

MacGregor Finland Oy
Hallimestarinkatu 6
Kaarina
2557310-4

MacGregor Finland Oy

FINANCIAL STATEMENTS

1.1.2023–31.12.2023

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1. REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL PERIOD 1 JANUARY - 31 DECEMBER 2023

1.1. Group structure

MacGregor Finland Oy is a wholly owned subsidiary of MacGregor Netherland B.V. The company is part of the Cargotec Group.

1.2. Company shares

The company has one share class and 10 shares.

1.3. The market

Despite increased uncertainty in the global economy and regional weakness, the situation in the shipping market remained stable. Orders for merchant ships increased in 2023, and investment is expected to continue to grow, especially in the market for vehicle carriers. Increasing geopolitical tensions complicate the business environment. Tightening climate regulations add complexity, but they also drive investment in equipment and demand for climate-responsive solutions.

1.4. Orders received and order backlog

The company's orders received in 1.1.-31.12.2023 were EUR 131,673 thousand (1.1.-31.12.2022 EUR 207,848 thousand and 1.1.-31.12.2021 EUR 147,193 thousand), broken down by market area as follows.

	2023	2022	2021
Finland	4 426	598	13 269
Rest of Europe	10 329	14 578	11 468
China	37 874	56 639	53 890
South Korea	57 861	111 000	28 306
Rest of Asia	19 922	21 120	38 214
USA	1 107	1 930	1 831
Rest of America	154	1 982	215

The breakdown of orders by business area was as follows

	2023	2022	2021
New construction	129 272	205 867	130 602
Service business	2 401	1 981	16 591

The order backlog at the end of the year is EUR 244,171 thousand (31.12.2022 257,901 and 31.12.2021 122,786), of which the share of new construction is EUR 242,607 thousand (31.12.2022 256,725 and 31.12.2021 118,379) and the service business EUR 1,564 thousand (31.12.2022 1,176 and 31.12.2021 4,406).

1.5. Net sales and profit

31.12.2021 55,466) and operating profit EUR 7,565 thousand (operating loss 31.12.2022 5,491 and operating profit 31.12.2021 4,929). The profit for the financial period was EUR 4,528 thousand (1.1.-31.12.2022 loss 3,716 and 1.1.-31.12.2021 loss 408).

1.6. Balance sheet, financing and cash flow

The company's balance sheet total at the end of the financial period was EUR 162,971 thousand (31.12.2022 130,707 and 31.12.2021 57,399). Tangible assets EUR 0 thousand (31.12.2022 0 and 31.12.2021 1) and intangible assets EUR 430 thousand (31.12.2022 703 and 31.12.2021 1,051).

The company's equity ratio at the end of the year was 25.84% (31.12.2022 25.03% and 31.12.2021 45.65%), operating profit 5.26% (31.12.2022 -7.76% and 31.12.2021 -8.89%) and EBITDA 5.47% (31.12.2022 -7.31% and 31.12.2021 0.17%).

1.7. Investments and product development

Research and development expenses for the financial period amounted to EUR 4,641 thousand (1.1.-31.12.2022 6,400 and 1.1.-31.12.2021 5,135). For the largest product development project, product development expenses have been capitalised in the balance sheet, and product development expenses of investments amounted to EUR 0 thousand (1.1.-31.12.2022 0 and 1.1.-31.12.2021 0), with total investments of EUR 59 thousand (1.1.-31.12.2022 56 and 1.1.-31.12.2021 48).

1.8. Board of Directors

During the financial period, the Board of Directors comprised Pasi Lehtonen, Juha Hyytiä and Mika Selänne. The CEO is Mika Selänne.

1.9. Financial instruments

The company follows Cargotec's financial policy.

1.10. Personnel

At the end of the financial period, the company had 112 employees (31.12.2022 101 and 31.12.2021 111), of whom 28 were women (31.12.2022 26 and 31.12.2021 23). At the end of the year, there were 4 temporary employees (31.12.2022 1 and 31.12.2021 2). Accrual-based salaries amounted to EUR 9,702 thousand (1.1.-31.12.2022 7,732 and 1.1.-31.12.2021 7,545).

1.11. Environment and quality

The most significant environmental impacts of the company's operations arise from the use of products by customers. For container ships, we aim to maximise the transport capacity of the ships on a project-by-project basis and thus minimise the carbon footprint per container.

The company has certified operational management systems: ISO 9001, ISO 14001 and ISO 18001. In addition, from 2016, the organisation moved to a lean approach, promoting quality, wellbeing and safety through process management and continuous improvement. Progress is verified through internal and external audits. Supplier assessments and supplier capability development ensure that our supplier network operates in line with our values.

1.12. Risks and risk management

Risk management follows the Cargotec Group's policies and practices. Strategic and business risks relate to cyclical fluctuations in the global economy, the availability and price development of raw materials and components, and the activities of suppliers. Cargotec's group-wide collateral is used to protect against damage risks.

1.13. Outlook

As part of its strategy, Cargotec has completed the evaluation of MacGregor's strategic options announced in March 2022. Based on this evaluation, the Board of Directors has concluded that MacGregor will not be part of Cargotec's portfolio in the future. Cargotec's Board of Directors will continue to seek a solution for MacGregor during 2024.

1.15. Board of Directors' proposal on distributable assets

The company's profit for the financial period was EUR 4,528,161.91. The Board of Directors proposes that the profit be retained in the 'Retained earnings' account and that no dividend be paid.

Income statement

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
NET SALES	143 763 591,11	70 758 844,99
Procurement and production expenses	-123 593 526,37	-62 030 800,64
Gross margin	20 170 064,74	8 728 044,35
Sales and marketing expenses	-1 191 729,95	-3 570 590,25
Administrative expenses	-6 107 330,71	-5 455 440,69
Other operating income	1 503 517,85	656 353,56
Other operating expenses	-6 809 614,70	-5 849 026,00
OPERATING PROFIT/LOSS	7 564 907,23	-5 490 659,03
Financial income and expenses	-968 829,89	-194 555,37
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	6 596 077,34	-5 685 214,40
Deferred taxes	-2 067 915,43	1 969 030,18
Other direct taxes	0,00	0,00
PROFIT/LOSS FOR THE FINANCIAL PERIOD	4 528 161,91	-3 716 184,22

Balance sheet

	31.12.2023		31.12.2022	
Assets				
NON-CURRENT ASSETS				
Intangible assets				
Development expenditure	0,00		247 161,46	
Intellectual property rights	262 299,74		285 068,98	
Other intangible assets	3 598,33		4 868,33	
Advance payments	<u>163 945,51</u>	429 843,58	<u>165 743,56</u>	702 842,33
Tangible assets				
Machinery and equipment	0,00		0,00	
Prepayments and work in progress	<u>0,00</u>	0,00	<u>0,00</u>	0,00
TOTAL NON-CURRENT ASSETS		429 843,58		702 842,33
CURRENT ASSETS				
Inventories				
Materials and supplies	181,96		181,96	
Work in progress	14 001 450,63		14 521 339,47	
Finished products/goods	14 985,26		57 533,69	
Advance payments	<u>22 820 329,09</u>	36 836 946,94	<u>11 672 542,01</u>	26 251 597,13
Long-term receivables				
Trade receivables	0,00		110 144,38	
Deferred tax assets	<u>7 417 234,97</u>	7 417 234,97	<u>9 652 845,91</u>	9 762 990,29
Short-term receivables				
Trade receivables	17 875 333,57		13 505 074,18	
Receivables from companies in the same group	97 745 998,11		78 801 363,46	
Other receivables	112 812,68		78 017,10	
Accrued income	552 513,58	116 286 657,94	1 605 369,64	93 989 824,38
TOTAL CURRENT ASSETS		160 540 839,85		130 004 411,80
Total assets		160 970 683,43		130 707 254,13

Balance sheet

	31.12.2023		31.12.2022	
Equity and liabilities				
EQUITY				
Share capital		100 000,00		100 000,00
Other funds				
Invested unrestricted equity fund	56 300 000,00		56 300 000,00	
Fair value reserve	787 976,06	57 087 976,06	117 194,06	56 417 194,06
Profit/loss from previous financial periods		-39 015 097,32		-35 298 913,10
Profit/loss for the financial period		4 528 161,91		-3 716 184,22
TOTAL EQUITY		22 701 040,65		17 502 096,74
STATUTORY PROVISIONS				
Other statutory provisions		1 009 809,54		849 700,30
TOTAL STATUTORY PROVISIONS		1 009 809,54		849 700,30
LIABILITIES				
Long-term				
Accrued expenses	691 259,58	691 259,58	169 167,00	169 167,00
Short-term				
Advances received	73 115 136,48		60 782 655,10	
Trade payables	39 951 594,11		28 441 572,54	
Liabilities to companies in the same group	11 218 364,70		16 479 537,43	
Other liabilities	1 627 317,05		1 570 351,01	
Accrued expenses	10 656 161,32	136 568 573,66	4 912 174,01	112 186 290,09
TOTAL LIABILITIES		137 259 833,24		112 355 457,09
Total equity and liabilities		160 970 683,43		130 707 254,13

Indirect cash flow statement model

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Cash flow from operating activities:		
Profit / loss before appropriations and taxes (+/-)	6 596 077,34	-5 685 214,40
Adjustments (+/-):		
Depreciation according to plan	292 236,92	319 913,21
Impairment of non-current assets	0,00	0,00
Unrealised exchange rate gains and losses	0,00	0,00
Other non-cash items	39 831,08	85 809,01
Financial income and expenses	0,00	0,00
Other adjustments	160 109,24	310 158,07
Cash flow before change in working capital	7 088 254,58	-4 969 334,11
Change in working capital:		
Increase/decrease in short-term receivables	-22 186 689,18	-62 848 630,10
Increase/decrease in inventories	-10 585 349,81	-14 549 756,42
Increase/decrease in short-term non-interest-bearing liabilities	25 742 853,66	76 808 726,33
Cash flow from operating activities before financial items and taxes	59 069,25	-5 558 994,30
Interest paid and charges on other operational financial expenses	0,00	0,00
Dividends received from operations	0,00	0,00
Interest received from operations	0,00	0,00
Direct taxes paid (-)	0,00	0,00
Cash flow from operating activities	59 069,25	-5 558 994,30
Cash flow from investments:		
Investments in tangible and intangible assets (-)	-59 069,25	-55 903,70
Cash flow from investments	-59 069,25	-55 903,70
Cash flow from financing activities:		
Group contributions received and paid	0,00	5 614 898,00
Interest paid and charges on financial expenses (-)	0,00	0,00
Dividends paid and other distributions (-)	0,00	0,00
Direct taxes paid (-)	0,00	0,00
Cash flow from financing	0,00	5 614 898,00
Change in cash and cash equivalents, increase (+) / decrease (-)	0,00	0,00
Cash and cash equivalents at the beginning of the period	0,00	0,00
Cash and cash equivalents at the end of the period	0,00	0,00

NOTES TO THE FINANCIAL STATEMENTS

Accounting policies

MacGregor Finland Oy's financial statements were prepared in accordance with the principles of Finnish Accounting Standards (FAS).

Ownership

The company is a wholly owned subsidiary of MacGregor Netherlands B.V. The financial statements of the group's parent company Cargotec Corporation are available at: Cargotec Corporation, Porkkalankatu 5, 00180 Helsinki, Finland.

Valuation and amortisation principles and methods

Valuation of non-current assets

Non-current assets are recognised in the balance sheet at acquisition cost less depreciation according to plan. Depreciation according to plan is calculated on a straight-line basis from the original acquisition price over the useful life of the fixed assets.

The depreciation periods are:	
Development expenditure	5 years
Intellectual property rights	10 years
Goodwill	5-10 years
Other long-term expenditure	5-10 years
Machinery and equipment	3-5 years

Valuation of inventories

Inventories are recognised at the lower of cost or replacement cost, using the weighted average cost method. The cost of work in progress includes raw materials, direct wages, other direct costs, and a proportionate share of variable manufacturing costs and fixed overheads.

Valuation of financial instruments

Financial instruments are valued at fair value. Forward exchange contracts are valued at the forward rates prevailing at the balance sheet date.

Derivatives

The company's derivatives include forward exchange contracts, which are used to hedge against changes in cash flows from anticipated currency-denominated disposals and acquisitions.

Fair values of derivative contracts hedging the fair value of the company's receivables and loans are included in either short-term receivables or liabilities, depending on their nature. The positive fair value of derivatives used for hedging is recognised in receivables and the negative value is recognised in liabilities.

Hedging

At the inception of the contract, derivative instruments are recognised in the balance sheet at the cost which corresponds to their fair value. In the financial statements, derivative instruments are measured at fair value as permitted by Finnish accounting legislation (Accounting Act, 5.2a), determined in accordance with IFRS principles, and changes in value are recognised in the income statement unless hedge accounting is applied.

Changes in the fair value of the effective portion of cash flow hedging instruments that qualify for hedge accounting are recognised in the fair value reserve in equity. The ineffective portion is recognised immediately in profit or loss. The cumulative gain or loss on derivatives recognised in the fair value reserve in equity is recognised in the income statement as an adjustment to the hedged item in the same period in which the hedged item is recognised in the income statement. If a forecast transaction is no longer expected to occur, the cumulative change in the fair value of the hedging instrument is immediately transferred to other operating income or expenses in the income statement. When a hedging instrument matures, is sold, terminated, or exercised, or the hedging relationship is discontinued, the cumulative change in value previously recognised in equity remains in equity and is recognised in profit or loss only when the forecast transaction occurs.

Changes in the fair value of hedging instruments not included in hedge accounting are recognised directly in the income statement, either in other operating income and expenses or in financial income and expenses, depending on the hedged item. The change in fair value resulting from changes in the interest rate points of forward exchange contracts is always recognised directly in financial income and expenses. The fair values of forward exchange contracts are based on the forward rates quoted at the balance sheet date.

Amortisation of product development expenses

Research and development expenses are generally recognised in profit or loss. Product development expenses are capitalised when certain criteria of commercial and technical feasibility are met, and when the product is expected to generate future economic benefits. Capitalised product development expenses are amortised on a straight-line basis over their useful life.

Recognition of pensions

Pension expenses are recognised in accordance with local legislation. Pension arrangements are managed by a pension insurance company.

Provisions

Warranty provisions include the cost of repairing or replacing products. A provision is recognised for loss-making contracts when the necessary expenditure required to settle the obligations exceeds the benefits to be derived from the contract.

Items denominated in foreign currency

Transactions denominated in foreign currency are recognised at the exchange rate on the date of the transaction. Receivables and liabilities denominated in foreign currencies are translated into euros using the exchange rate at the balance sheet date. Exchange rate differences are treated as adjustments to sales and purchases.

Deferred tax liabilities and assets

Deferred tax liabilities and assets are calculated based on differences between taxation and the financial statements using the tax rate confirmed at the time of the financial statements for the following years. The balance sheet includes the total deferred tax liabilities and the deferred tax assets in the amount of the estimated likely receivable.

Notes to the income statement

1000 EUR

1000 EUR

Net sales

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Breakdown by sector		
Service business	1 940	5 250
Equipment business	141 823	65 515
	143 763	70 765

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Geographical distribution		
Finland	6 135	1 600
Rest of Europe	10 349	15 705
China	47 285	17 880
South Korea	59 764	18 327
Rest of Asia	19 009	15 006
USA	1 168	2 228
Rest of America	54	18
	143 763	70 765

Other operating income

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Research and development grants	0	0
Insurance claims	999	0
Other	504	656
	1 504	656

Notes on personnel

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Average number of personnel during the financial period	107	99
	107	99

Salaries, bonuses and pension expenses for the financial period

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Salaries and bonuses	9 702	7 732
Pension expenses	1 578	1 436
Other indirect personnel expenses	463	254
	11 743	9 422

Depreciation, amortisation and impairment

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Manufacturing depreciation	0	1
Sales and marketing depreciation	0	0
Product development depreciation	291	317
Administrative depreciation	1	1
	292	320

Other operating expenses

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Management fee	3 822	3 890
Royalty	2 834	1 714
Other	153	245
	6 810	5 849

Auditor's fees

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Audit	98	51
Other services	0	0
	98	51

Financial income and expenses

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Other interest income		
From companies in the same group	2 248	126
From others	2	0
Total interest income	2 250	126

Other financial income		
From companies in the same group	518	672
From others	91	0
Total other financial income	609	672

Total financial income	2 859	797
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Interest expenses		
For companies in the same group	103	20
For others	0	1
Total interest expenses	103	21

Other financial expenses		
Other financial expenses for companies in the same group	3 725	971
Total other financial expenses	3 725	971

Total financial expenses	3 828	992
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Total financial income and expenses	-969	-195
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Other interest and financial income includes exchange rate gains (net)	91	483
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Income taxes

	1.1.2023–31.12.2023	1.1.2022–31.12.2022
Change in deferred tax assets (+income -expense)	-2 068	1 969
	-2 068	1 969

Long-term projects	31/12/2023	31/12/2022
Net sales from long-term projects in the income statement	59 741	20 181
Total amount not recognised as revenue from long-term projects	107 530	127 058
Amount recognised as revenue during the financial period and previous financial periods for long-term projects recognised based on the percentage of completion but not yet delivered to customers	8 894	13 525
Consolidated balance sheet items for long-term projects:		
Materials and supplies for inventories	0	0
Accrued income corresponding to revenue based on the percentage of completion	8 894	12 006
Advances received from project clients	-56 162	-54 221
Liabilities of current liabilities in the balance sheet	-47 268	-42 215

Breakdown of non-current assets

	Intangible assets					
	Development expenditure	Intellectual property rights	Goodwill	Other intangible assets	Prepayments and work in progress	Total
Acquisition cost 1.1.2023	2 366	588	135 168	28	166	138 316
Additions	0	6	0	0	53	59
Reductions	0	-7	0	0	-34	-41
Transfers between items	0	21	0	0	-21	0
Acquisition cost 31.12.2023	2 366	608	135 168	28	164	138 334
Accumulated depreciation and impairment 1.1.2023	-2 119	-303	-135 168	-23	0	-137 613
Depreciation for the financial period	-247	-43	0	-1	0	-291
Accumulated depreciation and impairment 31.12.2023	-2 366	-346	-135 168	-25	0	-137 904
Carrying amount 31.12.2023	0	262	0	4	164	430
Carrying amount 31.12.2022	247	285	0	5	166	703

	Tangible assets					
	Land areas	Buildings	Machinery and equipment	Other tangible assets	Prepayments and work in progress	Total
Acquisition cost 1.1.2023	0	0	492	0	0	492
Acquisition cost 31.12.2023	0	0	492	0	0	492
Accumulated depreciation and impairment 1.1.2023	0	0	-492	0	0	-492
Depreciation for the financial period	0	0	0	0	0	0
Accumulated depreciation and impairment 31.12.2023	0	0	-492	0	0	-492
Carrying amount 31.12.2023	0	0	0	0	0	0
Carrying amount 31.12.2022	0	0	0	0	0	0

Breakdown of receivables

Long-term receivables

	31.12.2023	31.12.2022
Receivables from others		
Trade receivables	0	110
Deferred tax assets	7 417	9 653
Total	7 417	9 763
Total long-term receivables	7 417	9 763

Short-term receivables

	31.12.2023	31.12.2022
Receivables from companies in the same group		
Trade receivables	4 979	7 372
Derivative receivables	8 603	12 762
Other receivables	82 328	55 401
Accrued income	1 836	3 267
Total	97 746	78 801
Receivables from others		
Trade receivables	17 875	13 505
Other receivables	113	78
Accrued income	553	1 605
Total	18 541	15 188
Total short-term receivables	116 287	93 990

Material items of accrued income

	31.12.2023	31.12.2022
Amortised POC receivables	443	1 519
Other	109	86
	553	1 605

Deferred tax assets

	31.12.2023	31.12.2022
From appropriations	202	170
From amortisation and temporary differences	7 215	9 483
	7 417	9 653

Equity

	31.12.2023	31.12.2022
Restricted equity		
Share capital 1.1.	100	100
Share capital 31.12.	100	100
Fair value reserve 1.1.	117	-262
Additions	671	379
Fair value reserve 31.12.	788	117
Total restricted equity	888	217
Unrestricted equity		
Invested unrestricted equity fund 1.1.	56 300	56 300
Invested unrestricted equity fund 31.12.	56 300	56 300
Profit (loss) from previous financial periods 1.1.	-39 015	-35 299
Profit from previous financial periods 31.12.	-39 015	-35 299
Profit (loss) for the financial period	4 528	-3 716
Total unrestricted equity	21 813	17 285
Total equity	22 701	17 502
Distributable unrestricted equity		
<i>Calculation of distributable equity</i>		
	31.12.2023	31.12.2022
Profit from previous financial periods	-39 015	-35 299
Profit (loss) for the financial period	4 528	-3 716
Invested unrestricted equity fund	56 300	56 300
Capitalised development expenditure	0	-247
	21 813	17 038

Notes to balance sheet equity and liabilities

Statutory provisions

	31.12.2023	31.12.2022
Warranty provision	732	541
Provision for losses	78	309
Other statutory provisions	200	0
	1 010	850

Long-term liabilities

	31.12.2023	31.12.2022
Other long-term liabilities	691	169
	691	169

Short-term liabilities

Liabilities to companies in the same group

	31.12.2023	31.12.2022
Advances received	0	11
Trade payables	822	4 180
Derivative liabilities	7 143	9 690
Other liabilities	2 105	878
Accrued expenses	1 148	1 720
	11 218	16 480

Liabilities to others

Advances received	73 115	60 783
Trade payables	39 952	28 442
Other liabilities	1 627	1 570
Accrued expenses	10 656	4 912
	125 350	95 707

Material items of accrued expenses

	31.12.2023	31.12.2022
Personnel expenses	2 844	1 813
Items related to projects	7 709	3 014
Other	103	86
	10 656	4 912

Guarantees and contingent liabilities

Liabilities secured by mortgages on immovable property

31.12.2023

31.12.2022

Other contingent liabilities

Lease liabilities

	31.12.2023	31.12.2022
Payable in the following financial period	790	790
Payable later	3 290	4 080
Total	4 080	4 869

Amounts payable under leasing contracts

	31.12.2023	31.12.2022
Payable in the following financial period	78	53
Payable later	65	38
Total	144	91

Derivative contracts

Fair values of derivative contracts

	31.12.2023	31.12.2022
Positive fair value	8 603	12 762
Negative fair value	7 143	9 690
Net fair value	1 460	3 071

Notional values of derivative contracts

Intra-group currency forwards	479 501	517 200
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MacGregor Finland Oy
2557310-4

Signatures to the financial statements

Kaarina, June 2024

Mika Selänne
Chair of the Board of Directors
CEO

Juha Hyytiä

Pasi Lehtonen

Auditor's note

A report on the audit has been issued today.

Helsinki, 2024

Ernst & Young Oy
Audit firm

Heikki Ilkka
APA



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To the Annual General Meeting of MacGregor
Finland Oy

Audit of financial statements

Opinion

We have audited the financial statements of MacGregor Finland Oy (business ID 2557310-4) for the financial period 1.1.2023- 31.12.2023. The financial statements comprise the balance sheet, the income statement, the cash flow statement, and the notes.

In our opinion, the financial statements give a true and fair view of the financial performance and position of the company in accordance with the regulations governing the preparation of financial statements in Finland, and they comply with statutory requirements.

Basis for opinion

We have conducted our audit in accordance with good auditing practice in Finland. Our responsibilities in accordance with good auditing practice are further described in the *Auditor's responsibilities in the audit of financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the CEO for the financial statements

The Board of Directors and the CEO are responsible for the preparation of financial statements that give a true and fair view in accordance with the regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the CEO are also responsible for such internal control as they deem 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 CEO are responsible for assessing the ability of the company to continue as a 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 intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's responsibilities in the audit of 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 judgement and maintain professional scepticism 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 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 company's internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the CEO'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 ability of the company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

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

Other reporting requirements

Other information

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

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

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

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

Note

We note that the financial statements and the report of the Board of Directors were prepared and signed on 24 June 2024, i.e. in non-compliance with the provision on the deadline for the preparation of the financial statements and the report of the Board of Directors under chapter 3, section 6 of the Accounting Act.

Helsinki, 27 June 2024

Ernst & Young Oy
Audit firm

Heikki Ilkka APA