

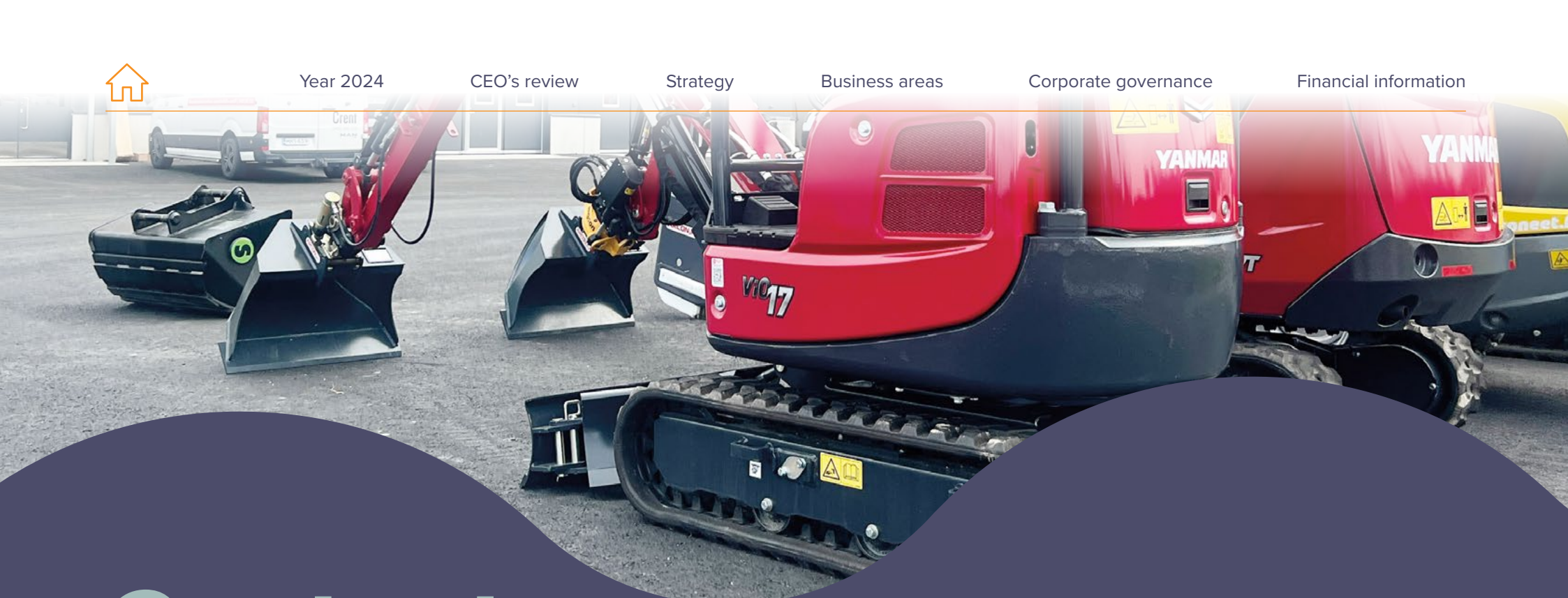


kh group



Annual Report

2024



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# KH Group

KH Group is a profitably growing Nordic conglomerate that develops its business operations with a long-term perspective, thus creating value for its shareholders. KH Group currently consists of three business areas: Indoor, KH-Koneet and NRG.

KH Group is undergoing a change in strategy with the aim of creating an industrial group based on the business of the earth-moving machinery supplier KH-Koneet.

## Key figures 2024

**194.0 MEUR**

NET SALES FROM CONTINUING OPERATIONS

**7.2 MEUR**

COMPARABLE OPERATING PROFIT FROM CONTINUING OPERATIONS

**869**

PERSONNEL

**271.7 MEUR**

BALANCE SHEET TOTAL



# Main events

## 2024

### MARCH

- Indoor signed an updated financing agreement, which postponed the repayment of the EUR 9.3 million bullet loan to 2026.
- Indoor sold its property in Tallinn for EUR 4.0 million as part of a plan to completely divest its business operations in Estonia.

### JUNE

- Ville Nikulainen became the CEO of KH Group when Lauri Veijalainen stepped down to focus on serving as the CEO of Indoor. At the same time, Tommi Rötkin, who previously served as Investment Director, became the CFO.
- In accordance with the shareholder agreement, KH Group redeemed shares from the minority shareholders of KH-Koneet for EUR 2.9 million, thereby increasing its holding in KH-Koneet Group Oy to 95.4 per cent.

### JULY

- The divestment of HTJ was completed in July, with KH Group selling its 91.7 per cent holding to XPartners Group. KH Group's share of the purchase price less net debt and transaction costs was EUR 13.1 million.

### NOVEMBER

- KH-Maskin, a subsidiary of KH-Koneet in Sweden, established a branch in Luleå in accordance with its strategy. The investment strengthens KH-Maskin's position in the Swedish market and makes it possible to offer the machines in northern Sweden as well.

### DECEMBER

- The change negotiations initiated by Indoor in August to improve profitability were concluded. Indoor adopted a nationwide operating model in which the operations of Asko and Sotka stores were harmonised. The reform is estimated to improve Indoor Group's annual operating profit by at least EUR 10.0 million by the end of 2026.

## 2025

### JANUARY

- Lauri Veijalainen left his position as the CEO of Indoor and Kati Kivimäki was appointed as interim CEO as of 15 January 2025.

### MARCH

- KH Group announced on 13 March 2025, that it has initiated a sale process regarding its shareholding in Indoor Group and engaged a financial advisor to explore various options. In the 2024 financial statements, Indoor Group is reported in accordance with the "IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations" standard.
- KH Group acquired the remaining KH-Koneet Group Oy shares for a share purchase price of EUR 2.0 million.



# An eventful year

KH Group's strategy is based on mergers and acquisitions that will transform it from a multi-sector company into an industrial group focused on KH-Koneet's business. During 2024, the strategy progressed in many ways, even though the business environment was difficult. The weak economic cycle and the disruptive global political situation had a negative impact on acquisitions, corporate investments and consumer confidence in the future.

Net sales of KH Group's continuing operations amounted to EUR 194.0 million (190.6), representing an increase of 2 per cent. Comparable operating profit totalled EUR 7.2 (8.1) million. Our gearing excluding lease liabilities was 177.3 per cent.

## Successes in a challenging market

During the year, we succeeded in many areas. In July, we sold shares in HTJ to the Swedish company XPartners for a debt-free purchase price of EUR 23.0 million. KH Group's share of the share purchase price





was EUR 13.1 million and the capital gain was EUR 2.6 million. HTJ performed excellently and our original investment nearly doubled over our three-year holding period.

Of the business areas, NRG performed relatively the best, having made a significant change in profitability over the past two years. The company performed well in both the Finnish and Swedish markets. KH-Koneet also performed well financially in spite of the weak market. In line with its strategy, the company invested in profitable growth, an example of which was its expansion into northern Sweden. The expansion seemed to be a successful solution already a few months after the location opened.

### Challenges at Indoor

Indoor, which owns the Asko and Sotka furniture chains, experienced significant difficulties, as the market in the sector contracted for the fourth consecutive year. Mostly as a result, Indoor's result was strongly negative. In order to reverse the direction, extensive efficiency improvement measures were initiated at Indoor, utilising the ERP system deployed in the spring. The Estonian operations were closed at the beginning of the year and the retail property in Tallinn was sold. An extensive renewal of the operating model was launched in the autumn, merging the operations of chain stores.

Indoor conducted change negotiations in the fourth quarter, resulting in the termination of 162 employment relationships. The change in the operating model and efficiency improvement measures aim at an annual improvement in operating profit of at least EUR 10 million by the end of 2026.

### Moving forward with a new team

There were also changes in the executive management. In June, Lauri Veijalainen left his position as the CEO of KH Group and focused serving as the CEO of Indoor Group. At the same time, I became the CEO of KH Group and Tommi Rötkin was appointed as the CFO. In November, Saurus' CEO Juhani Härkönen joined NRG as CEO when Esa Peltola retired.

### Strategy implementation continues

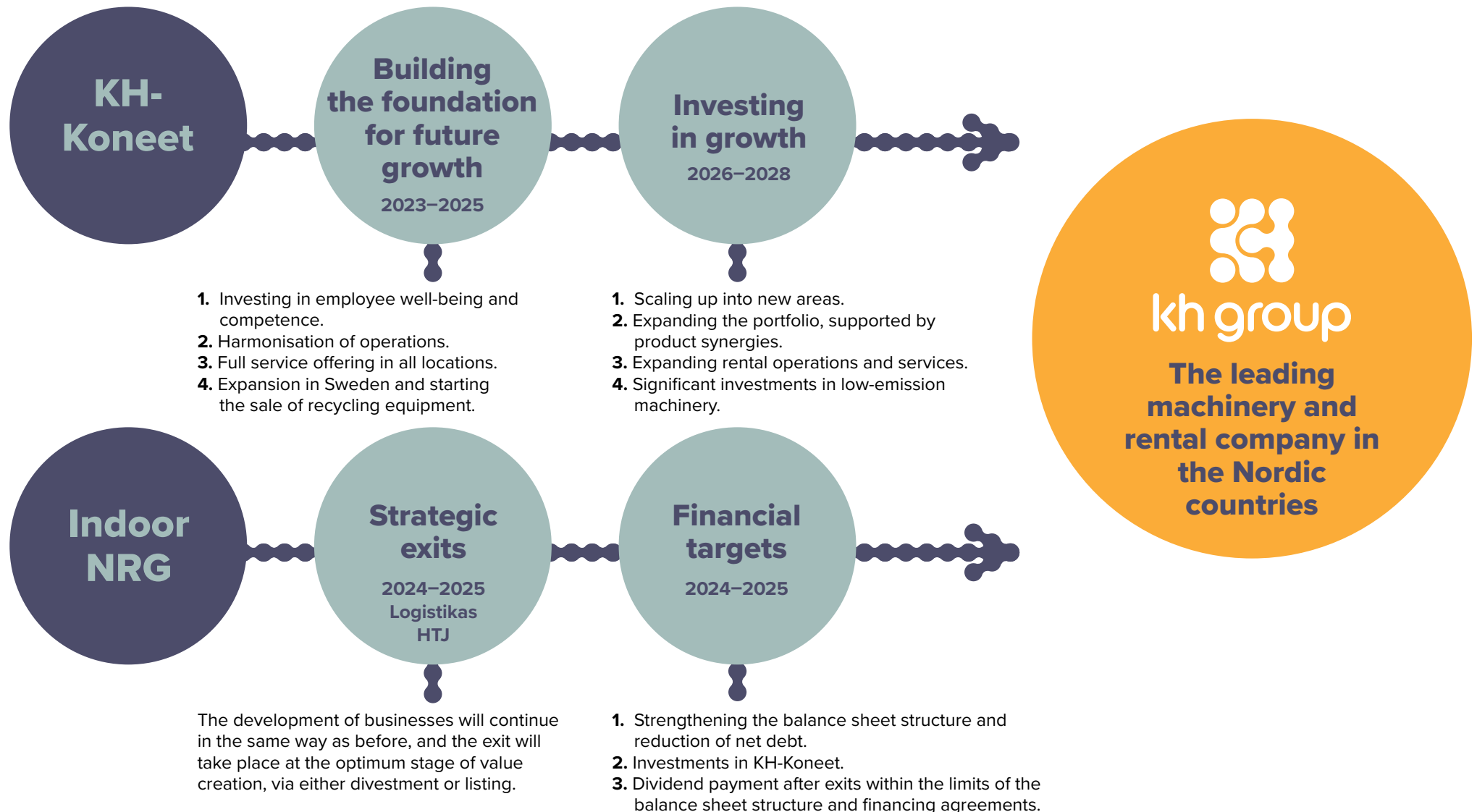
The goal of KH Group's strategy is to strengthen our ability to create value and improve the transparency of our operations. We have progressed according to plan, divested two of our businesses and started the process to divest Indoor Group. We will continue our work and hope that the economic growth forecast for the year will stimulate both our operating environment and the M&A market. I would like to thank all of KH Group's employees and our shareholders and partners for the smooth cooperation in 2024.

**Ville Nikulainen**





# Guidelines for the strategy period





# Strategy progressed according to plan

The aim of KH Group's strategy is to accelerate the growth of shareholder value and increase transparency. The strategy comprises two stages: KH Group was first transformed into a conglomerate and then developed into an industrial group focusing on the KH-Koneet business. This clarifies the Group's business structure and enables the long-term development of Group companies. The subsidiaries included in the exit plan will be developed until they are divested at the optimum stage in terms of value creation. In 2024, KH Group sold HTJ, after which development activities continued in KH Group's holdings in Indoor and NRG.

## KH-Koneet strengthened its operations

KH-Koneet is the leading construction and earth-moving machinery sales and rental company in the Nordic countries. KH-Koneet has been part of KH Group since 2017, during which time the company's net sales have grown profitably from approximately EUR 50.0 million to EUR 149.8 million. KH-Koneet is the market leader in its field in Finland and has also consolidated its position in Sweden in recent years.

The industry has significant potential and KH-Koneet has demonstrated its ability to expand its offering, conquer new markets and successfully complete acquisitions. The company's success is also supported by its agile and well-managed organisation, strong customer insight and flexible business model. In line with its strategy, KH-Koneet strengthened its organisation, developed its service capability and internal cooperation and strengthened its presence, particularly in Sweden, during 2024.

In March 2025, KH Group redeemed the remaining shares of KH-Koneet Group Oy for EUR 2.0 million.

## HTJ's success story

The transaction concerning shares in the construction consulting company HTJ was completed in July, when KH Group together with the other shareholders sold HTJ's shares to XPartners Finland Holding Oy. The debt-free purchase price was EUR 23.0 million, of which KH Group's share was EUR 13.1 million. KH Group recorded a capital gain of EUR 2.6 million from the transaction. HTJ was a success story for KH Group: the company developed and grew profitably over the three years of ownership.

## Indoor Group revised its operating model

Indoor's operations in 2024 focused on business development and improving profitability. The challenge for the company was the continuously weakening market and the overlapping operations of the chains. The new ERP system and the implemented change in the operating model are expected to improve profitability during 2025–2026. The Asko and Sotka chains owned by Indoor are strong Finnish brands, and the company also includes the Finnish furniture factory Insofa, which serves both chains.

## NRG improved profitability

In 2024, NRG, a manufacturer of rescue vehicles, grew profitably and strengthened its market position in both Finland and Sweden. Service operations were expanded in both operating countries and production efficiency was improved. There is also demand for high-quality rescue vehicles in the export market, and the company is actively in discussion with international customers.

## Financial targets

During the implementation of the change in strategy, the company's balance sheet structure will change significantly. The aim is to strengthen the balance sheet structure and reduce net debt through exits.

## Dividend policy

During the next few years, the aim is to invest in the growth of the core business and pay dividends after significant exits within the limits established by the balance sheet structure and financing agreements.





## HTJ for the new owner

As part of the implementation of its strategy, KH Group Plc sold its share of the construction consulting company HTJ to XPartners Group. KH Group acquired a holding of more than 90 per cent in the company in September 2021. At the time, HTJ's net sales amounted to approximately EUR 18 million and it employed approximately 150 experts. Over the course of three years, HTJ grew profitably and its net sales increased to approximately EUR 26 million and the number of employees to over 200. "HTJ's position as a strong and independent construction management company will be maintained following the transaction, and its work will continue under the HTJ brand. HTJ's CEO **Janne Ketola** commented on the transaction as follows: "The new owner provides us with good conditions to continue our strategic expansion in Finland organically and through acquisitions. XPartners Group includes several Nordic companies in the industry, with which we will get to share expertise and lessons learned on environmental and sustainability issues."



# Sustainability as a driver

Sustainability guides KH Group's decision-making and day-to-day operations in all business areas. KH Group's sustainability and measures to promote sustainable development are based on the wishes and needs of its own personnel and other stakeholders. As the strategy work progresses, the importance of sustainable development will be emphasised.

KH Group's goal is to generate positive impacts for its stakeholders and surrounding societies while reducing the negative environmental impacts caused by its operations. To define the impacts and assess their materiality, KH Group carried out a double materiality analysis in 2024, which also surveyed the risks and opportunities of business activities from the perspective of sustainable development. The business of KH Group's subsidiaries, i.e. KH-Koneet,

Indoor and NRG, are very different, so each company's sustainability aspects were also assessed on a company-by-company basis.

At the same time, the aim of the analysis was to prepare for statutory sustainability reporting. More detailed information on its implementation and outcome is available in the Directors' Report starting on page 44.





### Actions to mitigate climate change

Among the environmental themes, climate change mitigation and energy as well as the circular economy emerged as material from KH Group's point of view, as could be expected. These themes have already been focal areas in the subsidiaries' sustainability programmes and actions, with which they have systematically developed their operations and portfolio to reduce their environmental impact.

KH-Koneet offers machines and equipment that are still mainly powered by fossil fuels. NRG also manufactures petrol and diesel-powered fire and rescue vehicles. Until now, development work has focused on fuel efficiency, but electrically powered equipment has already become increasingly available on the market.

The life cycle of vehicles and machinery plays a decisive role in their environmental impact. With the help of maintenance services, the equipment operates efficiently and remains in use for a long time. Similarly, the resale of used equipment extends its life cycle. KH-Koneet offers comprehensive maintenance services and sells used equipment and machines. Similarly, NRG maintains and modernises used fire and rescue vehicles in accordance with the principles of the circular economy.

### Durable furniture from Indoor

In furniture and interior products, the product's service life is a significant environmental factor. In developing its offering, Asko and Sotka take into account the origin of the materials used to manufacture the products and their environmental impacts, but also, above all, the sustainability of the products. Made from high-quality materials, the products are made to last and timeless furniture can be passed down from generation to generation. The group's own furniture factory Insofa, celebrates 100 years of craftsmanship and manufactures sofas and beds with a 20-year frame warranty. In addition to the sustainability of the products, the Finnish origin of the products is also important for the customer base.

### Good working conditions and high work motivation

KH Group's goal is to be a good employer that offers safe and comfortable working conditions, equal treatment and meaningful work for every employee. The high work motivation of the personnel enables continuous development of operations. Each subsidiary invests in the development opportunities and well-being at work of its personnel in accordance with its own goals.

### Reliable partner

KH Group's partner network is extensive, and KH-Koneet and Indoor Group in particular have a significant number of mainly long-term suppliers and partners. KH Group wants to be a reliable and fair partner for all its suppliers, and on the other hand, it requires partners to contribute to sustainable development. Subsidiaries therefore ensure the sustainability of the operations of their procurement network through agreements and standards as well as audits.



**KH-Koneet**



**NRG**



**Indoor**

# Business areas



**In 2024, KH-Koneet invested in fairs and customer days, creating new opportunities in a challenging market situation.**

## A good year in a weak market

KH-Koneet had a successful year in many ways, even though the market continued to weaken sharply. The pace of both building and infrastructure construction slowed down in both Finland and Sweden, and the effects were clearly reflected in the demand for machines. Despite the challenges of the operating environment, KH-Koneet continued to take development measures in line with its strategy, investing in the harmonisation of operations, the competence of its personnel and expanding its presence in the Swedish market.

KH-Koneet's net sales were EUR 149.8 million (2023: EUR 152.3 million) and comparable operating profit was EUR 6.3 million (2023: EUR 9.0 million). Profitability was burdened by the challenges of the operating environment, fluctuations in the Swedish krona and the expansion of the network.

Demand in both markets was weaker than in the previous year. In Finland, the decline in the volume of machine trade was more moderate than in Sweden. On the other hand, the demand for equipment rental and maintenance services continued to be good.

### Investments in the future

In 2024, KH-Koneet made significant investments in the service network. The nationwide sales and service network in Finland was strengthened by opening a new customer service centre in Jyväskylä. In Sweden, KH-Koneet has progressed one region



at a time. In 2024, it was time to expand to northern and southeastern Sweden. The rapid start-up of the Luleå location, which opened at the end of the year, created confidence in the growth opportunities of the business. The availability of rental services was also extended to all locations.

Strong investments in growth were also reflected in the number of employees at KH-Koneet, which grew by approximately 10 per cent. In addition, internal processes were streamlined and the sharing of competence and information between different functions was made more efficient. A significant

amount of resources was also spent on sales and marketing by organising customer events, training and factory visits.

**Offering strong brands**

Strong brands represented by KH-Koneet, such as Kobelco, Kramer, Wacker Neuson, Yanmar, Dynapac, Ljungby Maskin, Brock and Pronar, support the success of the company. The cooperation with the manufacturers was close in both sales and product development. The availability of machines is good and changes in purchase prices remained moderate.

**Focus on profitability**

The forecasts for 2025 predict a slow recovery of the economy and construction markets in both Finland and Sweden. After a strong year of investments, KH-Koneet will invest in supporting growth and profitability by continuing close cooperation with both customers and manufacturers. KH-Koneet already has a strong market position in Finland, but sees significant potential in expanding the customer base in Sweden. Expanding the product portfolio, for example by increasing the supply of recycling equipment, also creates growth opportunities.

In 2024, KH-Koneet began importing Pronar recycling equipment, such as screens, in Finland. In Sweden, KH-Maskin AB became a Pronar dealer about a year ago.



**149.8 MEUR**  
NET SALES

**6.3 MEUR**  
OPERATING PROFIT

**206**  
PERSONNEL



Finavia's new Saurus airport fire trucks were commissioned at the Jyväskylä and Vaasa airports.

## A busy year

Rescue vehicle manufacturer NRG started the year well with a high order book and the availability challenges of materials and truck chassis caused by COVID-19 and the war being a thing of the past. In production, a steady load was achieved, which further strengthened profitability. Demand for rescue vehicles was at a good level in Finland and Sweden, but the share of exports of net sales declined due to weaker demand from international trade. Vehicle maintenance and modernisation services grew steadily.

NRG performed well in 2024. Net sales improved to EUR 44.2 million (2023: EUR 38.3 million) and comparable operating profit grew to EUR 2.8 million (2023: 1.9).

Both of NRG's subsidiaries, Saurus in Finland and Sala Brand in Sweden, saw positive development. New employees were recruited in both countries and the average number of employees in 2024 was 65

at Saurus and 46 at Sala Brand. Thanks to its strong reputation, the company also managed to maintain its market share in both countries.

A Saurus fire truck was delivered to the Rescue Department of South Karelia in Lappeenranta.



**44.2 MEUR**  
NET SALES

**2.8 MEUR**  
OPERATING PROFIT

**115**  
PERSONNEL

### Profitability improved through efficiency improvement measures

In addition to net sales growth, the improvement in profitability was also driven by efficiency improvement measures implemented in 2024. Saurus' CEO also took over the duties of NRG's CEO, and the role of financial management was strengthened accordingly. Many development projects were carried out in production, such as optimising the number of production points. This resulted in shorter production lead times and improved cost efficiency.

The goal for 2025 is to maintain good cost efficiency and competitiveness as well as maintain the level of maintenance services. Some changes can

be seen in customer needs, such as the increased demand for tankers with crew cabs. NRG is excellently positioned to respond to changing customer needs.

### Growth potential in the market

NRG's customer base consists mainly of public sector organisations and industrial companies. Demand for rescue vehicles is expected to increase in the coming years, in spite of the outlook for the current year being weaker than the previous year.

In Finland, wellbeing services counties are responsible for rescue services, and their financial status and investment capacity vary significantly. Rescue services and security of supply are areas

where the ability to operate must be ensured in all situations. Finland's accession to NATO is also expected to increase rescue sector investments in the coming years.

In Sweden, the market outlook is brighter than in Finland, and also there, NATO membership will increase the demand for rescue vehicles in the coming years. In Sweden, the demand for rescue vehicles has been steady and production has therefore been planned for the long term.

As a conventional export company, NRG will continue to invest in international customers. The most potential export areas in the future include Asia, South America and the Middle East.





Asko has been decorated Finnish homes for over 100 years. In addition to classic products from Asko's own factory, the range includes furniture and interior products catering to many tastes.

## Adopting a new operating model

Weak demand and fierce price competition in furniture retail continued in 2024. The upturn in the housing market and the strengthening of consumer confidence did not materialise despite the lower interest rates. In 2024, Indoor Group began a major reform of its operating model, aiming to serve customers even better and increase profitability.

The company's financial development was weak in 2024, with net sales decreasing to EUR 161.6 million (2023: EUR 186.3 million) and comparable operating profit coming to EUR -1.6 million (2023: EUR 1.0 million). Online store accounted for an increasing share of net sales. The closing of stores in Estonia and the sale of the commercial property in Tallinn in spring

2024 had a positive impact on the operating result. Profitability was burdened by the deployment of an extensive ERP system, which affected both costs and, in the initial phase, also operations. The features of the ERP system could be utilised in connection with the change in the operating model.

### Positive experiences from pilot stores

In the autumn, the harmonisation of the chains' operations continued with a comprehensive change in the operating model. The cooperation between Asko and Sotka stores that are located adjacent to each other was deepened, while keeping both brands separate. For customers, the change will be visible,



among other things, in that the same sales person will serve the entire visit to the store, and the entire product range of both chains will be available in a larger store space. The new operating model was first tested in pilot stores and, based on the positive experience gained, it was implemented on a large scale towards the end of the year.

The change in the operating model had a positive impact on both customer service and sales and promoted resource allocation, supervisory work and competence development. The reduction of overlapping tasks had an impact on the personnel need, so Indoor started change negotiations in

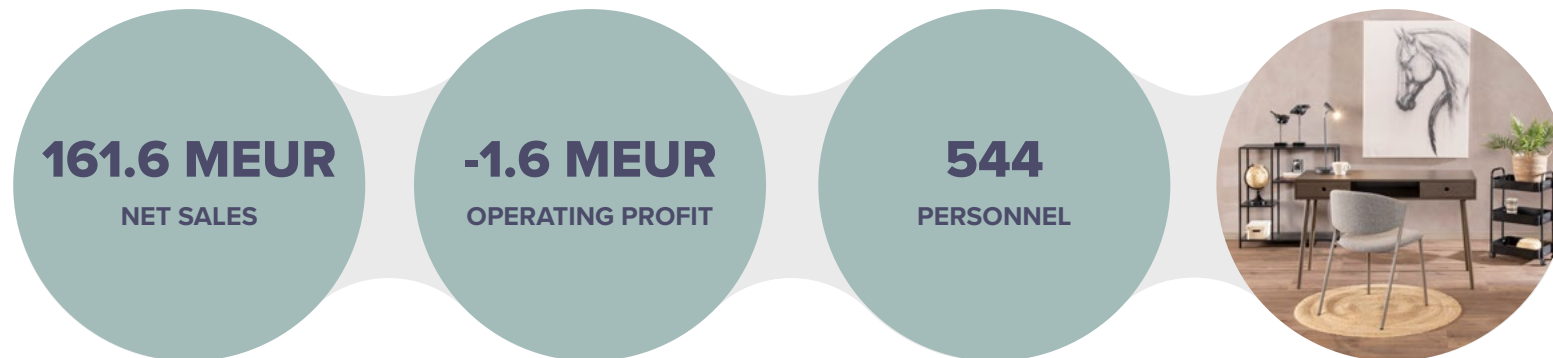
the autumn, which ended at the beginning of December. As a result, 162 employment relationships were terminated. The considerable change in operating model aims for an annual operating profit improvement of at least EUR 10 million by the end of 2026.

**Eyes on profitability**

The goal for 2025 is to return to profitable growth. The change in the operating model has provided the desired results, and also customers and personnel have provided supportive feedback. The chains' strong brands and clear concepts are significant

competitive factors, and Insofa strengthens the chains' offering by producing customised sofas, beds and mattresses according to customers' wishes. The store network and online store provide customers with flexibility in the purchase process for furniture and interior products.

Forecast economic growth and the decline in interest rates reinforce expectations of a market recovery, of which there were indications already in late 2024. However, to achieve its financial targets, Indoor relies more than the market on promoting its strategy by developing its service capability, range and store network, among other things.



**Affordability, speed and ease of purchase are Sotka's strengths. The product range is developed in a customer-oriented manner.**



From left: Tommi Rötkin, CFO;  
Ville Nikulainen, CEO;  
Tiina Gröndahl, Administrative  
and Communications Manager.

# Corporate governance

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# Board of Directors



**Juha  
Karttunen**

- Chairman of the Board since 2022
- b. 1964
- M.Sc. (Econ.), CEFA
- Main occupation: Sisu Partners Ltd, Partner, CEO
- Shareholding on 31 December 2024: 70,000 shares
- Independent of the company and major shareholders



**Kati  
Kivimäki**

- Member of the Board since 2019
- b. 1973
- BBA, MBA
- Main occupation: CEO and Board professional
- Shareholding on 31 December 2024: 0 shares
- Independent of the company and major shareholders



**Timo  
Mänty**

- Member of the Board since 2022
- b. 1960
- M.Sc.
- Main occupation: Board professional
- Shareholding on 31 December 2024: 55,100 shares
- Independent of the company and major shareholders



**Taru  
Narvanmaa**

- Member of the Board since 2019
- b. 1963
- M.Sc.
- Main occupation: Board professional
- Shareholding on 31 December 2024: 10,000 shares
- Independent of the company and major shareholders



**Jon  
Unnérus**

- Member of the Board since 2024
- b. 1969
- LL.B, LL.M
- Main occupation: Board professional
- Shareholding on 31 December 2024: 0 shares
- Independent of the company and major shareholders



## Group Management

## Business area Management



### KH GROUP

#### Ville Nikulainen

- CEO since 2024
- b. 1970
- M.Sc. (Econ.)
- Shareholding on 31 December 2024: 0 shares



#### Tommi Rötkin

- CFO since 2024
- b. 1984
- M.Sc. (Econ.), CEMS MIM, CFA
- Shareholding on 31 December 2024: 240,000 shares



### KH-KONEET

#### Teppo Sakari

- CEO of KH-Koneet Group since 2017
- b. 1968
- Vocational Qualification in Business and Administration (Marketing)



### INDOOR

#### Lauri Veijalainen

- CEO of Indoor Group Oy 2023–2024
- b. 1968
- B.Sc., MBA

#### Kati Kivimäki

- Acting CEO of Indoor Group since 15.1.2025



### NRG

#### Juhani Härkönen

- CEO of Nordic Rescue Group since 2024
- b. 1963
- student of technology, MBA



# Corporate Governance Statement

## INTRODUCTION

KH Group Plc is a publicly listed limited liability company. Its corporate governance complies with the company's Articles of Association, the Finnish Limited Liability Companies Act and other laws and regulations governing the company. In addition, the company complies with the Corporate Governance Code of Finnish listed companies that entered into force on 1 January 2020. The Corporate Governance Code is available at the Securities Market Association's website at [www.cgfinland.fi/en](http://www.cgfinland.fi/en).

KH Group's Corporate Governance Statement has been prepared as a publication that is separate from the Board of Directors' report. The statement has been discussed and approved by the company's Board of Directors.

## ANNUAL GENERAL MEETING

The ultimate decision-making power lies with KH Group's general meeting of shareholders. The Annual General Meeting (AGM) makes decisions on matters addressed to it by the Limited Liability Companies Act and the company's Articles of Association. Key matters resolved by the AGM are adopting the financial statements, discharging the Board of Directors and the CEO from liability, deciding on the distribution of profit, electing the members of the Board of Directors and the auditors and deciding on their respective remuneration.

The company's AGM is held annually by the end of June. An Extraordinary General Meeting may be held for the purpose of dealing with a specific matter when

deemed necessary by the Board of Directors or when requested in writing by the auditor or by shareholders representing at least one tenth of the company's shares. The notice of the General Meeting must be delivered to the shareholders no earlier than three (3) months and no later than three (3) weeks prior to the General Meeting, and no later than nine (9) days prior to the record date of the General Meeting. The notice is delivered to the shareholders by publishing it on the company's website or in a newspaper designated by the Board of Directors or by sending it by mail to the addresses recorded in the company's shareholder register.

KH Group's Annual General Meeting was held on 7 May 2024. The meeting resolved matters designated to the AGM.

## BOARD OF DIRECTORS

The task of the Board of Directors is to see to the governance of the company and the appropriate organisation of the company's operations in accordance with the Finnish Limited Liability Companies Act. According to KH Group's Articles of Association, the Board of Directors consists of a minimum of three and a maximum of seven ordinary members.

### Nomination Board

The Annual General Meeting of 11 May 2022 resolved to establish a Shareholders' Nomination Board, which is responsible for preparing annually, and as necessary, proposals concerning the composition, election and

remuneration of the members of the Board of Directors.

The Nomination Board consists of four members, with the company's three largest shareholders each having the right to nominate one member, and one member being the Chair of the Board of Directors of the company or another member elected by the Board of Directors from among its members. The company's largest shareholders, entitled to nominate members, are determined each year on the basis of the registered holdings in the company's shareholders' register on the last working day of August.

KH Group Plc's current Nomination Board consists of three representatives of the largest shareholders, as determined on the basis of holdings on 31 August 2024, and the Chair of KH Group's Board of Directors. The members of the Nomination Board are:

- Simon Hallqvist, Preato Capital AB
- Mikko Laakkonen
- Johanna Takanen
- Juha Karttunen, Chair of the Board of Directors of KH Group.

The Nomination Board elected Simon Hallqvist as its Chair at its constitutive meeting on 3 October 2024.

The main task of the Nomination Board is to prepare and present to the Annual General Meeting proposals concerning the composition and remuneration of the Board of Directors. The Nomination Board submits its proposals to the Annual General Meeting to KH Group's Board of Directors by the end of January preceding the Annual General Meeting at the latest.



## Tasks of the Board of Directors

The Board of Directors has approved rules of procedure for itself, which define the Board's key tasks, operating principles and meeting practices as well as an annual self-assessment of the Board's activities.

According to the rules of procedure, the key tasks of the Board of Directors include:

- to confirm the company's business strategy and supervise its implementation;
- to confirm the company's values and policies;
- to confirm annual key business targets and monitor the Group's result development;
- to decide on investment projects and divestments;
- to review and approve financial statements and other financial reports;
- to appoint and dismiss the CEO;
- to decide on the incentive schemes of the management and the personnel;
- to monitor the company's key business risks and their management, be responsible for the company's internal control system and confirm the policies and guidance related to them;
- to take care of the compulsory duties of the Audit Committee; and
- to prepare proposals to target company shareholders concerning the election of the members of the Board of Directors in target companies.

The Board's tasks related to financial reporting, internal control and risk management include, for instance:

- to monitor the company's financing and financial position and the financial statements reporting process;
- to supervise the financial reporting process;
- to monitor and supervise significant strategic and operational risks and the actions of the company's management to monitor, manage and report the risks;

- to monitor the transactions of the company's management and their related parties and any possible conflicts of interest related to them;
- to review the Corporate Governance Statement; and
- to prepare a proposal to the Annual General Meeting for the decision concerning the election of an auditor and to evaluate the auditor's independence.

The Board of Directors is also responsible for the following tasks, which fall under the Remuneration Committee's responsibility according to the Corporate Governance Code of Finnish listed companies:

- to decide on the remuneration and other benefits of the CEO and other management;
- to formulate and implement the process of finding

## Information about Board members and their shareholdings

| Name                  | Personal data   | Shareholding on 31 December 2024 | Meeting attendance |
|-----------------------|---|----------------------------------|--------------------|
| <b>Juha Karttunen</b> | Chair of the Board of Directors since 2022<br>Born: 1964<br>Education: M.Sc. (Econ.), CEFA<br>Main occupation: CEO, Sisu Partners Oy<br>Independent of the company and its major shareholders | 70,000                           | 26/26              |
| <b>Kati Kivimäki</b>  | Member of the Board of Directors since 2019<br>Born: 1973<br>Education: BBA, MBA<br>Main occupation: board professional<br>Independent of the company and its major shareholders              | 0                                | 26/26              |
| <b>Timo Mänty</b>     | Member of the Board of Directors since 2022<br>Born: 1960<br>Education: M.Sc. (Econ.)<br>Main occupation: board professional<br>Independent of the company and its major shareholders         | 55,100                           | 25/26              |
| <b>Taru Narvanmaa</b> | Member of the Board of Directors since 2019<br>Born: 1963<br>Education: M.Sc. (Econ.)<br>Main occupation: board professional<br>Independent of the company and its major shareholders         | 10,000                           | 26/26              |
| <b>Harri Sivula</b>   | Member of the Board of Directors 2022–2024<br>Born: 1962<br>Education: M.Sc. (Admin.)<br>Main occupation: board professional<br>Independent of the company and its major shareholders         | 0                                | 7/8                |
| <b>Jon Unnérus</b>    | Member of the Board of Directors since 2024<br>Born: 1969<br>Education: LL.M.<br>Main occupation: board professional<br>Independent of the company and its major shareholders                 | 0                                | 18/18              |



- successors for the CEO and other management; and
- to develop and evaluate the remuneration schemes and ensure their appropriateness.

### Composition, independence evaluation and diversity of the Board of Directors

The Annual General Meeting of 7 May 2024 re-elected Juha Karttunen, Kati Kivimäki, Timo Mänty, Taru Narvanmaa and elected Jon Unnérus to the Board of Directors. Based on an assessment of independence conducted by the Board of Directors in accordance with the Finnish Corporate Governance Code, the current Board of Directors considered all members of the Board of Directors to be independent of the company and of the significant shareholders of the company.

The company deems it important that its Board members have diverse backgrounds; however, it should be taken into account that the members have the competencies that are essential for the company's business. The aim is that the Board members have diverse, complementary professional backgrounds, experience and know-how and that the Board consists of representatives of both genders, so that the diversity of the Board supports KH Group's business and future in the best possible way. The objective of Board diversity is to ensure, for instance, a wide scope of views, open discussion and support for and challenging of the company's operational management.

### Committees

Board committees have not been established in KH Group. The Board of Directors is responsible for taking care of the compulsory duties of the Audit Committee. According to the view of the Board of Directors, the Board's operating without committees is the most suitable option considering the current needs of the company's business and best supports the fulfilment of the responsibilities of the company's Board according

to law and the Corporate Governance Code of Finnish listed companies.

### Board meetings

In 2024, the Board of Directors held 19 meetings and made 7 unanimous decisions without holding a meeting. The attendance rate of the Board members at the meetings during the financial period 2024 was 98%. Information about the Board members' meeting attendance is presented in the table below.

## CEO AND OTHER MANAGEMENT

### CEO

The company's Board of Directors appoints the CEO and decides on the terms of her/his service contract and remuneration. The CEO manages and supervises the company's business operations according to the Finnish Limited Liability Companies Act and the instructions and authorisations issued by the Board of Directors. Nikulainen has been CEO of KH Group since 1 June 2024.

Lauri Veijalainen served as CEO from 1 January 2024 to 31 May 2024.

### Other management

The company's other management includes the CFO. The CFO is responsible for the financial reporting process and supports the CEO in the management of the company's business operations. Tommi Rötkin has been CFO of KH Group since 1 June 2024. Ville Nikulainen served as CFO until 31 May 2024.

## RISK MANAGEMENT, INTERNAL CONTROL AND AUDIT

### Risk management

The goal of KH Group's risk management is the comprehensive and proactive management of risks. The company aims to detect and identify factors that may have a negative impact on the achievement of the company's goals in a long or short term and to take necessary measures to manage these factors. Risk

### Information about the CEO and other management and their shareholdings

| Name              | Position  | Personal data   | Shareholding on 31 December 2024 <sup>(1)</sup> |
|-------------------|---|---|---|
| Ville Nikulainen  | CEO<br>From 1 June 2024<br>CFO<br>1.1.– 31 May 2024 | Born: 1970<br>Education: M.Sc. (Econ.)                | 0   |
| Lauri Veijalainen | CEO<br>1 January–31 May 2024                        | Born: 1968<br>Education: B.Sc., MBA                   | 0   |
| Tommi Rötkin      | CFO<br>From 1 June 2024                             | Born: 1984<br>Education: M.Sc. (Econ.), CEMS MIM, CFA | 240 000 <sup>(2)</sup>                          |

(1) Including shareholding through controlled entities

(2) Shares held through the controlled entity Röt kapital Oy





management at the Group's business level plays a key role in risk management, as risk management is mainly organised as part of business operations. KH Group's management promotes and monitors the risk management of the businesses through active group-level steering and participation in the board work of the group companies.

KH Group is a conglomerate whose medium-term objective is to become an industrial group built around the KH-Koneet Group business. The company's Board of Directors confirms the company's strategy and action plan, which defines goals related to the development of the business areas and future exits, among other things. The Board of Directors makes decisions on business area exits and oversees the implementation of operations. Due to the nature of the company's operations and the change in strategy, a significant proportion of KH Group's material risks are related to the company's business areas, their activities, and exits.

### Internal control and audit

Internal control at KH Group is an ongoing process to secure business performance and continuity. The objective of control is to minimise risks by ensuring that reporting is reliable and that laws and regulations are being followed.

Considering the structure and scope of the company's business, setting up a separate internal audit organisation has not been considered appropriate thus far. The company's management is responsible for the internal control system. Internal control is an active part of the company's management and governance.

The basis of financial control is made up of controls included in operational processes, which facilitate the quick detection of incidents and response to them. A material part of the financial control is monthly reporting by management. The metrics followed in the monthly reporting have been set so that they support

the company in reaching its targets and highlight issues that require controlling actions. The interpretation and application of the accounting standards is centralised to the corporate financial administration.

### Insider management

KH Group complies with the insider provisions of the EU Market Abuse Regulation, which entered into force on 3 July 2016, and the insider guidelines of Nasdaq Helsinki. In addition, the company has its own Insider Policy, which complements Nasdaq Helsinki's insider guidelines.

KH Group does not maintain a list of permanent insiders. Project-specific insider lists are maintained for each project constituting inside information, as defined in insider provisions, based on the insider guidelines of Nasdaq Helsinki and the company's own internal guidelines.

KH Group maintains an internal list of its managers and persons closely associated with them (related parties). The list is not public. KH Group has determined the members of the Board of Directors, the CEO and the CFO as managers defined in the Market Abuse Regulation. Each manager and their related parties are obligated to report to KH Group and the Financial Supervisory Authority all transactions made with financial instruments issued by KH Group. KH Group publishes these transactions in a separate stock exchange release. The total shareholding of each manager is annually published as part of the Corporate Governance Statement according to the Corporate Governance Code of Finnish listed companies.

KH Group's above-mentioned managers, personnel and any other persons involved in the preparation, compilation and publication of the company's financial reports may not conduct any transactions related to KH Group's financial instruments within 30 calendar days prior to the publication of the company's financial results.

Principles regarding related party transactions  
KH Group evaluates and monitors the transactions with its related parties and maintains a list of its related parties. The company does not customarily enter into transactions with its related parties which would be significant for the company and deviating from the ordinary course of business or would be conducted in deviation from customary market terms. The company did not enter into such transactions in 2024. The Board of Directors decides on possible related party transactions that deviate from the ordinary course of business or customary market terms.

### Auditing

According to its Articles of Association, KH Group Plc has one auditing firm as its statutory auditor with an Authorised Public Accountant as the principal auditor. The term of the auditor terminates at the end of the first Annual General Meeting following their election.

The company's auditor for the financial period 2024 was the auditing firm Ernst & Young Oy, with Timo Eerola, Authorised Public Accountant, as the principal auditor. In the financial period 2023, the auditor was the auditing firm KPMG, with Esa Kailiala, Authorised Public Accountant, as the principal auditor.

In 2024, the audit fees paid to the auditors for auditing services amounted to EUR 129,759 and the fees related to other non-audit services totalled EUR 42,439.



# Governing bodies' remuneration report

## INTRODUCTION

This remuneration report has been prepared in accordance with the remuneration reporting guidelines of the Finnish Corporate Governance Code.

The principles of the remuneration of KH Group's governing bodies, that is, the Board of Directors and the CEO, are defined in the Remuneration Policy that was approved by the Annual General Meeting of KH Group (formerly Sievi Capital) on 4 May 2023.

The purpose of KH Group's Remuneration Policy is to contribute to the company's business strategy and promote the company's long-term financial success. The key principles of the Remuneration Policy are that remuneration must be fair and competitive, enhance commitment and support the company's goals. Remuneration should also support the alignment of interests of the shareholders and the governing bodies.

The table below shows the development of the remuneration of the Board of Directors and the CEO compared to the development of the average remuneration of the Group's employees and the financial development of the company in the previous five financial periods.

## Average salaries, wages and fees, EUR 1,000

| Name  | 2020 | 2021 | 2022 | 2023  | 2024 |
|---|------|------|------|-------|------|
| Member of the Board of Directors <sup>(1)</sup> | 28   | 27   | 28   | 31    | 33   |
| CEO <sup>(2)</sup>                              | 220  | 404  | 288  | 527   | 215  |
| Personnel <sup>(3)</sup>                        | 119  | 170  | 197  | 184   | 236  |
| Return on equity, %                             | 12.7 | 21.6 | -9.2 | -10.5 | -1.3 |

(1) Includes the Chair of the Board of Directors

(2) Does not include the CEO's severance payment

(3) The salaries, wages and fees for the financial period, including the portion of share-based remuneration paid during the financial year, minus fees paid to the Board of Directors and then divided by the average number of personnel. Includes the CEO.



## Fees paid to the Board of Directors in 2024

| Name           | Position  | Board fees, EUR <sup>(1)</sup> |
|----------------|---|--------------------------------|
| Juha Karttunen | Chair of the Board of Directors                   | 46,150                         |
| Kati Kivimäki  | Member of the Board of Directors                  | 29,900                         |
| Timo Mänty     | Member of the Board of Directors                  | 29,900                         |
| Taru Narvanmaa | Member of the Board of Directors                  | 29,900                         |
| Harri Sivula   | Member of the Board of Directors until 7 May 2024 | 11,938                         |
| Jon Unnérus    | Member of the Board of Directors since 7 May 2024 | 17,961                         |

The figures in the table are shown on a payment basis  
(1) Fees apply to the parent company

The members of KH Group's Board of Directors did not receive shares or share-based benefits as remuneration in the financial period 2024.

KH Group has taken out TyEL employment pension insurance for the members of the Board of Directors and

paid the TyEL contributions for the fees of the members of the Board of Directors. The employee's share of the TyEL contributions has been deducted from the fees. The TyEL contributions per individual paid by KH Group in 2024 were as follows: Juha Karttunen EUR 3,992,

Kati Kivimäki EUR 2,173, Taru Narvanmaa EUR 2,586, Harri Sivula EUR 1,033 and Jon Unnérus EUR 1,553.

The travel expenses of the members of the Board of Directors were compensated in accordance with the company's Travel Policy.

## Salary and fees paid to the CEO in 2024

| Name                                      | Fixed remuneration (incl. fringe benefits), EUR | Share-based remuneration, EUR | Total, EUR |
|---|---|-------------------------------|------------|
| Ville Nikulainen (CEO since 1 June 2024)  | 119,680   | -                             | 119,680    |
| Lauri Veijalainen (CEO until 31 May 2024) | 95,650  | -                             | 95,650     |

The figures in the table are shown on a payment basis

In 2024, Ville Nikulainen served on the Boards of Directors of KH Group's subsidiaries Indoor Group, KH-Koneet Group, HTJ and Nordic Rescue Group

and received total cash remuneration amounting to EUR 3,500 from HTJ.



# Financial information

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Financial information section that includes Board of Directors' report and financial statements is voluntarily published pdf report and therefore, it does not fulfil the disclosure obligation pursuant to Section 7:5§ of the Securities Markets Act.



# Board of Directors' report

KH Group Plc is a Nordic conglomerate operating in the business areas of KH-Koneet, Indoor Group and Nordic Rescue Group. We are a leading supplier of construction and earth-moving equipment, furniture and interior decoration retailer as well as rescue vehicle manufacturer. The aim of our strategy is to create an industrial group focused on the KH-Koneet business. Other business areas will be further developed and then divested in line with the Group's investment strategy.

KH Group (previously private equity investment company Sievi Capital Plc) did not previously consolidate its subsidiaries into Group-level calculations line item by line item, but recognised investments in the companies at fair value through profit or loss. Starting from 1 May 2023, the Group has consolidated its subsidiaries into the income statement and balance sheet line item by line item. For the financial period 2024, the change in consolidation only influences the comparison figures. More information on the change in accounting principles

and its significant effects on the figures reported for the comparison period is provided in the tables section.

The pro forma financial figures presented below in the Board of Directors' report have been prepared for illustrative purposes only. The pro forma figures aim to illustrate the comparable result of the segments and the Group if the change in investment entity status had taken place on 1 January 2023, and the companies that were part of continuing operations in the group structure on 31 December 2024 had been consolidated into the income statement line item by line item for the period 1 January–31 December 2023. The unaudited pro forma figures are based on the subsidiaries' audited financial statements for the financial years 2023 and 2024.

The segment and consolidated income statement comments in the Board of Directors' report have been prepared on the basis of pro forma figures, unless otherwise stated. The section "Pro forma financial information" presents the more detailed accounting

principles. KH Group has not drawn up pro forma figures for balance sheet and cash flow items.

The financial statements have been prepared in accordance with the IFRS standards and do not contain pro forma information.

On 13 March 2025, KH Group announced that it had started the divestment process of its Indoor Group holding. In this financial statements release, Indoor Group is reported in accordance with the "IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations" standard. Unless otherwise stated, all quarterly and full-year figures related to the income statement presented in this report, including comparison figures for 2023, only include continuing operations. The figures related to the balance sheet and cash flow include both continuing operations and discontinued operations held for sale. The continuing operations include the business areas KH-Koneet and Nordic Rescue Group.

**CONSOLIDATED KEY FIGURES IFRS**

| EUR million   | 2024   | 2023   |
|---|--------|--------|
| Net sales, continuing operations                            | 194.0  | 124.0  |
| EBITDA, continuing operations                               | 20.3   | 2.6    |
| EBITDA %, continuing operations                             | 10.5%  | 2.1%   |
| Operating profit (EBIT), continuing operations              | 5.8    | -6.7   |
| Operating profit (EBIT) %, continuing operations            | 3.0%   | -5.4%  |
| Return on equity, %, rolling 12 months                      | -46.6% | -17.5% |
| Return on capital employed, %, rolling 12 months            | -11.2% | -7.8%  |
| Gearing, %  | 283.4% | 195.4% |
| Gearing, excluding lease liabilities, %                     | 177.3% | 116.7% |
| Equity ratio, %   | 18.7%  | 23.2%  |
| Personnel, average, continuing operations                   | 325    | 318    |
| Personnel, average, discontinued operations                 | 544    | 919    |
| Earnings per share, EUR, undiluted, continuing operations   | 0.02   | -0.18  |
| Earnings per share, EUR, diluted, continuing operations     | 0.02   | -0.18  |
| Earnings per share, EUR, undiluted, discontinued operations | -0.44  | 0.0    |
| Earnings per share, EUR, diluted, discontinued operations   | -0.44  | 0.0    |
| Earnings per share, EUR, undiluted, total                   | -0.42  | -0.18  |
| Earnings per share, EUR, diluted, total                     | -0.42  | -0.18  |
| Shareholders' equity per share, EUR                         | 0.84   | 1.36   |
| Lowest share price, EUR                                     | 0.52   | 0.73   |
| Highest share price, EUR                                    | 0.89   | 1.21   |
| Share price at the end of the period, EUR                   | 0.54   | 0.81   |
| Market capitalisation at the end of the period, EUR million | 31.2   | 47.3   |
| Number of shares at the end of the period, 1,000            | 58,079 | 58,079 |
| Average number of shares, undiluted, 1,000                  | 58,079 | 58,079 |
| Average number of shares, diluted, 1,000                    | 58,079 | 58,079 |



## FINANCIAL PERFORMANCE

### KH Group

#### Pro forma key figures

The accounting principles applied in preparing the pro forma figures and the reconciliation of pro forma figures with the reported figures are presented later in the report under "Pro forma financial figures".

| EUR million               | Q4/24      | Q3/24      | Q2/24      | Q1/24       | 1-12/24     | Q4/23      | Q3/23      | Q2/23      | Q1/23      | 1-12/23     |
|---------------------------|------------|------------|------------|-------------|-------------|------------|------------|------------|------------|-------------|
| Net sales                 | 61.7       | 39.7       | 52.2       | 40.4        | 194.0       | 50.5       | 40.5       | 49.2       | 50.4       | 190.6       |
| <b>EBITDA</b>             | <b>6.8</b> | <b>4.7</b> | <b>5.6</b> | <b>3.2</b>  | <b>20.3</b> | <b>6.6</b> | <b>4.7</b> | <b>4.8</b> | <b>4.2</b> | <b>20.3</b> |
| EBITDA %                  | 11.0%      | 11.9%      | 10.8%      | 7.8%        | 10.5%       | 13.1%      | 11.5%      | 9.7%       | 8.4%       | 10.7%       |
| <b>EBIT</b>               | <b>3.4</b> | <b>1.4</b> | <b>2.4</b> | <b>-0.1</b> | <b>7.2</b>  | <b>3.5</b> | <b>1.5</b> | <b>1.8</b> | <b>1.3</b> | <b>8.1</b>  |
| Operating profit (EBIT) % | 5.5%       | 3.6%       | 4.6%       | -0.2%       | 3.7%        | 6.9%       | 3.7%       | 3.6%       | 2.6%       | 4.2%        |

KH Group's net sales increased by 2% to 194.0 (190.6) million. Net sales increased in Nordic Rescue Group but decreased slightly in KH-Koneet. Operating profit declined significantly in KH-Koneet, while Nordic Rescue

Group managed to increase its profitability both in euros and relatively. The parent company's share of the operating profit for the review period was EUR -1.9 (-2.9) million. The factors contributing to the parent company's

decreased operating expenses included high project expenses associated with the change in strategy and savings in other fixed expenses.

## SEGMENTS

### KH-Koneet

#### Pro forma key figures

The accounting principles applied in preparing the pro forma figures and the reconciliation of pro forma figures with the reported figures are presented later in the report under "Pro forma financial figures".

| EUR million               | Q4/24      | Q3/24      | Q2/24      | Q1/24       | 1-12/24     | Q4/23      | Q3/23      | Q2/23      | Q1/23      | 1-12/23     |
|---------------------------|------------|------------|------------|-------------|-------------|------------|------------|------------|------------|-------------|
| Net sales                 | 45.8       | 33.6       | 41.1       | 29.2        | 149.8       | 39.1       | 32.3       | 40.4       | 40.5       | 152.3       |
| <b>EBITDA</b>             | <b>5.9</b> | <b>5.0</b> | <b>5.1</b> | <b>2.7</b>  | <b>18.8</b> | <b>6.1</b> | <b>5.0</b> | <b>4.8</b> | <b>4.5</b> | <b>20.5</b> |
| EBITDA %                  | 12.9%      | 15.0%      | 12.3%      | 9.2%        | 12.5%       | 15.6%      | 15.5%      | 12.0%      | 11.2%      | 13.4%       |
| <b>EBIT</b>               | <b>2.8</b> | <b>1.9</b> | <b>2.0</b> | <b>-0.4</b> | <b>6.3</b>  | <b>3.2</b> | <b>2.0</b> | <b>2.0</b> | <b>1.8</b> | <b>9.0</b>  |
| Operating profit (EBIT) % | 6.0%       | 5.7%       | 4.8%       | -1.4%       | 4.2%        | 8.1%       | 6.3%       | 5.0%       | 4.5%       | 5.9%        |



KH-Koneet is one of the leading construction and earth-moving machinery suppliers in the Nordic countries. The company sells and rents out machinery and equipment and provides services for needs related to earthworks, property maintenance and material handling. The brands it represents include Kobelco, Kramer, Wacker Neuson, Yanmar, Ljungby Maskin and Pronar.

The downturn that started in 2023 in the market for earth-moving and property maintenance machinery continued in 2024 in Finland and Sweden. The market for core product segments declined by approximately 15% and 10% in Finland and Sweden, respectively. The net sales of KH-Koneet declined approximately 2% in the declining market. Despite weak market environment,

KH-Koneet performed strongly in 2024 and increased its market share. The highlights of 2024 included the growth in rental and aftermarket sales, and positive development in wheeled excavators and wheel-loaders. Gross margins in 2024 remained at the level of the 2023 comparison period.

During financial year 2024, the fixed costs of KH-Koneet increased markedly. The increase was mainly due to increased marketing efforts and customer events to support sales in a challenging market. Recruitments increased personnel costs both in Finland and Sweden, and personnel increased to 218 (201) by the end of the year. During 2024, KH-Koneet was able to drive down its inventory by EUR 13.9 million and during the same

period its accounts payable declined by EUR 11.4 million. Inventories at the end of the year was EUR 55.8 (69.7) million.

During 2024, KH-Koneet made significant growth investments in line with its strategy. In Finland, rental operations were expanded in Turku and Seinäjoki at the beginning of the year, and the service centre in Jyväskylä was relocated to new, modern premises in August 2024. In Sweden, KH-Koneet opened a new service center in Luleå in Northern Sweden during November 2024 and made significant efforts in the launch of Pronar recycling machinery. The sale of recycling machinery was initiated also in Finland during the year.





## Nordic Rescue Group

### Pro forma key figures

The accounting principles applied in preparing the pro forma figures and the reconciliation of pro forma figures with the reported figures are presented later in the report under "Pro forma financial figures".

| EUR million               | Q4/24      | Q3/24       | Q2/24      | Q1/24      | 1-12/24    | Q4/23      | Q3/23      | Q2/23      | Q1/23      | 1-12/23    |
|---------------------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Net sales                 | 15.9       | 6.1         | 11.1       | 11.1       | 44.2       | 11.4       | 8.2        | 8.8        | 9.9        | 38.3       |
| <b>EBITDA</b>             | <b>1.3</b> | <b>0.1</b>  | <b>1.1</b> | <b>0.9</b> | <b>3.4</b> | <b>1.1</b> | <b>0.4</b> | <b>0.7</b> | <b>0.3</b> | <b>2.5</b> |
| EBITDA %                  | 8.4%       | 0.9%        | 10.3%      | 7.8%       | 7.7%       | 9.5%       | 5.4%       | 8.3%       | 2.8%       | 6.6%       |
| <b>EBIT</b>               | <b>1.2</b> | <b>-0.1</b> | <b>1.0</b> | <b>0.7</b> | <b>2.8</b> | <b>0.9</b> | <b>0.3</b> | <b>0.6</b> | <b>0.1</b> | <b>1.9</b> |
| Operating profit (EBIT) % | 7.4%       | -1.6%       | 8.9%       | 6.3%       | 6.2%       | 8.1%       | 3.6%       | 6.5%       | 1.2%       | 5.0%       |

Nordic Rescue Group is a leading rescue vehicle supplier in the Nordic countries. The company operates in Finland under the name Saurus and in Sweden under the name Sala Brand.

The rescue vehicle business developed mainly positively during 2024. The production capacity for 2024 was fully sold already early in the year, and vehicle deliveries to customers were made according to plan. The availability of chassis and components has been good, which has enabled efficient production. In Finland, the demand for rescue vehicles weakened towards the end of the year due to delays in purchasing decisions by wellbeing services counties. This reduced the visibility of

the order book at the end of the year. In Sweden, demand remained stable throughout the year. As a whole, the order book at the end of the year was lower than in the previous year.

The company's net sales increased by 16% year-on-year to EUR 44.2 (38.3) million. Net sales increased in both Finland and Sweden. Underlying the growth is the higher number of vehicles delivered than in the previous year, and the net sales of maintenance services also increased. Operating profit for 2024 increased to EUR 2.8 (1.9) million and relative profitability improved. In 2024, expenses recognised in the parent company Nordic Rescue Group's operating profit were EUR -0.2 (-0.2)

million. During 2024, NRG's administration was made more efficient and Saurus' CEO also took over the duties of NRG's CEO. The role of financial administration was also strengthened accordingly.

During the third quarter, KH Group and other NRG shareholders made an additional investment of EUR 1.0 million in total in the company in accordance with the financing agreement concluded in spring 2023. KH Group's share of the additional investment was EUR 0.5 million. In December, NRG received EUR 0.8 million from the Vema Lift bankruptcy estate, and an estimated EUR 0.2 million is expected in the first half of 2025.



## DISCONTINUED OPERATIONS

### Indoor Group

#### Pro forma key figures

The accounting principles applied in preparing the pro forma figures and the reconciliation of pro forma figures with the reported figures are presented later in the report under "Pro forma financial figures".

| EUR million               | Q4/24       | Q3/24      | Q2/24       | Q1/24       | 1-12/24     | Q4/23      | Q3/23      | Q2/23       | Q1/23       | 1-12/23     |
|---------------------------|-------------|------------|-------------|-------------|-------------|------------|------------|-------------|-------------|-------------|
| Net sales                 | 40.7        | 46.0       | 37.1        | 37.8        | 161.6       | 48.1       | 50.6       | 44.0        | 43.6        | 186.3       |
| <b>EBITDA</b>             | <b>4.5</b>  | <b>6.6</b> | <b>2.1</b>  | <b>5.0</b>  | <b>18.2</b> | <b>6.0</b> | <b>7.8</b> | <b>3.5</b>  | <b>4.4</b>  | <b>21.8</b> |
| EBITDA %                  | 11.0%       | 14.4%      | 5.6%        | 13.4%       | 11.3%       | 12.5%      | 15.4%      | 8.0%        | 10.1%       | 11.7%       |
| <b>EBIT</b>               | <b>-0.4</b> | <b>1.8</b> | <b>-2.6</b> | <b>-0.3</b> | <b>-1.6</b> | <b>0.6</b> | <b>2.6</b> | <b>-1.5</b> | <b>-0.6</b> | <b>1.0</b>  |
| Operating profit (EBIT) % | -1.0%       | 3.8%       | -7.1%       | -0.9%       | -1.0%       | 1.2%       | 5.1%       | -3.5%       | -1.4%       | 0.6%        |

Indoor Group's Asko and Sotka chains are among Finland's best-known home furniture and interior decoration retailers. In addition to the retail chains, the Group includes the furniture factory Insofa. Asko and Sotka have approximately 80 physical stores as well as online stores in Finland. Operations in Estonia were discontinued at the beginning of 2024.

Weak demand and fierce price competition in furniture retail continued in 2024. The rise in interest rates, inflation and more cautious consumer behaviour reflected negatively in Indoor Group's demand. In response to the weakened market conditions, Indoor Group took several measures during the year to improve operational efficiency, cut costs and improve margins.

In 2024, the company's net sales decreased by 13% year-on-year to EUR 161.6 (186.3) million. The challenging demand situation was reflected in both Asko and Sotka chains' customer flows and sales. Online sales increased in 2024. Due to the decrease in net sales, the company's operating profit decreased clearly to EUR -1.6 (1.0) million. During the first quarter, the company closed down its

Estonian operations and sold its property in Tallinn, generating a capital gain of EUR 3.7 million. Excluding the capital gain from the real estate sale transaction, the Estonian operations showed a loss. The production use of the ERP system began in Finland in the Sotka chain in March 2024 and in the Asko chain in May 2024. Expenses of EUR 1.5 (2.4) million for the implementation of the ERP system were recognised in the financial period.

On 15 August 2024, KH Group announced the launch of an extensive operating model reform programme aimed at improving the group company Indoor Group's profitability. In order to implement the planned changes aimed at improving the efficiency of the operating model, Indoor Group commenced change negotiations in accordance with the Act on Co-operation within Undertakings on 21 October 2024, covering 635 employees. The change negotiations were concluded in December and the outcome of the change negotiations was that 162 employment relationships will be terminated in Indoor Group.

The reform of the operating model, which was launched in the autumn, was expanded nationwide during the last quarter of the year. The change focuses on the nationwide consolidation of the operations of Asko and Sotka stores that are located adjacent to each other. Taking comprehensive advantage of the two strong Finnish brands, shared business premises, an efficient sales organisation and the new ERP system will enable a better customer experience and a broader product range, while improving the company's competitiveness in a very challenging market situation. The reform is estimated to improve Indoor Group's annual operating profit by at least EUR 10 million by the end of 2026.

On 13 March 2025, KH Group announced that it had started the divestment process of its Indoor Group holding. In this financial statements release, Indoor Group is reported in accordance with the "IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations" standard.



## HTJ

In June 2024, KH Group Plc, together with the other shareholders of the developer consultancy company HTJ Holding Oy (HTJ), agreed on the sale of the company's shares to XPartners Finland Holding Oy, which is part of the XPartners Group. The transaction was completed in July 2024. For more information, see the note on discontinued operations.

### Financial position and cash flow

KH Group's balance sheet total on 31 December 2024 was EUR 271,7 (347.7) million. The equity ratio was 18.7% (23.2%) and gearing was 283.4% (195.4%). Gearing excluding lease liabilities was 177.3% (116.7%). Indoor Group related assets and liabilities classified as held for sale were EUR 110.0 million each and are included in the Consolidated balance sheet.

At the end of the review period, the parent company had an unused credit facility of EUR 2.45 million, and it had no loans from financial institutions. The Group's cash and cash equivalents totalled EUR 9.8 million at the end of the review period.

KH-Koneet and NRG met the financial covenants of their financing agreements in December 2024.

Due to breach of covenants on 30 September 2024, there is uncertainty in Indoor Group's financing and all its loans from financing provider, totalling EUR 27,5 million, have been presented as short-term liabilities. Indoor Group signed an agreement with the financing provider, according to which the financing provider will not demand the repayment of loans despite the breach of covenants provided that certain conditions are met. The agreement expires on 31 May 2025. According to the agreement, KH Group granted Indoor Group a shareholder loan of EUR 1.0 million in January 2025. The financing provider has the right to demand repayment of the loans at contract expiry, which might impact Indoor Group's ability to continue as a going concern. Indoor Group's financing situation does not have immediate impacts on KH Group's continuing operations as group companies have ringfenced financing.

In the review period, net cash flow from operating activities amounted to EUR 4.2 (1.1) million, net cash flow from investing activities to EUR -3.5 (3.4) million and

net cash flow from financing activities to EUR -6.1 (-17.8) million. Due to the change in the reporting structure, the figures are not comparable. Cash flow from discontinued operations totalled EUR 4.1 (22.2) million. During the review period, the net cash flow generated by the Group was EUR -1.3 million.

### Shares, shareholders and share price development

KH Group's share capital at the end of the financial year was EUR 15,178,567.50 and the number of shares was 58,078,895. All shares carry equal rights to dividends. The company did not own any treasury shares during the financial period.

KH Group Plc's shares are listed on Nasdaq Helsinki Ltd. with the trading code KHG. The shares are included in Euroclear Finland Ltd's book-entry system. The shares have been listed since 24 May 2000.

The closing price of KH Group's share at the end of 2023 was EUR 0.81. During 2024, the highest share price was EUR 0.89, the lowest was EUR 0.52 and the trade-weighted average price was EUR 0.63. At the end

## Personnel

| Personnel, average                            | 31 December 2024 | 31 December 2023 |
|---|------------------|------------------|
| KH-Koneet                                     | 206              | 201              |
| Nordic Rescue Group                           | 115              | 111              |
| Parent company                                | 4                | 6                |
| <b>Continuing operations total</b>            | <b>325</b>       | <b>318</b>       |
| Discontinued operations Indoor <sup>(1)</sup> | 544              | 702              |
| Discontinued operations HTJ                   | -                | 217              |
| <b>Group, total</b>                           | <b>869</b>       | <b>1,237</b>     |

(1) For Indoor Group, the FTE figure is used due to the large number of part-time employees.



of 2024, the closing price was EUR 0.54, and the market capitalisation was EUR 31.2 (47.3) million. The number of KH Group shares traded on Nasdaq Helsinki during 2024 was 17.3 (14.3) million, corresponding to 29.9% (24.7%) of outstanding shares.

On 31 December 2024, KH Group had a total of 9,657 (11,857) shareholders. The ten largest registered shareholders owned 47.0% (43.0%) of the shares in total. Nominee-registered shares accounted for 2.7% (3.6%) of the shares. During the review period, KH Group received one flagging notification. On 21 August 2024, Mikko Laakkonen announced that his direct holding had crossed the threshold of ten per cent and that his direct and indirect holdings totalled 15.0%.

### Share-based incentive schemes

On 31 May 2024, the Board of Directors of KH Group Plc decided to establish a performance-based matching share scheme for key employees of KH Group Plc and KH-Koneet Group. The purpose of the new system is to align the goals of shareholders and key personnel in order to increase the company's value in the long term. The purpose of the scheme is to encourage key persons to invest personally in the company's shares, guide them in achieving the company's strategic objectives, engage them in the company and offer them a competitive incentive scheme based on the acquisition, earning and accrual of KH Group shares.

The 2024–2028 performance-based matching share scheme has three (3) performance periods covering the financial periods 2024–2026, 2025–2027 and 2026–2028. The Board of Directors decides annually on the start and details of the performance period. The incentive scheme was not implemented in 2024, and as a result, the performance period for the financial periods 2024–2026 is not effective.

It is possible to earn a matching share bonus and a performance-based matching share bonus under the

scheme. The matching share bonus is determined on the basis of the fulfilment of the shareholding obligation and a valid employment or director's contract. The performance-based matching share bonus is also determined on the basis of the achievement of the targets set for the performance period. Any scheme bonuses will be paid after the end of each performance period.

The earning criteria for KH-Koneet Oy's key personnel for the performance period 2024–2026 are KH-Koneet Group's EBIT (weighting 70%) in 2026 and KH-Koneet Group's return on invested capital (ROIC) (weighting 30%) in 2026. The earning criterion for KH Group Plc's key personnel is based on KH Group's shareholder value development (TSR) until the end of 2026. The achievement of the targets set for the performance criteria determines the final share-based bonus of the maximum bonus to be paid to the participants. Participation in the scheme and receipt of the bonus are conditional upon the participant having acquired the number of shares in KH Group as announced by the Board of Directors. In addition, the payment of the bonus is based on the participant's current employment or service relationship at the time of payment of the bonus.

The target group of the scheme consists of approximately 20 people, including the CEO and other members of the management teams of KH Group and KH-Koneet Group. The bonuses paid on the basis of the scheme are estimated to correspond to a maximum of 2,046,000 KH Group shares in total, including the share paid in cash. The final number of shares depends on the number of shares acquired by the participants and the achievement of the targets set for the performance criteria.

The bonus will be paid partly in shares and partly in cash by the end of May 2027. The purpose of the cash part is to cover taxes and social security contributions incurred by the participant from the bonus. If the

participant's employment or service relationship ends before the bonus is paid, the bonus is generally not paid.

Members of the KH Group and KH-Koneet Group management teams must own 50 per cent of the shares received in the performance-based matching share plan as net remuneration until the value of the shareholding of the member of the management team in KH Group corresponds to a total of 50 per cent of their annual base salary for the previous year. Correspondingly, the CEO must own 50 per cent of the shares received as net remuneration in the performance-based matching share plan until the CEO's shareholding in KH Group corresponds to 100 per cent of his annual base salary for the previous year. This number of KH Group shares must be held for as long as the membership of the Management Team or the position as CEO continues.

### The General Meetings and the Board of Directors' authorisations

The Annual General Meeting of KH Group Plc was held on 7 May 2024 at KH Group's head office at Kuninkaalantie 19, 01300 Vantaa, Finland. The Annual General Meeting supported all the proposals contained in the Notice of the Annual General Meeting. The General Meeting adopted the financial statements for the financial period 2023, discharged the members of the Board of Directors and the persons who had served as CEO from liability for the financial period 2023, and adopted, through an advisory resolution, the company's Governing Bodies' Remuneration Report for the year 2023. The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that no dividend be distributed for the financial year that ended on 31 December 2023.

The Annual General Meeting resolved to keep the fees paid to the Board of Directors unchanged, with the Chairman of the Board of Directors paid remuneration of EUR 3,550 per month and each member of the Board of



Directors EUR 2,300 per month. The travel expenses of the members of the Board of Directors are compensated in accordance with the company's Travel Policy. Earnings-related pension insurance contributions are paid voluntarily for the paid remuneration.

The General Meeting confirmed the number of members of the Board of Directors at five (5). Juha Karttunen, Kati Kivimäki, Timo Mänty, Taru Narvanmaa and Jon Unnérus were elected to the Board of Directors until the end of the Annual General Meeting of 2025. In its constitutive meeting held after the Annual General Meeting, the Board of Directors elected Juha Karttunen as its Chairman. According to the assessment of the Board of Directors, all Board members are independent of the company and its significant shareholders.

The General Meeting elected Ernst & Young Oy, Authorised Public Accountant firm, as the company's auditor. Ernst & Young Oy has notified that Timo Eerola, APA, will act as the principal auditor for the company. The Annual General Meeting resolved that the company's auditor will also be confirmed as the company's sustainability reporting verifier to validate the sustainability report for the 2024 financial period.

The Annual General Meeting decided that the auditor's fee be paid in accordance with the auditor's reasonable invoice approved by the company and that the same apply to the auditor's fee related to the validation of the company's sustainability report.

As proposed by the Board of Directors, the General Meeting authorised the Board of Directors to decide on the issuance of shares and/or the granting of special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act, in one or several instalments. The total number of shares to be issued under the authorisation may be at the most 11,400,000 shares, and the authorisation concerns both the issuance of new shares as well as the conveyance of shares held by the company. The authorisation may be

used to finance or carry out possible acquisitions or other arrangements or investments related to the company's business, to implement the company's incentive scheme, or for other purposes decided by the Board of Directors. The Board of Directors decides on all terms and conditions of a share issue and the issuance of special rights referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act, and the authorisation therefore includes the right of the Board of Directors to deviate from the shareholders' pre-emptive subscription right (directed issue), the right to issue shares against consideration or without payment, and the right to decide on a free issuance of shares to the company itself. The authorisation is effective until 30 June 2025, and it cancels the corresponding authorisation given to the Board of Directors by the Annual General Meeting on 4 May 2023.

As proposed by the Board of Directors, the General Meeting authorised the Board of Directors to decide to repurchase a maximum of 5,700,000 shares in the company in one or several instalments by using funds in the company's unrestricted equity, however, taking into account the provisions of the Finnish Limited Liability Companies Act concerning the maximum number of own shares held by the company. The company's own shares may be repurchased to be used as consideration in possible acquisitions or in other arrangements related to the company's business, to finance investments, as a part of the company's incentive scheme, to develop the company's capital structure as well as to be conveyed for other purposes, to be held by the company or to be cancelled. The authorisation also includes the right to pledge the company's own shares. The company's own shares may be repurchased in public trading organised by Nasdaq Helsinki Ltd otherwise than in proportion to the shareholdings of the shareholders, at the market price at the time of repurchase. The shares will be repurchased and paid in accordance with the rules of Nasdaq Helsinki

Ltd and Euroclear Finland Oy. The Board of Directors decides in all other respects on the terms and conditions of the repurchase of own shares. The authorisation is effective until 30 June 2025, and it cancels the corresponding authorisation given to the Board of Directors by the Annual General Meeting on 4 May 2023. The minutes of the Annual General Meeting are available on the company's website.

### **The most significant near-term business risks and risk management**

The goal of KH Group's risk management is the comprehensive and proactive management of risks. The company aims to detect and identify factors that may have a negative impact on the achievement of the company's goals in a long or short term and to take necessary measures to manage these factors. Risk management at the Group's business level plays a key role in risk management, as risk management is mainly organised as part of business operations. KH Group's management promotes and monitors the risk management of the businesses through active group-level steering and participation in the board work of the group companies.

The company's Board of Directors confirms the company's strategy and action plan, which defines goals related to the development of the business areas and future exits, among other things. The Board of Directors makes decisions on business area exits and oversees the implementation of operations. Due to the nature of the company's operations and the change in strategy, a significant proportion of KH Group's material risks are related to the company's business areas, their activities, and exits.

The company risk of the business areas of, among other things, risks associated with market and competitive situations, strategic risks, operational risks and financial risks, with the material risks including, for instance,



liquidity and interest rate risks. At the end of the financial year, KH Group had four business areas, all of which are of significant size. It cannot be guaranteed that the business areas or sectors that are within the scope of KH Group's structure will develop as expected in the future. The financial results of the business areas have a direct effect on KH Group's result. Changes in the operations of a single business area may have a material negative impact on KH Group's business operations, financial position, results or future outlook. Pandemics and inflation, which has accelerated in recent times, may also have significant direct and indirect impacts on the development of the business areas and, consequently, on KH Group.

KH Group's most significant strategic risks are related to exiting the business areas and the timing of those exits, which may have a material impact on the execution of the ongoing change in strategy. The company's structure makes the flexible timing of exits possible but, to optimise return on equity, the company aims to time exits to coincide with circumstances in which KH Group considers the value creation that was planned for the business area in advance to have realised and the market situation to be favourable for the exit. As the operating environments of the business areas and the M&A market vary, it cannot be guaranteed that conditions favourable for an exit and a favourable M&A market situation coincide. The company seeks to manage this risk through proactive exit planning that models different options.

KH Group's operational risks include, for instance, dependence on the parent company's and business areas' key personnel's competence and input. The company's key personnel play a central role in the establishment, implementation and management of the company's strategy. Measures with which the company tries to protect itself from the key personnel risk include incentive schemes, among other things.

Liquidity risk is the most significant financial risk that KH Group is exposed to. The management of liquidity risk ensures that the company has sufficient funds to make any payments falling due and for potential additional capitalisation of the business areas in line with the company's value creation strategy.

The war in Ukraine and the resulting sanctions are not expected to have significant direct impacts on KH Group under the current circumstances. However, the prolongation or expansion of the war may have potentially significant indirect negative impacts on KH Group through unfavourable developments in financial and capital markets, a decline in the overall economic outlook or a deterioration in the operating conditions of KH Group's business areas, for instance. KH Group has no business operations in Ukraine, Russia or Belarus.

### Financial objectives and future outlook

KH Group's objective is to become an industrial group built around the KH-Koneet business and to divest other business areas in line with previous strategy. At the same time, active developments will continue regarding other business areas. Exit planning and the assessment of exit opportunities for the other business areas will also continue.

During the next few years, the aim is to invest in the growth of the core business and pay dividends after significant exits within the limits established by the balance sheet structure and financing agreements.

The guidance with the current Group structure of continuing operations for 2025 is as follows: the company estimates that both the net sales (EUR 194.0 million) and the comparable operating profit (EUR 7.2 million) will remain approximately at the same level year-on-year.

### The Board of Directors' proposal for the distribution of profit and the Annual General Meeting 2024

The Annual General Meeting decided in accordance with the Board of Directors' proposal that no dividend was paid for the financial period that ended on 31 December 2023.

The parent company's distributable funds on 31 December 2024 were EUR 20 815 580.54. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the past financial period. The profit distribution proposal of the Board of Directors takes into account the company's liquidity situation at the time of making the profit distribution proposal, expected cash flows during the new year and the investments required by the change in strategy.

KH Group Plc's Annual General Meeting is scheduled for 6 May 2025. A notice of the Annual General Meeting will be published later as a stock exchange release.

### Events after the review period

In March 2025, KH Group acquired the remaining KH-Koneet Group Oy minority shares in accordance with the shareholder agreement. As a result, KH-Koneet is a fully owned subsidiary of KH Group Plc. The share purchase price was EUR 2.0 million.

On 30 September 2024, Indoor Group did not fulfil the covenants of its financing agreement, after which the company has negotiated with the financing provider on updating the financing agreement. In December 2024, Indoor Group signed an agreement with the financing provider, according to which the financing provider will not demand the repayment of loans despite the breach of covenants provided that certain conditions are met. According to the agreement, KH Group granted Indoor Group a shareholder loan of EUR 1.0 million in January 2025. After the end of the financial period,



the agreement with the financing provider has been extended in steps until 31 May 2025, and the parties have negotiated on the financing agreement terms for the duration of the sale process.

On 13 March 2025 KH Group announced to have initiated a sale process regarding its shareholding in Indoor Group Holding Oy, of which the Company owns 58.3 per cent. KH Group has engaged a financial advisor to explore various options for its Indoor Group shareholding. No final decision has been made on the sale of Indoor Group holdings and there is no certainty as to the timing, terms or completion of any such transaction. KH Group aims to complete the process during 2025. The Company will communicate the matter in accordance with the applicable rules on the basis of its possible progress.

### Corporate Governance Statement

KH Group's Corporate Governance Statement will be published in week 13 as a report that is separate from the Board of Directors' report and, after that, it will also be available on the company's website at [www.khgroup.com](http://www.khgroup.com) on 28 March 2025 at the latest.

### Alternative Performance Measures

KH Group adheres to the guidelines issued by the European Securities and Markets Authority (ESMA)

concerning Alternative Performance Measures (APM) when reporting certain other widely used performance measures in addition to IFRS performance measures. The accounting principles for these alternative performance measures are not defined in the IFRS standards. Consequently, they may not be fully comparable with the alternative performance measures presented by other companies.

KH Group believes that presenting alternative performance measures provides the users of the financial statements with better insight into the Group's financial performance, profitability and financial position. Comparable EBITDA and comparable operating profit (EBIT) are used to follow the profitability of the business in order to improve comparability between periods. Other alternative performance measures used by the company include return on equity (%), return on capital employed (%), gearing (%) (including lease liabilities and excluding lease liabilities) and equity ratio (%) and equity per share. All of the alternative performance measures and their comparison figures are calculated consistently between reporting periods unless otherwise mentioned.

### Items affecting comparability

In its financial statements, the Group presents items that affect the comparability of EBITDA and operating profit

(EBIT) in different reporting periods. From the Group's perspective, items affecting comparability must be exceptional and outside the course of ordinary business. The consolidation of subsidiaries resulting from the change in investment entity status had the following impact on the Group's result for the financial period through the introduction of the acquisition method of accounting:

- When the acquisition method was introduced, the Group's inventories were measured at fair value rather than cost, resulting in a higher than ordinary inventory level measured in euros. As a result of this method, the Group's material and service costs do not correspond to the ordinary level for the fiscal year 2023.
- In connection with the introduction of the acquisition method of accounting, trademarks and customer relationships were recorded in the Group's balance sheet. Depreciation of these assets leads to the Group's depreciation level being non-ordinary during their depreciation period.

KH Group considers that adjusting these items will give users of the financial statements a better picture of the Group's profitability and financial performance.

**RECONCILIATION OF KEY INDICATORS**

| EUR million   | 1–12/2024     | 1–12/2023<br>(Adjusted) |
|---|---------------|-------------------------|
| <b>Operating profit</b>   | <b>5.8</b>    | <b>-6.7</b>             |
| Depreciation, amortisation and impairment   | -14.5         | -9.3                    |
| <b>EBITDA</b>   | <b>20.3</b>   | <b>2.6</b>              |
| Items affecting comparability (EBITDA)  |               |                         |
| Adjustment of the fair value of inventories   | -             | -9.0                    |
| <b>Comparable EBITDA</b>  | <b>20.3</b>   | <b>11.6</b>             |
| Depreciation, amortisation and impairment   | -14.5         | -9.3                    |
| Items affecting comparability (EBIT)  |               |                         |
| Depreciation of intangible assets arising from acquisitions                                       | -1.4          | -0.9                    |
| <b>Comparable operating profit (EBIT)</b>   | <b>7.2</b>    | <b>3.2</b>              |
| Profit before taxes, rolling 12 months  | -33.6         | -23.4                   |
| Financial expenses, rolling 12 months   | -8.8          | -10.2                   |
| Equity at the beginning of the period   | 79.3          | 85.1                    |
| Interest-bearing liabilities, including IFRS 16 lease liabilities, at the beginning of the period | 166.0         | 10.0                    |
| Equity at the end of the period   | 49.1          | 79.3                    |
| Interest-bearing liabilities, including IFRS 16 lease liabilities, at the end of the period       | 148.8         | 166.0                   |
| <b>Return on capital employed (ROCE), %</b>   | <b>-11.2%</b> | <b>-7.8%</b>            |
| Net profit for the period, rolling 12 months  | -29.9         | -14.4                   |
| Equity at the beginning of the period   | 79.3          | 85.1                    |
| Equity at the end of the period   | 49.1          | 79.3                    |
| <b>Return on equity (ROE), %</b>  | <b>-46.6%</b> | <b>-17.5%</b>           |
| Total equity  | 49.1          | 79.3                    |
| Balance sheet total   | 271.7         | 347.7                   |
| Advances received   | -9.1          | -5.8                    |
| <b>Equity ratio, %</b>  | <b>18.7%</b>  | <b>23.2%</b>            |
| Interest-bearing liabilities, including lease liabilities   | 148.8         | 166.0                   |
| Cash and cash equivalents   | -9.8          | -11.1                   |
| <b>Interest-bearing net liabilities</b>   | <b>139.1</b>  | <b>154.9</b>            |
| IFRS16 Lease liabilities  | -52.1         | -62.4                   |
| <b>Interest-bearing net liabilities, excluding IFRS 16 lease liabilities</b>                      | <b>87.0</b>   | <b>92.5</b>             |
| Total equity  | 49.1          | 79.3                    |
| <b>Gearing, %</b>   | <b>283.4%</b> | <b>195.4%</b>           |
| <b>Gearing, excluding IFRS16 lease liabilities, %</b>   | <b>177.3%</b> | <b>116.7%</b>           |





## CALCULATION OF KEY INDICATORS

| Alternative Performance Measure           | Calculation formula   | Purpose   |
|---|---|---|
| <b>Comparable EBITDA</b>                  | Comparable operating profit (EBIT) + Depreciation, amortisation and impairment  | Adjusted EBITDA is considered to provide a comparable view of the operating result as compared to previous periods.   |
| <b>EBITDA</b>                             | EBIT + Depreciation, amortisation and impairment  | EBITDA is considered to provide an operative view of the business results.  |
| <b>Comparable operating profit (EBIT)</b> | Operating profit - Items affecting comparability  | Comparable operating profit EBIT is considered to provide a comparable view of the operating result as compared to previous periods.  |
| <b>Equity ratio, %</b>                    | Total equity / (Balance sheet total - advances received) x 100  | The equity ratio provides information on the debt financing used by the Group to finance its assets.  |
| <b>Interest-bearing liabilities</b>       | Loans from financial institutions + Lease liabilities + Other interest-bearing financial liabilities                                      | The component is used in the calculation of gearing.  |
| <b>Interest-bearing net liabilities</b>   | Interest-bearing liabilities - Cash and cash equivalents  | Interest-bearing net liabilities illustrate the total amount of the Group's external debt financing.  |
| <b>Gearing, %</b>                         | Interest-bearing net liabilities / Total equity x 100   | Gearing indicates the ratio of interest-bearing net debt to equity. It illustrates the company's capital structure.   |
| <b>Return on equity, %</b>                | Net profit for the period (rolling 12 months) / Total equity (average) x 100  | The return on equity (ROE) percentage indicates how much return the company is able to generate on the equity invested in it by its owners.                                       |
| <b>Return on capital employed, %</b>      | (Profit before taxes + financial expenses) (rolling 12 months) / (Balance sheet total - non-interest-bearing liabilities) (average) x 100 | The return on capital employed (ROCE) percentage indicates how much return the company is able to generate before taxes with the invested equity and financial liabilities in it. |
| <b>Equity per share</b>                   | Total equity / Number of shares at the end of the period  | Equity per share indicates the amount of equity per share.  |

### Pro forma financial figures

The following unaudited pro forma financial figures have been prepared for illustrative purposes only. The pro forma figures aim to illustrate the comparable result of the segments and the Group if the change in investment entity status had taken place on 1 January 2023, and the companies that were part of continuing operations in the group structure on 31 December 2024 had been consolidated into the income statement line item by line item for the period 1 January–31 December 2023. The unaudited pro forma figures are based on the subsidiaries' audited financial statements for the financial years 2023 and 2024.

The presented pro forma figures include comparable net sales, EBITDA, operating profit and profit before taxes for the consolidated group and segments. The consolidated figures include the subsidiaries' transactions as if the consolidation had commenced on 1 January 2023. Intra-group transactions have been eliminated. Pro forma information presents continuing operations, which include the business areas KH-Koneet, Nordic Rescue Group and the parent company's unallocated items. The pro forma information does not include Indoor Group, classified as a discontinued operation, HTJ's business sold in 2024 or the Logistikas business sold in 2023.

The historical financial figures of KH Group Plc

were previously drawn up in compliance with the IFRS standards. The historical financial figures of KH-Koneet and Nordic Rescue Group were drawn up in compliance with the Finnish Accounting Standards ("FAS"). In the pro forma figures, the FAS accounting figures for the subsidiaries have been adjusted to be in line with IFRS principles, the parent company's fair value entries have been reversed, and the effect of discontinued operations has been adjusted for as follows:

- Indoor Group, classified as a discontinued operation, the HTJ business sold in 2024 and the Logistikas business sold in 2023 have been eliminated from net sales.



- EBITDA has been adjusted to eliminate the discontinued operations, fair value changes of the parent company's investments in subsidiaries, and lease expenses recognised in FAS accounting, which are not recognised in EBITDA in accordance with IFRS 16.
- Operating profit has been adjusted to eliminate discontinued operations, the parent company's fair value entries, and FAS lease expenses. Depreciation of leases in accordance with IFRS 16 has been added to operating profit.
- Profit before taxes has been adjusted to eliminate discontinued operations, the parent company's fair value entries, and FAS lease expenses. IFRS 16 depreciation and interest expenses according to IFRS 16 have been added to profit before taxes.

## PRO FORMA INCOME STATEMENTS

| EUR million         | Pro forma<br>1–12/2024 | Pro forma<br>1–12/2023 |
|---------------------|------------------------|------------------------|
| <b>Net sales</b>    |                        |                        |
| KH-Koneet           | 149.8                  | 152.3                  |
| Nordic Rescue Group | 44.2                   | 38.3                   |
| Non-allocated       | -                      | -                      |
| <b>Group</b>        | <b>194.0</b>           | <b>190.6</b>           |
| <b>EBITDA</b>       |                        |                        |
| KH-Koneet           | 18.8                   | 20.5                   |
| Nordic Rescue Group | 3.4                    | 2.5                    |
| Non-allocated       | -1.9                   | -2.7                   |
| <b>Group</b>        | <b>20.3</b>            | <b>20.3</b>            |
| <b>EBITDA %</b>     |                        |                        |
| KH-Koneet           | 12.5%                  | 13.4%                  |
| Nordic Rescue Group | 7.7%                   | 6.6%                   |
| Non-allocated       | -                      | -                      |
| <b>Group</b>        | <b>10.5%</b>           | <b>10.7%</b>           |
| <b>Depreciation</b> |                        |                        |
| KH-Koneet           | -12.4                  | -11.5                  |
| Nordic Rescue Group | -0.6                   | -0.6                   |
| Non-allocated       | 0.0                    | -0.1                   |
| <b>Group</b>        | <b>-13.1</b>           | <b>-12.2</b>           |



## PRO FORMA INCOME STATEMENTS

| EUR million                      | Pro forma<br>1-12/2024 | Pro forma<br>1-12/2023 |
|----------------------------------|------------------------|------------------------|
| <b>Operating profit (EBIT)</b>   |                        |                        |
| KH-Koneet                        | 6.3                    | 9.0                    |
| Nordic Rescue Group              | 2.8                    | 1.9                    |
| Non-allocated                    | -1.9                   | -2.9                   |
| <b>Group</b>                     | <b>7.2</b>             | <b>8.1</b>             |
| <b>Operating profit (EBIT) %</b> |                        |                        |
| KH-Koneet                        | 4.2%                   | 5.9%                   |
| Nordic Rescue Group              | 6.2%                   | 5.0%                   |
| Non-allocated                    | -                      | -                      |
| <b>Group</b>                     | <b>3.7%</b>            | <b>4.2%</b>            |
| <b>Financial items, net</b>      |                        |                        |
| KH-Koneet                        | -4.4                   | -3.7                   |
| Nordic Rescue Group              | -1.2                   | -1.3                   |
| Non-allocated                    | 1.5                    | -2.4                   |
| <b>Group</b>                     | <b>-4.1</b>            | <b>-7.4</b>            |
| <b>Profit before taxes</b>       |                        |                        |
| KH-Koneet                        | 1.9                    | 5.3                    |
| Nordic Rescue Group              | 1.6                    | 0.6                    |
| Non-allocated                    | -0.4                   | -5.3                   |
| <b>Group</b>                     | <b>3.1</b>             | <b>0.6</b>             |



# Sustainability Report

## 1. 1. GENERAL DISCLOSURES

### 1.1. Basis for preparation of the Sustainability Report (BP-1)

KH Group Plc has prepared the Sustainability Report at Group level. The Sustainability Report has been prepared according to the same consolidation principle as the corresponding financial reports. The Group's sustainability report includes all of the Group's subsidiaries, including KH-Koneet Group Oy, Indoor Group Holding Oy and Nordic Rescue Group Oy. None of the Group's subsidiaries prepare consolidated financial statements or their own sustainability report. At the beginning of the financial year 2024, KH Group also included HTJ Holding Oy ("HTJ"), which, through its subsidiary Rakennuttajatoimisto HTJ Oy provides expert services in construction, supervision and property development. HTJ's shares were divested on 11 July 2024, which removed the risks associated with this business from the Group. As a result of the completed sale, HTJ is not expected to pose any material impacts, risks or opportunities to the Group, and it has not been included in the sustainability report.

The Group's value chain has been assessed through a double materiality analysis in preparing the Sustainability Report. The report includes the material impacts, risks and opportunities identified in the double materiality analysis throughout the value chain. In addition, the reporting takes into account individual ESRS requirements related to the reporting of the value chain. Information concerning the value chain has been

reported to the extent that it has been determined to be material. In addition to KH Group, reporting also covers the Group's direct business partners (direct customers and suppliers).

The Group has not used the option of not disclosing information based on intangible assets or confidential information. The Group has not omitted any sections due to ongoing negotiations, ongoing situations or other exceptional circumstances.

### 1.2. Particular characteristics of the report (BP-2)

KH Group uses a time horizon in accordance with ESRS 1 6.4 in its sustainability reporting.

For some of the metrics reported in connection with sustainability reporting, KH Group uses indirect data sources, especially in connection with value chain reporting. These metrics, the justifications for the use of data sources, the estimated accuracy of the metrics and possible measures to improve the measurement accuracy in the future are described for each metric at the end of the relevant section.

Some of the sustainability reporting metrics include significant measurement uncertainty. The metrics affected by the uncertainty, the sources of the uncertainty and the assumptions and estimates made in the measurement are described for each metric at the end of the relevant section.

This Sustainability Report is the first of its kind for KH Group. There have therefore been no changes in the presentation method compared to the previous sustainability report. As the Sustainability Report is the

first of its kind, there are no material errors from previous reporting periods. The Sustainability Report does not include any information that is not required to be reported under ESRS. KH Group publishes its taxonomy compliance data as part of the Sustainability Report.

KH Group reports all material sustainability matters and topics identified through the double materiality analysis. Within the material topics, there are individual reporting requirements that the Group considers to be material, but which are subject to the possibility of a phase-in of standards. The possibility of a phased introduction will be used for the following disclosure requirements.

- ESRS E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
- ESRS E5-6 Anticipated financial effects from resource use and circular economy-related risks and opportunities
- ESRS S1-7 Characteristics of non-employee workers in the undertaking's own workforce
- ESRS S1-13 Training and skills development metrics

### 1.3. Management of sustainability matters (GOV-1)

KH Group deals with sustainability issues at all levels. Key themes include sustainability management bodies, the sustainability risk management process and the governance bodies' sustainability expertise

#### 1.3.1. Composition of governance bodies

KH Group Plc is a publicly listed limited liability company.



Its corporate governance complies with the company's Articles of Association, the Finnish Limited Liability Companies Act and other laws and regulations governing the company. In addition, the company complies with the Corporate Governance Code of Finnish listed companies that entered into force on 1 January 2020.

The ultimate decision-making power lies with KH Group's general meeting of shareholders. The Annual General Meeting (AGM) makes decisions on matters addressed to it by the Limited Liability Companies Act and the company's Articles of Association. Key matters resolved by the AGM are adopting the financial statements, discharging the Board of Directors and the CEO from liability, deciding on the distribution of profit, electing the members of the Board of Directors and the auditors and deciding on their respective remuneration.

The company's AGM is held annually by the end of June. An Extraordinary General Meeting may be held for the purpose of dealing with a specific matter when deemed necessary by the Board of Directors or when requested in writing by the auditor or by shareholders representing at least one tenth of the company's shares. The notice of the General Meeting must be delivered to the shareholders no earlier than three (3) months and no later than three (3) weeks prior to the General Meeting, and no later than nine (9) days prior to the record date of the General Meeting. The notice is delivered to the shareholders by publishing it on the company's website or in a newspaper designated by the Board of Directors or by sending it by mail to the addresses recorded in the company's shareholder register.

### Nomination Board

The Annual General Meeting of 11 May 2022 resolved to establish a Shareholders' Nomination Board, which is responsible for preparing annually, and as necessary, proposals concerning the composition, election and remuneration of the members of the Board of Directors.

The Nomination Board consists of four members, with the company's three largest shareholders each having the right to nominate one member, and one member being the Chair of the Board of Directors of the company or another member elected by the Board of Directors from among its members. The company's largest shareholders, entitled to nominate members, are determined each year on the basis of the registered holdings in the company's shareholders' register on the last working day of August.

KH Group Plc's current Nomination Board consists of three representatives of the largest shareholders, as determined on the basis of holdings on 31 August 2024, and the Chair of KH Group's Board of Directors. The main task of the Nomination Board is to prepare and present to the Annual General Meeting proposals concerning the composition and remuneration of the Board of Directors. The Nomination Board submits its proposals to the Annual General Meeting to KH Group's Board of Directors by the end of January preceding the Annual General Meeting at the latest.

### The Board of Directors

In accordance with the Limited Liability Companies Act, the Board of Directors is responsible for the administration of the company and the appropriate organisation of its operations. According to the Articles of Association, KH Group's Board of Directors consists of a minimum of three and a maximum of seven ordinary members.

The Board of Directors has approved written rules of procedure for itself, which define the Board's key tasks, operating principles and meeting practices as well as an annual self-assessment of the Board's activities.

According to the rules of procedure, the key tasks of the Board of Directors include:

- to confirm the company's business strategy and supervise its implementation;

- to confirm the company's values and policies;
- to confirm annual key business targets and monitor the Group's result development;
- to decide on investment projects and divestments;
- to review and approve financial statements and other financial reports;
- to appoint and dismiss the CEO;
- to decide on the incentive schemes of the management and the personnel;
- to monitor the company's key business risks and their management, be responsible for the company's internal control system and confirm the policies and guidance related to them
- to take care of the compulsory duties of the Audit Committee; and
- to prepare proposals to target company shareholders concerning the election of the members of the Board of Directors in target companies.

The Board's tasks related to financial reporting, internal control and risk management include, for instance:

- to monitor the company's financing and financial position and the financial statements reporting process;
- to supervise the financial reporting process;
- to monitor and supervise significant strategic and operational risks and the actions of the company's management to monitor, manage and report the risks;
- to monitor the transactions of the company's management and their related parties and any possible conflicts of interest related to them;
- to review the Corporate Governance Statement; and
- to prepare a proposal to the Annual General Meeting for the decision concerning the election of an auditor and to evaluate the auditor's independence.

The Board of Directors is also responsible for the following tasks, which fall under the Remuneration



Committee's responsibility according to the Corporate Governance Code of Finnish listed companies:

- to decide on the remuneration and other benefits of the CEO and other management;
- to formulate and implement the process of finding successors for the CEO and other management; and
- to develop and evaluate the remuneration schemes and ensure their appropriateness.

#### **Composition, independence evaluation and diversity of the Board of Directors**

The company deems it important that its Board members have diverse backgrounds; however, it should be taken into account that the members have the competencies that are essential for the company's business. The aim is that the Board members have diverse, complementary professional backgrounds, experience and know-how and that the Board consists of representatives of both genders, so that the diversity of the Board supports KH Group's business and future in the best possible way. The objective of Board diversity is to ensure, for instance, a wide scope of views, open discussion and support for and challenging of the company's operational management.

Based on an assessment of independence conducted by the Board of Directors in accordance with the Finnish Corporate Governance Code, the current Board of Directors considered all members of the Board of Directors to be independent of the company and of the significant shareholders of the company. In 2024, the Board of Directors held 19 meetings and made 7 unanimous decisions without holding a meeting. The attendance rate of the Board members at the meetings during the financial period 2024 was 98%. The Group's Board of Directors consists of 40 % women and 60 % men.

Board committees have not been established in KH Group. The Board of Directors is responsible for

taking care of the compulsory duties of the Audit Committee. According to the view of the Board of Directors, the Board's operating without committees is the most suitable option considering the current needs of the company's business and best supports the fulfilment of the responsibilities of the company's Board according to law and the Corporate Governance Code of Finnish listed companies.

#### **CEO and other management**

The company's Board of Directors appoints the CEO and decides on the terms of her/his service contract and remuneration. The CEO manages and supervises the company's business operations according to the Finnish Limited Liability Companies Act and the instructions and authorisations issued by the Board of Directors. Ville Nikulainen has been CEO of KH Group since 1 June 2024. Lauri Veijalainen served as CEO from 1 January 2024 to 31 May 2024.

The company's other management includes the CFO. The CFO is responsible for the financial reporting process and supports the CEO in the management of the company's business operations. Tommi Rötkin has been CFO of KH Group since 1 June 2024. Ville Nikulainen served as CFO until 31 May 2024.

#### **1.3.2. Sustainability risk management**

KH Group's sustainability risks are taken into account as part of the Group's normal risk management process. The Board of Directors of KH Group Plc is responsible for organising the risk management process, setting risk management objectives and monitoring the progress of the objectives, and the Group's CFO is responsible for implementing risk management and reporting the results. The Group Management Team, business management teams and other Group personnel are involved in the process in accordance with the risk management process.

In the Group Management Team, the CFO is responsible for reporting on sustainability risks and coordinating the management of sustainability risks. The results of the risk management process are discussed at least annually in the business management teams and the Group management team. The Board of Directors receives a risk review from the Group CFO at least once a year.

Sustainability risk management covers the identification, assessment, prioritisation and planning and implementation of impacts, risks and opportunities as well as corrective and preventive measures and measures to pursue them. The sustainability risk management process and risk management policies are described in more detail in section 1.7. Risk management and internal controls in sustainability reporting.

#### **1.3.3. Sustainability expertise of governing bodies**

The sustainability-related expertise required in KH Group's management and governance bodies is assessed as part of the Group's training planning, and the Group arranges training for the necessary persons in accordance with the job description and expectations. With regard to sustainability matters in particular, the planning of training uses information on sustainability-related impacts, risks and opportunities generated by the Group's risk management process. The Group's management and governance bodies have access to the necessary additional training and the opportunity to use external experts, if they so wish.

#### **1.4. Sustainability issues addressed by governance bodies (GOV-2)**

KH Group deals with sustainability issues on a broad scale. As key themes

- Business risk reviews are reviewed annually by the Group Management Team, the business management teams and the Board of Directors based on an ongoing risk management process.



- The Group's Board of Directors discusses the status of the strategy annually. Of the sustainability themes, significant long-term sustainability risks and opportunities in particular are part of the strategy review.
- The Group's personnel matters are discussed at least twice a year and whenever necessary by the Group's Board of Directors, the Management Team and the management teams of the businesses.
- Other material sustainability themes are discussed whenever necessary, and in accordance with plans to be confirmed separately.

During 2024, the Group's various governance bodies discussed:

- Sustainability reporting process and results of the materiality analysis
- Up-to-date CSRD status updates at each meeting of the Group Board of Directors
- Regular reports and statistics related to our own personnel and environmental impact management in accordance with the Board of Directors' annual plan

### 1.5. Sustainability issues in remuneration (GOV-3)

KH Group's sustainability targets have not been linked to the remuneration system. The remuneration policy used in

KH Group is decided by KH Group Plc's Annual General Meeting.

### 1.6. Description of the due diligence process (GOV-4)

The table below provides an overview of which Sustainability Report paragraphs have been subject to the due diligence process.

### 1.7. Risk management and internal controls over sustainability reporting (GOV-5)

The aim of KH Group's risk management is to manage risks comprehensively and proactively. The company strives to detect and identify factors that may adversely affect the achievement of its objectives in the long or short term, and initiates the necessary actions to manage such factors. An essential role in risk management is played by the Group's business-level risk management, which is mainly organised as part of their business operations. KH Group's management promotes and supervises the risk management of the businesses through active Group-level steering and by participating in the work of the Board of Directors of the Group companies.

KH Group is a conglomerate with a medium-term

goal to transform into an industrial group built around the business operations of KH-Koneet Group. The Board of Directors confirms the company's strategy and action plan, which defines, among other things, targets for the development of the business areas and exits. The Board of Directors makes decisions on the exits of the business areas and supervises the implementation of operations. Due to the nature of the company's operations and the change in strategy, a significant part of KH Group's most material risks are related to the company's business areas, their operations and risks related to exits.

Sustainability reporting follows the principles and processes of the Group's statutory reporting, risk management and internal control. Internal control over sustainability reporting is organised in accordance with the Group's internal control management model, which is discussed in more detail in section 1.7.1. Internal control and audit.

The assessment of risks related to sustainability reporting has focused in particular on

- Risks of reporting on the impacts, risks and opportunities with the highest materiality in accordance with the double materiality analysis
- Metrics with the greatest uncertainty related to methods of calculation.

In connection with the risk assessment, prioritisation is made primarily on the basis of the materiality of the reported sustainability theme and secondarily on the basis of calculation-related uncertainty.

The key risk in sustainability reporting is the accuracy of the reported information. Sustainability reporting requirements include a considerable amount of non-established datapoints and information that is generated by deducing from different sources and that is currently difficult to reconcile with the physical world or observable objects with certainty. To ensure the accuracy of the reported information, KH Group has adopted a model

| Key steps in the sustainability due diligence process                                 | Sustainability Report paragraphs   |
|---|--|
| a) Integrating the due diligence process into governance, strategy and business model | GOV-2, GOV-3, SBM-3  |
| b) Engagement with affected stakeholders  | GOV-2, SBM-3, IRO-1, 4. Climate change, 5. Circular economy, 6. Own workforce, 7. Business conduct |
| c) Identification and assessment of negative impacts on people and the environment    | IRO-1, SBM-3, 4. Climate change, 5. Circular economy, 6. Own workforce, 7. Business conduct        |
| d) Taking action to address negative impacts on people and the environment            | 4. Climate change, 5. Circular economy, 6. Own workforce, 7. Business conduct                      |
| e) Tracking the effectiveness of efforts  | 4. Climate change, 5. Circular economy, 6. Own workforce, 7. Business conduct                      |



that uses the best internal assessments of the accuracy of sustainability data. In particular, the information on the value chain included in the report involves assumptions and estimates. These assumptions, estimates, and backgrounds are documented at the end of each section for the relevant datapoints.

The most significant top-level drivers for the use of assumptions are

- 1) Access to information. The Group's smaller business partners are excluded from sustainability reporting standards due to their size and typically do not have the administrative resources to produce detailed sustainability information. The Group's larger business partners (including machine suppliers) are covered by the same reporting, but the possibility of accessing detailed information about the value chain is limited.
- 2) Resource availability. The Group has limited resources available for sustainability reporting. In addition to the Group's own personnel, external experts are used to meet the requirements of sustainability reporting.

The accuracy of sustainability reporting is ensured by centralising sustainability reporting and its internal control. The processes used in sustainability reporting are continuously developed.

The internal control of sustainability reporting is reported to the Group's Board of Directors upon request as part of other internal control reporting. The results of internal control are monitored and controlled by the Group's Board of Directors and Management Team.

### 1.7.1. Internal control and audit

Internal control at KH Group is an ongoing process to secure business performance and continuity. The objective of control is to minimise risks by ensuring that reporting is reliable and that laws and regulations are being followed.

Considering the structure and scope of the company's business, setting up a separate internal audit organisation has not been considered appropriate thus far. The company's management is responsible for the internal control system. Internal control is an active part of the company's management and governance.

The basis of financial control is made up of controls included in operational processes, which facilitate the quick detection of incidents and response to them. A material part of the financial control is monthly reporting by management. The metrics followed in the monthly reporting have been set so that they support the company in reaching its targets and highlight issues that require controlling actions. The interpretation and application of the accounting standards is centralised to the corporate financial administration.

### Insider management

KH Group complies with the insider provisions of the EU Market Abuse Regulation, which entered into force on 3 July 2016, and the insider guidelines of Nasdaq Helsinki. In addition, the company has its own Insider Policy, which complements Nasdaq Helsinki's insider guidelines.

KH Group does not maintain a list of permanent insiders. Project-specific insider lists are maintained for each project constituting inside information, as defined in insider provisions, based on the insider guidelines of Nasdaq Helsinki and the company's own internal guidelines.

KH Group maintains an internal list of its managers and persons closely associated with them (related parties). The list is not public. KH Group has determined the members of the Board of Directors, the CEO and the CFO as managers defined in the Market Abuse Regulation. Each manager and their related parties are obligated to report to KH Group and the Financial Supervisory Authority all transactions made with financial instruments issued by KH Group. KH Group publishes

these transactions in a separate stock exchange release. The total shareholding of each manager is annually published as part of the Corporate Governance Statement according to the Corporate Governance Code of Finnish listed companies.

KH Group's above-mentioned managers, personnel and any other persons involved in the preparation, compilation and publication of the company's financial reports may not conduct any transactions related to KH Group's financial instruments within 30 calendar days prior to the publication of the company's financial results.

KH Group evaluates and monitors the transactions with its related parties and maintains a list of its related parties. The company does not customarily enter into transactions with its related parties which would be significant for the company and deviating from the ordinary course of business or would be conducted in deviation from customary market terms. The company did not enter into such transactions in 2024. The Board of Directors decides on possible related party transactions that deviate from the ordinary course of business or customary market terms.

## 2. STRATEGY AND BUSINESS MODEL (SBM-1)

### 2.1. Business overview

KH Group Plc's group companies include KH-Koneet Group Oy, Indoor Group Holding Oy and Nordic Rescue Group Oy and their subsidiaries. The subsidiaries of the Group companies are described in more detail below in the presentations of the Group companies. The shares of HTJ Holding Oy, which was also a part of the Group, were divested on 11 July 2024, eliminating the risks associated with the business in question from KH Group. As a result of the completed sale, HTJ is not expected to pose any material impacts, risks, or opportunities to KH Group, and it has not been included in the Sustainability Report.





The breakdown of the Group's net sales and personnel by Group company as at 31 December 2024 is presented

in the table below.

**Breakdown of the Group's net sales and personnel in 2024**

|                     | KH-Koneet | Indoor | NRG  | Total |
|---------------------|-----------|--------|------|-------|
| Net sales (MEUR)    | 149.8     | 161.6  | 44.2 | 355.6 |
| Personnel (persons) | 221       | 696    | 108  | 1,025 |

**KH-Koneet Group Oy ("KH-Koneet")** and its subsidiaries form a group that operates in Finland and Sweden through six operating subsidiaries: KH-Koneet Oy, KH Tekninen Kauppa Oy, Edeco-Tools Oy, Crent Oy, KH-Maskin AB and S-Rental AB. The Group's business particularly involves the purchase, sale, leasing and aftermarket services of earthmoving and property maintenance equipment and their accessories.

**Indoor Group Oy ("Indoor")** and its subsidiaries form a group that operates in Finland through the Asko and Sotka chains and the furniture factory Insofa Oy. Asko and Sotka have approximately 80 stores and online stores for both chains in Finland. Indoor Group As Estonia's business was discontinued during the first quarter of 2024 and, therefore, the Estonian business has not been taken into account in this report. The Group's business is mainly the retail sale of furniture, home furnishings and household goods. The Group's furniture factory Insofa Oy supplements the business with furniture production operations. The factory produces sofas, armchairs, beds and mattresses that are tailored to customers' wishes.

**Nordic Rescue Group Oy ("NRG")** and its subsidiaries form a group that operates through two operational subsidiaries, Saurus Oy and Sala Brand AB. NRG's business is the manufacture and maintenance of rescue vehicles and the sale of rescue vehicles and equipment. NRG's business operations cover Finland and Sweden, and the company also exports rescue vehicles.

KH Group is not active in the fossil fuels, natural gas, chemical production, controversial weapons or tobacco industries, and the sale of the Group's products is not prohibited on the market.

## 2.2. Sustainability targets in the business model

The core of KH Group's strategy is to build an industrial group around KH-Koneet Group's business, with the aim of becoming the leading machinery and rental business in the Nordic countries by 2028. The medium-term objective is to divest other business areas in line with the previous investment strategy. The active development of the industrial group's business areas will continue, and the aim is to divest them at an optimum stage for value creation.

The goal of being the leading Nordic machinery company will be achieved in particular by investing in new geographical regions and new product categories. From the point of view of sustainability, investments in personnel development and well-being, increasing the sales of zero-emission machines, developing recycling equipment as a completely new product line and investments in aftermarket services that extend the service life of equipment in the field are particularly significant.

The most significant changes in the Group's operating environment are the increased demand for zero-emission

earthmoving and property maintenance equipment in customer sales and, correspondingly, the strong increase in the zero-emission machinery offering of different manufacturers. The Group's strategy aims to take advantage of changes in the operating environment from both a business perspective (growth and profitability) and a sustainability perspective.

The Group does not distinguish between the business strategy and the sustainability strategy; instead, KH Group's strategic thinking is based on the idea that long-term business can only be built by operating sustainably and responsibly. KH Group has not set separate sustainability targets for its businesses. The Board of Directors of KH Group Plc assesses the need to set specific sustainability-related targets at least annually in connection with the strategy review.

## 2.3. Business model

KH Group Plc is a Nordic conglomerate operating in the business areas of KH-Koneet Oy, Indoor Group Oy and Nordic Rescue Group Oy.

### KH-Koneet Group

KH-Koneet Group engages in purchasing, selling and rental business. The Group purchases machines and their accessories for earthmoving, property maintenance and recycling, equips them to meet customer needs and delivers them to end customers. The Group supplies equipment to end customers by both selling and renting. In the machine rental business, the equipment is first sold to a financing company, from which the rental companies of KH-Koneet Group lease back the equipment (sale and leaseback) and sublease it to end customers for varying lease periods. The Group also purchases used equipment both directly and as trade-ins when selling equipment and sells used equipment on to new end-users.

In addition to sales and rental operations, the Group provides aftermarket services to end-users. These include



machinery warranty maintenance, repairs and processing, fleet maintenance and repair operations as well as spare part and accessories services. In aftermarket services, the Group mainly purchases spare parts from the same suppliers as the machinery and sells them on to end-users.

The Group purchases its equipment from well-known high-quality and responsible machine manufacturers, such as Kobelco, Wacker Neuson and Yanmar. The Group operates with manufacturers that are bound by the same EU-level sustainable business obligations as KH-Koneet Group. Mutual trust is a key component in the choice of manufacturer partners.

KH-Koneet Group invests in the procurement and distribution of high-quality and environmentally conscious construction machinery and equipment to its customers. The company ensures the reliability and quality of the inputs by working closely with its suppliers. This includes assessing the environmental and social impacts of suppliers and establishing long-term partnerships to ensure quality based on their own Code of Conduct. The assessment of suppliers is described in more detail in section 8.2. Supplier Code of Conduct. The company pays particular attention to environmental matters and low-carbon sourcing in its procurement.

KH-Koneet Group's production processes focus on the efficient and environmentally conscious equipping and maintenance of machines and equipment. For example, the range of low-emission machines is equipped with Stage V-rated engines, reducing the carbon footprint of customers. The Group's range of machinery provides reliable and durable equipment for customers' construction, earthmoving, property maintenance and recycling needs, improving the efficiency of their projects. Stakeholders benefit from the company's commitment to transparent communication, while investors can rely on the company's stable financial performance and long-term growth aligned with sustainable development.

The Group's machine manufacturers and, through them, KH-Koneet Group, are part of international automotive industry value chains, extending from the primary production of raw materials (metals, chemicals, battery materials) to assembly lines located around the world. The Group acknowledges that the automotive industry's supply chains are largely opaque and include even significant sustainability issues, ranging from the environmental and human rights impacts of battery material production to the water use of microchip manufacturers in areas with low water resources. At the same time, the Group acknowledges that KH-Koneet Group's operations will not have a significant impact on the operations of the value chain as a whole with a delivery volume of approximately one thousand new machine units delivered. Even in a more limited view, the KH-Koneet Group's weight in the global earthmoving machinery market of USD 158 billion is relatively small.

Relationships with machine manufacturers are the most significant of the Group's business relationships. KH-Koneet Group strives to maximise its own significance in relation to manufacturers, but on a global scale it is still a small player. In relation to its customers, KH-Koneet Group is typically the larger party, but the Group's customers have a lot of negotiating power in the competitive machinery sales market. Especially in the Swedish operations, KH-Koneet Group delivers a significant amount of equipment to end-users through dealers. The dealers are typically clearly smaller than the KH-Koneet Group and to some extent dependent on the Group's machine procurement.

KH-Koneet Group provides equipment (both by selling and renting) and equipment maintenance, repair and spare part services, especially to customers in earthmoving and property maintenance, who use the equipment supplied by the Group in a wide range of sites, from site preparation work to snow ploughing. The nature of the equipment supplied by the Group also includes

it being mobile equipment that moves from one site to another and from one contract to another, driven by demand and supply.

### Indoor Holding Group

Indoor Group Oy is a Finnish retail group consisting of the furniture chains Asko and Sotka and the furniture factory Insofa Oy.

Indoor Group Oy's business model is based on the procurement, sale, design and manufacture of furniture and interior design products. Indoor Group Oy serves a wide customer base in Finland through both brick-and-mortar stores and the online stores of both furniture brands. The sales process is supported by services provided by subcontractors, such as home delivery, installation and recycling of old furniture.

The Insofa furniture factory, which is part of the Group, combines more than 100 years of craftsmanship with the latest technology and a passion for quality. The factory manufactures Finnish furniture, such as sofas, armchairs and Asko Bonnell® mattresses. All products manufactured at the factory are designed according to circular economy principles. Recyclability is taken into account in the purchase of raw materials, minimising waste and the durability of the final product.

Indoor Group purchases furniture and interior products from carefully selected suppliers who follow strict quality standards and principles of responsible production. The company invests in long-term supplier relationships to ensure quality, competitive prices and sustainable practices. The Group works closely with suppliers to ensure the ethical and ecological origin of materials. The sustainability of supply chains is ensured through risk management, regular inspections and certified standards. The partners operate in Europe under EU regulation.

The Group actively strives to improve the transparency of its suppliers and production processes



and to reduce the environmental impact of its operations through sustainable materials and efficient logistics solutions.

Indoor Group's strengths include a wide and diverse product range and a multi-channel sales model. The Group's business is guided by quality, customer satisfaction and sustainable development. Stakeholders benefit from the Group's transparent communications, long-term partnerships and stable financial performance. Indoor Group acknowledges the extensive value chains of its industry and the related sustainability issues.

#### **Nordic Rescue Group**

The Nordic Rescue Group companies Saurus Oy and Sala Brand Ab manufacture fire and rescue vehicles according to customer requirements for the Finnish and Swedish fire and rescue authorities, airports and the defence forces. Saurus Oy's operations also include exports. The significance of maintenance in operations has been emphasised, taking into account the operational criticality of the products and the national security of supply. The superstructures of Saurus and Sala vehicles are manufactured on selected truck chassis and equipped with various operational equipment and accessories according to customer requirements. The operations are very customer-oriented and networked.

#### **2.4. Stakeholders (SBM-2)**

KH Group engages with its key stakeholders and develops its operations based on stakeholder feedback. The Group's stakeholder cooperation is primarily based on confidential bilateral discussions with stakeholder representatives. Stakeholder engagement is managed at the level of both the Group's and the Group companies' management teams, and feedback received from different stakeholders is processed according to the nature and relevance of the feedback at different organisational levels, from the Group Board of Directors

to individual workshop meetings, as part of the Group's normal management system.

#### **Own personnel**

KH Group's companies engage in continuous dialogue with their own personnel. Key channels include employee and management discussions, which are organised once or twice a year, personnel surveys organised twice a year, employee letters and bulletins, and the ethical whistleblowing channel.

The Group companies' management teams coordinate the dialogue with their personnel, and the results of the dialogue are discussed in the Group companies' Boards of Directors, management teams, country management teams and the results are discussed in discussion sessions with the personnel. The aim of the dialogue is to receive feedback from the personnel, especially for the development of the work community, and the results of the dialogue are taken into account in decision-making at all levels.

#### **Customers and end-users**

KH Group engages in dialogue with customers, particularly in confidential bilateral meetings between the customer and the Group's representatives. In addition, the Group receives direct customer feedback from various channels and separately collects customer feedback through surveys. Dialogue with customers is coordinated by the Group companies' management teams, and the results are discussed, if necessary, in the Group Management Team and the Board of Directors of KH Group Plc.

In particular, the aim of the dialogue with customers is to collect feedback to improve the Group's competitiveness and market position, in addition to which the feedback is used in strategic planning and anticipating market development. Based on customer feedback, the Group takes both tactical and strategic

measures, in practice so that the parties collecting customer feedback implement the necessary tactical measures immediately under their own authority, while strategic feedback from the customer field is processed as part of the strategy process.

#### **Suppliers**

The dialogue between suppliers and KH Group companies is primarily based on confidential bilateral meetings with representatives of each manufacturer and the management of the Group companies and/or persons responsible for the manufacturer's product category. Dialogue with suppliers is coordinated by the Group companies' management teams.

The primary objective of the dialogue with suppliers is to improve the Group's competitiveness in the end customer market. In the dialogue, KH Group seeks to influence the pricing and features of the equipment it purchases and the manufacturers' other operations. The common goal of both KH Group and its main suppliers is to increase their market shares. Influencing manufacturers' other operations includes promoting sustainability goals. The results of the engagement with manufacturers are discussed in the Group Management Team and, if necessary, in the Board of Directors of KH Group Plc, and the key measures are primarily related to the focus areas and timing of the Group's procurements.

#### **Financing providers**

The dialogue with KH Group's financing providers is based on confidential bilateral meetings between the financing providers' representatives and KH Group's management. The dialogue is coordinated by the Group's executive management and its results are reported to the Board of Directors of KH Group Plc, if necessary. The primary objective of the dialogue is to enable a favourable financial environment for the Group. Matters raised in the dialogue are responded to by the Board



of Directors of KH Group Plc or the Group's executive management.

Group companies have similar practices for dialogue with their own financing providers.

### Ownership structure

KH Group Plc's shares are listed on the Helsinki Stock Exchange with the trading code KHG. The shares are included in Euroclear Finland Ltd's book-entry system. The shares have been listed since 24 May 2000. In relation to the shareholders, dialogue is primarily conducted through the Annual General Meeting and the Board of Directors appointed by it.

KH Group Plc holds [95%] of the shares in KH-Koneet Group Oy and the Group's key persons are minority shareholders.

KH Group Plc holds [58%] of the share capital of Indoor Holding Group Oy. The other shareholders are Ilmarinen Mutual Insurance Company [19%] and private shareholders.

KH Group Plc holds [68%] of Nordic Rescue Group Oy's share capital. The other shareholders are Finnish Industry Investment Ltd [25%] and private shareholders.

### Key stakeholder objectives and impact

KH Group's various stakeholders have different priorities. In addition to working conditions, the profitability of the business, which ensures the continuity of operations, and the meaningfulness of work are important to the Group's own personnel.

The availability of high-quality equipment and products is important to the customers and end-users of the Group companies. It is particularly important for the stakeholders of KH-Koneet and NRG to ensure the long-term operational capability of the equipment (aftermarket services). Indoor's stakeholders particularly value the Finnish origin of the products. It is also important for customers and end-users that the equipment supplied

by KH-Koneet and NRG meets the requirements and standards – such as the highest Stage V classification for exhaust emissions from machinery – and is suitable for the implementation of various contracts and projects of end customers.

The Group's market position and its development are important to the Group's suppliers and, in particular, machine manufacturers. It is also important to the Group's manufacturers that KH Group complies with jointly agreed rules in its business operations, for example, regarding sales areas and ethical business. In addition, the alignment of the Group's suppliers' strategic interests with KH Group's strategic objectives is a significant factor for suppliers and manufacturers.

For the financing providers and shareholders, the key interests are primarily related to the Group's financial performance and its predictability. In addition, good governance is important for the former.

The key themes of the business strategy updated in 2023 are examples of the consideration of the objectives of different key stakeholders in the development of KH Group's strategy and business model

- Investments in personnel training and competence (own personnel)
- Emphasis on zero-emission machines as a growth line (customers, suppliers)
- Emphasis on wheeled excavators in the strategy (customers, suppliers)
- Inclusion of recycled machines into the Group's product range (suppliers)

The Group currently has no plans to update the strategy based on feedback from various stakeholders. The Group collects stakeholder feedback continuously and takes the feedback into account in its strategy process as described above.

The Group does not expect its ongoing strategic

measures to have an impact on its key stakeholder relations or their views.

Sustainability-related feedback from stakeholders is taken into account in the governance and management bodies as part of other stakeholder feedback as described above.

## 3. SUSTAINABILITY RISKS AND MATERIALITY ANALYSIS (SBM-3)

The Group's material impacts, risks and opportunities were determined by means of an analysis combining the results of the individual double materiality analyses of the Group companies. The individual materiality analyses of KH-Koneet and Indoor were carried out in February-April 2024. Afterwards, in October-November 2024, NRG's materiality analysis was conducted, along with the Group's materiality analysis, which combined the material sustainability issues of all Group companies.

The materiality analysis was carried out in four stages with the help of an external partner to identify matters that are relevant for sustainability reporting. In the first phase, the Group's value chain and impacts were analysed, primarily based on external assessments and the Group's internal materials, such as previous risk assessments, financial information and public material produced by the Group. In the second phase, the external partner conducted topic-specific expert interviews, after which the material impacts were validated. Following the identification of material impacts, the analysis assessed material financial risks and opportunities for the Group companies. In the final step, the results of the double materiality analysis were visualised and verified.

The material impacts, risks and opportunities of KH Group were verified in a working meeting attended by representatives who carried out the materiality analyses of the Group companies, as well as external partner experts. The Group companies' own materiality



| Topic                                | Sub-topic   | Material impacts |   |
|--------------------------------------|---|------------------|---|
|                                      |   | +                | - |
| <b>E – ENVIRONMENT</b>               |   |                  |   |
| E1 Climate change                    | E1.2 Climate change mitigation  |                  | x |
|                                      | E1.3 Energy   |                  | x |
| E5 Resource use and circular economy | E5.1 Resource inflows, including resource use                               | x                |   |
|                                      | E5.2 Resource outflows related to products and services                     | x                |   |
|                                      | E5.3 Waste and side streams   | x                |   |
| <b>S – SOCIAL RESPONSIBILITY</b>     |   |                  |   |
| S1 Own workforce                     | S1.1 Working conditions   | x                | x |
|                                      | S1.2 Equal treatment and opportunities for all                              | x                |   |
| <b>G – BUSINESS CONDUCT</b>          |   |                  |   |
| G1 Business conduct                  | G1.1 Corporate culture  | x                |   |
|                                      | G1.2 Protection of whistle-blowers  | x                |   |
|                                      | G1.5 Management of relationships with suppliers including payment practices | x                |   |

- S1 Own workforce
  - Working conditions
  - Equal treatment and equal opportunities for all
- G1 Business conduct
  - Corporate culture
  - Protection of whistle-blowers
  - Management of relationships with suppliers including payment practices.

In its materiality analysis, KH Group identified a total of 15 material impacts on the environment, society and stakeholders. The table below presents the identified material impacts and related topics, sub-topics and whether the impact originates from the value chain. The definition of materiality and its mechanism are discussed in section 3.4.1. Impact materiality analysis. The materiality threshold used in the analysis was 3.00, which means that the impacts with a materiality greater than or equal to 3.00 were considered material and impacts with a value less than 3.00 were considered non-material. The results are presented by topic in the order of materiality and the previous table. In the table, positive impacts are marked with an orange background colour and a (+) sign and negative impacts with a white background colour and a (-) sign.

With regard to **climate change**, KH Group recognises that the manufacturing of the equipment and other products it sells and rents has significant environmental impacts, and manufacturing consumes a lot of natural resources. In addition, the Group's machinery products continue to run primarily on fossil fuels. Identified positive impacts on the same topic that remained below the materiality threshold included the equipment sold and leased by the Group replacing the high-emission equipment in use and the Group's range of electric machines supporting the electrification of earthmoving and property maintenance equipment.

In terms of the **circular economy**, the resale of used equipment by KH-Koneet, which is a typical example of the

analyses were used to select uniform material impacts, risks and opportunities for the Group by emphasising the magnitude and prevalence of the assessed sustainability topics across the Group companies. The results of the analysis made at the meeting were discussed and approved by the Board of Directors of KH Group Plc.

KH-Group's sustainability analysis emphasised risk-orientation, focusing on

- The most significant material and cash flows
- The most significant partners (financially and operationally)
- Activities with the highest risk of negative impacts
- Areas with the highest risk of negative impacts.

The materiality analysis was carried out for the first time in connection with sustainability reporting for 2024. Thus, there are no changes compared to previous years.

### 3.1. Material impacts

The materiality analysis of the Group companies identified impacts on all topics and most of the sub-topics. The table below describes the material positive and negative impacts observed for the entire Group by sub-topic. The sub-topics for which material impacts have been identified for KH Group are marked with an x and a light grey background colour in the column marked (+) for positive impacts and in the column marked (-) for negative impacts.

Material impacts were identified in the topics

- E1 Climate change
  - Climate change mitigation
  - Energy
- E5 Circular economy
  - Resource inflows, including resource use
  - Resource outflows related to products and services
  - Waste



## Group's material impacts

| Topic     | Sub-topic  | Impact   | Positive (+) or negative (-) impact | Value chain impact |
|-----------|------------|--|-------------------------------------|--------------------|
| <b>E1</b> | E1.2       | Climate impacts of the manufacturing of products and equipment sold (including raw material production, product manufacturing and logistics) | -                                   | x                  |
|           | E1.2, E1.3 | The equipment sold mainly runs on fossil fuels   | -                                   | x                  |
| <b>E5</b> | E5.1, E5.2 | Longevity and resale of used equipment contributes to circular economy goals   | +                                   |                    |
|           | E5.1, E5.2 | Aftermarket services that extend the life of equipment   | +                                   |                    |
|           | E5.1, E5.2 | Rental services increase the utilisation rate of equipment   | +                                   |                    |
|           | E5.3       | Recycling and reuse of waste generated by companies  | +                                   |                    |
| <b>S1</b> | S1.1, S1.2 | Active dialogue with personnel and equal opportunities for all   | +                                   |                    |
|           | S1.1       | Occupational accidents can happen occasionally   | -                                   |                    |
|           | S1.2       | Encouraging remuneration models of Group companies and gender equality in remuneration   | +                                   |                    |
|           | S1.1, S1.2 | Investments in personnel training, competence and occupational health  | +                                   |                    |
|           | S1.1       | Companies comply extensively with collective agreements  | +                                   |                    |
| <b>G1</b> | G1.1       | Group companies invest in a good corporate culture   | +                                   |                    |
|           | G1.2       | Group companies' whistleblowing channels   | +                                   |                    |
|           | G1.5       | Strong and confidential supplier relationships   | +                                   |                    |
|           | G1.5       | Fair payment terms and timely payment  | +                                   |                    |

circular economy, was found to be a material impact of the Group companies. The Group companies take back used replacement devices in connection with sales and return them to circulation through their own sales work, reducing the need for energy- and resource-intensive production of new equipment. The Group companies also provide aftermarket services, such as maintenance and repair services, and deliver spare parts and work equipment to end-users. As a result, the service life of the equipment is prolonged and the applications are more diverse, reducing the need to manufacture replacement

equipment (and the corresponding consumption of resources). A similar positive impact can be found in the Group companies' rental services, which improve the utilisation rate of equipment and thus reduce the absolute number of required equipment, leading to lower environmental impacts of manufacturing to achieve the same end-user work. In terms of waste, all Group companies actively delivering textile waste generated by their operations for recycling was identified as a positive impact. Heavy equipment manufacturing processes requiring considerable resources were identified as a

negative impact. However, the negative impact remained below the materiality threshold after the Group assessed the damage to be remedied as the availability of aftermarket and lifecycle services increased the service life of equipment and reduced the absolute resource consumption in the long term.

With regard to its **own workforce**, the Group identified material positive impacts based on active interaction with its own personnel, which were found to have a positive impact on working conditions, well-being at work and the perceived meaningfulness of work. In addition, the Group identified material positive impacts from investments in personnel training and competence, leading to positive impacts in terms of both personnel performance and career development, creating opportunities for its own personnel. Potential occupational accidents in the Group companies were identified as a potential negative material impact. With regard to the Group's own workforce, a significant number of both negative and positive impacts remained just below the materiality threshold.

With regard to **business conduct**, the Group identified positive material impacts in relations with suppliers of goods and services, including payment practices. The Group recognised that it has strong and confidential supplier relationships, especially with its main suppliers, which gives suppliers certainty in the planning of their own operations. Suppliers receive active feedback from the Group on the performance of the products they manufacture and benefit from the expertise and know-how accumulated by the Group and the Group's fair practices. Another finding is that the Group has a positive impact especially on small enterprises by using fair payment terms especially with suppliers smaller than itself and paying suppliers on time, enabling and supporting the viability and vitality of small and medium-sized enterprises. In addition, Group companies invest in a good corporate culture and have whistleblowing channels in place.



On a general level, the Group's material impacts are directly derived from the **strategy and business model** chosen by the Group. In particular, the sale of earthmoving and property maintenance equipment running on fossil fuels directly leads to the Group's material negative impacts, while the Group's strategic choice to invest in rental and aftermarket services directly leads to the Group's positive impacts on the circular economy. Similarly, the procurement of used equipment included in the Group's business model (direct purchase, trade-in equipment and own rental equipment) leads to positive circular economy impacts as stated above.

The way the Group chooses to compete leads directly to identified positive impacts on its own workforce and good governance and corporate culture. In its strategy, the Group has wanted to invest in a skilled, professional and healthy workforce, which is reflected in positive impacts on its own workforce. Similarly, the Group has strategically outlined its preferred way of working with suppliers, and the approach chosen by the Group includes both confidential relationships and commitment

to timely payments, especially in the case of small and medium-sized enterprises.

When assessing the time horizon of material impacts, it is observed that the Group's material positive and negative impacts are primarily of a continuing nature and can, as a rule, be expected to continue in the same direction throughout the Group's strategy period until the end of 2028. During the strategy period, electric machines are expected to become more common, leading to a reduction in carbon dioxide emissions from the use of the fleet, but at the same time, the environmental impacts of the sold fleet will increase due to problems in battery material production.

### 3.2. Material risks and opportunities

The materiality analysis identified risks and opportunities for all the main topics and most of the sub-topics. The table below describes the material positive and negative risks and opportunities by sub-topic. Sub-topics for which material opportunities have been identified are marked with a light grey background colour in the (+) column.

Sub-topics for which material risks have been identified are marked with a light grey background colour in the (-) column.

KH Group identified a total of 12 material financial risks and opportunities in its materiality analysis. The table below presents the identified material risks and opportunities and the related topics and sub-topics. The materiality scale is 0–5, and the mechanism for defining it is discussed in section 3.4.2. Materiality analysis of risks and opportunities. The materiality threshold used in the analysis was 3.00, i.e. risks and opportunities with a materiality greater than or equal to 3.00 were considered to be material and those less than 3.00 were considered to be non-material. In the case of Nordic Rescue Group, the risks were assessed on a scale of 1 to 3, as this corresponds to the company's internal risk assessment scale. On this scale, the materiality threshold was defined as 2.

The Group's material risks and opportunities were determined after each Group company had carried out its own materiality analysis. The risks and opportunities relevant to the Group are presented in the table below.

| Topic                                | Sub-topic   |   | Opportunity/risk |
|--------------------------------------|---|---|------------------|
| <b>E – ENVIRONMENT</b>               |   | + | -                |
| E1 Climate change                    | E1.2 Climate change mitigation  | + | -                |
| E5 Resource use and circular economy | E5.1 Resource inflows, including resource use                               | + | -                |
|                                      | E5.2 Resource outflows related to products and services                     | + | -                |
| <b>S - SOCIAL RESPONSIBILITY</b>     |   | + | -                |
| S1 Own workforce                     | S1.1 Working conditions   | + | -                |
|                                      | S1.2 Equal treatment and opportunities for all                              |   | -                |
| <b>G – BUSINESS CONDUCT</b>          |   | + | -                |
| G1 Business conduct                  | G1.1 Corporate culture  |   | -                |
|                                      | G1.5 Management of relationships with suppliers including payment practices | + | -                |

**Group's material risks and opportunities**

| Topic     | Sub-topic  | Impact  | Risk/opportunity |
|-----------|------------|---|------------------|
| <b>E1</b> | E1.2       | Demand shifts to sustainable products, leading to growth and better access to financing                       | +                |
|           | E1.2       | Demand for heavy equipment slows down due to sustainability reasons   | -                |
|           | E1.2       | Climate change can increase raw material costs, the use of more sustainable materials can also increase costs | -                |
| <b>E5</b> | E5.1       | Regulatory requirements on the use of recycled materials increase equipment procurement costs                 | -                |
|           | E5.1, E5.2 | As circular economy requirements become more common, the demand for rental machines increases                 | +                |
|           | E5.1, E5.2 | As circular economy requirements become more common, the demand for aftermarket services increases            | +                |
| <b>S1</b> | S1.2       | Uneven age distribution can cause financial risks when talent focuses on retirement                           | -                |
|           | S1.1       | High work motivation and well-being increase work productivity and efficiency                                 | +                |
|           | S1.1       | Potentially low work motivation or well-being reduces productivity and efficiency                             | -                |
| <b>G1</b> | G1.1       | Tighter regulation increases costs and alternative costs  | -                |
|           | G1.1, G1.5 | The reputation as a responsible party attracts customers, employees and investors.                            | +                |

Related to **climate change**, the Group identified further growth as a material opportunity as demand shifts to more sustainably manufactured and lower-emission equipment. In particular, the Group's electric machine range was seen to have potential in the change. On the other hand, the decline in demand for heavy equipment due to the climate impacts of their manufacture and the environmental impact assessments of investments (applications) was identified as a climate-related financial risk. Potential increases in raw material costs due to the impacts of climate change and the costs of switching to more climate-sustainable materials were also identified as a material risk.

With regard to the **circular economy**, the Group identified the increase in the procurement costs of equipment as a material risk as the requirements for the use of recycled materials increase due to regulation. Material opportunities were identified for the same topic in the development of demand for both rental equipment and aftermarket services, as the Group expects the

requirements placed on the circular economy by different parties to increase, and this will be positively reflected in all mechanisms that increase the service life and utilisation rate of equipment.

In relation to its **own workforce**, the Group identified the positive impacts of high work motivation and well-being on the productivity and efficiency of its personnel as a significant opportunity. As the reverse side of the opportunity, the Group identified a material risk of the opposite negative impact, i.e. the impact of reduced work motivation or well-being on productivity and efficiency. In addition, in some companies, the age distribution of the workforce is close to retirement age, which poses a risk of the skilled workforce leaving the Group in the coming years.

Related to **business conduct**, the Group identified the impact of tightening regulation and reporting requirements on increasing costs and alternative costs as a material risk. In some Group companies, suppliers are highly specialised, which can increase the risk associated with suppliers. The Group's reputation as a responsible party was

identified as a general opportunity related to business conduct, increasing the Group's attractiveness from the perspective of customers, investors and employees.

As a general observation of material risks and opportunities, it can be stated that the majority of risks and opportunities are opposites, i.e. the same phenomenon involves both the risk of negative development and the possibility of positive development. As another observation, the risks identified as material were all associated with an estimated impact of at least one million euros.

**3.3. Impacts, risks and opportunities**

Despite the fact that the formal materiality analysis was not carried out until 2024, the impacts, risks and opportunities identified in the materiality analysis have been known to the Group for a long time and they have been addressed in the Group's management and governance bodies as well as part of the Group's risk management process and strategy process. The Group's





latest strategy updated in 2023 takes into account the observed negative impacts and risks as well as the underlying trends. In addition, the strategy actively seeks to exploit material opportunities. The Group continuously monitors the operating environment and has the flexibility to change the strategy or business model in different scenarios if necessary.

Examples of the effects of the material impacts, risks and opportunities on the Group's strategy and business model can be presented in the following key strategic areas:

- Investments in the sale and rental of electrical equipment during the strategy period
- Investments in aftermarket services and rental
- Investing in employee well-being and competence.

The majority of the risks and negative impacts identified in KH Group's materiality analysis primarily concern the upstream the value chain, i.e. raw material production. The impacts of the Group's own operations were found to be mainly positive.

KH Group does not expect the risks and opportunities to have an impact on the consolidated balance sheet, result or cash flow in the short, medium and long term other than as estimated in the Group's financial targets. In other words, the Group's expectations of the financial impacts of risks and opportunities are included in the financial targets communicated by the Group in the short, medium and long term. As an additional observation, the Group does not expect risks or opportunities to have a significant impact on the Group's balance sheet items during the next reporting period.

#### Impact/opportunity/risk IMPACTS

| Impact/opportunity/risk<br>IMPACTS                         | Report chapter/metric  |
|--|--|
| Environmental impacts of the manufacture of sold equipment | 5.3. GHG emissions/scope 3 category 1 emissions                          |
| Fossil fuels as the propulsion of the equipment            | 5.3. GHG emissions/scope 3 category 11 and 13 emissions                  |
| Reselling used equipment promotes the circular economy     | 6.2. Resource inflows/ Share of recycled or used components in net sales |
| Aftermarket services that extend the life of equipment     | 6. Circular economy/aftermarket services share of net sales              |
| Rental services increase the utilisation rate of equipment | 6. Circular economy/rental services share of net sales                   |
| Active dialogue with the personnel                         | 7. Own workforce/Net promoter score                                      |
| Investments in personnel training and competence           | 7. Own workforce/Net promoter score                                      |
| Strong and confidential supplier relationships             | 8. Business conduct/supplier relations                                   |
| Fair payment terms and timely payment                      | 8.2.1. Payment practices/payment practices                               |

#### RISKS AND OPPORTUNITIES

|   |   |
|---|---|
| Demand shifts to sustainable products, leading to growth  | 5.3. GHG emissions/scope 3 category 11 and 13 emissions       |
| Demand for heavy equipment is declining for sustainability reasons                                    | 5.3. GHG emissions/scope 3 category 1 emissions               |
| Regulatory requirements for the use of recycled materials increase the procurement costs of the fleet | 6.1. Policies, actions and targets                            |
| As circular economy requirements become more common, the demand for rental equipment increases        | 6.1. Circular economy/rental services share of net sales      |
| As circular economy requirements become more common, the demand for aftermarket services increases    | 6.1. Circular economy/aftermarket services share of net sales |
| High work motivation and well-being increases work productivity and efficiency                        | 7. Own workforce/net promoter score                           |
| Declining work motivation or well-being reduces productivity and efficiency                           | 7. Own workforce/net promoter score                           |
| Tighter regulation increases costs and alternative costs  | 8. Business conduct/compliance expenses                       |



The table below lists the impacts, risks and opportunities identified by KH Group as described above. In addition, the metric used by KH Group to monitor the status of the impact, risk or opportunity is described for each impact, risk or opportunity. Some of the reporting items are covered by ESRS metrics, some by the Group's own metrics. The calculation principles for the Group's own metrics are described for each metric in connection with numerical data.

### 3.4. Double materiality analysis

#### 3.4.1. Impact materiality analysis

The materiality of the impacts was assessed by examining the scale, scope, remediability and probability of the impacts. The rating scale is presented in the table below

for the different variables. The materiality of the impacts was assessed on the basis of the attached calculation formula.

The identification of impacts as part of the materiality analysis process was primarily based on the Group companies' own risk analysis processes, which took into account the risks posed by the Group's operations to the environment and the surrounding society in addition to the risks to the Group. The value chain and the value chain impact assessment were taken into account particularly in business operations based on feedback from stakeholder discussions.

The impact assessment was based in particular on the Group's own operations and direct partners, i.e. parties that the Group can influence through its own activities. In particular, the analysis took into account the

activities and business relationships involving specific risks (e.g. increased risk of corruption related to sales and procurement activities) and geographical areas (e.g. increased risk of human rights violations in the Middle East and sub-Saharan Africa).

A numerical value of 3.00 has been considered as the material impact threshold. Likelihood, scale, scope and remediability have been assessed on a case-by-case basis, reflecting the views of experts, precedents and statistical data.

#### 3.4.2. Materiality analysis of risks and opportunities

The Group's material financial risks were reviewed by assessing the likelihood of the risks and the financial impacts of their materialisation. The rating scale is presented in the table below for the different variables.

|  | 1   | 2     | 3       | 4   | 5       |
|--|---|-------|---------|---|---------|
| <b>Scale</b>   | The scale or consequences of the impact are minor                         |       |         | The scale or consequences of the impact are significant |         |
| <b>Scope</b>   | The impacts are limited or very local                                     |       |         | Impacts are global or affect the entire value chain     |         |
| <b>Remediability</b>   | Can be remedied in the short term   |       |         | Irreversible  |         |
| <b>Likelihood</b>  | 25%   | 50%   |         | 75%   | 100%    |
|  | Likelihood – how likely is it to occur at least once in the next 5 years? |       |         |   |         |
| $\frac{\text{Scale} + \text{Scope} + \text{Remediability}}{3} \times \text{likelihood} \times 100$ |   |       |         |   |         |
| <b>Impact (EUR 1,000)</b>  | < 100   | < 500 | < 1 000 | < 5 000   | > 5 000 |
| <b>Likelihood</b>  | 25%   | 50%   | 75%     | 100%  |         |
|  | Likelihood – how likely is it to occur at least once in the next 5 years? |       |         |   |         |

Impact x Likelihood



The materiality of risks and opportunities was assessed on the basis of the attached calculation formula.

The material risk or opportunity threshold is considered to be 3.00. As an exception to this, in the case of Nordic Rescue Group, the risks were assessed on a scale of 1 to 3, as this corresponds to the company's internal risk assessment scale. On this scale, the materiality threshold was defined as 2. The likelihood and impacts have been assessed on a case-by-case basis, reflecting both the views of experts and precedents and statistical data.

KH Group recognises that, particularly with regard to the environment, its direct impacts are separated from the Group's risks and opportunities; when risks and opportunities increase, they are more dependent on market reactions and market behaviour than on the Group's own actions.

#### 3.4.3. Consultation of stakeholders as part of the materiality analysis process

During the materiality analyses of KH Group companies, stakeholders were consulted through topic-specific interviews organised by an external expert. In addition, other materials were used to consult stakeholders, such as personnel surveys.

#### 3.4.4. Risk management and internal control in materiality analysis

The internal control of KH Group's materiality analysis of sustainability risks is organised in accordance with the Group's internal control governance model. The identification, assessment and management of sustainability risks and opportunities is integrated into the Group's risk management process. Both are described in section 1.7 Risk management and internal controls in sustainability reporting.

#### 3.4.5. Materiality analysis background information

KH Group carried out a materiality analysis in accordance with the ESRS standards for the first time in 2024, so the Group has no reportable process changes from the previous reporting period. The materiality analysis used both the company's existing data (e.g. reports, data accumulated in information systems, interviews with internal experts), external data sources (e.g. standards, articles and other written material produced by third parties) and external experts (e.g. organisations providing expert services and experts employed by stakeholders).

#### 3.5. Specific topical materiality analyses (IRO-1)

The ESRS requires that the results of the materiality analysis be described separately for individual sustainability topics. The results of the previous materiality analysis for these topics are described below.

##### 3.5.1. Climate risks

KH Group identifies climate risks as part of its normal business risk assessment. The Group pays special attention to climate risks arising from its own operations. The Group does not have a separate process for assessing its absolute climate impact. The Group carries out qualitative climate impact assessments as part of its risk assessments and sustainability reporting.

The assessment of climate-related physical risks is carried out in conjunction with other physical risks as part of normal business risk reviews. The risk reviews only take into account short-term scenarios, as the Group does not have any fixed assets that would be susceptible to long-term negative development.

The Group assesses climate-related transition risks as part of a strategic risk review carried out at least once a year. The Group has not identified scenarios in which its climate-related transition risks would primarily depend on climate assumptions; instead, the Group estimates that its climate-related transition risks are primarily i) regulatory ii)

political or iii) derived from a change in customer behaviour.

In the short-term risk review, the Group has no activities or assets that would be exposed to climate risks. In the medium and long term, some of the Group's assets (e.g. internal combustion engine-powered equipment in stock) are exposed to risks arising from transition events, but due to the nature of the Group's assets (all assets liquid within a 5-year window), they are not expected to be subject to significant transition risk even in severe scenarios. Furthermore, according to the Group's assessment, the nature of its activities means that the need for these activities will not be eliminated in different climate change scenarios, and some of the strong climate change scenarios may even lead to positive impacts for the Group when different adaptation measures require heavy equipment and its maintenance.

##### 3.5.2. Pollution risks

KH Group identifies pollution risks as part of its normal business risk assessment. The Group pays special attention to the risks of pollution caused by its own operations.

In its own operations, the assessment of pollution risks is primarily the responsibility of businesses that consider pollution risks in connection with other physical risks as part of normal risk reviews. With regard to stakeholder engagement, pollution risks are primarily discussed in bilateral discussions with partners. Information on pollution risks obtained from all channels is processed in accordance with the Group's risk management process. Conversations with customers, suppliers and our own personnel are primarily used in the analysis of pollution risks.

The Group recognises that its awareness of the pollution risk in the upstream value chain in particular is uncertain due to a lack of transparency in the value chain "beyond" the manufacturers. For this reason, the Group



strongly emphasises its direct partners in its own pollution risk assessment. The materiality analysis identified impacts, risks and opportunities related to pollution, but they were not assessed as material.

In the materiality analysis, the negative and positive impacts related to pollution identified for Indoor were not assessed as material at Group level. No risks and opportunities related to pollution were identified for Indoor.

### 3.5.3. Water risks

KH Group identifies water risks as part of its normal business risk assessment. The Group pays special attention to water risks arising from its own operations.

In its own operations, the assessment of water risks is primarily the responsibility of businesses that consider water risks in connection with other physical risks as part of normal risk reviews. With regard to stakeholder engagement, water risks are primarily discussed in bilateral discussions with partners. Information about water risks from all channels is processed in accordance with the Group's risk management process. The analysis of water risks primarily utilises discussions with customers, suppliers and own personnel.

The Group recognises that its awareness of water risks, particularly in the upstream value chain, is uncertain. This is due to lack of transparency in the value chain, excluding manufacturers. For this reason, the Group strongly emphasises its direct partners in its own water risk assessments. The materiality analysis identified water-related impacts, risks and opportunities, but they were not assessed as material.

### 3.5.4. Biodiversity and ecosystem risks

KH Group identifies biodiversity and ecosystem risks as

part of its normal business risk assessment. The Group pays special attention to biodiversity and ecosystem risks arising from its own operations.

In its own operations, the assessment of biodiversity and ecosystem risks is primarily the responsibility of the businesses, which consider biodiversity and ecosystem risks in connection with other physical risks as part of normal risk assessments. With regard to stakeholder engagement, biodiversity and ecosystem risks are primarily discussed in bilateral discussions with partners. Information about biodiversity and ecosystem risks obtained from all channels is processed in accordance with the Group's risk management process. Biodiversity and ecosystem risks are analysed primarily through discussions with customers, suppliers and own personnel.

The Group has not identified any material biodiversity or ecosystem risks or dependencies on biodiversity or ecosystems at its own locations or in the value chain. Moreover, the Group has not identified any transition and physical risks or opportunities related to biodiversity or ecosystems. Systemic risks are assessed separately annually in connection with the Group's strategic risk review. The materiality analysis identified impacts, risks and opportunities related to biodiversity or ecosystems, but they were not assessed as material.

KH Group's sites are not estimated to be located in biodiversity-sensitive areas. The Group has acknowledged that it has no need to draw up a separate action plan to protect or restore biodiversity-sensitive areas.

### 3.5.5. Circular economy risks

KH Group plays a key role in the circular economy of the value chain. The Group buys, sells, rents, maintains and repairs construction and property maintenance

equipment, which gives the Group a key view of both its suppliers and customers in the value chain. For comparison, in industry, the company delivers the product to a customer that disposes of the product at the end of its life cycle; KH Group is both the procurement and decommissioning channel for the customer.

In its stakeholder engagement, KH Group addresses circular economy risks primarily in bilateral discussions with partners. The information received from all channels is processed in accordance with the Group's risk management process. Conversations with customers, suppliers and own personnel are primarily used in the analysis of circular economy phenomena.

The materiality analysis identified impacts, risks and opportunities related to the use of resources and the circular economy, some of which were assessed as material.

### 3.5.6. Business conduct

KH Group's most significant business conduct-related impacts are related to its suppliers. The Group has strong and trusting relationships with its main manufacturers, which is partly a result of its long history and mutual appreciation.

Another KH Group impact is related to its payment practices. The Group's payment practices by supplier category are described in subsection 8.2.1. Payment practices.

The most significant risk related to business conduct is related to tightening regulation and the resulting additional costs and alternative costs. The realisation of this risk is assessed by separately monitoring the costs incurred due to the Group's compliance activities, and the aim is to reduce the risk by means of risk management.



### 3.6. Reported information

KH Group's sustainability reporting covers the following information:

#### ESRS 2: GENERAL DISCLOSURES

| Standard section         | Disclosure requirement  | Report section       |
|--------------------------|---|----------------------|
| BP-1                     | General basis for preparation of sustainability statements  | 1.1.                 |
| BP-2                     | Disclosures in relation to specific circumstances   | 1.2.                 |
| GOV-1                    | The role of the administrative, management and supervisory bodies   | 1.3.                 |
| GOV-2                    | Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies | 1.4.                 |
| GOV-3                    | Integration of sustainability-related performance in incentive schemes  | 1.5.                 |
| GOV-4                    | Statement on due diligence  | 1.6.                 |
| GOV-5                    | Risk management and internal controls over sustainability reporting   | 1.7.                 |
| SBM-1                    | Strategy, business model and value chain  | 2.1.–2.3.            |
| SBM-2                    | Interests and views of stakeholders   | 2.4.                 |
| SBM-3                    | Material impacts, risks and opportunities and their interaction with strategy and business model                                    | 3.1.–3.3.            |
| IRO-1                    | Description of the processes to identify and assess material impacts, risks and opportunities                                       | 3.4.–3.5.            |
| IRO-2                    | Disclosure requirements in ESRS covered by the undertaking's sustainability statement   | 3.6.                 |
| <b>E1 Climate change</b> |   |                      |
| E1-1                     | Transition plan for climate change mitigation   | 5.1.                 |
| E1-2                     | Policies related to climate change mitigation and adaptation  | 5.1.                 |
| E1-3                     | Actions and resources in relation to climate change policies  | 5.1.                 |
| E1-4                     | Targets related to climate change mitigation and adaptation   | 5.1.                 |
| E1-5                     | Energy consumption and mix  | 5.2.                 |
| E1-6                     | Gross Scopes 1, 2, 3 and Total GHG emissions  | 5.3.                 |
| E1-7                     | GHG removals and GHG mitigation projects financed through carbon credits  | 5.3.                 |
| E1-8                     | Internal carbon pricing   | 5.3.                 |
| E1-9                     | Anticipated financial effects from material physical and transition risks and potential climate-related opportunities               | Phasing-in time used |
| GOV-3                    | Integration of sustainability-related performance in incentive schemes  | 1.5.                 |
| IRO-1                    | Description of the processes to identify and assess material impacts, risks and opportunities                                       | 3.4.–3.5.            |
| SBM-3                    | Material impacts, risks and opportunities and their interaction with strategy and business model                                    | 3.1.–3.3.            |

**ESRS 2: GENERAL DISCLOSURES**

| Standard section                            | Disclosure requirement   | Report section       |
|---|--|----------------------|
| <b>E5 Resource use and circular economy</b> |  |                      |
| E5-1  | Policies related to resource use and circular economy  | 6.1.                 |
| E5-2  | Actions and resources related to resource use and circular economy   | 6.1.                 |
| E5-3  | Targets related to resource use and circular economy   | 6.1.                 |
| E5-4  | Resource inflows   | 6.2.                 |
| E5-5  | Resource outflows  | 6.3.–6.4.            |
| E5-6  | Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities  | Phasing-in time used |
| IRO-1                                       | Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities  | 3.4.–3.5.            |
| <b>S1 Own workforce</b>                     |  |                      |
| S1-1  | Policies related to own workforce  | 7.1.                 |
| S1-2  | Processes for engaging with own workers and workers' representatives about impacts   | 7.1.                 |
| S1-3  | Processes to remediate negative impacts and channels for own workers to raise concerns   | 7.1.                 |
| S1-4  | Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions | 7.2.                 |
| S1-5  | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities   | 7.2.1.               |
| S1-6  | Characteristics of the undertaking's employees   | 7.3.                 |
| S1-7  | Characteristics of non-employee workers in the undertaking's own workforce   | Phasing-in time used |
| S1-8  | Collective bargaining coverage and social dialogue   | 7.3.                 |
| S1-9  | Diversity metrics  | 7.3.                 |
| S1-11                                       | Social protection  | 7.3.                 |
| S1-13                                       | Training and skills development metrics  | Phasing-in time used |
| S1-14                                       | Health and safety metrics  | 7.3.                 |
| S1-15                                       | Work-life balance metrics  | 7.3.                 |
| S1-16                                       | Compensation metrics (pay gap and total compensation)  | 7.3.                 |
| S1-17                                       | Incidents, complaints and severe human rights impacts  | 7.3.                 |
| SBM-2                                       | Interests and views of stakeholders  | 2.4.                 |
| SBM-3                                       | Material impacts, risks and opportunities and their interaction with strategy and business model   | 3.1.–3.3.            |



| Standard section           | Disclosure requirement  | Report section  |
|----------------------------|---|-----------------|
| <b>G1 Business conduct</b> |   |                 |
| G1-1                       | Corporate culture and business conduct policies   | 8.1.            |
| G1-2                       | Management of relationships with suppliers  | 8.2.            |
| G1-6                       | Payment practices   | 8.2.1.          |
| GOV-1                      | The role of the administrative, management and supervisory bodies                             | 1.3. and 8.1.1. |
| IRO-1                      | Description of the processes to identify and assess material impacts, risks and opportunities | 3.4.–3.5.       |

### 3.7. Non-material topics in sustainability reporting (IRO-1)

#### 3.7.1. ESRS E2 Pollution

KH Group assesses the standard ESRS E2 pollution as non-material for two main reasons. Firstly, the risk of environmental pollution caused by the Group's own operations was assessed to be low, locally limited and to be remediable with moderate effort. Secondly, when looking at the value chain perspective, KH Group estimates that the pollution caused by the production of the products and services it procures is low.

#### 3.7.2. ESRS E3 Water and marine resources

The ESRS E3 standard was assessed as non-material for the Group due to the fact that KH Group's own operations are not water-intensive or located in an area with a high water risk. Globally, automotive and furniture industry supply chains are partly water-intensive and partly in high-water risk areas, but the impacts attributable to KH Group are practically non-existent. As a key observation, the Group's direct first-tier suppliers are also not within the scope of significant water risk.

#### 3.7.3. ESRS E4 Biodiversity and ecosystems

With regard to biodiversity, KH Group assesses that the operations of its Group companies do not have a material

impact on biodiversity or ecosystems. Expansions of Group companies' premises and similar operations may have localised and minor impacts, which are managed by following the regulations of local authorities and environmental permits. The risk of biodiversity loss and potential damage to ecosystems caused by the primary production of raw materials (iron, alloy metals, battery metals, wood) has been identified in the global value chains, but Group companies strive to select only direct suppliers whose activities extending to the global mining and wood industry are sustainable.

#### 3.7.4. ESRS S2 Workers in the value chain

KH Group does not estimate that its operations have a significant impact on workers in the value chain besides its own personnel. According to the Group's assessment, working conditions are properly organised, employees are treated equally and other labour rights are realised in accordance with European Union legislation and international standards, particularly in the value chain stages close to the Group. Without prejudice to this, the Group will exercise due diligence and take appropriate action where necessary.

#### 3.7.5. ESRS S3 Affected communities

According to the Group's assessment, its operations do not have material impacts on different communities. The

Group has no objectives that would conflict with any identified communities or indigenous peoples. Without prejudice to this, the Group exercises due diligence and takes appropriate action if any observations requiring action are made.

#### 3.7.6. ESRS S4 Consumers and end-users

With regard to consumers and end-users, KH Group assesses that its operations have no observable impact on the safety, social inclusion or information rights of end-users or consumers. Heavy equipment supplied by KH-Koneet and NRG always involves accident risks, but the Group assesses these to be minor due to the fact that the Group supplies the equipment to trained professionals who receive the necessary induction to safely operate the equipment. Furthermore, the Group complies with appropriate safeguards in the processing of personal data and thus reduces the informational risks to consumers that may otherwise be caused by the Group's operations. In summary, the Group considers that its safeguards are sufficient to safeguard the rights of consumers and end-users, and the Group monitors the situation continuously and takes the necessary measures if necessary.



### 3.8. List of datapoints in cross-cutting and topical standards that derive from other EU legislation

The table below contains all datapoints that derive from EU legislation other than ESRS 2 Annex B. The table also shows where the datapoint can be found (and which

datapoints are not included because they are not defined as material).

|      |   |
|------|---|
| SFDR | Sustainable Finance Disclosure Regulation |
| P3   | EBA Pillar 3 disclosure requirements      |
| BRR  | Climate Benchmark Standards Regulation    |
| EUCL | EU Climate Law                            |

| Disclosure requirement | Datapoint |  | Legislation | Report section       |
|------------------------|-----------|--|-------------|----------------------|
| ESRS 2 GOV-1           | 21(d)     | Board's gender diversity   | SFDR, BRR   | 1.3.1.               |
|                        | 21(e)     | Percentage of board members who are independent  | BRR         | 1.3.1.               |
| ESRS 2 GOV-4           | 30;32     | Statement on due diligence   | SFDR        | 1.6.                 |
| ESRS 2 SBM-1           | 40(d) i   | Involvement in activities related to fossil fuel activities  | SFDR/P3/BRR | Non-material         |
|                        | 40(d) ii  | Involvement in activities related to chemical production   | SFDR/BRR    | Non-material         |
|                        | 40(d) iii | Involvement in activities related to controversial weapons   | SFDR        | Non-material         |
|                        | 40(d) iv  | Involvement in activities related to cultivation and production of tobacco   | BRR         | Non-material         |
| ESRS E1-1              | 14        | Transition plan to reach climate neutrality by 2050  | EUCL        | 5.1.                 |
|                        | 16(g)     | Undertakings excluded from Paris-aligned Benchmarks  | P3/BRR      | Non-material         |
| ESRS E1-4              | 34        | GHG emission reduction targets   | SFDR/P3/BRR | 5.1.                 |
| ESRS E1-5              | 37        | Energy consumption and mix   | SFDR        | 5.2.                 |
|                        | 38        | Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)                                 | SFDR        | 5.2.                 |
|                        | 40–43     | Energy intensity associated with activities in high climate impact sectors   | SFDR        | 5.2.                 |
| ESRS E1-6              | 44        | Gross Scope 1, 2, 3 and Total GHG emissions  | SFDR/P3/BRR | 5.3.                 |
|                        | 53–55     | Gross GHG emissions intensity  | SFDR/P3/BRR | 5.3.                 |
| ESRS E1-7              | 56        | GHG removals and carbon credits  | EUCL        | 5.3.                 |
| ESRS E1-9              | 66        | Exposure of the benchmark portfolio to climate-related physical risks  | BRR         | Phasing-in time used |
|                        | 66a, 66c  | Disaggregation of monetary amounts by acute and chronic physical risk and location of significant assets at material physical risk | P3          | Phasing-in time used |
|                        | 67c       | Breakdown of the carrying value of its real estate assets by energy-efficiency classes   | P3          | Phasing-in time used |
|                        | 69        | Degree of exposure of the portfolio to climate-related opportunities   | BRR         | Phasing-in time used |





| Disclosure requirement  | Datapiste |  | Legislation | Report section  |
|-------------------------|-----------|--|-------------|-----------------|
| ESRS E2-4               | 28a       | Amount of each pollutant listed in the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil | SFDR        | Non-material    |
| ESRS E3-1               | 9         | Water and marine resources   | SFDR        | Non-material    |
|                         | 13        | Dedicated policy   | SFDR        | Non-material    |
|                         | 14        | Sustainable oceans and seas  | SFDR        | Non-material    |
| ESRS E3-4               | 28c       | Total water recycled and reused  | SFDR        | Non-material    |
|                         | 29        | Total water consumption in m3 per net revenue on own operations  | SFDR        | Non-material    |
| ESRS E4, SBM-3 (ESRS 2) | 16(a) i   | Activities negatively affecting biodiversity-sensitive areas   | SFDR        | Non-material    |
|                         | 16b       | Material negative impacts with regards to soil degradation, desertification or soil sealing  | SFDR        | Non-material    |
|                         | 16c       | Operations that affect threatened species  | SFDR        | Non-material    |
| ESRS E4-2               | 24b       | Sustainable land or agriculture practices or policies  | SFDR        | Non-material    |
|                         | 24c       | Sustainable oceans or seas practices or policies   | SFDR        | Non-material    |
|                         | 24d       | Policies to address deforestation  | SFDR        | Non-material    |
| ESRS E5-5               | 37d       | Non-recycled waste   | SFDR        | 6.4.            |
|                         | 39        | Hazardous waste and radioactive waste  | SFDR        | 6.4.            |
| ESRS S1, SBM-3 (ESRS 2) | 14f       | Risk of incidents of forced labour   | SFDR        | 7. (page 54)    |
|                         | 14g       | Risk of incidents of child labour  | SFDR        | 7. (page 54)    |
| ESRS S1-1               | 20        | Human rights policy commitments  | SFDR        | 7.1.            |
|                         | 21        | UN Guiding Principles on Business and Human Rights   | BRR         | 7.1.            |
|                         | 22        | Processes and measures for preventing trafficking in human beings  | SFDR        | 7.1.            |
|                         | 23        | Workplace accident prevention policy or management system  | SFDR        | 7.1.            |
| ESRS S1-3               | 32c       | Grievance/complaints handling mechanisms   | SFDR        | 7.1. and 8.1.5. |
| ESRS S1-14              | 88b       | Number of fatalities and number and rate of work-related accidents   | SFDR        | 7.3.            |
|                         | 88e       | Number of days lost to injuries, accidents, fatalities or illness  | SFDR        | 7.3.            |
| ESRS S1-16              | 97(a)     | Unadjusted gender pay gap  | SFDR/BRR    | 7.3.            |
|                         | 97(b)     | Excessive CEO pay ratio  | SFDR        | 7.3.            |
| ESRS S1-17              | 103(a)    | Incidents of discrimination  | SFDR        | 7.3.            |
|                         | 104(a)    | Non-respect of UNGPs on Business and Human Rights and OECD Guidelines  | SFDR/BRR    | 7.3.            |



| Disclosure requirement  | Datapiste |  | Legislation | Report section |
|-------------------------|-----------|--|-------------|----------------|
| ESRS S2, SBM-3 (ESRS 2) | 11(b)     | Significant risk of child labour or forced labour in the value chain   | SFDR        | Non-material   |
| ESRS S2-1               | 17        | Human rights policy commitments  | SFDR        | Non-material   |
|                         | 18        | Policies related to value chain workers  | SFDR        | Non-material   |
|                         | 19        | Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines                                   | SFDR/BRR    | Non-material   |
|                         | 19        | Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8 | SFDR/BRR    | Non-material   |
| ESRS S2-4               | 36        | Human rights issues and incidents connected to the upstream and downstream value chain                             | SFDR        | Non-material   |
| ESRS S3-1               | 16        | Human rights policy commitments  | SFDR        | Non-material   |
|                         | 17        | Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines                               | SFDR/BRR    | Non-material   |
| ESRS S3-4               | 36        | Human rights issues and incidents  | SFDR        | Non-material   |
| ESRS S4-1               | 16        | Policies related to consumers and end-users  | SFDR        | Non-material   |
|                         | 17        | Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines                                   | SFDR/BRR    | Non-material   |
| ESRS S4-4               | 35        | Human rights issues and incidents  | SFDR        | Non-material   |
| ESRS G1-1               | 10(b)     | United Nations Convention Against Corruption   | SFDR        | 8.1.4.         |
|                         | 10(d)     | Protection of whistle-blowers  | SFDR        | 8.1.5.         |
| ESRS G1-4               | 24(a)     | Fines for violation of anti-corruption and anti-bribery laws   | SFDR/BRR    | Non-material   |
|                         | 24(b)     | Standards of anti-corruption and anti-bribery  | SFDR        | Non-material   |



## ENVIRONMENTAL INFORMATION

### 4. EU TAXONOMY

KH Group discloses information in this section in accordance with the following regulation: Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (Taxonomy Regulation). Under the Taxonomy Regulation, companies that are required to report under the Non-Financial Information Directive (2014/95/EU) must comply with the disclosure requirements of the Taxonomy Regulation. KH Group Plc is subject to this requirement. The EU Taxonomy has been developed to promote sustainable investment and reorient capital towards environmentally sustainable activities.

The taxonomy sets technical evaluation criteria for economic activities covering six environmental objectives. With regard to taxonomy reporting, a distinction is made between taxonomy-eligible and taxonomy-aligned economic activities. Taxonomy-eligible activities are all economic activities which, in theory, when they fulfil the technical criteria and other requirements, can also be taxonomy-aligned activities. However, eligibility does not require an assessment of the possible fulfilment of these criteria. Instead, it is sufficient that the economic activity is included in the EU taxonomy as it stands, in other words, the assessment concerns whether the activity is taxonomy-eligible. Taxonomy-alignment, on the other hand, means that the taxonomy-eligible activity has been assessed on the basis of the Taxonomy Regulation and the regulations issued thereunder to meet all the requirements that have been set for that activity.

The objective of the taxonomy review is to identify which financial activities (turnover, capital expenditure, operating expenditure) of companies contribute to the sustainable use of water and marine resources,

support the circular economy and waste minimisation, reduce pollution and protect or restore biodiversity and ecosystems. This review is conducted by reflecting the company's business against the technical screening criteria of the EU Taxonomy.

The EU Taxonomy uses the NACE industry classification, which provides guidance on which sectors are included in taxonomy-eligible activities. NACE (Nomenclature statistique des Activités économiques dans la Communauté Européenne) is the European Community's statistical classification system for economic activities that has been used to define sectors as a basis for screening taxonomy eligibility and alignment. KH Group has used this approach in its assessment. As the references to the NACE codes in the EU Taxonomy are indicative, it would also be possible to assess taxonomy eligibility and alignment using an approach whereby the NACE codes are not weighted equally and whereby only the compatibility of the description of taxonomy-eligible activities with KH Group's operations is assessed without regard to the indicative industry classification. Had this approach been used in the assessment, the company's assessment of the activities relevant to the Taxonomy Regulation could therefore have been different.

With regard to taxonomy eligibility and alignment, it is estimated that in 2024,

- the net sales of KH Group's continuing operations were not considered to meet the criteria for taxonomy alignment with sufficient verifiability. Neither did any part of KH Group's net sales from continuing operations meet taxonomy eligibility.
- With regard to capital expenditure, continuing operations were not considered to include taxonomy-aligned or eligible activities in
- With regard to operating expenditure, continuing operations were not considered to include taxonomy-aligned or eligible operations in

#### 4.1. Accounting principles concerning financial figures in taxonomy reporting

Taxonomy reporting analyses what proportion of KH Group's and its subsidiaries' net sales, capital expenditure and operating expenditure is taxonomy-eligible and, for the first two objectives, what proportion of eligible activities are also taxonomy-aligned.

In determining taxonomy-eligible net sales, the numerator includes net sales derived from products or services related to KH Group's and its subsidiaries' economic activities that are within the scope of the taxonomy. The denominator covers the net sales of the continuing operations of KH Group and its subsidiaries.

In determining taxonomy-eligible capital expenditure, the numerator includes capital expenditure by KH Group and its subsidiaries that is related to assets or processes related to taxonomy-aligned economic activities, or is part of an investment plan intended to expand taxonomy-aligned economic activities or turn taxonomy-eligible activities into taxonomy-aligned activities, or relates to purchasing outputs of taxonomy-aligned economic activities and individual measures by which the activities in question can be made low-carbon, or their greenhouse gas emissions can be reduced. The denominator takes into account the additions to tangible and intangible assets in the continuing operations of KH Group and its subsidiaries, as well as long-term lease costs.

In determining taxonomy-eligible operating expenditure, the numerator includes operating expenditure by the continuing operations of KH Group and its subsidiaries that relates to assets or processes related to taxonomy-aligned economic activities, or direct non-capitalised costs arising from research and development activities, or is part of an investment plan intended to expand taxonomy-aligned economic activities or turn taxonomy-eligible activities into taxonomy-aligned activities, or relates to purchasing outputs of taxonomy-aligned economic activities and individual measures by



which the activities in question can be made low-carbon, or their greenhouse gas emissions can be reduced, or individual measures concerning the renovation of buildings. The denominator covers the non-capitalised

costs of the continuing operations of KH Group and its subsidiaries that relate to research and development, building renovation measures, short-term lease, maintenance and repair and other direct expenditures

relating to tangible and intangible assets.

The tables below summarise the taxonomy breakdown of KH Group's net sales, capital expenditure and operating expenditure by economic activity in 2024.

| Line                                 | Nuclear activities  |    |
|--------------------------------------|---|----|
| 1                                    | The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle  | No |
| 2                                    | The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies | No |
| 3                                    | The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades                          | No |
| <b>Fossil gas related activities</b> |   |    |
| 4                                    | The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.  | No |
| 5                                    | The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels  | No |
| 6                                    | The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.   | No |



Financial year 2024

| Economic Activities (1)   | Year               |             | Substantial contribution criteria     |                               |                               |            |               |                      |                   | DNSH criteria ("Does Not Significantly Harm") |                                |            |                |                       |                   |                         |   | Category enabling activity (19) | Category transitional activity (20) |
|---|--------------------|-------------|---------------------------------------|-------------------------------|-------------------------------|------------|---------------|----------------------|-------------------|---|--------------------------------|------------|----------------|-----------------------|-------------------|-------------------------|---|---------------------------------|-------------------------------------|
|   | Code (2)           | Revenue (3) | Proportion of turnover, year 2024 (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7)  | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11)                | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | Minimum Safeguards (17) | Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) revenue, year 2022 (18) |                                 |                                     |
|   | EUR                | %           | 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                               |                                     |
| <b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>  |                    |             |                                       |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         |   |                                 |                                     |
| <b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>   |                    |             |                                       |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         |   |                                 |                                     |
| Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)  | 0                  | 0%          |                                       |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   | 0%                      |   |                                 |                                     |
| <b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>      |                    |             |                                       |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         |   |                                 |                                     |
| Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | 0                  | 0%          |                                       |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   | 0%                      |   |                                 |                                     |
| <b>Total (A.1+A.2)</b>  | <b>0</b>           | <b>0%</b>   |                                       |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   | <b>0%</b>               |   |                                 |                                     |
| <b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>  |                    |             |                                       |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         |   |                                 |                                     |
| Revenue of Taxonomy-non-eligible activities (B)   | 193 978 501        | 100%        |                                       |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         |   |                                 |                                     |
| <b>TOTAL (A+B)</b>  | <b>193 978 501</b> | <b>100%</b> |                                       |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         |   |                                 |                                     |

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective



Financial year 2024

| Economic Activities (1) | Year     |           | Substantial contribution criteria  |                               |                               |            |               |                      |                   | DNSH criteria ("Does Not Significantly Harm") |                                |            |                |                       |                   |                         | E   | T |   |
|-------------------------|----------|-----------|------------------------------------|-------------------------------|-------------------------------|------------|---------------|----------------------|-------------------|---|--------------------------------|------------|----------------|-----------------------|-------------------|-------------------------|-----|---|---|
|                         | Code (2) | CapEx (3) | Proportion of CapEx, year 2024 (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7)  | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11)                | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | Minimum Safeguards (17) |     |   | Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, year 2023 (18) |
|                         | EUR      | %         | 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; N/EL        | Y/N   | Y/N                            | Y/N        | Y/N            | Y/N                   | Y/N               | Y/N                     | (%) |   |   |

**A. TAXONOMY-ELIGIBLE ACTIVITIES**

**A.1. Environmentally sustainable activities (Taxonomy-aligned)**

|  |   |    |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |    |
|--|---|----|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|----|
| CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1) | 0 | 0% |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 0% |
|--|---|----|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|----|

**A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)**

|   |   |    |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |    |
|---|---|----|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|----|
| CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | 0 | 0% |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 0% |
|---|---|----|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|----|

|                        |          |           |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |           |
|------------------------|----------|-----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|-----------|
| <b>Total (A.1+A.2)</b> | <b>0</b> | <b>0%</b> |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | <b>0%</b> |
|------------------------|----------|-----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|-----------|

**B. TAXONOMY-NON-ELIGIBLE ACTIVITIES**

|   |                  |             |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|---|------------------|-------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| CapEx of Taxonomy-non-eligible activities (B) | 4 911 382        | 100%        |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>TOTAL (A+B)</b>                            | <b>4 911 382</b> | <b>100%</b> |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective



Financial year 2024

| Economic Activities (1)  | Year     |                  | Substantial contribution criteria |                               |                               |            |               |                      |                   | DNSH criteria ("Does Not Significantly Harm") |                                |            |                |                       |                   |                         |   |                                 |                                     |
|--|----------|------------------|-----------------------------------|-------------------------------|-------------------------------|------------|---------------|----------------------|-------------------|---|--------------------------------|------------|----------------|-----------------------|-------------------|-------------------------|---|---------------------------------|-------------------------------------|
|  | Code (2) | OpEx (3)         | Proportion of OpEx, year 2023 (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7)  | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Mitigation (11)                               | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | Minimum Safeguards (17) | Proportion of Taxonomy-aligned (A.1) or -eligible (A.2.) OpEx, year 2023 (18) | Category enabling activity (19) | Category transitional activity (20) |
|  |          | EUR              | %                                 | 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                                   |
| <b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>   |          |                  |                                   |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         |   |                                 |                                     |
| <b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>  |          |                  |                                   |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         |   |                                 |                                     |
| OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)  |          | 0                | 0%                                |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         | 0%  |                                 |                                     |
| <b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>   |          |                  |                                   |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         |   |                                 |                                     |
| OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) |          | 0                | 0%                                |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         | 0%  |                                 |                                     |
| <b>Total (A.1+A.2)</b>   |          | <b>0</b>         | <b>0%</b>                         |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         | <b>0%</b>   |                                 |                                     |
| <b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>   |          |                  |                                   |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         |   |                                 |                                     |
| OpEx of Taxonomy-non-eligible activities (B)   |          | 3 021 415        | 100%                              |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         |   |                                 |                                     |
| <b>TOTAL (A+B)</b>   |          | <b>3 021 415</b> | <b>100%</b>                       |                               |                               |            |               |                      |                   |   |                                |            |                |                       |                   |                         |   |                                 |                                     |

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective  
 N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective  
 N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective



## 5. CLIMATE CHANGE

The impacts, risks and opportunities related to climate change that are material to KH Group are presented in the table below, with negative impacts and risks indicated with a grey background and positive impacts and opportunities with a white background. KH Group did not identify any material direct climate risks in its risk analysis. Instead, the Group identified material transitional impacts, risks and opportunities.

The share capital of HTJ Holding Oy, which was also part of the Group, was sold on 11 July 2024. As a result, the risks related to the business in question were removed from the KH Group. HTJ is not estimated to cause any material impacts, risks or opportunities to KH Group for the reporting year 2024 and therefore it has not been taken into account in climate change-related sustainability issues.

The Group's resilience analysis related to climate risks covers the entire Group's value chain, although its results focus on the Group's direct partners. The resilience analysis was carried out in connection with the materiality analysis without separate documentation and based on the observations of the materiality analysis. The analysis first carried out a narrow assessment of the potential risk phenomena, and the identified phenomena were reviewed in more detail. The time horizon of the resilience analysis extends until the end of the Group's current strategy in 2028. Based on the assessment, the Group concluded that it does not need to carry out a more in-depth scenario analysis with regard to climate change risks.

KH Group assesses that its strategy and business model are resilient with regard to climate change risks. The Group did not identify any direct climate-related risks, and its transition risks are primarily of a commercial and demand-related nature, which allows the Group to remain flexible in adapting its own strategy as situations

### Material impacts, risks and opportunities

| IMPACTS  | Type of impact      | Nature          |
|--|---------------------|-----------------|
| Environmental impacts of the manufacture of sold equipment/<br>Climate impacts of the manufacture of sold products and equipment | Negative            | Transition risk |
| Fossil fuels as the propulsion of equipment/Fossil fuels mainly as the propulsion of equipment sold                              | Negative            | Transition risk |
| RISKS AND OPPORTUNITIES  | Risk or opportunity | Nature          |
| Demand shifts to sustainable products, leading to growth   | Opportunity         | Transition risk |
| Demand for heavy equipment is declining for sustainability reasons   | Risk                | Transition risk |
| Climate change can lead to increased raw material costs alongside demands for more sustainable materials                         | Risk                | Transition risk |

evolve, primarily by reallocating purchases. For example, the Group is able to adapt to the increasing demand for sustainable products (such as electric equipment) very quickly by rebalancing its procurement. The Group's business model is largely agnostic in relation to the nature of the equipment sold, which protects the Group's business model even in rapid change scenarios.

### 5.1. Policies, plans and targets

KH Group does not have a climate change transition plan. The Board of Directors of KH Group Plc assesses the need to prepare the plan annually as part of the business risk review and initiates the preparation of the plan, if necessary.

KH Group has not drawn up separate policies related to climate change mitigation and adaptation. The Board of Directors of KH Group Plc assesses the need for the preparation of separate policies annually as part of the governance review and initiates the preparation of the policy, if necessary.

KH Group has not prepared separate action plans related to climate change mitigation and adaptation. The Board of Directors of KH Group Plc assesses the need for

the preparation of separate action plans annually as part of the strategy review and initiates the preparation of the plans, if necessary.

KH Group has not set separate targets related to climate change mitigation and adaptation. The Board of Directors of KH Group Plc assesses the need for setting separate targets annually as part of budgeting and target setting as well as the strategy review, and sets the targets, if necessary.

### 5.2. Energy consumption and mix

The table below shows the Group's energy consumption broken down by energy source. KH Group does not have its own renewable or non-renewable energy production. Energy consumption data has been collected on the basis of consumption-based invoicing by the Group's energy suppliers, and the energy mix of the Group's purchased energy has been estimated using the purchased certificates of origin to the extent that they cover the Group's own energy consumption and, in other respects, using the country-specific residual mix of energy production from the year preceding the reporting year.





| Energy consumption and mix   | 2024            |
|--|-----------------|
| Energy consumption, coal (MWh)   | 0.00            |
| Energy consumption, oil (MWh)  | 5,710.1         |
| Energy consumption, natural gas (MWh)  | 0.00            |
| Energy consumption, other fossil fuels (MWh)   | 0.00            |
| Energy consumption (MWh) of electricity, heat, steam and cooling purchased or acquired from fossil sources | 3,034.0         |
| <b>Energy consumption, fossil fuels total (MWh)</b>  | <b>8,744.2</b>  |
| Fossil fuels, share of total energy consumption (%)  | 51,%            |
| <b>Energy consumption, nuclear (MWh)</b>   | <b>2,818.2</b>  |
| Nuclear power, share of total energy consumption (%)   | 16.5,%          |
| Energy consumption, renewable fuels (MWh)  | 6.0             |
| Energy consumption, purchased renewable energy (MWh)   | 5,510.0         |
| Energy consumption, own renewable energy production (MWh)  | 0.0             |
| <b>Energy consumption, renewable energy sources total (MWh)</b>  | <b>5,516.0</b>  |
| Renewable energy sources, share of total energy consumption (%)  | 32.3,%          |
| <b>Total energy consumption (MWh)</b>  | <b>17,078.4</b> |

The table below shows the energy intensity of KH Group. 100% of the Group's operations are in sectors with a high climate impact, in which case the energy intensity is calculated by dividing the Group's total energy

consumption by its total net sales. The total turnover used in the calculation is EUR 355.6 million corresponding to the income statement line "Net sales for the financial year 2024" (EUR 194.0 million) plus the line "Net sales from

Indoor for the financial year 2024" (EUR 161.6 million) in the Discontinued operations section of the income statement.

| Energy intensity                        | 2024 | change, % |
|---|------|-----------|
| Energy consumption/net sales (MWh/MEUR) | 48.0 | N/A       |



### 5.3. GHG emissions

The table below presents the Group's total emissions in 2024 broken down into Scope 1 and 2 emissions and significant Scope 3 emissions. The calculation is based on

the Greenhouse Gas Protocol standards and guidelines ([www.ghgprotocol.org](http://www.ghgprotocol.org)). The calculation methods and significant assumptions are described in the table on page 43. This marks the first year in which the Group has

calculated its greenhouse gas emissions, and therefore, no reference year has been established.

| GHG emissions   | 2024           | Δ%  |
|---|----------------|-----|
| Gross Scope 1 emissions (tCO <sub>2</sub> eq)                                   | 1,465          | N/A |
| Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%) | 0.00           | N/A |
| Gross Scope 2 emissions, location-based (tCO <sub>2</sub> eq)                   | 635            | N/A |
| Gross Scope 2 emissions, market-based (tCO <sub>2</sub> eq)                     | 1,570          | N/A |
| Total Gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq)              | 148,641        | N/A |
| 1) Purchased goods and services (tCO <sub>2</sub> eq)                           | 33,778         | N/A |
| 2) Capital goods (tCO <sub>2</sub> eq)  | 396            | N/A |
| 3) Fuel and energy-related activities (tCO <sub>2</sub> eq)                     | 811            | N/A |
| 4) Upstream transportation and distribution (tCO <sub>2</sub> eq)               | 3,407          | N/A |
| 5) Waste generated in operations (tCO <sub>2</sub> eq)                          | 288            | N/A |
| 6) Business travel (tCO <sub>2</sub> eq)  | 635            | N/A |
| 7) Commuting (tCO <sub>2</sub> eq)  | 1,176          | N/A |
| 8) Upstream leased assets (tCO <sub>2</sub> eq)                                 | 1,060          | N/A |
| 9) Downstream transportation and distribution (tCO <sub>2</sub> eq)             | 445            | N/A |
| 10) Processing of sold products (tCO <sub>2</sub> eq)                           | -              | N/A |
| 11) Use of sold products (tCO <sub>2</sub> eq)                                  | 95,502         | N/A |
| 12) End-of-life treatment of sold products (tCO <sub>2</sub> eq)                | 3,929          | N/A |
| 13) Downstream leased assets (tCO <sub>2</sub> eq)                              | 7,214          | N/A |
| 14) Franchises (tCO <sub>2</sub> eq)  | -              | -   |
| 15) Investments (tCO <sub>2</sub> eq)   | -              | -   |
| <b>Total, location-based (tCO<sub>2</sub>eq)</b>                                | <b>150,742</b> | N/A |
| <b>Total, market-based (tCO<sub>2</sub>eq)</b>                                  | <b>151,676</b> | N/A |



The Group's biogenic emissions are presented in the table below.

| Biogenic emissions                                    | Reporting year (N) | % N/N-1 |
|---|--------------------|---------|
| <b>Biogenic Scope 1 emissions (tCO<sub>2</sub>eq)</b> | 73                 | N/A     |
| <b>Biogenic Scope 2 emissions (tCO<sub>2</sub>eq)</b> | 1,197              | N/A     |
| <b>Biogenic Scope 3 emissions (tCO<sub>2</sub>eq)</b> | 3,468              | N/A     |

GHG emissions intensity is reported on both location and market basis. The total GHG emissions have been put in perspective to net profit. The total net sales used in the

calculation is EUR 355.6 million corresponding to the income statement line "Net sales for the financial year 2024" (EUR 194.0 million) plus the line "Net sales from

Indoor for the financial year 2024" (EUR 161.6 million) in the Discontinued operations section of the income statement.

| GHG intensity   | 2023 | 2024 | change, % |
|---|------|------|-----------|
| Total GHG emissions (location-based) per net sales (tCO <sub>2</sub> eq/MEUR) | N/A  | 424  | N/A       |
| Total GHG emissions (market-based) per net sales (tCO <sub>2</sub> eq/MEUR)   | N/A  | 427  | N/A       |

This Sustainability Report is the first of its kind, which means that the Group has no reportable changes to the method of calculating emissions from prior reporting.

#### Calculation methods and significant assumptions

|  |  |
|--|--|
| Gross Scope 1 GHG emissions (tCO <sub>2</sub> eq)                  | The calculation is based on the standards and guidelines of the Greenhouse Gas Protocol ( <a href="http://www.ghgprotocol.org">www.ghgprotocol.org</a> ). The calculation includes all vehicles owned and leased by KH Group, as well as fuel consumption at stationary plants and test runs. The calculation is based on fuel consumption.  |
| Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)   | The calculation is based on the standards and guidelines of the Greenhouse Gas Protocol ( <a href="http://www.ghgprotocol.org">www.ghgprotocol.org</a> ). Scope 2 emissions cover the energy purchased by the Group regardless of its form, including electricity and heating energy. The results have been calculated both on a market basis and on a location-based basis.<br>Purchased electricity: The total energy consumption and the emission factor of Finland's electricity production have been determined for the calculation.<br>Purchased district heating: For the calculation, the total energy consumption and the emission factor of Finland's district heat production have been determined.   |
| Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)     | The calculation is based on the standards and guidelines of the Greenhouse Gas Protocol ( <a href="http://www.ghgprotocol.org">www.ghgprotocol.org</a> ). Scope 2 emissions cover the energy purchased by the Group regardless of its form, including electricity and heating energy. The results have been calculated both on a market and on a location basis. The emissions calculated on a market basis consider the guarantees of origin purchased by the Group.<br>Purchased electricity: The total energy consumption and the specific emission factor of the purchased energy product have been determined for the calculation, if one is available. If the specific emission factor of an energy product is not known, the residual distribution of electricity in Finland has been used for the calculation.<br>Purchased district heating: For the calculation, the total energy consumption and the specific emission factor of the purchased energy product, if available, have been determined. If the specific emission factor of an energy product is not known, location-based specific factors for district heating have been used in the calculation. |
| Total Gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq) | The calculation is based on the standards and guidelines of the Greenhouse Gas Protocol ( <a href="http://www.ghgprotocol.org">www.ghgprotocol.org</a> ).  |

**Calculation methods and significant assumptions**

|    |   |  |
|----|---|--|
| 1  | Purchased goods and services  | The category includes the consumption of water in the Group's facilities. Water consumption has been calculated according to available data based on either cubic metres or euros consumed.<br>Other procurements: Some of Indoor Group's and NRG's material procurements have been calculated on a mass basis. For other Group procurements, the calculation is based on the Group's chart of accounts, from which the accounts relevant to the calculation have been identified and the emissions have been calculated on a cost-based basis by account. Accommodation services are included in category 1. KH-Koneet's accounting principles differ from those of Indoor Group and NRG.                 |
| 2  | Capital goods   | The investments cover, among other things, infrastructure projects, machinery and equipment, design and IT investments. The data for the calculation of the category has been retrieved from the companies' charts of accounts. KH-Koneet's accounting principles differ from those of Indoor Group and NRG.   |
| 3  | Fuel and energy-related activities (not included in Scope 1 or Scope 2) | Fuel WTT: The calculation is based on Scope 1 fuel consumption data.<br>Electricity WTT & TD: Upstream emissions from production and emissions from "excess" electricity production due to transmission losses in the network have been calculated for purchased electricity reported in Scope 2.<br>District heating WTT & TD: Upstream emissions from production and emissions from "excess" district heat production due to transmission losses in the network have been calculated for purchased district heating reported in Scope 2.<br>Charging hybrid and electric vehicles WTT & TD: The calculation is based on the electricity consumption data of the vehicles owned or leased by the company. |
| 4  | Upstream transportation and distribution                                | The calculation is based on emission data extracted from the companies' chart of accounts in euros or directly from transport companies. The emission data includes WTW or TTW coefficients.<br>If the means of transport used for the transport is not known, it is assumed to be road traffic.<br>KH-Koneet's accounting principles differ from those of Indoor Group and NRG.   |
| 5  | Waste generated in operations   | The calculation is based on the mass data provided by the companies on different waste fractions, which have been retrieved from the companies' waste reports or accounting.<br>KH-Koneet's accounting principles differ from those of Indoor Group and NRG.   |
| 6  | Business travel   | The calculation of business travel is based on the euros or kilometres provided by the companies, which have been retrieved from the travel expense systems. For Saurus, the information has been retrieved from the chart of accounts. KH-Koneet's accounting principles differ from those of Indoor Group and NRG.   |
| 7  | Employee commuting  | The calculation is based on the number of employees reported by the companies, average journeys and an estimate of the average distribution of commuting vehicles in Finland.<br>KH-Koneet's accounting principles differ from those of Indoor Group and NRG.  |
| 8  | Upstream leased assets  | The calculation is based on the electricity consumption figures reported by the companies in leased premises. Heating data has been obtained from two locations for Indoor and NRG's Sala. The fuel consumption of the rented vehicles has been obtained for NRG's Sala.   |
| 9  | Downstream transportation   | The category was material only for Indoor Group, whose data have been extrapolated from category 4 of self-paid outbound transports by estimating their share of all outbound transports.  |
| 10 | Processing of sold products   | Non-material category  |
| 11 | Use of sold products  | The calculation is based on the number of units sold reported by the companies and estimates of the life cycle and energy and fuel consumption of their products.<br>KH-Koneet's accounting principles differ from those of Indoor Group and NRG.  |
| 12 | End-of-life treatment of sold products                                  | The calculation is based on the companies' own estimates of the weight waste fractions of their products at the end of their service life.   |
| 13 | Downstream leased assets  | KH-Koneet has calculated the emissions of the assets leased at the end of the production chain.  |
| 14 | Franchising   | Non-material category  |
| 15 | Investments   | Non-material category  |

**Methods and significant assumptions used in the calculation of biogenic emissions**

|  |   |
|--|---|
| Gross Scope 1 GHG emissions (tCO <sub>2</sub> eq)                  | Fuel consumption data: Data on the use of biogenic fuels, such as biogas, biomass or wood-based fuels.<br>Biogenic fraction of fuels: If accurate data on the bio-fraction are not available, national or regional averages may be used. For example, in Finland, the average bio-share of biogas or biomass can be applied on the basis of bio-guidelines.   |
| Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)   | Biogenic content assumption: Based on Finland's average production mix, especially the share of biomass in district heating and electricity production.   |
| Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)     |   |
| Total Gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq) | Total Gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq) The calculation is based on the standards and guidelines of the Greenhouse Gas Protocol ( <a href="http://www.ghgprotocol.org">www.ghgprotocol.org</a> )<br>Categories 3 and 13: Use the same methodology and data type as for Scope 2 emissions.<br>Transport categories (4, 6, 7, 9): The average biofuel share of different modes of transport is used in the calculation.<br>Category 11: Use the same methodology and data type as for Scope 1 and 2 emissions. |

The sources of the emission factors used in calculating GHG emissions are described in the table below.

**Sources of emission factors**

|  |  |
|--|--|
| Gross Scope 1 GHG emissions (tCO <sub>2</sub> eq)                  | Fossil:<br>Defra 2024.<br><a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a><br>Biogenic:<br>Defra 2024.<br><a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a>   |
| Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)   | Fossil:<br>Defra 2024: <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a><br>Energiavirasto: <a href="https://energiavirasto.fi/-/vuoden-2023-jaannosjakauma-julkaistu-varmentamaton-sahko-entista-harmaampaa">https://energiavirasto.fi/-/vuoden-2023-jaannosjakauma-julkaistu-varmentamaton-sahko-entista-harmaampaa</a><br>Tilastokeskus: <a href="https://pxhopea2.stat.fi/sahkoiset_julkaisut/energia2023/html/suom0011.htm">https://pxhopea2.stat.fi/sahkoiset_julkaisut/energia2023/html/suom0011.htm</a><br>Motiva: <a href="https://www.motiva.fi/ratkaisut/energiakatselmustoiminta/tuetut_energiakatselmukset/tilastotietoa_katselmuksista/ominaiskulutukset_palvelusektorilla">https://www.motiva.fi/ratkaisut/energiakatselmustoiminta/tuetut_energiakatselmukset/tilastotietoa_katselmuksista/ominaiskulutukset_palvelusektorilla</a><br>Fingrid: <a href="https://www.fingrid.fi/sahkomarkkinainformaatio/co2/">https://www.fingrid.fi/sahkomarkkinainformaatio/co2/</a><br>Biogenic:<br>Defra 2024: <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a> |
| Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)     | Fossil:<br>Defra 2024.<br><a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a><br>Biogenic:<br>Defra 2024.<br><a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a>   |
| Total Gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq) |  |

**Sources of emission factors**

|    |  |   |
|----|--|---|
| 1  | Purchased goods and services   | EXIOBASE<br>Defra 2024: <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a><br>HSY: <a href="https://www.hsy.fi/ymparistotieto/avoindata/avoindata---sivut/helsingin-seudun-ymparistopalvelujen-hsy-energia-ja-materiaalitaseet-seka-kasvihuonekaasupaastot">https://www.hsy.fi/ymparistotieto/avoindata/avoindata---sivut/helsingin-seudun-ymparistopalvelujen-hsy-energia-ja-materiaalitaseet-seka-kasvihuonekaasupaastot</a>   |
| 2  | Capital goods  | EXIOBASE  |
| 3  | Fuel and energy-related activities (not included in Scope1 or Scope 2) | Defra 2024: <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a><br>IEA: WTT emission factors<br>Tilastokeskus: <a href="https://www.stat.fi/tup/suoluk/suoluk_energia.html">https://www.stat.fi/tup/suoluk/suoluk_energia.html</a><br>Energiateollisuus: <a href="https://energia.fi/tilastot/kaukolampotilasto/">https://energia.fi/tilastot/kaukolampotilasto/</a>  |
| 4  | Upstream transportation and distribution                               | Defra 2024: <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a><br>EXIOBASE<br>Biogenic:<br>Defra 2024: <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a>   |
| 5  | Waste generated in operations  | HSY: <a href="https://www.hsy.fi/ymparistotieto/avoindata/avoindata---sivut/helsingin-seudun-ymparistopalvelujen-hsy-energia-ja-materiaalitaseet-seka-kasvihuonekaasupaastot/">https://www.hsy.fi/ymparistotieto/avoindata/avoindata---sivut/helsingin-seudun-ymparistopalvelujen-hsy-energia-ja-materiaalitaseet-seka-kasvihuonekaasupaastot/</a><br>Defra 2024: <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a>   |
| 6  | Business travel  | Defra 2024: <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a><br>(also biogenic)<br>VR: <a href="https://www.vr.fi/vinkkeja-junamatkailuun/uusilla-raiteilla/ymparisto#co2-laskuri">https://www.vr.fi/vinkkeja-junamatkailuun/uusilla-raiteilla/ymparisto#co2-laskuri</a><br>HSL: <a href="https://www.hsl.fi/hsl/sahkobussit/ymparisto-lukuina">https://www.hsl.fi/hsl/sahkobussit/ymparisto-lukuina</a><br>LUT: <a href="https://lutpub.lut.fi/bitstream/handle/10024/161679/Kandidaatintyo_Maiste_Kerli.pdf?sequence=1&amp;isAllowed=y">https://lutpub.lut.fi/bitstream/handle/10024/161679/Kandidaatintyo_Maiste_Kerli.pdf?sequence=1&amp;isAllowed=y</a><br>Traficom 2023: Henkilöliikennetutkimus syksy 2023, <a href="https://www.traficom.fi/sites/default/files/media/publication/HLT_syksy2023_raportti.pdf">https://www.traficom.fi/sites/default/files/media/publication/HLT_syksy2023_raportti.pdf</a> |
| 7  | Employee commuting   | Defra 2024: <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024</a>   |
| 8  | Upstream leased assets   | See. Scope 2  |
| 9  | Downstream transportation  | See Scope 3 category 4  |
| 10 | Processing of sold products  | Non-material category   |
| 11 | Use of sold products   | See Scope 1 and Scope 2   |
| 12 | End-of-life treatment of sold products                                 | See Scope 3 category 5  |
| 13 | Downstream leased assets   | See Scope 3 category 8  |
| 14 | Franchises   | Non-material category   |
| 15 | Investments  | Non-material category   |

KH Group's operations do not have a greenhouse gas removal effect, the Group does not participate in carbon dioxide storage projects and does not finance projects

aimed at carbon dioxide storage.

KH Group does not apply internal carbon pricing systems.



## 6. CIRCULAR ECONOMY

The table below describes the impacts, risks and opportunities identified by KH Group in its materiality analysis that are material to the circular economy. Negative impacts and risks are marked with a grey

background colour, positive impacts and opportunities with a white background colour.

The share capital of HTJ Holding Oy, which was also part of the Group, was sold on 11 July 2024, as a result of which the risks related to the business in question were

removed from KH Group. The HTJ is not expected to cause any material impacts, risks or opportunities to KH Group for the reporting year 2024, and therefore it has not been taken into account in the sustainability aspects related to the circular economy.

### Material impacts, risks and opportunities

| IMPACTS   | Type of impact      | KPI   |
|---|---------------------|---|
| The longevity and resale of used equipment promotes circularity                                       | Positive            | Number of used machines sold (quantity)                 |
| Aftermarket services that extend the life of equipment  | Positive            | Aftermarket services share of net sales                 |
| Rental services increase the utilisation rate of equipment  | Positive            | Rental services share of net sales                      |
| Recycling and reuse of waste generated in companies   | Positive            | Waste   |
| RISKS AND OPPORTUNITIES   | Risk or opportunity | Nature  |
| Regulatory requirements for the use of recycled materials increase the procurement costs of the fleet | Risk                | Regulation on the use of recycled materials (narrative) |
| As circular economy requirements become more common, the demand for rental equipment increases        | Opportunity         | Rental services share of net sales                      |
| As circular economy requirements become more common, the demand for aftermarket services increases    | Opportunity         | Aftermarket services share of net sales                 |

KH Group's material impacts, opportunities and risks related to the circular economy and the use of resources are focused on machinery-related business. Above all, the Group's impacts on extending the service life of equipment and improving its utilisation rate, and the resulting reduced need for new manufacturing resources, are strongly linked to the Group's opportunities in circular economy topics.

The key metrics in terms of impacts, risks and opportunities are presented in the table below. The share of aftermarket and rental services in revenue refers to the share of revenue from aftermarket and rental services in the Group's total revenue (including revenue from the sale of the Group's own rental equipment to a financing company). These indicators have not been defined for Indoor and no indicator has been defined for NRG in

relation to the turnover of rental services.

No separate metrics have been set for waste.

There is no information at the time of preparing the report on new regulation that would enforce the obligation of manufacturers to use recycled materials while increasing procurement costs. Such regulation would be reported as a separate theme as part of the circular economy metrics.

| Key metrics of impacts, risks, opportunities   | KH-Koneet | NRG   | Indoor | Group |
|--|-----------|-------|--------|-------|
| Aftermarket services per net sales in 2024 (%) | 20.9%     | 10.1% | -      | 10.1% |
| Rental services per net sales in 2024 (%)      | 11.6%     | -     | -      | 4.9%  |



## 6.1. Policies, plans and targets

KH Group has not defined separate operating principles related to circular economy. Separately, it can be stated that the Group has no policies related to the use of virgin resources. The Group's policies related to sustainable procurement are discussed later in section 8.2. Supplier Code of Conduct.

KH Group aims to increase the number of equipment sold and the volume of aftermarket and rental services sold, even if the measures are not based on separate policies for managing the impacts, risks or opportunities associated with the circular economy. As a whole, the Group considers circular economy themes as part of its normal business operations and has not considered it necessary to draw up separate circular economy principles. KH Group does not take a position on the share of recycled or renewable resources in its procurements due to the fact that KH Group is fully dependent on the choices made by its customers and suppliers in its own procurement and manufacturing processes in these themes. Such choices may include, for example, whether the customer will trade in a used machine in connection with the sale and how much recycled material the manufacturer uses as part of its own production process.

KH Group has not prepared separate action plans related to circular economy. As part of the Group's normal business operations, it seeks to promote its own used machinery, rental and aftermarket services business, but these measures do not include circular economy targets or other circular economy-based incentives.

KH Group has not set separate targets related to the circular economy, covering all sub-topics. In the future, the Group will consider the preparation of separate policies, action plans and targets related to the circular economy.

KH Group does not expect material impacts, risks or opportunities related to the circular economy transition

to have a material impact on the Group's cash flows, financial performance or financial position other than as communicated in connection with the Group's financial and strategic targets (the Group's expected financial impacts related to the circular economy transition are included in the Group's financial guidance).

## 6.2. Use of resources

Material inflows that are material for KH Group consist primarily of products sold by the Group and their accessories and spare parts. The table below describes the Group's material inflows. In the Group's procurements, only Indoor has purchases of biological materials.

The definition of material inflows at KH-Koneet is based on the Group's assessment that material use is locked at the time of purchase of the goods, in other words, the figures in the table do not represent the total mass of products sold, but the total mass of products procured by the Group during the reporting period. Here, the mass procured through EU and imports is obtained directly from the Intrastat reports of the Group companies. The mass of domestic purchases has been calculated at the machine level based on an estimate of the incoming

mass of the purchased machinery (equipped earthmoving machinery).

Indoor's data on material inflows is based on the estimates of the designers of the final products and the materials used in them, based on decades of experience.

No overlap was identified in the manufacturing processes of the Group companies' products in the utilisation of reused or recycled components and intermediate products, and thus there is no risk of double counting in the reported inbound material flows and total mass.

## 6.3. Resource outflows

Practically all of KH Group's products are designed according to circular economy principles so that almost all products can be repaired or recycled. KH-Koneet and NRG provide equipment and accessories for earthmoving and property maintenance that are designed to last for decades and to be maintained, repaired, resold and recycled during the life cycle. In addition, the Group companies offer aftermarket services with the aim of extending the service life of the delivered equipment even further.

| Material inflows 2024   | KH-Koneet | NRG    | Indoor    | Group     |
|---|-----------|--------|-----------|-----------|
| Total mass of products and materials (t)  | 14,826.26 | 523.05 | 13,278.56 | 28,627.87 |
| Share of sustainably sourced biological materials (%)                                       | -         | -      | 17.3%     | 8.0%      |
| Total mass of sustainably sourced biological materials (t)                                  | -         | -      | 2,297.19  | 2297.19   |
| Share of recycled or reused components and intermediates, as well as recycled materials (%) | 41.1%     | 0.0%   | 0.0%      | 21.3%     |
| Total mass of recycled or reused components and intermediates and secondary materials (t)   | 6,093.59  | 0      | 0         | 6,093.59  |





Attention is paid to recyclability in Indoor products in the purchase of raw materials, minimising production waste and the durability of the final product. The factory's production process produces upholstered furniture for living rooms and bedrooms using wooden and/or metal frames, cotton and foam, metal springs and various fabric materials. The products are originally designed with

durable and high-quality materials and can be repaired and refurbished, including reupholstery. The components of the products can also be recycled and dismantled without special tools. These actions maximise the life of the product.

The table below describes the estimated service life of the Group's key product categories compared

to industry averages. The tables have been compiled based on the estimates of the Group companies' industry experts.

The durability of Indoor's subsidiary Insofa's products has been estimated to be twice the industry average. The factory's products are granted a 20-year frame warranty, which is more than twice as long as the Finnish

| Product category (KH-Koneet)              | Estimated service life | Market average |
|---|------------------------|----------------|
| Light wheel loaders                       | 30                     | 25             |
| Heavy wheel loaders                       | 35                     | 30             |
| Light tracked excavators                  | 30                     | 25             |
| Heavy tracked excavators                  | 30                     | 25             |
| Light wheeled excavators                  | 30                     | 25             |
| Road rollers and soil compactors          | 30                     | 25             |
| Light equipment                           | 10                     | 7              |
| Product category (NRG)                    | Estimated service life | Market average |
| Fire engines                              | 25                     | 20–25          |
| Tankers and combined fire engines/tankers | 25                     | 20–25          |
| Rescue units                              | 25                     | 20–25          |
| Light units                               | 25                     | 20–25          |
| Rescue vehicles                           | 25                     | 20–25          |
| Product category (Indoor)                 | Estimated service life | Market average |
| Sofas and armchairs                       | 12                     | 6              |
| Sleeping                                  | 10                     | 5              |
| Carpets                                   | 7                      | 5              |
| Hard items                                | 9                      | 7              |
| Home textiles                             | 5                      | 3              |
| Home furnishing                           | 7                      | 5              |
| Yard and garden                           | 7                      | 5              |



authorities require for similar products. Some products also come with a 10-year cushion warranty as standard or can be purchased as an additional service. The products can be repaired, refurbished and reupholstered without special tools. In the event of a complaint, the products can be returned to the factory for repair, otherwise all products can be repaired by furniture professionals. Approximately one in two Insofa products are made of recyclable metal and wood, and the rest is waste that can be incinerated. All Insofa packaging is made of 100% recyclable plastic and cardboard.

#### 6.4. Waste

KH Group's waste statistics are presented in the table below, broken down by country of operation.

Information on waste is compiled from reports from the suppliers responsible for waste treatment in the Group companies.

Within KH Group, the most significant waste streams for KH-Koneet and NRG consist of metal scrap generated from the cutting, machining and welding of structural parts, paint waste and other chemicals generated in surface treatment processes, and electronic waste.

At Indoor, the most significant waste streams in the manufacture of furniture and interior products include wood waste from the processing of wood materials, plastic and textile waste from upholstery and surplus solvents and paints from the surface treatment process. In the Group's waste streams biomass, non-metallic mineral, critical raw material or rare earth metal volumes are low or non-existent.

| Waste                                 | KH-Koneet     | Indoor Group  | NRG          | KH Group total  |
|---------------------------------------|---------------|---------------|--------------|-----------------|
| <b>Total waste volume 2024 (t)</b>    | <b>336.08</b> | <b>843.28</b> | <b>79.06</b> | <b>1,258.64</b> |
| <b>Non-disposed waste 2024 (t)</b>    | <b>143.37</b> | <b>186.82</b> | <b>26.62</b> | <b>357.01</b>   |
| - Hazardous waste (t)                 | 69.70         | N/A           | 1.15         | N/A             |
| - Non-hazardous waste (t)             | 73.68         | N/A           | 25.47        | N/A             |
| - Reused (t)                          | N/A           | N/A           | N/A          | N/A             |
| - Recycled (t)                        | N/A           | N/A           | 20.82        | N/A             |
| - Other recycling operations (t)      | N/A           | N/A           | N/A          | N/A             |
| <b>Waste disposed of in 2024 (t)</b>  | <b>192.71</b> | <b>656.46</b> | <b>52.44</b> | <b>901.61</b>   |
| - Hazardous waste (t)                 | 89.81         | N/A           | N/A          | N/A             |
| - Non-hazardous waste (t)             | 102.90        | N/A           | N/A          | N/A             |
| - Disposed of by incineration (t)     | 172.97        | 656.46        | N/A          | N/A             |
| - Landfilled (t)                      | 19.72         | N/A           | N/A          | N/A             |
| - Disposed otherwise (t)              | 0.03          | N/A           | N/A          | N/A             |
| <b>Non-recycled waste 2024 (t)</b>    | <b>216.57</b> | <b>661.09</b> | <b>37.54</b> | <b>915.20</b>   |
| - Share of total waste (%)            | 64.4%         | 78.4%         | 47.4%        | 72.7%           |
| <b>Total hazardous waste 2024 (t)</b> | <b>159.51</b> | <b>1.11</b>   | <b>10.15</b> | <b>170.77</b>   |
| - Radioactive waste (t)               | 0.00          | 0.00          | 0.00         | 0.00            |



## 7. OWN WORKFORCE

The table below describes the impacts, risks and opportunities identified by KH Group in its materiality analysis that are relevant to its own workforce. Negative impacts and risks are marked with a grey background colour, positive impacts and opportunities with a white background colour.

The share capital of HTJ Holding Oy, which was also part of the Group, was sold on 11 July 2024, as a result of which the risks related to the business in question were removed from the KH Group. HTJ is not expected to cause any material impacts, risks or opportunities to KH Group for the reporting year 2024, and therefore it has not been taken into account in the sustainability aspects related to KH Group's own workforce.

KH Group's own workforce is included in its entirety in the materiality analysis described above. KH Group's own workforce includes

- Personnel employed by Group companies (permanent employees and temporary staff)
- Persons who serve in Group companies' governing bodies referred to in the Limited Liability Companies Act
- Persons working for Group companies through their own company (independent subcontractors) when
  - o The company employs a maximum of 1–3 people, and
  - o The company's revenue consists mainly or entirely of services provided to KH Group.

KH Group expects Group companies to have a positive impact on their own workforce, particularly through working conditions and learning and career opportunities. The Group companies engage in active dialogue with their personnel, and some companies plan to invest significantly in personnel training and competence. Many of the Group's employees work with industrial machinery, which is why we have identified occasional work-related

accidents as a material potential negative impact. High work motivation and well-being were identified as a key material risk and opportunity; in practice, the Group estimates that healthy and motivated employees will lead to significant financial benefits for the Group, while unhealthy and unmotivated employees are likely to lead to significant financial losses. Many of our employees have unique expertise related to their own tasks, which is why we recognise the potential financial risk of intellectual capital disappearing as a result of retirements.

KH Group does not estimate that adapting to climate change would have transitional effects on personnel – the Group does not estimate that the need for earthmoving and property maintenance equipment, rescue equipment or furniture will disappear with climate change, meaning that the Group expects that the Group will continue to have a growing need for experts.

According to KH Group's assessment, no risk of forced labour or the use of child labour has been identified in the operations of its companies. According to the Group's estimate, the same applies to its customer industries. The Group companies and their customers mainly operate in Finland and Sweden, where the use of child or forced labour is rare at the societal level, in addition to which local regulatory supervision is effective and reliable.

When reviewing the Group's suppliers, KH Group assesses that the risk of forced labour or child labour is low for its Group companies' first-tier suppliers, as they are mainly subject to regulation and supervision similar to KH Group's own operations. In addition, the Group companies are able to carry out self-monitoring in connection with factory visits, for example. However, it should be noted that forced labour can occur in global automotive supply chains.

### Material impacts, risks and opportunities

| IMPACTS  | Type of impact      | KPI                                |
|--|---------------------|------------------------------------|
| Active dialogue with the personnel   | Positive            | Net promoter score                 |
| Investments in personnel training and competence                                       | Positive            | Net promoter score                 |
| Encouraging remuneration models of Group companies and gender equality in remuneration | Positive            | Remuneration statistics            |
| The company complies extensively with collective agreements                            | Positive            | Collective bargaining coverage (%) |
| Occupational accidents can happen occasionally   | Negative            | Accident frequency                 |
| RISKS AND OPPORTUNITIES  | Risk or opportunity | KPI                                |
| High work motivation and well-being increases work productivity and efficiency         | Opportunity         | Net promoter score                 |
| Uneven age distribution can cause financial risks                                      | Risk                | Age distribution of employees      |
| Decreased work motivation or well-being reduces productivity and efficiency            | Risk                | Net promoter score                 |



## 7.1. Policies related to own workforce

KH Group considers its own workforce to be a significant factor in the Group's operations. The Group recognises that its success or decline is ultimately derived from the collective actions of its employees and acknowledges that motivated, independent and entrepreneurial employees are more likely to achieve and exceed their goals, and thus also the goals of the entire Group and its companies. The Group also recognises that employees who are careless or neglectful about working conditions, equal treatment, development opportunities or even fundamental rights are unlikely to be motivated, independent or entrepreneurial. Therefore, KH Group's basic principle regarding its own workforce can be summarised as follows:

*KH Group takes care of its employees. In return, KH Group's employees take care of the Group.*

In addition to the applicable legislation and the basic principle described above, the Group's responsibility in matters concerning its own workforce is guided by the Code of Conduct. Especially with regard to the Group's own workforce, the Group's Code of Conduct states that to do the right thing, we treat each other and our business partners with respect and dignity. We promote and actively strive to create a safe and healthy working environment for all. We support human rights, demand the same from our business partners and condemn all forms of forced labour and child labour. We only engage in fair employment practices.

The Group's updated Code of Conduct was launched in 2023 and applies to all employees, directors, stakeholders and business partners of the Group. The Group's Board of Directors is ultimately responsible for preparing and updating the Code of Conduct, and the CEO is responsible for implementing it. The feedback received from the stakeholders and the key views of the stakeholders is taken into account in updating the Code, and the required parties are informed about it as necessary.

All Group employees receive Code of Conduct training as part of the induction, and all Group employees participate in supplementary training at least once every 3 years. In the event of any observed non-compliance with the Code of Conduct, the Group will take immediate corrective measures as required by the situation. The implementation of the Code of Conduct is monitored on the basis of the feedback received from employee surveys and reports received through the Group's whistleblowing channel.

KH Group is committed to ensuring the well-being of its employees. These include policies related to risk identification, management and mitigation, ethical behaviour, diversity, equality and remuneration. The policies aim to prevent, mitigate or remediate any negative impacts on the Group's employees. As a rule, all employees of Group companies are covered by these policies.

KH Group is committed to human rights in accordance with internationally recognised documents, such as the ILO Declaration on Fundamental Principles and Rights at Work. KH Group deeply respects human rights, including labour rights, is committed to interacting with its employees and pledges to provide effective and adequate remedial measures in the event of potential human rights violations. KH Group strictly refuses to participate in or benefit from human trafficking, forced labour and the use of child labour.

KH Group companies have management systems in place to prevent workplace accidents and improve working conditions and occupational safety. The Group's Code of Conduct includes a commitment to prevent discrimination and harassment and to promote equal opportunities. The Group pays special attention to the protection of groups protected by national law in Finland and Sweden. The Group does not have a policy on positive discrimination.

KH Group companies interact with their own personnel in several different forums. The Group companies conduct anonymous **personnel surveys** on topics such as well-being at work, leadership skills and management efficiency, communication and the training and development opportunities offered by the Group. The results of these surveys are collected and analysed by the management and the Board of Directors of each Group company. The feedback received is used to develop operations and to support the preparation of work community development plans.

**Discussion sessions** held at KH-Koneet include events where employees and representatives of the management of the Group company in question meet physically to discuss the company's situation, future plans and employees' concerns, ideas and suggestions. These events are held at least twice a year at each company location and all employees are invited to participate. The results of the discussions are collected and analysed by the management of each country in which KH-Koneet operates. Indoor organises monthly personnel information sessions where employees have the opportunity to discuss important topics. Monthly personnel information sessions are also organised at NRG. In addition, the shop stewards representing the personnel of the subsidiary Saurus meet with the management at least three times a year.

**Occupational safety committees** are forums that convene when necessary and are supervised by the occupational safety manager of each Group company in each country of operation, with the exception of Indoor, in which the HR Director is the supervisor. The committees consist of employee-elected representatives. The committees aim to improve the safety, ergonomics and well-being of employees, and they have direct access to senior management and the opportunity to propose unlimited investments to improve well-being and occupational safety. Occupational safety committees are statutory.



KH Group's employees have the **right to organise and elect shop stewards** in accordance with the applicable laws. This right has been exercised and shop stewards have been elected variably in the Group companies. NRG's subsidiary Saurus has elected shop stewards separately for salaried employees and employees. The shop steward of Saurus employees is also the chief shop steward. The Group companies evaluate the dialogue between the company and the personnel primarily on the basis of feedback from personnel surveys. In order to safeguard the interests of vulnerable or marginalised people and to take into account their views, Group companies enable anonymous feedback both in employee surveys and through their whistleblowing channel.

To identify and remedy negative impacts, the channels described above are available to bring up any grievance. In addition, all employees have direct contact all the way up to the Group CEO with matters that they consider to be insufficiently addressed by the operational organisation. Group companies also have whistleblowing channels in accordance with legislation (Finland: 1171/2022; Sweden 2021:890), which employees can use to bring up grievances. KH Group's group companies have policies that protect whistleblowers and complainants from retaliation.

Group companies have separate procedures for handling reports received through the whistleblowing channel, which are described in more detail in subsection 8.1.5 Whistleblower protection. Concerns raised in other channels are documented in the minutes of the meetings of the operational country management teams and the progress of their processing is monitored at each management team meeting. Group companies regularly remind their employees of the whistleblowing channel practices as part of the communication processes.

## 7.2. Action plans and measures related to own workforce

KH Group's action plan for its own workforce consists of the following key components:

- 1) Improving communication
- 2) Developing day-to-day managerial work
- 3) Strengthening competence and increasing training.

By improving communication, KH Group aims primarily to increase and improve interaction with the workforce, with the impacts realised through work motivation and well-being at work. The Group companies strive to improve communication by actively communicating through different channels, including discussions in accordance with the policies described above, occupational safety committees and employee surveys, but also employee letters and information on current issues in addition to normal day-to-day management. The Group sees communication and its improvement above all as continuous improvement, and there is no separate time horizon for this. Separate resources have not been allocated for improving communication, except for working hours spent promoting communication.

For KH Group, the development of day-to-day managerial work primarily means investing in supervisory work and giving feedback in Group companies. On a practical level, this means manager training, feedback routines, such as performance appraisals, and encouraging continuous feedback at all levels of the organisation. The measures have been initiated primarily during 2023–2024, and the Group does not see an immediate need for their completion. KH Group's goal is to apply different day-to-day management routines throughout the organisation. No significant resources have been allocated to the development of day-to-day management, excluding the working hours spent on development work.

Strengthening the competence of our own workforce has been identified as a priority in KH Group's strategy work. Competence strengthening covers the skills required in the Group's thinking in a comprehensive manner in different job descriptions, from occupational safety skills and language skills as well as the use of different IT tools to specific competence and commercial skills, such as sales skills. Competence development aims to promote a safe way of working, improve productivity and create strategic flexibility for the Group in a changing market environment. The training plan for the Group's personnel extends to the end of the current strategy period until 2028 and covers all personnel groups employed by the Group. Resources have been reserved for the promotion of training plans in the context of both strategy planning and annual budgeting, both in the form of direct costs and working hours reserved for training.

The Group evaluates the effectiveness of the measures and the progress of the action plans primarily through personnel surveys. Group companies conduct identical personnel surveys at least once a year. One of the two surveys focuses on job satisfaction and opportunities for training and advancement, while the other focuses on leadership and communication. The surveys consist of both numerical and verbal feedback, in addition to which the recommendation rate is calculated based on both surveys. The feedback received is discussed by KH Group Plc's Board of Directors, Group management, business areas and in discussion sessions with all employees. Based on the feedback received, the aim is to identify new development measures and to ensure the effectiveness of the measures already taken and that the measures taken have not had any negative effects on the company's own workforce.

### 7.2.1. Targets related to own workforce

The Group's key personnel targets and metrics are described in the table below. 2023 is the Group's



| Own workforce-related targets            | 2024 | 2028 |
|--|------|------|
| <b>Work-related accidents (quantity)</b> |      |      |
| KH-Koneet                                | 6    | 0    |
| Indoor                                   | 14   | 6    |
| NRG                                      | 12   | 0    |
| <b>Net promoter score (eNPS)</b>         |      |      |
| KH-Koneet                                | 50.4 | 80   |
| Indoor                                   | -    | 80   |
| NRG                                      | -    | -    |

baseline, 2024 refers to the results for the last financial period and 2028 to the Group's target level by the end of the current strategy period. The target levels of the Group companies for 2028 have been set individually, taking into account their starting point in the reporting year 2024.

Of the metrics described in the table, work-related accidents include workplace accidents that have resulted in at least one day of absence. Commuting accidents are not taken into account. The net promoter score is defined as the answer to the question "Would you recommend your employer to others" on a scale of 1 to 10. The answers are scored so that 9 and 10 are interpreted as +1, 1 to 6 are interpreted as -1, and 7 and 8 are interpreted as 0, after which the score is added up, divided by the number of answers and multiplied by one hundred. The share of personnel covered by performance reviews is calculated from the number of personnel at the end of the financial period by dividing the number of permanent employees who participated in performance reviews during the financial period by the total number of permanent employees at the end of the financial period.

KH Group's target setting is primarily based on the Group companies' action plans and their targets, and secondarily on the policies. Three of the metrics are directly related to the identified material impacts,

risks and opportunities. The personnel of the Group companies have indirectly participated in the setting of targets through, for example, discussion sessions and feedback received in personnel surveys, and the results and progress in relation to the targets are reviewed with the entire personnel, especially in discussion sessions and business operations' own reviews.

### 7.3. Personnel statistics

This section presents various personnel statistics for KH Group's employees.

#### Gender distribution of the personnel

The following table describes the gender distribution of the personnel based on the number of employees on the balance sheet date.

| Gender       | Number of personnel |
|--------------|---------------------|
| Men          | 640                 |
| Women        | 385                 |
| Other        | 0                   |
| Not reported | 0                   |
| <b>Total</b> | <b>1,025</b>        |

The following table describes the distribution of the number of employees by operating country based on the number of employees on the balance sheet date.

| Country of operation | Number of personnel |
|----------------------|---------------------|
| Finland              | 881                 |
| Sweden               | 144                 |
| <b>Total</b>         | <b>1,025</b>        |

The number of Group personnel in the reporting year 2024 has been calculated on the basis of the number of persons on the Group companies' payrolls at the end of the reporting year.

#### Employment contracts

The following table describes the distribution of the number of employees by employment contract type and gender distribution based on the number of employees on the balance sheet date.

#### Employee turnover, %

In 2024, a total of 306 people left the Group as shown in the table below. Employee turnover was 16%. The reasons for employee turnover are described in the table below. Persons hired by the Group for a fixed-term employment relationship and whose fixed-term employment has ended (e.g. summer workers and students working on their thesis) are not included in the calculation of the turnover figure. The row of terminated contracts mainly reports on employment contracts terminated during the trial period.

#### Collective bargaining coverage

All employees of Group companies, with the exception of senior management, are covered by collective agreements, and general terms and conditions in accordance with collective agreements are mainly applied to management.



| Personnel distribution by employment contract type 2024 | Women | Men | Other | Not reported | Total |
|---|-------|-----|-------|--------------|-------|
| Number of employees (head count)                        | 385   | 640 | 0     | 0            | 1,025 |
| Permanently employed (head count)                       | 355   | 602 | 0     | 0            | 957   |
| Temporary employees (head count)                        | 27    | 35  | 0     | 0            | 62    |
| Non-guaranteed hours employees (head count)             | 3     | 3   | 0     | 0            | 6     |

| Employee turnover 2024                       | Finland | Sweden | Total | Sweden | Total |
|--|---------|--------|-------|--------|-------|
| Departed in total (head count)               |         |        | 276   | 30     | 306   |
| Retired (head count)                         |         |        | 16    | 0      | 16    |
| Resigned (head count)                        |         |        | 115   | 22     | 137   |
| Terminated (head count)                      |         |        | 19    | 8      | 27    |
| Terminated fixed-term contracts (head count) |         |        | 126   | 0      | 126   |

| Collective bargaining coverage 2024                    | Finland    | Sweden      | Total        |
|--|------------|-------------|--------------|
| Employees (head count)                                 | 640        | 88          | 728          |
| Employees covered by collective agreement (%)          | 100%       | 100%        | 100%         |
| Salaried employees (head count)                        | 219        | 50          | 269          |
| Salaried employees covered by collective agreement (%) | 100%       | 100%        | 100%         |
| Management (head count)                                | 22         | 6           | 28           |
| Management under collective agreement (%)              | 64%        | 100%        | 71%          |
| <b>Total (head count)</b>                              | <b>881</b> | <b>144</b>  | <b>1,025</b> |
| <b>Total covered by collective agreements (%)</b>      | <b>99%</b> | <b>100%</b> | <b>99%</b>   |

In Finland, the most essential collective agreement for KH-Koneet is the collective agreement for the car retail and engineering branch. Indoor's most important collective agreements are the collective agreement for the commerce sector, and Insofa applies the collective agreement for the carpentry industry. In addition to these, Indoor uses the collective agreement for retail supervisors and the collective agreement for salaried

employees in the carpentry industry. Saurus applies the collective agreements for salaried employees, employees and senior salaried employees in the technology industry, while Sala Brand applies the IF Metall and Unionen collective agreements.

KH-Koneet's personnel have not elected shop stewards in any of the Group's operating countries. Indoor's personnel have elected both shop stewards and

occupational safety representatives, and representation is provided separately for employees and senior salaried employees.

KH Group is not a party to an EWC or similar agreements. A summary of the scope of the Group's collective agreements and employee representation activities at the workplace is presented in the following table.



| Coverage | Collective bargaining coverage |                     | Dialogue                               |
|----------|--------------------------------|---------------------|--|
|          | Employees – EEA                | Employees – non-EEA | Representation at the workplace        |
| 0–19%    |                                |                     |  |
| 20–39%   |                                |                     |  |
| 40–59%   |                                |                     |  |
| 60–79%   |                                |                     |  |
| 80–100%  | Finland<br>Sweden              |                     | Of the Group companies,<br>only Indoor |

**Diversity of top management**

KH Group defines the Group's CEO and CFO as members of top management. The CEO is a Finnish man over the age of 50 and the CFO is a Finnish man between the ages of 30 and 50.

The table below presents the gender distribution of the Group's top management. KH-Koneet defines the Group company's management team with the country director of Sweden and the business directors of Finland as members of top management. Indoor and NRG define the management team and the Board of Directors as top management.

**Age distribution of employees**

The table below presents the age distribution of the

| Gender distribution at top management | Men | Women | Other | Not reported | Total |
|---------------------------------------|-----|-------|-------|--------------|-------|
| Top management (head count)           | 23  | 5     | 0     | 0            | 28    |
| Top management (%)                    | 82% | 18%   | 0     | 0            | 100%  |

| Age distribution of employees | Finland | Sweden | Total |
|-------------------------------|---------|--------|-------|
| Under 30 years old            | 145     | 31     | 176   |
| 30–50 years old               | 445     | 82     | 527   |
| Over the age of 50            | 291     | 31     | 322   |

Group's personnel according to the head count as of the balance sheet date 2024, broken down by country of operation.

**Social protection**

All members of KH Group's own workforce are paid at least the statutory salary. In addition, all employees of the Group have at least the statutory social security cover in respect of illness, unemployment, occupational accidents and disabilities, parental leave and pension.

**Occupational safety and health**

KH Group's health and safety management system covers all of the Group's employees in accordance with legislation and collective agreements. Work-related

ill health or accidents did not cause any fatalities for KH Group or anyone in the value chain working on its premises. The table below presents statistics related to occupational health and safety by country of operation. In the table, work-related accidents include accidents at the workplace that have resulted in at least one day of absence. The number of recorded work accidents as defined in ESRS S1 standard is not available for the Group in a consolidated form, as in some Group companies, the number of work accidents has only been tracked for those that led to sick leave of at least one day.

**Family-related leave**

All KH Group employees have the right to family leave in accordance with legislation and collective agreements. The table below describes the use of family leave by gender and country of operation.

**Wage statistics**

The table below presents the gender pay gap by country of operation and the total remuneration ratio according to the calculation formulas below. The gender pay gap is calculated separately as the difference between the average hourly earnings of the genders divided by the average hourly earnings of the men. The total remuneration ratio is determined by calculating the total remuneration of all employees, including base salary,





| Occupational safety and health                         | 2024 |
|--|------|
| Fatalities in 2024 (head count)                        | 0    |
| Work-related accidents 2024 (head count)               | 32   |
| Work-related ill health diagnosed 2024 (%)             | 0    |
| Lost working days due to the above reasons 2024 (days) | 850  |

| Accident frequency (cases/one million hours worked) | 2024 |
|---|------|
| KH-Koneet   | 15.4 |
| Indoor  | 11.9 |
| NRG   | 58.8 |

| Family leave                                | Finland | Sweden | Group |
|---|---------|--------|-------|
| Employees who took family leave in 2024 (%) | 4.8%    | 16.7%  | 6.4%  |
| - Women (%)                                 | 2.5%    | 0.7%   | 2.2%  |
| - Men (%)                                   | 2.3%    | 16.0%  | 4.2%  |

| Wage statistics, KH-Koneet        | Finland | Sweden | Group |
|-----------------------------------|---------|--------|-------|
| Gender pay gap 2024 (%)           | 14.5%   | 6.5%   | 11.4% |
| Total remuneration ratio 2024 (%) | 5.3%    | 3.4%   | 5.7%  |

| Wage statistics, NRG              | Finland | Sweden | Group |
|-----------------------------------|---------|--------|-------|
| Gender pay gap 2024 (%)           | -3.1%   | 9.1%   | 2.6%  |
| Total remuneration ratio 2024 (%) | 4.8%    | 2.4%   | 5.2%  |

| Wage statistics, Indoor           | Group |
|-----------------------------------|-------|
| Gender pay gap 2024 (%)           | 9.3%  |
| Total remuneration ratio 2024 (%) | 10.3% |

$$\frac{\text{Average hourly earnings for men} - \text{Average hourly earnings for women}}{\text{Average}} \times 100$$

$$\frac{\text{Total earnings (highest earning individual)}}{\text{Total earnings (median not including highest earning person)}} \times 100$$

allowances and bonuses, employee benefits and other remuneration, and dividing the total earnings of the person receiving the highest remuneration by the median total earnings of the sample from which the person receiving the highest remuneration has been eliminated. In both calculations, SEK is converted into EUR using the average exchange rate for the financial period.

#### Cases of discrimination or harassment

During the reporting period, no cases of discrimination or harassment were observed at KH Group.

| Cases of discrimination or harassment                       | 2024 |
|---|------|
| Cases of discrimination or harassment (cases)               | 0    |
| Reports of discrimination or harassment (cases)             | 0    |
| Consequences of cases of discrimination or harassment (EUR) | 0    |

#### Human rights violations:

During the reporting period, no human rights violations related to KH Group's own workforce were observed through the Group companies' whistleblowing channels or other internal controls.



## 8. BUSINESS CONDUCT

The table below presents the impacts, risks and opportunities identified in the Group's materiality analysis that are material to business conduct. Negative impacts and risks are marked with a grey background colour, positive impacts and opportunities with a white background colour.

### 8.1. Policies to develop business conduct

In addition to the legislation in force, KH Group's operations are primarily guided by the Group's Code of Conduct, which summarises the Group's policies.

#### 8.1.1. The role of the administrative, management and supervisory bodies

KH Group's corporate culture, ethics and compliance are ultimately the responsibility of the Group's Board of Directors, which deals with corporate culture, ethics and compliance issues as part of its normal activities.

In particular, the Board of Directors is responsible for monitoring and setting targets. The Group's CEO and CFO participate in the Board of Directors' meetings as representatives of the executive management and are responsible for implementing the Board of Directors' instructions throughout the organisation.

Corporate culture, ethics and compliance issues are addressed in local management teams under the guidance of the Group CEO and CFO. The role of the various governing bodies in investigating ethical misconduct is explained in sections 8.1.3. Identification of misconduct, 8.1.4. Anti-corruption policies and senior functions, 8.1.5. Whistleblower protection and 8.1.6. Investigating principles.

The Group's Board of Directors and executive management have experience and expertise in good governance and good business practices. When necessary, both the Board of Directors and the executive management have access to external experts whose expertise can be utilised in different business situations.

#### 8.1.2. Code of Conduct and development of corporate culture

The Group's Code of Conduct includes commitments to responsible decision-making, a safe and fair working environment and work, compliance with laws and regulations, fair competition and responsibility in the selection of partners, environmental protection and accurate and precise reporting. The Code of Conduct covers all of the Group's employees, directors, stakeholders and business partners, and KH Group Plc's Board of Directors is responsible for updating it and the Group's executive management is responsible for its implementation.

Group companies continuously evaluate the development of corporate culture based on personnel surveys, performance reviews and discussions with employees. The results of the personnel surveys are discussed by the Boards of Directors of the Group companies. In addition, feedback received during performance reviews and general discussions is discussed by the Group's management teams and, if necessary, the Board of Directors.

#### 8.1.3. Identification of misconduct

The Group's personnel are encouraged to report observed violations of legislation and ethical misconduct related to the Group's operations. Observations can be reported to the supervisor, local management, Group management, members of the Board of Directors or the whistleblowing channels of the Group companies. A link to the relevant whistleblowing channel is available to all employees of the Group companies, a report can be submitted anonymously, and the personnel are reminded regularly of the existence of the whistleblowing channel. Regardless of how the report is made, all reports of misconduct will be investigated, and corrective measures will be implemented.

#### Material impacts, risks and opportunities

| IMPACTS  | Type of impact      | KPI                 |
|--|---------------------|---------------------|
| Strong and confidential supplier relationships                                   | Positive            | Supplier relations  |
| Fair payment terms and timely payment  | Positive            | Payment practices   |
| Group companies' whistleblowing channels   | Positive            |                     |
| The companies invest in a good corporate culture                                 | Positive            | Corporate culture   |
| RISKS AND OPPORTUNITIES  | Risk or opportunity | KPI                 |
| Tighter regulation increases costs and alternative costs                         | Risk                | Compliance expenses |
| Reputation as a responsible operator attracts customers, employees and investors | Opportunity         |                     |



Reports received through the whistleblowing channel will be reported at KH-Koneet Group directly to the Chair of the Board of Directors, the CEO and CFO and, at Indoor and NRG's subsidiary Saurus, to the HR Director. Other parties do not have access to these channels. Reports received through the channel will be handled in accordance with the Group's whistleblower protection policy. All reports are investigated promptly, in strict confidence and by persons independent of the subject matter of the investigation under the direction of the Chairman of the Board of Directors of the Group company, and third parties may be used in the investigation if necessary. The whistleblowing investigation process is supervised by the Chair of the Board of Directors and the results of the process are reported directly to the Board of Directors. The Group's management is responsible for implementing corrective actions throughout the organisation. In its Code of Conduct, the Group is unequivocally committed to protecting the rights and privacy of persons who report in good faith.

#### 8.1.4. Anti-corruption policies and high-risk functions

KH Group's Code of Conduct includes an unequivocal prohibition on corruption and bribery, and the Group is committed to anti-corruption and anti-bribery in its own operations and in its operations with partners. The Group's policies are aligned with the UN Convention against Corruption. The policies cover all of KH Group's personnel and stakeholders, and KH Group Plc's Board of Directors is responsible for updating them and the Group's executive management is responsible for their implementation.

Although corruption was not identified as a material sustainability issue in the Group's materiality analysis, KH Group has assessed that the corruption risk is not the same in all of its operations. The highest-risk functions include sales and procurement organisations, financial administration and executive management.

Correspondingly, training and supervision are focused on high-risk operations.

#### 8.1.5. Whistleblower protection

The KH Group's Code of Conduct encompasses whistleblower protection, which applies to all personnel and stakeholders within the group. The aim of the Code of Conduct is to help the Group to identify and prevent potential misconduct, such as harassment, fraud or corruption; strengthen good governance; protect whistleblowers and enable effective investigative and remedial actions. The Code of Conduct encourages reporting any violations of legislation and these guidelines or concerns related to both the group's own activities and those of our partners to the nearest supervisor, management, or a representative from human resources, or to a specifically designated external party who can bring the matter to the appropriate organizational level.

The Board of Directors of KH Group Plc is responsible for updating the Code of Conduct and the Group's executive management for implementing it.

#### 8.1.6. Investigating principles

All reports submitted through the whistleblowing channels are investigated promptly, in strict confidence and by persons independent of the subject of the investigation, under the guidance of the Chair of the Board of Directors of the Group company. Third parties may be used in the investigation if the situation so requires. The whistleblowing investigation process is supervised by the Chair of the Board of Directors and the results of the process are reported directly to the Board of Directors. The Group's management is responsible for implementing corrective actions throughout the organisation. In its Code of Conduct, the Group is unequivocally committed to protecting the rights and privacy of persons who report in good faith.

#### 8.1.7. Training

Every Group employee is inducted into the Group's Code of Conduct and policies relevant to their job description immediately at the start of the employment relationship. In addition, the guidelines are regularly reviewed in discussion sessions organised for supervisors and personnel, with emphasis on job descriptions at particular risk.

KH Group's anti-corruption and anti-bribery policies (Code of Conduct) are communicated to all Group employees as part of the induction training. A mechanism is being prepared for all Group employees to have the opportunity to participate in a separate anti-corruption and anti-bribery training. Participation in the training would be mandatory for those working in high-risk functions. The training would take the form of short, hands-on online courses focusing on practical situations where there is an increased risk of corruption and addressing issues related to both identifying and preventing corruption.

#### 8.2. Supplier Code of Conduct

KH Group divides suppliers into six main categories:

- "Government", such as local tax authorities, pension funds, providers of statutory insurance services and other suppliers that assist in the fulfilment of a legal obligation.
- "Financing companies" that provide financial services to both KH Group and its customers (banks and other financial institutions).
- "Manufacturers", which covers the Group's main suppliers (machine manufacturers and suppliers of furniture products). The categorisation is based on the KH Group's starting points, in other words, a factually large multinational company does not necessarily qualify as a "Multinational" in KH Group's categorisation if KH Group's purchase volume from the company in question is small or insignificant.



- “Large companies”, which includes large companies other than those that the Group categorises separately in the previous three categories. The Group considers companies with annual net sales of EUR 10 million, SEK 100 million or more as the boundary of a large company.
- “SMEs” include companies with annual net sales of less than EUR 10 million or SEK 100 million and which are not categorised in any of the above categories or independent subcontractors.
- “Independent subcontractors” are suppliers that mainly perform subcontracted work for the Group, employ one or a maximum of a few persons, and the livelihood of which is typically at least partially dependent on KH Group's payments.

KH Group's key operating principle is that responsible and sustainable business must be fair and just for all parties, and the Group expects the same from all of its partners. As a rule, the Group operates with suppliers that have strong evidence of responsible and reliable operations towards both KH Group and their own stakeholders. In this context, the definition of responsible operations includes matters related to the environment, human health and safety, corruption, the use of child labour and human rights violations. The responsibility of suppliers is assessed based on a comprehensive evaluation, involving the entire group's staff in monitoring the actors through the Group's Code of Conduct.

Based on its own supplier classification, the Group recognises that the greatest risks are associated with multinational companies, where the supply chains are often global and opaque to the outside world, while the risk with local companies operating under the same legislation is lower. For KH Group, the responsible conduct of suppliers is a condition for the continuity of the supplier relationship. At the same time, KH Group recognises that its ability to control the entire chain of

operations of multinational companies is limited, which means that the Group's focus is on selecting the first-tier suppliers and cooperating with them.

The Board of Directors of KH Group Plc is responsible for updating the Supplier Code of Conduct, and the Group's executive management is responsible for its implementation.

### 8.2.1. Payment practices

KH Group's starting point for business operations is that undisputed payments to suppliers are made on time. The Group reserves the right to withhold payment until a dispute is resolved, but at the same time undertakes to process payments in the aforementioned matters without delay after obtaining an agreement, in accordance with the agreement.

KH Group is aware of its responsibilities, particularly with regard to SMEs and independent subcontractors, and systematically prioritises their invoice processing speed and payment. Furthermore, KH Group separately refrains from using its own negotiation power to tighten unreasonable payment terms from SMEs and independent subcontractors. For SMEs and independent subcontractors, the Group prioritises quality, reliability

and competitive pricing rather than blackmailing using payment terms.

The Group's typical payment terms for SMEs and independent subcontractors are 14- and 30-days net from the invoice date. For multinational operators and large local corporations, the Group aims for longer payment terms (typically 60–120 days net) due to the longer delay between the invoice date and the arrival of goods (transport delay), the Group's lead times and the seasonal nature of demand, which together can cause significant short-term cash flow fluctuations.

The table below describes the distribution of payment terms by supplier category.

- “14 days” includes 14 days net and shorter payment terms.
- “30 days” includes payment terms between 15 days net and 30 days net.
- “60 days” includes payment terms between 31 days net and 60 days net.
- “90 days” includes payment terms between 61 days net and 90 days net.
- “> 90 days” includes 91 days net and longer payment terms.

#### KH-Koneet

| Supplier category          | 14 days       | 30 days       | 60 days       | 90 days      | > 90 days     | Total          |
|----------------------------|---------------|---------------|---------------|--------------|---------------|----------------|
| Government                 | 26,067        | 6,600         | 365           | 0            | 18            | <b>33,051</b>  |
| Financing companies        | 19,338        | 12,747        | 289           | 0            | 0             | <b>32,374</b>  |
| Manufacturers              | 970           | 5,596         | 11,003        | 7,201        | 47,579        | <b>72,349</b>  |
| Large companies            | 6,302         | 12,259        | 3,814         | 115          | 766           | <b>23,257</b>  |
| SMEs                       | 8,978         | 12,048        | 623           | 0            | 0             | <b>21,650</b>  |
| Independent subcontractors | 1,083         | 494           | 0             | 0            | 0             | <b>1,576</b>   |
| <b>Payments, total</b>     | <b>62,738</b> | <b>49,745</b> | <b>16,094</b> | <b>7,317</b> | <b>48,362</b> | <b>184,256</b> |

**Indoor Group:**

| Terms of payment           | 14 days | 30 days | 60 days | 90 days | > 90 days | > 90 days |
|----------------------------|---------|---------|---------|---------|-----------|-----------|
| Government                 |         | 6       | 10      | -       | -         | -         |
| Financing companies        |         | 6       | 3       | -       | -         | -         |
| Manufacturers              |         | 19      | 72      | 47      | 12        | -         |
| Large companies            |         | 134     | 58      | 9       | -         | -         |
| SMEs                       |         | 165     | 36      | 2       | -         | -         |
| Independent subcontractors |         | 29      | 4       | -       | -         | -         |

For KH-Koneet, the data has been calculated based on the invoice amount by supplier group and payment terms. Approximately 91% of KH-Koneet invoices were paid on time to suppliers in the reporting year 2024.

Indoor's data has been calculated based on the number of suppliers belonging to each supplier group. Invoicing runs are conducted at the end of each workweek, but an exact percentage of timely payments cannot be calculated from the payment system for the reporting year 2024. Indoor has made all supplier payments mainly on time during the reporting year.

At NRG, the subsidiary Sala mainly offers 30-day payment terms to all of its suppliers and has made all payments to suppliers within the terms of payment during the reporting year. It was not possible to review the distribution of payment terms by supplier category from the payment systems of NRG's subsidiary Saurus, but all payments were mainly made on time during the reporting year.

In deviation from normal payment terms, the Group may negotiate extended payment terms or payment plans for individual product batches for commercial or operational reasons. The Group reserves these negotiations for operations with multinational companies and large local companies.

The Group had no pending lawsuits due to payment delays in the reporting year 2024.

Helsinki 20 March 2025

KH Group Oyj  
Board of Directors



# Consolidated financial statements (IFRS)

The consolidated income statement for the comparison period 1–12/2023 includes both the period 1–4/2023, during which the parent company, as an investment entity, recognised its investments at fair value through

profit and loss, and the period 5–12/2023, during which the subsidiaries were consolidated line item by line item in accordance with the acquisition cost method. The comparison data in the 2023 income statements has

been updated due to HTJ's and Indoor's reclassification as a discontinued operation.

## CONSOLIDATED INCOME STATEMENT, IFRS

| EUR 1,000   | Note | 2024           | 2023<br>(Adjusted) |
|---|------|----------------|--------------------|
| <b>Net sales</b>  | 3.1  | <b>193,979</b> | <b>123,980</b>     |
| Other operating income                                      | 3.2  | 581            | 728                |
| Materials and services                                      | 3.3  | -141,086       | -97,921            |
| Personnel expenses  | 3.5  | -22,701        | -14,463            |
| Other operating expenses                                    | 3.4  | -10,490        | -7,473             |
| Unrealised changes in fair values of investment             |      | -              | -2,228             |
| Depreciation, amortisation and impairment                   | 3.6  | -14,511        | -9,304             |
| <b>Operating profit/loss</b>                                |      | <b>5,771</b>   | <b>-6,681</b>      |
| Financial income  | 3.7  | 2,165          | 1,114              |
| Financial expenses  | 3.7  | -6,282         | -6,743             |
| <b>Profit before taxes</b>                                  |      | <b>1,653</b>   | <b>-12,310</b>     |
| Income taxes  | 3.8  | -205           | 1,905              |
| <b>Net profit for the period from continuing operations</b> |      | <b>1,448</b>   | <b>-10,405</b>     |
| Net profit for the period from discontinued operations      | 1.3  | -31,374        | -3,958             |
| <b>Net profit for the period</b>                            |      | <b>-29,925</b> | <b>-14,363</b>     |
| <b>Distribution of the net profit for the period:</b>       |      |                |                    |
| Parent company shareholders                                 |      | -24,601        | -10,429            |
| Non-controlling interest                                    |      | -5,324         | -3,934             |

**CONSOLIDATED INCOME STATEMENT, IFRS**

| EUR 1,000                                   | Note | 2024  | 2023<br>(Adjusted) |
|---|------|-------|--------------------|
| <b>Earnings per share</b>                   | 2.7  |       |                    |
| Continuing operations, EUR                  |      |       |                    |
| Undiluted                                   |      | 0.02  | -0.18              |
| Diluted                                     |      | 0.02  | -0.18              |
| Discontinued operations, EUR                |      |       |                    |
| Undiluted                                   |      | -0.44 | 0.00               |
| Diluted                                     |      | -0.44 | 0.00               |
| Continuing and discontinued operations, EUR |      |       |                    |
| Undiluted                                   |      | -0.42 | -0.18              |
| Diluted                                     |      | -0.42 | -0.18              |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS**

| EUR 1,000  | Note | 2024           | 2023           |
|--|------|----------------|----------------|
| <b>Net profit for the period</b>   |      |                | <b>-14,363</b> |
| <b>Comprehensive income items that may be later recognised through profit and loss</b> |      |                |                |
| Translation differences  |      | -255           | -29            |
| <b>Items of comprehensive income not transferred to profit or loss:</b>                |      |                |                |
| Defined-benefit pensions   |      | -10            | -117           |
| <b>Other comprehensive income after taxes for the financial period</b>                 |      | <b>-265</b>    | <b>-146</b>    |
| <b>Total comprehensive income for the period</b>                                       |      | <b>-30,190</b> | <b>-14,509</b> |
| <b>Distribution of the comprehensive income for the period</b>                         |      |                |                |
| Parent company shareholders  |      | -24,852        | -10,540        |
| Non-controlling interest   |      | -5,337         | -3,969         |



**CONSOLIDATED BALANCE SHEET, IFRS**

| EUR 1,000  | Note        | 2024           | 2023           |
|--|-------------|----------------|----------------|
| <b>ASSETS</b>  |             |                |                |
| <b>Non-current assets</b>  |             |                |                |
| Goodwill   | 4.2 and 4.3 | 7,659          | 39,874         |
| Intangible assets  | 4.2         | 10,331         | 63,766         |
| Tangible assets  | 4.1         | 41,756         | 41,386         |
| Right-of-use assets  | 2.5         | 9,645          | 61,792         |
| Non-current receivables and other financial assets                 |             | 428            | 736            |
| Deferred tax assets  | 4.8         | 4,099          | 5,316          |
| <b>Non-current assets, total</b>                                   |             | <b>73,919</b>  | <b>212,869</b> |
| <b>Current assets</b>  |             |                |                |
| Inventories  | 4.4         | 60,242         | 100,022        |
| Trade receivables  | 4.5         | 15,808         | 19,304         |
| Accrued income and other receivables                               | 4.5         | 2,718          | 4,414          |
| Cash and cash equivalents  | 2.2         | 9,015          | 11,089         |
| <b>Current assets, total</b>                                       |             | <b>87,784</b>  | <b>134,828</b> |
| <b>Assets classified as held for sale</b>                          |             | <b>109,957</b> | -              |
| <b>Assets, total</b>   |             | <b>271,659</b> | <b>347,698</b> |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>                        |             |                |                |
| <b>Equity attributable to equity holders of the parent company</b> |             |                |                |
| Share capital  | 2.6         | 15,179         | 15,179         |
| Reserve for invested unrestricted equity                           | 2.6         | 12,886         | 12,886         |
| Translation differences  |             | -288           | -42            |
| Retained earnings  |             | 21,915         | 46,575         |
| <b>Equity attributable to the owners of the parent company</b>     | 2.6         | <b>49,691</b>  | <b>74,597</b>  |
| Non-controlling interest   |             | -615           | 4,669          |
| <b>Total equity</b>  |             | <b>49,076</b>  | <b>79,266</b>  |

**CONSOLIDATED BALANCE SHEET, IFRS**

| EUR 1,000  | Note | 2024           | 2023           |
|--|------|----------------|----------------|
| <b>Non-current liabilities</b>                     |      |                |                |
| Interest-bearing financial liabilities             | 2.3  | 19,663         | 40,485         |
| Financial liabilities for rental equipment         | 2.3  | 29,966         | 24,424         |
| Lease liabilities                                  | 2.5  | 6,204          | 40,686         |
| Other non-current financial liabilities            | 2.1  | -              | 3,372          |
| Provisions   | 4.7  | 26             | 83             |
| Pension obligations                                | 5.4  | -              | 155            |
| Deferred tax liabilities                           | 4.8  | 2,097          | 12,666         |
| <b>Non-current liabilities, total</b>              |      | <b>57,956</b>  | <b>121,870</b> |
| <b>Current liabilities</b>                         |      |                |                |
| Interest-bearing financial liabilities             | 2.3  | 8,760          | 29,601         |
| Financial liabilities for rental equipment         | 2.3  | 10,836         | 9,052          |
| Lease liabilities                                  | 2.5  | 3,729          | 21,712         |
| Advances received                                  | 3.1  | 1,106          | 5,842          |
| Trade and other liabilities                        | 4.6  | 30,239         | 80,355         |
| <b>Current liabilities, total</b>                  |      | <b>54,670</b>  | <b>146,562</b> |
| Liabilities relating to assets held for sale       |      | 109,957        | -              |
| <b>Liabilities, total</b>                          |      | <b>222,583</b> | <b>268,432</b> |
| <b>Shareholders' equity and liabilities, total</b> |      | <b>271,659</b> | <b>347,698</b> |



## CONSOLIDATED CASH FLOW STATEMENT, IFRS

The consolidated cash flow statement for the comparison period 1–12/2023 includes both the comparison period 1–4/2023, during which the cash flow statement consisted of the parent company's cash flow, and the comparison

period 5–12/2023, during which the subsidiaries were consolidated line item by line item. The subsidiaries' cash and cash equivalents on 1 May 2023 were included in cash flow from investing activities, as the change in the consolidation principle is treated as an IFRS 3 acquisition

without paid cash consideration. The comparison data in the 2023 cash flow statement has been updated due to HTJ's and Indoor's reclassification as discontinued operations.

| EUR 1,000   | Note        | 2024          | 2023          |
|---|-------------|---------------|---------------|
| <b>Cash flow from operating activities</b>                              |             |               |               |
| Net profit for the period   |             | -29,925       | -14,363       |
| Adjustments to the net profit for the period                            |             |               |               |
| Depreciation, amortisation and impairment                               | 3.6         | 64,558        | 24,576        |
| Financial income and expenses   | 3.7         | 8,755         | 8,980         |
| Income taxes  | 3.8         | -1,065        | -4,287        |
| Other adjustments <sup>1)</sup>   |             | -20,365       | 8,143         |
| <b>Adjustments, total</b>   |             | <b>51,883</b> | <b>37,412</b> |
| Changes in working capital  |             |               |               |
| Increase (-)/decrease (+) in trade and other receivables                |             | -63           | 5,067         |
| Increase (-)/decrease (+) in inventories                                |             | 7,974         | 5,824         |
| Increase (+)/decrease (-) in trade payables and other liabilities       |             | -7,541        | -3,237        |
| Interest received   |             | 148           | 71            |
| Interest paid and other financial expenses                              |             | -11,262       | -7,078        |
| Income taxes paid   |             | -1,806        | -996          |
| <b>Net cash flow from operating activities, total</b>                   |             | <b>9,407</b>  | <b>22,700</b> |
| <b>Cash flow from investing activities</b>                              |             |               |               |
| Cash and cash equivalents of subsidiaries, 1 May 2023                   | 1.2         | -             | 16,309        |
| Acquisitions of subsidiaries (acquisition of non-controlling interests) | 1.2         | -2,927        | -             |
| Sale of subsidiaries, net of cash disposed                              |             | 12,045        | 11,813        |
| Investments in tangible and intangible assets                           | 4.1 and 4.2 | -1,812        | -2,002        |
| Sale of tangible and intangible assets                                  | 4.1 and 4.2 | 5,037         | 744           |
| <b>Net cash flow from investing activities, total</b>                   |             | <b>12,343</b> | <b>26,864</b> |



| EUR 1,000   | Note | 2024           | 2023           |
|---|------|----------------|----------------|
| <b>Cash flow from financing activities</b>                |      |                |                |
| Proceeds from loans                                       | 2.3  | 7,433          | 966            |
| Repayment of loans  | 2.3  | -16,381        | -29,766        |
| Withdrawals of financial loans for leased equipment       | 2.3  | 21,576         | 11,068         |
| Repayments of financial loans for leased equipment        | 2.3  | -13,822        | -7,806         |
| Repayments of lease liabilities                           | 2.5  | -21,891        | -15,152        |
| Dividends paid  |      | -              | -              |
| <b>Net cash flow from financing activities, total</b>     |      | <b>-23,085</b> | <b>-40,690</b> |
| <b>Change in cash and cash equivalents</b>                |      | <b>-1,335</b>  | <b>8,873</b>   |
| Cash and cash equivalents at the beginning of the period  |      | 11,089         | 2,216          |
| <b>Cash and cash equivalents at the end of the period</b> | 2.2  | <b>9,754</b>   | <b>11,089</b>  |

1) Other adjustments contains mostly changes of fair value allocations and adjustment related to sale-and-lease-back treatment of KH-Koneet.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS**

| 2024<br>EUR 1,000                                | Equity attributable to equity holders of the parent company |  |                         |                   |                |               | Non-controlling interest | Total equity |
|--|---|--|-------------------------|-------------------|----------------|---------------|--------------------------|--------------|
|  | Share capital   | Reserve for invested unrestricted equity | Translation differences | Retained earnings | Total          |               |                          |              |
| <b>Equity 1 Jan. 2024</b>                        | <b>15,179</b>   | <b>12,886</b>                            | <b>-42</b>              | <b>46,575</b>     | <b>74,597</b>  | <b>4,669</b>  | <b>79,266</b>            |              |
| Net profit for the period                        | -   | -  | -                       | -24,601           | -24,601        | -5,324        | -29,925                  |              |
| <b>Other comprehensive income items</b>          |   |  |                         |                   |                |               |                          |              |
| Translation differences                          | -   | -  | -246                    | -                 | -246           | -9            | -255                     |              |
| Defined-benefit pensions                         | -   | -  | -                       | -6                | -6             | -4            | -10                      |              |
| <b>Total comprehensive income for the period</b> | <b>-</b>  | <b>-</b>                                 | <b>-246</b>             | <b>-24,607</b>    | <b>-24,852</b> | <b>-5,337</b> | <b>-30,190</b>           |              |
| Equity loan interest <sup>1)</sup>               | -   | -  | -                       | -53               | -53            | 53            | -                        |              |
| <b>Equity 31 Dec. 2024</b>                       | <b>15,179</b>   | <b>12,886</b>                            | <b>-288</b>             | <b>21,915</b>     | <b>49,691</b>  | <b>-615</b>   | <b>49,076</b>            |              |

1) Other adjustments contains mostly changes of fair value allocations and adjustment related to sale-and-leaseback treatment of KH-Koneet.

| 2023<br>EUR 1,000                                | Equity attributable to equity holders of the parent company |  |                         |                   |                |               | Non-controlling interest | Total equity |
|--|---|--|-------------------------|-------------------|----------------|---------------|--------------------------|--------------|
|  | Share capital   | Reserve for invested unrestricted equity | Translation differences | Retained earnings | Total          |               |                          |              |
| <b>Equity 1 Jan. 2023</b>                        | <b>15,179</b>   | <b>12,886</b>                            | <b>-</b>                | <b>57,076</b>     | <b>85,140</b>  | <b>-</b>      | <b>85,140</b>            |              |
| Net profit for the period                        | -   | -  | -                       | -10,429           | -10,429        | -3,934        | -14,363                  |              |
| <b>Other comprehensive income items</b>          |   |  |                         |                   |                |               |                          |              |
| Translation differences                          | -   | -  | -42                     | -                 | -42            | 14            | -29                      |              |
| Defined-benefit pensions                         | -   | -  | -                       | -68               | -68            | -49           | -117                     |              |
| <b>Total comprehensive income for the period</b> | <b>-</b>  | <b>-</b>                                 | <b>-42</b>              | <b>-10,498</b>    | <b>-10,540</b> | <b>-3,969</b> | <b>-14,509</b>           |              |
| Change in consolidation principles <sup>1)</sup> | -   | -  | -                       | -                 | -              | 7,938         | 7,938                    |              |
| Equity loan and interest <sup>2)</sup>           | -   | -  | -                       | -3                | -3             | 700           | 697                      |              |
| <b>Equity 31 December 2023</b>                   | <b>15,179</b>   | <b>12,886</b>                            | <b>-42</b>              | <b>46,575</b>     | <b>74,597</b>  | <b>4,669</b>  | <b>79,266</b>            |              |

1) See the note "Business combinations"

2) Other shareholders' additional investment in Indoor Group



# Notes to the consolidated financial statements

## 1. GENERAL ACCOUNTING PRINCIPLES AND GROUP STRUCTURE

### Accounting principles

The general accounting principle is disclosed as part of this note on accounting principles, whereas accounting principles that are closely related to a particular note are disclosed as part of that note.

### Information about the company and the financial statements

KH Group is a multi-sectoral group operating in the Nordic countries. The Group's parent company, KH Group Plc, is a Finnish public limited liability company with its registered office in Sievi and its registered address at Eteläranta 14, FI-00130 Helsinki, Finland, wherefrom a copy of the consolidated financial statements is also available. The company's share is listed in Nasdaq Helsinki Ltd.

At its meeting on 20 March 2025, the Board of Directors of KH Group Plc approved these financial statements. According to the Finnish Limited Liability Companies Act, shareholders have the option of adopting or rejecting the financial statements at a general meeting after their publication

### Basis of preparation of the financial statements

KH Group' Plc's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), applying the IAS and IFRS standards effective on 31 December 2024 as well as SIC and IFRIC interpretations. "IFRS" refers to the standards and their

interpretations that have been adopted for application in the Community in the Finnish Accounting Act and the provisions issued thereunder in accordance with the procedure laid down in the Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards. The notes to the financial statements are also in compliance with Finnish accounting and corporate legislation supplementing IFRS.

The financial statements are presented in thousands of euros. The valuation of financial statements items is based on original acquisition costs, unless otherwise stated in the accounting principles. All figures presented have been rounded, due to which the total sum of the individual figures may differ from the sum presented. The figures in brackets refer to the corresponding period in 2023. The financial statements are prepared for a calendar year, which is KH Group's reporting period.

### Estimated items and management discretion

Management exercises discretion in applying the accounting policies for the financial statements. Discretionary decisions made by the management influence the selection and application of accounting principles. This applies especially to those cases where the current IFRS standards contain alternative recognition, valuation or presentation methods.

In addition, accounting estimates are used when preparing the financial statements. As the factors underlying the estimates change, the actual results may differ significantly from the estimates used in the financial statements. The estimates and associated assumptions are based on KH Group's previous experience and other factors, such as the latest available information, circumstances related to future events and the future outlook on the balance sheet date. These are considered to represent the management's best judgment at the time

| Item  | Estimate  | Discretionary decisions | Note |
|---|---|-------------------------|------|
| Disposal groups classified as held for sale | Measurement of businesses classified as held for sale     | Yes                     | 1.3  |
| Lease liabilities                           | Determining the lease term and incremental borrowing rate | Yes                     | 2.5  |
| Goodwill and trademarks                     | Assumptions in value in use calculations                  | No                      | 4.3  |
| Inventories                                 | Measurement of inventories                                | No                      | 4.4  |
| Trade receivables                           | Measurement of trade receivables                          | No                      | 4.5  |
| Deferred tax assets                         | Measurement of tax assets                                 | Yes                     | 4.8  |



of review and to be reasonable under the circumstances.

Below is an overview of the areas that have been subject to significant discretion or are complex, and the items that are most likely to be subject to material adjustments should the estimates and assumptions prove to be incorrect. Details of these estimates and discretionary decisions are provided in the notes to each financial statement item, which also provide information on the basis on which the financial statement item is calculated.

## 1.1 Group structure

### Company information

KH Group's businesses KH-Koneet, Nordic Rescue Group and Indoor are responsible for their own operations, customer relationships and their development. The

Group's main markets are Finland and Sweden. The Group had no associated companies in the 2023 and 2024 financial periods.

KH Group Plc has agreed with the minority shareholders of KH-Koneet on a mutual right to complete a transaction concerning all of the shares in the subsidiaries held by the minority shareholders if certain conditions are met. Therefore, the KH-Koneet sub-groups in question are consolidated as if KH Group Plc had a 100% holding and the non-controlling interests are presented as liabilities at fair value through profit or loss.

### Principles of consolidation

The Group consists of the parent company and all companies in which KH Group exercises control. KH Group is deemed to exercise control when KH Group is exposed to the variable returns of a target company

or has rights to the variable returns of a target company, and it has the ability to affect those returns by exercising control over the target company.

All intra-group transactions, receivables and liabilities, as well as gains and losses from transactions between subsidiaries, are eliminated as part of the consolidation process. Non-controlling interests in subsidiaries are presented in the consolidated balance sheet as part of equity, separately from the equity attributable to the shareholders. The non-controlling interests' share of the net profit for the period is separately indicated in the consolidated income statement. The goodwill arising from the acquisition of foreign units and fair value adjustments made in connection with the acquisition of the foreign units in question are treated as assets and liabilities of the foreign units in question and translated into euros at the exchange rate on the financial statements date.

Intra-group shareholdings are eliminated using the acquisition cost method. Acquisition cost includes, in addition to the consideration transferred, the fair value of issued shares and any liabilities acquired. For each acquisition, the non-controlling interest can be recognised at either fair value or as a relative share of the net assets of the acquiree. Acquisition cost exceeding the fair value of the acquiree's net assets is recognised as goodwill. If the acquisition cost is lower than the fair value of the net assets acquired by the Group, the difference is recognised directly in the consolidated income statement.

In significant business combinations, the Group uses an external advisor in determining the fair values of acquired assets and liabilities. Where possible, the fair values of acquired assets and liabilities are determined in accordance with their available market values. In particular, the measurement of intangible assets is based on the present values of future cash flows, and this requires management estimates on future cash flows, discount rates and the use of the assets.

| Group companies             | Country | % holding |       |
|-----------------------------|---------|-----------|-------|
|                             |         | 2024      | 2023  |
| <b>Subsidiaries</b>         |         |           |       |
| KH-Koneet Group Oy          | Finland | 95,4%     | 90,7% |
| KH-Koneet Oy                | Finland | 100%      | 100%  |
| KH Tekninen Kauppa Oy       | Finland | 100%      | 100%  |
| Edeco-Tools Oy              | Finland | 100%      | 100%  |
| Crent Oy                    | Finland | 100%      | 100%  |
| KH-Maskin AB                | Sweden  | 100%      | 100%  |
| S-Rental AB                 | Sweden  | 100%      | 100%  |
| Nordic Rescue Group Oy      | Finland | 68,1%     | 68,1% |
| Saurus Oy                   | Finland | 100%      | 100%  |
| Sala Brand AB               | Sweden  | 100%      | 100%  |
| Indoor Group Holding Oy     | Finland | 58,3%     | 58,3% |
| Indoor Group Oy             | Finland | 100%      | 100%  |
| Insofa Oy                   | Finland | 100%      | 100%  |
| Indoor Group AS             | Estonia | 100%      | 100%  |
| HTJ Holding Oy              | Finland | 0%        | 91,7% |
| Rakennuttajatoimisto HTJ Oy | Finland | 0%        | 100%  |



### Foreign group companies

The results and financial position figures of Group companies are determined in the currency of the main operating environment of each entity ("functional currency"). The consolidated financial statements are presented in euros, which is the functional and reporting currency of the Group's parent company.

In the consolidated financial statements, the income statements of foreign Group companies are converted into euros at the average rate for the financial period. Balance sheet items are translated into euros at the exchange rate on the balance sheet date. Translation differences are presented in equity as a separate item. When a subsidiary is sold in whole or in part in such a way that the Group no longer has control, accumulated translation differences are reclassified from equity to the income statement as part of capital gains or losses.

### 1.2 Business combinations

#### Financial period 2024

There were no business combinations during the financial period. The parent company KH Group Plc has acquired KH-Koneet Group Oy shares from minority shareholders during the financial period, with a holding of 95.4% on the balance sheet date.

#### Financial period 2023

Following the cessation of KH Group Plc's investment entity status on 1 May 2023, the following subsidiaries and all of their respective subsidiaries were combined with KH Group:

- Indoor Group Holding Oy
- KH-Koneet Group Oy
- Nordic Rescue Group Oy
- HTJ Holding Oy

| EUR million   | Indoor Group | KH-Koneet    | Nordic Rescue Group | HTJ         | Total        |
|---|--------------|--------------|---------------------|-------------|--------------|
| Acquired shareholding   | 58.3%        | 100.0%       | 68.1%               | 100.0%      |              |
| <b>Assets</b>   |              |              |                     |             |              |
| Trademarks  | 45.0         | -            | 3.9                 | -           | 48.9         |
| Customer relationships  | -            | 7.9          | -                   | 6.2         | 14.1         |
| Other intangible assets   | 0.7          | 0.1          | 0.8                 | -           | 1.6          |
| Property, plant and equipment   | 4.9          | 35.0         | 0.3                 | 0.3         | 40.6         |
| Right-of-use assets   | 53.0         | 9.1          | 1.5                 | 1.8         | 65.4         |
| Other financial assets  | 0.1          | 0.2          | -                   | 0.5         | 0.8          |
| Deferred tax assets   | 2.1          | 0.3          | -                   | -           | 2.3          |
| Inventories <sup>(1)</sup>  | 36.2         | 81.9         | 5.4                 | -           | 123.6        |
| Trade and other receivables   | 2.2          | 16.2         | 6.5                 | 3.6         | 28.4         |
| Cash and cash equivalents   | 11.1         | 2.6          | 1.6                 | 1.1         | 16.3         |
| <b>Assets, total</b>  | <b>155.3</b> | <b>153.3</b> | <b>19.9</b>         | <b>13.6</b> | <b>342.1</b> |
| <b>Liabilities</b>  |              |              |                     |             |              |
| Interest-bearing liabilities  | 36.8         | 61.1         | 13.1                | 8.9         | 120.0        |
| Lease liabilities   | 53.0         | 9.1          | 1.5                 | 1.8         | 65.4         |
| Provisions  | 0.1          | -            | -                   | -           | 0.1          |
| Deferred tax liabilities  | 12.1         | 3.6          | 1.0                 | 1.2         | 17.9         |
| Trade and other liabilities   | 31.8         | 39.6         | 7.8                 | 5.8         | 84.9         |
| <b>Liabilities, total</b>   | <b>133.6</b> | <b>113.5</b> | <b>23.4</b>         | <b>17.8</b> | <b>288.2</b> |
| <b>Identifiable net assets, total</b>                                 | <b>21.7</b>  | <b>39.8</b>  | <b>-3.4</b>         | <b>-4.2</b> | <b>53.9</b>  |
| <b>Consideration paid</b>   |              |              |                     |             |              |
| Fair value of the investment less unrealised deferred tax liabilities | 30.0         | 37.7         | 3.1                 | 9.7         | 80.6         |
| Liability on the non-controlling interest                             | -            | 4.3          | -                   | 0.9         | 5.2          |
| <b>Total consideration paid</b>                                       | <b>30.0</b>  | <b>42.0</b>  | <b>3.1</b>          | <b>10.6</b> | <b>85.8</b>  |
| <b>Non-controlling interests</b>                                      | <b>9.0</b>   | <b>-</b>     | <b>-1.1</b>         | <b>-</b>    | <b>7.9</b>   |
| <b>Goodwill arising from acquisitions</b>                             | <b>17.4</b>  | <b>2.2</b>   | <b>5.5</b>          | <b>14.8</b> | <b>39.9</b>  |
| <b>Cash flow effect</b>   |              |              |                     |             |              |
| Cash and cash equivalents acquired                                    | 11.1         | 2.6          | 1.6                 | 1.1         | 16.3         |
| <b>Cash flow effect, total</b>  | <b>11.1</b>  | <b>2.6</b>   | <b>1.6</b>          | <b>1.1</b>  | <b>16.3</b>  |

1) The value of the inventories includes an allocation of fair value of a total of EUR 20.6 million for KH-Koneet and Indoor Group that was recognised as an expense during 2023.





The fair values of the components of the consideration paid, the acquired assets and liabilities, and goodwill at the time of the acquisition are presented in the table below:

Goodwill on consolidation amounted to EUR 39.9 million, representing human resources and other intangible assets for which the conditions for recognition were not met. Goodwill is not tax-deductible. Indoor Group trademarks are considered to have an unlimited economic useful life and are subject to annual impairment testing.

### Acquisitions

Acquisitions are accounted for according to the acquisition method. The consideration given and the assets and liabilities of the acquiree are measured at fair value at the time of acquisition. Expenses related to the acquisition are recognised as expenses. Any contingent additional purchase price is measured at fair value at the time of

acquisition and is classified as either a liability or equity.

The additional purchase price classified as a liability is measured at fair value at the end of each reporting period and the resulting gain or loss is recognised through profit or loss. An additional purchase price classified as equity is not re-measured. The acquisition cost of goodwill is the amount by which the acquisition cost of a subsidiary exceeds the fair value of the acquired identifiable assets, liabilities and contingent liabilities.

### 1.3 Discontinued operations and sales of businesses

#### Indoor

KH Group announced on 13 March 2025 that it had initiated the sale process regarding its Indoor Group ownership. Indoor Group is reported in this financial statement release in accordance with the "IFRS 5 – Non-current Assets Held for Sale and Discontinued

Operations" standard, since the board of KH Group Oyj has initiated the procedures for finding a buyer in December 2024. Indoor is presented as a discontinued operation in the review period and the comparative periods for 2023 have been adjusted accordingly in the income statement. No final decision has been made regarding the sale of the Indoor Group ownership, and there is no certainty regarding the schedule, terms or implementation of such a potential arrangement.

In connection with the reporting change related to the sale process of Indoor Group, KH Group has assessed the fair value of the Indoor Group holding and as a result made a total write-down of EUR 28.9 million for the financial year 2024, which is allocated to goodwill and other long-term assets. The estimated fair value is based on market assessments conducted by a financial advisor. After the write-down, the value of Indoor Group's assets corresponds to the value of its liabilities in KH Group's consolidated balance sheet.

### Income statement of discontinued operations

| EUR 1,000   | Indoor         | HTJ          | 2024 Total     | Indoor         | HTJ          | Logistikas   | Adjusted 2023 Total |
|---|----------------|--------------|----------------|----------------|--------------|--------------|---------------------|
| Net sales   | 161,579        | 12,877       | <b>174,455</b> | 128,499        | 18,097       | 6,099        | <b>152,694</b>      |
| Other operating income  | 6,106          | 5            | <b>6,111</b>   | 1,859          | 12           | -            | <b>1,871</b>        |
| Materials and services  | -94,825        | -908         | <b>-95,733</b> | -85,834        | -1,465       | -1,334       | <b>-88,633</b>      |
| Personnel expenses  | -31,479        | -9,039       | <b>-40,518</b> | -22,376        | -11,662      | -2,012       | <b>-36,050</b>      |
| Other operating expenses                                      | -23,210        | -1,682       | <b>-24,892</b> | -17,189        | -2,375       | -2,234       | <b>-21,798</b>      |
| Depreciation and impairment <sup>1)</sup>                     | -49,539        | -508         | <b>-50,047</b> | -14,607        | -664         | -88          | <b>-15,359</b>      |
| <b>Operating profit</b>                                       | <b>-31,369</b> | <b>745</b>   | <b>-30,624</b> | <b>-9,648</b>  | <b>1,942</b> | <b>431</b>   | <b>-7,276</b>       |
| Financial income and expenses                                 | -4,282         | -355         | <b>-4,638</b>  | -2,888         | -463         | -34          | <b>-3,385</b>       |
| <b>Profit before taxes</b>                                    | <b>-35,652</b> | <b>390</b>   | <b>-35,262</b> | <b>-12,536</b> | <b>1,479</b> | <b>397</b>   | <b>-10,661</b>      |
| Income taxes  | 1,455          | -185         | <b>1,269</b>   | 2,631          | -249         | -97          | <b>2,286</b>        |
| <b>Net profit for the period from discontinued operations</b> | <b>-34,197</b> | <b>204</b>   | <b>-33,993</b> | <b>-9,905</b>  | <b>1,230</b> | <b>300</b>   | <b>-8,375</b>       |
| Capital gain on discontinued operations                       | -              | 2,619        | <b>2,619</b>   | -              | -            | 4,417        | <b>4,417</b>        |
| <b>Result of discontinued operations, total</b>               | <b>-34,197</b> | <b>2,823</b> | <b>-31,374</b> | <b>-9,905</b>  | <b>1,230</b> | <b>4,717</b> | <b>-3,958</b>       |

**Assets classified as held for sale**

| EUR 1,000                               | 2024           |
|---|----------------|
| Goodwill <sup>1)</sup>                  | -              |
| Intangible assets <sup>1)</sup>         | 42,784         |
| Tangible assets                         | 1,524          |
| Right-of-use assets                     | 37,523         |
| Non-current receivables and investments | 4              |
| Deferred tax assets                     | 3,796          |
| Inventories                             | 21,093         |
| Trade receivables                       | 309            |
| Other current receivables               | 2,186          |
| Cash and cash equivalents               | 739            |
| <b>Total</b>                            | <b>109,957</b> |

1) The impairment of assets held for sale of EUR 28.9 million is allocated in this table fully to goodwill and to other assets proportionally to their balance sheet value.

**Liabilities relating to assets held for sale**

| EUR 1,000  | 2024           |
|--|----------------|
| Deferred tax liabilities                           | 9,115          |
| Non-current interest-bearing liabilities           | -              |
| Non-current lease liabilities                      | 24,375         |
| Pension obligations                                | 147            |
| Provisions   | 56             |
| Current interest-bearing liabilities <sup>2)</sup> | 27,539         |
| Current lease liabilities                          | 17,773         |
| Advances received                                  | 8,009          |
| Current trade and other liabilities                | 22,943         |
| <b>Total</b>                                       | <b>109,957</b> |

2) Loans from financial institutions are presented as short-term due to breach of covenants. Additional information on Indoor's financial situation is presented in note 2.4.

**HTJ**

In June 2024, KH Group Plc, together with the other shareholders of the developer consultancy company HTJ Holding Oy (HTJ), agreed on the sale of the company's shares to XPartners Finland Holding Oy, which is part of the XPartners Group. The transaction was completed in July 2024. The debt-free value of the transaction was EUR 23.0 million, with KH Group's final share amounting to EUR 13.1 million. The capital gain recognised on the transaction was EUR 2.6 million.

**Logistikas**

KH Group sold its Logistikas business to the Swedish logistics company Logent AB on 30 June 2023. KH Group's holding in Logistikas was 66.5%, and its share of the purchase price, less net debt and transaction costs was EUR 11.8 million, including the purchase price for the shares and for the receivables from Logistikas Oy related to dividend and capital distribution in conjunction with the transaction. 1 January–31 December 2023 includes the

capital gain of EUR 4.4 million arising from the transaction and the discontinued operation's profit of EUR 0.3 million for the financial period.

Continuing and discontinued operations are presented separately in the consolidated income statement. Comparative information has been adjusted accordingly in the income statement.

**Cash flows of the discontinued operations**

The sales proceeds from HTJ and Logistikas are presented in cash flow from investing activities. The cash and cash equivalents on consolidation starting day 1 May 2023 are included in the 2023 cash flow from investing activities.

**Discontinued operations and disposal groups classified as held for sale**

Non-current assets or disposal groups are classified as held for sale if the amount corresponding to their book value will be generated primarily from their sale and

the sale is considered to be highly probable. They are measured at the lower of book value or fair value less disposal expenses.

Assets included in a disposal group held for sale are presented on the balance sheet separately from other assets. Liabilities included in a disposal group held for sale are presented on the balance sheet separately from other liabilities. Assets are not depreciated after the classification. Interest and other expenses arising from liabilities included in a disposal group will continue to be recognised.

A discontinued operation is a part of the company that has been divested or classified as held for sale and represents a separate business area or geographical operation and is part of a coordinated plan to divest such a business area. The results of discontinued operations are presented separately on the income statement. The income statement for the reference period is adjusted to reflect the presentation method for the reporting period.

| EUR 1,000                           | Indoor        | HTJ           | 2024 Total   | Indoor       | HTJ          | Logistikas    | 2023 Total    |
|-------------------------------------|---------------|---------------|--------------|--------------|--------------|---------------|---------------|
| Cash flow from operating activities | 4,157         | 1,039         | 5,196        | 19,689       | 1,949        | -             | 21,639        |
| Cash flow from investing activities | 3,718         | 12,125        | 15,843       | 10,503       | 1,128        | 11,813        | 23,444        |
| Cash flow from financing activities | -15,726       | -1,213        | -16,939      | -21,602      | -1,251       | -             | -22,853       |
| <b>Cash flows total</b>             | <b>-7,852</b> | <b>11,951</b> | <b>4,099</b> | <b>8,590</b> | <b>1,826</b> | <b>11,813</b> | <b>22,229</b> |



## 2. CAPITAL STRUCTURE

The Group's objective is a capital structure that ensures both short-term and long-term operating conditions for its business in addition to a sufficient return on capital. The most significant factors affecting the capital structure are any structural arrangements in accordance with the strategy, KH Group Plc's dividend policy and the profitability of the subsidiaries' business.

### Capital management

KH Group's capital management is based on the monitoring of gearing and solvency ratios (equity ratio and gearing). The Group has set target levels for the key figures, in addition to which some debt items are subject to capitalisation level requirements from the external

creditor. These levels are monitored and reported to both KH Group management and the creditor. The solvency of subsidiaries is monitored within the framework of regulation and capital items may be transferred between Group companies.

### KH Group's capital

EUR 1,000

|  | 2024           | 2023           |
|--|----------------|----------------|
| <b>Total equity</b>  | <b>49,076</b>  | <b>79,266</b>  |
| Interest-bearing financial liabilities                               | 55,962         | 70,085         |
| Lease liabilities  | 52,082         | 62,398         |
| Financial liabilities for rental equipment                           | 40,802         | 33,475         |
| <b>Interest-bearing liabilities, total</b>                           | <b>148,846</b> | <b>165,959</b> |
| <b>Interest-bearing net liabilities, excluding lease liabilities</b> | <b>87,010</b>  | <b>92,472</b>  |
| <b>Shareholders' equity and interest-bearing liabilities, total</b>  | <b>197,922</b> | <b>245,225</b> |
| Cash and cash equivalents  | 9,754          | 11,089         |
| <b>Net debt</b>  | <b>139,092</b> | <b>154,870</b> |
| <b>Gearing, %</b>  | <b>283.4%</b>  | <b>195.4%</b>  |
| <b>Gearing, excluding lease liabilities, %</b>                       | <b>177.3%</b>  | <b>116.7%</b>  |
| Total equity   | 49,076         | 79,266         |
| Shareholders' equity and liabilities, total                          | 271,659        | 347,698        |
| Advances received  | -9,115         | -5,842         |
| <b>Equity ratio, %</b>   | <b>18.7%</b>   | <b>23.2%</b>   |

The figures also include the assets and liabilities of Indoor, which is classified as held for sale.



## 2.1 Financial assets and liabilities

The table below shows the book values, measurement categories and fair value hierarchy of the Group's

financial assets and liabilities. For assets and liabilities that are not recognised at fair value through profit or loss,

the book value corresponds to the fair value to a material extent.

| EUR 1,000  | Fair value hierarchy | 2024          | 2023           |
|--|----------------------|---------------|----------------|
| <b>Non-current financial assets</b>  |                      |               |                |
| <b>Financial assets recognised at amortised cost</b>                         |                      |               |                |
| Other non-current financial assets   | 2                    | 428           | 736            |
| <b>Non-current financial assets, total</b>                                   |                      | <b>428</b>    | <b>736</b>     |
| <b>Current financial assets</b>  |                      |               |                |
| <b>Financial assets recognised at amortised cost</b>                         |                      |               |                |
| Trade receivables  | 2                    | 15,808        | 19,304         |
| Cash and cash equivalents  | 2                    | 9,015         | 11,089         |
| <b>Current financial assets, total</b>                                       |                      | <b>24,824</b> | <b>30,393</b>  |
| <b>Financial assets, total</b>   |                      | <b>25,252</b> | <b>31,129</b>  |
| <b>Non-current financial liabilities</b>                                     |                      |               |                |
| <b>Financial liabilities recognised at fair value through profit or loss</b> |                      |               |                |
| Liabilities to non-controlling interests                                     | 3                    | -             | 3,372          |
| <b>Financial liabilities recognised at amortised cost</b>                    |                      |               |                |
| Loans from financial institutions  | 3                    | 17,040        | 39,637         |
| Lease liabilities  | 2                    | 6,204         | 40,686         |
| Financial liabilities for rental equipment                                   | 3                    | 29,966        | 24,424         |
| Other non-current financial liabilities                                      | 2                    | 2,623         | 847            |
| <b>Non-current financial liabilities, total</b>                              |                      | <b>55,833</b> | <b>108,966</b> |
| <b>Current financial liabilities</b>   |                      |               |                |
| <b>Financial liabilities recognised at fair value through profit or loss</b> |                      |               |                |
| Liabilities to non-controlling interests                                     | 3                    | 2,003         | 3,849          |
| <b>Financial liabilities recognised at amortised cost</b>                    |                      |               |                |
| Loans from financial institutions  | 3                    | 7,973         | 29,601         |
| Lease liabilities  | 2                    | 3,729         | 21,712         |
| Financial liabilities for rental equipment                                   | 3                    | 10,836        | 9,052          |
| Trade payables   | 2                    | 14,602        | 41,246         |
| <b>Current financial liabilities, total</b>                                  |                      | <b>39,144</b> | <b>105,460</b> |
| <b>Financial liabilities, total</b>  |                      | <b>94,977</b> | <b>214,426</b> |



### Financial assets and liabilities

The Group's exposure to risks related to financial instruments is described in Note 5.1 Financial risks and management of financial risks. The maximum amount exposed to credit risk at the end of the financial period is the book value of each financial asset class.

### Financial assets

Based on its business model, KH Group has classified its financial assets into two categories: 1) items recognised at amortised cost and 2) items recognised at fair value through profit or loss.

Financial assets recognised at amortised cost are non-derivative financial instruments that are not quoted on public markets, that have a fixed or definable payment date and that are not held by KH Group for trading purposes. This item includes sales and other receivables. Financial assets recognised at amortised cost are recognised at cost that has been amortised by using the effective interest method. They are recorded under non-current assets if their maturity date is more than 12 months after the reporting date. Receivables are recognised at acquisition cost less expected credit losses. The amount of uncertain receivables is estimated on a case-by-case basis and credit losses are recorded as expenses in the income statement. Loans to subsidiaries and associated companies are treated as financial instruments, recognised at fair value through profit or loss, in the same way as equity investments in those companies.

Cash and cash equivalents consist of cash in hand and at bank as well as short-term bank deposits. Items classified as cash and cash equivalents have a maturity of no more than three months from the date of acquisition. They are easily convertible into a known amount of cash and have a low risk of value changes.

Derecognition takes place when the Group has lost its contractual right to cash flows or when it has transferred risks and income outside the Group to a significant extent.

### Financial liabilities

KH Group has classified financial liabilities into two categories: 1) financial liabilities at fair value through profit or loss and 2) items at amortised cost. Financial liabilities also include lease liabilities, the measurement principles for which are described in note 2.5 Leases.

Financial liabilities are initially recognised at fair value and subsequently recognised at amortised cost by using the effective interest method or at fair value, on the basis of the above classification.

On the closing date, KH Group's financial liabilities recognised at fair value through profit or loss were liabilities related to the redemption of minority interests included in other balance sheet liabilities associated with obligations to purchase the shares held by minority shareholders in certain KH Group subsidiaries if certain conditions are met. Changes in the fair values of liabilities related to the redemption of minority interests are recognised through profit or loss and unrealised changes in their fair values are presented in the income statement under unrealised changes in fair values of investments.

A financial liability is classified as current unless KH Group has an unconditional right to defer payment of the liability for at least 12 months from the end date of the reporting period. Borrowing costs are recognised as financial expenses in the financial period in which they have incurred.

### Determination of fair values

Fair value is the monetary amount that would arise from the sale of an asset or would be paid for the transfer of a liability in a normal transaction between market participants in active markets on the valuation date. The IFRS standards require fair values to be determined both for the valuation of balance sheet items and for additional disclosures in the notes. The inputs used to determine fair values are categorised into three different levels of the fair value hierarchy. The hierarchy levels are based on the source of the inputs.

- Level 1: the fair values are based on quoted prices for identical assets in active markets on the valuation date.
- Level 2: the fair values of the instruments are based, to a significant extent, on inputs other than the quoted prices included in Level 1 but nevertheless on inputs that are verifiable, directly or indirectly, for the asset in question.
- Level 3: the fair values of the instruments are based on inputs concerning the assets that are not based on observable market data but are, instead, significantly based on management estimates and their use in generally accepted cash flow-based valuation models.

The fair value hierarchy level to which a particular asset recognised at fair value is classified as a whole has been determined on the basis of the lowest-level input data that is significant for the entire asset recognised at fair value. The significance of the input data has been estimated with regard to the asset recognised at fair value as a whole. There were no reclassifications between levels 1, 2 or 3 of the fair value hierarchy during the financial period.

### Estimated items and management discretion

Hierarchy level 3 fair values are based on inputs concerning the assets that are not based on observable market data but are instead significantly based on management estimates and their use in generally accepted valuation models. The valuation models used were mainly generally accepted models that are based on cash flow. Unlisted private equity investments held by the company and liabilities connected to the redemption of minority interests in target companies have been entered in hierarchy level 3, as they do not have quoted market prices and the inputs.



## 2.2 Cash and cash equivalents

| EUR 1,000  | 2024         | 2023          |
|--|--------------|---------------|
| Cash and cash equivalents  |              |               |
| <b>Total cash and cash equivalents on the consolidated balance sheet</b> | <b>9,015</b> | <b>11,089</b> |
| Cash and cash equivalents classified as held for sale                    | 739          | -             |
| <b>Cash and cash equivalents according to the cash flow statement</b>    | <b>9,754</b> | <b>11,089</b> |
| Unused credit facilities   | 8,857        | 14,654        |

Cash and cash equivalents include cash, bank deposits and other highly liquid investments of up to three months.

There is an insignificant risk of changes in value of cash and cash equivalents.

## 2.3 Financial liabilities

### Interest-bearing liabilities and net debt

The table below includes assets and liabilities relating to assets held for sale.

| Net debt<br>EUR 1,000                            | 2024           | 2023           |
|--|----------------|----------------|
| Non-current interest-bearing liabilities         | 19,663         | 40,485         |
| Non-current financial loans for leased equipment | 29,966         | 24,424         |
| Non-current lease liabilities                    | 30,579         | 40,686         |
| Current interest-bearing liabilities             | 36,299         | 29,601         |
| Current financial loans for leased equipment     | 10,836         | 9,052          |
| Current lease liabilities                        | 21,503         | 21,712         |
| Liquid assets                                    | -9,754         | -11,089        |
| <b>Total net debt</b>                            | <b>139,092</b> | <b>154,870</b> |

The financial loans for leased equipment relate to the fleet of vehicles used in KH-Koneet's machinery rental business, which has been transferred to and leased

back from the financing company. The transfer to the financing company is not treated as a sale, but is held on

the consolidated balance sheet and a financial liability corresponding to the transfer price is recognised.



## Changes in interest-bearing liabilities

| 2024<br>EUR 1,000                               | Interest-bearing liabilities | Financial loans for<br>rental equipment | Lease<br>liabilities | Total changes in<br>interest-bearing liabilities |
|---|------------------------------|---|----------------------|--|
| Opening balance sheet values 1 January          | 70,085                       | 33,475                                  | 62,398               | <b>165,959</b>                                   |
| Sales of businesses                             | -8,136                       | -                                       | -1,561               | <b>-9,697</b>                                    |
| Reclassification to discontinued operations     | -25,019                      | -                                       | -51,724              | <b>-76,743</b>                                   |
| Cash flows                                      | -10,684                      | 7,754                                   | -3,282               | <b>-6,211</b>                                    |
| Other changes                                   | 2,176                        | -428                                    | 4,103                | <b>5,851</b>                                     |
| <b>Values on the reporting date 31 December</b> | <b>28,423</b>                | <b>40,802</b>                           | <b>9,934</b>         | <b>79,159</b>                                    |

| 2023<br>EUR 1,000                               | Interest-bearing liabilities | Financial loans for<br>rental equipment | Lease<br>liabilities | Total changes in<br>interest-bearing liabilities |
|---|------------------------------|---|----------------------|--|
| Opening balance sheet values 1 January          | 9,900                        | -                                       | 139                  | <b>10,040</b>                                    |
| Business combinations                           | 90,035                       | 29,929                                  | 65,355               | <b>185,318</b>                                   |
| Cash flows                                      | -29,849                      | 3,262                                   | -15,152              | <b>-41,740</b>                                   |
| Other changes                                   | -                            | 284                                     | 12,056               | <b>12,340</b>                                    |
| <b>Values on the reporting date 31 December</b> | <b>70,085</b>                | <b>33,475</b>                           | <b>62,398</b>        | <b>165,959</b>                                   |

## 2.4 Liquidity, loan covenants and maturity breakdown of financial liabilities

### Liquidity and refinancing risk

KH Group's objective is to ensure adequate funding for operations in all situations and market conditions. In accordance with the financial policy, the sources of funding are distributed among a sufficient number of counterparties and across a number of different loan instruments.

The Group's businesses are primarily financed by their cash flows from operating activities. Investments may require additional debt capital. Liquidity is ensured by cash and binding overdraft facilities.

The financial statements for the financial year 2024 have been prepared on a going concern basis, which assumes that KH Group will be able to realise its assets and repay its liabilities in the ordinary course of business for the foreseeable future. In assessing the going concern basis, KH Group's management has taken into account the uncertainties and risks related to the business environment, the company's available sources of financing and the cash flow forecasts of the various group companies' operations over the next 12 months.

KH-Koneet and NRG fulfilled the covenants of the financial indicators of their financing agreements as of December 2024. KH-Koneet's financing agreement includes covenants related to financial indicators such as

equity ratio, interest-bearing debt to EBITDA and interest cover. At the end of the financial period, KH-Koneet's financing agreement included a total of EUR 20.0 million in loans and drawn credit facility. NRG's financing agreement includes financial indicators equity ratio and interest-bearing debt to EBITDA. NRG's financing agreement included a total of EUR 4.3 million of loans as of December 31, 2024. Covenants related to loans are reported to financing provider on a quarterly or semi-annual basis. Management regularly assesses the fulfilment of the loan covenants and at the end of the financial year, all covenants of KH-Koneet and NRG included a sufficient amount of buffer.

More information on liquid assets is presented in note





2.2 Cash and cash equivalents. The parent company, KH-Koneet and NRG had available unused revolving credit facilities in total of EUR 8,9 million per 31.12.2024.

Due to breach of covenants on 30 September 2024, there is uncertainty in Indoor Group's financing and all its loans from financing provider, totalling EUR 27,5 million, have been presented as short-term liabilities. Indoor Group signed an agreement with the financing provider, according to which the financing provider will not demand the repayment of loans despite the breach of covenants provided that certain conditions are met. The agreement expires on 31 May 2025. According to the agreement,

KH Group granted Indoor Group a shareholder loan of EUR 1.0 million in January 2025. The financing provider has the right to demand repayment of the loans at contract expiry, which might impact Indoor Group's ability to continue as a going concern. Indoor Group's financing situation does not have immediate impacts on KH Group's continuing operations as group companies have ringfenced financing.

#### Maturity breakdown of financial liabilities

The maturity breakdown of financial liabilities includes the Group's outward cash flows related to financial liabilities.

The table breaks down the liquidity requirements for future outward cash flows at an annual level. The maturity analysis includes interest-bearing liabilities and IFRS 16 lease liabilities to present actual outward cash flows related to the Group's financial liabilities.

KH Group reviews its available cash assets and maturity analysis to determine its cash requirements. Management reviews business forecasts and related cash flows to maintain liquidity needs. Liabilities of Indoor Group classified as held for sale are not included in the maturity analysis, more information is provided in note 1.3.

| 2024<br>EUR 1,000                                    | Balance sheet value | In less than<br>12 months | In 1–2 years  | In 2–5 years  | In more than 5 years | Total cash flows |
|--|---------------------|---------------------------|---------------|---------------|----------------------|------------------|
| Loans from financial institutions                    | 20,754              | 5,345                     | 5,233         | 13,045        | -                    | 23,623           |
| Lines of credit                                      | 3,483               | 3,483                     | -             | -             | -                    | 3,483            |
| Other interest-bearing loans                         | 4,186               | 1,252                     | 1,071         | 1,918         | -                    | 4,240            |
| Lease liabilities                                    | 9,934               | 4,182                     | 3,261         | 3,448         | 167                  | 11,057           |
| Financial liabilities for rental equipment           | 40,802              | 12,334                    | 10,746        | 21,871        | 161                  | 45,113           |
| Trade payables                                       | 14,602              | 14,602                    | -             | -             | -                    | 14,602           |
| Redemption liabilities for non-controlling interests | 2,003               | 2,003                     | -             | -             | -                    | 2,003            |
| <b>Total</b>   | <b>95,764</b>       | <b>43,202</b>             | <b>20,311</b> | <b>40,281</b> | <b>328</b>           | <b>104,121</b>   |

| 2023<br>EUR 1,000                                    | Balance sheet value | In less than<br>12 months | In 1–2 years  | In 2–5 years  | In more than 5 years | Total cash flows |
|--|---------------------|---------------------------|---------------|---------------|----------------------|------------------|
| Loans from financial institutions                    | 67,129              | 32,404                    | 11,795        | 33,272        | -                    | 77,471           |
| Other interest-bearing loans                         | 2,956               | 976                       | 1,036         | 1,096         | -                    | 3,108            |
| Lease liabilities                                    | 62,398              | 23,804                    | 18,366        | 22,750        | 2,298                | 67,219           |
| Financial liabilities for rental equipment           | 33,475              | 11,878                    | 9,017         | 16,702        | 110                  | 37,706           |
| Trade payables                                       | 41,246              | 41,246                    | -             | -             | -                    | 41,246           |
| Redemption liabilities for non-controlling interests | 7,221               | 3,849                     | 3,372         | -             | -                    | 7,221            |
| Contingent consideration                             | 750                 | 750                       | -             | -             | -                    | 750              |
| <b>Total</b>   | <b>215,176</b>      | <b>114,907</b>            | <b>43,586</b> | <b>73,820</b> | <b>2,408</b>         | <b>234,721</b>   |



## 2.5 Leases

The Group's leases mainly consist of office, shop and warehouse premises, vehicles and other equipment. At the time of entering into an agreement, the Group

assesses whether the agreement is or includes a lease. The terms of leases are negotiated on a case-by-case basis and may include different terms and conditions. Leases typically run for less than five years.

### Right-of-use assets

The table below shows the book values of right-of-use assets and changes during the period.

| EUR 1,000                                    | Buildings and land | Machinery and equipment | Total          |
|--|--------------------|-------------------------|----------------|
| <b>Acquisition cost</b>                      |                    |                         |                |
| <b>1 January 2023</b>                        | <b>239</b>         | <b>-</b>                | <b>239</b>     |
| Business combinations                        | 62,034             | 3,320                   | 65,355         |
| Increases                                    | 11,937             | 1,229                   | 13,165         |
| Decrease                                     | -864               | -373                    | -1,237         |
| <b>31 December 2023</b>                      | <b>73,346</b>      | <b>4,176</b>            | <b>77,522</b>  |
| Sales of businesses                          | -2,012             | -221                    | -2,234         |
| Reclassifications to discontinued operations | -68,512            | -1,261                  | -69,772        |
| Translation differences                      | -33                | -27                     | -60            |
| Increases                                    | 13,359             | 1,531                   | 14,890         |
| Decrease                                     | -4,462             | -599                    | -5,060         |
| <b>31 December 2024</b>                      | <b>11,686</b>      | <b>3,600</b>            | <b>15,285</b>  |
| <b>Depreciation</b>                          |                    |                         |                |
| <b>1 January 2023</b>                        | <b>-101</b>        | <b>-</b>                | <b>-101</b>    |
| Depreciation for the period                  | -14,767            | -862                    | -15,628        |
| Decrease                                     | -                  | -                       | -              |
| <b>31 December 2023</b>                      | <b>-14,868</b>     | <b>-862</b>             | <b>-15,730</b> |
| Sales of businesses                          | 686                | 47                      | 733            |
| Reclassifications to discontinued operations | 27,807             | 510                     | 28,317         |
| Translation differences                      | -54                | 1                       | -53            |
| Depreciation for the period                  | -20,818            | -1,167                  | -21,985        |
| Decrease                                     | 2,754              | 324                     | 3,077          |
| <b>31 December 2024</b>                      | <b>-4,493</b>      | <b>-1,148</b>           | <b>-5,640</b>  |
| <b>Balance sheet value</b>                   |                    |                         |                |
| <b>31 December 2024</b>                      | <b>7,193</b>       | <b>2,452</b>            | <b>9,645</b>   |
| <b>31 December 2023</b>                      | <b>58,477</b>      | <b>3,315</b>            | <b>61,792</b>  |



### Lease liabilities

The book values of lease liabilities and changes during the period are presented below

| EUR 1,000  | 2024          | 2023          |
|--|---------------|---------------|
| <b>Book value at the beginning of the period</b> | <b>62,398</b> | <b>139</b>    |
| Business combinations                            | -             | 65,355        |
| Sales of businesses                              | -1,561        | -             |
| Reclassifications to discontinued operations     | -51,724       | -             |
| New contracts/contract changes                   | 4,504         | 13,304        |
| Terminated contracts/decrease                    | -,248         | -1,248        |
| Charges  | -,3,282       | -15,152       |
| Translation differences                          | -153          | -             |
| <b>Book value at the end of the period</b>       | <b>9,934</b>  | <b>62,398</b> |

| EUR 1,000                     | 2024         | 2023          |
|-------------------------------|--------------|---------------|
| Non-current lease liabilities | 6,204        | 40,686        |
| Current lease liabilities     | 3,729        | 21,712        |
| <b>Total</b>                  | <b>9,934</b> | <b>62,398</b> |

Note 2.4 Maturity breakdown of financial liabilities presents a maturity breakdown of lease liabilities.

### Impact of leases on the income statement

The amounts recognised through profit or loss are as follows:

| EUR 1,000                              | 2024          | 2023 (adjusted) |
|--|---------------|-----------------|
| Lease expenses not included in IFRS16  | -322          | -170            |
| Amortisation of right-of-use assets    | -3,440        | -2,280          |
| Interest expenses on lease liabilities | -560          | -355            |
| <b>Total</b>                           | <b>-4,322</b> | <b>-2,804</b>   |

Depreciation of leased assets is specified in note 3.6 Depreciation and impairment.



### Group as lessor

Leases entered into by KH-Koneet in its rental business are classified as operational because they are short-term and the risks and benefits inherent in ownership of the asset are not transferred to the lessee. Rental income is presented in net sales and described in more detail in Note 3.1.

### Leases

#### Group as lessee

Leases are recognised as leased assets and corresponding liabilities when the leased asset is available to the Group. Other components, such as maintenance or service, may also be included in the contracts. In this case, KH Group differentiates them based on the individual prices stated in the leases or on an estimate.

The lease term is determined by the period specified in the agreement, taking into account the extension and termination options. For contracts in force until further notice, KH Group estimates the probable lease term based on the business plans and taking into account the costs of terminating the contract.

Assets and liabilities arising from leases are initially measured at present value. Lease liabilities include the net fair value of the following rents: fixed payments, index-based variable rents, amounts payable as residual value guarantees, the exercise price of the reasonably certain purchase option to be exercised and compensation for termination of the lease if the Group has taken into account the exercise of this option in the lease term. Rents based on extension options that are relatively certain to be used are also included in the liability.

Rents are discounted using the internal rate of return of the lease. If this interest rate cannot be easily determined, the lessee's incremental borrowing rate is

used. The criteria used to determine the discount rate for each lease are the asset class, geographical location, currency, risk-free interest rate maturity and the lessee's credit risk premium.

Right-of-use assets, i.e. the leased assets, are measured at acquisition cost, including the original amount of the lease liability, rent paid before the commencement of the agreement less any incentives received, initial immediate expenses and expenses for restoring the original condition.

The Group is exposed to possible increases in index-based or price-based variable rents that are not taken into account in the lease liability until they are realised. When such a change occurs, the lease liability is re-measured and adjusted against the leased asset.

Rent is recognised in the income statement as a financial expense and amortisation of the lease. Leased assets are generally amortised during the economic useful life of the asset or during a shorter lease term. If it is reasonably certain that the Group will exercise a purchase option, the amortisation period of the leased asset is used as the maturity of the asset. The financial expense is recognised through profit or loss during the lease period, with the interest rate on the remaining debt being the same for each period.

With regard to accounting for short-term leases and leases of low value assets, recognition exemptions are used, and the rents to be paid under the leases are recognised as expenses through profit or loss in equal instalments over the lease term.

#### Group as lessor

As a lessor, the Group classifies all of its leases as either operating leases or finance leases. The classification is made at the time of entering into the agreement. A lease is classified as a finance lease if it transfers substantially the risks and rewards associated with ownership of the asset. If the lease does not meet the characteristics of a

finance lease, it is an operational lease. In this case, the lessee has the right to use the asset for a limited period, and the risks and benefits inherent in ownership of the asset are not transferred to the lessee. The Group's leases are operating leases.

The Group, as the lessor, presents the assets subject to the operating lease on its balance sheet according to the nature of the asset. The Group recognises rents received from operating leases either in equal instalments or on another systematic basis if this basis better describes the accumulation of the benefit from the use of the underlying asset. The Group recognises expenses, including depreciation, arising from the earning of rental income as expenses.

#### Estimated items and management discretion

Lease accounting involves significant management estimates concerning the determination of the lease term and lease components.

The determination of the lease period is subject to estimation, especially for contracts with an open-ended term. The length of the lease term is estimated on a lease-specific basis. For leases in force until further notice, the probable lease term is estimated based on the business plans, taking into account the costs of terminating the agreement.

Lease extension and termination options are taken into account when determining the length of the lease term. The period covered by the extension option is included in the lease term if, in the management's discretion, it is reasonably certain that the extension option will be exercised. Similarly, if it is reasonably certain that the termination option will not be exercised, the lease term includes the entire term of the agreement. The exercise of options is assessed on a case-by-case basis based on the profitability of the arrangement and business needs.



## 2.6 Equity

KH Group's equity consists of share capital, reserve for invested unrestricted equity, translation differences and retained earnings. Dividend distribution is described in

the following section 2.7 Earnings per share and dividend distribution. Share-based remuneration is described in

note 5.3 Share-based incentive schemes.

| EUR 1,000        | Number of shares, pcs | Share capital | Reserve for invested unrestricted equity | Translation differences | Retained earnings | Equity attributable to the owners of the parent company |
|------------------|-----------------------|---------------|--|-------------------------|-------------------|---|
| 31 December 2023 | 58,079                | 15,179        | 12,886                                   | -42                     | 46,575            | 74,597  |
| 31 December 2024 | 58,079                | 15,179        | 12,886                                   | -288                    | 21,915            | 49,691  |

### Shares

KH Group's share capital at the end of the financial year was EUR 15,178,567.50 and the number of shares was 58,078,895. All shares carry equal rights to dividends. The company did not own any treasury shares during the financial period.

### Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other equity investments.

### Foreign exchange differences from foreign operations

Foreign exchange differences related to the conversion of the Group's foreign operations' result and net assets from their operating currencies to the Group's reporting currency (i.e. euro) are recognised in other comprehensive income in equity.

### Authorisations

KH Group's Annual General Meeting held on 7 May 2024 decided to grant the Board of Directors the following authorisations:

As proposed by the Board of Directors, the General Meeting authorised the Board of Directors to decide on the issuance of shares and/or the granting of special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act, in one or several instalments. The total number of shares to be issued under the authorisation may be at the most

11,400,000 shares, and the authorisation concerns both the issuance of new shares as well as the conveyance of shares held by the company. The authorisation may be used to finance or carry out possible acquisitions or other arrangements or investments related to the company's business, to implement the company's incentive scheme, or for other purposes decided by the Board of Directors. The Board of Directors decides on all terms and conditions of a share issue and the issuance of special rights referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act, and the authorisation therefore includes the right of the Board of Directors to deviate from the shareholders' pre-emptive subscription right (directed issue), the right to issue shares against consideration or without payment, and the right to decide on a free issuance of shares to the company itself. The authorisation is effective until 30 June 2025, and it cancels the corresponding authorisation given to the Board of Directors by the Annual General Meeting on 4 May 2023.

As proposed by the Board of Directors, the General Meeting authorised the Board of Directors to decide to repurchase a maximum of 5,700,000 shares in the company in one or several instalments by using funds in the company's unrestricted equity, however, taking into account the provisions of the Finnish Limited Liability Companies Act concerning the maximum number of own shares held by the company. The company's own shares may be repurchased to be used as consideration

in possible acquisitions or in other arrangements related to the company's business, to finance investments, as a part of the company's incentive scheme, to develop the company's capital structure as well as to be conveyed for other purposes, to be held by the company or to be cancelled. The authorisation also includes the right to pledge the company's own shares. The company's own shares may be repurchased in public trading organised by Nasdaq Helsinki Ltd otherwise than in proportion to the shareholdings of the shareholders, at the market price at the time of repurchase. The shares will be repurchased and paid in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Oy. The Board of Directors decides in all other respects on the terms and conditions of the repurchase of own shares. The authorisation is effective until 30 June 2025, and it cancels the corresponding authorisation given to the Board of Directors by the Annual General Meeting on 4 May 2023.

### Equity

Payments received from the issue of new shares are recognised under equity, less the transaction costs directly attributable to the issue and less the share of taxes. If the parent company purchases its own shares (treasury shares), the consideration paid and the transaction costs directly attributable to the purchase, adjusted for tax effects, are deducted from the equity attributable to equity holders of the parent company until the shares are cancelled or re-issued. If the treasury



shares in question are subsequently resold or re-issued, the consideration received is recognised directly in the equity attributable to equity holders of the parent company, less the transaction costs directly attributable to the issue and less the share of taxes. The dividend proposed by the Board of Directors to the Annual General Meeting is not deducted from the parent company's equity until the Annual General Meeting has decided on the payment of the dividend.

## 2.7 Earnings per share and dividend distribution

Earnings per share are calculated by dividing the net profit for the period attributable to the parent company's shareholders by the weighted average number of outstanding shares during the financial period.

### Profit distribution

The parent company's distributable funds on 31 December 2024 were EUR 20,815,580.54.

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the past financial period. The profit distribution proposal of the Board of Directors takes into account the company's liquidity situation at the time of making the profit distribution proposal, expected cash flows during the new year and the investments required by the change in strategy.

KH Group Plc did not pay dividends during the 2024 financial period.

### Earnings per share, undiluted

#### EUR 1,000

|   | 2024         | 2023<br>(Adjusted) |
|---|--------------|--------------------|
| Net profit for the period attributable to parent company owners, continuing operations                  | 1,178        | -10,609            |
| Net profit for the period attributable to equity holders of the parent company, discontinued operations | -25,779      | 180                |
| Weighted average number of shares   | 58,079       | 58,079             |
| <b>Earnings per share, undiluted</b>  | <b>-0.42</b> | <b>-0.18</b>       |
| Average number of outstanding shares during the financial period, 1,000                                 | 58,079       | 58,079             |
| Number of shares at the end of the period, 1,000  | 58,079       | 58,079             |
| Average number of shares, undiluted, 1,000  | 58,079       | 58,079             |
| Average number of shares, diluted, 1,000  | 58,079       | 58,079             |

### Earnings per share calculated on profit attributable to parent company shareholders

#### Earnings per share from continuing operations, EUR

|           | 2024 | 2023  |
|-----------|------|-------|
| Undiluted | 0.02 | -0.18 |
| Diluted   | 0.02 | -0.18 |

#### Earnings per share from continuing and discontinued operations, EUR

|           | 2024  | 2023 |
|-----------|-------|------|
| Undiluted | -0.44 | 0.00 |
| Diluted   | -0.44 | 0.00 |

#### Earnings per share from continuing and divested operations, EUR

|           |       | 2023  |
|-----------|-------|-------|
| Undiluted | -0.42 | -0.18 |
| Diluted   | -0.42 | -0.18 |



### 3. BUSINESS PERFORMANCE

#### Business segments

KH Group's continuing operations' business segments and reporting segments are KH-Koneet and Nordic Rescue Group. The CEO, as the senior operative decision-maker of KH Group, is responsible for allocating resources to the businesses and assessing their results. The operating segments have been identified on the basis of KH Group's organisational structure, in which majority-owned companies are managed separately because they produce different products and services.

- KH-Koneet sells and rents out a range of machinery, equipment and services for needs related to earthworks, property maintenance and material handling.
- Nordic Rescue Group manufactures and distributes rescue vehicles in the Nordic countries. The segment's revenue consists of the sale of rescue vehicle and related maintenance and repair services.

In the Group, segment performance is assessed on the basis of the segments' operating profit, EBITDA and external net sales. The accounting and measurement principles used in the reporting of the segments are the same as those used in the consolidated financial statements. Transactions between segments are carried out at fair market price. There were no significant transactions between the segments.

#### Continuing operations 2024

| EUR 1,000                                    | KH-Koneet      | Nordic Rescue Group | Non-allocated | Internal items | Group, total   |
|--|----------------|---------------------|---------------|----------------|----------------|
| <b>Net sales</b>                             | <b>149,781</b> | <b>44,197</b>       | -             | -              | <b>193,979</b> |
| Net sales share, %                           | 77.2%          | 22.8%               | -             | -              | 100.0%         |
| Other operating income                       | 521            | 59                  | -             | -              | 581            |
| Materials and services                       | -107,579       | -33,506             | -             | -              | -141,086       |
| Personnel expenses                           | -15,895        | -5,978              | -828          | -              | -22,701        |
| Other operating expenses                     | -8,077         | -1,372              | -1,042        | -              | -10,490        |
| <b>EBITDA</b>                                | <b>18,751</b>  | <b>3,400</b>        | <b>-1,870</b> | -              | <b>20,282</b>  |
| Depreciation                                 | -13,238        | -1,264              | -10           | -              | -14,511        |
| <b>Operating profit (EBIT)</b>               | <b>5,514</b>   | <b>2,136</b>        | <b>-1,879</b> | -              | <b>5,771</b>   |
| PPA depreciation                             | 790            | 626                 | -             | -              | 1,416          |
| <b>Comparable operating profit EBIT</b>      | <b>6,303</b>   | <b>2,762</b>        | <b>-1,879</b> | -              | <b>7,186</b>   |
| Financial items, net                         | -4,377         | -1,211              | 1,470         | -              | -4,118         |
| <b>Profit before taxes</b>                   | <b>1,137</b>   | <b>925</b>          | <b>-409</b>   | -              | <b>1,653</b>   |
| <b>Cash and cash equivalents 31 December</b> | <b>129,021</b> | <b>22,749</b>       | <b>12,417</b> | <b>-2,484</b>  | <b>161,703</b> |
| <b>Interest-bearing net debt 31 December</b> | <b>69,801</b>  | <b>9,175</b>        | <b>-8,832</b> | -              | <b>70,143</b>  |

1) Information about the comparable key figures is presented in the section "Alternative Performance Measures".

Non-allocated items consist of the result of other operations, which primarily involves administrative expenses.

Segments' assets and liabilities are business items that the segment uses in its business operations or that can be allocated to it. Items not allocated to segments

consist of parent company items and items related to income tax and centralised financing.

**Operating profit**

The IAS 1 Presentation of Financial Statements standard does not define the concept of operating profit. The Group defines operating profit as the net amount of net sales and other operating income less the cost of materials and services purchases adjusted for changes in inventories of finished products and work in progress, employee benefit expenses, depreciation, impairment losses and other operating expenses. All

other income statement items than those mentioned above are presented under operating profit. Exchange rate differences are recognised in operating profit if they arise from business-related items; otherwise, they are recognised in financial items.

**3.1 Net sales**

KH Group's net sales from continuing operations consist mainly of the following income streams:

- KH-Koneet sells and rents out a range of machinery, equipment and services for needs related to earthworks, property maintenance and material handling. The segment's revenue consists of the sale of machinery and spare parts, the sale of maintenance and repair services, and the rental of machinery.
- Nordic Rescue Group manufactures and distributes rescue vehicles in the Nordic countries. The segment's revenue consists of the sale of rescue vehicle and related maintenance and repair services.

**Net sales breakdown**

Net sales for the reference period 2023 includes the accumulated net sales from 1.5.2023 to 31.12.2023.

**Net sales by product and service type**

| EUR 1,000                      | Nordic Rescue Group | KH-Koneet      | 2024 Total     | Nordic Rescue Group | KH-Koneet     | 2023 Total     |
|--------------------------------|---------------------|----------------|----------------|---------------------|---------------|----------------|
| - Machine sales                | 39,729              | 100,997        | 140,725        | 24,024              | 64,526        | 88,550         |
| - Machine aftermarket services | 4,469               | 31,370         | 35,839         | 2,728               | 20,776        | 23,504         |
| - Machine rental               | -                   | 17,414         | 17,414         | -                   | 11,927        | 11,927         |
| <b>Total net sales</b>         | <b>44,197</b>       | <b>149,781</b> | <b>193,979</b> | <b>26,752</b>       | <b>97,228</b> | <b>123,980</b> |

**Geographical breakdown of net sales**

| EUR 1,000              | Nordic Rescue Group | KH-Koneet      | 2024 Total     | Nordic Rescue Group | KH-Koneet     | 2023 Total     |
|------------------------|---------------------|----------------|----------------|---------------------|---------------|----------------|
| - Finland              | 19,234              | 90,869         | 110,103        | 13,427              | 59,939        | 73,366         |
| - Sweden               | 24,034              | 58,912         | 82,946         | 13,040              | 37,289        | 50,329         |
| - Other                | 929                 | -              | 929            | 285                 | -             | 285            |
| <b>Total net sales</b> | <b>44,197</b>       | <b>149,781</b> | <b>193,979</b> | <b>26,752</b>       | <b>97,228</b> | <b>123,980</b> |

**Net sales based on time of recognition**

| EUR 1,000                                | Nordic Rescue Group | KH-Koneet      | 2024 Total     | Nordic Rescue Group | KH-Koneet     | 2023 Total     |
|--|---------------------|----------------|----------------|---------------------|---------------|----------------|
| - Revenue recognition at a point in time | 44,197              | 132,367        | 176,564        | 26,752              | 85,302        | 112,054        |
| - Revenue recognition over time          | -                   | 17,414         | 17,414         | -                   | 11,927        | 11,927         |
| <b>Total net sales</b>                   | <b>44,197</b>       | <b>149,781</b> | <b>193,979</b> | <b>26,752</b>       | <b>97,228</b> | <b>123,980</b> |

**Contractual assets and liabilities**

| EUR 1,000                          | Nordic Rescue Group | KH-Koneet | 2024 Total | Nordic Rescue Group | KH-Koneet | 2023 Total |
|------------------------------------|---------------------|-----------|------------|---------------------|-----------|------------|
| Trade receivables (note 4.5)       | 5,026               | 10,783    | 15,808     | 6,080               | 9,774     | 15,854     |
| Contractual liabilities (Note 4.5) | 944                 | 162       | 1,106      | 472                 | 42        | 513        |





Trade receivables are interest-free receivables and generally have terms of payment ranging from 0 to 30 days. On 31 December 2024, the Group recognised credit loss provisions of EUR 418.4 (172.2) thousand on the balance sheet for trade receivables and contractual assets. Further information about the determination of expected credit losses is provided in note 4.5 Trade receivables and contractual assets.

### Recognition of revenue

Revenue from KH-Koneet's sale of goods is recognised at a point in time at the time of delivery, when control over the product is transferred to the customer. Revenue from the sale of services is recognised at a point in time when the service has been performed and control has been transferred to the customer. The machinery rental business is considered operational leasing subject to IFRS 16, with the revenue being recognised over time so that the consideration stipulated by the lease being linked to the lease term and recognised for each period relative to the duration of the customer's lease.

Revenue from Nordic Rescue Group's sale of vehicles is recognised at a point in time at the time of delivery, when control over the product is transferred to the customer. Revenue from the sale of services is recognised at a point in time when the service has been performed and control has been transferred to the customer.

The sales prices do not include a significant financial component, as trade receivables are generally due within 0–60 days of the invoice date. Advance payments made by customers are liabilities arising from customer contracts that are recognised in advance payments received.

Goods sold by the Group are subject to warranty liability for the replacement or repair of any defective products during the warranty period. Warranty obligations do not deviate from normal statutory or industry-standard obligations. The probable amounts of such liabilities are regularly assessed on the basis of historical experience. Expenses are accrued as operating expenses.

The Group has not had any significant additional expenses arising from the acquisition of customer contracts that should be capitalised on the balance sheet. Any additional expenses are recognised as expenses no later than one year after they are incurred.

### Contractual items

#### Trade receivables

A receivable refers to KH Group's absolute right to consideration, i.e. only the elapse of time is a prerequisite for payment before the consideration becomes due. The accounting policies for trade receivables are set out in note 4.5 Trade receivables and contractual assets.

### Contractual assets

Contractual assets refer to the right to consideration for goods and services delivered to the customer. If KH Group delivers goods or services before the customer has paid the consideration for the delivery or before an invoice for the payment has been issued, KH Group records a contractual asset.

### Contractual liabilities

A contractual liability refers to an obligation to deliver goods or services to the customer for which KH Group has received payment (or payment is due) from the customer. If the customer pays the consideration before KH Group has delivered the goods or services to the customer, a contractual liability is recognised when the payment is made or when the payment is due (whichever is earlier). A contractual liability is recognised as revenue when KH Group performs its contractual obligation.

## 3.2 Other operating income

### Other operating income

Other operating income includes income not related to actual sales. The Group's other operating income mainly includes capital gains from the disposal of fixed assets and customer financing income.

| EUR 1,000                                 | 2024       | 2023 (Adjusted) |
|---|------------|-----------------|
| Capital gains on disposal of fixed assets | 104        | 116             |
| Rental income                             | 39         | 14              |
| Government grants                         | 3          | 14              |
| Customer financing income                 | 262        | 203             |
| Other income                              | 172        | 381             |
| <b>Other operating income</b>             | <b>581</b> | <b>728</b>      |



### 3.3 Materials and services

Materials and services include purchases of materials, supplies and goods, changes in inventories and external services during the financial period.

#### Materials and services

| EUR 1,000                                    | 2024            | 2023 (Adjusted) |
|--|-----------------|-----------------|
| <b>Purchases during financial period</b>     |                 |                 |
| KH-Koneet                                    | -89,887         | -62,480         |
| Nordic Rescue Group                          | -30,186         | -17,639         |
| Parent company                               | -               | -               |
| <b>Total</b>                                 | <b>-120,073</b> | <b>-80,120</b>  |
| <b>Change in inventories</b>                 |                 |                 |
| KH-Koneet                                    | -12,987         | -11,968         |
| Nordic Rescue Group                          | -427            | -545            |
| Parent company                               | -               | -               |
| <b>Total</b>                                 | <b>-13,414</b>  | <b>-12,513</b>  |
| <b>Services purchased from third parties</b> |                 |                 |
| KH-Koneet                                    | -4,706          | -3,436          |
| Nordic Rescue Group                          | -2,894          | -1,852          |
| Parent company                               | -               | -               |
| <b>Total</b>                                 | <b>-7,599</b>   | <b>-5,288</b>   |
| <b>Materials and services total</b>          | <b>-141,086</b> | <b>-97,921</b>  |



### 3.4 Other operating expenses

Other operating expenses include expenses other than those related to the cost of sold products. The Group's other operating expenses mainly consist of sales and

marketing expenses, IT expenses, office rents and external services.

| EUR 1,000   | 2024           | 2023 (Adjusted) |
|---|----------------|-----------------|
| Other personnel expenses                              | -782           | -410            |
| Lease expenses not included in IFRS16                 | -322           | -170            |
| Sales and marketing expenses                          | -1,304         | -646            |
| Expenses related to premises and properties           | -1,047         | -533            |
| Administrative expenses                               | -1,268         | -1,074          |
| Travel expenses                                       | -870           | -315            |
| IT expenses   | -1,238         | -679            |
| Machinery and equipment                               | -1,653         | -1,097          |
| External services                                     | -1,274         | -1,569          |
| Other expenses  | -732           | -979            |
| <b>Other operating expenses, total</b>                | <b>-10,490</b> | <b>-7,473</b>   |
| <b>Auditor's fees</b>                                 |                |                 |
| <b>EUR 1,000 EY</b>                                   | <b>2024</b>    | <b>2023</b>     |
| Fees for statutory audits                             | 280            | -               |
| Fees for the verification of sustainability reporting | 59             | -               |
| Tax advice fees                                       | 10             | -               |
| Fees for other services                               | -              | -               |
| <b>Total</b>  | <b>349</b>     | <b>-</b>        |
| <b>EUR 1,000 KPMG</b>                                 | <b>2024</b>    | <b>2023</b>     |
| Fees for statutory audits                             | -              | 358             |
| Fees for other audit assignments                      | -              | 4               |
| Tax advice fees                                       | -              | 9               |
| Fees for other services                               | -              | 89              |
| <b>total</b>  | <b>-</b>       | <b>460</b>      |

The auditor of KH Group was the auditing firm EY in the financial period 2024. KPMG was the auditor for the financial period 2023.



### 3.5 Personnel expenses and numbers

#### Personnel expenses

| EUR 1,000                                    | 2024           | 2023 (Adjusted) |
|--|----------------|-----------------|
| Salaries, wages and fees                     | -17,722        | -11,136         |
| Pension costs – defined-contribution schemes | -2,620         | -1,390          |
| Pension costs – defined-benefit schemes      | -              | -               |
| Other indirect personnel expenses            | -2,359         | -1,937          |
| Share-based payments                         | -              | -               |
| <b>Personnel expenses, total</b>             | <b>-22,701</b> | <b>-14,463</b>  |

The Group's statutory pension cover in Finland is organised by insurance policies taken out from pension insurance companies. In foreign entities, pension cover is

organised in accordance with local legislation and social security regulations. Information about senior management's benefits is

presented in note 5.2 Related parties. Liabilities relating to defined-benefit schemes are presented in note 5.4 Long-term pension liabilities

#### Number of employees

| Personnel, average                 | 2024       | 2023         |
|------------------------------------|------------|--------------|
| KH-Koneet                          | 206        | 201          |
| Nordic Rescue Group                | 115        | 111          |
| Parent company                     | 4          | 6            |
| <b>Continuing operations total</b> | <b>325</b> | <b>318</b>   |
| Discontinued operations Indoor (1) | 544        | 702          |
| Discontinued operations HTJ        | -          | 217          |
| <b>Group, total</b>                | <b>869</b> | <b>1,237</b> |

(1) For Indoor Group, the FTE figure is used due to the large number of part-time employees.

**Personnel at the end of the financial period**

|                                    | 2024       | 2023         |
|------------------------------------|------------|--------------|
| KH-Koneet                          | 218        | 201          |
| Nordic Rescue Group                | 112        | 110          |
| Parent company                     | 3          | 6            |
| <b>Continuing operations total</b> | <b>333</b> | <b>317</b>   |
| Discontinued operations Indoor     | 507        | 685          |
| Discontinued operations HTJ        | -          | 214          |
| <b>Group, total</b>                | <b>840</b> | <b>1,216</b> |

(1) For Indoor Group, the FTE figure is used due to the large number of part-time employees.

**Geographical breakdown of personnel at the end of the financial period**

|                                    | 2024       | 2023         |
|------------------------------------|------------|--------------|
| Finland                            | 188        | 219          |
| Sweden                             | 145        | 134          |
| <b>Continuing operations total</b> | <b>333</b> | <b>353</b>   |
| Discontinued operations Finland    | 507        | 863          |
| Discontinued operations Estonia    | -          | 36           |
| <b>Group, total</b>                | <b>840</b> | <b>1,216</b> |

**3.6 Depreciation, amortisation and impairment**

| EUR 1,000  | 2024           | 2023          |
|--|----------------|---------------|
| <b>Depreciation of intangible and tangible assets</b>  |                |               |
| Intangible assets                                      | -1,496         | -1,026        |
| Tangible assets  | -9,575         | -5,999        |
| <b>Depreciation and amortisation, total</b>            | <b>-11,071</b> | <b>-7,025</b> |
| <b>Depreciation and impairment of leased assets</b>    |                |               |
| Buildings  | -2,746         | -1,824        |
| Machinery and equipment                                | -694           | -455          |
| <b>Depreciation and amortisation, total</b>            | <b>-3,440</b>  | <b>-2,280</b> |
| Impairment   | -              | -             |
| <b>Total depreciation, amortisation and impairment</b> | <b>-14,511</b> | <b>-9,304</b> |

The accounting principles for depreciation and amortisation are described in note 4.1 Tangible assets

and 4.2. Intangible assets. The accounting principles for leases are described in note 2.5 Leases.



### 3.7 Financial income and expenses

#### Financial income

| EUR 1,000                                     | 2024         | 2023 (Adjusted) |
|---|--------------|-----------------|
| Interest income                               | 159          | 87              |
| Exchange rate gains                           | 638          | 1,006           |
| Profit on financial liabilities at fair value | 1,367        | -               |
| Other financial income                        | -            | 21              |
| <b>Financial income, total</b>                | <b>2,165</b> | <b>1,114</b>    |

#### Financial expenses

| EUR 1,000   | 2024          | 2023 (Adjusted) |
|---|---------------|-----------------|
| Interest expenses on loans and other liabilities                  | -2,865        | -2,490          |
| Interest expenses from financial liabilities for leased equipment | -1,930        | -1,031          |
| Interest expenses from lease liabilities                          | -560          | -355            |
| Exchange rate losses  | -739          | -636            |
| Losses on financial liabilities at fair value                     | -             | -1,990          |
| Other financial expenses  | -187          | -242            |
| <b>Financial expenses, total</b>                                  | <b>-6,282</b> | <b>-6,743</b>   |

The profit and loss on financial liabilities at fair value consists of the change in the fair value of liabilities

related to the redemption of the non-controlling interests of KH-Koneet.

#### Financial income and expenses

Financial income consists mainly of interest income and exchange rate gains. Financial expenses mainly relate to loans from financial institutions, financial liabilities at fair value (changes in the fair value of non-controlling interest

redemption liabilities) and exchange rate losses. Financial income and expenses are recognised for the period in which they occur. Interest income and expenses are recognised by using the effective interest rate method.



### 3.8 Income taxes

#### Income statement, income taxes

| EUR 1,000                 | 2024        | 2023 (Adjusted) |
|---------------------------|-------------|-----------------|
| Income tax on business    | -1,014      | -1,219          |
| Retained earnings         | -           | -               |
| Deferred taxes            | 810         | 3,124           |
| <b>Total income taxes</b> | <b>-205</b> | <b>1,905</b>    |

#### Reconciliation of tax expense in the income statement and taxes calculated at the tax rate applicable to the parent company

| EUR 1,000   | 2024         | 2023 (Adjusted) |
|---|--------------|-----------------|
| <b>Profit before taxes</b>                              | <b>1,653</b> | <b>-12,310</b>  |
| Taxes calculated at the parent company's 20.0% tax rate | -331         | 2,462           |
| Impact of different tax rates for foreign subsidiaries  | -            | -103            |
| Tax-exempt income                                       | 273          | 36              |
| Non-deductible costs                                    | -206         | -491            |
| Use of previously unrecognised deferred tax assets      | 107          | -               |
| Other items   | -48          | -               |
| <b>Taxes in the income statement</b>                    | <b>-205</b>  | <b>1,905</b>    |
| <b>Effective tax rate</b>                               | <b>12.4%</b> | <b>15.5%</b>    |

#### Income tax assets and liabilities

| EUR 1,000              | 2024 | 2023 (Adjusted) |
|------------------------|------|-----------------|
| Income tax assets      | 244  | 463             |
| Income tax liabilities | 446  | 708             |

#### Income taxes

The Group's income taxes include taxes based on the Group companies' taxable profit for the period, tax adjustments for previous periods and deferred taxes. The Group companies' taxes have been calculated on

the basis of the taxable income determined by the local tax laws of each company by using the tax rates and tax laws that have been imposed or approved in practice by the reporting date. If taxes relate to other comprehensive

income or transactions recognised directly in equity, income taxes are recognised in those items.



## 4. CAPITAL INVESTED

### 4.1 Property, plant and equipment

#### Tangible assets

| EUR 1,000                                    | Buildings and renovations | Leased vehicle fleet | Machinery and equipment | Total         |
|--|---------------------------|----------------------|-------------------------|---------------|
| <b>Acquisition cost</b>                      |                           |                      |                         |               |
| <b>1 January 2023</b>                        | -                         | -                    | <b>40</b>               | <b>40</b>     |
| Business combinations                        | 1,224                     | 28,509               | 10,848                  | 40,581        |
| Increase                                     | 254                       | 10,624               | 1,586                   | 12,465        |
| Decrease                                     | -16                       | -3,244               | -836                    | -4,097        |
| <b>31 December 2023</b>                      | <b>1,462</b>              | <b>35,889</b>        | <b>11,638</b>           | <b>48,989</b> |
| Sales of businesses                          | -5                        | -                    | -244                    | -249          |
| Reclassifications to discontinued operations | -1,196                    | -                    | -3,989                  | -5,185        |
| Increases                                    | 21                        | 19,793               | 1,560                   | 21,375        |
| Decrease                                     | -                         | -5,931               | -1,051                  | -6,983        |
| Translation differences                      | -7                        | -391                 | -117                    | -515          |
| <b>31 December 2024</b>                      | <b>276</b>                | <b>49,359</b>        | <b>7,797</b>            | <b>57,432</b> |

#### Accumulated depreciation, amortisation and impairment

| EUR 1,000  | Buildings   | Leased vehicle fleet | Machinery and equipment | Total          |
|--|-------------|----------------------|-------------------------|----------------|
| <b>1 January 2023</b>  | -           | -                    | -10                     | -10            |
| Depreciation, amortisation and impairment for the financial period | -398        | -4,295               | -2,918                  | -7,610         |
| Accumulated amortisation of deductions and reclassifications       | -           | -                    | 17                      | 17             |
| <b>31 December 2023</b>  | <b>-398</b> | <b>-4,295</b>        | <b>-2,911</b>           | <b>-7,603</b>  |
| Sales of businesses  | 2           | -                    | 69                      | 71             |
| Reclassifications to discontinued operations                       | 355         | -                    | 2,277                   | 2,632          |
| Depreciation, amortisation and impairment for the financial period | -63         | -7,254               | -3,410                  | -10,727        |
| Accumulated amortisation of deductions                             | -           | -                    | 3                       | 3              |
| Translation differences  | -           | -47                  | -4                      | -51            |
| <b>31 December 2024</b>  | <b>-104</b> | <b>-11,595</b>       | <b>-3,976</b>           | <b>-15,675</b> |
| <b>Balance sheet value</b>   |             |                      |                         |                |
| 31 December 2023   | 1,065       | 31,594               | 8,727                   | 41,386         |
| <b>31 December 2024</b>  | <b>172</b>  | <b>37,764</b>        | <b>3,821</b>            | <b>41,756</b>  |





The leased vehicle fleet consists of the fleet of vehicles used in KH-Koneet's machinery rental business, which has been transferred to and leased back from the financing company. The transfer to the financing company is not treated as a sale, but is held on the consolidated balance sheet and a financial liability corresponding to the transfer price is recognised. When the machine is handed over to the financing company, it is reclassified from inventories to tangible assets.

#### Tangible assets

Tangible assets are recognised at acquisition cost less accumulated depreciation and any impairment. Straight-line amortisation is performed for assets over their estimated useful life.

The estimated useful life for machinery and equipment is 4–15 years, for buildings and renovation

expenditure 10–30 years and for leased vehicle fleet 3–5 years.

The residual values and useful lives of assets are reviewed at least at the end of each financial period and adjusted as necessary. The book value is immediately reduced in accordance with the recoverable amount of the asset if impairment is observed, and the impairment loss is recognised through profit or loss and the useful life of the asset subject to depreciation is reassessed. A previously recognised impairment loss is reversed if the estimates used to determine the recoverable amount change materially. The book value after reversal may not exceed the book value that would have been determined for the asset had no impairment loss been recognised.

Profits and losses arising from the disposal of tangible assets are included in other operating income or expenses.

#### 4.2 Intangible assets

The Group's intangible assets mainly consist of goodwill, trademarks and customer relationships. Other recognised intangible assets include software and related licences.

##### Intangible assets

##### *Goodwill and trademarks*

Goodwill arises from business combinations and corresponds to the amount by which the purchase price given exceeds the fair value of the identifiable net assets at the time of acquisition. Goodwill arising from business combinations is allocated to the cash-generating unit that is expected to benefit from synergies generated by the business combination for testing for impairment.

Goodwill arising and trademarks from business combinations with an unlimited useful life are not amortised, but the balance sheet value is tested at least

#### Intangible assets

| EUR 1,000                                    | Goodwill      | Trademarks    | Customer relationships | Other intangible assets and advance payments | Total          |
|--|---------------|---------------|------------------------|--|----------------|
| <b>Acquisition cost</b>                      |               |               |                        |  |                |
| <b>1 January 2023</b>                        | -             | -             | -                      | -  | -              |
| Business combinations                        | 39,874        | 48,932        | 14,128                 | 1,649  | 104,583        |
| Increase                                     | -             | -             | -                      | 409  | 409            |
| Decrease                                     | -             | -             | -                      | -68  | -68            |
| <b>31 December 2023</b>                      | <b>39,874</b> | <b>48,932</b> | <b>14,128</b>          | <b>1,991</b>                                 | <b>104,924</b> |
| Sales of businesses                          | -14,820       | -             | -6,232                 | -12  | -21,064        |
| Reclassifications to discontinued operations | -17,394       | -45,045       | -                      | -944   | -63,383        |
| Increases                                    | -             | -             | -                      | 36   | 36             |
| Decrease                                     | -             | -             | -                      | -34  | -34            |
| <b>31 December 2024</b>                      | <b>7,659</b>  | <b>3,887</b>  | <b>7,896</b>           | <b>1,036</b>                                 | <b>20,478</b>  |

**Accumulated depreciation, amortisation and impairment**

| EUR 1,000  | Goodwill     | Trademarks   | Customer relationships | Other intangible assets and advance payments | Total         |
|--|--------------|--------------|------------------------|--|---------------|
| <b>1 January 2023</b>  | -            | -            | -                      | -  | -             |
| Depreciation, amortisation and impairment for the financial period | -            | -173         | -734                   | -431   | -1,337        |
| Accumulated amortisation of deductions and reclassifications       | -            | -            | -                      | 53   | 53            |
| <b>31 December 2023</b>  | -            | <b>-173</b>  | <b>-734</b>            | <b>-378</b>                                  | <b>-1,285</b> |
| Sales of businesses  | -            | -            | 208                    | 3  | 210           |
| Reclassifications to discontinued operations                       | -            | -            | -                      | 49   | 49            |
| Depreciation, amortisation and impairment for the financial period | -            | -259         | -790                   | -415   | -1,464        |
| Accumulated amortisation of deductions and reclassifications       | -            | -            | -                      | 2  | 2             |
| <b>31 December 2024</b>  | -            | <b>-432</b>  | <b>-1,316</b>          | <b>-740</b>                                  | <b>-2,488</b> |
| <b>Balance sheet value</b>   |              |              |                        |  |               |
| 31 December 2023   | 39,874       | 48,759       | 13,394                 | 1,613  | 103,640       |
| <b>31 December 2024</b>  | <b>7,659</b> | <b>3,455</b> | <b>6,580</b>           | <b>297</b>                                   | <b>17,991</b> |

annually by using impairment testing based on value in use. The cash flow-based value in use is determined by calculating the discounted present value of cash flows. If there are indications of any impairment, impairment testing is carried out at shorter intervals.

An impairment loss is recognised through profit or loss if the asset's book value exceeds the recoverable amount. An impairment loss on an asset other than goodwill is reversed if the estimates used to determine the recoverable amount change materially. The book value after reversal may not exceed the book value that would have been determined for the asset had no impairment loss been recognised. An impairment loss recognised on goodwill is not reversed under any circumstances.

Management reviews goodwill and trademark valuation annually through segment-specific value in use calculation. Note 4.3. Goodwill and impairment testing provides additional information.

**Other intangible assets**

Intangible assets are recognised at acquisition cost less accumulated amortisation and any impairment. Straight-line amortisation is performed for assets over their estimated useful life. Customer relationships 10–20 years, IT software and licences 3–5 years. As regards impairment, the accounting principles are described in the note on tangible assets.

An intangible asset is derecognised when it is disposed of (i.e. the date on which the recipient gains

control) or when its use or disposal is not expected to generate any future financial benefit. Any gain or loss on the derecognition of an asset (calculated as the difference between net disposal income and the asset's book value) is recognised in the income statement.

**Estimated items and management discretion**

Estimates of the useful life and residual value, as well as the selection of depreciation methods, require significant management discretion. The choices made are continuously evaluated. Estimates are also made in connection with acquisitions to determine the fair values of the acquired tangible assets and the remaining useful life. The valuation at the time of acquisition is based on discounted cash flows.



### 4.3 Impairment testing

#### Goodwill and assets with infinite useful lives

The items for the impairment testing of goodwill and assets with infinite useful lives are allocated to cash-generating units (CGUs). The cash-generating units are

| EUR 1,000           | Goodwill     |
|---------------------|--------------|
| KH-Koneet           | 2,200        |
| Nordic Rescue Group | 5,459        |
| <b>Total</b>        | <b>7,659</b> |

In impairment testing, the recoverable amount of cash-generating units is estimated by means of value-in-use calculations. The cash flow-based value in use is determined by calculating the discounted present value of projected cash flows. Cash flows include estimates of future sales, profitability, maintenance investments and changes in working capital. The cash flow forecasts are based on the budgets for 2025 approved by the Board of Directors and the financial plans for 2025–2029, i.e. the cash flow forecasts used in the testing are prepared for a five-year period.

For periods not covered by the five-year period, cash flows are calculated by using the terminal value method. The terminal growth rate of 2 per cent is based on management's estimate of cautious long-term growth. The forecasts have been prepared in such a way that they reflect the results achieved in the past and expectations for the future, taking into account the Group's market

defined at the level of reportable segments of continuing operations. Further information on the intangible assets of held-for-sale and discontinued operations is presented in the note on discontinued operations. The table below details how the Group's goodwill is allocated to the Group's cash-generating units of continuing operations.

position and the general economic environment.

The discount rate is based on the weighted average cost of capital (WACC). WACC takes into account the expected return on both debt and equity, calculated by using the beta figures, capital structures and tax rates of benchmark companies. The components of WACC are risk-free interest rate, market risk premium, company-specific factor and industry-specific beta value, debt costs and the ratio of debt to equity.

The pre-tax WACC used in the calculations and the assumption of terminal growth are presented by segment for continuing operations in the table below.

An annual impairment test was performed on 30 September 2024 and, as a result, no impairment loss was recognised on the cash-generating units of continuing operations as at 31 December 2024 and 31 December 2023.

| EUR 1,000           | Pre-tax WACC | Terminal growth |
|---------------------|--------------|-----------------|
| KH-Koneet           | 15.6%        | 2.0%            |
| Nordic Rescue Group | 17.6%        | 2.0%            |

#### Sensitivity analysis

KH Group Plc has assessed the sensitivity of the most significant assumptions used in impairment testing. The recoverable amounts of cash-generating units exceeded the balance sheet values by EUR 10.6 million and EUR 2.2 million for segments KH-Koneet and NRG, respectively. Management has estimated that an increase of one percentage point in WACC or a decrease of one percentage point in the forecast EBITDA in the KH-Koneet segment would result in balance sheet value to equal the recoverable amount of the cash-generating unit (average EBITDA margin of 15% during the forecast period used in testing). For segment NRG, a decrease of one percentage point in the forecast EBITDA would result in balance sheet value to equal the recoverable amount of the cash-generating unit (average EBITDA margin of 8% during the forecast period used in testing). Further information on the impairment recognised in the Indoor Group segment presented as a discontinued operation and a non-current asset held for sale is provided in Note 1.3 Discontinued operations and sales of businesses.

#### Estimated items and management discretion

Management makes significant assessments and exercises discretion to determine whether there is evidence of impairment of goodwill. Management discretion has also been used to determine the number of cash-generating units.

Cash flow forecasts are based on budgets and estimates approved by management over a five-year period. Cash flow forecasts are based on the Group's existing business structure, actual results and management's best estimates of future sales, cost development, general market conditions and applicable tax rates. The growth figures are based on management's estimates of future business development.

Management tests the impact of changes in significant forecast-related estimates using sensitivity analyses as described above.



#### 4.4 Inventories

| 2024<br>EUR 1,000                     | Nordic Rescue Group | KH-Koneet     | Total         |
|---------------------------------------|---------------------|---------------|---------------|
| Materials and supplies                | 2,076               | -             | 2,076         |
| Work in progress                      | 2,346               | -             | 2,346         |
| Finished goods and goods              | -                   | 56,342        | 56,342        |
| Inventory advance payments            | 17                  | -             | 17            |
| Inventory non-marketability provision | -                   | -539          | -539          |
| <b>Total inventories</b>              | <b>4,439</b>        | <b>55,803</b> | <b>60,242</b> |

| 2023<br>EUR 1,000                     | Nordic Rescue Group | Indoor Group  | KH-Koneet     | Total          |
|---------------------------------------|---------------------|---------------|---------------|----------------|
| Materials and supplies                | 2,085               | 1,393         | -             | 3,477          |
| Work in progress                      | 2,830               | 98            | -             | 2,928          |
| Finished goods and goods              | -                   | 25,641        | 70,214        | 95,855         |
| Inventory advance payments            | -                   | 344           | -             | 344            |
| Inventory non-marketability provision | -                   | -2,082        | -502          | -2,583         |
| <b>Total inventories</b>              | <b>4,914</b>        | <b>25,395</b> | <b>69,712</b> | <b>100,022</b> |

#### Inventories

Inventories are measured at the lower of acquisition cost or net realisable value. The net realisable value is the selling price in ordinary business less the cost of completing and selling the product. The acquisition cost of purchased readymade products includes all purchase costs including purchase freight. The acquisition cost of self-manufactured products includes all manufacturing

costs, including direct costs and shares of variable and fixed overheads for manufacturing. The acquisition cost does not include the cost of debt capital.

#### Estimated items and management discretion

The Group regularly reviews the non-marketability and turnover rate of inventories and any reduction in net realisable value below acquisition cost and records any

impairment, if necessary. These reviews require estimates of future demand for the products. Any changes in these estimates may result in changes in the valuation of inventories in future periods.



## 4.5 Trade receivables and contractual assets

### Breakdown of trade receivables by age

#### Expected credit losses 2024

| EUR 1,000          | Gross value   | Expected credit loss | Net value     |
|--------------------|---------------|----------------------|---------------|
| Not due            | 15,079        | -42                  | 15,037        |
| 1–30 days          | 606           | -63                  | 543           |
| 31–180 days        | 203           | -105                 | 98            |
| 181–360 days       | 339           | -209                 | 130           |
| More than 360 days | -             | -                    | -             |
| <b>Total</b>       | <b>16,227</b> | <b>-418</b>          | <b>15,808</b> |

#### Expected credit losses 2023

| EUR 1,000          | Gross value   | Expected credit loss | Net value     |
|--------------------|---------------|----------------------|---------------|
| Not due            | 15,857        | -29                  | 15,828        |
| 1–30 days          | 2,932         | -44                  | 2,889         |
| 31–180 days        | 528           | -73                  | 456           |
| 181–360 days       | 276           | -145                 | 131           |
| More than 360 days | -             | -                    | -             |
| <b>Total</b>       | <b>19,594</b> | <b>-290</b>          | <b>19,304</b> |

#### Trade receivables

Trade receivables and other receivables are measured at amortised cost. In the measurement of trade receivables, the simplified model permitted by IFRS 9 is used to determine the expected credit losses by segment. The Group estimates the expected credit losses by using an experience-based matrix that takes into account the age structure of the receivables, the segment-specific credit loss history, the market area and the customer base.

Trade receivables and contractual assets are derecognised as final credit losses when they cannot reasonably be expected to be paid, for example in the

event of bankruptcy. Impairment losses are presented as net impairment losses included in operating profit. If payment is subsequently received for items recognised as final credit losses, it is recognised as a rebate for the same item.

#### Other receivables

Other interest-free receivables are recognised on the balance sheet at their original fair value, which may be subsequently adjusted for any impairment.

#### Estimated items and management discretion

The validity of trade receivables is essentially associated with the risk of the counterparty losing its solvency and, thus, being unable to pay its debts. Additional information about credit and counterparty risks is provided in note 5.1 Financial risks and management of financial risks.

Businesses make assessments based on the nature of the sale and the customer's credit rating and transaction history in order to determine the terms of payment under which the sale will be executed. If necessary, advance payment is used as the payment term. Credit loss provisions are recognised proactively based on the credit loss history of each segment.



## 4.6 Trade and other liabilities

### Trade and other current liabilities

| EUR 1,000  | 2024          | 2023          |
|--|---------------|---------------|
| <b>Trade and other current liabilities</b>                       |               |               |
| Trade payables   | 14,602        | 41,246        |
| Accrued expenses caused by employee benefits                     | 2,874         | 13,273        |
| VAT and withholding tax liabilities                              | 4,063         | 8,844         |
| Interest liabilities   | 85            | 1,501         |
| Tax liabilities based on taxable income for the financial period | 446           | 708           |
| Redemption liabilities for non-controlling interests             | 2,003         | 3,849         |
| Contingent consideration   | -             | 750           |
| Other current liabilities  | 6,165         | 10,184        |
| <b>Trade and other liabilities, total</b>                        | <b>30,239</b> | <b>80,355</b> |

Trade payables are obligations to pay for goods and services purchased from producers as part of ordinary business operations. Trade payables are classified as

current liabilities if they fall due within 12 months. If they do not mature within 12 months, they are classified as non-current liabilities.



## 4.7 Provisions

### Provisions

| EUR 1,000                                   | 2024      | 2023      |
|---|-----------|-----------|
| <b>1 January</b>                            | <b>83</b> | -         |
| Business combinations                       | -         | 82        |
| Reclassification to discontinued operations | -61       | -         |
| Recognised in the income statement          | 4         | 1         |
| <b>31 December</b>                          | <b>26</b> | <b>83</b> |
| Non-current                                 | 26        | 83        |
| Current                                     | -         | -         |

Provisions based on warranty commitments include an estimate of the future warranty costs of the delivered products. The amount of future warranty costs is based on accumulated historical experience. The amount

of warranty costs has historically been very low and the amount of future warranty costs is based on this experience. Typically, the standard warranty period is one year from the date of delivery of the product.

### Provisions

A provision is recorded on the balance sheet when a past event has created an existing obligation for KH Group, the realisation of which is probable, and the amount of the obligation can be reliably estimated. The amount recorded as a provision is the present value of the expenses required to meet the existing obligation on the end date of the reporting period.



## 4.8 Deferred taxes

### Deferred tax assets and liabilities

| 2024<br>EUR 1,000  | 1 January 2024        | Sales of<br>businesses           | Reclassification<br>to discontinued<br>operations | Recognised in the<br>income statement           | 31 December 2024        |
|--|-----------------------|----------------------------------|---|---|-------------------------|
| <b>Deferred tax assets</b>                                       |                       |                                  |   |   |                         |
| Leases   | 495                   | -6                               | -85   | 263   | 665                     |
| Other temporary differences                                      | 1,700                 | -                                | -1,680  | -20   | -                       |
| Unused tax losses  | 3,122                 | -                                | -   | 311   | 3,433                   |
| <b>Total</b>   | <b>5,316</b>          | <b>-6</b>                        | <b>-1,765</b>                                     | <b>554</b>                                      | <b>4,099</b>            |
| <b>Deferred tax liabilities</b>                                  |                       |                                  |   |   |                         |
| Allocations of fair value  | -12,528               | 1,205                            | 9,009   | 283   | -2,031                  |
| Other temporary differences                                      | -138                  | -                                | 100   | -27   | -65                     |
| <b>Total</b>   | <b>-12,666</b>        | <b>1,205</b>                     | <b>9,109</b>                                      | <b>256</b>                                      | <b>-2,097</b>           |
| <b>2023<br/>EUR 1,000</b>  | <b>1 January 2023</b> | <b>Business<br/>combinations</b> | <b>Recognised in the<br/>income statement</b>     | <b>Change in consolida-<br/>tion principles</b> | <b>31 December 2023</b> |
| <b>Deferred tax assets</b>                                       |                       |                                  |   |   |                         |
| Investments and liabilities at fair value through profit or loss | 1,845                 | -                                | 452   | -2,298  | -                       |
| Leases   | -                     | 293                              | 202   | -   | 495                     |
| Other temporary differences                                      | -                     | 1,473                            | 227   | -   | 1,700                   |
| Unused tax losses  | 2,606                 | -                                | 516   | -   | 3,122                   |
| <b>Total</b>   | <b>4,451</b>          | <b>1,766</b>                     | <b>1,397</b>                                      | <b>-2,298</b>                                   | <b>5,316</b>            |
| <b>Deferred tax liabilities</b>                                  |                       |                                  |   |   |                         |
| Allocations of fair value  | -                     | -16,869                          | 4,340   | -   | -12,528                 |
| Investments and liabilities at fair value through profit or loss | -8,524                | -                                | -   | 8,524   | -                       |
| Other temporary differences                                      | -20                   | -176                             | 58  | -   | -138                    |
| <b>Total</b>   | <b>-8,544</b>         | <b>-17,045</b>                   | <b>4,399</b>                                      | <b>8,524</b>                                    | <b>-12,666</b>          |

### Deferred taxes

Deferred taxes are recognised on temporary differences between accounting and taxation by using the tax rate for future years confirmed at the time of the financial

statements. The biggest temporary differences arise from fair value allocations, right-of-use assets, lease liabilities and tax losses. Deferred tax assets and liabilities are

deducted (netted) from each other when they relate to taxes collected by the same tax recipient and can be offset against each other under legally enforceable law.



**Estimated items and management discretion**

The recognition of deferred tax assets is based on management's forecasts and estimates of whether the company will receive sufficient taxable income in the future. The estimates used in the calculation are based on the most recent management forecast on the reporting date and assumptions consistent with those used elsewhere in the financial statements. A deferred tax asset is recognised to the extent that it is probable that the asset can be utilised against future taxable income.

Group's deferred tax assets as of 31 December 2024 consists of taxable losses of parent company KH Group Plc for the years 2020-2024. Tax losses expire during 2030-2034 and management estimates that the tax losses can be utilised in full.

**5. OTHER NOTES****5.1 Financial risks and management of financial risks****Financial risk management objectives and operating principles**

KH Group's operations involve a wide range of financial risks. Financial risks are mainly due to changes in market conditions and customer behaviour. The risks affecting KH Group's financial assets are mainly related to changes in the counterparty's payment behaviour, credit risk and currency risk.

Changes in interest rates affect the Group's financial liabilities, which include floating-rate loans and are, therefore, subject to interest rate risk.

KH Group evaluates the risk environment at regular intervals and the management monitors the management of these risks in accordance with the Group's financial risk management policy. KH Group has appropriate

policies and procedures, and financial risks are identified, determined and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and approves the risk management policy, which is summarised below.

KH Group may use derivative instruments to hedge against currency and interest rate risks. KH Group does not currently hold any derivative instruments.

**Sensitivity analysis**

In its risk management policy, KH Group assesses exposure to material market risks by conducting a sensitivity analysis at regular intervals on each reporting date. The sensitivity analyses have been prepared on the basis that variables such as the amount of net debt, the ratio of fixed to floating interest rates and the share of financial instruments in foreign currencies are all constant.

The sensitivity analyses presented in the sections below relate to the situation as at 31 December 2024. The sensitivity of a particular income statement item is the effect of expected changes in the market risks in question on the item. This is based on the financial assets and liabilities held as at 31 December 2024.

**Market risk**

Market risk is the risk that the fair value of financial instruments or cash flows generated by them may fluctuate due to changes in market prices or market conditions. Market risk is comprised of three types of risk: interest rate risk, currency risk and other price risk, such

as equity price risk and commodity risk. Financial loans and deposits are subject to market risks.

**Interest rate risk**

Interest rate risk is the risk that the fair value of a financial instrument or future cash flows may fluctuate due to changes in market interest rates. The Group's exposure to interest rate fluctuations is mainly related to KH Group's floating rate debt obligations. The Group's long-term bank loans with floating interest rates are linked to Euribor rates. Changes in market interest rates have a direct impact on the Group's future interest payments.

The Group's principle for reducing the impact of interest rate risk is to maintain a predefined balance between the total amount of loan arrangements acquired and the liquidity position. Management assesses the interest rate risk on each reporting date in order to determine the actions required to maintain a stable interest rate environment. The Group has the opportunity to renegotiate the terms and conditions of the financial instruments in the event of changes in the market environment and interest rate environment. KH Group may use derivatives to hedge against interest rate risk. KH Group does not currently hold any derivative instruments.

**Interest rate sensitivity**

The table below shows the sensitivity to a reasonably possible change in interest rates for the loans it affects. The sensitivity analysis is based on the assumption that

| EUR 1,000         | Increase/decrease, % | Impact on profit before taxes |
|-------------------|----------------------|-------------------------------|
| <b>2024</b>       |                      |                               |
| Euribor 12 months | 1%                   | -870                          |
| Euribor 12 months | -1%                  | 870                           |



the reference interest rate and the amount of loans are positive at the end of the reporting period, excluding any future repayments. Changes in interest rates are fully reflected in the sensitivity analysis, without taking into account the potential effects of contractual interest rate floors. Keeping all other variables constant and adjusting the interest rate by 1.0%, on the basis of the value of the interest-bearing net debt excluding lease liabilities at 31 December 2024 of EUR 87.0 million, these interest rate changes would affect the Group's profit before tax and equity as follows:

#### Currency risk

KH Group is exposed to currency risk arising from the conversion of non-euro investments in subsidiaries.

#### Transaction risk

In accordance with KH Group's financial policy, transactions between the Group's parent company and foreign subsidiaries are predominantly carried out in the local currency and, therefore, the transaction risk is low. This does not apply to subsidiaries with transactions and balances in non-local currencies due to the nature of the business. The majority of the Group's sales are in EUR or SEK based on customer preferences and the nature of the business. The exposure of the parent company and its subsidiaries to all foreign currency transactions relates to receivables and payables denominated in foreign currencies on the balance sheet, as well as binding purchase and sales agreements denominated in foreign currencies. KH Group may use currency derivatives, such as currency forwards, to hedge against risks associated with significant currency exposures.

#### Translation risk

In the financial statements, foreign operations and subsidiaries' balance sheets have been translated into euros by using the European Central Bank's closing rates

and income statements using the average exchange rate during the year. The effects of exchange rate fluctuations on the translations of subsidiaries' income statements and balance sheets are recognised in exchange rate differences in the comprehensive income statement and equity in the translation differences item. The impact of exchange rate fluctuations on KH Group's comprehensive income was EUR -255 (-29) thousand.

#### Credit risk

Credit risk arises from customers that are unable to meet their obligations under financial instruments or customer contracts, resulting in a financial loss from the perspective of KH Group. Group companies are responsible for the credit risk management associated with normal commercial operations. KH Group's operational credit risk arises from outstanding receivables and long-term contracts with customers. The customer base and the nature of business agreements vary between Group companies and they are responsible for the ongoing monitoring of customer-specific credit risk.

The Group manages the credit risk associated with operating items through advance payments, payment guarantees and an accurate assessment of the customer's creditworthiness, for example. Most of the KH Group's operational activities are based on established, reliable customer relationships and generally accepted contractual terms. Payment terms on the invoice are between 14 and 90 days. In the case of new customers, the credit rating and background are assessed comprehensively and, where necessary, collateral is required from the customers and the payment behaviour of the customers is actively monitored.

In addition, the Group is exposed to counterparty risk, which is managed in the context of credit risk management by identifying clients prior to trading or charging clients for services performed in advance. The Group only conducts business with identified and trusted

parties. The values of receivables are monitored and collected through ongoing arrangements. The maximum exposure to credit risk at the reporting date consists of all financial assets.

KH Group does not have any significant credit risk concentration, as the customer base is broad and spread across different business areas.

#### Expected credit losses

The Group estimates the amount of trade receivables on a quarterly basis in connection with reporting. In calculating expected credit losses, the Group applies a simplified method for assessing the impairment of trade receivables. Additional information about expected credit losses is presented in note 4.5 Trade receivables and contractual assets.

#### Liquidity risk

Additional information on liquidity risk and maturity analysis of financial liabilities is presented in note 2.4.

### 5.2 Related parties and management remuneration

Parties are considered to be related if one party has the ability to control the other party or exercise joint control or significant influence over the other party in making financial and operating decisions.

The Group's related parties include its subsidiaries and key management personnel. Key management personnel include the members of the Board of Directors, the CEO, the other members of the Group Management Team, and their close family members. In addition, the related parties include owners that exercise control or significant influence in KH Group, and companies in which they have control.

#### Related party transactions during the financial period

In August 2024, the shareholders of Nordic Rescue

**Management's employee benefits and fees paid to the Board of Directors**

| EUR 1,000  | 2024       | 2023       |
|--|------------|------------|
| <b>Salary and fees paid to the CEO</b>   |            |            |
| Lauri Veijalainen (CEO, 1 August 2023–31 May 2024)   | 128        | 136        |
| Salaries and other short-term benefits, including the salary of the CEO of Indoor Group                    |            |            |
| Ville Nikulainen (CEO, 22 March–31 July 2023 and since 1 June 2024)  |            |            |
| Salaries and other short-term employee benefits  | 120        | 43         |
| Jussi Majamaa (CEO, 1 September 2021–22 March 2023)  |            |            |
| Salaries and other short-term employee benefits  | -          | 347        |
| <b>Salary and fees paid to those in the role of CEO and their statutory pension contributions in total</b> | <b>247</b> | <b>526</b> |
| Other management   |            |            |
| Salaries and other short-term employee benefits  | 267        | 140        |
| <b>Salary and fees paid to other management, total</b>   | <b>267</b> | <b>140</b> |
| <b>Fees paid to the Board of Directors</b>   |            |            |
| Juha Karttunen, Chair of the Board of Directors  | 46         | 43         |
| Kati Kivimäki, member of the Board of Directors  | 30         | 27         |
| Timo Mänty, member of the Board of Directors   | 30         | 27         |
| Taru Narvanmaa, member of the Board of Directors   | 30         | 27         |
| Harri Sivula, member of the Board of Directors until 7 May 2024  | 12         | 27         |
| Jon Unnérus, member of the Board of Directors since 7 May 2024   | 18         | -          |
| <b>Fees paid to the Board of Directors, total</b>  | <b>166</b> | <b>151</b> |

The information in the table is presented on an accrual basis.

Group Oy made an additional investment totalling EUR 1.0 million in the company, of which the Group's parent company's share was EUR 0.5 million.

**Other benefits**

The CEO of KH Group is entitled to statutory pension and the retirement age is determined in accordance with the

statutory employment pension system. The notice period applied to the CEO's service relationship is six months. If the company terminates the service relationship, severance pay equal to six months' salary will be paid in addition to the salary for the period of notice.

**5.3 Share-based incentive schemes**

On 31 May 2024, the Board of Directors of KH Group Plc decided to establish a performance-based matching share scheme for key employees of KH Group Plc and KH-Koneet Group. The purpose of the new system is to align the goals of shareholders and key personnel in order to increase the company's value in the long term.



The purpose of the scheme is to encourage key persons to invest personally in the company's shares, guide them in achieving the company's strategic objectives, engage them in the company and offer them a competitive incentive scheme based on the acquisition, earning and accrual of KH Group shares.

The 2024–2028 performance-based matching share scheme has three (3) performance periods covering the financial periods 2024–2026, 2025–2027 and 2026–2028. The Board of Directors decides annually on the start and details of the performance period. The incentive scheme was not implemented in 2024, and as a result, the performance period for the financial periods 2024–2026 is not effective.

#### Share-based employee benefits paid under equity

Share-based employee benefits paid under equity are recognised at fair value at the time of award. The amount recorded as expenses is amortised under personnel expenses and as an increase in equity over the earning period. The estimated number of shares granted is reviewed and, if necessary, adjusted at least every six months. Any effect of adjustments made to initial estimates is recorded as personnel expenses in the income statement and the corresponding adjustment is made to equity.

#### 5.4 Non-current pension liabilities

The Group has both defined-contribution and defined-benefit pension plans. Defined-benefit pension plans consist of Indoor's old, discontinued and closed employee supplementary pension plans.

#### Defined-benefit pension obligations

All plans that do not meet the definition of defined contribution plans are defined as defined benefit plans. Defined-benefit pension plans define the pension benefit that an employee receives upon retirement. The present

#### Present value of obligations and fair value of assets

| EUR 1,000  | 2024       | 2023       |
|--|------------|------------|
| Present value of the obligation                          | 612        | 657        |
| Fair value of plan assets                                | -465       | -502       |
| <b>Defined-benefit liabilities on the balance sheet*</b> | <b>147</b> | <b>155</b> |

The liability is presented in the line of discontinued operations on the consolidated balance sheet of 31 December 2024

value of the defined-benefit pension plan earned from performance during the financial period is recognised as a performance-based expense in personnel expenses. The liability recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries by using the projected unit credit method.

#### 5.5 Contingent liabilities, assets and other commitments

##### Contingent liabilities

KH Group and its subsidiaries may enter into various agreements in connection with their ordinary business

operations under which guarantees are offered to third parties. These agreements are primarily made to improve the creditworthiness of Group companies and facilitate access to financial position.

KH-Koneet Group Oy has provided a general guarantee (generellt borgensåtagande) of SEK 200,000,000 as collateral for S-Rental AB's leasing financing limit and a separate guarantee (separat borgensåtagande) of EUR 6,500,000 as collateral for KH-Maskin AB's loans.

Rental guarantees included in Indoor Group's commercial guarantee limit amounted to EUR 2,836 (2,768) thousand and customs guarantees to EUR 60 (60) thousand.

NRG has provided a warranty-period guarantee of EUR 950 (973) thousand and has an invoice

#### Off-balance sheet liabilities and loan covenants

| Business mortgages, EUR 1,000 | 2024           | 2023           |
|-------------------------------|----------------|----------------|
| KH-Koneet                     | 47,043         | 47,370         |
| Indoor Group                  | 65,455         | 65,455         |
| Nordic Rescue Group           | 18,951         | 19,051         |
| HTJ                           | -              | 10,010         |
| Parent company                | -              | -              |
| <b>Group, total</b>           | <b>131,450</b> | <b>141,886</b> |



credit collateralised by trade receivables under the arrangement. The loan was not in use at the time of the financial statements.

Information on loan covenants is presented in note 2.4.

#### **Disputes and legal proceedings**

The company discontinued the production of rescue cranes in December 2022 when Vema Lift filed for bankruptcy. The parent company Nordic Rescue Group is the largest creditor of Vema Lift's bankruptcy estate. Nordic Rescue Group received EUR 0.5 million during 2023 and EUR 0.8 million during 2024 from the Vema Lift bankruptcy estate out of the estimated distribution quota of EUR 1.5 million. On the closing date of the financial period 2024, the estimated final disbursement of EUR 0.2 million is pending the subsequent stages of the liquidation process.

#### **Contingent liabilities**

A contingent liability is a potential obligation that arises from past events and the existence of which will only be confirmed if an uncertain event outside the Group's control is realised. An existing obligation that is not likely to require a payment obligation to be fulfilled or whose size cannot be reliably determined is also considered to be a contingent liability. Contingent liabilities are presented in the notes.

#### **5.6 Events after the financial period**

In March 2025, KH Group acquired the remaining KH-Koneet Group Oy minority shares in accordance with the shareholder agreement. As a result, KH-Koneet is a fully owned subsidiary of KH Group Plc. The share purchase price was EUR 2.0 million.

On 30 September 2024, Indoor Group did not fulfil the covenants of its financing agreement, after which the company has negotiated with the financing provider on updating the financing agreement. In December 2024, Indoor Group signed an agreement with the financing provider, according to which the financing provider will not demand the repayment of loans despite the breach of covenants provided that certain conditions are met. According to the agreement, KH Group granted Indoor Group a shareholder loan of EUR 1.0 million in January 2025. After the end of the financial period, the agreement with the financing provider has been extended in steps until 31 May 2025, and the parties have negotiated on the financing agreement terms for the duration of the sale process.

On 13 March 2025, KH Group announced to have initiated a sale process regarding its shareholding in Indoor Group Holding Oy, of which the Company owns 58.3 per cent. KH Group has engaged a financial advisor to explore various options for its Indoor Group shareholding. No final decision has been made on the sale of Indoor Group holdings and there is no certainty as to the timing, terms or completion of any such transaction.

KH Group aims to complete the process during 2025. The Company will communicate the matter in accordance with the applicable rules on the basis of its possible progress.

#### **5.7 Changes in IFRS standards**

##### **New and adopted standards introduced during the financial period**

The amendments to IFRS standards and IFRIC interpretations that entered into force in the financial period 2024 mainly included amendments or clarifications to the applicable standards and have not had a material impact on KH Group's consolidated financial statements.

##### **Amendments to IFRS standards and IFRIC interpretations effective for the next financial period at the earliest**

The application of IFRS 18 'Presentation and Disclosure in Financial Statements' begins in the first IFRS financial statements for financial periods beginning on or after 1 January 2027, but earlier application is permitted. The Group will begin assessing the impact of the standard on its financial statements during 2025. The other published standards effective on or after 1 January 2025 known at the time of the financial statements mainly contain changes or improvements to the current standards that are not expected to have a material impact on the consolidated financial statements of KH Group.



# Parent company's financial statements (FAS)

## PARENT COMPANY'S INCOME STATEMENT

| EUR   | Note | 1 January–31 December 2024 | 1 January–31 December 2023 |
|---|------|----------------------------|----------------------------|
| Other operating income                          |      | 161.29                     | -                          |
| Personnel expenses                              | 1    | -828,426.30                | -1,067,241.38              |
| Depreciation                                    | 2    | -6,915.30                  | -6,765.32                  |
| Other operating expenses                        | 3    | -1,131,093.42              | -1,788,362.05              |
| <b>Operating profit</b>                         |      | <b>-1,966,273.73</b>       | <b>-2,862,368.75</b>       |
| Financial income                                | 4    | 6,569,027.02               | 6,374,739.85               |
| Financial expenses                              | 4    | -152,750.86                | -363,057.71                |
| Impairment of investments in non-current assets |      | -20,569,514.12             | -                          |
| <b>Profit before appropriations and taxes</b>   |      | <b>-16,119,511.69</b>      | <b>3,149,313.39</b>        |
| Income taxes                                    | 5    | -                          | -                          |
| <b>Net profit for the period</b>                |      | <b>-16,119,511.69</b>      | <b>3,149,313.39</b>        |

**PARENT COMPANY'S BALANCE SHEET**

| EUR                                      | Note | 31 December 2024     | 31 December 2023     |
|--|------|----------------------|----------------------|
| <b>ASSETS</b>                            |      |                      |                      |
| <b>Non-current assets</b>                |      |                      |                      |
| <b>Tangible assets</b>                   |      |                      |                      |
| Machinery and equipment                  | 5    | 20,746.04            | 20,296.16            |
|  |      | <b>20,746.04</b>     | <b>20,296.16</b>     |
| <b>Investments</b>                       |      |                      |                      |
| Holdings in Group companies              | 6    | 27,399,943.65        | 50,397,561.34        |
| Other receivables                        | 7    | 2,483,883.00         | 3,882,414.40         |
|  |      | <b>29,883,826.65</b> | <b>54,279,975.74</b> |
| <b>Non-current assets, total</b>         |      | <b>29,904,572.69</b> | <b>54,300,271.90</b> |
| <b>Current assets</b>                    |      |                      |                      |
| <b>Non-current receivables</b>           |      |                      |                      |
| Other receivables                        | 7    | 10,109.03            | -                    |
|  |      | <b>10,109.03</b>     | -                    |
| <b>Current receivables</b>               |      |                      |                      |
| Trade receivables                        | 8    | -                    | 3,500.00             |
| Other receivables                        |      | 1.70                 | 36,911.10            |
| Accrued income                           | 8    | 57,446.08            | 14,028.99            |
|  |      | <b>57,447.08</b>     | <b>54,440.09</b>     |
| <b>Cash and cash equivalents</b>         |      | <b>6,379,913.23</b>  | <b>287,367.69</b>    |
| <b>Current assets, total</b>             |      | <b>6,447,470.04</b>  | <b>341,807.78</b>    |
| <b>Assets, total</b>                     |      | <b>36,352,042.73</b> | <b>54,642,079.68</b> |
| <b>LIABILITIES</b>                       |      |                      |                      |
| <b>Equity</b>                            |      |                      |                      |
| Share capital                            |      | 15,178,567.70        | 15,178,567.50        |
| Reserve for invested unrestricted equity |      | 12,885,510.35        | 12,885,510.35        |
| Retained earnings                        |      | 24,049,581.88        | 20,900,268.49        |
| Net profit for the period                |      | -16,119,511.69       | 3,149,313.39         |
| <b>Total equity</b>                      | 9    | <b>35,994,148.04</b> | <b>52,113,659.73</b> |



## PARENT COMPANY'S BALANCE SHEET

| EUR                                  | Note | 31 December 2024     | 31 December 2023     |
|--------------------------------------|------|----------------------|----------------------|
| <b>Current</b>                       |      |                      |                      |
| Loans from financial institutions    |      | -                    | 2,137,914.98         |
| Trade payables                       | 10   | 169,092.43           | 167,245.22           |
| Other liabilities                    | 10   | 20,063.02            | 58,815.31            |
| Accrued expenses                     | 10   | 168,739.24           | 164,444.44           |
|                                      |      | <b>357,894.69</b>    | <b>2,528,419.95</b>  |
| <b>Total liabilities</b>             |      | <b>357,894.69</b>    | <b>2,528,419.95</b>  |
| <b>Equity and liabilities, total</b> |      | <b>36,352,042.73</b> | <b>54,642,079.68</b> |



**PARENT COMPANY'S CASH FLOW STATEMENT**

| EUR   | Note | 1 January–31 December 2024 | 1 January–31 December 2023 |
|---|------|----------------------------|----------------------------|
| <b>Cash flow from operating activities</b>                |      |                            |                            |
| Net profit for the period                                 |      | -16,119,511.69             | 3,149,313.39               |
| Adjustments to the net profit for the period              | 12   | 14,160,153.26              | -6,004,916.82              |
| Change in working capital                                 | 12   | -2,183,641.98              | 1,800,769.88               |
| Purchase of investments                                   |      | -2,974,253.31              | -59,776.24                 |
| Proceeds from and expenses related to sale of investments |      | 13,087,118.62              | 11,395,852.21              |
| Granted loan receivables from investment activities       |      | -500,000.00                | -2,328,160.00              |
| Interest received   |      | 92,796.68                  | 19,020.15                  |
| Financial expenses paid                                   |      | -152,750.86                | -364,689.93                |
| Dividends received  |      | 690,000.00                 | 461,202.52                 |
| Taxes paid  |      | -                          | -                          |
| <b>Cash flow from operating activities</b>                |      | <b>6,099,910.72</b>        | <b>8,068,615.16</b>        |
| <b>Cash flow from investing activities</b>                |      |                            |                            |
| Investments in intangible and tangible assets             |      | -10,276.49                 | -                          |
| Proceeds from tangible and intangible assets              |      | 2,911.31                   | 2,822.58                   |
| <b>Cash flow from investing activities</b>                |      | <b>-7,365.18</b>           | <b>2,822.58</b>            |
| <b>Cash flow from financing activities</b>                |      |                            |                            |
| Proceeds from long-term loans                             |      | 4,400,000.00               | -                          |
| Repayments of long-term loans                             |      | -4,400,000.00              | -10,000,000.00             |
| Dividends paid  |      | -                          | -                          |
| <b>Cash flow from financing activities</b>                |      | <b>-</b>                   | <b>-10,000,000.00</b>      |
| <b>Change in cash and cash equivalents</b>                |      | <b>6,092,545.54</b>        | <b>-1,928,562.26</b>       |
| Cash and cash equivalents 1 Jan.                          |      | 287,367.69                 | 2,215,929.95               |
| <b>Cash and cash equivalents 31 Dec.</b>                  |      | <b>6,379,913.23</b>        | <b>287,367.69</b>          |



# Notes to the parent company's financial statements

## PARENT COMPANY ACCOUNTING PRINCIPLES

KH Group Plc is a Finland-based public limited liability company domiciled in Sievi. KH Group Plc's financial statements have been prepared in accordance with the

Finnish Accounting Act and other regulations in force in Finland (FAS). The consolidated financial statements have been prepared in accordance with the IFRS standards.

Depreciation according to plan has been deducted from the acquisition cost of intangible and tangible assets recognised on the balance sheet. Machinery and

equipment is depreciated by 25%, using the reducing balance method.

Investments are measured at the acquisition cost. They are impaired if the income likely to be generated by the securities in the future is estimated to be permanently lower than the non-amortised cost.

## 1. PERSONNEL EXPENSES

| EUR  | 2024              | 2023                |
|--|-------------------|---------------------|
| Salaries, wages and fees                                       | 751,015.92        | 954,843.39          |
| Pension costs  | 58,735.49         | 95,931.57           |
| Other indirect personnel expenses                              | 18,674.89         | 16,466.42           |
| <b>Total</b>   | <b>828,426.30</b> | <b>1,067,241.38</b> |
| Pension costs are defined-contribution costs.                  |                   |                     |
| <b>Average number of employees during the financial period</b> |                   |                     |
| Employees  | 4                 | 6                   |
| <b>Total</b>   | <b>4</b>          | <b>6</b>            |

Information on the management's salaries and remuneration as well as transactions with related parties are reported in note 5.2 to the IFRS financial statements.

## 2. DEPRECIATION, AMORTISATION AND IMPAIRMENT

| EUR   | 2024            | 2023            |
|---|-----------------|-----------------|
| <b>Depreciation and amortisation by asset class</b> |                 |                 |
| <b>Tangible assets</b>                              |                 |                 |
| Machinery and equipment                             | 6,915.30        | 6,765.32        |
| <b>Total</b>  | <b>6,915.30</b> | <b>6,765.32</b> |
| <b>Depreciation and amortisation, total</b>         | <b>6,915.30</b> | <b>6,765.32</b> |



### 3. OTHER OPERATING EXPENSES

| EUR   | 2024                | 2023                |
|---|---------------------|---------------------|
| Expenses related to premises and properties | 43,134.12           | 129,761.57          |
| Expert services                             | 788,633.09          | 1,224,056.30        |
| Other operating expenses                    | 299,326.21          | 434,544.18          |
| <b>Total</b>                                | <b>1,131,093.42</b> | <b>1,788,362.05</b> |
| Auditor's fees                              |                     |                     |
| Auditing                                    | 77,259.09           | 88,500.00           |
| Auditor's certificates and statements       | -                   | 4,260.99            |
| Tax services                                | 9,857.50            | 11,900.00           |
| Other services                              | 19,566.25           | 68,365.42           |
| <b>Total</b>                                | <b>106,682.84</b>   | <b>173,026.41</b>   |

### 4. FINANCIAL INCOME AND EXPENSES

| EUR  | 2024                  | 2023                |
|--|-----------------------|---------------------|
| <b>Return on holdings in Group companies</b>           |                       |                     |
| Dividend income  | 690,000.00            | 461,202.52          |
| <b>Total</b>   | <b>690,000.00</b>     | <b>461,202.52</b>   |
| <b>Other interest and financial income</b>             |                       |                     |
| Gains from the sale of Group company shares            | 5,316,367.62          | 5,736,075.97        |
| Interest income from Group companies                   | 469,862.72            | 158,441.21          |
| From others  | 92,796.68             | 19,020.15           |
| <b>Total</b>   | <b>5,879,027.02</b>   | <b>5,913,537.33</b> |
| <b>Interest expenses and other financial expenses</b>  |                       |                     |
| Other financial expenses                               | -152,750.86           | -363,057.71         |
| <b>Total</b>   | <b>-152,750.86</b>    | <b>-363,057.71</b>  |
| <b>Impairment of investments in non-current assets</b> |                       |                     |
| Impairment of holdings in Group companies              | -20,569,514.12        | -                   |
| <b>Total</b>   | <b>-20,569,514.12</b> | <b>-363,057.71</b>  |
| <b>Financial income and expenses, total</b>            | <b>-14,153,237.96</b> | <b>6,011,682.14</b> |



## 5. TANGIBLE ASSETS

| 2024<br>EUR                                  | Machinery and<br>equipment         | Tangible assets,<br>total         |
|--|------------------------------------|-----------------------------------|
| Acquisition cost 1 Jan. 2024                 | 62,335.60                          | 62,335.60                         |
| Increases                                    | 10,276.49                          | 10,276.49                         |
| Decrease                                     | -2,911.31                          | -2,911.31                         |
| <b>Acquisition cost 31 Dec. 2024</b>         | <b>69,700.78</b>                   | <b>69,700.78</b>                  |
| <b>Accumulated depreciation 1 Jan. 2024</b>  | <b>-42,039.44</b>                  | <b>-42,039.44</b>                 |
| Depreciation                                 | -6,915.30                          | -6,915.30                         |
| <b>Accumulated depreciation 31 Dec. 2024</b> | <b>-48,954.74</b>                  | <b>-48,954.74</b>                 |
| Book value 1 Jan. 2024                       | 20,296.16                          | 20,296.16                         |
| <b>Book value 31 Dec. 2024</b>               | <b>20,746.04</b>                   | <b>20,746.04</b>                  |
| <b>2023<br/>EUR</b>                          | <b>Machinery and<br/>equipment</b> | <b>Tangible assets,<br/>total</b> |
| Acquisition cost 1 Jan. 2022                 | 65,158.18                          | 65,158.18                         |
| Increase and decrease                        | -2,822.58                          | -2,822.58                         |
| <b>Acquisition cost 31 Dec. 2022</b>         | <b>62,335.60</b>                   | <b>62,335.60</b>                  |
| Accumulated depreciation 1 January 2022      | -35,274.12                         | -35,274.12                        |
| Depreciation and amortisation                | -6,765.32                          | -6,765.32                         |
| <b>Accumulated depreciation 31 Dec. 2022</b> | <b>-42,039.44</b>                  | <b>-42,039.44</b>                 |
| Book value 1 January 2022                    | 29,884.06                          | 29,884.06                         |
| <b>Book value 31 Dec. 2022</b>               | <b>20,296.16</b>                   | <b>20,296.16</b>                  |



## 6. HOLDINGS IN GROUP COMPANIES

| EUR                                   | 2024                 | 2023                 |
|---------------------------------------|----------------------|----------------------|
| Acquisition cost 1 Jan.               | 57,176,761.32        | 62,776,761.32        |
| Addition, KH-Koneet Group Oy's shares | 2,973,502.31         | -                    |
| Decrease, HTJ Oy's shares             | -7,770,000.00        | -                    |
| Decrease, Logistikas Oy's shares      | -                    | -5,600,000.00        |
| <b>Acquisition cost 31 Dec.</b>       | <b>52,380,263.63</b> | <b>57,176,761.32</b> |
| Impairments                           | -24,980,319.98       | -6,779,199.98        |
| <b>Book value 31 Dec.</b>             | <b>27,399,943.65</b> | <b>50,397,561.34</b> |

| Group companies         | Domicile | Parent company's holding (%) | Parent company's book value (EUR 1,000) |
|-------------------------|----------|------------------------------|---|
| Indoor Group Holding Oy | Finland  | 58.3%, <sup>(1)</sup>        | -                                       |
| KH-Koneet Group Oy      | Finland  | 95.4%, <sup>(1)</sup>        | 23,322                                  |
| Nordic Rescue Group Oy  | Finland  | 68.1%, <sup>(1)</sup>        | 4,078                                   |

(1) Of outstanding shares

## 7. NON-CURRENT RECEIVABLES

| EUR                                   | 2024                | 2023                |
|---------------------------------------|---------------------|---------------------|
| Loan receivables from Group companies | 2,483,883.00        | 3,882,414.40        |
| Other receivables                     | 10,109.03           | -                   |
| <b>Book value 31 Dec.</b>             | <b>2,493,992.03</b> | <b>3,882,414.40</b> |

## 8. CURRENT RECEIVABLES

| EUR               | 2024             | 2023             |
|-------------------|------------------|------------------|
| Trade receivables | -                | 3,500.00         |
| Other receivables | 1.70             | 36,911.10        |
| Accrued income    | 57,446.08        | 14,028.99        |
| <b>Total</b>      | <b>57,447.78</b> | <b>54,440.09</b> |



## 9. Equity

| EUR   | 2024                  | 2023                 |
|---|-----------------------|----------------------|
| <b>Share capital</b>  |                       |                      |
| Share capital 1 Jan.  | 15,178,567.50         | 15,178,567.50        |
| <b>Share capital 31 Dec.</b>                                      | <b>15,178,567.50</b>  | <b>15,178,567.50</b> |
| <b>Restricted equity, total 31 December</b>                       | <b>15,178,567.50</b>  | <b>15,178,567.50</b> |
| <b>Reserve for invested unrestricted equity</b>                   |                       |                      |
| Reserve for invested unrestricted equity 1 Jan.                   | 12,885,510.35         | 12,885,510.35        |
| <b>Reserve for invested unrestricted equity 31 Dec.</b>           | <b>12,885,510.35</b>  | <b>12,885,510.35</b> |
| <b>Retained earnings</b>  |                       |                      |
| Retained earnings 1 Jan.  | 24,049,581.88         | 20,900,268.49        |
| <b>Retained earnings 31 Dec.</b>                                  | <b>24,049,581.88</b>  | <b>20,900,268.49</b> |
| <b>Net profit/loss for the period</b>                             | <b>-16,119,511.69</b> | <b>3,149,313.39</b>  |
| <b>Unrestricted equity, total</b>                                 | <b>20,815,580.54</b>  | <b>36,935,092.23</b> |
| <b>Total equity</b>   | <b>35,994,148.04</b>  | <b>52,113,659.73</b> |
| <b>Statement of distributable equity at the end of the period</b> |                       |                      |
| Reserve for invested unrestricted equity                          | 12,885,510.35         | 12,885,510.35        |
| Retained earnings   | 24,049,581.88         | 20,900,268.49        |
| Net profit for the period   | -16,119,511.69        | 3,149,313.39         |
| <b>Total</b>  | <b>20,815,580.54</b>  | <b>36,935,092.23</b> |



## 10. LIABILITIES

| EUR  | 2024              | 2023                |
|--|-------------------|---------------------|
| <b>Other liabilities, the most significant items</b>           |                   |                     |
| Loans from financial institutions                              | -                 | 2,137,914.98        |
| Trade payables   | 169,092.43        | 167,245.22          |
| Withholding tax and health insurance contribution liabilities  | 19,759.70         | 58,137.89           |
| <b>Total</b>   | <b>188,852.13</b> | <b>2,363,298.09</b> |
| <b>The most significant items included in accrued expenses</b> |                   |                     |
| Personnel expenses, short-term                                 | 168,739.24        | 155,906.74          |
| <b>Total</b>   | <b>168,739.24</b> | <b>155,906.74</b>   |

## 11. ADJUSTMENTS TO CASH FLOW FROM OPERATING ACTIVITIES EUR

| EUR   | 2024                 | 2023                 |
|---|----------------------|----------------------|
| <b>Adjustments to the net profit for the period</b>                     |                      |                      |
| Depreciation according to plan  | 6,915.30             | 6,765.32             |
| Financial income and expenses   | 14,153,237.96        | -6,011,682.14        |
| <b>Total</b>  | <b>14,160,153.26</b> | <b>-6,004,916.82</b> |
| <b>Changes in working capital</b>                                       |                      |                      |
| Increase (-) / decrease (+) in current non-interest-bearing receivables | -13,116.72           | 27,534.84            |
| Increase (+)/decrease (-) in current non-interest-bearing liabilities   | -2,170,525.26        | 1,773,235.04         |
| <b>Change in working capital, total</b>                                 | <b>-2,183,641.98</b> | <b>1,800,769.88</b>  |

## 12. CONTINGENT LIABILITIES

| EUR                      | 2024      | 2023     |
|--------------------------|-----------|----------|
| <b>Lease liabilities</b> |           |          |
| Payable within one year  | 40,938.51 | 4,947.60 |

In March 2025, KH Group acquired the remaining KH-Koneet Group Oy minority shares in accordance with the shareholder agreement. As a result, KH-Koneet is a fully owned subsidiary of KH Group Plc. The share purchase price was EUR 2.0 million.



# Signatures of the Board of Directors' report and the financial statements

As required by the accounting act, we state the following

- the financial statements, prepared in accordance with applicable accounting regulations, give a true and fair view of the assets, liabilities, financial position, and profit or loss of both the company and the group of companies included in its consolidated financial statements;
- the management report contains a truthful description of the development and result of the business operations of both the company and the group of companies included in its consolidated financial statements, as well as a description of the most significant risks and uncertainties and other aspects of the company's condition; and
- the sustainability statement included in the management report has been prepared in accordance with the reporting standards referred to in Chapter 7 and Article 8 of the Taxonomy Regulation.

Helsinki, 20 March 2025

Juha Karttunen  
Chair of the Board of Directors

Kati Kivimäki  
member of the Board of Directors

Timo Mänty  
member of the Board of Directors

Taru Narvanmaa  
member of the Board of Directors

Jon Unnérus  
member of the Board of Directors

Ville Nikulainen  
CEO

## **Auditor's note**

A report on the audit performed has been issued today.

Helsinki, 20 March 2025

Ernst & Young Oy  
Audit firm

Timo Eerola  
APA





# Auditor's Report

## (Translation Of The Finnish original)

### To the Annual General Meeting of KH Group Oyj

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of KH Group Oyj (business identity code 0190457-0) for the year 1.1.-31.12.2024. The financial statements comprise the consolidated balance sheet, income statement, 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.

##### 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. The non-audit services that we have provided have been disclosed in note 3.4. to the consolidated financial statements.

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.

**KEY AUDIT MATTER****HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER****Valuation of Goodwill***We refer to the note 4.3*

At the balance sheet date 31.12.2024 the value of the goodwill amounted to 7,7 m€ representing 2,8% of the total assets and 15,6% of the total equity (2023: 39,9 m€, 11,5% of the total assets and 50,3% of the total equity). The annual impairment testing was a key audit matter because

- valuation process is complex and includes judgmental areas
- impairment testing is based on assumptions related to markets and economic conditions; and
- goodwill impairment is material to the financial statements.

For the continuing operations of the group, the recoverable amount of the cash generating units is based on value-in-use calculation. The results can vary significantly when underlying assumptions are changed. There are number of assumptions used to determine the recoverable amount, including revenue growth, operating margin and the discount rate applied on net cash-flows. Changes in above-mentioned assumptions may result in an impairment of goodwill.

This matter was determined to be a key audit matter and 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 in respect of valuation of goodwill included, among others:

- Evaluation of the determination of cash generating units and the goodwill allocated to those units
- Involvement of our valuation specialists to assist us in evaluating the assumptions and principles used in particular those relating to: the forecasted revenue growth, the forecasted operating margin and the weighted average cost of capital used to discount the net cash-flows.
- Evaluation of the appropriateness of the sensitivity analysis and evaluation of the reasonably possible change in a key assumption that could lead into a situation that the carrying amount of the cash-generating unit exceeds recoverable amount.
- Evaluation of the adequacy of the disclosures of the impairment testing.

**Revenue Recognition***We refer to the Group's accounting policies and the note 3.1*

Revenue is recognised when control of the underlying products has been transferred to the buyer.

The Group focuses on revenue as a key performance measure which could create an incentive for revenue to be recorded prematurely. Revenue recognition was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2) because of the risk related to correct timing of recording the revenue.

Our audit procedures to address the risk of material misstatement in respect of revenue recognition included, among others:

- Assessment of the compliance of the group's accounting policies over revenue recognition and comparing the policies to applied accounting standards;
- Gaining an understanding of nature of the revenue and the level of automation and inspecting deviating terms and conditions of sales contracts.
- Testing revenue recognition. Our testing included obtaining external confirmations, reconciliation the amount of revenue to client contracts and when possible, verification of the approvals of the deliveries.
- Substantive analytical procedures relating to revenue recognition; and
- assessment of the group's disclosures in respect of revenues.



## 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 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 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.
- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 7 May 2024.

### 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 compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

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 compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are

provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

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 20.3.2025

Ernst & Young Oy  
Authorized Public Accountant Firm

Timo Eerola  
Authorized Public Accountant



# Assurance Report on the Sustainability Statement (Translation of the Finnish original)

## To the Annual General Meeting of KH Group Oyj

We have performed a limited assurance engagement on the group sustainability statement of KH Group Oyj (0190457-0) 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 KH Group 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 KH Group 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 KH Group 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 20.3.2025

Ernst & Young Oy  
Authorized Sustainability Audit Firm

Timo Eerola  
Authorized Sustainability Auditor



# Shares and shareholders

At the end of the review period the number of KH Group's shares was 58,078,859. The company did not own any treasury shares on 31 December 2024 or during the review period.

The registered share capital of the company at the end of the year was EUR 15,178,568. The company has one share class and each share entitles its holder to one vote. All shares carry equal rights to dividends.

KH Group Plc's share "KHG" is listed on Nasdaq Helsinki. The shares are included in Euroclear Finland Ltd's book-entry system. The shares have been listed since 24 May 2000.

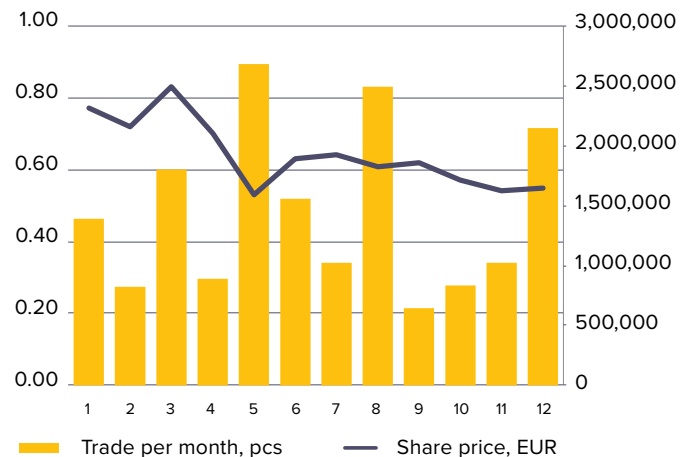
## SHARE PRICE DEVELOPMENT, TRADE AND MARKET CAPITALISATION

The closing price of KH Group's share at the end of 2023 was EUR 0.81. During the review period, the highest share price was EUR 0.89, the lowest was EUR 0.52 and the trade-weighted average price was EUR 0.63. At the end of the year, the closing price was EUR 0.54 and the market capitalisation was EUR 31.2 (47.3) million. The number of KH Group shares traded on Nasdaq Helsinki during 2024 was 17.3 (14.3) million, which accounted for 29.9 (24.7)% of all outstanding shares.

## SHAREHOLDERS

On 31 December 2024, KH Group had a total of 9,657 (11,857) shareholders. During the review period, the company received one flagging notification concerning changes in holdings in KH Group. Mikko Laakkonen announced that his holding had crossed the threshold of 10 per cent on 21 August his direct and indirect holding being 15.0% in total.

## SHARE PRICE AND TRADE VOLUME IN 2024



## 10 LARGEST REGISTERED SHAREHOLDERS ON 31 DECEMBER 2024

| Shareholders                                     | Number of shares  | % of shares and votes |
|--|-------------------|-----------------------|
| Preato Capital Ab                                | 13,490,000        | 23.23                 |
| Laakkonen Mikko Kalervo                          | 6,482,110         | 11.16                 |
| ML Stable Oy <sup>(1)</sup>                      | 2,897,268         | 4.99                  |
| Takanen Sanna Johanna                            | 1,406,000         | 2.42                  |
| Takanen Juha Petteri                             | 812,034           | 1.39                  |
| Amlax Oy   | 574,962           | 0.99                  |
| Hallqvist AB                                     | 510,000           | 0.88                  |
| Kuusisto Teppo                                   | 408,204           | 0.70                  |
| Yamada Machiko                                   | 363,395           | 0.63                  |
| Zeroman Oy                                       | 360,000           | 0.62                  |
| <b>10 largest registered shareholders, total</b> | <b>27,303,973</b> | <b>47.01</b>          |

(1) MI Stable Oy is controlled by Mikko Laakkonen.

**SHARE DISTRIBUTION 31 DECEMBER 2024**

| Number of shares               | Shareholders | % of shareholders | Number of shares  | % of shares |
|--------------------------------|--------------|-------------------|-------------------|-------------|
| 1-100                          | 1,920        | 20.48             | 8,6754            | 0.15        |
| 101-1 000                      | 4,037        | 43.08             | 2,016,643         | 3.47        |
| 1 001-10 000                   | 2,934        | 31.31             | 9,547,544         | 16.44       |
| 10 001-100 000                 | 436          | 4.65              | 11,945,520        | 20.57       |
| 100 001-                       | 45           | 0.48              | 34,482,434        | 59.37       |
| <b>Total</b>                   | <b>9,372</b> | <b>100</b>        | <b>58,078,895</b> | <b>100</b>  |
| Nominee registered             | 7            |                   | 1,582,681         | 2.73        |
| <b>Number of shares issued</b> |              |                   | <b>58,078,895</b> | <b>100</b>  |

**SHAREHOLDING BY SECTOR ON 31 DECEMBER 2024**

| Sector                               | Shareholders |            | Shares            |              |
|--------------------------------------|--------------|------------|-------------------|--------------|
|                                      | Number       | %          | Number            | %            |
| Private companies                    | 311          | 3.32       | 6,580,427         | 11.33        |
| Financial and insurance institutions | 12           | 0.13       | 420,403           | 0.72         |
| Households                           | 9,003        | 96.06      | 32,948,766        | 56.73        |
| Non-profit organisations             | 10           | 0.11       | 2,956,759         | 5.09         |
| Foreigners                           | 11           | 0.12       | 13,530,346        | 23.30        |
| <b>Total</b>                         | <b>9,372</b> | <b>100</b> | <b>56,496,214</b> | <b>97.28</b> |
| Nominee registered                   | 7            | 2.73       | 1,582,681         | 2.73         |
| <b>Number of shares issued</b>       |              |            | <b>58,078,895</b> | <b>100</b>   |





# Information to shareholders

## ANNUAL GENERAL MEETING 2025

KH Group Plc's Annual General Meeting is scheduled for Tuesday, 6 May 2025. Notice to the Annual General Meeting will be published later as a stock exchange release.

The Annual General Meeting resolves matters addressed to it on the Notice to the Annual General Meeting published according to the company's Articles of Association and on stock exchange release related to the Annual General Meeting as well as on the company's website [www.khgroup.com](http://www.khgroup.com).

## IR CONTACT

Ville Nikulainen  
CEO  
[ville.nikulainen@khgroup.com](mailto:ville.nikulainen@khgroup.com)

## KH GROUP'S FINANCIAL INFORMATION IN 2025

- Financial Statements Release for 2024 on 21 March 2025
- Business Review for January–March 2025 on 6 May 2025
- Half-Year Report for January–June 2025 on 15 August 2025
- Business Review for January–September 2025 on 31 October 2025

Cover photo: Sonja Rantakangas

Photos: Jaakko Jaskari, Aki Rask, Ilkka Vuorinen and group companies image archives

Contents: KH Group, Bravura

Design and layout: Bravura



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