blackdonuts

REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

2024

January 1 – December 31

(Translation of the Finnish original)

PERFECTING THE TIRE INDUSTRY

TABLE OF CONTENTS

1 CEO'S REVIEW

2 REPORT OF THE BOARD OF DIRECTORS

3 CONSOLIDATED FINANCIAL STATEMENTS

4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

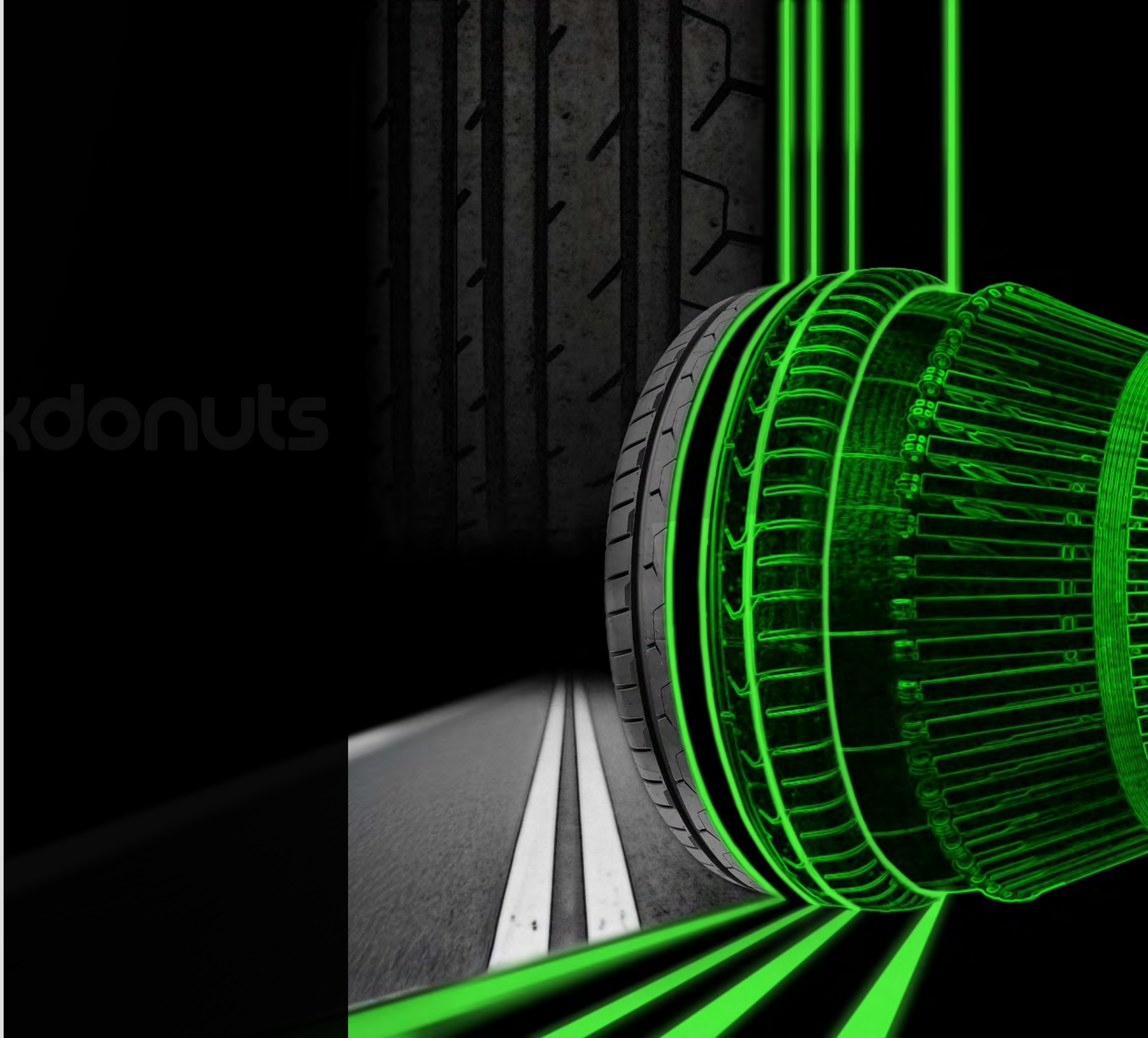
5 PARENT COMPANY'S FINANCIAL STATEMENTS

6 SIGNATURES

7 AUDITOR'S REPORT

1

CEO'S REVIEW



Kai Hauvala

Kai Hauvala

FOUNDER & CEO

Studies indicate that tire emissions from traffic can be more harmful to health than emissions from internal combustion engine cars. The wear and tear of tires and roads is increasing with the use of electric cars. Still, 60–65% of the composition of tire materials is based on fossil raw materials, and 10–15% of the microplastics in nature come from tire wear. The shelf life of tires, on the other hand, has traditionally been improved with 6PPD, which is considered very harmful to living organisms. Despite the environmental impact, the growth in traffic is driving the global tire market to a steady 3–4% annual growth.

Major tire manufacturers have announced their goal of making tires entirely from sustainable materials by 2050. However, the tire industry does not yet have any known significant solutions that have been put into production to achieve this goal.

The Black Donuts Group has long invested in tire and materials research and development. Our Materials Research Centre, which will start operating on the Tampere University campus in 2025, will accelerate both our own and our customers' research into sustainable tire materials. Our first bio-based material innovation, which is primarily used in tire treads, will also reach the stage of industrial production in the near future.

Our services and core expertise also cover the tire manufacturing process in all its details, and we design the most cost-effective and automated processes possible for our customers, also assisting in the ramp-up of production. Product and process support during production make it possible to maintain the desired standard of quality.

Throughout our history, we have been almost exclusively engaged in exports and are regularly active on four different continents. In addition to tire manufacturers, we work closely with other operators in the tire industry to be able to influence the global tire industry's transition towards a tire made entirely of sustainable materials, which tire manufacturers are aiming for.

2

REPORT OF THE BOARD OF DIRECTORS

January 1 – December 31, 2024

BLACK DONUTS GROUP'S STRATEGY AND BUSINESS OPERATIONS IN BRIEF

Since the very beginning, the Black Donuts Group's operations have been aimed at providing customers with significant added value when they manufacture high-quality tire products sustainably with cost-efficient production process.

The Group's operations have put special emphasis on commitment to sustainable development goals and the ability to enable the achievement of these goals especially through customer projects and, in the future, also through the raw material market. As part of these principles, the Group has invested in sustainable business model, product, material and production innovations.

As Black Donuts Group's strategic goal is to produce and deliver materials, services and solutions that enable the tire industry's sustainability transition globally, the Group needs to reach a wide range of industry players. To this end, the Group will launch during 2025 a unit focusing on materials research and product development to serve tire manufacturers, raw material suppliers for the rubber and tire industry, as well as its own materials research and development work.

The Group's own operations and management are continuously developed in accordance with the principles of good governance.

PERFECTING THE TIRE INDUSTRY

Fellowship | Simplicity | Responsibility | Continuous Development

blackdonuts

BECOME THE PREFERRED TECHNOLOGY PROVIDER AND ESG PARTNER IN THE INDUSTRY

WHY: ESG IMPACT

We can bring with transparency the best practices to anyone, aiming at the best for sustainability, beyond customer specifications. Design to value being part of our DNA, along with our unique combined product + process approach, we choose to minimize over-design so as to maximize sustainability of tires.

HOW: BLACK DONUTS TECHNOLOGY®

We have a unique recipe to change how the tire industry works, the most talented engineers and the best partners for everything from machinery to robotics and from materials to software. We have a unique view of all tire industry as a whole, giving us the widest experience, and allowing us to offer the most impactful innovations. This is what we call the Black Donuts Technology ®.

WHAT: SUSTAINABLE TIRES

We set up the best and efficient processes to produce the most sustainable tires, closer to their market, with cleaner energy. We are a unique ESG partner for our clients.

blackdonuts

Black Donuts Group serves its customers holistically

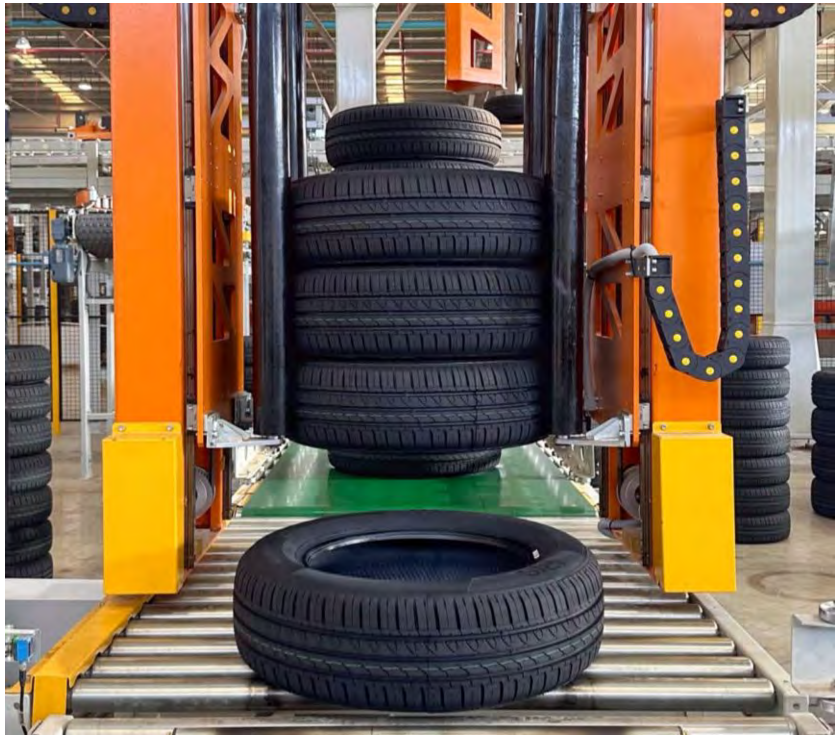
The Group offers its services globally to both existing tire manufacturers as well as new prospective tire manufacturers and other stakeholders, such as manufacturers of raw materials and suppliers of production equipment.

In the future, the customer segment will cover the rubber industry more extensively with the research and manufacture of raw materials.

- From the design and product development of a tire product and its parts to testing
- From development and expansion of existing tire production to the design, building development and start-up of new tire plants
- From the development of new responsible business model, product, material, and production innovations to their industrialization in accordance with customer needs
- In the digitalization of production to meet the special needs of the industry

Black Donuts Group's market opportunity and contribution to sustainability goals

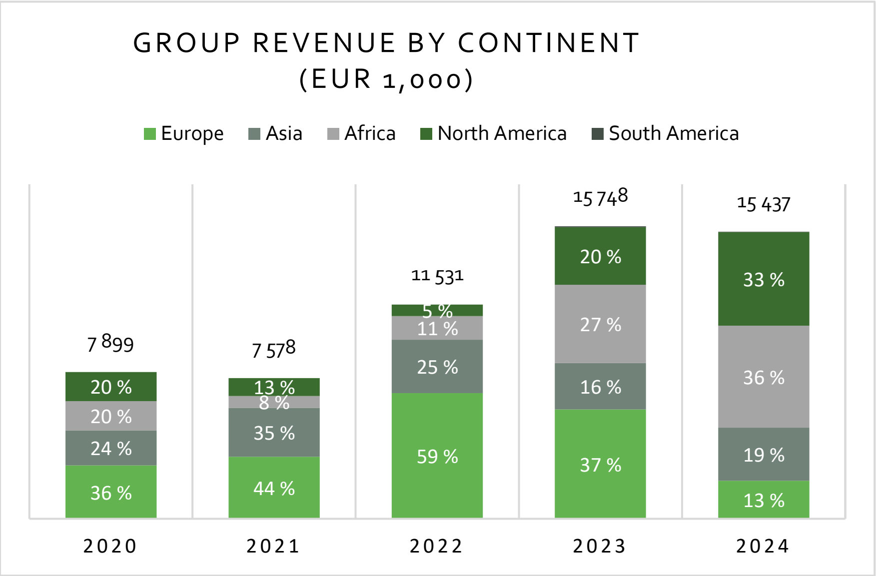
About 2,5 billion vehicle tires a year are manufactured globally, the global sales being about EUR 247 billion. There are currently about 600 tire plants. About 90% of them are plants that are over 10 years old.

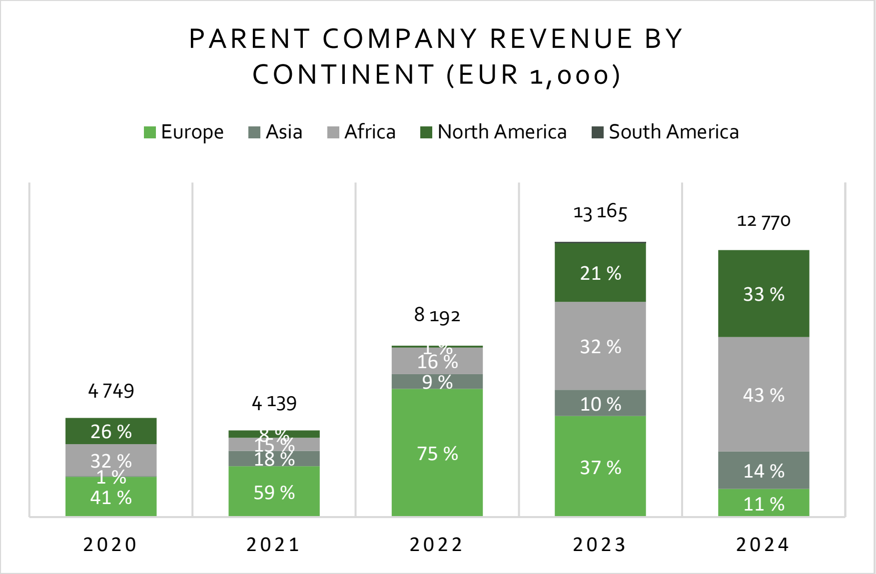


The Tier-1, Tier-2 and Tier-3 tire brands each represent about a third of the global market. The sales of Tier-3 brands increase the fastest and those of Tier-1 the slowest.

The production of the five largest manufacturers accounts for 20–30% of the global market and 40–45% of its value. The brand portfolio of the large manufacturers includes several Tier-1, Tier-2 and Tier-3 brands of different price categories. The tire manufacturing is a global industry that is predominated by the developed countries and Asia, while the Middle East and Africa are under-represented.

The oldest manufacturing capacity is found in the United States. In terms of volume, over 50% of manufacture takes place in China and South-East Asia.





Net sales accrual of Black Donuts Group and the parent company by continent, broken down by project target country, 2020–2024.

On the general level, the industry is burdened by inefficiency of production and challenges related to the circular economy, including waste tires and other waste resulting from the manufacture, the low level of automation in old plants, and harmful environmental effects caused by products.

Typically, 50–60% of the product weight are fossil raw materials. More than 10% of microplastics ending up in the seas is caused by the wear of tires. Tire wear is responsible for the majority of traffic-related particulate emissions, and due to their higher weight, electric vehicles generate more tire emissions than internal combustion engine vehicles.

The goal announced by several major tire manufacturers to make tires entirely from sustainable materials by 2050 is a true challenge without an existing solution. Globally, the use of recycled materials in tire manufacturing is only 1–2%.

Sustainable manufacture and product development are the published targets of most manufacturers. In the medium term, the manufacturers have announced that they will be drawing up strategies targeted at carbon-neutrality, implementing programs targeted at environmentally friendlier products and production, starting co-operation with various operators to study environmentally friendlier products, and joining global climate declarations and programs.

The need for new manufacturing capacity has been predicted to increase 3–4% annually in the medium term. This is partly due to the need to replace old plants with modern, cost-effective and more environmentally friendly manufacturing units and to the geopolitical reasons that have become increasingly pronounced in recent years.

The regulations related to environmental targets and international trade contribute to expediting and supporting the changes. The global sales of tires are predicted to increase to EUR 304 billion by 2026.

To achieve their sustainability targets, the manufacturers co-operate with various parties more than before and benefit from tested solutions suitable for the manufacturing process that are introduced in the market. Reaching their sustainability targets is a competitive advantage for the manufacturer and perhaps even a necessity based on customer demands and regulation.

The position of Black Donuts Group is unique and central as it co-operates both with manufacturers and suppliers of the industry.
The Group's expansion into the research and production of materials used in tires and rubber compounds aims, among other things, to reduce traffic-related particulate emissions that are harmful to health—without compromising tire performance.
Based on the current customer base, the Group has a possibility to have an effect on about 50% of global annual tire production. The prospects of indirectly influencing to the sustainability targets are thus significant, and the demand is expected to increase at a quickening pace along with the launch of the material laboratory center and bio-based material manufacture.

Business targets

Black Donuts Group's medium- and long-term business targets in the context of the expected development of the target market:

MEDIUM TERM
(4 to 6 years)

Innovations

Introduce to the market

- new bio-based raw material solutions to replace 20% of currently used fossil raw materials primarily on the tire tread and recycling solutions in non-wearing parts of the tire
- new solutions and products related to the production of tires to decrease the manufacturing wastage of raw materials and the number of waste tires
- new solutions and products related to the wear of of tires and roads and to the decrease of tire noise that enable meeting the requirements of the increasingly stringent regulation

Stakeholder groups

Establishing the growth and profitability of business on long-term and comprehensive customer partnerships and projects serving the sustainability targets

Extending partner cooperation to enable new operators who support sustainable development to enter in the industry

Target market development

Tire manufacturers have announced to be drawing up strategies targeted at carbon neutrality, to be implementing programs targeted to environmentally-friendlier products and production, to be starting co-operation with various operators to study environmentally friendlier products, and to be joining to global climate declarations and programs

Several major tire manufacturers have announced as their goal to make tires entirely from sustainable materials by 2050

LONG TERM
(10 to 12 years)

Innovations

Creating global business models and supply chains of innovations that enable sustainable tire production and business models of sustainable production

Stakeholder groups

Establishing over 50% of net sales on new, sustainable innovations introduced to the market

Target market development

Tire manufacturers' targets for the share of sustainable raw materials in a tire:

- 40% by 2030
- 100% by 2050

Overview of 2024

During the financial year 2024, the Black Donuts Group continued to advance its long-term investments as planned and invested in the development of new innovations.

The Group's strategic goal is to create an opportunity for the tire industry to operate greener, safer, more efficiently and better. The development measures and investments launched will increase the company's capabilities, expand its offerings, and enable the achievement of the following goals:

- In 2024, most of the machinery as well as premises from the Tampere University campus were acquired for the materials research center, which was designed to serve the tire and rubber industry, and the recruitment of experts necessary for the center's operational activities was launched. The center will commence its operations in the first half of 2025.
- The research and product development of a new bio-based raw material innovation progressed as planned during the financial year, aiming for the investment financing phase required for the production and commercialization of the raw material in the first half of 2025. With this innovation, the Group can significantly influence tire manufacturers' ability to reduce the amount of traffic-related tire emissions that are harmful to health.
- Sales under the BD Partnership service model accounted for 35% of the Group's total net sales. The service model enables customers to manage product and production quality goals cost-effectively through long-term partnerships.
- The ongoing streamlining of the group structure and the relocation of Black Donuts Inc's parent company's domicile from Belgium to Finland will contribute to the funding of growth projects and the development of the group's value. During financial year 2024, Black Donuts Inc. acquired a 10% minority share in the shares and votes in Black Donuts Engineering India Private Limited and holds 99% of the shares and votes in Black Donuts Engineering India Private Limited after the transaction. During financial year 2024, Black Donuts Inc. also acquired a 10% minority share in BD Testing Inc. and owns 100% of BD Testing Inc's shares and votes after the transaction.

Following the expansion of Group's business area, the trade name of Black Donuts Group's parent company was changed to better reflect our commitment to serve the tire industry holistically under one uniform brand, "Black Donuts". Black Donuts Engineering remains as the company's auxiliary trade name to denote one established area of our business.

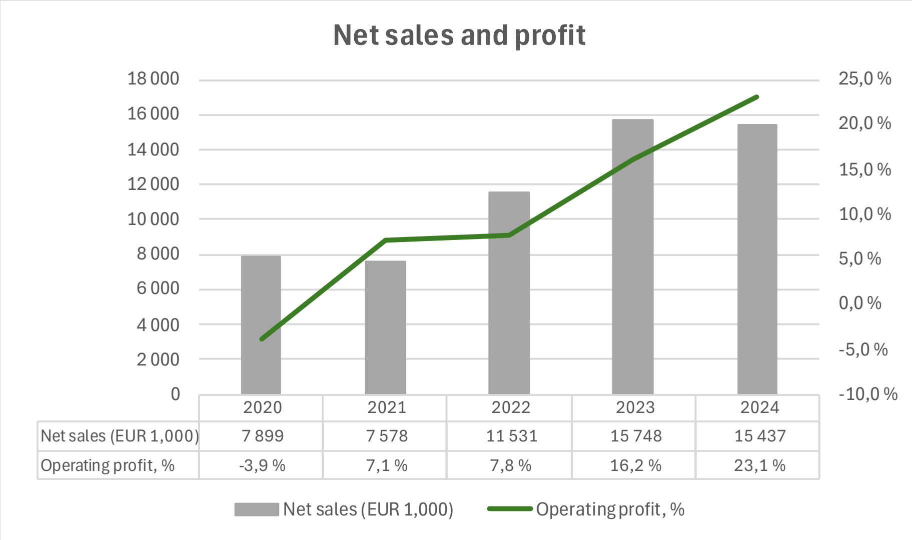
During financial year 2024, the Group served both prospective new tire manufacturers and existing manufacturers. The design and building development of new manufacturing units accounted for most of the value of total sales. In tire and material development, the requirements of electric vehicles were emphasized compared to before. The Group has also made determined efforts to increase its cooperation with machine, software and raw material suppliers, aiming at increasing added value to customers by way of more efficient, sustainable and financeable tire business.

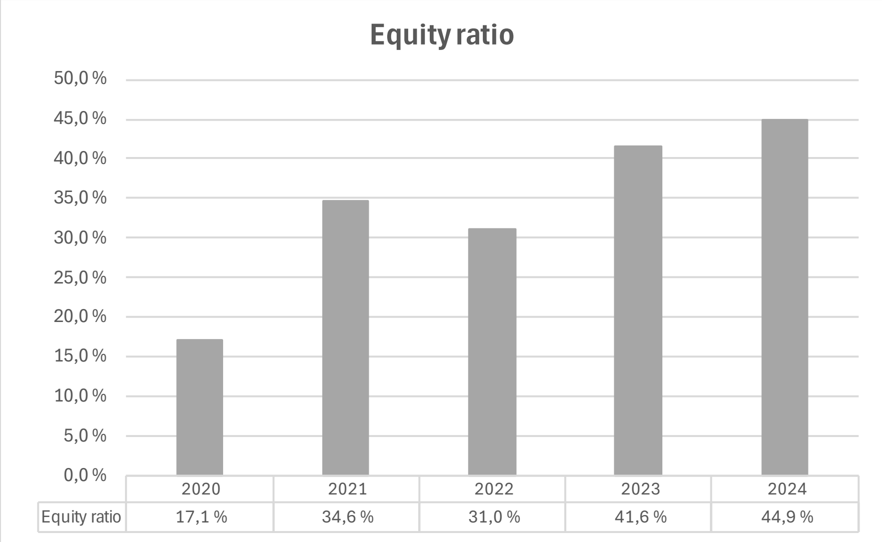
Global crises continue to cast a shadow over economic development in 2024 globally. The slowdowns in the development and growth caused by the war in Ukraine that began in 2022, and the resulting sanctions and constraints continued during 2024. Geopolitical tensions, the slowdown in project financing and the realignment of the market continued to maintain caution in terms of investments.

The climate change and the imposed sustainability targets are perceived as a global and significant factor shaping the industry in the long term, and the demand for services and products that enable sustainable production will increase at a quickening pace.

Key figures / Financial performance / Net sales

EUR 1,000	2024	2023	2022	2021	2020
Net sales	15,437	15,748	11,531	7,578	7,899
Operating profit	3,573	2,545	897	537	-306
Operating profit, %	23.1%	16.2%	7.8%	7.1%	-3.9%
Return on investment (ROI), %	25.3%	21.8%	8.8%	6.8%	-4.2%
Return on equity (ROE), %	32.1%	41.3%	16.7%	8.7%	-85.4%
Equity ratio, %	44.9%	41.6%	31.0%	34.6%	17.1%
Average number of personnel	67	58	57	56	57





Income

In 2024, the Group's net sales amounted to EUR 15.4 (2023: 15.7) million and operating profit totaled EUR 3.6 (2023: 2.5) million.

Operating profit was increased from that of the comparison period by a significant increase in the proportion of the services business compared to product sales. Sales under the BD Partnership service model accounted for 35 % of the Group's net sales.

The Group's material and service costs totaled EUR 5.4 (2023: 6.0) million for the past financial year. The decrease in expenses from the comparison period was mainly due to the decrease in product sales and, consequently, procurement, as well as the implementation phase of customer projects that involves less procurement of external services.

The Group's personnel expenses totaled EUR 6.0 (2023: 5.1) million. The Group's personnel turnover remained at a low level and the increase in costs is due to both new recruitments and the general increase in payroll costs.

Depreciation and amortization increased slightly from the comparison period and were EUR 1.0 (2023 0.5) million at the end of the financial year, mainly consisting of planned depreciation of development costs and right-of-use assets.

Other operating expenses totaled EUR 2.6 (2023: 2.4) million. The small increase compared to the financial year 2023 was mainly due to the travel volumes required by the current stage of customer projects.

Financial expenses for the financial year were EUR 0.6 (2023: 0.3) million, consisting of business credits granted by financial institutions and an investment company, mainly for a long-term, equivalent to those in the comparison period, and a long-term bank loan granted for investments.

The effects of the war in Ukraine on the Group's net result were limited and mainly visible in as prolongation of the customers' investment decisions due to the tightened financial markets and geopolitical tensions. Consequently, the development of net sales fell short of the expected level.

Financial position and liquidity

The consolidated balance sheet total at the end of the financial year that ended on December 31, 2023 was EUR 21.0 (2023: 16.0) million. Equity stood at EUR 9.4 (2023: 6.6) million. In addition, the Group had EUR 0.1 million of subordinated loans in accordance with chapter 12 of the Limited Liability Companies Act, the annual interest rate of which has been 10% starting from January 1, 2023.

The Group's equity ratio as at December 31, 2024 was 45% (42% in 2023).

The liquidity of the Group and the parent company during the financial year was sound. The Group's current assets totaled EUR 11.3 (2023: 8.3) million and current liabilities EUR 5.3 (2023: 4.9) million.

Investments

The net investments recognized in Black Donuts Group's development expenses as at December 31, 2024 totaled EUR 3.9 (2023: 3.6) million. In addition, a total of EUR 3.4 million was invested in the Materials Research Center in particular, which was recognized partly in income and partly in acquisitions of property, plant and equipment in progress. In the subsidiaries, these investments were recognized as an expense for the financial year.

In the financial year 2024, **Black Donuts Inc.** invested in:

the Materials Research Center launched in 2022, the total investment of which will be nearly EUR 5.6 million. Business Finland has granted the project NextGenerationEU funding of up to approximately €2.34 million, covering no more than 50% of the eligible total costs. The Materials Research Centre will commence its operations during the first half of 2025. The research center serves especially the research needs of the rubber and tire industry in the study of renewable and recyclable raw materials.

Development of the tire factory simulation tool, which began in 2019 and reached completion of its first development phase during the financial year. This simulation tool for the tire industry enables the study and visualization of the entire manufacturing process of a tire factory as a digital twin — from initial production to final storage.

the research and development project focusing on renewable and recycled materials, which started in 2024 as continuation to the electric car winter tire and biomaterial development projects that ended in the previous financial year.

Black Donuts Oy's Innovation and Invention Guidelines encourage the continuous development of new innovations that serve customers. Product innovations were also created during the past financial year, the commercialization of which has begun.

BD Testing Inc. specified its growth strategy during the financial year, and the investments according to it related to testing service are planned to take place in the next two financial years.

WD Racing Ltd's role as the Group's product sales hub is predicted to require investments from the company over the next two years.

Black Donuts Engineering India Limited made investments during the past financial year in the software required for its operations in order to be able to serve the needs of the Group's customer projects in the field of tire and process engineering.

Personnel

Black Donuts Inc. had an average of 56 employees (2023: 50) during the financial year 2024. Conversely, the average number of employees in the Black Donuts Group was 67 (2023: 58). At the end of 2024, we employed nearly 17% more people compared to the situation at the end of 2023. The average age of employees was 45.1 years. 91% of our employees were permanent employees and 90% full-time employees.

56
Employees (2023: 50)

91%
Permanent employees

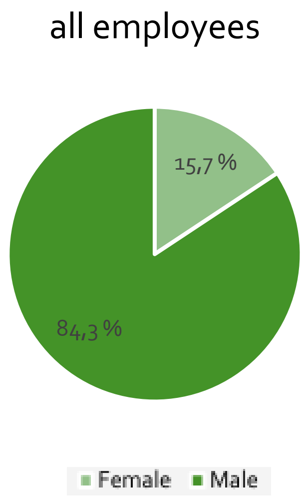
Black Donuts Group's personnel have a long experience and versatile competence in all stages of the tire life cycle, ranging from product development and manufacturing to the optimization of the use of materials and manufacturing processes, tire's recyclability, and testing of the finished tire.

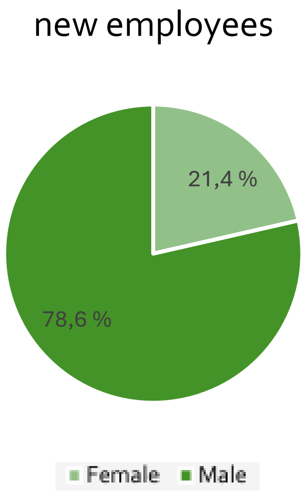
Our personnel have more than 1,000 years of work experience in the tire industry. We are constantly innovating for a greener, more efficient and cleaner future, promoting the quicker adoption of sustainable technologies.

The Group´s number of personnel has clearly been growing, and the growth is expected to continue in the future.

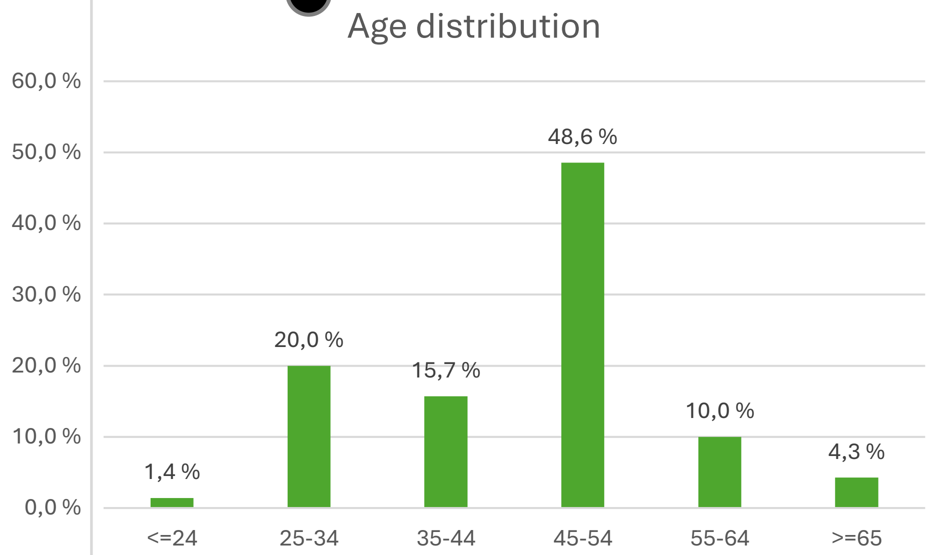
The growth of international expertise and the diversification of personnel by different nationalities accelerated in 2023 when the Group made the decision to grow special expertise in a controlled manner both via its Indian subsidiary and via recruitments made to the parent company. This diversification continued in 2024, notably with the expansion of the Indian subsidiary, which enabled us to expand our expertise especially regarding FEA (Finite Element Analysis) and truck tires. Our expertise will expand in the future, especially regarding materials development, following the launch of our new material laboratory center and development projects related to new materials.

Gender distribution of employees





Age distribution of employees



INCENTIVE SCHEMES

The key individuals of the Group companies have been committed to the company by means of shareholding arrangements in Black Donuts Inc's parent and sister company.

Shares and shareholders

The total number of shares in Black Donuts Inc. is 1,255 shares. At the end of the financial year on December 31, 2024, the company's equity stood at EUR 8.9 (2023: 6.5) million.

The company has two classes of shares that are distinct from one another as set out in the Articles of Association. Class A and Class B shares are burdened by consent and redemption clauses and Class B shares by the right to redemption as set out in the Articles of Association.

As indicated in the table below, the Belgium-based Global Tire Technologies NV held 87.49% of the Class A shares in Black Donuts Inc. and thus 91.88% of the voting rights.

The beneficial owner of Black Donuts Engineering Inc., Ari Salmivuori, indirectly held 27.54% of the company's Class A shares and 28.05% of the voting rights. The company has registered its beneficial owners in the public register maintained by the Finnish Patent and Registration Office.

The following table specifies the shareholders of Black Donuts Inc. as at December 31, 2024:

Class:	Number of shares	Number of votes	Shareholder	% of all shares	% of all votes
A	1098	2196	Global Tire Technologies NV, BE 0832.673.437	87.49	91.88
A	37	74	Ajanta Oy, FI 0781692-6	2.95	3.10
B	120	120	Fiotop Oy, FI 2403635-8	9.56	5.02
Total	**1,255**	**2,390**		**100.00**	**100.00**

Group structure

The structure of the Black Donuts Group is described in the figure below.

At the end of the financial year 2024, Black Donuts Inc. held 100% of the shares in BD Testing Inc., 99% of the shares in Black Donuts Engineering India Private Limited, and 100% of the shares in WD Racing Ltd.

At the end of the financial year 2024, the company held 100% of the voting rights in BD Testing Inc., 99% of the voting rights in Black Donuts Engineering India Private Limited, and 100% of the voting rights in WD Racing Ltd.

After its share acquisitions carried out in 2011, Black Donuts Inc. has held without interruption at least 90% of the shares in WD Racing Ltd. and BD Testing Inc. and the voting rights they carry. Black Donuts Inc. established Black Donuts Engineering India Private Limited in 2017, after which no changes have taken place in the ownership and voting rights of this subsidiary other than the acquisition of a minority shareholder's shares to Black Donuts Inc. carried out in the beginning of the financial year 2024.

Black Donuts Inc's parent company, Global Tire Technologies NV, made a decision at its Annual General Meeting of December 31, 2024 to change its domicile from Belgium to Finland, and the registration process for the relocation of domicile has commenced in Finland.

Risk factors

Black Donuts Group's key business enablers are its comprehensive know-how and extensive experience on tires and their manufacturing processes as well as the industry as a whole.

The Group's personnel and their unique way of combining various areas of expertise form an integral part of its competitive advantage. Personnel turnover has been low, so therefore the risk factors in terms of the number of personnel are mainly related to the challenges involved with recruitment brought about by the Group's growth.

The Group's recognition in the industry sector, employee satisfaction and wellbeing as well as opportunities for diverse working models have also supported international recruitments. In addition, the Group continuously invests in the development of its personnel and in the provision of tasks corresponding to their skill level and interests. In the Group's strategy, support for the innovativeness of the personnel and putting sustainability targets into practice have been highlighted as key themes.

The Group is expected to employ more experts from outside the industry in the future to support the development and commercialization of new innovations that promote sustainability goals.

The Group's principal financial risks are related to receivables and payment times in long-term projects, and securing of liquidity. Risk management is based on the knowledge of the customers and their business in particular, and on close cooperation and continuous dialogue with the customers.

The Group also seeks to maintain sufficient liquidity for unforeseen circumstances by means of a sufficiently large overdraft facility. The aim is to ensure continuity of operations under different market conditions and to support the Group's long-term strategic development.

Among the global crises, the prolongation of the war in Ukraine and geopolitical tensions has been identified as a potential risk hindering the growth of business, especially due to the tightening of financial markets.

The impact of global risks on the company's operations is reflected especially in the postponement of the customers' investment decisions and the prolongation of projects. This risk is mitigated by the geographically global location of the Group's customers and the diversity of its customer base.

From the point of view of the Group's management, business risks are also controlled through various processes.

Black Donuts Inc. has in place quality management and environmental systems audited in accordance with the ISO 9001 and 14001 standards, a whistleblowing channel and customer identification processes, as well as data security guidelines and Code of Conduct, which the personnel has been trained on and committed to. BD Testing Inc. is an accredited (ISO 17025) testing laboratory, and a similar standard will be applied in Black Donuts Inc's new Materials Research Center.

Outlook for 2025

During the current financial year, the Group will continue to take measures to achieve its sustainable business goals, serving the global tire industry and expanding its customer segment in the rubber industry.

Black Donuts Group wants to be a pioneer in the development of more environmentally friendly products and production and will open its own Materials Research Center during the first half of 2025 to create competitive advantage both for the Group and for its stakeholders. The Group also aims to complete a project plan for the commercialization of its renewable raw material innovation during the current financial year. With this innovation, the Group can influence tire manufacturers' ability to reduce the amount of traffic-related tire emissions harmful to health.

The prolongation of the war in Ukraine and the resulting global uncertainty in the financial market, the sanctions and restrictions imposed as well as geopolitical tensions can affect the Group's business as factors slowing down growth. However, partly the same risk factors also contribute to the relocation of manufacturing, which is also supported by the pronounced sustainable development targets. The need for new manufacturing capacity and new products is also pronounced following the increase in sales of Tier-3 brands.

The simplification of the Group's structure and the clarification of ownership structures will continue during the current financial year. The relocation of Black Donuts Inc's parent company, Global Tire Technologies NV, to Finland during the current financial year is expected to improve the financeability of the Group's growth. The parent company's Extraordinary General Meeting decided on the relocation of domicile on December 31, 2024 and the relocation will take effect once it has been registered in Finland. The registration will be initiated by the end of June 2025. After its move, the parent company will continue its operations as a provider of group administration services.

The Group has not had any major events differing from the normal course of business after the end of the financial year.

Board of Directors’ proposal for distributing profits

In the medium term, Black Donuts Inc. will focus on the productization and commercialization of new, sustainable innovations and the significant growth they enable. The company does not expect to pay any dividends in the short term. Black Donuts Inc’s distributable funds as at December 31, 2024 amounted to EUR 5.0 million, of which the net result for the financial year 2024 was EUR 2.5 million. The Board of Directors proposes to the general meeting of shareholders that no dividend be paid for the financial year January 1 – December 31, 2024, and that the profit for the financial year be carried over to the retained earnings.

Board of Directors, CEO and auditors

The Board of Directors and CEO

The Board of Directors of Black Donuts Inc. during the financial year January 1 – December 31, 2024 comprised Matti Manner (Chair), Raif Nisametdin, Panu Paappanen and Arto Martonen. In accordance with the decision of the Annual General Meeting held on 31st May 2024, the term of the Board of Directors will continue up until the Annual General Meeting held in the spring of 2025.

Kai Hauvala serves as the company’s President and CEO.

Auditors

The audit firm Ernst & Young serves as the auditor of the company and its Finnish subsidiaries, with Juha Hilmola, Authorised Public Accountant, serving as the auditor-in-charge. Juha Hilmola has been registered in the register of auditors pursuant to the Auditing Act.

3

CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31, 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Net sales	3	15,436,569	15,748,151
Capitalization of development expenditure	4	913,059	2,425,079
Variation in stocks of finished goods and in work in progress	16	0	-1,797,850
Other operating income	5	2,199,066	241,178
Raw materials and services	6	-5,398,503	-6,042,897
Employee benefit expenses	7	-6,004,614	-5,139,481
Depreciation, amortization and impairment	9	-964,038	-531,118
Other operating expenses	8	-2,608,657	-2,358,447
Operating profit (loss)		**3,572,882**	**2,544,615**
Financial income	10	133,560	18,791
Financial expenses	10	-585,749	-309,208
Profit (loss) before taxes		**3,120,694**	**2,254,198**
Income taxes	11	-571,210	5,606
Net profit for the financial year		**2,549,483**	**2,259,804**
Other comprehensive income items			
Items that may be reclassified subsequently to profit or loss			
Translation differences		4	-4,220
Total comprehensive income for the financial year		**2,549,488**	**2,255,584**
Profit for the financial year attributable to			
Owners of the parent		2,549,483	2,261,208
Non-controlling interests		0	-1,403
		2,549,483	**2,259,804**
Comprehensive income attributable to			
Owners of the parent		2,549,488	2,259,579
Non-controlling interests		0	-3,995
		2,549,488	**2,255,584**

CONSOLIDATED BALANCE SHEET

EUR	Note	Dec 31, 2024	Dec 31, 2023
ASSETS			
Non-current assets			
Goodwill	13	926,507	926,507
Development expenses	12	3,922,376	3,602,050
Other intangible assets	12	8,862	11,088
Property, plant and equipment	14	428,362	413,267
Advance payments and work in progress	14	1,742,893	0
Right-of-use assets	15	808,896	848,185
Leasing receivables	15	1,619,071	1,664,602
Non-current receivables	18	265,391	265,571
Total non-current assets		**9,722,358**	**7,731,271**
Current assets			
Inventories	16	652,264	1,005,752
Trade receivables	17	5,928,857	5,288,969
Receivables from Group undertakings	27	30,417	0
Leasing receivables	15	308,087	197,149
Other receivables	18	3,292,805	1,359,427
Cash assets	19, 22	1,092,435	437,737
Total current assets		**11,304,864**	**8,289,033**
Total assets		**21,027,223**	**16,020,304**

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	Dec 31, 2024	Dec 31, 2023
Shareholders' equity			
Share capital	21	2,500	2,500
Invested unrestricted equity reserve	21	5,869,380	5,869,380
Retained earnings	21	3,478,405	676,828
Non-controlling interests		0	10,040
Total shareholders' equity		**9,350,285**	**6,558,748**
Non-current liabilities			
Subordinated loans	20, 23	100,000	100,000
Loans from financial institutions	20, 23	2,553,268	0
Other interest-bearing liabilities	20, 23	1,304,890	1,852,423
Loan from government	20, 23	582,673	508,748
Lease liabilities	15, 20, 23	1,618,992	2,013,872
Deferred tax liabilities	20, 23	123,910	58,250
Other non-current liabilities	24	99,255	0
Total non-current liabilities		**6,382,987**	**4,533,293**
Current liabilities			
Loans from financial institutions	20, 23	0	333,292
Other interest-bearing liabilities	20, 23	247,699	0
Loan from government	20, 23	820,464	434,982
Lease liabilities	15, 20, 23	497,515	420,188
Trade payables	20, 23	842,530	945,629
Other current liabilities	20, 23, 24, 27	2,885,743	2,794,171
Current liabilities		**5,293,950**	**4,928,262**
Total liabilities		**11,676,937**	**9,461,556**
Total shareholders' equity and liabilities		**21,027,223**	**16,020,304**

CONSOLIDATED CASH FLOW STATEMENT

EUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Cash flows from operating activities		
Profit/loss for the period	2,549,483	2,259,804
Adjustments		
Depreciation and amortization	964,038	531,118
Other non-cash transactions	19,776	125,421
Interest and other financial expenses	575,026	309,208
Interest income	-86,137	-18,791
Income taxes	571,210	-5,606
Change in net working capital		
Change in trade and other receivables	-2,654,024	-1,149,845
Change in inventories	353,487	1,825,441
Change in trade payables and other liabilities	-478,671	-69,133
Interests paid	-646,962	-107,272
Interests received	80,993	6,338
Income taxes paid	-9,400	-28,187
Cash flow from operating activities	**1,238,820**	**3,678,497**
Cash flows from investments		
Investments in tangible and intangibles assets	-2,819,304	-2,508,337
Loans extended	-64,393	11,389
Cash flow from investments	**-2,883,697**	**-2,496,948**
Cash flows from financing activities		
Withdrawals of non-current loans	3,353,268	200,132
Repayments of loans	-601,344	-1,087,500
Payment of lease liabilities	-452,349	-279,458
Dividends paid	0	-23,108
Cash flow from financing activities	**2,299,575**	**-1,189,934**
Change in cash and cash equivalents	**654,698**	**-8,385**
Cash and cash equivalents at year start	437,737	446,122
Change	654,698	-8,385
Cash and cash equivalents at year end	1,092,435	437,737

STATEMENT OF CHANGES IN EQUITY

EUR	Share capital	Invested unrestricted equity reserve	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity at Jan 1, 2024	**2,500**	**5,869,380**	**-30,779**	**707,606**	**10,040**	**6,558,748**
Comprehensive income						
Profit (loss) for the year	0	0	0	2,549,483	0	2,549,483
Other comprehensive income items						
Translation differences	0	0	5	0	0	5
Total comprehensive income for the financial year	**0**	**0**	**5**	**2,549,483**	**0**	**2,549,488**
Transactions with owners						
Dividend distribution	0	0	0	0	0	0
Other changes and adjustments	0	0	0	252,089	-10,040	242,050
Total transactions with owners	**0**	**0**	**0**	**252,089**	**-10,040**	**242,050**
Equity at Dec 31, 2024	**2,500**	**5,869,380**	**-30,774**	**3,509,179**	**0**	**9,350,285**

EUR	Share capital	Invested unrestricted equity reserve	Translation differences	Retained earnings	Non-controlling interests	Total equity
Equity at Jan 1, 2023	**2,500**	**5,869,380**	**-26,558**	**-1,516,109**	**67,878**	**4,397,090**
Comprehensive income						
Profit (loss) for the financial year	0	0	0	2,261,208	-1,403	2,259,804
Other comprehensive income items						
Translation differences	0	0	-1,628	0	-2,592	-4,220
Total comprehensive income for the financial year			**-1,628**	**2,261,208**	**-3,995**	**2,255,584**
Transactions with owners						
Dividend distribution	0	0	0	0	0	0
Other changes and adjustments	0	0	-2,592	-37,492	-53,843	-93,926
Total transactions with owners	**0**	**0**	**-2,592**	**-37,492**	**-53,843**	**-93,926**
Equity at Dec 31, 2023	**2,500**	**5,869,380**	**-30,779**	**707,606**	**10,040**	**6,558,748**

4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31, 2024

1. GROUP BASIC INFORMATION

Black Donuts Inc. (hereinafter “BD” or the “company”) is a Finnish limited liability company established under the laws of Finland in 2010 with the business identity code 2352555-5. The company’s registered office is located in Tampere, and its registered address is Myllyhaantie 6, 33960 Pirkkala, Finland. A copy of the consolidated financial statements is available at Myllyhaantie 6, 33960 Pirkkala, Finland.

The Black Donuts Group serves its customers holistically

- from the design and product development of a tire product and its parts to testing;
- from development and expansion of existing tire production to the design, building development and start-up of new tire plants;
- from the development of new sustainable business model, product, material and production innovations to the productionization of products to meet the customers’ needs; and
- in the digitalization of production to meet the special needs of the industry.

The Group offers its services globally to both existing tire manufacturers as well as new prospective tire manufacturers and other stakeholders, such as manufacturers of raw materials and suppliers of production equipment.

2. ACCOUNTING BASIS

The consolidated financial statements for the financial year ended on December 31, 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations (IFRIC) in force on December 31, 2024. The financial statements are in accordance with the IFRS standards issued by the International Accounting Standards Board (IASB). The notes to the consolidated financial statements have also been prepared in accordance with the requirements of the Finnish Accounting Act and the Limited Liability Companies Act.

The financial statements have been prepared on a historical cost basis, with the exception of lease liabilities and right-of-use assets, which are discounted at the present value.

The company's financial statements are presented in euros, which is the company's functional and presentation currency. The figures presented in these financial statements have been rounded off from exact figures and therefore the sums of individual figures may differ from the sum figures disclosed in the tables. Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate of the transaction date.

ACCOUNTING PRINCIPLES REQUIRING MANAGEMENT DISCRETION

The preparation of financial statements in accordance with IFRS requires the management to exercise discretion regarding the choice and application of accounting policies. Furthermore, the management has had to make forward-looking accounting estimates and assumptions that may affect the amounts of assets, liabilities, income and expenses recognized during the reporting period, the outcomes of which may differ from these estimates.

The discretionary decisions made by the management of the Black Donuts Group in applying the accounting policies that have the greatest impact on the figures presented in the financial statements concern the following areas:

- Recognition of net sales as revenue: determination of performance obligations and stand-alone selling prices and method of revenue recognition over time (Note 3 Net sales)
- Goodwill impairment testing: forecasts and the parameters used in the projections (Note 13 Goodwill and impairment testing)
- Treatment of leases: estimates of lease term and incremental borrowing rate (Note 15 Leases)
- Recognition of expected credit losses (Note 17 Trade receivables)

APPLIED STANDARDS AND INTERPRETATIONS

On January 1, 2024, the Group adopted the following amended standards. The adoption of the amendments had no material effect on the consolidated financial statements

- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The reforms require entities to disclose certain information on supplier financing arrangements. In addition, there are changes to the requirements concerning disclosures in the notes, but they will not affect recognition or measurement.

- Amendment to IFRS 16 Leases regarding lease liabilities in sale and leaseback arrangements. The reforms require the seller-lessee to determine the variable lease payments in such a way that the seller-lessee does not recognize a profit or loss on the part that is related to the right of use remaining with the seller-lessee.

- Amendment to IAS 1 Presentation of Financial Statements, which further specifies the requirements related to the classification of liabilities into current and non-current items.

- Amendment to IAS 1 Presentation of Financial Statements regarding non-current liabilities with covenants. The amendments will improve the information provided by a company when the fulfilment of covenants is a prerequisite for a company's right to postpone the repayment of a debt.

PUBLISHED AMENDED IFRS STANDARDS THAT ARE NOT YET IN FORCE

The following amended IFRS standards are not yet in force and will be adopted in the financial year beginning on January 1, 2025 or later. The company will adopt them as of the effective date of each standard of interpretation or, if the effective date is not the first day of the financial year, as of the beginning of the next financial year following the effective date, provided they have been endorsed for use in the EU. Only the most significant amendments for the Group have been included in the summary below. The management does not expect the amendments to have any material impact on the Group's financial statements in the coming reporting periods:

- Amendment to IAS 21 Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability. The reforms require entities to assess when a currency is exchangeable to another currency and when it is not. The reforms require entities to use prudent exchange rates when it assesses that a currency is not exchangeable to another currency.

CONSOLIDATION PRINCIPLES

SUBSIDIARIES

The consolidated financial statements include the parent company Black Donuts Inc. and all its subsidiaries over which the parent company has control. Control arises when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intra-Group shareholding has been eliminated using the acquisition method. Acquired subsidiaries are consolidated from the moment the Group acquires control and transferred subsidiaries are consolidated until control ceases. All intra-Group transactions, receivables, liabilities and unrealized profits and internal distribution of profit are eliminated in preparing the consolidated financial statements. Where necessary, the accounting policies of subsidiaries have been amended in the consolidation to reflect the accounting principles of the consolidated financial statements.

Non-controlling interests in the acquiree are measured either at fair value or pro rata to their proportional share of the acquiree's identifiable net assets. The measurement principle is determined separately for each acquisition. The treatment of the goodwill arising from the acquisition of subsidiaries is described in Note 13. Goodwill and impairment testing.

The distribution of net profit or loss for the period to the parent company owners and non-controlling interests is disclosed in the statement of comprehensive income. The distribution of comprehensive income to the parent company owners and non-controlling interests is disclosed in the statement of comprehensive income.

The net profit or loss and comprehensive income for the financial year are allocated to the owners and non-controlling interests of the parent, even if this resulted in the non-controlling interests having a negative share. The share of equity attributable to non-controlling interests is presented as a separate item on the balance sheet under shareholders' equity. Changes in the parent company's holdings in a subsidiary that do not result in the loss of control are treated as equity transactions.

ITEMS DENOMINATED IN FOREIGN CURRENCIES

The figures concerning the profit and loss and financial position of the Group's units are measured in the currency that is the currency of the principal operating environment of each unit ('functional currency'). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company.

Transactions denominated in foreign currencies are recorded in the functional currency using the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the end of the reporting period. Gains and losses arising from foreign currency transactions and the translation of monetary items are measured through profit or loss and recognized in the income statement financing items.

The income and expense items in the income statements of foreign Group companies are translated into euros at the average exchange rate of the financial year and the balance sheets at the exchange rate of the closing date of the financial year. The translation of the net result and comprehensive income for the financial year at different rates in the statement of comprehensive income and balance sheet results in a translation difference recognized in shareholders' equity on the balance sheet, the change of which is recognized in other comprehensive income.

3. NET SALES

The table below presents a breakdown of the Group's net sales by the customers' domicile.

Breakdown of net sales by market area	2024	2023	2022
Finland	50,408	579,358	41,321
Europe	2,200,499	5,770,245	6,850,976
Africa	5,505,256	4,220,350	1,276,428
South America	0	54,000	0
North America	5,049,552	2,598,400	533,187
Asia	2,630,854	2,525,799	2,828,975
Total net sales	15,436,569	15,748,151	11,530,887

Breakdown of net sales	Revenue recognition	2024	2023	2022
Delivery and design projects	Over time	12,737,005	9,007,244	7,633,947
Component sales	At a point of time	2,241,888	5,838,410	3,401,136
Testing services	Over time	457,676	902,498	495,804
Total net sales		15,436,569	15,748,152	11,530,887

Share of partially or fully unrecognized performance obligations of delivery and design projects	2024	2023	2022
Less than 1 year	4,437,440	6,969,812	6,551,726
Over 1 year	1,350,983	4,863,966	912,000
	5,788,423	11,833,778	7,463,726

REVENUE RECOGNITION PRINCIPLE FOR SALES

Black Donuts Group applies the IFRS 15 Revenue from Contracts with Customers standard. Sales revenue is recognized up to the amount expected to be received from customers as consideration for the delivery of a product or service. Sales revenue is recognized when control of the product has been transferred or the service has been delivered to the customer. Revenue is recognized either at a point in time or over time. These principles are applied following a five-step guideline:

1. Identification of the contract,
2. Identification of performance obligations,
3. Determination of the transaction price,
4. Allocation of the transaction price to performance obligations, and
5. Sales revenue recognition

The net sales of the Black Donuts Group are primarily classified into three categories for revenue recognition:

1. Delivery and design projects, which involve a fixed-price contract with the customer. Revenue is primarily recognized over time based on the percentage of completion, and the percentage of completion is assessed based on output or input.
2. Component sales, in which revenue is recognized at a point in time once the goods have been delivered to the customer.
3. Testing services, which are recognized over time.

RECOGNITION OF REVENUE OVER TIME

The Group typically fulfils its performance obligation over time while working in the customer's project, either because the customer simultaneously obtains benefits from the work performed by Black Donuts Group (testing services) or, in most cases, because the outcome of the work is such that there is no alternative use for the performance received (delivery and design projects).

The criteria for revenue recognition over time are met in Black Donuts Group's delivery and design projects, which are service packages tailored for a specific customer. The Group's contracts with customers often aim at a single outcome from the customer's point of view, such as a new or revised tire model, production line or production unit. In such cases, the performance obligation is the service package promised in the customer contract or a clearly separable sub-package, and the services and goods and/or separate service packages indicated in the contracts are considered to aim at fulfilling the service package or sub-package indicated in the contracts. The Group delivers the specified plans, technologies and equipment to the customer as part of the deliveries of service packages. The deliveries may also include consulting, training, testing, installation supervision and other auxiliary services.

In measuring the percentage of completion of projects recognized over time, the Group applies a revenue recognition method in which the percentage of completion is measured based on output (achievement of milestones) or input. Prices corresponding to their value are defined for the services in the milestones. In the case of fixed-price contracts, the customer pays fixed consideration according to a payment schedule based on work phases, which are generally tied to services defined in the contract. The method is estimated to result in a revenue recognition model that best describes the transfer of control associated with the outputs to the customer. The revenue recognition is based on the value generated for the customer from the delivered products and services.

In on-going projects recognized over time, prepayments are recognized as payments received to the net sales associated with customer contracts. At the end of the reporting period, the accumulated costs are compared with the project forecast and the net sales are adjusted to correspond to the amount of services provided. A receivable associated with customer contracts is recognized to the extent that the recognized amount exceeds the payments received. A debt associated with customer contracts is recognized to the extent that the recognized amount falls below the payments received.

In consulting and design projects and testing services that can be charged at agreed hourly rates, sales revenue from the service provided is recognized up to the amount at which the Group has the right to charge the customer.

RECOGNITION OF REVENUE AT A POINT IN TIME

When the Group delivers components, equipment or wear or spare parts to customers, sales revenue is recognized when control is transferred to the customer, i.e. usually based on delivery or commissioning.

VARIABLE CONSIDERATION

With regard to contracts involving variable consideration, such as rebates or incentives, the Group always uses the most probable amounts. With regard to projects recognized as revenue based on the percentage of completion, variable consideration is only taken into account when it is probable that it will materialize. In case of an incentive or performance-based success reward, this leads to a positive adjustment to net sales when it is added to the revenue recognition calculation. Correspondingly, negatively changed amounts lead to a negative entry in revenue recognition immediately when they are probable. All variable consideration is regularly assessed and, at the minimum, in conjunction with reporting.

WARRANTY

The company's delivery and design projects do not usually include service warranties. The liability for defects specified in the contracts is limited in duration and in terms of amounts. A warranty provision is recognized in case of a warranty that is only intended to assure the compliance of the product with the agreed functionalities and the customer would not otherwise be able to obtain warranty, i.e. it is not a separate performance obligation.

ACCOUNTING POLICIES REQUIRING MANAGEMENT DISCRETION AND KEY FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

The preparation of financial statements in accordance with IFRS requires the management to exercise discretion regarding the choice and application of accounting policies. Furthermore, the management has had to make forward-looking accounting estimates and assumptions that may affect the amounts of assets, liabilities, income and expenses recognized during the reporting period, the outcomes of which may differ from these estimates.

The estimates and assumptions are based on historical knowledge and other justifiable assumptions which are considered to be reasonable at the time of preparing the financial statements. It is possible that the actual outcomes deviate from the estimates used in the financial statements. The uncertainties associated with the estimates and assumptions made which can cause a significant risk of a change in the carrying amounts of assets and liabilities relate to the following items:

The assessment of the criteria for revenue recognition over time requires discretion in determining the Black Donuts Group's existing right to payment for the performance provided by the time of review. In addition, discretion is required in recognizing revenue over time, because it is based on expected sales revenue and measurement of the percentage of completion. The amount of variable consideration is estimated based on the most probable amount. In addition, any project loss provisions and changes in the accrual of project expenses are based on management discretion.

4. CAPITALIZATION OF DEVELOPMENT EXPENDITURE

Capitalized development expenses on the balance sheet are comprised of the following items:

EUR	2024	2023
Personnel expenses	237,807	703,309
Purchases & External services	522,655	1,594,984
Other expenses	152,597	126,785
Total	**913,059**	**2,425,079**

5. OTHER OPERATING INCOME

EUR	2024	2023
IFRS 16 income	0	3,127
Public grants	2,190,998	237,502
Other income	8,069	550
Total	**2,199,066**	**241,178**

Other operating income is comprised of public grants and other income. Public grants includes grants that have been received as compensation for previously realized expenses, and they are recognized through profit or loss for the period during which the right to the grant arises. Other income consists of other minor operating income.

6. MATERIALS AND SERVICES

EUR	2024	2023
Materials, goods and supplies		
Purchases during the financial year	3,277,565	3,830,000
Change in inventories	353,487	121,222
External services	1,767,451	2,091,675
Total	**5,398,503**	**6,042,897**

Materials and services are comprised of purchases, change in inventories and external services. Expenses are recognized as expenses for the financial year in accordance with the accrual principle when they are incurred and when the related sales are recognized.

7. EMPLOYEE BENEFIT EXPENSES

EUR	2024	2023
Wages and salaries	4,975,326	4,214,973
Pension expenses – defined contribution plans	855,320	742,691
Other social security expenses	173,967	181,816
Total	**6,004,614**	**5,139,481**

	2024	2023
Group's personnel on average during the financial year	67	58

EMPLOYEE BENEFITS

The expense based on the work performance during the period is recognized through profit or loss and disclosed in employee benefit expenses for the period during which the services associated with the expenses are performed. Expenses based on previous work performance are recognized as expenses through profit or loss at the earlier of when the change or curtailment takes place or the entity recognizes the related restructuring expenses or benefits associated with the termination of employment. Information about management remuneration is disclosed in Note 27 on related-party transactions.

PENSION OBLIGATIONS

The Group's pension schemes are defined contribution schemes, and the payments related to them are recognized as an expense in the income statement for the financial year the payment relates to. The Group has no legal or constructive obligation to make additional payments if the payment recipient is unable to pay the pension benefits concerned.

SHARE-BASED PAYMENTS

The Group has not had any share-based payment schemes pursuant to IFRS 2.

8. OTHER OPERATING EXPENSES

EUR	2024	2023
Facility expenses	57,696	68,933
IT expenses	338,568	296,256
Marketing and communications expenses	171,507	180,771
Travel and entertainment expenses	1,043,253	805,554
Voluntary employee expenses	209,134	152,874
Research and development expenses	317,289	195,502
Administrative services	479,399	429,327
Impairment of trade receivables and recovered credit losses	-48,631	224,304
Other expenses	40,443	4,926
Total	**2,608,657**	**2,358,447**

AUDITORS' FEE

EUR	2024	2023
Ernst & Young Oy		
Audit fee	45,474	52,950
Other fees	0	0
Total	**45,474**	**52,950**

9. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

EUR	2024	2023
Development expenses	592,733	173,629
Amortization of other intangible assets	2,909	22,964
Property, plant and equipment	99,923	76,087
Amortization of right-of-use assets	268,473	258,438
Total	**964,038**	**531,118**

11 FINANCIAL INCOME AND EXPENSES

Financial income, EUR	2024	2023
Interest and other financial income	85,888	18,791
Foreign currency gains	47,672	0
Total	**133,560**	**18,791**

Financial expenses, EUR		
Interest expenses	348,498	275,289
Interest expense on lease liabilities	85,603	33,418
Other financial expenses	151,648	501
Total	**585,749**	**309,208**

Interest and other financial income mainly consist of financial income arising from leasing in accordance with IFRS 16. Foreign currency gains include exchange rate differences arising in the IFRS 16 treatment. Interest expenses mainly consist of interest expenses on financial liabilities. Interest expenses on lease liabilities include interest expenses related to the IFRS 16 treatment. Other financial expenses mainly consist of a guarantee commission. Financial expenses are also discussed in Note 20. Management of financing risks.

11. INCOME TAXES

EUR	2024	2023
Taxes recognized through profit or loss	-577,713	-6,289
Taxes related to previous financial years	-26	0
Change in deferred taxes	6,529	11,896
Total	**-571,210**	**5,606**

Reconciliation of tax expense on the income statement and taxes calculated using the tax rate of the home country:

EUR	2024	2023
Profit before taxes	3,120,694	2,312,371
Income tax at the Finnish tax rate, 20%	-624,139	-462,474
Non-deductible expenses and non-taxable income	75,297	1,498
Difference between foreign tax rates and the Finnish tax rate	-146	-391
Deferred taxes not recognized in the result for the financial year	32,342	470,610
Other items	-54,565	-3,636
Income taxes on the income statement	**-571,210**	**5,606**

TAXES BASED ON THE TAXABLE INCOME FOR THE PERIOD AND DEFERRED TAXES

The tax expense is comprised of tax based on the taxable income for the period and deferred taxes. Taxes are recognized through profit or loss, except when they are directly associated with items recognized in equity or other comprehensive income. In this case, the tax is also recognized in the items concerned. The Group has not recognized income taxes in other comprehensive income.

The tax based on the taxable income for the period is calculated from the taxable income based on each country's valid tax rate or tax rate that has been practically approved by the closing date. The Group offsets tax assets and liabilities based on the taxable income for the period if and only if the Group has a legally enforceable right to offset the items with each other and the Group intends to either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred taxes are calculated based on temporary differences between the carrying value and value in taxation. However, deferred tax liabilities are not recognized for the initial recognition of goodwill or if it is due to the initial recognition of an asset or liability when it is not a business combination and the transaction will not have an impact on the result of accounting or taxable income at the time of its materialization.

Changes in deferred taxes	**Jan 1, 2024**	**Recognized through profit or loss**	**Dec 31, 2024**
		6,529	
Right-of-use assets	3,075		-547,211
IFRS16 Subletting arrangement	-58,250		423,301
Other	34,143		40,062
Total*	**-21,033**	**6,529**	**-83,848**

* EUR 69,344 recorded against retained earnings. Further information in note LT 21 Share capital and equity reserves.

Changes in deferred taxes	**Jan 1, 2023**	**Recognized through profit or loss**	**Dec 31, 2023**
Right-of-use assets	1,221	1,854	3,075
IFRS16 Subletting arrangement	-62,267	4,017	-58,250
Other	29,485	4,658	34,143
Total	**-31,561**	**10,529**	**-21,033**

CONFIRMED LOSSES

Tax losses and temporary differences for which no deferred tax asset has been recognized:

EUR	2024	2023
Unused tax losses	0	2,020,336
Total	**0**	**2,020,336**

Confirmed losses expire in 10 years. Tax losses expire as follows:

EUR	2024	2023
Expires within five years	0	0
Expires later than within five years	0	2,020,336
Total	**0**	**2,020,336**

The unconfirmed tax loss for 2024 for the Group’s companies is the total of EUR 2,707 (2023: EUR 339,000).

12. INTANGIBLE FIXED ASSETS

EUR

Intangible rights	Goodwill	Development expenses	Other intangible assets	Total
Acquisition cost at Jan 1, 2024	926,507	7,339,429	308,332	8,574,267
Increases		913,059	683	913,741
Acquisition cost at Dec 31, 2024	926,507	8,252,487	309,014	9,488,009
Accumulated depreciation and amortization at Jan 1, 2024	0	-3,737,379	-297,243	-4,034,623
Depreciation and amortization for the financial year	0	-592,733	-2,909	-595,642
Accumulated depreciation and amortization at Dec 31, 2024	0	-4,330,112	-300,152	-4,630,264
Carrying amount at Jan 1, 2024	926,507	3,602,050	11,088	4,539,645
Carrying amount at Dec 31, 2024*	**926,507**	**3,922,375**	**8,862**	**4,857,745**

Intangible rights	Goodwill	Development expenses	Other intangible assets	Total
Acquisition cost at Jan 1, 2023	926,507	4,914,350	294,471	6,135,328
Increases	0	2,425,079	13,861	2,438,939
Acquisition cost at Dec 31, 2023	926,507	7,339,429	308,332	8,574,267
Accumulated depreciation and amortization at Jan 1, 2023	0	-3,563,750	-274,280	-3,838,029
Depreciation and amortization for the financial year	0	-173,629	-22,964	-196,593
Accumulated depreciation and amortization at Dec 31, 2023	0	-3,737,379	-297,243	-4,034,623
Carrying amount at Jan 1, 2023	926,507	1,350,600	20,191	2,297,299
Carrying amount at Dec 31, 2023	**926,507**	**3,602,050**	**11,088**	**4,539,645**

ACCOUNTING PRINCIPLE

Intangible assets are comprised of goodwill, development expenses and other intangible assets, which are mainly comprised of software and licenses. The principles of recognizing and measuring goodwill are described in Note 13.

Development expenses and other intangible assets are initially recognized on the balance sheet at acquisition cost if the acquisition cost can be reliably determined and it is likely that the expected future benefit from the asset will benefit the Group. The residual value of the asset, economic useful life and amortization method are revised at the minimum at the end of each financial year and, if necessary, adjusted to illustrate the changes in the expectations of economic benefit.

*At the end of the financial year, the Group has capitalized development costs of EUR 555,000 from unfinished projects, on which no depreciation has been initiated.

At the end of the financial year, development costs include EUR 244,000 in capitalized debt expenses.

RESEARCH AND DEVELOPMENT EXPENSES

Research expenses are recognized through profit or loss. Development expenses arising from the design of new or significantly improved products or services are capitalized on the balance sheet as intangible assets when:

- the expenses of the development phase can be reliably determined
- the completion of the asset is technically feasible
- the Group can use or sell the asset
- the Group can prove how the asset will provide it with probable future economic benefit
- the Group intends to, and has the resources to, complete the development work of the asset

Capitalized development expenses include the material, labor and testing expenses and any capitalized debt expenses which are directly caused by the completion of the asset for the intended use. Development expenses that have previously been recognized as expenses are not subsequently capitalized.

An asset is amortized starting from when it is ready for use. An asset that is not yet ready for use is tested annually for impairment. After initial recognition, capitalized development expenses are measured at acquisition cost less accumulated depreciation, amortization and impairment. The economic useful life of capitalized development expenses is 5 to 7 years, during which the capitalized expenses are amortized using the straight-line method.

OTHER INTANGIBLE ASSETS

Other intangible assets mainly consist of software and licenses. The amortization periods of other intangible assets with a finite economic useful life is 5 years.

13. GOODWILL AND TESTING FOR IMPAIRMENT

GOODWILL

Goodwill corresponds to the part of acquisition cost that exceeds the Group's share of the fair value of the acquiree's identifiable net assets, liabilities and contingent liabilities at the time of acquisition. Goodwill is not amortized but is tested for any impairment annually and whenever there are indications of possible impairment of value. For this purpose, goodwill is allocated to cash-generating units. Goodwill is measured at original acquisition cost less impairment.

Goodwill is allocated to groups of cash-generating units, representing the level at which the management monitors goodwill. Goodwill is allocated to the acquired businesses, and the allocation is presented in the table below.

Allocation of goodwill	**2024**	**2023**
Component business	864,723	864,723
Testing services	61,785	61,785
Total	**926,507**	**926,507**

The amount of goodwill on the balance sheet at the end of the financial year totaled EUR 926,000 (2023: EUR 926,000). The company has tested the goodwill in accordance with IAS 36.

TESTING FOR IMPAIRMENT

The Group reviews on the closing date of each reporting period whether there are indications of the impairment of an asset. If indications emerge, the recoverable amount of the asset concerned is estimated. In addition, the recoverable amount of the following assets is estimated each year regardless of whether there are indications of impairment: goodwill, intangible assets with an infinite economic useful life, and intangible assets in progress.

The need for recognizing impairment is reviewed at the level of cash-generating units, i.e. the lowest unit level that is largely independent of other units and the cash flows of which can be separated and are largely independent of the cash flows of other corresponding units. The cash-generating unit is the lowest level of the Group as which goodwill is monitored for internal management.

The recoverable amount is the higher of the fair value of the asset less costs to sell or value in use. Value in use refers to the estimated future net cash flows available from the asset or cash-generating unit concerned, discounted to their present values. The discount rate used is the pre-tax interest rate that reflects market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount exceeds the recoverable amount. Impairment losses are recognized immediately through profit or loss. The economic useful life of the asset subject to depreciation and amortization is re-assessed in conjunction with the recognition of the impairment loss. An impairment loss recognized for an asset other than goodwill is reversed if a change has taken place in the estimates used in measuring the recoverable amount of the asset. However, impairment losses are not reversed in excess of the asset's carrying amount had no impairment loss been recognized. In no circumstances are impairment losses recognized for goodwill reversed. The recoverable amount of the components business exceeds the carrying amount by EUR 10,804,000. The recoverable amount of the testing service business exceeds the carrying amount by EUR 249,000.

A forecast period of 4 years is used in testing goodwill for impairment. Operating income from cash-generating units increased during the financial year with regard to the components business and testing services business. In 2024, the discount rate is the current interest rate calculated for the 2023 financial statements. The discount rate used in 2024 was 13% (2023: 13%).

Key assumptions used in testing the goodwill of the component business for impairment	2024	2023
Duration of the forecast period (years)	4	4
Average annual growth in net sales*	37%	5%
Operating margin in the first year of the forecast period	14%	9%
Operating margin after the first year of the forecast period	19%	9%
Growth factor for cash flows after the forecast period	2%	2%
Discount rate	13%	13%

* In impairment testing, net sales are forecast to grow by 40% in 2025 and by 125% in 2026 due to product expansions.

Key assumptions used in testing the goodwill of the testing service business for impairment	2024	2023
Duration of the forecast period (years)	4	4
Average annual growth in net sales*	4%	5%
Operating margin	7%	7%
Growth factor for cash flows after the forecast period	2%	2%
Discount rate	13%	13%

* For 2025, the operating profit level is forecast to rise to the level of 2020-2021. Net sales are forecast to grow moderately compared to 2024.

The table below presents how each of the following changes, with the other factors remaining unchanged, would lead to the unit's carrying amount being equal to its recoverable amount:

Sensitivity analysis of goodwill allocated to the component business	2024	2023
Average growth of net sales	-42%	
Projected operating margin	-17%	8%
Discount rate	40%	15%

Sensitivity analysis of goodwill allocated to the testing services business	2024	2023
Average growth of net sales	-22%	
Projected operating margin	4%	4%
Discount rate	22%	24%

14. PROPERTY, PLANT AND EQUIPMENT

EUR

Property, plant and equipment	Machinery and equipment	Advance payments and construction in progress	Right-of-use assets	Total
Acquisition cost at Jan 1, 2024*	950,071	0	1,911,726	2,861,797
Increases	115,018	1,742,893	181,533	2,039,444
Decreases	0	0	0	0
Acquisition cost at Dec 31, 2024	1,065,089	1,742,893	2,093,259	4,901,241
Accumulated depreciation and impairment at Jan 1, 2024	-536,805	0	-1,015,889	-1,552,694
Accumulated depreciation on decreases and transfers	0	0	0	0
Depreciation and amortization for the financial year	-99,923	0	-268,473	-368,396
Accumulated depreciation and impairment at Dec 31, 2024	-636,728	0	-1,284,362	-1,921,090
Carrying amount at Jan 1, 2024	413,267	0	848,185	1,261,452
Carrying amount at Dec 31, 2024	**428,362**	**1,742,893**	**808,896**	**2,980,151**

Property, plant and equipment	Machinery and equipment	Right-of-use assets	Total
Acquisition cost at Jan 1, 2023	895,059	1,700,493	2,595,551
Increases	55,416	163,582	218,998
Decreases	-403	0	-403
Acquisition cost at Dec 31, 2023	950,071	1,864,074	2,814,146
Accumulated depreciation and impairment at Jan 1, 2023	-460,718	-757,451	-1,218,169
Accumulated depreciation on decreases and transfers**	0	0	0
Depreciation and amortization for the financial year	-76,087	-258,438	-334,525
Accumulated depreciation and impairment at Dec 31, 2023	-536,805	-1,015,889	-1,552,694
Carrying amount at Jan 1, 2023	434,341	943,042	1,377,383
Carrying amount at Dec 31, 2023	**413,267**	**848,185**	**1,261,452**

ACCOUNTING PRINCIPLE

Property, plant and equipment are comprised of machinery and equipment, purchases in progress and right-of-use assets in accounting for leases in accordance with IFRS 16, which, for the financial years 2024 and 2023 concerned the Group's premises and are presented in more detail in Note 15. Advance payments and purchases in progress are comprised of equipment purchases for the Material Research Center. The Material Research Center will commence its operations during the first half of 2025, and the recognition of depreciation will begin from the month in which the equipment is placed in service.
Property, plant and equipment are measured at acquisition cost less accumulated depreciation and impairment losses. The acquisition cost includes expenses incurred directly from the acquisition of the property, plant and equipment asset. The assets are depreciated over their economic useful lives using the straight-line method. Acquired property, plant and equipment assets with an economic useful life of less than 3 years are recognized as annual expenses. In the financial year 2024, the Group harmonized the depreciation principles of machinery and equipment , and in future, machinery and equipment will only be depreciated on a straight-line basis.

The estimated economic depreciation periods are as follows:

› Machinery and equipment 5 to 10 years

The residual value of the asset, economic useful life and amortization method are revised at the minimum at the end of each financial year and, if necessary, adjusted to illustrate the changes in the expectations of economic benefit.

*The acquisition cost of right-of-use assets as at January 1, 2024 has been adjusted by EUR 47,651.91. The adjustment is due to rent increases that were not previously taken into account in the right-of-use asset. As a result of the adjustment, the value of the Group's property, plant and equipment assets has increased by a corresponding amount

**In the financial statements for the financial year 2023, EUR 150,069 was erroneously presented under accumulated depreciation on deductions and transfers of property, plant and equipment. The incorrect information has been corrected in the comparison year's information in the 2024 financial statements.

15. LEASES

GROUP AS LESSEE

Black Donuts Group is a lessee and it has leased office premises and, as a separate asset, a test track in Sweden for its use. A contract is considered to be or include a lease if the contract gives right to control over the use of an identified asset for a fixed period against consideration.

Leases are recognized as a right-of-use asset and lease liability. A right-of-use asset is recognized on the balance sheet at an amount corresponding to the lease liability, advances paid and direct costs of the lease. Right-of-use assets are subsequently measured at acquisition cost less accumulated amortization and impairment losses. It is adjusted for certain items due to the remeasurement of the lease liability. The lease liability is equal to the present value of the rent payments on the closing date. Amortization associated with the assets of leases and interest expenses associated with the lease liability are recognized on the income statement.

The Group does not recognize right-of-use assets or lease liabilities on its balance sheet when they are connected to:

› short-term leases (lease term no more than 12 months)
› leases on assets of minor value (new value of each asset a maximum of approximately EUR 5,000).

The Group applies these practical expedients to all asset categories and recognizes the above-mentioned lease expenses as expenses in equal instalments over the lease term.

UNCERTAINTIES ASSOCIATED WITH ASSUMPTIONS AND ESTIMATES

The Group's leases are mainly comprised of business premises, the leases of which are valid for an indefinite period. The management has to assess the likelihood of exercising such an extension option, which correspondingly has an impact on the estimated duration of the lease term and the amounts of right-of-use assets, lease liability, amortization and interest expenses. The Group's management has estimated the interest rate on the additional debt to be 4%.

Additionally, the Group has leased a test track from Sweden with a 10-year lease.

Lease liabilities are disclosed on the balance sheet line Lease liabilities, broken down into short-term and long-term portions based on their time of maturity.

Right-of-use assets on the balance sheet	**2024**	**2023**
Business premises	808,896	848,185
Total	**808,896**	**848,185**

Lease liabilities on the balance sheet	**2024**	**2023**
Non-current	1,618,992	2,013,872
Current	497,515	420,188
Total	**2,116,506**	**2,434,060**

Maturity breakdown of lease liabilities	**2024**	**2023**
Less than 1 year	497,515	420,188
1 to 2 years	480,629	537,281
3 to 5 years	849,462	870,244
More than 5 years	288,901	606,347
Total	**2,116,506**	**2,434,060**

GROUP AS LESSOR

Since 2021, the Group has sublet a test track in Sweden, having leased it from a third party for 10 years. The subletting agreement is classified as a financial leasing agreement based on the right-of-use asset item created from the principal agreement. In the years 2023 and 2024, there was no variable lease income that is not included in the value of the net investment of the lease agreement. The variable lease income relates to additional premises that the subletting party can lease annually by a separate decision.

The lease agreement must be classified as a financial leasing agreement if it transfers the risks and benefits characteristic of owning the target asset for all relevant parts.

The Group has the right to terminate the lease agreement of the test track leased from a third party if the subletting agreement were to be terminated or discontinued before the 10 years have passed.

Maturity breakdown of non-discounted rent receivables	2024	2023
Less than 1 year	313,992	271,619
1 to 2 years	320,272	277,052
3 to 5 years	999,763	864,847
More than 5 years	557,152	791,495
Total	**2,191,179**	**2,205,012**

Reconciliation of the present value of rent receivables	2024	2023
Net investment in rent receivable as at Dec 31	1,927,158	1,861,752
Non-accrued financial income	264,022	343,261
Total	**2,191,179**	**2,205,012**

16. INVENTORIES

EUR	2024	2023
Finished products	652,264	1,005,752
Total	**652,264**	**1,005,752**

The Finished products item in inventories consists of the components sold at the end of the 2024 financial year by WD Racing Ltd. At the end of the financial year 2023, inventories also included the tire pallets sold by Black Donuts Inc.

Inventories are measured at the lower of acquisition cost or probable net realizable value. The acquisition cost is determined using the FIFO (first in, first out) method. The acquisition cost of products purchased as finished products includes all costs of purchase, including direct transport, handling and other expenses. The Group does not have manufacturing operations. The acquisition cost does not include the costs of debt. The net realizable value is the estimated selling price obtained in normal business less estimated cost of completing the product and estimated direct costs of sale.

17. TRADE RECEIVABLES

Trade receivables are recognized on the balance sheet at original invoiced value less any impairment. Impairment losses are recognized immediately through profit or loss. The Group applies the simplified approach defined in IFRS 9 for recognizing expected credit losses, according to which expected lifetime credit losses are recognized for trade receivables and contract assets. The expected credit loss is measured by assessing the impairment of receivables from significant customers individually based on the probability of their insolvency. This is due to the nature of the company's project business. In addition, any minor receivables the creditworthiness of which is at the same level are grouped and assessed together for impairment. The company recognized a credit loss provision of EUR 5,000 for the 2024 financial year (2023: EUR 1,000).

A trade receivable is derecognized as a final credit loss when no payment is reasonably expected for it. Such situations include the customer's bankruptcy, administration proceedings or circumstances indicating insolvency. The company has not had any major credit losses in recent history. However, the realization of financial risks or other unexpected risks connected to customers' projects cannot be fully excluded.

Realized impairment losses recognized for trade receivables in 2024 amounted to EUR 0 (2023: EUR 224,000).

MATURITY DISTRIBUTION OF TRADE RECEIVABLES

Projects ended as at December 31, 2024	Not overdue	Less than 30 days overdue	31 to 60 days overdue	61 to 180 days overdue	181 to 364 days overdue	More than 365 days overdue	Total:
Expected loss rate	0%	0%	0%	0%	0%	0%	
Gross-amount carrying value - trade receivables	0	0	0	0	0	0	0
Deductible item related to loss	0	0	0	0	0	0	0

On-going projects and other trade receivables as at December 31, 2024	Not overdue	Less than 30 days overdue	31 to 60 days overdue	61 to 180 days overdue	181 to 364 days overdue	More than 365 days overdue	Total:
Expected loss rate	0%	0%	0%	0%	0%	1.5%	
Gross-amount carrying value - trade receivables	1,087,474	1,111,240	782,933	1,030,210	1,667,000	250,000	5,928,857
Gross-amount carrying value - assets based on agreement							
Deductible item related to loss	0	0	0	0	0	-3,750	-3,750
				Total allowances related to loss:			**-3,750**

Projects ended as at December 31, 2023	Not overdue	Less than 30 days overdue	31 to 60 days overdue	61 to 180 days overdue	181 to 364 days overdue	More than 365 days overdue	Total:
Expected loss rate	0%	0%	0%	0%	0%	15%	
Gross-amount carrying value - trade receivables	0	0	0	0	0	4,789	4,789
Deductible item related to loss	0	0	0	0	0	-718	-718

On-going projects and other trade receivables as at December 31, 2023	Not overdue	Less than 30 days overdue	31 to 60 days overdue	61 to 180 days overdue	181 to 364 days overdue	More than 365 days overdue	Total:
Expected loss rate	0%	0%	0%	0%	0%	1.5%	
Gross-amount carrying value - trade receivables	3,163,317	1,022,531	226,838	599,902	266,639	4,953	5,284,179
Gross-amount carrying value - assets based on agreement							0
Deductible item related to loss	0	0	0	0	0	-74	-74
				Total allowances related to loss:			**-793**

The majority of the trade receivables more than 60 days overdue are comprised of receivables from long-term customers whose payment times have been long as is typical for the industry. Those customer relationships that continue as recurring deliveries are not considered to involve any risks in receiving payment so large as those receivables that are related to a project and co-operation that has already ended.

In the assessment, consideration has been given to the customers' earlier payment behavior and information available at the time of the closing of the accounts. As regards one-off or ended customer relationships, the provision made in respect of trade receivables being overdue for more than 365 days is based on the assessment of the Group's management on the customer's solvency, collectability of trade receivables, and special characteristics related to the customer relationship.

18. OTHER RECEIVABLES

Other non-current receivables

EUR	2024	2023
Loan receivables	225,329	228,353
Deferred tax assets	40,062	37,218
Total	**265,391**	**265,571**

Other current receivables

EUR	2024	2023
Loan receivables	15,313	13,302
Rent deposits	46,790	46,790
Percentage of completion receivables	1,422,117	802,190
Accrued income and deferred charges	1,608,877	385,449
Other receivables	199,709	111,695
Total	**3,292,805**	**1,359,427**

19. CASH AND CASH EQUIVALENTS

EUR	2024	2023
Cash assets	1,092,435	437,737
Total	**1,092,435**	**437,737**

Cash and cash equivalents are comprised of cash in hand and at banks. Items classified as cash and cash equivalents have maturities of a maximum of three months from the time of acquisition.

20. FINANCIAL RISK MANAGEMENT

The Group is exposed to a number of financial risks in its ordinary business activities. The primary financial risks are credit, solvency, foreign exchange and interest rate risk.

The Group's principal financial risks are credit risks related to receivables and payment times in long-term projects, and securing of liquidity. Credit risk management is based on the knowledge of the customers and their business in particular, and on close cooperation and continuous dialogue with the customers. Black Donuts Inc. also seeks to maintain sufficient liquidity for unforeseen circumstances by means of a sufficiently large overdraft facility. The aim is to ensure continuity of operations under different market conditions and to support the company's long-term strategic development.

The Board of Directors and the CEO are responsible for the organization and follow-up of internal control and risk management. The CEO, together with financial administration, is responsible for the implementation of risk management.

CREDIT RISK

Credit risk arises from the possibility of the counterparty not being able to fulfil its payment obligations. The credit risk is mainly due to trade receivables. The Group aims to cost-efficiently minimize the losses that may be caused by the counterparty's defaults. The credit risk is already managed in the contract phase by assessing the counterparty's creditworthiness. In addition, the Group's financial administration continuously monitors the customers' payment behavior. All assets are mainly invested in banks or other interest-bearing instruments with a good credit rating. The maturity breakdown of trade receivables and recognition of the credit loss provision are presented in Note 17.

SOLVENCY RISK

The aim of the Group's risk management with regard to solvency risk is to secure adequate liquid assets for funding operations and repaying maturing loans. Efforts are made to continuously assess and monitor the amount of funding required for business activities in order to reach the above-mentioned goal.
Cash flows from operating activities and liquid assets combined with any new debt or equity financing are the key source of financing for future payments. The Group is prepared for varying needs for working capital and availability of funds with an overdraft facility with the bank (EUR 2,250,000), of which EUR 0 was in use at the end of the 2024 financial year (2023: EUR 333,000).

Maturities of contract-based financial liabilities at the end of 2024:

EUR	0 to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	more than 5 years	Total
Subordinated loans	0	0	0	100,000	0	100,000
Loans from financial institutions	0	0	510,654	1,531,961	510,654	2,553,268
Other interest-bearing liabilities	61,907	185,757	244,024	1,060,901	0	1,552,589
Loan from government	800,000	20,464	271,842	310,831	0	1,403,137
Trade payables	842,530	0	0	0	0	842,530
Lease liabilities	124,379	373,136	480,629	849,462	288,901	2,116,506
Total	**1,828,816**	**579,357**	**1,507,148**	**3,853,155**	**799,555**	**8,568,030**

Maturities of contract-based financial liabilities at the end of 2023:

EUR	0 to 3 months	3 to 12 months	1 to 2 years	3 to 5 years	more than 5 years	Total
Subordinated loans	0	0	0	100,000	0	100,000
Loans from financial institutions	0	333,292	0	0	0	333,292
Other interest-bearing liabilities	61,798	186,322	246,959	484,695	820,599	1,800,372
Loan from government	275,750	159,232	349,519	159,229	0	943,730
Trade payables	945,629	0	0	0	0	945,629
Lease liabilities	162,559	257,629	537,281	870,244	606,347	2,434,060
Total	**1,445,737**	**936,475**	**1,133,759**	**1,614,168**	**1,426,946**	**6,557,084**

CURRENCY RISK

Currency risk arises from transactions in currencies other than the Group's functional currency. The euro is the Group's primary currency and functional currency, used in the majority of sales and purchases. Other currencies used include the Indian rupee, the US dollar and the Swedish krona. The Group aims to avoid currency risk by negotiating its contracts in euros where possible.

The general purpose of currency risk management is to limit the short-term negative effects of changes in exchange rates on the net profit and cash flow, thereby making the net profit more predictable. The Group manages the effects of currency risk by regularly monitoring its risk exposures and hedging significant cash flows where necessary. The Group did not have currency hedges during the reporting or comparison periods.

The table below presents a breakdown of the Group's trade receivables, cash and cash equivalents and trade payables by currency.

2024	EUR	INR	USD	SEK	Total
Trade receivables	5,696,297	0	232,559	0	5,928,857
Cash assets	1,022,241	64,433	5,761	0	1,092,435
Trade payables	698,886	45,298	34,988	63,358	842,530
Net exposure	**6,019,652**	**19,135**	**203,333**	**-63,358**	**6,178,761**

2023	EUR	INR	USD	SEK	Total
Trade receivables	5,238,295	49,225	1,448	0	5,288,969
Cash assets	311,745	122,362	3,630	0	437,737
Trade payables	871,260	-3,500	0	77,869	945,629
Net exposure	**4,678,781**	**175,086**	**5,079**	**-77,869**	**4,781,077**

Sensitivity analysis of changes in exchange rates	**2024 impact on profit**		**2023 impact on profit**	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
Trade receivables				
+/- 10% change in the INR	0	0	4,922	-4,922
+/- 10% change in the USD exchange rate	23,256	-23,256	145	-145
Cash and cash equivalents				
+/- 10% change in the INR	6,443	-6,443	12,236	-12,236
+/- 10% change in the USD exchange rate	576	-576	363	-363
Trade payables				
+/- 10% change in the INR	4,530	-4,530	350	-350
+/- 10% change in the SEK exchange rate	6,336	-6,336	7,787	-7,787
+/- 10% change in the USD exchange rate	3,499	-3,499	0	0
Total net impact	**44,640**	**-44,640**	**18,017**	**-18,017**

INTEREST RATE RISK

Interest rate risk is the risk of fluctuations in fair values or in the realized future cash flows of a financial instrument due to changes in market interest rates. The Group's income and cash flows from operating activities are mainly independent of fluctuations in market interest rates. Any increase in interest rates due to changes in market interest rates may have a direct impact on the costs of funding available to the company and the company's existing financial costs. The Group did not have derivative instruments to hedge against interest rate risk on the closing date.

The Group had a total of EUR 7,725,000 of interest-bearing liabilities (2023: EUR 5,604,000), of which non-hedged variable-rate loans amounted to EUR 4,893,000 (2023: EUR 2,112,000). The variable-rate loans on the closing date 2024 were comprised of other interest-bearing liabilities and loans from government. The average interest rate on financial liabilities in 2024 was 5 per cent (2023: 2.5 per cent). An increase of one percentage point in interest rates would increase the annual interest expenses of the company's variable-rate loans by approximately EUR 41.

The company's loans from government are comprised of loans from Business Finland, the interest rate of which is a minimum of 1%, but always 3% below the base interest rate. Therefore, an increase of one percentage point in interest rates would not increase the interest expenses of these loans at the interest rate for the 2024 financial year. In addition , the Group has a short-term loan from Finnvera Plc, which is included in the loans from government. At the time of preparing the financial statements, the loan has been paid off and therefore has no impact on the interest rate risk for the coming financial year.

CAPITAL MANAGEMENT

The aim of the Group's capital management is to secure operations under diverse market conditions and support long-term strategic development under all circumstances. The Group regularly reviews the development and adequacy of its capital structure and equity ratio. The equity ratio, taking into consideration the subordinated loans reported as liabilities on the balance sheet, was 44.9 per cent (2023: 41.8 per cent).

Black Donuts Inc's financing agreements require the Group's equity ratio to be at least 30% and Black Donuts Inc's equity ratio to be at least 25% at the end of the calendar year.

21. SHARE CAPITAL AND EQUITY RESERVES

	Number of shares	Share capital (EUR)	Invested unrestricted equity reserve (EUR)	Total
Jan 1, 2023	1,255	2,500	5,869,380	5,871,880
deferred taxes	0	0	0	0
Dec 31, 2023	1,255	2,500	5,869,380	5,871,880
Changes	0	0	0	0
Dec 31, 2024	**1,255**	**2,500**	**5,869,380**	**5,871,880**

COMPANY'S SHARES

Black Donuts Inc. has 1,255 shares. The company has two classes of shares that are distinct from one another as set out in the Articles of Association. The shares of Class A (1135 shares) and Class B (120 shares) are burdened by consent and redemption clauses and Class B shares by the right to redemption as set out in the Articles of Association. The shares have no par value.

INVESTED UNRESTRICTED EQUITY RESERVE

The invested unrestricted equity reserve includes other equity investments and the subscription price of shares insofar as a decision was made in the resolution on the share issue to recognize the subscription price in the invested unrestricted equity reserve.

SHARE CAPITAL

The subscription price received for shares in share issues is recognized in share capital insofar as no decision was made in the resolution on the share issue to recognize the subscription price in the invested unrestricted equity reserve.

CORRECTION TO COMPARISON DATA

An adjustment of EUR 301,051.83 has been made to retained earnings in 2024. The increase in retained earnings is related to the correction of right-of-use assets and the related balances of receivables and liabilities.
The correction pertains to previous financial years.
Other changes in the Group's retained earnings amounted to EUR -48,962.53. The other changes were related to the Group's ownership arrangements.

TRANSLATION DIFFERENCES

Translation differences include translation differences arising from the translation of the financial statements of foreign units. The Group's accumulated translation differences as at December 31, 2024 totaled EUR -31,000 (December 31, 2023: EUR 31).

22. FINANCIAL ASSETS

Black Donuts Group classifies its financial assets in accordance with IFRS 9 into three categories: 1) financial assets at amortized cost, 2) financial assets at fair value, and 3) financial assets at fair value through profit or loss. Financial assets are classified at initial recognition based on the purpose of use of the item. At the closing date of December 31, 2024 and December 31, 2023 in the comparison period, financial assets were exclusively comprised of financial assets at amortized cost.

All purchases and sales of financial assets are recognized on the balance sheet on the transaction date. Financial assets are recognized on the balance sheet at original cost, which is equal to their fair value at the time of acquisition. In case of an item that is not measured at fair value through profit or loss, transaction expenses are included in the initial carrying amount of the financial assets. After initial recognition, these items are measured at amortized cost using the effective interest rate method.

A financial asset item is derecognized when the Group no longer has a contractual right to cash flows or has transferred the material risks and benefits associated with the financial asset item outside the Group. Financial assets are included in non-current balance sheet items when their maturity is more than 12 months.

Financial assets at amortized cost include loan and trade receivables and cash and cash equivalents. Items classified as cash and cash equivalents have maturities of a maximum of three months from the time of acquisition. Cash and cash equivalents include cash in hand and at banks.

The carrying amount of loan and trade receivables is considered to be materially equal to their fair value.

EUR	2024	2023
Financial assets at amortized cost		
Loan receivables	240,642	241,655
Trade receivables	5,928,857	5,288,969
Cash assets	1,092,435	437,737
Total financial assets	**7,261,934**	**5,968,361**

23. FINANCIAL LIABILITIES

Black Donuts Group classifies its financial liabilities into financial liabilities at fair value through profit or loss and financial liabilities at amortized cost. Financial liabilities are classified at initial recognition based on the purpose of use of the item. At the closing date of December 31, 2024 and December 31, 2023 in the comparison period, financial liabilities were exclusively comprised of financial liabilities at amortized cost.

Financial liabilities at amortized cost are initially recognized at the original cost that is equal to the consideration received. Transaction expenses are included in the original cost of the financial liability. Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method. Financial liabilities are included in non-current and current liabilities. Borrowing costs are recognized as interest expenses for the financial year during which they are incurred.

A financial liability or part thereof is derecognized when the obligation specified in the contract is discharged, cancelled or expires. A financial liability is classified as current if the Group does not have an absolute right to postpone the repayment of the liability to a minimum of 12 months after the closing date of the reporting period.

Financial liabilities at amortized cost include the Group's external financial loans, subordinated loans, lease liabilities, trade payables and other interest-bearing liabilities.

EUR	2024	2023
Financial liabilities at amortized cost		
Subordinated loans	100,000	100,000
Loans from financial institutions	2,553,268	333,292
Other interest-bearing liabilities	1,552,589	1,793,296
Loan from government	1,403,137	943,730
Trade payables	842,530	945,629
Lease liabilities	2,116,506	2,434,060
Total financial liabilities	**8,568,030**	**6,550,007**

SUBORDINATED LOANS

Black Donuts Group has a total of EUR 100,000 of subordinated loans as referred to in chapter 12 of the Limited Liability Companies Act (2023: EUR 100,000). The subordinated loan was received from the Group's related party company Ajanta Oy.

The loan matures on December 31, 2028 and its interest rate is 10%. The other principal terms and conditions of the loans are:

1. the principal and interest may be repaid upon the Company's liquidation and bankruptcy subordinate to all other debts;
2. the principal may be otherwise repaid and interest paid only in so far as the sum total of the unrestricted equity and all of the subordinated loans of the company at the time of payment exceed the loss on the balance sheet to be adopted for the latest financial period or the loss on the balance sheet from more recent financial statements; and
3. the company or a subsidiary shall not post security for the payment of the principal and interest.

GOVERNMENT LOANS

The Group has two loans from Business Finland, totaling EUR 626,000 (2023: EUR 943,000). The interest rate on the loans is three percentage points below the base interest rate, but not less than one per cent.

At the end of the 2024 financial year, EUR 82,000 of the first loan remained to be paid. In February 2024, it was decided not to collect EUR 296,000 of the loan principal. The repayments of the remaining loan will be paid in equal instalments over the next 4 years, so that the last instalment will be paid in 2028.

At the end of the financial year 2024, EUR 546,000 of the second loan remained to be paid. In February 2024, a decision to extend the loan repayment period was granted. The loan will be repaid in two instalments, the first instalment in 2026 and the second in 2027. No collateral has been placed for either of the loans.

In addition, the Group has withdrawn a loan of EUR 800,000 from Finnvera Plc in 2024. The loan has been repaid in full on February 21, 2025.

CHANGES IN LIABILITIES ARISING FROM FINANCING

The table below presents the reconciliation of the opening and closing balances of liabilities arising from financing.

EUR	Subordinated loans	Loans from financial institutions	Other interest-bearing liabilities*	Government loans	Lease liabilities
Balance at Jan 1, 2023	100,000	1,487,549	1,799,150	876,730	2,684,009
Repayments of debt	0	-1,154,257	-6,453	0	-570,159
Proceeds from borrowings	0	0	0	67,000	320,210
Other changes	0	0	599	0	
Balance at Dec 31, 2023	100,000	333,292	1,793,296	943,730	2,434,060
Repayments of debt	0	-333,292	-247,588	-20,464	-452,349
Withdrawals of loans	0	2,553,268	0	800,000	181,533
Other changes	0	0	6,881	-320,129	-46,739
Balance at Dec 31, 2024	**100,000**	**2,553,268**	**1,552,589**	**1,403,137**	**2,116,506**

*The item Other interest-bearing liabilities has been adjusted in 2024 to the effect that the interest-bearing liability of EUR 6,881, previously presented under trade payables, has been presented as an increase in the line Other changes.

24. OTHER LIABILITIES AND ACCRUALS AND DEFERRED INCOME.

Other non-current liabilities

EUR	2024	2023
Other liabilities	99,255	0
Total	**99,255**	**0**

Other current liabilities

EUR	2024	2023
Salaries, wages and social security expenses	823,602	764,344
Financing items	54,270	126,206
Taxes	524,082	9,374
Advances received	0	4,973
Other accrued expenses	0	141,239
Percentage of completion debt	759,292	1,262,755
Other	724,496	485,281
Total	**2,885,743**	**2,794,171**

25. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Group had a contingent liability of EUR 99,255.16 related to acquisitions at the end of the financial year 2024. The Group has no provisions or contingent assets or other contingent liabilities.

ACCOUNTING PRINCIPLE

A provision is recognized when the Group has a legal or factual obligation as a result of a prior event, the realization of the payment obligation is probable and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenses required for fulfilling the obligation. If compensation can be received from a third party for part of the obligation, the compensation is recognized as a separate asset when receiving the compensation is practically certain. A provision is recognized for a loss-making contract when the direct expenses required for fulfilling the obligations exceed the benefits gained from the contract. A restructuring provisions is recognized when the Group has prepared a detailed restructuring plan and commenced the execution of the plan or announced the key aspects of the plan to those concerned.

The amounts of provisions is assessed on each closing date, and the amounts are adjusted to match the best estimate at the time of review.

A contingent liability is a possible obligation resulting from previous events, the existence of which is only confirmed when an uncertain event that is beyond the Group's control is realized. Also, an existing obligation that will not probably require fulfilling a payment obligation or the amount of which cannot be reliably determined is considered to be a contingent liability. Contingent liabilities are disclosed as notes.

26. COLLATERAL AND CONTINGENT LIABILITIES

Liabilities with assets pledged as collateral

EUR	2024	2023
Bank overdraft facility	2,250,000	2,250,000
of which in use at the end of the financial year	0	333,292
Business mortgages	4,000,000	4,000,000

The company does not have any other collateral or contingent liabilities to report.

DISPUTES AND LEGAL PROCEEDINGS

The Group's management is not aware of any outstanding disputes or legal proceedings that might have a material impact on Group's financial position.

27. RELATED PARTY TRANSACTIONS

The company's related parties include its subsidiaries, affiliates, Board of Directors, CEO, members of the management team and their family members, as well as companies over which these persons exert considerable influence, control or joint control. In addition, related parties include the beneficial owner of Black Donuts Inc's parent company and companies under his control. Related party transactions are carried out on ordinary market terms.

The key individuals in the company's executive management *)	2024	2023
Salaries and other short-term benefits	1,439,372	1,372,491
Total	**1,439,372**	**1,372,491**

*) The key individuals in the company's executive management include the management team (13 members), including the company's President and CEO.

In addition, compensation for the Board members totaled to EUR 84,000 in the financial year 2024 (2023: EUR 77,000).

INFORMATION ABOUT GROUP COMPANIES

Black Donuts Inc. is the parent company of the sub-group, domiciled in Tampere. The company is part of a group of companies the parent company of which is Global Tire Technologies N.V., domiciled in Belgium. Global Tire Technologies NV, made a decision at its Annual General Meeting of December 31, 2024 to change its domicile from Belgium to Finland, and the registration process for the transfer of domicile in Finland has commenced.
The sub-group's parent and subsidiary relationships are as follows:

Company name	Domicile	Holding (%)	Share of votes(%)
Parent company Black Donuts Inc.	Finland		
WD Racing Ltd	Finland	100.0%	100.0%
BD Testing Inc.	Finland	100.0%	100.0%
Black Donuts Engineering India Private Limited	India	99.0%	99.0%

During financial year 2024, Black Donuts Inc. acquired a 10% minority share in the shares and votes in Black Donuts Engineering India Private Limited and holds 99% of the shares and votes in Black Donuts Engineering India Private Limited after the transaction. During financial year 2024, Black Donuts Inc. also acquired a 10% minority share in BD Testing Inc. and owns 100% of BD Testing Inc's shares and votes after the transaction. BD Testing Inc. holds 1% of the shares and votes in Black Donuts Engineering India Private Limited.

EUR	2024	2023
Sales to Group undertakings	195,561	90,103
Purchases from Group undertakings	928,356	247,847
Interest income from Group companies	14,965	12,450

EUR	2024	2023
Receivables from group undertakings	843,503	1,213,146
Liabilities from Group undertakings	403,440	183,515

In 2024, the liabilities include group contribution to WD Racing Ltd in the amount of EUR 30,000 and to BD Testing Inc. in the amount of EUR 114,000.

OTHER RELATED PARTY TRANSACTIONS

EUR	2024	2023
Sales to other related parties	3,420,000	2,300,000
Purchases from other related parties	18,967	180,922
Interest income from other related parties	3	52
Interest expenses from other related parties	173,483	98,575

Sales to other related parties in 2024 and 2023 consist of sales to American Tire Works, Inc.

Purchases from other related parties are comprised of consulting fees associated with outsourced administrative tasks and business development, facility rentals and warehousing services. Related-party transactions have been carried out on ordinary market terms.

RECEIVABLES AND LOANS FROM OTHER RELATED PARTIES

EUR	2024	2023
Receivables from other related parties	180,417	1,600,520
Subordinated loans to other related parties	100,000	100,000
Liabilities to other related parties	1,540,599	1,780,000

Receivables from other related parties in 2024 consist of trade receivables from American Tire Works, Inc. (EUR 150,000) and a loan to Global Tire Technologies NV (EUR 30,000). In 2023, receivables from related parties consisted of a trade receivable from American Tire Works, Inc. and one loan to a member of the company's management team.

The company has a related-party loan from Ajanta Oy totaling EUR 1,541,000 (2023: EUR 1,780,000). The interest rate on the loan is 6% plus the 6-month Euribor, the average interest rate being 9.8% during the financial year (2023: 5%). In addition, Ajanta Oy has granted the company a subordinated loan of EUR 100,000 (2023: EUR 100,000). The rate of interest on subordinated loans is 10% (2023: 10%).

GUARANTEES AND COLLATERAL GIVEN BY RELATED PARTIES

In addition, two individuals closely associated with the company have provided Finnvera Plc with a security on behalf of the company totaling EUR 40,000.

EVENTS AFTER THE REPORTING PERIOD

During the current financial year, the Group will continue to take measures to achieve its sustainable business goals, serving the global tire industry and expanding its customer segment in the rubber industry. Black Donuts Group wants to be a pioneer in the development of more environmentally friendly products and production and will open its own Material Research Center during the first half of 2025 to create competitive advantage both for the Group and for its stakeholders. The Group also aims to complete a project plan for the commercialization of its renewable raw material innovation during the current financial year. With this innovation, the Group can have a significant impact on tire manufacturers' opportunities to reduce the amount of tire emissions that are harmful to traffic health.

The prolongation of the war in Ukraine and the resulting global uncertainty in the financial market, the sanctions and restrictions imposed as well as geopolitical tensions can affect the Group's business as factors slowing down growth. However, partly the same risk factors also contribute to the relocation of manufacturing, which is also supported by the pronounced sustainable development targets. The need for new manufacturing capacity and new products is also pronounced following the increase in sales of Tier-3 brands.

The simplification of the Group's structure and the clarification of ownership structures will continue during the current financial year. The relocation of Black Donuts Inc's parent company, Global Tire Technologies NV, to Finland during the current financial year is expected to improve the financeability of the Group's growth. The parent company's Annual General Meeting decided on the change of domicile on December 31, 2024 and the move will take effect once it has been registered in Finland. The registration will be initiated by the end of June 2025. After its move, the parent company will continue its operations as a provider of group administration services.

The Group has not had any major events differing from the normal course of business after the end of the financial year.

5

PARENT COMPANY'S FINANCIAL STATEMENTS

January 1 – December 31, 2024

PARENT COMPANY'S INCOME STATEMENT

EUR	Note	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
NET SALES	1	12,886,072.29	13,255,074.85
Change in inventories of finished goods and work in progress	2	0.00	-1,797,849.96
Capitalized production (+)	2	913,058.70	2,425,078.53
Other operating income	3	2,180,281.36	212,887.05
Materials and services			
Raw materials and consumables			
Purchases during the financial year		-1,859,191.42	-2,213,237.13
Change in inventories		-6,504.83	-458,593.19
External services		-2,328,377.68	-2,035,262.37
		-4,194,073.93	-4,707,092.69
Personnel expenses			
Wages and salaries		-4,464,477.29	-3,728,422.14
Non-wage payroll expenses			
Pension expenses		-767,322.48	-643,910.24
Other non-wage payroll expenses		-138,681.15	-144,664.35
		-5,370,480.92	-4,516,996.73
Depreciation, amortization and impairment	7	-638,782.07	-236,088.46
Other operating expenses		-2,108,980.19	-2,018,154.80
OPERATING PROFIT		3,667,095.24	2,616,857.79
Other interest and financial income	8		
From Group undertakings		14,965.10	12,449.81
From others		5,483.64	6,332.38
Interest and other financial expenses	8		
To others		-488,340.41	-260,580.18
		-467,891.67	-241,797.99
PROFIT BEFORE APPROPRIATIONS AND TAXES		3,199,203.57	2,375,059.80
Appropriations			
Group contributions given	9	-143,817.65	-68,700.00
Income taxes		-570,368.94	0.00
PROFIT FOR THE YEAR		2,485,016.98	2,306,359.80

PARENT COMPANY'S BALANCE SHEET

EUR	Note	Dec 31, 2024	Dec 31, 2023
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10		
Development expenses		3,922,375.50	3,602,049.73
Other capitalized long-term expenditure		8,862.36	11,088.42
		3,931,237.86	3,613,138.15
Tangible assets	10		
Machinery and equipment		286,849.42	303,491.51
Advance payments and purchases in progress		1,742,893.35	0.00
		2,029,742.77	303,491.51
Investments			
Participations in Group undertakings	11	1,436,518.78	1,399,662.65
		1,436,518.78	1,399,662.65
TOTAL NON-CURRENT ASSETS		7,397,499.41	5,316,292.31
CURRENT ASSETS			
Inventories			
Goods		0.00	6,504.83
		0.00	6,504.83
Receivables	12		
Non-current			
Receivables from Group undertakings		230,000.00	230,000.00
Loan receivables		225,328.95	228,353.03
		455,328.95	458,353.03
Current			
Trade receivables		5,571,467.56	4,957,493.42
Receivables from Group undertakings		643,919.10	983,145.66
Loan receivables		15,258.64	12,464.52
Other receivables		116,767.17	49,587.42
Prepayments and accrued income		3,029,386.16	1,160,004.86
		9,376,798.63	7,162,695.88
Cash and cash equivalents		826,409.38	9,643.77
TOTAL CURRENT ASSETS		10,658,536.96	7,637,197.51
TOTAL ASSETS		18,056,036.37	12,953,489.82

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	Dec 31, 2024	Dec 31, 2023
SHAREHOLDERS' EQUITY	13		
Share capital		2,500.00	2,500.00
Invested unrestricted equity reserve		5,869,380.00	5,869,380.00
Retained earnings (loss)		583,325.15	-1,723,034.65
Profit (loss) for the year		2,485,016.98	2,306,359.80
TOTAL SHAREHOLDERS' EQUITY		8,940,222.13	6,455,205.15
LIABILITIES			
Non-current	15		
Subordinated loan		100,000.00	100,000.00
Loans from financial institutions		3,160,312.90	508,748.00
Other liabilities		1,399,853.82	1,879,853.82
		4,660,166.72	2,488,601.82
Current	16		
Loans from financial institutions		820,464.00	768,273.83
Advances received		0.00	4,972.50
Trade payables		280,372.78	426,820.43
Amounts owed to Group undertakings		403,440.41	183,515.06
Other liabilities		355,811.16	98,892.27
Accruals and deferred income		2,595,559.17	2,527,208.76
		4,455,647.52	4,009,682.85
TOTAL LIABILITIES		9,115,814.24	6,458,156.70
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		18,056,036.37	12,953,489.82

PARENT COMPANY'S CASH FLOW STATEMENT

EUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/loss	3,667,095	2,616,858
Adjustments to operating profit	346,889	424,812
Change in net working capital	-2,977,203	413,234
Interest paid and other debt expenses	-560,277	-168,585
Interest received and other financial income	340	16,110
CASH FLOW FROM OPERATING ACTIVITIES	476,844	3,302,427
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangibles assets	-2,683,133	-2,464,040
Investments in subsidiaries	-36,856	-10,000
Change in loan receivables	230	11,638
CASH FLOW FROM INVESTING ACTIVITIES	-2,719,759	-2,462,402
CASH FLOW FROM FINANCING		
Increase in long-term loans	3,353,268	107,128
Repayments of loans	-593,756	-1,114,171
Group contribution received	368,868	168,442
Group contribution given	-68,700	0
CASH FLOW FROM FINANCING	3,059,680	-838,601
CHANGE IN CASH AND CASH EQUIVALENTS	**816,766**	**1,424**
Cash and cash equivalents at Jan 1	9,644	8,220
Change in cash and cash equivalents	816,766	1,424
Cash and cash equivalents at Dec 31	826,409	9,644

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The financial statements of Black Donuts Inc. (parent company) have been prepared in accordance with the principles of the Finnish legislation on accounting.

GROUP INFORMATION

The company is part of a group of companies the parent company of which is Global Tire Technologies NV, domiciled in Belgium. Global Tire Technologies NV, made a decision at its Annual General Meeting of December 31, 2024 to change its domicile from Belgium to Finland, and the registration process for the transfer of domicile in Finland has commenced. Black Donuts Inc. is the parent company of the sub-group, domiciled in Tampere. Copies of the consolidated financial statements of Black Donuts Inc. are available from the company's head office (Myllyhaantie 6 E, 33960 Pirkkala, Finland).

MEASURING PRINCIPLES AND METHODS

Significant development expenses that will generate income for several years have been capitalized on the balance sheet as development expenses and will be amortized over 5 to 7 years.

PRINCIPLES AND METHODS OF ACCRUAL ACCOUNTING

Depreciation and amortization according to plan is deducted from the acquisition cost of on-balance sheet tangible and intangible assets. The acquisition cost includes the variable costs incurred from acquisition and production. The grants received have been recognized as deductions to the acquisition cost.

Depreciation and amortization according to plan have been calculated based on the economic useful lives of the tangible and intangible assets. During the financial year, the Group harmonized the depreciation principles of machinery and equipment, and in future, machinery and equipment will only be depreciated on a straight-line basis.

The economic useful lives on which depreciation and amortization according to plan is based are as follows:

- Intangible rights 5 to 7 years
- Machinery and equipment 5 to 10 years

The acquisition cost of non-current assets with a probable economic useful life of less than three years and de minimis purchases (of less than EUR 1,200) have been recognized in full as expenses for the financial year.

ADJUSTMENTS TO THE PREVIOUS FINANCIAL YEAR'S INFORMATION

In the registered financial statements for 2023, incorrect information was found in the balance sheet items Participations in Group undertakings and Non-current other liabilities. The incorrect information has been corrected in the financial statements for 2024. A corresponding correction has been made to the notes on the items.

NOTES TO THE INCOME STATEMENT

1. BREAKDOWN OF NET SALES BY MARKET AREA

	2024	2023
Finland	124,391	92,750
Export	12,761,681	13,162,325
Total	12,886,072	13,255,075

2. CAPITALIZED PRODUCTION

	2024	2023
Capitalization of product development expenses	913,059	2,425,079

3. OTHER OPERATING INCOME

	2024	2023
Compensation received	0	550
Grants received	2,180,275	212,337
Other operating income	7	0
Total	2,180,281	212,887

4. NOTES CONCERNING PERSONNEL AND MEMBERS OF ADMINISTRATIVE BODIES

Salaries and wages are not itemized with regard to the parent company by virtue of chapter 2, section 8, subsection 4 of the Finnish Accounting Decree.
The compensation for the Board members totaled EUR 84,000 in the financial year 2024 (2023: EUR 77,000).

5. AVERAGE NUMBER OF PERSONS EMPLOYED BY THE COMPANY

	2024	2023
Personnel	56	50

The statutory pension obligations regarding the company's personnel have been arranged through insurance companies. Voluntary pensions have been arranged through pension insurance policies.

The company has a performance bonus system in place that covers the entire personnel. The aim of the bonus system is to encourage good performance and motivate employees to work persistently to achieve the company's goals. The amount of the performance bonus paid is based on the achievement of the financial and operational performance targets defined before the beginning of the financial year.

6 AUDITOR'S FEES

Auditor's fees	2024	2023
Auditing	-36,494	-43,965
Other services	0	0
	-36,494	-43,965

7 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Depreciation, amortization and impairment	2024	2023
Depreciation and amortization according to plan	-638,782	-236,088
	-638,782	-236,088

8 FINANCIAL INCOME AND EXPENSES

Other interest and financial income	2024	2023
From Group undertakings	14,965	12,450
From others	5,484	6,332
	20,449	18,782

Interest and other financial expenses	2024	2023
To others	-488,340	-260,580
	-488,340	-260,580
Total financial income and expenses	**-467,892**	**-241,798**

9. APPROPRIATIONS

Appropriations	2024	2023
Group contributions given	-143,818	-68,700
	-143,818	**-68,700**

NOTES TO THE BALANCE SHEET

11 INTANGIBLE AND TANGIBLE ASSETS

	2024	2023
Development expenses		
Acquisition cost at year start	7,339,654	4,914,575
Increases	913,059	2,425,079
Acquisition cost at year end	8,252,713	7,339,654
Accumulated depreciation and amortization at year start	-3,737,604	-3,563,975
Depreciation and amortization for the financial year	-592,733	-173,629
Accumulated planned depreciation at year end	-4,330,337	-3,737,604
Carrying amount at year end	**3,922,376**	**3,602,050**
Other long-term expenditure		
Acquisition cost at year start	308,107	294,246
Increases	683	13,861
Acquisition cost at year end	308,790	308,107
Accumulated depreciation and amortization at year start	-297,019	-274,055
Depreciation and amortization for the financial year	-2,909	-22,964
Accumulated planned depreciation at year end	-299,928	-297,019
Carrying amount at year end	**8,862**	**11,088**
Machinery and equipment		
Acquisition cost at year start	471,694	446,593
Increases	26,498	25,101
Acquisition cost at year end	498,192	471,694
Accumulated depreciation and amortization at year start	-168,202	-128,707
Depreciation and amortization for the financial year	-43,141	-39,495
Accumulated planned depreciation at year end	-211,343	-168,202
Carrying amount at year end	**286,849**	**303,492**

ADVANCE PAYMENTS AND PURCHASES IN PROGRESS

	2024	2023
Advance payments and purchases in progress	1,742,893	0

Advance payments and purchases in progress are comprised of equipment purchases for the Material Research Center. The Material Research Centre will commence its operations during the first half of 2025.

11. HOLDINGS IN GROUP UNDERTAKINGS

Name and registered office of the company	Holding
WD Racing Ltd. (Siuro)	100%
BD Testing Inc. (Pirkkala)	100%
Black Donuts Engineering India Private Limited (India)	99%

During financial year 2024, Black Donuts Inc. acquired a 10% minority share in the shares and votes in Black Donuts Engineering India Private Limited and holds 99% of the shares and votes in Black Donuts Engineering India Private Limited after the transaction. During financial year 2024, Black Donuts Inc. acquired a 10% minority share in BD Testing Inc. and owns 100% of BD Testing Inc's shares and votes after the transaction.

12. RECEIVABLES

NON-CURRENT RECEIVABLES

Receivables from Group undertakings	2024	2023
Loan receivables	230,000	230,000
Receivables from others	**2024**	**2023**
Loan receivables	225,329	228,353
Total non-current receivables	**455,329**	**458,353**

CURRENT RECEIVABLES

Receivables from Group undertakings	2024	2023
Trade receivables	224,467	218,368
Loan receivables	373,826	712,694
Other receivables	0	21,423
Prepayments and accrued income	45,626	30,661
	643,919	**983,146**
Receivables from others	**2024**	**2023**
Trade receivables	5,571,468	4,957,493
Loan receivables	15,259	12,465
Other receivables	116,767	49,587
	5,703,493	**5,019,545**
Prepayments and accrued income	**2024**	**2023**
Percentage of completion receivables	1,422,117	802,190
Other prepayments and accrued income	1,607,269	357,815
	3,029,386	**1,160,005**
Total current receivables	**9,376,799**	**7,162,696**

13. EQUITY

	2024	2023
Share capital at Jan 1	2,500	2,500
Share capital at Dec 31	2,500	2,500
Restricted equity	**2,500**	**2,500**
Paid-up unrestricted equity reserve at Jan 1	5,869,380	5,869,380
Paid-up unrestricted equity reserve at Dec 31	5,869,380	5,869,380
Retained earnings at Jan 1	583,325	-1,723,035
Retained earnings at Dec 31	583,325	-1,723,035
Profit for the year	2,485,017	2,306,360
Unrestricted equity	**8,937,722**	**6,452,705**
Total equity	**8,940,222**	**6,455,205**
Calculation of distributable unrestricted equity		
Invested unrestricted equity reserve	5,869,380	5,869,380
Retained earnings/loss	583,325	-1,723,035
Profit for the year	2,485,017	2,306,360
Capitalized development expenditure	-3,922,376	-3,602,050
Total distributable funds	**5,015,347**	**2,850,655**

14. SHARE CAPITAL

	2024	2023
Number of shares	1,255	1,255

The company has 1,135 Class A shares (2 votes per share) and 120 Class B shares (1 vote per share). The classes of shares are distinct from one other as set out in the Articles of Association. Class A and Class B shares are burdened by consent and redemption clauses and Class B shares by the right to redemption as set out in the Articles of Association.

15. NON-CURRENT LIABILITIES

The company's subordinated loan is, with regard to its terms and conditions, a subordinated loans within the meaning of chapter 12 of the Limited Liability Companies Act. The rate of interest on subordinated loans is 10.0% (2023: 10%).

	2024	2023
Subordinated loans from others	100,000	100,000
	100,000	**100,000**
Loans from financial institutions	3,160,313	508,748
	3,160,313	**508,748**
Other liabilities	1,399,854	1,879,854
	1,399,854	**1,879,854**
Total non-current liabilities	4,660,167	**2,488,602**

LIABILITIES THAT EXPIRE LATER THAN IN FIVE YEARS' TIME

	2024	2023
Other liabilities	0	580,000
Loans from financial institutions	510,654	0

16. CURRENT LIABILITIES

Amounts owed to Group undertakings	**2024**	**2023**
Trade payables	259,623	114,815
Other liabilities	143,818	68,700
	403,440	**183,515**
Liabilities to others	**2024**	**2023**
Loans from financial institutions	820,464	768,274
Advances received	0	4,973
Trade payables	280,373	426,820
Other liabilities	355,811	98,892
	1,456,648	**1,298,959**
Accruals and deferred income	**2024**	**2023**
Salary liabilities	615,767	516,065
Statutory insurance contribution liabilities	108,823	29,629
Accrual of interest	54,270	126,206
Percentage of completion debt	759,292	1,262,755
Income tax liabilities	516,738	0
Other	540,669	592,554
	2,595,559	**2,527,209**
Total current liabilities	**4,455,648**	**4,009,683**

OTHER NOTES

GUARANTEES GIVEN, CONTINGENT LIABILITIES AND OTHER LIABILITIES

	2024	2023
Corporate cards	14,979	18,807
Bank overdraft facility,	2,250,000	2,250,000
of which in use at the closing date	0	333,292
Business mortgages	4,000,000	4,000,000
Lease liabilities		
Payable in the next financial year	151,795	78,150
Payable later	648,473	0
	800,268.06	78,150

6

SIGNATURES

Black Donuts Inc.
Business ID 2352555-5
Registered office Tampere

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

Tampere, March 31, 2025

Matti Manner
Chairman of the Board

Panu Paappanen
Member of the Board

Kai Hauvala
President and CEO

Arto Martonen
Member of the Board

Raif Nisametdin
Member of the Board

Auditor's note

A report has today been issued on the audit carried out

Helsinki, April 1, 2025

Ernst & Young Oy
Audit firm

Juha Hilmola
APA

7

AUDITOR'S REPORT

to the Annual General Meeting of
Black Donuts Inc.
(Translation of the Finnish original)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Black Donuts Inc. (business identity code 2352555-5) (former Black Donuts Engineering Inc.) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- The consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- The financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

› Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
› Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
› Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
› 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 company to cease to continue as a going concern.
› Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
› 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.

OTHER REPORTING REQUIREMENTS

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.

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

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

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions.

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

Helsinki 1.4.2025

Ernst & Young Oy
Authorized Public Accountant Firm

Juha Hilmola
Authorized Public Accountant

We speak tires

Black Donuts Inc.
Business ID 2352555-5
Myllyhaantie 6, 33960
Pirkkala, Finland

www.blackdonuts.com

blackdonuts