28 June 2024, Fortaco sold its Hungarian subsidiary Fortaco Zrt. The transaction follows the company's announcement on the sale on 10 May 2024, and the release issued in February 2024, in which Fortaco announced having begun the strategic evaluation of its marine, energy and heavy project businesses.

Fortaco Zrt. was classified as assets held for sale on 31 March 2024. In the fair value measurement carried out within the Group, the write-down of the company's non-current assets totaled EUR 6.8 million, in addition to an impairment of EUR 2.8 million on inventories. The sales price was one euro.

The transaction is also conditional on a loan to be granted to the company immediately after the transaction, consisting of two tranches. The first is a bullet loan for seven years with an annual interest rate of 5 per cent. The second part consists of machinery and equipment to be supplied by Fortaco for a total amount of EUR 2 million, with a repayment period of 10 years. The table below summarizes the assets and liabilities derecognized from Fortaco's balance sheet in connection with the sale, and the realized sales loss.

On 4 July 2024, Fortaco announced that Fortaco Group Holdco Plc's subsidiary, Fortaco Oy, had signed an agreement to sell its marine and energy business in Kalajoki and Sepänkylä in Finland to Componenta, an international technology company and a Finnish contract manufacturer of metal components. The total purchase price is approximately 2.8 million euros. The business transaction was completed on October 1, 2024, and the related real estate transaction is expected to be completed during H2/2025. The transaction is part of the strategic evaluation of Fortaco's marine, energy, and heavy project businesses announced on 28 February 2024.

In 2023, the net sales of the Business Site Kalajoki & Sepänkylä were approximately EUR 9.6 million and EBITDA approximately EUR -1.6 million. In January–June 2024, the net sales of the Business Site were approximately EUR 7.0 million and EBITDA approximately EUR 25 thousand. The Business Site employs in total about 60 people. All personnel will was transferred to Componenta with existing terms and conditions.

| **Fortaco Zrt., sales loss calculation**<br>**1,000 EUR** | |
|---|---|
| Inventories | -1,416 |
| Trade and other receivables | -3,244 |
| Cash | -318 |
| Other liabilities | 167 |
| Non-current provisions | 221 |
| Current provisions | 33 |
| Trade and other payables | 3 ,474 |
| **Net assets** | **-1,083** |
| Sales price, receivable in cash | 0 |
| **Total consideration** | **0** |
| **Translation differences** | **-3,106** |
| **Sales loss** | **-4,189** |
| Sales price, received in cash | 0 |
| Cash and cash equivalents sold | 318 |
| **Cash flow impact** | **-318** |

| **Fortaco Oy, sales profit calculation**<br>**1,000 EUR** | |
|---|---|
| Inventory | 1,800 |
| Employee related provisions | -385 |
| **Net assets** | **1,415** |
| Purchase price, received in cash | 1,415 |
| **Total consideration** | **1,415** |
| **Profit** | **0** |
| Purchase price, received in cash | 1,415 |
| Cash and cash equivalents | 0 |
| **Cash flow impact** | **1,415** |

In the fair value determination performed within the Group, the company's assets were valued at the transfer price, and the impairment of the company's long-term assets amounted to a total of EUR 1.8 million. The table below presents a summary of the short-term assets classified as held for sale and the related liabilities classified as held for sale.

### 4.4. Assets held for sale

#### Accounting policy

Long-term assets are classified as held for sale if their carrying amount is expected to be realized primarily through sale rather than through normal use, and the completion of the sale is considered highly probable. Before reclassification, the assets are valued according to normal principles, after which they are recorded either at their carrying amount or at their lower fair value, less sales costs, in accordance with the lower value. Any impairment losses or gains are recognized in the income statement. No depreciation is made on long-term assets classified as held for sale.

The table attached presents a summary of the short-term assets classified as held for sale and the related liabilities classified as held for sale. Assets held for sale consist of a property owned by Fortaco Oy, which is expected to be sold during the second half of 2025.

**Assets held for sale and related liabilities 31.12.2024**

| **1,000 EUR** | **Carrying amount 31.12.2024** |
|---|---:|
| **ASSETS** | |
| **Current assets** | |
| Intangible assets | 75 |
| Tangible assets | 925 |
| **Total non-current assets** | **1,000** |
| **Assets held for sale** | **1,000** |
| **LIABILITIES** | |
| **Liabilities held for sale** | **0** |

### 4.5. Property, plant and equipment

#### Accounting policy

Land and water areas are recognized at cost. Other property, plant and equipment is recognized at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

- Buildings: 20 to 25 years
- Machinery and equipment: 5 to 15 years

An item of property, plant and equipment and any significant part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The useful lives of tangible assets may include risks depending on their ability to generate income. Therefore, the useful lives of assets are reviewed annually.

| 1,000 EUR | Land and water | Buildings and structures | Machinery and equipment | Other tangible assets | Advance payments and work in progress | Total |
|---|---|---|---|---|---|---|
| Cost 1.1.2024 | 2,796 | 45,953 | 43,914 | 1,975 | 13,424 | 108,063 |
| Business disposals | -191 | -6,253 | -19,546 | | 20 | 104 |
| Translation differences | -3 | -5 | 92 | | -578 | -26,568 |
| Additions | 458 | 447 | 613 | 374 | 16,721 | 18,613 |
| Disposals | -117 | -706 | -2,070 | -137 | -59 | -3 089 |
| Reclassifications | 148 | 38,139 | 75,742 | 4,783 | -19, 370 | 99,442 |
| Transfers to assets held for sale | -125 | -2,154 | | | 0 | -2,278 |
| **Cost 31.12.2024** | **2,966** | **75,421** | **98,745** | **6,994** | **10,158** | **194,284** |
| **Cumulative amortization and impairment 1.1.2024** | **-8** | **-3,070** | **-6,450** | **-176** | | **-9,704** |
| Translation differences | | -2 | -53 | | | -55 |
| Accumulated amortisation on business disposals | 2 | 3,419 | 15,485 | | | 18,906 |
| Cumulative amortization on disposals and reclassifications | -90 | -24,521 | -78,062 | -4,626 | | -107,299 |
| Transfers to assets held for sale | | 820 | | | | 820 |
| Amortisation | | -3,810 | -5,593 | -506 | | -9,909 |
| Impairment | -63 | | 48 | | | -14 |
| **Cumulative amortization and impairment 31.12.2024** | **-159** | **-27,164** | **-74,624** | **-5,308** | | **-107,256** |
| **Carrying amount 1.1.2024** | **2,789** | **42,883** | **37,464** | **1,799** | **13,424** | **98,358** |
| **Carrying amount 31.12.2024** | **2,807** | **48,257** | **24,121** | **1,686** | **10,158** | **87,028** |

| 1,000 EUR | Land and water | Buildings and structures | Machinery and equipment | Other tangible assets | Advance payments and work in progress | Total |
|---|---|---|---|---|---|---|
| Cost 1.1.2023 | 1,229 | 31,021 | 31,490 | 12 | 2,216 | 65,967 |
| Business combinations | 1,024 | 13,949 | 5,462 | 1,806 | 3,725 | 25,966 |
| Translation differences | 19 | 383 | 956 | | 145 | 1,504 |
| Additions | 523 | 64 | 567 | 75 | 16,194 | 17,423 |
| Disposals | | -254 | -2,521 | | | -2,775 |
| Reclassifications | | 791 | 7,960 | 83 | -8,857 | -23 |
| **Cost 31.12.2023** | **2,796** | **45,953** | **43,914** | **1,975** | **13 ,424** | **108,063** |
| **Cumulative amortization and mpairment 1.1.2023** | **-5** | **-828** | **-2,273** | | | **-3,105** |
| Translation differences | | -11 | -54 | | | -65 |
| Cumulative amortization on disposals and reclassifications | | 222 | 1,989 | | | 2,210 |
| Amortisation | | -2,454 | -6,207 | -176 | | -8,837 |
| Impairment | -3 | | 96 | | | 93 |
| **Cumulative amortization and impairment 31.12.2023** | **-8** | **-3,070** | **-6,450** | **-176** | | **-9,704** |
| **Carrying amount 1.1.2023** | **1,226** | **30,193** | **29,216** | **12** | **2,216** | **69,341** |
| **Carrying amount 31.12.2023** | **2,789** | **42,883** | **37,464** | **1,799** | **13,424** | **98,358** |

### 4.6. Leases

The lease contracts of the Group consist mainly offices, factories, production machinery and cars. Lease contracts are valid for a fixed period or until further notice.

#### Accounting policy

**Right-of-use assets**

The Group recognizes the leased assets at the inception of the contract as a right-of-use asset and a lease liability on the statement of financial position. However, short-term leases and leases of low value assets are not recognized in the statement of financial position (see below for details).

At the inception of the contract, the right-of-use asset is measured at acquisition cost, which includes the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date (less any incentives received), any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

**Right-of-use assets**

| 1,000 EUR | Buildings and structures | Machinery and equipment | Total |
|---|---|---|---|
| Cost 1.1.2024 | 13,566 | 2,854 | 16,420 |
| Translation differences | 115 | 92 | 207 |
| Business combinations | | | |
| Additions | 20,656 | 10,429 | 31,084 |
| Business disposals | | -511 | -511 |
| Disposals | -683 | -446 | -1,129 |
| Reclassifications | 7,290 | 13,753 | 21,043 |
| **Cost 31.12.2024** | **40,943** | **26,171** | **67,114** |
| Cumulative amortization and impairment 1.1.2024 | -3,063 | -989 | -4,053 |
| Translation differences | -44 | -10 | -54 |
| Business disposals | | 265 | 265 |
| Accumulated depreciation on disposals and transfers | -7,290 | -3,791 | -11,080 |
| Amortization | -3,109 | -1,931 | -5,040 |
| **Cumulative amortization and impairment 31.12.2024** | **-13,507** | **-6,456** | **-19,963** |
| **Carrying amount 1.1.2024** | **10,502** | **1,865** | **12,367** |
| **Carrying amount 31.12.2024** | **27,437** | **19,715** | **47,152** |

| 1,000 EUR | Buildings andstructures | Machinery and equipment | Total |
|---|---|---|---|
| Cost 1.1.2023 | 5,669 | 1,664 | 7,333 |
| Translation differences | 206 | 72 | 278 |
| Business combinations | 24 | 682 | 706 |
| Additions | 7,670 | 575 | 8,246 |
| Disposals | -4 | -139 | -143 |
| **Cost 31.12.2023** | **13,566** | **2,854** | **16,420** |
| Cumulative amortization and impairment 1.1.2023 | -637 | -218 | -855 |
| Translation differences | -72 | -22 | -94 |
| Amortisation | -2,355 | -749 | -3,104 |
| **Cumulative amortization and impairment 31.12.2023** | **-3,063** | **-989** | **-4,053** |
| **Carrying amount 1.1.2023** | **5,033** | **1,446** | **6,479** |
| **Carrying amount 31.12.2023** | **10,502** | **1,865** | **12,367** |

### Lease liabilities

At the inception of the lease, the Group measures the lease liability by discounting the future lease payments to their present value. The lease payments included in the measurement of the lease liability comprise the following payments:

- fixed payments;
- variable lease payments that depend on an index or a rate;
- the price of the purchase option if it is reasonably certain that the option will be exercised by the Group; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The fixed payments consist of the minimum lease payments. The non-lease components are separated from lease payments in case they can be measured reliably.

The lease liability is revalued when there is a change in the lease term or in the lease payments. The Group discounts lease payments using the interest rate implicit in the lease. If that rate cannot be readily determine, the Group uses the incremental borrowing rate, i.e. the rate that the Group would have to pay to borrower over a similar term, and with similar security to obtain an asset. In determining the incremental borrowing rate, Fortaco takes into account, for example, the asset class of the leased object and the geographical location of the lease.

When determining the lease term for the contracts that are valid until further notice, Fortaco considers similar fixed-term contracts and their typical lease terms. The estimate of the lease terms is updated at each reporting date.

For short-term leases with a lease term of 12 months or less, and for leases with low value assets, Fortaco recognizes lease payments as an expense in the statement of comprehensive income. The lease contracts where the leased asset would cost less than EUR 5,000 when purchased as a new, the leased asset is considered as a low value asset. The cost of short-term leases and of low value assets are presented in the table below in this section.

### The Group as a lessor

Rental income received from the contracts were Fortaco is a lessor is recognized as other operating income. Other operating income and expenses are disclosed in Notes 2.3. and 2.4.

**Lease liabilities**

| 1,000 EUR | 2024 | 2023 |
|---|---|---|
| Lease liability 1.1. | 12,827 | 6,964 |
| Business acquisitions | | 700 |
| Business disposals | -114 | |
| Reclassifications | 4,165 | |
| Additions | 35,645 | 8,141 |
| Impairments | -63 | |
| Lease payments | -7,877 | -2,964 |
| Translation differences | 174 | -14 |
| **Lease liability 31.12** | **44,756** | **12,827** |

Changes in lease liabilities for the financial year 2024 are presented without interest expenses. Previously reported interest expenses are included in the financial expenses of the income statement, but they are no longer included in this breakdown. The change was made to clarify the financial statements and to standardize the presentation.

**Impact on leases on profit and loss statement**

| 1,000 EUR | 2024 | 2023 |
|---|---|---|
| Expenses related to short-term leases and leases of low value assets | -1,358 | -214 |
| Depreciations from the right-of-use assets | -5,040 | -3,104 |
| Interest expenses from the lease contracts | -3,244 | -629 |
| **Total** | **-9,642** | **-3,947** |

### 4.7. Intangible assets

The useful lives of intangible assets may include risks, depending on their ability to generate income. Therefore, the useful lives of assets are tested annually.

#### Accounting policy

**Intangible assets**
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

#### Research and development costs

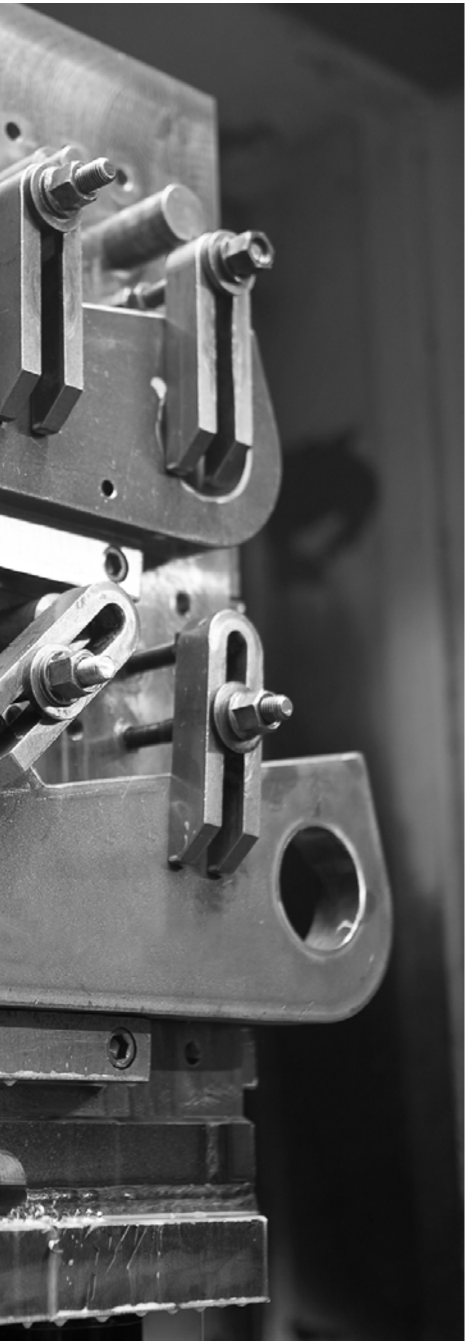
Research costs are expensed in the consolidated statement of comprehensive income as incurred. If development costs are expected to generate future income and other capitalization criteria are fulfilled, they are capitalized as intangible assets and amortized over the period of the income streams. If capitalization criteria or development costs are no fulfilled the costs are expensed in the consolidated statement of comprehensive income.

**Intangible assets are amortized as follows:**

- Other long-term expenses 5 years
- Intangible rights/Customer relationship 12 to 15 years
- Intangible rights/Brand 3 to 10 years
- Intangible rights/Order book below 1 year
- Intangible rights, IT/IT systems 3 to 5 years
- Other intangible assets/Licenses 3-5 years

| 1,000 EUR | Development costs | Customer relationship | Brand | Technology | Other intangible assets and advance payments | Goodwill | Total |
|---|---|---|---|---|---|---|---|
| **Cost 1.1.2024** | **864** | **31,439** | **14,624** | **5,884** | **3,620** | **20,976** | **77,408** |
| Business disposals | 5 | | | | 4 | | 9 |
| Translation differences | | | | | 1,523 | | 1,523 |
| Additions | | | | | -602 | | -602 |
| Disposals | | | | | -22 | | -22 |
| Reclassifications | 82 | | | | 3,000 | 23,895 | 26,977 |
| Transfers to assets held for sale | | | | | -75 | | -75 |
| **Cost 31.12.2024** | **952** | **31,439** | **14,624** | **5,884** | **7,448** | **44,871** | **105,217** |
| Cumulative amortization and impairment 1.1.2024 | -171 | -2,307 | -1,861 | -196 | -808 | | -5,343 |
| Translation differences | -2 | | | | | | -2 |
| Cumulative amortization on business | | | | | 524 | | 524 |
| Cumulative amortization on disposals | -82 | | | | -2,978 | -23,895 | -26,955 |
| Amortization | -138 | -2,156 | -2,034 | -588 | -506 | | -5,422 |
| **Cumulative amortisation and impairment 31.12.2024** | **-393** | **-4,463** | **-3,895** | **-784** | **-3,768** | **-23,895** | **-37,198** |
| **Carrying amount 1.1.2024** | **693** | **29,132** | **12,764** | **5,688** | **2,812** | **20,976** | **72,065** |
| **Carrying amount 31.12.2024** | **559** | **26,976** | **10,729** | **5,100** | **3,680** | **20,976** | **68,020** |

| 1,000 EUR | Development costs | Customer relationship | Brand | Technology | Other intangible assets and advance payments | Goodwill | Total |
|---|---|---|---|---|---|---|---|
| Cost 1.1.2023 | 833 | 24,137 | 12,173 | | 1,366 | 304 | 38,813 |
| Business acquisitions | | 7,302 | 2,451 | 5,884 | 381 | 20,675 | 36,690 |
| Translation differences | 25 | | | | 16 | | 41 |
| Additions | | | | | 1,825 | | 1,825 |
| Disposals | | | | | -1 | | -1 |
| Reclassifications | 6 | | | | 33 | | 39 |
| **Cost 31.12.2023** | **864** | **31,439** | **14,624** | **5,884** | **3,620** | **20,976** | **77,407** |
| Cumulative amortization and impairment 1.1.2023 | -33 | -536 | -406 | | -189 | | -1,165 |
| Translation differences | -4 | | | | -4 | | -9 |
| Cumulative amortization on disposals and reclassifications | | | | | 1 | | 1 |
| Amortization | -134 | -1,771 | -1,455 | -196 | -615 | | -4,170 |
| **Cumulative amortisation and impairment 31.12.2023** | **-171** | **-2,307** | **-1,861** | **-196** | **-808** | | **-5,343** |
| **Carrying amount 1.1.2023** | **800** | **23,601** | **11,767** | | **1,177** | **304** | **37,649** |
| **Carrying amount 31.12.2023** | **693** | **29,132** | **12,764** | **5, 687** | **2,812** | **20,976** | **72,065** |



### 4.8. Goodwill impairment testing

**Impairment of non-financial assets**

The recoverable amount of non-financial assets is estimated annually at the end of the reporting period or, if necessary, when there is an indication of possible impairment. The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. If the recoverable amount is less than the carrying amount of the asset, an impairment loss is recognized.

In assessing value in use, recoverable cash flows are discounted to fair value using a pre-tax discount rate that reflects the market's view of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions are identified, an appropriate valuation technique is used. Such valuation techniques use commonly used valuation multiples, quoted prices of publicly traded companies or other similar fair value indicators.

The Fortaco Group uses detailed budgets and forecasts for impairment testing, prepared separately for each of the Group's cash-generating units to which individual assets are allocated. Four such cash-generating units have been identified in the Fortaco Group: Steel Fabrication CGU, Vehicle Cabin CGU, Assembly CGU and Technology CGU. The budgets and forecasts allocated to the cashgenerating units normally cover a five-year period. Projected cash flows for subsequent periods are calculated using the specified long-term growth rate.

Impairment losses on assets other than goodwill are reversed if a subsequent assessment indicates that the impairment loss no longer exists or has decreased. An impairment loss may be reversed up to an amount not exceeding the recoverable amount or the carrying amount less depreciation if no impairment loss had been recognized in prior years. Reversals of impairment losses are recognized in the economic outturn account, except for assets measured using the revaluation model, for which the change is recognized as an increase in the revaluation surplus. Impairment losses on goodwill are not reversed in future periods. The following assets have specific features for impairment testing:

**Goodwill**

Group goodwill arises when the cost exceeds the fair value of the net assets of the acquired company or business at the acquisition date. Impairment is assessed by determining the recoverable amount of each cash-generating unit. For goodwill impairment testing, the Fortaco Group has determined that it has four cash-generating units: Steel Fabrication CGU, Vehicle Cabin CGU, Assembly CGU and Technology CGU. Of these, goodwill has been allocated to the steel business and the cab manufacturing business.

In determining the value in use, it is necessary to assess future market developments such as growth and profitability and other relevant factors. The most relevant factors are market and customer activity, growth assumptions, the cyclical nature of the engineering industry and the discount rates used in the calculation. Sales forecasts and production volumes are based on the current structure of the group and the tangible fixed assets available to the cash-generating units. The assumptions used by management are based on past experience and five-year forecasts approved by management. Changes in these assumptions could materially affect future cash flows.

Cash flow projections for the budgeting and planning period are based on expected revenue levels, operating costs and EBITDA-per cent EBITDA margins. Cash flows beyond the planning periods are determined using an estimated 2.0 per cent revenue growth rate (terminal value). A discount rate of 12.3 (12.8) per cent was used for the 2024 impairment test.

The Fortaco Group had goodwill of EUR 21.0 (21.0) million on its balance sheet at 31 December 2024. This goodwill is allocated to the steel construction business and the cabins business. Goodwill of EUR 20.7 million arose in 2023 in connection with business acquisitions.

**Key assumptions in value-in-use calculations**

The key assumptions used in the Fortaco Group's value in use calculations are:

- Annual sales growth and sales volumes averaging +9.7 per cent over the forecast period
- EBITDA margin over the forecast period averaging 7.8 per cent for the cabin business and 8.3 per cent for the steel business.
- Discount rate of 12.3 per cent, which is the average rate of the weighted average cost of capital
- Terminal growth rate of 2 per cent, used to extrapolate cash flows over the forecast period

| **Goodwill allocation** | | |
|---|---|---|
| **1,000 EUR** | **31.12.2024** | **31.12.2023** |
| Steel fabrication CGU | 304 | 304 |
| Vechile cabin CGU | 20,672 | 20,672 |
| **Total** | **20,976** | **20,976** |

**EBITDA margin**
EBITDA margin is based on the latest statistical data and estimates of customer prices, material costs, direct and indirect labor costs and estimated overhead cost trends in the production units and the Group's parent company.

**Discount rate**
The discount rate reflects the market's current expectation of the risks associated with cash flow units, considering the time value of money and the specific risks associated with assets that are not reflected in the cash flow projections. The discount rate calculation is based on the circumstances of the Group and its operating entities and is determined based on the Group's weighted average cost of capital (WACC), which takes into account both debt and equity. The cost of equity is derived from the expected return of the group's investors.

The cost of debt is based on the interest-bearing debt that the group is obliged to pay. Segmentspecific risk is incorporated by applying unit-specific beta variables. The beta variables are assessed annually and are based on available data from the market. A discount rate of 12.3 per cent was used for the 2024 impairment test.

**Terminal growth rate**
The Fortaco Group uses a terminal growth rate of 2.0 per cent for turnover in Europe and Finland. The growth rate does not exceed the average long-term growth rate for the industry.

**Growth rate estimates**
Growth forecasting is based on management's business plan. Estimates and forecasts of net sales are built based on existing business for existing customers and new growth business for existing and new customers. Estimates for new growth business are based on agreed collaborations and new product implementations.

The impairment test showed that the Group has no need to recognize an impairment loss. The cash flow unit values calculated in the impairment test exceeded the carrying amount of the tested cash flow unit, so that, to the best of management's knowledge, no foreseeable possible change in any key variable in the calculation would result in the need for an impairment write-down.

**Sensitivity to changes in assumptions**
The consequences of changes in key assumptions on the recoverable amount are set out below:

The sensitivity analysis is based on the assumption of deteriorating cash flow growth during and beyond the forecast period. A general increase in interest rates has also been considered, as well as a decrease in profitability. The sensitivity of the cash flow unit to the need for impairment has been tested by changing both the growth forecast and the EBITDA forecast.

A decrease in EBITDA by 10 per cent, an increase in the discount rate by 2 percentage points or zero growth after the forecast period would not lead to an impairment. For the Steel Fabrication CGU, only if the discount rate increased by more than 3 percentage points, profitability measured by EBITDA decreased by more than 11 per cent or the cash flow growth forecast after the forecast period became negative by 2 per cent would an impairment loss be realized. The value in use of the cash-generating Steel Fabrication business unit tested for impairment exceeds its carrying amount by approximately EUR 22.5 million.

For the cash-flow generating unit Vehicle Cabins, only if the discount rate would increase by more than 6 percentage points, the profitability measured by EBITDA would decrease by more than 27 per cent or the cash flow growth forecast after the forecast period would become negative by 13 per cent would an impairment loss be realized. Based on the impairment test, the value in use of the tested cash-generating unit of the cab business exceeds its carrying amount by approximately EUR 56.0 million.


ST IN
ORRO

## 5. Financial instruments and capital structures

### 5.1. Financial risk analysis, management and objectives

**Main principles of financing and financial risk management**

The Group's financing and financial risks are managed in accordance with the Treasury Policy approved by Fortaco's Board of Directors. The Treasury Policy provides guidance on financial risks and helps to establish a suitable risk management framework for the Group. The Fortaco Group Leadership Team oversees the management of financial risks, is responsible for compliance with the Treasury Policy and for the organization and control of Group financing.

The objective of the treasury function is to ensure that the Group companies have sufficient funds to conduct their business without constraints at all times, to provide the necessary financial services to the business units, to minimize financing costs, to manage financial risks (foreign exchange, interest rate, liquidity, refinancing, credit, counterparty and operational risks) and to provide regular information to management on the financial situation and risks of the Group and its business units.

At the Group level, the Group Leadership Team is responsible for funding and managing liquidity and financial risks, creating a framework for the efficient organization of financial management and overseeing the financing of the business units. The Group Leadership Team reports on these issues on a monthly basis.

**Interest rate risk**

Changes in market interest rates affect the Group's net interest rates and the fair values of interest-bearing liabilities and receivables. Fortaco's interest rate risk management aims to minimize the impact of changes in interest rates on the income statement, balance sheet and cash flow. The Group's most significant interest rate risk arises from long-term borrowings at variable rates, which expose its cash flow to interest rate risk. The Group has not hedged its exposure to interest rate risk. Interest rate risk is managed by keeping the average interest rate exposure (interest rate duration) of financial items within the minimum and maximum levels set by the Management Committee by changing the ratio of fixed to variable rate loans in the loan and investment portfolio.

On 31 December, the Group's total interest-bearing liabilities amounted to EUR 185,471 thousand (31 December 2023: 125,191), of which EUR 122,743 thousand (93,194) were floating rate senior bonds, EUR 44,756 thousand (12,827) were lease liabilities and the remaining EUR 17,972 thousand (19,170) were fixed and floating rate bank loans, short-term loans, and other interest-bearing liabilities. On the 31 December, the average interest-bearing period of interest-bearing liabilities was three (four in 2023) months, excluding lease liabilities.

The Group's financial assets of EUR 47,853 thousand (31.12.2023: 54,586) consisted mainly of short-term deposits and cash and cash equivalents. In addition, the financial assets include EUR 4.0 million of loan receivables from the Group’s former subsidiary Steel Construction Partners (formerly Fortaco Zrt) divested during the financial year 2024 and EUR 0.1 million of other receivables related to machinery investments made on behalf of Steel Construction Partners Zrt. The loan is maturing on 1 July 2031. The receivables related to the machinery investments are maturing in 10 years from the issuance of invoices for the receivables.

Based on the sensitivity analysis, a one percentage point change in the interest rate level of the debt portfolio would result in a change in net interest expenses of EUR 1,758 thousand (31.12.2023: EUR 1,202) in the following year. The impact is calculated on an annual basis assuming no change in the balance sheet structure of the group. The Group's main financial currency is the euro.

The table below shows the sensitivity of variable rate loans to a one per cent change in interest rates and its impact on the Group's result, other variables held constant.

| 1,000 EUR | Increase / decreasein interest rate | Effect on profit before tax |
|---|---|---|
| **31.12.2024** | 1.0 % | 1,758 |
| | -1.0 % | -1,758 |
| **31.12.2023** | 1.0 % | -1,202 |
| | -1.0 % | -1,202 |

### Currency risks

Fortaco is headquartered in Finland and has operations in nine countries. Due to its international business activities, the Group is exposed to risks arising from exchange rate fluctuations. A significant part of the Group's turnover and production costs are denominated in euros. As a result, a significant proportion of working capital items are also denominated in euros, including in foreign subsidiaries whose functional currency is not the euro. Intra-group loans are mainly denominated in euro.

Fortaco is exposed to currency risks, incurred from both on and off-balance sheet items. Fortaco is mainly exposed to changes in the exchange rates of the Hungarian forint (HUF/EUR), the Serbian dinar (RSD/EUR) and the Polish zloty (PLN/EUR). The Hungarian forint exposure was eliminated during the financial year 2024 after the divestment of the Hungarian business site. The impact on the Group's earnings (transaction risk) incurred from exchange rate movements is mainly due to trade receivables, trade payables, internal loans, and salaries. Fortaco is not currently hedged against exchange rate risk.

The following table illustrates the sensitivity to a 5 per cent change in the HUF (Hungarian forint), PLN (Polish zloty) and RSD (Serbian dinar), holding all other variables constant.

The Group's net investments in subsidiaries outside the Euro area incur deferred translation differences impacting the Group's equity (translation risk). The translation risk is mitigated by managing the balance sheet structure to balance the impact of exchange rate changes on debt and equity. The Group Leadership Team regularly monitors the translation position and assesses the materiality of the risk position. The impact of foreign exchange translation risk on the Group's net debt ratio is not significant and no hedging of foreign exchange translation risk has been deemed necessary.

### Other market risks

In addition to the financial risks managed by the Treasury function, Fortaco is exposed to price and component availability risks arising from the sourcing of raw materials and components. These risks are managed through careful selection of suppliers, long-term cooperation with key suppliers and contractual terms. In addition, Fortaco's risk management policy aims to manage price risk by linking sales prices to price indices of main raw materials, which are used to transfer increased material costs to sales prices.

### Liquidity and refinancing risks

The objective of liquidity management is to maintain optimal liquidity on a continuous basis to finance the Group's business activities, to minimize interest expenses and other financing costs and to avoid states of illiquidity (liquidity risk). External financing, liquidity positions and financial investments are managed centrally by the Group's Treasury function in accordance with the Group treasury policy. The Group ensures adequate liquidity at all times through efficient cash management. In addition, Fortaco ensures liquidity by factoring programs for its trade receivables and by raising additional loans. The Group's financing agreements are subject to certain financial covenants and other restrictions. These include, for example, restrictions on the use of other financial instruments outside the scope of the senior bonds issued by the Group, and certain financial covenants relating tolocal financing agreements of the Group's subsidiaries. The covenants are presented in more detail in Note 5.5. Interest bearing liabilities.

Liquidity risk is managed by maintaining long-term liquidity reserves in excess of the short-term liquidity requirements. On 31 December, the Group's liquidity reserve totaled EUR 36,030 thousand (31.12.2023: EUR 32,535). During the financial year 2024, the Group signed a super senior credit facility agreement. The total available facility is EUR 7.5 million, of which on 31 December 2024 EUR 4.0 million was in use. The revolving credit facility matures in June 2025.

| Foreign currency sensitivity | Change in the currency rate | Effect on profit before tax | Effect on profit before tax | Other comprehensive income | Other comprehensive income |
|---|---|---|---|---|---|
| 1,000 EUR | | 31.12.2024 | 31.12.2023 | 31.12.2024 | 31.12.2023 |
| PLN | 5.0 % | 238 | -133 | 1,093 | 1,129 |
| PLN | -5.0 % | -238 | 133 | -1,093 | -1,129 |
| HUF | 5.0 % | | 329 | | 105 |
| HUF | -5.0 % | | -329 | | -105 |
| RSD | 5.0 % | 188 | -130 | 101 | 164 |
| RSD | -5.0 % | -188 | 130 | -101 | -164 |

The Group's short-term liquidity needs include the repayments of short- and long-term interest-bearing loans over the next 12 months and the strategic liquidity need, which are defined by senior management and also consider the other financing needs of the business operations over the next 12 months. As of 31 December, the repayment needs for current and non-current borrowings over the next 12 months amounted to EUR 14,462 (11,474) thousand, of which EUR 7,581 (4,614) thousand are from lease liabilities.

Fortaco's liquidity position includes EUR 3,382 (4,431) thousand of cash and cash equivalents subject to financial covenants related to the Group's external loans. The Group's short-term financial assets related to the Group's liquidity risk management are presented in the table below.

Loan refinancing risk, defined as the risk that significant part of the Group's loans or credit limits would mature in a period when it is economically or contractually disadvantageous to refinance the loans, is minimized by balancing the maturity schedules of the loans or credit limits and by keeping the contractual terms of the loans sufficiently flexible. The management believes that the Group's liquidity position is good and that there are no significant concentrations of risk related to the availability of funding or refinancing.

### Credit and counterparty risk

Credit risk arises from trade receivables, funds held under customer contracts, deposits and cash and bank receivables. Fortaco's credit risk is realized when a counterparty is unable to meet its obligations to the Group.

Credit risks related to operational activities are managed and controlled by the business units in accordance with the Group's risk policy, agreed guidelines and established controls. Although the Group has three customers which share of the Group total net sales is over 10%, the Group estimates that it has no significant concentration of credit risk, as it has a diverse, financially stable, and broad customer base spread across the globe. Customer creditworthiness is assessed based on a scoring matrix and customer-specific credit limits are determined based on this assessment. Outstanding trade receivables are regularly monitored. In order to reduce the credit risk associated with customer contracts, the Group sells a significant part of its trade receivables via factoring programs on a non-recourse basis to a financing partner. The risks and rights of the trade receivables which have been sold have been transferred fully and the receivables are therefore derecognized from the Group's balance sheet. Trade receivables sold accounted for 78 per cent (71 per cent) of total trade receivables at the end of the 2024 financial year.

Fortaco applies the simplified model under IFRS 9 for the treatment of expected credit losses. The Group's trade receivables do not include a significant financial component. The amount of the provision for credit losses is assessed on each reporting date and the calculation is based on the historical credit performance of the customer's trade receivables. The Group considers the concentration of credit risk in trade receivables to be low as its customers are located in several jurisdictions and industries. These customers are financially stable companies and operate mostly in unrelated markets. Credit decisions are made on a case-by-case basis based on reports on payment behavior and equity ratios prepared by credit rating agencies to assess the solvency of the customer.

The following factors are considered in the determination of the credit loss allowances:

- customer size (small, medium, large)
- ageing of receivables (current, 1-30 days, 31-60 days, 61-90 days, over 90 days)
- forward looking parameters (assumptions on future payment behavior of customers and macroeconomic variables)

The amount of credit losses recognized in the income statement in the reporting period was EUR 15 (55) thousand. EUR 15 (55) thousand of the credit losses are related to customer receivables.

The Group's financial assets include EUR 4.0 million of loan receivables from the Group's former subsidiary Steel Construction Partners (formerly Fortaco Zrt) divested during the financial year 2024 and EUR 0.1 million of other receivables related to machinery investments made on behalf of Steel Construction Partners Zrt. The loan is maturing on 1 July 2031. The receivables related to the machinery investments are maturing in 10 years from the issuance of invoices for the receivables.

Contractual assets relate to unbilled work in progress and have similar risk characteristics to trade receivables arising from similar type of contracts. Therefore, Fortaco's management has assumed that the expected loss rate on current trade receivables is reasonably close to the loss rate on contractual assets.

**Availability of short-term funding**

| 1,000 EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Available credit facilities | 3,500 | 0 |
| Security deposits | 497 | 116 |
| Cash and cash equivalents | 32,034 | 32,420 |
| **Total** | **36,030** | **32,535** |

Trade receivables and contractual assets are derecognized as actualized credit losses when there is no reasonable expectation of recovery. Indications that payment cannot reasonably be expected include for example the inability of the debtor to enter into a payment plan with the Group. Impairment losses on trade receivables and contractual assets are presented as net impairment losses included in operating profit. If a subsequent payment is received for items recognized as final credit losses, it is credited to the same profit and loss account.

The credit loss risks used in the analysis are in line with the view of the management. The risks are set according to management's best judgement and are based on an assessment of the status of each customer. The expected credit losses relating to the Group's trade receivables are set out in the table below.

The main potential credit risk related to cash and cash equivalents relates to significant cash and security deposits with financial institutions. Financial investments are only made with counterparties of high credit quality. Although cash and cash equivalents are also subject to impairment requirements under IFRS 9, the impairmentloss is identified to be immaterial. Receivables related to off-balance sheet customer financing and operating lease receivables are collateralized and therefore the related credit risk is assessed to be low.

### Capital structure

The objective of the Group's capital management is to ensure the Group's ability to operate in all circumstances and to maintain an optimal capital structure in terms of the cost of capital. The shareholders decide on the objectives of the capital structure and the Group Leadership Team monitors the capital structure on a regular basis. For the purposes of the Group's capital management, capital includes share capital, free invested equity reserve and all other equity reserves attributable to the owners of the parent company. The primary objective of Group capital management is to maximize the value of the company. In order to achieve this objective, the Group's capital management aims, inter alia, to ensure that it meets the financial covenants on the interestbearing liabilities, which in turn determine the capital structure requirements. Note 5.5. provides information on the covenants relating to interest-bearing liabilities for the financial year. The Group manages its capital structure and adjusts it according to the economic situation, considering the covenants. To maintain or adjust its capital structure, the Group may change the distribution of dividends to shareholders, return capital to shareholders or issue new shares.

The capital structure measured with net gearing ratio, i.e., the ratio of net interest-bearing debt to equity. Net interest-bearing debt is calculated by deducting interest-bearing assets, including cash and cash equivalents, from interest-bearing liabilities.

| **Loss allowance** | | |
|---|---|---|
| **1,000 EUR** | **31.12.2024** | **31.12.2023** |
| Loss allowance at 1 Jan | 340 | 286 |
| Increase in loss allowance recognized in the statement of comprehensive income during the financial year | 434 | 145 |
| Receivables written off during the financial year as uncollectible | -15 | -55 |
| Unused amount reversed | -88 | -36 |
| **Loss allowance at 31 Dec** | **671** | **340** |

| **Estimated expected credit losses** | | | | **31.12.2024** | | | **31.12.2023** |
|---|---|---|---|---|---|---|---|
| **1,000 EUR** | **Expected credit loss rate, %** | **Gross** | **Expected credit loss** | **Net** | **Gross** | **Expected credit loss** | **Net** |
| Current | 0.1 % | 9,873 | -12 | 9,861 | 18,065 | -60 | 18,005 |
| Past due | | | | | | | |
| Less than 30 days | 0.2 % | 916 | -2 | 914 | 2,945 | -5 | 2,940 |
| 30-60 days | 0.1 % | 68 | | 68 | 520 | -4 | 516 |
| 61-90 days | 1.5 % | 220 | -3 | 217 | 170 | -3 | 166 |
| 91-180 days | 3.1 % | 70 | -2 | 68 | 210 | -6 | 204 |
| 181-360 days | 100 % | 148 | -148 | | 175 | -18 | 157 |
| over 360 days | 100 % | 503 | -503 | | 305 | -242 | 63 |
| **Total** | | **11,798** | **-671** | **11,127** | **22,390** | **-340** | **22,050** |

## 5.2. Fair value assessment

### Fair value hierarchy

The Fortaco Group uses valuation methods which are appropriate in the circumstances and for which sufficient information is available to determine fair value, using the maximum amount of relevant observable inputs and minimum amount of non-observable inputs.

All financial assets and liabilities measured at fair value or for which fair value is disclosed in the notes are classified into fair value hierarchy levels below based on the lowest level input that is significant to the overall measurement.

**Level 1:**

Quoted (unadjusted) prices for identical assets or liabilities in an active market. The price information is directly available from a publicly quoted exchange, an intermediary broker, or a supervisory authority.

**Level 2:**

Fair value measurement methods where inputs are observable for an asset or liability, either directly or indirectly. Input is readily available from a publicly quoted exchange, an intermediary broker or a supervisory authority. Level 2 instruments are recognized at carrying amount on 31 December.

**Level 3:**

Fair value measurement methods where the lowest level inputs relevant to the valuation are not observable. When the fair value of a financial instrument cannot be measured using a quoted price in an active market for an identical asset, fair value is determined using valuation methods (for example, using a discounted cash flow approach). The inputs that need to be assessed include liquidity risk, credit risk and volatility. Changes in the estimated assumptions may affect the fair value of the financial instrument.

For assets and liabilities that are reported on a recurring basis in the financial statements, the Group determines when shifts in fair value hierarchy levels have occurred by reassessing the classification (based on the lowest level input that is significant to the overall measurement) at the end of each reporting period.

## 5.3. Financial assets and liabilities

The financial assets include EUR 4.0 million of loan receivables from the Group's former subsidiary Steel Construction Partners (formerly Fortaco Zrt) divested during the financial year 2024 and EUR 0.1 million of otherreceivables related to machinery investments made on behalf of Steel Construction Partners Zrt. The loan is maturing on 1 July 2031. The receivables related to the machinery investments are maturing in 10 years from the issuance of invoices for the receivables.

On 31 December 2024, the total fair value of the senior bond was EUR 123.0 million (31.12.2023: EUR 96.4 million), including the subsequent bond issue of EUR 25.0 million placed in March 2024. The fair value of the subsequent issue on 31 December 2024 was EUR 24.1 million. The senior bond fair value is estimated based on the market price on the valuation date. The bond is traded on Nasdaq Helsinki and on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. Further information on the bond is available on Fortaco's investor website, on Nasdaq Helsinki and on Frankfurt Stock Exchange.

Loans from related parties include EUR 6.4 million subordinated shareholder loan from the owner of Fortaco Group.

During the financial year 2024, the Group signed a super senior credit facility agreement. The total available facility is EUR 7.5 million, of which on 31 December 2024 EUR 4.0 million was in use. The revolving credit facility matures in June 2025.

During the financial year 2023, the Group entered into new financing agreements related to expansion investments in Estonia and Poland. These included a new factory lease agreement in Estonia, which has a purchase option, and 15-year factory lease agreement in Gliwice, Poland. In addition to the factory lease agreement, the Group entered into an EUR 14.1 million financing facility agreement related to Gliwice machinery purchases. The Gliwice facility was handed over to the Group in the second half of 2024. The facility lease agreement is treated in accordance with IFRS 16 standards. The lease payments are EUR 2.4 million annually and the lease liability on 31 December 2024 was EUR 15.6 million.

On 31 December, the Group had EUR 3.5 million of contingent considerations. Contingent considerations are treated in accordance with the IFRS 9 standard and are classified as financial liabilities. They are recognized at fair value through profit and loss. The change in fair value is recognized through profit and loss. The value of contingent consideration is dependent on the company's business development between 2023 and 2025.

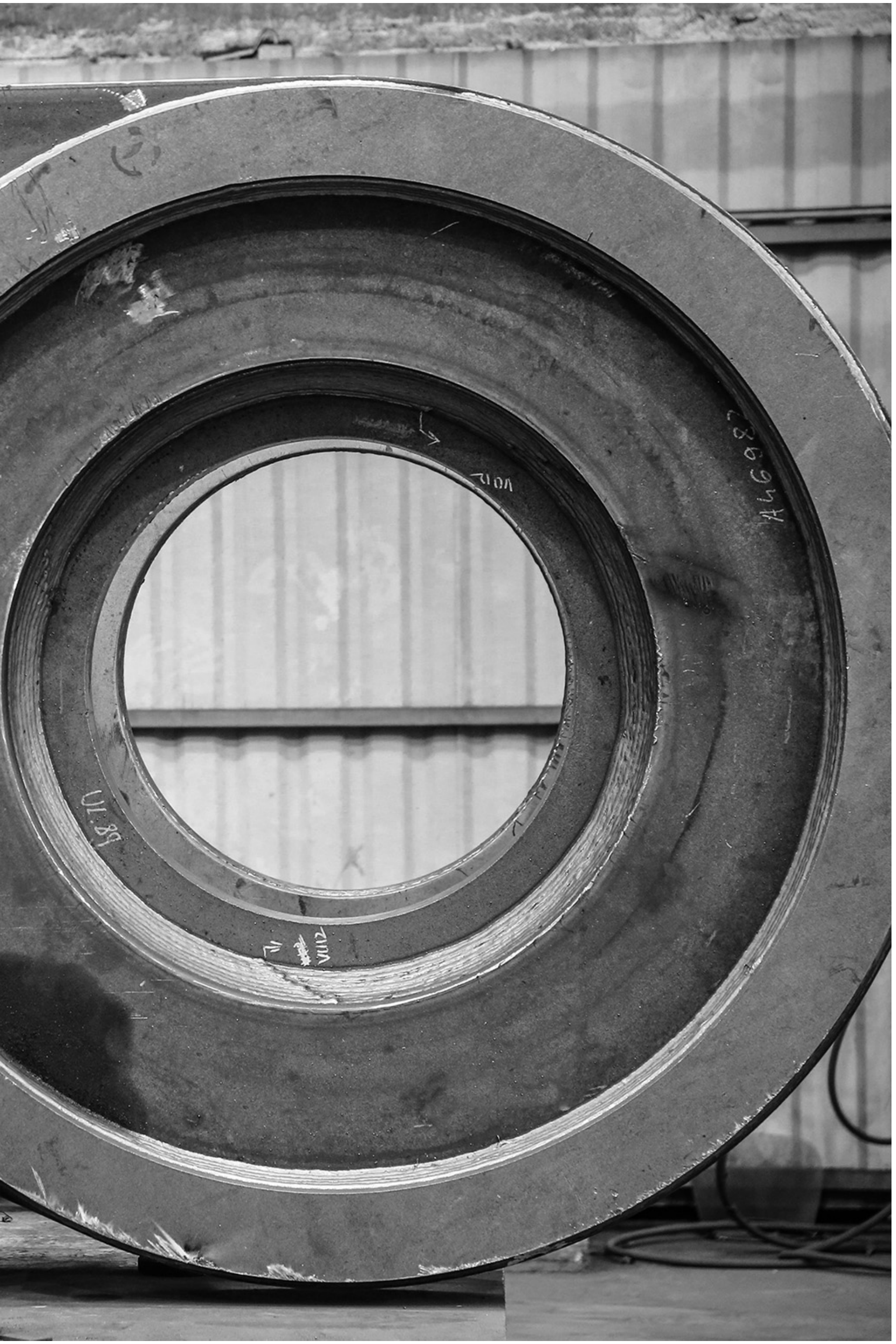
| 1,000 EUR | Level | 31.12.2024 Carrying amount | 31.12.2023 Carrying amount |
|---|---|---|---|
| **Financial assets measured at amortized cost** | | | |
| Loan receivables | 2 | 4,049 | |
| Trade receivables | | 11,127 | 22,050 |
| Security deposits | | 497 | 116 |
| Cash and cash equivalents | | 32,034 | 32,420 |
| Other receivables | 2 | 147 | |
| **Financial assets measured at amortized cost total** | | **47,853** | **54,586** |
| **Fair value through other comprehensive income** | | | |
| Other investments | 2 | 3 | 9 |
| **Fair value through other comprehensive income total** | | **3** | **9** |
| **Financial liabilities measured at amortized cost** | | | |
| Senior bond | 1 | 122,743 | 93,194 |
| Floating rate borrowings | 2 | 7,200 | 4,762 |
| Fixed rate borrowings | 2 | 2,339 | 3,518 |
| Loans from related parties | 2 | 6,441 | 5,000 |
| Lease liabilities*) | | 44,756 | 12,827 |
| Trade payables | | 38,917 | 56,311 |
| Other interest bearing liabilities | 2 | 1,993 | 5,889 |
| **Financial liabilities measured at amortized cost total** | | **224,389** | **181,502** |
| **Fair value through profit and loss** | | | |
| Contingent considerations | 3 | 3,491 | 3,285 |
| **Fair value through profit and loss total** | | **3,491** | **3,285** |

*) The classification of lease liabilities has been amended from the comparison period

### Accounting principles – Financial assets

Fortaco's financial assets include trade receivables, security deposits and cash and cash equivalents. Trade receivables, security deposits and cash and cash equivalents are measured at amortized cost.

Financial assets are derecognized when the rights to the cash flows from the financial assets have expired or have been transferred and Fortaco has transferred substantially all the risks and rights of ownership. The gain or loss arising from derecognition is recognized directly in the statement of comprehensive income and presented in other operating expenses.



### Initial recognition and measurement

On initial recognition, financial assets are measured at fair value less transaction costs directly attributable to the acquisition of the financial asset. Subsequently, financial assets are measured at fair value through profit or loss, fair value through other comprehensive income or amortized cost.

Acquisitions and disposals of financial assets are recognized on the trade date, which is the date that Fortaco commits to purchase or sell the item.

### Subsequent measurement

**1) Financial assets measured at amortized cost**
Financial assets measured at amortized cost are non-derivative financial assets that are held to collect contractual cash flows and whose cash flows are solely payments of principal and interest. Interest income on these financial assets is included in financial income using the effective interest method.

Due to the short-term nature of trade receivables, their carrying amount is considered to be equal to their fair value.

**2) Financial assets at fair value through other comprehensive income**
Investments in equity instruments are always measured at fair value. For equity financial assets, the Group may irrevocably elect, at initial recognition, to recognize subsequent changes in the fair value of an equity investment that are not held for trading in other comprehensive income. Once this decision is made, amounts reported in other comprehensive income are not subsequently reclassified to profit or loss. The dividends received on these investments are recognized in profit or loss.

### Accounting principles – Financial liabilities

The Group's main financial liabilities consist of senior bonds, bank loans, trade and other payables and lease liabilities. In March 2024, Fortaco issued a further EUR 25.0 million publicly quoted senior bond as a tap issue of the senior bond issued in 2022 (ISIN: NO0012547274). The total nominal value of the bonds issued by the Group at the end of 2024 was EUR 127.5 million.

In addition to the bond issue, the Group has bank loans from local financiers of its subsidiaries.

### Initial recognition

On initial recognition, financial liabilities are measured at fair value less direct transaction costs. Subsequently, financial liabilities are classified at fair value through profit or loss or at amortized cost.

Loans are initially recognized at fair value less transaction costs incurred. Loans are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the loan using the effective interest method.

Contingent considerations arising from business combinations are treated in accordance with IFRS 9 and are classified as financial liabilities. Contingent considerations are measured at fair value through profit or loss. Changes in fair value are recognized in profit or loss.

Financial liabilities are recognized on the trade date, which is the date on which Fortaco commits to the contractual rights and obligations.

Guarantees and collaterals given are disclosed in note 6.3.

### Subsequent measurement

**1) Financial liabilities at fair value through profit or loss**

A contingent purchase price liability recognized in a business combination is measured at fair value through profit or loss after initial recognition.

**2) Financial liabilities measured at amortized cost**

Trade payables and interest-bearing liabilities are classified at amortized cost using the effective interest method. The difference between the amount received (net of transaction costs) and the amount payable is recognized in the income statement using the effective interest method over the period of the loan.

### Derecognition from the balance sheet

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized when the contractual right to the cash flows from the financial asset expires and the risks and rewards of ownership of the financial asset are transferred outside the Fortaco Group.

A financial liability is derecognized when the contractual liability is liquidated, cancelled, or matures.

## 5.4. Financial income and expenses

Foreign exchange gains and losses have arisen mainly from transactions in the foreign currency accounts of the Group's subsidiaries and from intra-group foreign currency loans granted to subsidiaries.

Other financial income and expenses include management fees and guarantee fees on financial instruments, including the senior bond issued by the Group.

### Interest income and expenses

Interest income and expense are amortized over time based on the principal amount receivable and the effective interest rate applicable, being the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial asset.

**Financial income and expenses**

| 1,000 EUR | 2024 | 2023 |
|---|---|---|
| Interest income on loans and receivables measured at amortized cost | 2,098 | 1,473 |
| **Total interest income** | **2,098** | **1,473** |
| Interest expenses from financial liabilities measured at amortized cost | -16,895 | -11,621 |
| Interest expense from lease liabilities | -3,244 | -948 |
| **Total interest expense** | **-20,139** | **-12,569** |
| Foreign exchange losses | | |
| from balance sheet items | -573 | -699 |
| translation differences from divestments | 2 | |
| Dividend received from associated companies | | 731 |
| Change in fair values of financial receivables | -1,013 | |
| Factoring expenses | -3,822 | -4,079 |
| Other financial expenses | -793 | -1,348 |
| **Total other financial income and expenses** | **-6,199** | **-5,395** |
| **Total financial income and expenses** | **-24,241** | **-16,491** |

**5.5. Interest-bearing liabilities**

On 31 December 2024, the total fair value of the senior bond was EUR 123.0 million (31.12.2023: EUR 96.4 million), including the subsequent bond issue of EUR 25.0 million placed in March 2024. The fair value of the subsequent issue on 31 December 2024 was EUR 24.1 million. The senior bond fair value is estimated based on the market price on the valuation date. The bond is traded on Nasdaq Helsinki and on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. Further information on the bond is available on Fortaco's investor website, on Nasdaq Helsinki and on Frankfurt Stock Exchange.

Loans from related parties included a 6.4 MEUR subordinated shareholder loan from the owner of Fortaco Group.

The Group's financing agreements are subject to certain financial covenants and other restrictions. These include, for example, restrictions on the use of other financial instruments outside the scope of the senior bond issued by the Group, and certain financial covenants relating to local financing agreements of the Group's subsidiaries. In addition, the senior bond contains covenants on additional financial indebtedness in the event of acquisitions and any additional issuances of the bond. Furthermore, the terms of the Group's senior bond restrict the distribution of dividends by the Group. In addition, the Group is obliged to publish financial information in accordance with the rules of Nasdaq Helsinki.

Floating rate borrowings include EUR 3.2 million of secured bank loans related to the Group's subsidiaries in Estonia. The total amount of EUR 3.2 million consists of two loans: Linda Properties OÜ EUR 2.8 million and Fortaco Estonia OÜ EUR 0.5 million. Linda Properties OÜ's loans were refinanced during the first half of 2024. The maturity date of the refinanced loan is 31 March 2027. These loans are subject to the following covenants:

**Linda Properties OÜ secured bank loan EUR 2.8 million**

• Debt service coverage of at least 1.05x, calculated as the ratio of rolling 12-months EBITDA to rolling 12- months debt service. The debt service coverage ratio on 31 December 2024 was 1.24x (2023: 0.83x).

• Total cash balance of at least 3-months debt service. The ratio of total cash balance and one month debt service on 31 December 2024 was 7.7x (2023: 5.2x).

• In addition, the margin of the loan is subject to changes depending on the total Group net debt to EBITDA ratio. If the ratio is >4.5x the margin is 3.9 per cent, if the ratio is >3.0x but ≤4,5x the margin is 3,5 per cent, if the ratio is >2,5x but ≤3,0x the margin is 3,2 per cent and if the ratio is <2,5x the margin is 2,9 per cent. On 31 December the ratio was >4.5x.

These covenants are tested quarterly, on 31 March, 30 June, 31 October and 31 December. The Group met the covenants during the financial year 2024. Due to the refinancing of the loans, the first testing of these covenants was done on 30 June 2024. The Group has no indication that it will have difficulty complying with these covenants.

**Fortaco Estonia OÜ EUR secured bank loan 0.5 million**

• Debt service coverage of at least 1.40x, calculated as the ratio of rolling 12-months EBITDA to rolling 12- months debt service. The debt service coverage ratio on 31 December 2024 was 1.85x (2023: 6.83x).

• Net debt to EBITDA of less than 3.50x. On 31 December 2024 the ratio was 0.76x (2023: 0.09x).

• Debt service coverage ratio including intra-group items of at least 1.20x. On 31 December 2024 the ratio was 1.85x (2023: 1.82x)

These covenants are tested quarterly, on 31 March, 30 June, 31 October and 31 December. The Group met the covenants during the financial year 2024. The Group has no indication that it will have difficulty complying with these covenants.

During the financial year 2024, the Group entered into a super senior revolving credit facility agreement. The total available facility is EUR 7.5 million, of which on 31 December 2024 EUR 4.0 million was utilized. The maturity date for the facility is June 2025. The utilized facilities are presented in floating rate borrowings. The credit facility is subject to the following covenants:

**Super senior credit facility agreement EUR 7.5 million**

Provided that there is any outstanding loans:

• Equity ratio of at least 18%, calculated ratio as the total equity (including any Shareholder Debt) to the total assets of the Group, including several adjustments.

• Leverage ratio lower than 4.25x, the as the ratio of net interest bearing debt to EBITDA, including several adjustments.

• In addition, the Group is subject to similar restrictions within the super senior credit facility agreement on financial indebtedness as within the senior bond agreement.

The first testing date of these covenants was 31 December 2024. The Equity Ratio on 31 December 2024 was 19 %. The Group received a waiver from the creditor on 19 December 2024, valid until 29 June 2025, for the envisaged breach of the leverage ratio on 31 December 2024. According to the waiver, the lender waives all its rights arising from the envisaged covenant breach, and Fortaco can continue to use the facility normally. The Group has no indication that it will have difficulty complying with the equity ratio covenant.

During the financial year 2023, the Group entered into new financing agreements related to expansion investments in Estonia and Poland. These included a new factory lease agreement in Estonia, which has a purchase option, and 15-year factory lease agreement in Gliwice, Poland. In addition to the factory lease agreement, the Group entered into an EUR 14.1 million financing facility agreement related to Gliwice machinery purchases. The Gliwice facility was handed over to the Group in the second half of 2024. The Gliwice facility lease agreement is treated in accordance with IFRS 16 standards. The lease payment is EUR 2.4 million annually and the lease liability on 31 December 2024 was EUR 15.6 million.

On 31 December 2024 lease liabilities included EUR 8.6 million of financing facilities related to the machinery purchases for the Gliwice factory. The loans are subject to the following covenants:

**Fortaco Polska Sp. z o.o. machinery funding EUR 8.6 million**

• Debt service coverage of at least 1.20x, calculated as the ratio of 12-months EBITDA to 12-months debt service of leases recognized on the balance sheet. The first testing will be done on 31 December 2025.

• Ratio of financial liabilities to EBITDA of less than 3.0x. The first testing will be done on 31 December 2025.

• Equity ratio of at least 10% after the financial year 2025 and 25% on the following financial years.

The Group estimates that it will have potentially difficulties complying with these covenants during the financial year 2025, due to some temporary delays in the ramp-up of production operations. The sole impact of possible breach in the covenants is a temporary 0.5 p.p. increase in the margin of loans until the breach has been resolved. The Group estimates this will be a temporary breach of the covenant requirements.

Contingent considerations are treated in accordance with the IFRS 9 standard and classified as financial liabilities. They are recognised in fair value through profit and loss. The change in fair value is recognised through profit and loss. The value of contingent consideration is dependent on the company's business development between 2023 and 2025.

**Reconciliation of financial liabilities**

| 1,000 EUR | Interest-bearing financial liabilities | Lease liabilities | Change in liabilities classified as financial operations in cash flow |
|---|---|---|---|
| **Opening amount 1.1.2023** | **77,119** | **6,964** | **84,082** |
| Cash flow from financing | | | |
| Borrowings | 38,866 | | 38,866 |
| Repayments | -10,869 | -3,493 | -14,362 |
| Other changes | | | |
| Acquisitions | 5,170 | | 5,170 |
| Purchases in the investment cash | 2,217 | | 2,217 |
| New lease agreements | | 8,928 | 8,928 |
| Translation differences | -139 | 428 | 289 |
| **Total 31.12.2023** | **112,364** | **12,827** | **125,191** |
| **Opening amount 1.1.2024** | **112,364** | **12,827** | **125,191** |
| Cash flow from financing | | | |
| Borrowings | 39,456 | | 39,456 |
| Repayments | -9,056 | -7,842 | -16,897 |
| Other changes | | | |
| Acquisitions / divestments | | -184 | -184 |
| Reclassifications | -3,584 | 4,165 | 581 |
| Capitalisation of accrued interest | 583 | | 583 |
| Senior bond EIR calculation effect | 953 | | 953 |
| New lease agreements | | 35,645 | 35,645 |
| Translation differences | | 145 | 145 |
| **Total 31.12.2024** | **140,716** | **44,756** | **185,471** |

| Maturity of financial liabilities 31.12.2024 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1,000 EUR | On demand | Less than 3 months | 3 to 12 months | 1 to 3 years | 4 to 5 years | Over 5 years | Total contractual cash flows | Book value |
| Senior bond | | | | 127,500 | | | 127,500 | 122,743 |
| Loans from related parties | | | | 6,441 | | | 6,441 | 6,441 |
| Other loans**) | | 530 | 6,351 | 4,349 | 302 | | 11,531 | 11,531 |
| Lease liabilities*) | | 2,355 | 11,110 | 26,658 | 8,781 | 21,083 | 69,987 | 44,756 |
| Interest liabilities**) | | 3,371 | 9,540 | 22,183 | 32 | 1 | 35,126 | 2,735 |
| Trade payables | 491 | 38,174 | 252 | | | | 38,917 | 38,917 |
| Other liabilities*) | | | 248 | 1,881 | | | 2,128 | 2,128 |
| **Total** | **491** | **44,430** | **27,501** | **189,012** | **9,114** | **21,084** | **291,631** | **229,252** |

*) The classification of lease liabilities has been adjusted from the comparison period
**) The distribution of these items has been amended due to an audit finding

| Maturity of financial liabilities 31.12.2023 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1,000 EUR | On demand | Less than 3 months | 3 to 12 months | 1 to 3 years | 4 to 5 years | Over 5 years | Total contractual cash flows | Book value |
| Senior bond | | | | | 98,904 | | 98,904 | 93,194 |
| Loans from related parties | | | | | 5,000 | | 5,000 | 5,000 |
| Other loans | | 1,020 | 5,840 | 4,366 | 2,367 | 577 | 14,170 | 14,170 |
| Lease liabilities | | 840 | 3,774 | 4,587 | 4,182 | | 13,383 | 12,827 |
| Interest liabilities | | 71 | 11,561 | 17,284 | 11,503 | 20 | 40,440 | 2,262 |
| Trade payables | 7,431 | 44,015 | 4,865 | | | | 56,311 | 56,311 |
| Other liabilities | 2 | 7 | 518 | 1,329 | 870 | | 2,725 | 2,725 |
| **Total** | **7,433** | **45,953** | **26,557** | **27,566** | **122,826** | **597** | **230,932** | **186,490** |

### 5.6. Equity

#### Share capital

Fortaco Group Holdco Plc has one series of shares. One share entitles its holder to one vote at a general meeting. On 31 December 2024, the share capital of Fortaco Group Holdco Plc was EUR 80,000 (80,000) and the number of shares on 31 December 2024 was 1,000 (31 Dec 2023:1,000). During the financial year 2024 there has not been an issue of new shares. The parent company does not hold any of its own shares. There has been a gratuitous EUR 10,000,000.00 investment in the reserve for invested unrestricted equity during financial year 2024.

#### Translation differences

Translation differences arising from the conversion of the financial statements of a foreign subsidiary are recognized in other comprehensive income and are accumulated in a separate equity reserve. The accumulated amount is transferred to profit or loss when the net investment is divested.

#### Dividends

The Board of Directors proposes to the Annual General Meeting that the company does not pay dividends, and the result for the financial year be transferred to the profit and loss account for previous years. Fortaco Group's issued bond with senior conditions limits the distribution of profits outside the Group. These restrictions are not applicable with the Group's internal profit distribution. The main restrictions for the bond are provided in Note 5.5.

| 1,000 EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Share capital | 80 | 80 |
| Reserve for invested unrestricted equity | 105,178 | 95,178 |
| Cumulative translation difference | 2,741 | 2,527 |
| Retained earnings | -26,932 | |
| Profit (loss) for the period | -48,536 | -19,928 |
| **Total equity attributable to owners of the parent** | **32,531** | **77,857** |
| Non-controlling interest | | 103 |
| **Total equity** | **32,531** | **77,960** |

| Number of shares | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Shares | 1,000 | 1,000 |
| | **1,000** | **1,000** |

### 5.7. Cash and short-term deposits

The Fortaco Group had no short-term deposits during the financial years 2023-2024. Cash and cash equivalent balances in the balance sheet consist of cash, other liquid bank deposits and other short-term investments that can be liquidated in less than three months. In the Fortaco Group's cash flow statement, cash and cash equivalents consist of the above items.

| 1,000 EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| | | |
| Cash and cash equivalents | 32,034 | 32,420 |
| | **32,034** | **32,420** |

# 6. Other notes

## 6.1. Group information

Group information is shown in the table below.

| Group information | | Group ownership (%) | |
|---|---|---|---|
| **Name** | **Country of incorporation** | **2024** | **2023** |
| Fortaco Group Holdco Plc | Finland | Parent company | Parent company |
| Fortaco Group Oy | Finland | 100 % | 100 % |
| Fortaco Oy | Finland | 100 % | 100 % |
| Fortaco Ostrobothnia Oy | Finland | 100 % | 100 % |
| Fortaco Estonia OÜ | Estonia | 100 % | 100 % |
| Fortaco SP z.o.o | Poland | 100 % | 100 % |
| Fortaco JL SP z.o.o. | Poland | 100 % | 99.4 % |
| Fortaco s.r.o. | Slovakia | 100 % | 100 % |
| Fortaco Zrt | Hungary | 0 % | 99.9 % |
| Fortaco AB | Sweden | 100 % | 100 % |
| Fortaco GmbH | Germany | 100 % | 100 % |
| Fortaco Finance Oy | Finland | 100 % | 100 % |
| Linda properties Oü | Estonia | 100 % | 100 % |
| Fortaco d.o.o. Gruza | Serbia | 100 % | 100 % |
| Buisard S.A.S | France | 100 % | 100 % |
| Fortaco Austria Holding GmbH | France | 100 % | 100 % |
| Walter Mauser GmbH | Austria | 100 % | 100 % |
| Fortaco France Holding | Austria | 100 % | 100 % |
| Fortaco Polska SP z.o.o. | Poland | 100 % | 100 % |

## 6.2. Related party transactions

The Fortaco Group's related parties consist of its subsidiaries and associates. As per IAS 24 related parties also include the members of the Board of Directors, the CEO, the Group's management, the supervisory Board, their close family members and the entities controlled directly or indirectly by them.

Information about the Group's structure and related subsidiaries and holding companies is presented in Note 6.1. Related party transactions during the financial period are presented in the table below. At the end of the financial period 2024 Fortaco Group Holdco Oyj was owned by funds managed by One Equity Partners (100 per cent), which is presented as a company with influence over the Group.

Employee benefits of the CEO, other members of the Group's management and the Board of Directors are presented in the table on the next page. These transactions related to employee benefits are recorded as expenses during the financial period.

| 1,000 EUR | 2024 | 2023 |
|---|---|---|
| **Key management of the Group** | | |
| Purchases from related parties | 368 | 127 |
| **Entity with influence over the Group** | | |
| Purchases from related parties | 87 | 123 |

| 1,000 EUR | 1.1.-31.12.2024 | 31.12.2023 |
|---|---|---|
| **Entity with influence over the Group** | | |
| Fund for invested non-restricted equity | 10,000 | 33,258 |
| Non-current borrowings | 1,441 | 5,000 |

| 1,000 EUR | 31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|
| **Associates*)** | | |
| Purchases | | 612 |
| Sales | | 9 |
| Dividends received | | 731 |

*) 24.10.2023 Fortaco acquired the remaining 65 per cent of the sares of Buisard S.A.S. As a result, Buisard S.A.S became a fully owned subsidiary of the Group.

| Compensation of the CEO, Group Management and the Supervisory Board | | |
|---|---|---|
| **1,000 EUR** | **1.1.-31.12.2024** | **1.1.-31.12.2023** |
| **Wages and other short-term employee benefits** | | |
| CEO*) | 1,168 | 941 |
| Other Members of the Group's Management | 810 | 1,122 |
| Members of the Supervisory Board | 93 | 93 |
| **Total compensation paid to key management personnel** | **2,071** | **2,156** |

*) The 2024 figure includes contractual payments payable after the termination of the CEO agreement, totaling 701 thousand euros.

## 6.3. Collateral and contingent liabilities

### Operating lease commitments – Fortaco Group as the lessor

Future minimum rentals receivable under non-cancellable operating leases as of 31 December are presented in the table below.

Leases are treated in accordance with IFRS 16 and presented in more detail in Section 4.4. Leases

| Operating lease agreements - Fortaco Group as lessor | | |
|---|---|---|
| **1,000 EUR** | **31.12.2024** | **31.12.2023** |
| Within one year | 50 | 333 |
| After one but no more than five years | | 749 |
| **Total** | **50** | **1,082** |

### Commitments, collaterals and mortgages

Security deposits mainly relate to collateral deposits on the Group's rental properties in Finland and Poland.

| 1,000 EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Other receivables given as security deposits | 497 | 116 |

| Other financial commitments and guarantees | | |
|---|---|---|
| **1,000 EUR** | **31.12.2024** | **31.12.2023** |
| Guarantees given to Group companies | 6,740 | 8,830 |
| Guarantees | 62,448 | 53,475 |
| Collaterals | 52,492 | 52,492 |
| **Total** | **121,680** | **114,797** |

| Pledged shares | |
|---|---|
| Fortaco Group Holdco Plc | 100 % |
| Fortaco Group Oy | 100 % |
| Fortaco Ostrobothnia Oy | 100 % |
| Fortaco Oy | 100 % |
| Fortaco Estonia OÜ | 100 % |
| Fortaco Sp. z o.o. | 100 % |
| Fortaco JL Sp. z o.o. | 100 % |
| Buisard S.A.S. | 100 % |
| Fortaco France Holding | 100 % |

Parent company guarantees are given for obligations arising in the ordinary course of business of subsidiaries.

Other guarantees and sureties are given against obligations arising from the Group's expansion investments.

The pledged loan receivables above are shown at nominal value.

| Interest-bearing loans and given collaterals | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Senior bond | 127,500 | 98,904 |
| Interest-bearing loans | 7,200 | 4,762 |
| | **134,700** | **103,666** |
| Business and real-estate mortgages*) | 477,260 | 301,018 |
| Pledged internal loan receivables | 138,357 | 127,499 |
| Pledged shareholder loans | 6,441 | 5,000 |
| **Total commitments** | **622,058** | **433,517** |

The figure for financial year 2024 has been amended due to an audit finding, 2023 figure has been amended since the publication of financial statements.

## 6.4. Subsequent events

As announced on November 4, 2024, Lars Hellberg, former President & CEO of Fortaco Group, retired on January 1, 2025, and Mika Mahlberg started as the new President & CEO on the same day. Connected to this change, Lars Hellberg was nominated as a Supervisory Board member to begin January 3, 2025, and stepped down simultaneously from his Board of Directors membership. Mika Mahlberg was nominated to be a member of the Board of Directors from January 3, 2025 onwards. Beginning January 3, 2025, Fortaco's Supervisory Board consisted of Panu Routila (Chairman of the Supervisory Board), Lars Hellberg, Marc Lindhorst, Sebastian Schatton, and Markus Sjöholm.

# PARENT COMPANY'S FINANCIAL STATEMENTS (FAS)

## Parent company - Income statement

| EUR | 1.1.-31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|
| **Other operating income** | **3,069,382** | **2,201,306** |
| | | |
| **Staff expenses** | | |
| Wages and salaries | -2,460,186 | -1,079,923 |
| **Social security expenses** | | |
| Pension expenses | -233,953 | -81,315 |
| Other social security expenses | -38,817 | -32,820 |
| **Staff expenses, total** | **-2,732,956** | **-1,194,058** |
| | | |
| **Other operating expenses** | **-1,126,881** | **-1,538,623** |
| | | |
| **OPERATING PROFIT/LOSS** | **-790,455** | **-531,374** |
| | | |
| **Financial income and expenses** | | |
| **Other interest income and other financial income** | | |
| from group undertakings | 13,266,550 | 8,916,754 |
| from others | 1,294,024 | 1,278,749 |
| **Interest and other financial expenses** | | |
| from others | -15,571,169 | -12,563,996 |
| **Financial income and expenses, total** | **-1,010,595** | **-2,368,494** |
| | | |
| **Profit (loss) before appropriations and taxes** | **-1,801,050** | **-2,899,868** |
| | | |
| **Profit/loss for the financial year** | **-1,801,050** | **-2,899,868** |

## Parent company - Balance sheet

| EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| **Investments** | | |
| Investments in subsidiaries | 51,828,020 | 51,970,274 |
| Receivables from other group companies | 138,356,959 | 127,499,284 |
| **Total investments** | **190,184,979** | **179,469,558** |
| **TOTAL NON-CURRENT ASSETS** | **190,184,979** | **179,469,558** |
| **CURRENTS ASSETS** | | |
| **Receivables** | | |
| **Non-current** | | |
| Receivables from other group companies | 24,919,671 | 15,422,992 |
| Other receivables | 15,393 | 49,841 |
| Prepaid expenses and accrued income | 32,012 | 8,730 |
| **Total current receivables** | **24,967,076** | **15,481,564** |
| **Cash and cash equivalents** | **19,123,738** | **89,330** |
| **TOTAL CURRENT ASSET** | **44,090,814** | **15,570,894** |
| **ASSETS TOTAL** | **234,275,793** | **195,040,452** |

## Parent company - Balance sheet

| EUR | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **EQUITY** | | |
| Share capital | 80,000 | 80,000 |
| Reserve for invested non-restricted equity | 105,177,667 | 95,177,667 |
| Retained earnings | 7,976,779 | 5,076,911 |
| Profit/loss for the financial year | 1,801,050 | 2,899,868 |
| **EQUITY TOTAL** | **95,479,839** | **87,280,889** |
| **LIABILITIES** | | |
| **Non-current liabilities** | | |
| Senior bond | 127,500,000 | 98,904,000 |
| Loans from related parties | 6,441,063 | 5,000,000 |
| **Total non-current liabilities** | **133,941,063** | **103,904,000** |
| **Current liabilities** | | |
| Trade payables | 277,689 | 390,441 |
| Amounts owned to group undertakings | 85,841 | 75,742 |
| Other liabilities | 67,369 | 51,842 |
| Accrued expenses | 4,423,992 | 3,337,537 |
| **Total current liabilities** | **4,854,891** | **3,855,563** |
| **TOTAL LIABILITIES** | **138,795,954** | **107,759,563** |
| **EQUITY AND LIABILITIES TOTAL** | **234,275,793** | **195,040,452** |

## Parent company - Cash flow statement

| EUR | 1.1.-31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit/-loss for the reporting year | -1,801,050 | -2,899,868 |
| Finance income and expenses | 1,010,595 | 2,368,494 |
| Adjustments | -790,455 | -531,374 |
| Change in trade and other receivables | -20,393,028 | -41,209,289 |
| Change in trade and other payables | 551,487 | -536,619 |
| Changes in working capital | -20,631,997 | -42,304,283 |
| Interest paid | -13,394,975 | -8,810,976 |
| Interest received | 13,269,604 | 9,134,050 |
| Other paid financial expenses | 146,005 | -1,660,508 |
| **Total cash flow from operating activities** | **-20,611,362** | **-43,641,717** |
| **Cash flow from investment activities** | | |
| Investment in subsidiary shares | 142,254 | -22,809,107 |
| Used collateral deposit | 49,841 | 12,985,292 |
| **Total cash flow from investing activities** | **192,095** | **-9,823,816** |
| **Cash flow from financing activities** | | |
| Share capital and invested unrestricted equity reserve issues | 10,000,000 | 9,000,000 |
| Proceeds of non-current loans | 29,453,675 | 35,000,000 |
| **Total cash flow from financing activities** | **39,453,675** | **44,000,000** |
| **Change in cash and cash equivalents** | **19,034,408** | **-9,465,533** |
| Cash and Cash equivalents at the beginning of the accounting period | 89,330 | 9,554,863 |
| **Cash and cash equivalents at end of period** | **19,123,738** | **89,330** |

# PARENT COMPANY – DISCLOSURE TO THE FINANCIAL STATEMENTS

## Disclosures to the income statement

### Accounting policy

Fortaco Group Holdco Oyj's financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

### Valuation principles and methods

The trade-, loan- and other receivables entered in the assets have been stated at their nominal value or at their probable value if this is lower. Company's financial liabilities consist mainly of bond and the loans from related parties. At the initial recognition the financial liabilities are recognized at fair value. Later the financial liabilities are recognized to amortized cost.

### Conversion method for sums in a foreign currency

Transactions in a foreign currency are entered at daily rate in the profit and loss statement and at the closing rate of the reporting period in the balance sheet.

| Other operating expenses | 1.1.-31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|
| Travelling and representation | -298,175 | -324,908 |
| External services | -654,754 | -1,028,267 |
| Other expenses | -173,951 | -185,448 |
| **Total** | **-1,126,880** | **-1,538,623** |

| Auditor's fee | 1.1.-31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|
| Audit | -170,200 | -151,970 |
| Other services | -16,799 | -198,341 |
| **Total** | **-186,999** | **-350,311** |

| Financial income and expenses | 1.1.-31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|
| Interest and other financial income from Group companies | 13,266,550 | 8,916,754 |
| Interest and other financial income from others | 3,055 | 217,297 |
| Interest expenses to others | -14,426,205 | -9,842,036 |
| Direct expert fees related to financing arrangements | -1,197,958 | -2,721,958 |
| Other financial income and expenses | 1,343,963 | 1,061,450 |
| **Total** | **-1,010,595** | **-2,368,494** |

| Personnel | 1.1.-31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|
| Average number of employees | 17 | 12 |

| Salaries and bonuses for management | 1.1.-31.12.2024 | 1.1.-31.12.2023 |
|---|---|---|
| CEO*) | 1,063,508 | 472,435 |
| Members of the Supervisory Board | 93,000 | 92,800 |

*) The 2024 figure includes contractual payments payable after the termination of the CEO agreement, totaling 701 thousand euros.

| Information of subsidiary | | |
|---|---|---|
| Name | Registered office | Ownership % |
| Fortaco Group Oy | Vantaa | 100% |

## Disclosures on assets in the balance sheet

| Receivables from group companies | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Long-term** | | |
| Loan receivables | 138,356,959 | 127,499,284 |
| **Total** | **138,356,959** | **127,499,284** |
| **Short-term** | | |
| Trade receivables | 6,367,283 | 2,729,619 |
| Accrued income | 18,552,388 | 12,693,372 |
| **Total** | **24,919,671** | **15,422,992** |

| Material items of accrued | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Prepayments | 32,012 | 6,880 |
| Others | | 1,850 |
| **Total** | **32,012** | **8,730** |

In March 2024, the company issued a publicly listed bond worth 25.0 million euros as part of the bond issued in 2022 (ISIN: NO0012547274). The total nominal value of the bonds at the end of 2024 was 127.5 million euros. The principal will be repaid in full at maturity. The interest on the loan consists of a margin of 7.00 % and the three-month EURIBOR rate.

Loans from related parties include EUR 6.4 million subordinated shareholder loan from the owner of Fortaco Group.

The company has one series of shares. Each share entitles its holder to one vote at the Annual General Meeting. The shares have no nominal value.

| Amounts owned to group | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Short-term** | | |
| Trade payables | 85,841 | 75,742 |
| **Total** | **85,841** | **75,742** |

| Material items of accrued liabilities | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Wages and social security expenses | 238,252 | 282,906 |
| Interests | 2,701,063 | 2,253,222 |
| Other | 1,484,677 | 801,410 |
| **Total** | **4,423,992** | **3,337,537** |

| Collaterals and contingent liabilities | 31.12.2024 | 31.12.2023 |
|---|---|---|
| **Debts secured by mortgages** | | |
| Senior bond | 127,500,000 | 98,904,000 |
| | 127,500,000 | 98,904,000 |
| Pledged loan receivables from group companies | 138,356,959 | 127,499,284 |
| Pledged shareholder loans | 6,441,063 | 5,000,000 |
| **Total** | **144,798,022** | **132,499,284** |

| Pledged shares | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Fortaco Group Holdco Oyj | 100 % | 100 % |
| Fortaco Group Oy | 100 % | 100 % |
| **Pledged bank accounts** | **0** | **49,841** |

| Equity | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Share capital 1.1. | 80,000 | 80,000 |
| Share capital 31.12. | 80,000 | 80,000 |
| **Sidottu oma pääoma yhteensä** | **80,000** | **80,000** |
| Reserve for invested non-restricted equity 1.1. | 95,177,667 | 61,920,000 |
| Additions | 10,000,000 | 33,257,667 |
| Reserve for invested non-restricted equity 31.12. | 105,177,667 | 95,177,667 |
| Retained earnings 1.1. | -7,976,779 | -5,076,911 |
| Retained earnings 31.12. | -7,976,779 | -5,076,911 |
| Net result for the period | -1,801,050 | -2,899,868 |
| **Distributable equity 31.12.** | **95,399,838** | **87,200 889** |
| **Total Equity 31.12.** | **95,479,838** | **87,280 889** |

| Calculation of distributable | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Reserve for invested non-restricted equity | 105,177,667 | 95,177,667 |
| Retained earnings | -7,976,779 | -5,076,911 |
| Net result for the period | -1,801,050 | -2,899,868 |
| **Total** | **95,399,838** | **87,200,889** |

| The number of shares by share class and the principal regulations under the Articles of Association regarding each share class, as well as information about owned shares | |
|---|---|
| Registered | Pcs |
| Shares | 1,000 |
| **Total** | **1,000** |

# SIGNATURES

## Signatures of the Board of Director's Report and Financial Statements

Vantaa 21 March 2025

________________________________________

Mika Mahlberg

## The Auditor's Report

A report on the audit performed has been issued today.

Helsinki 21 March 2025

Ernst & Young Oy, Authorized Public Accountant Firm

________________________________________

Anders Svennas, Authorized Public Accountant

# AUDITOR'S REPORT

(Translation of the Finnish Original)

To the Annual General Meeting of Fortaco Group Holdco Plc

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Fortaco Group Holdco Plc (business identity code 3281147-3) for the year ended 31 December 2024. The financial statements comprise of the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

• The consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.

• The financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors and Supervisory Board.

### Basis for Opinion

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

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

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. Non-audit services to the parent company or the subsidiaries are disclosed in the note 2.4 of the consolidated financial statements and in the disclosures to the income statement in the parent company.

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

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

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Revenue recognition**<br><br>*We refer to note 2.1. (Net sales).*<br><br>The Group focuses on revenue as a key performance measure which could create the incentive for revenue to be recognized before the customer obtains control of the goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Due to the subsidiaries being relatively independent, their management may also have an opportunity to overstate revenues. Based on above correct timing of revenue recognition was a key audit matter.<br><br>Correct timing of revenue recognition was also a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2). | Our audit procedures to address the risk of material misstatement relating to revenue recognition, included, among others:<br><br>• Assessing the Group's accounting policies over revenue recognition against applicable accounting standards.<br>• Familiarizing ourselves with the Group's different revenue streams and sales processes, partly by applying data-analytical methods.<br>• Testing the cut-off of revenue with analytical procedures supplemented with tests on a transaction level either side of the balance sheet date.<br>• Evaluation of the appropriateness of the Group's disclosures in respect of revenues. |
| **Valuation of goodwill and intangible assets**<br><br>*We refer to note 4.6. (Goodwill impairment testing).*<br><br>At the balance sheet date, the value of goodwill and intangibles amounted to 68,0 M€ (72,1 M€) representing 22,2 % (23,5 %) of the total assets.<br><br>Procedures regarding management's annual impairment test were a key audit matter because the valuation includes estimates. The Group management use assumptions in respect of future market and economic conditions such as revenue and margin developments.<br><br>Valuation of goodwill and intangible assets was also a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2). | Our audit procedures to address the risk of material misstatement relating to valuation of goodwill and intangible assets included among others:<br><br>• Involvement of EY valuation specialists to assist us in evaluating methodologies, impairment calculations and underlying assumptions applied by the management in impairment testing.<br>• Testing of the mathematical accuracy of the impairment calculations.<br>• We focused on how much recoverable amounts exceeded the carrying amounts of cash-generating units, and whether any reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount.<br>• We assessed the adequacy of the Group's disclosures about goodwill and intangible assets. |

• Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

## Other Reporting Requirements

### Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 15 August 2022, and our appointment represents a total period of uninterrupted engagement of 3 years. Fortaco Group Holdco Plc became a Public Interest Entity on 23 May 2023.

## Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

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

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

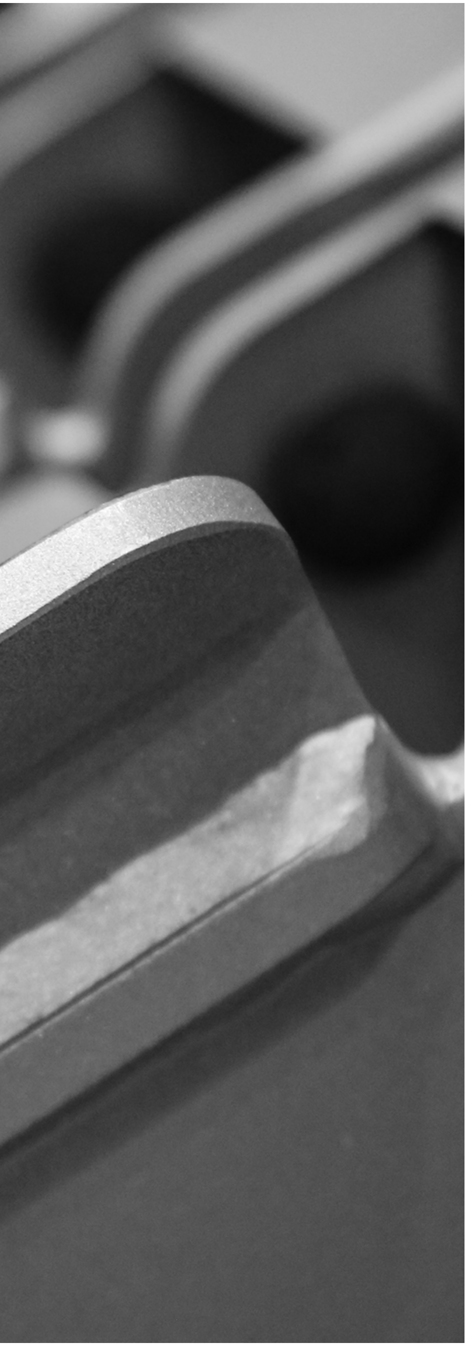
In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 21.3.2025

Ernst & Young Oy
Authorized Public Accountant Firm

Anders Svennas
Authorized Public Accountant



# ASSURANCE REPORT ON THE SUSTAINABILITY STATEMENT

(Translation of the Finnish original)

To the Annual General Meeting of Fortaco Group Holdco Oyj

We have performed a limited assurance engagement on the group sustainability statement of Fortaco Group Holdco Oyj (3281147-3) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

## Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability statement does not comply, in all material respects, with

1) the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);

2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Fortaco Group Holdco Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability statement with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

## Basis for Opinion

We performed the assurance of the group sustainability statement as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the *Responsibilities of the Group Sustainability Auditor* section of our report.

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

## Other Matter

We draw attention to the fact that the group sustainability statement of Fortaco Group Holdco Oyj that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability statement. Our opinion is not modified in respect of this matter.

## Group sustainability auditor's Independence and Quality Management

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

The group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Fortaco Group Holdco Oyj are responsible for:

• the group sustainability statement and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and

• the compliance of the group sustainability statement with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;

• such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability statement that is free from material misstatement, whether due to fraud or error.

## Inherent Limitations in the Preparation of a Sustainability Statement

The preparation of the group sustainability statement requires a materiality assessment from the company in order to identify relevant disclosures. This significantly involves management judgment and choices. Group sustainability reporting is also characterized by estimates and assumptions, as well as measurement and estimation uncertainty.

The determination of greenhouse gases is subject to inherent uncertainty due to the incomplete scientific data used to determine the emission factors and the numerical values needed to combine emissions of different gases.

In addition, when reporting forward-looking information, the company must make assumptions about possible future events and disclose the company's possible future actions in relation to these events. The actual outcome may be different because predicted events do not always occur as expected.

## Responsibilities of the Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability statement.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

• Identify and assess the risks of material misstatement of the group sustainability statement, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

• Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for ex. the following:

• We have interviewed the key persons responsible for collecting and reporting the information included in the group sustainability statement.

• Through interviews, we gained an understanding of the group's control environment related to the group sustainability reporting process.

• We evaluated the implementation of the company's double materiality assessment process against the requirements of ESRS standards and the compliance of the information provided for the double materiality assessment with ESRS standards.

• We assessed whether the group sustainability statement in material respect meets the requirements of ESRS standards for material sustainability topics:

- We have tested the accuracy of the information presented in the group sustainability statement by comparing the information on a sample basis with supporting company documentation.

- We have on a sample basis performed analytical assurance procedures and related inquiries, recalculation and inspected documentation, as well as tested data aggregation to assess the accuracy of the group sustainability statement.

• We gained an understanding of the process by which a company has defined taxonomy-eligible and taxonomy-aligned economic activities and evaluate the regulatory compliance of the information provided.

Helsinki 21.3.2025

Ernst & Young Oy
Authorized Sustainability Audit Firm

Anders Svennas
Authorized Sustainability Auditor

# THE WAY FORWARD

**Fortaco Group Holdco Plc**
Äyritie 24
FI-01510 Vantaa, Finland
**fortacogroup.com**