



REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS

2025

January 1–December 31

PERFECTING THE TIRE INDUSTRY

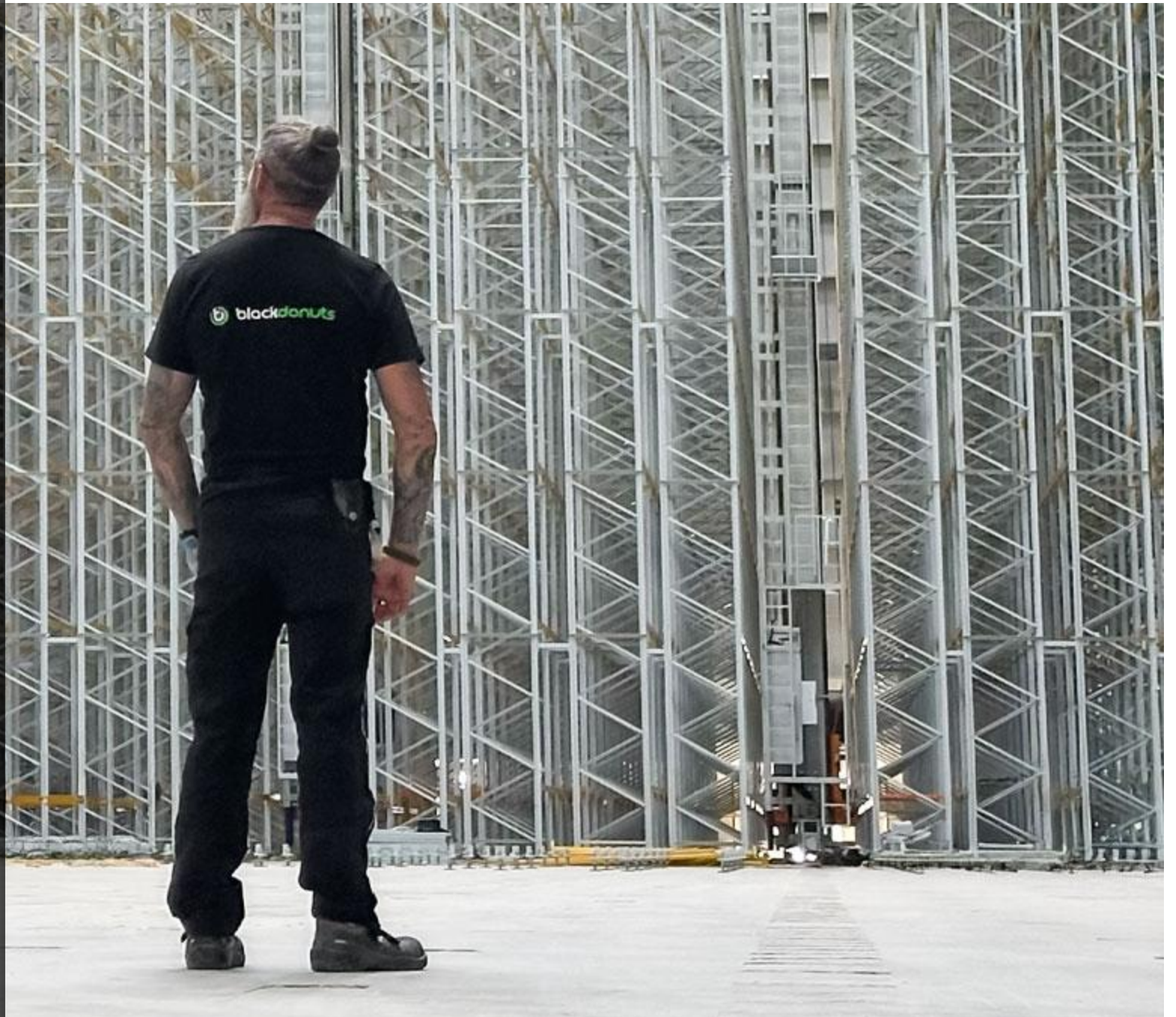


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CEO'S REVIEW



Kai Hauvala

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Throughout our history, our business has been strongly international. We operate on several continents and cooperate not only with tire manufacturers but also with an extensive network of operators. In this way, we can contribute to the development of the entire industry and the transition towards a tire that can be entirely made of sustainable materials in the future.



The tire industry is entering a new phase. Market structures are changing, as the combined market share of the five largest manufacturers in the industry has decreased over the last few years, while Indian and Chinese manufacturers in particular are increasing their position globally. At the same time, the commoditization of tires as products highlights the importance of cost-effectiveness, production technology and supply chains in competition. The field of technology suppliers has also expanded, and Chinese suppliers have become a viable alternative alongside traditional Western operators for many manufacturers.

Another key change is related to sustainable development. Tire manufacturers have set ambitious targets to increase the use of renewable and recycled materials, but commercially available alternative raw materials are still limited. This makes the transition technologically and financially challenging for the entire industry.

In this changing operating environment, our role is to act as a partner enabling the development of the global tire industry.

We support the entry of new manufacturers into the market by combining raw materials research, product design, testing and production technology expertise. Cooperation with leading technology suppliers enables our customers to build competitive and efficient production solutions.

At the same time, we actively participate in the material development of the tire industry. We develop and test new raw material alternatives in cooperation with industry and research organizations, as well as in our own research and development work. Our goal is to promote the adoption of renewable materials that can be manufactured on an industrial scale.

A photograph of a white industrial robotic arm with yellow accents, positioned in a factory environment. The arm is mounted on a metal structure and is surrounded by safety railings. The background shows a concrete floor and some industrial equipment. The text is overlaid on the left side of the image.

REPORT OF THE BOARD OF DIRECTORS

January 1–December 31, 2025



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 tires sustainably with a cost-efficient production process. The Group's operating environment comprises the global tire industry market areas in Europe, Asia, Africa, and North and South America.

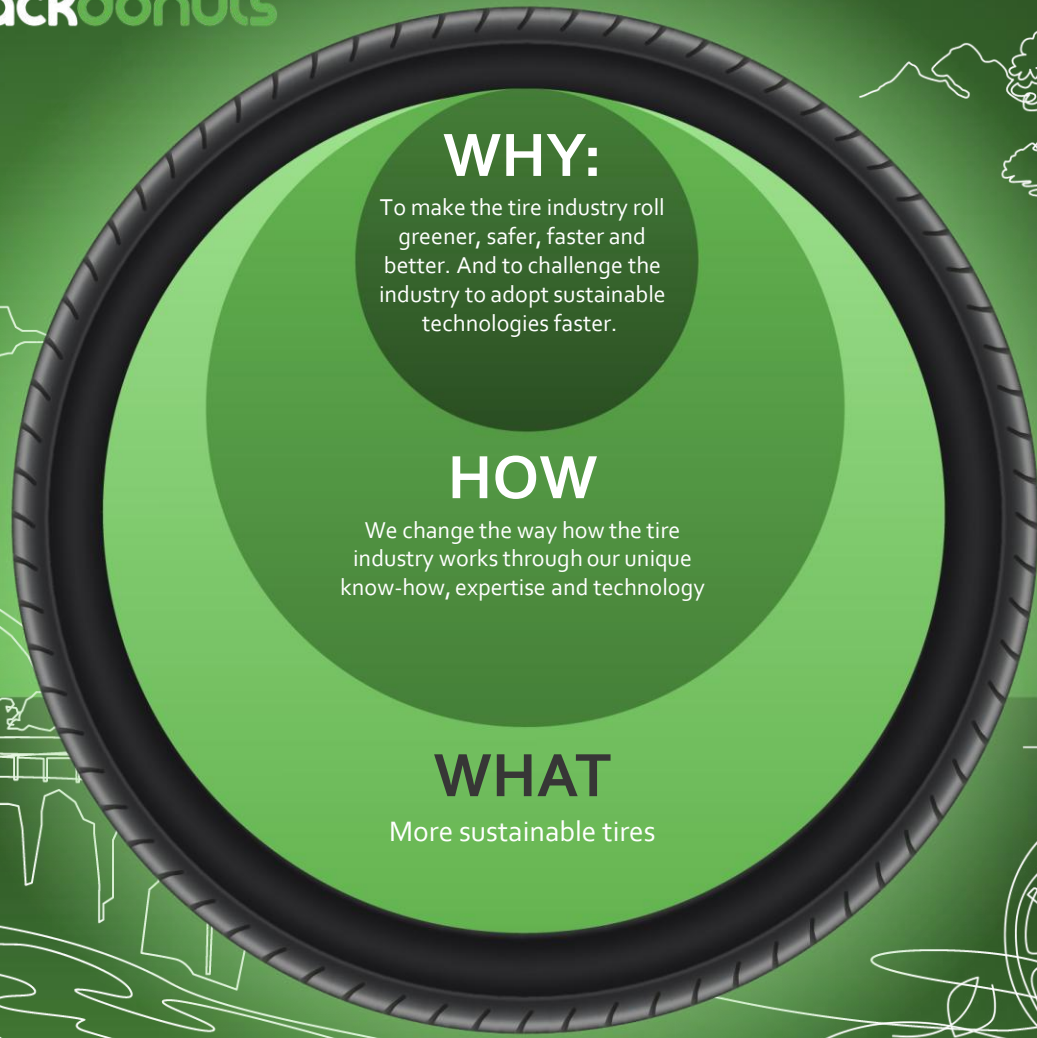
The Group's operations put special emphasis on strong commitment to sustainable development goals and the ability to promote the achievement of these goals especially in customer projects and, in the future, increasingly also in the raw material market and in research cooperation that unites industries.

Based on these principles, the Group is determined to invest in solutions that create concrete competitive advantage through sustainability. The InTire Labs materials research center, which commenced its operations in fall 2025, supports the development of new materials and cross-industry cooperation, and during 2026, the first raw material innovation will proceed towards a production investment, responding especially to the tire industry's need for renewable raw materials.

The parent company of the Black Donuts Group, Black Donuts Inc., is a company that started its operations in Finland in 2011 and focuses on tire and tire manufacturing technology as well as materials research and development. The Group's subsidiary, BD Testing Inc., is an accredited tire testing laboratory that also has test track operations in Sweden. The subsidiary WD Racing Ltd sells components for the tire manufacturing process and storage, and Black Donuts Engineering India Private Limited provides expert services in tire design. Throughout its history, the Group's sales have been almost entirely exports to several different continents.

PERFECTING THE TIRE INDUSTRY

Fellowship | Simplicity | Responsibility | Continuous Development



WHY:

To make the tire industry roll greener, safer, faster and better. And to challenge the industry to adopt sustainable technologies faster.

HOW

We change the way how the tire industry works through our unique know-how, expertise and technology

WHAT

More sustainable tires



THE PREFERRED CHOICE FOR TECHNOLOGY AND SUSTAINABILITY

WHY: ESG IMPACT

We can bring with transparency the best practices to anyone, aiming at the best for sustainability, in all customer groups.

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 people committed to make change, and the best partners for everything, from the suppliers of machinery, equipment and materials to software and automation experts.

We have a unique and holistic view of the tire industry, which provides us with the broadest experience and allows 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 most efficient processes to produce the most sustainable tires, closer to their market, with cleaner energy.

We are a unique ESG partner for our clients.

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 rubber industry operators more extensively with the research and manufacture of raw materials.



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 USD 250 billion. There are currently about 500 tire plants. More than 90% of them are plants that are over 10 years old.

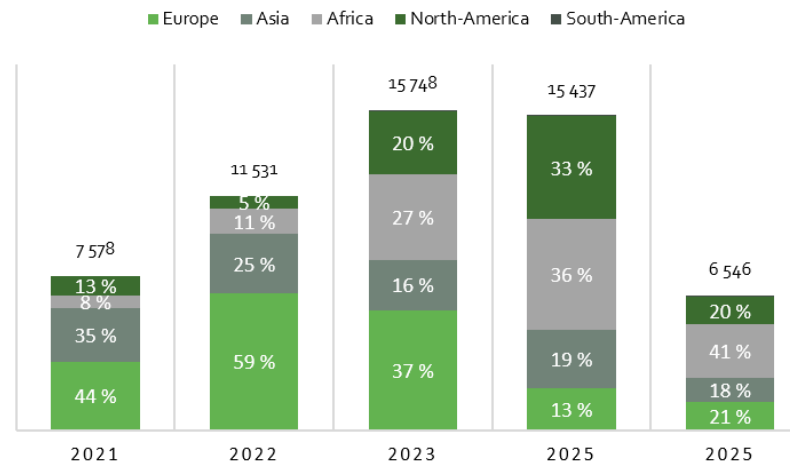


The Tier-1, Tier-2 and Tier-3 tire brands each represent about a third of the global market. The sales of Tier-3 brands increase the fastest, and Tier-1 has continuously lost its market share.

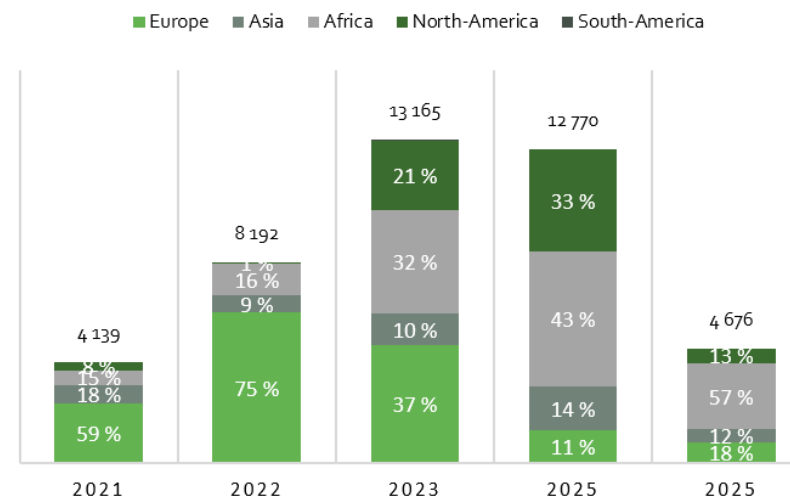
The production of the five largest manufacturers accounts for 20–30% of the global market and 40–45% of its value. The brand portfolio of the large manufacturers includes several Tier-1, Tier-2 and Tier-3 brands of different price categories.

The tire manufacturing is a global industry, but nearly 60% of the manufacturing takes place in China and Southeast Asia, while the demand for end products in the United States and Europe is at nearly the same level as in China. The oldest manufacturing capacity is found in the United States.

GROUP'S NET SALES BY CONTINENT (EUR 1,000)



PARENT COMPANY'S NET SALES BY CONTINENT (EUR 1,000)



Net sales accrual of Black Donuts Group and the parent company by continent, broken down by project target country, 2021–2025.

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 over 3 billion tires by 2030.

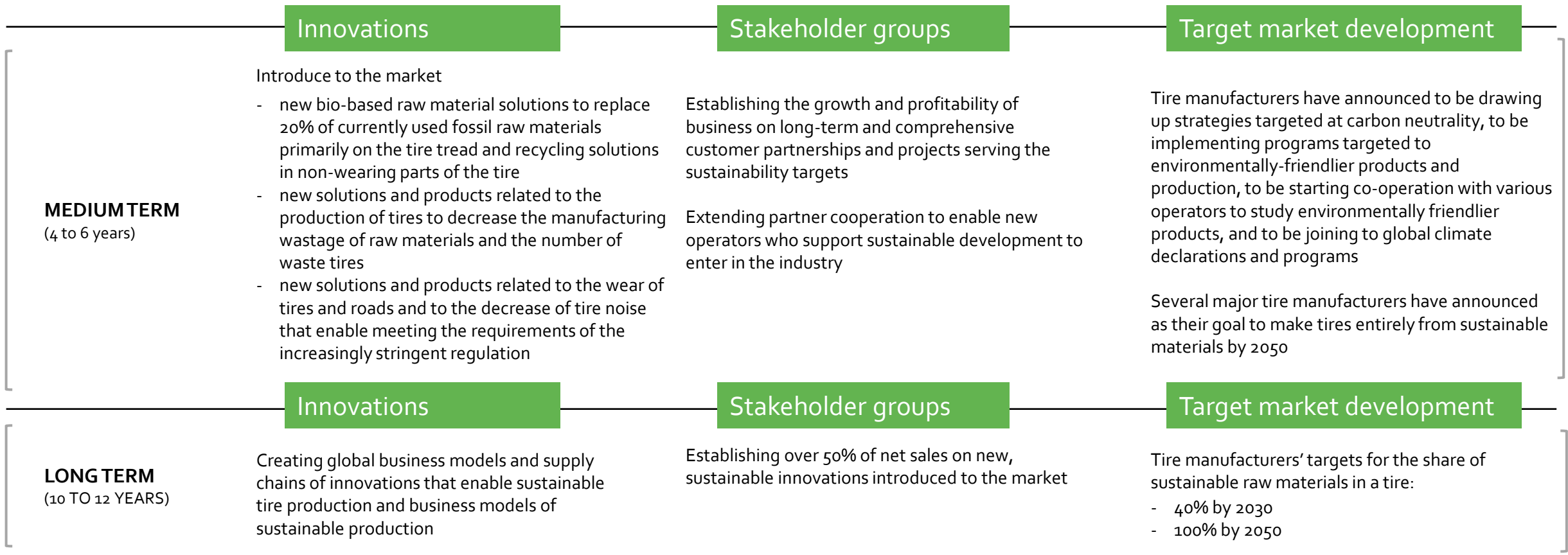
To achieve their sustainability targets, the manufacturers co-operate with various parties more than before and benefit from tested solutions suitable for the manufacturing process that are introduced in the market. Reaching their sustainability targets is a competitive advantage for the manufacturer 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 Group's InTire Labs materials research center and environmentally friendly raw material innovations.

Business targets

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



Overview of 2025

During the financial year 2025, Black Donuts Inc's InTire Labs materials research center commenced its operations on the Tampere University campus. The company continued to research new innovative raw materials with the aim of commercializing the first bio-based raw material suitable for industrial production within the next two financial years.

The Group's strategic goal is to create an opportunity for the tire industry to operate greener, safer, more efficiently and better. The development projects and investments launched and completed strengthen the Group's capabilities and the diversity of its business models and support the achievement of the set goals:

- The InTire Labs materials research center, which started its operations on the Tampere University campus in autumn 2025, serves the tire and rubber industry together with Black Donuts Inc's extensive expertise in the tire industry. With the InTire Labs center, the Group has the opportunity to collaborate across industry boundaries and accelerate the creation of new innovations.
- The research and product development of new bio-based raw material innovations progressed as planned during the financial year, aiming for the commercialization of the first raw material suitable for industrial production. The new raw materials manufactured from renewable and recycled materials are intended to replace the currently used raw materials that are harmful to health and the environment, such as carbon black.
- The full-service package of new factory investments for tire manufacturers in accordance with the BD Partnership service model, which also covers product and production support after the start-up phase of production, continues to be a strategically important part of our business. However, during 2025, global geopolitical tensions slowed down new

investment projects, leading to a momentary weakening of demand.

- In June 2025, Black Donuts Inc's parent company's domicile was relocated from Belgium to Finland, which will contribute to the funding of the Group's growth projects and the development of the Group's value.

During financial year 2025, 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. Large distributors are also increasingly interested in investing in either building their own manufacturing capacity or having their own products manufactured.

In tire and material development, the requirements of electric vehicles and the environmental impact of tires were emphasized in addition to traditional performance values.

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.

The operating environment in 2025 was characterized by several global disruptions, such as the war in Ukraine and the uncertainty of economic policy in the United States. Raw

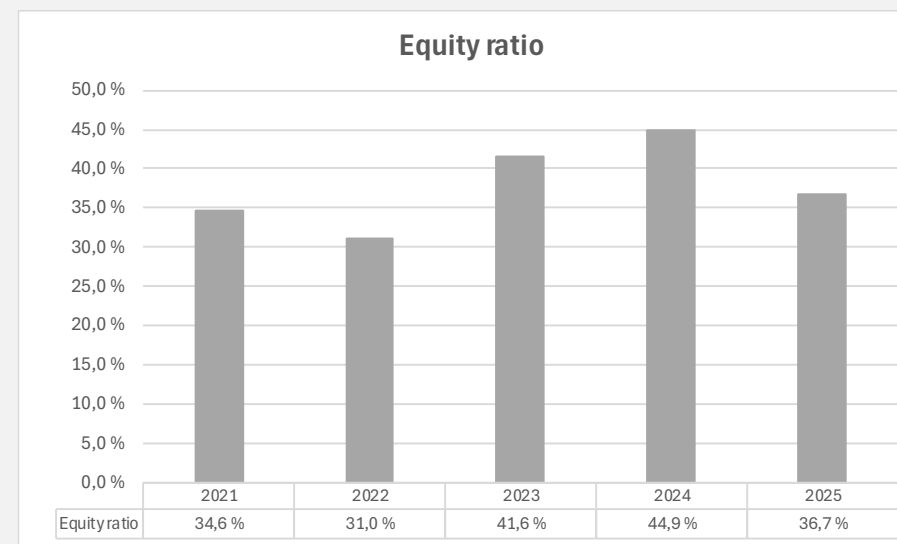
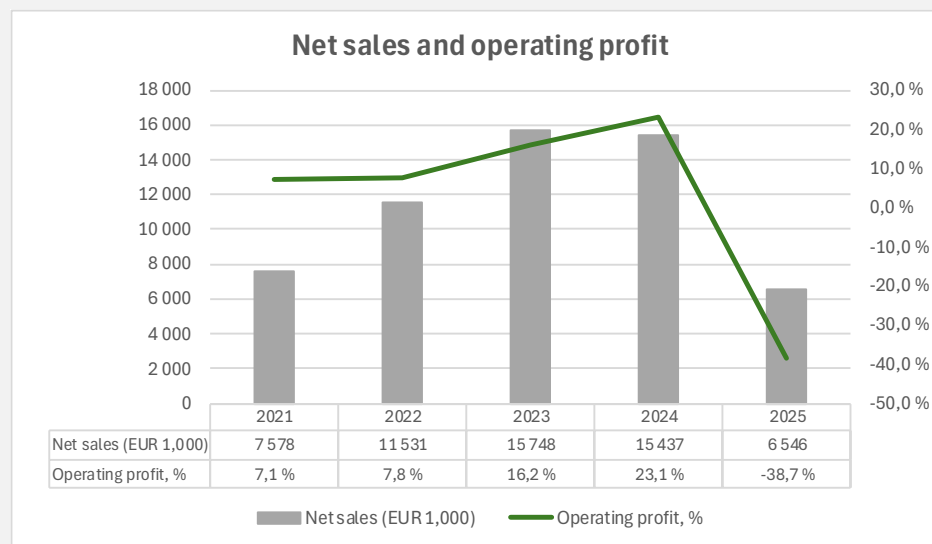
material prices were highly volatile, and energy costs remained quite high, which, together with logistical challenges and exchange rate fluctuations, had a negative impact on the global tire industry and was reflected in the company as a lower order backlog. However, the company has taken measures to control costs and has maintained its liquidity and ability to continue with the ongoing development projects.

The climate change and the imposed sustainability targets are perceived as a global and significant factor shaping the industry in the long term. 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	2025	2024	2023	2022	2021
Net sales	6,546	15,437	15,748	11,531	7,578
Operating profit	-2,530	3,573	2,545	897	537
Operating profit, %	-38.7%	23.1%	16.2%	7.8%	7.1%
Return on investment (ROI), %	-15.2%	25.3%	21.8%	8.8%	6.8%
Return on equity (ROE), %	-37.3%	32.1%	41.3%	16.7%	8.7%
Equity ratio, %	36.7%	44.9%	41.6%	31.0%	34.6%
Average number of personnel	73	67	58	57	56



Income

In 2025, the Group's net sales amounted to EUR 6.5 (2024: 15.4) million and operating loss totaled EUR -2.5 (2024: 3.6) million.

The operating loss for the financial year 2025 was due to a temporary decline in demand due to a slowdown in customers' new factory investments.

The Group's material and service costs totaled EUR 2.6 (2024: 5.4) million for the past financial year. The decrease in expenses from the comparison period was 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 5.6 (2024: 6.0) million. The Group's personnel turnover remained at a low level. The Group's personnel expenses were adjusted in the financial year 2025 to meet the temporarily reduced demand.

Depreciation and amortization increased slightly from the comparison period and were EUR 1.3 (2024 1.0) 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 2.4 (2024: 2.6) million. The decrease compared to the financial year 2024 was due to a decrease in several different cost categories, reflecting the volume of business.

Financial expenses for the financial year were EUR 0.5 (2024: 0.6) million, consisting of business credits granted by financial institutions and an investment company, mainly for a long-term, and a long-term

bank loan granted for investments.

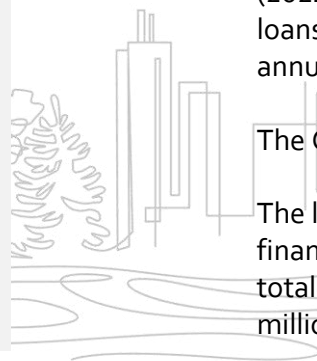
Several global disruptions, such as the war in Ukraine and the uncertainty of economic policy in the United States, affected the Group's result and were mainly reflected in the prolongation of customers' investment decisions due to the tightening of the financial markets. Consequently, the development 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, 2025 was EUR 17.7 (2024: 21.0) million. Equity stood at EUR 6.4 (2024: 9.4) 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, 2025 was 37% (45% in 2024).

The liquidity of the Group and the parent company was ensured during the financial year through cost adjustment measures. The Group's current assets totaled EUR 6.8 (2024: 11.3) million and current liabilities EUR 4.8 (2024: 5.3) million.



Investments

The net investments recognized under development expenditure in Black Donuts Group's balance sheet as at December 31, 2025 totaled EUR 4.7 (2024: 3.9) million. The investment in the InTire Labs materials research center was in part recognized in the result and in part under development expenditure and fixed asset acquisitions in the balance sheet, with these items totaling EUR 2.9 million for the financial year 2025. In the subsidiaries, investments were recognized as an expense for the financial year.

In the financial year 2025, **Black Donuts Inc.** invested in:

the construction of the InTire Labs materials research center, which started in 2022 and was brought to completion in the fall of 2025. The total investment in InTire Labs center amounted to EUR 6.7 million. Business Finland granted the project NextGenerationEU funding of approximately EUR 2.34 million. The research center serves especially the research needs of the rubber and tire industry in the study of renewable and recyclable raw materials.

the research and development project focusing on renewable and recycled materials, which started in 2024 as continuation to the earlier development projects for winter tires and biomaterials for electric vehicles. As part of this development work, the company aims to bring to the market the first production-ready raw material innovation manufactured from renewable materials.

In 2025, the company built its capabilities to meet customer needs for future plant investments in the US market. On the one hand, the development work focused on the development of tire models specifically aimed at the market concerned and, on the other hand, on the design of a production machine concept defined for the plant investment, which supports efficient and scalable production.

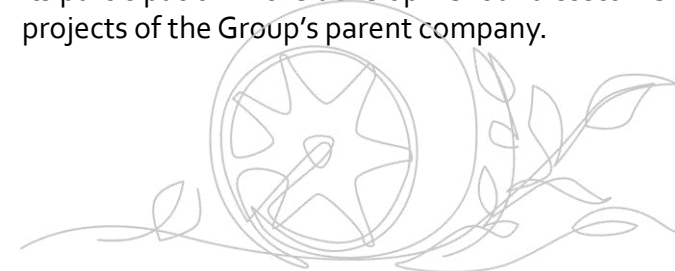
Black Donuts's Innovation and Invention Guidelines encourage the continuous development of new innovations that serve customers. Product innovations were also created during the past financial year, the commercialization of which has begun.

The implementation of **BD Testing's** growth strategy was promoted through market surveys, and

the plans required for securing financing were drawn up for future machine investments. If realized, the investments related to the 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 continued its participation in the development and customer projects of the Group's parent company.



Personnel

Black Donuts Inc. had an average of 61 employees during the financial year 2025 (2024: 56). Conversely, the average number of employees in the Black Donuts Group was 73 (2024: 67). At the end of 2025, we employed nearly 9% more people compared to the situation at the end of 2024. The number of employees increased along with the InTire Labs center and the Nemus project. The average age of employees was 45.5 years. 92% of our employees were permanent employees and 91% full-time employees.

61 Employees (2024: 56)

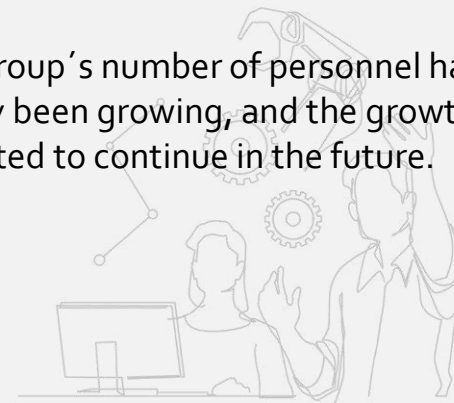
92%
Permanent employees



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.

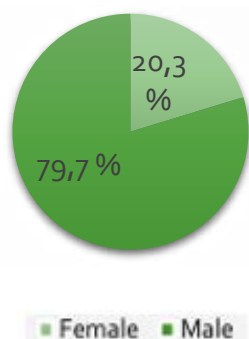
The Group's number of personnel has clearly been growing, and the growth is expected to continue in the future.



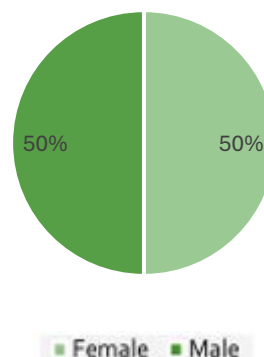
The growth of international expertise and the diversification of personnel by different nationalities accelerated in 2023 when the Group made the decision to grow special expertise in a controlled manner both via its Indian subsidiary and via recruitments made to the parent company. This diversification 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. In 2025, the InTire Labs materials research center was launched, in addition to which we invested in new materials-related development projects. As a result, both our expertise and our service offering grew, especially in the field of materials development.

Gender distribution of employees

All employees



New employees

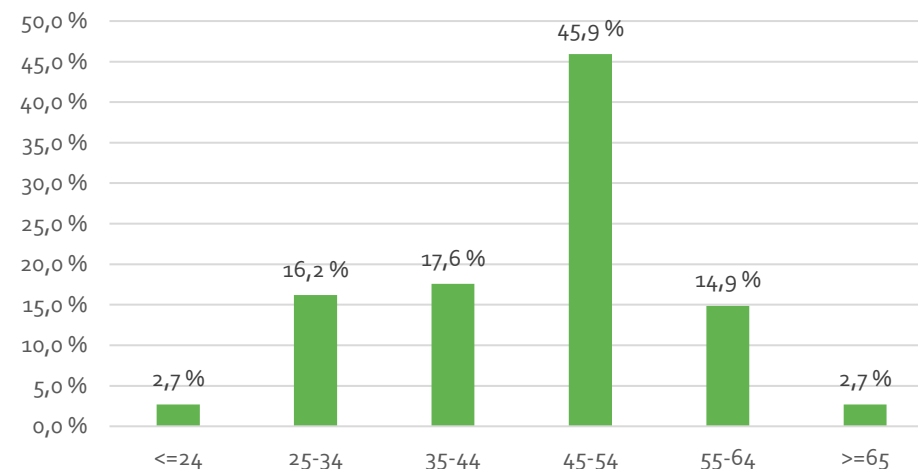


INCENTIVE SCHEMES

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. In addition, the parent company established a personnel fund covering its personnel in the 2024 financial year.

Age distribution of employees

Age distribution



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, 2025, the company's equity stood at EUR 6.4 (2024: 8.9) 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, Global Tire Technologies Inc. that relocated its domicile from Belgium to Finland in June 2025 held 87.49% of the Class A shares in Black Donuts Inc. and thus 91.88% of the voting rights.

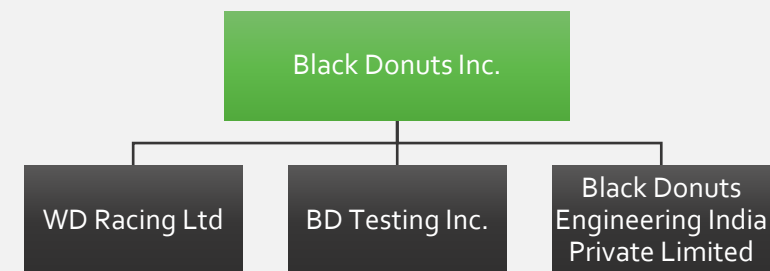
The beneficial owner of Black Donuts Engineering Inc., Ari Salmivuori, indirectly held 26% of the company's Class A shares and 26.42% of the voting rights. The company has registered its beneficial owners in the public register maintained by the Finnish Patent and Registration Office.

The following table specifies the shareholders of Black Donuts Inc. as at December 31, 2025:

Class:	Number of shares	Number of votes	Shareholder	% of all shares	% of all votes
A	1,098	2,196	Global Tire Technologies Inc., 3477923-5 (until May 31, 2025, Global Tire Technologies NV, BE 0832.673.437)	87.49	91.88
A	37	74	Ajanta, FI 0781692-6	2.95	3.10
B	120	120	Fiotop, FI 2403635-8	9.56	5.02
Total	1,255	2390		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 2025, 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 2025, 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 Inc., relocated its domicile from Belgium to Finland as of 1 June 2025. In the future, Global Tire Technologies Inc. will provide the Group's administrative services to all Group companies.

Risk factors

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

The Group's personnel and their unique ability to combine various areas of expertise form a significant part of the Group's competitive advantage. At the same time, the permanence of competence and the strengthening of expert resources have been identified as key risk factors. Employee turnover has been low in the Group, and the risks mainly relate to the challenges that may arise in recruitment due to 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 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.

The Group also maintains sufficient liquidity by means of an 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 Iran and geopolitical tensions have 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 extensive 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 documented and audited processes.

Black Donuts Inc. has in place quality management and environmental systems audited in accordance with ISO 9001 and 14001, 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 the InTire Lab materials research center.

Outlook for 2026

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

The Black Donuts Group wants to be a pioneer in the development of more environmentally friendly products and production and opened its own InTire Labs 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, production-ready 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 and at the same time improve the properties of tires.

Triggered by the prolongation of the war in Ukraine and the uncertainty of economic policy in the United States, the 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, and large tire distributors are interested in manufacturing their own products or having them manufactured.

The development of the Group structure will continue during the current financial year. In March 2026, Global Tire Technologies Inc established a new 100% owned Finnish subsidiary, Nemus Materials Ltd., whose task in the future is to manufacture the Nemus material developed at Black Donuts Inc. and produced from renewable raw materials. The Group has not had any major events differing from the normal course of business after the end of the financial year.

Proposal of the Board of Directors for the distribution of profit

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 before its significant investments have been completed. Black Donuts Inc's distributable funds as at December 31, 2025 amounted to EUR 1.8 million, of which the net result for the financial year 2025 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, 2025, and that the loss 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, 2025 comprised Matti Manner (Chair), Raif Nisametdin, Panu Paappanen and Arto Martonen and, as of the general meeting of shareholders held on June 4, 2025, Mia Miettinen. In accordance with the decision of the Annual General Meeting held on June 4, 2025, the term of the Board of Directors will continue up until the Annual General Meeting held in the spring of 2026.

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, Authorized Public Accountant, serving as the auditor-in-charge. Juha Hilmola has been registered in the register of auditors pursuant to the Auditing Act.

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CONSOLIDATED FINANCIAL STATEMENTS

January 1–December 31, 2025



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ●

EUR	Note	Jan 1–Dec 31, 2025	Jan 1–Dec 31, 2024
Net sales	3	6,545,820	15,436,569
Capitalization of development expenditure	4	1,403,616	913,059
Other operating income	5	1,373,320	2,199,066
Materials and services	6	-2,640,894	-5,398,503
employee benefit expenses	7	-5,600,619	-6,004,614
Depreciation, amortization and impairment	9	-1,251,461	-964,038
Other operating expenses	8	-2,360,169	-2,608,657
Operating profit (loss)		-2,530,386	3,572,882
Financial income	10	87,333	133,560
Financial expenses	10	-477,214	-585,749
Profit (loss) before taxes		-2,920,268	3,120,694
Income taxes	11	-19,758	-571,210
Net profit for the financial year		-2,940,026	2,549,483
Other comprehensive income items			
Items that may be reclassified subsequently to profit or loss			
Translation differences		-17,180	4
Total comprehensive income for the financial year		-2,957,206	2,549,488
Profit for the financial year attributable to			
Owners of the parent		-2,940,026	2,549,483
		-2,940,026	2,549,483
Comprehensive income attributable to			
Owners of the parent		-2,957,206	2,549,488
		-2,957,206	2,549,488

CONSOLIDATED BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity	Note	Dec 31, 2025	Dec 31, 2024
Share capital	21	2,500	2,500
Invested unrestricted equity reserve	21	5,869,380	5,869,380
Retained earnings	21	521,200	3,478,405
Total equity		6,393,080	9,350,285
Liabilities			
Non-current			
Subordinated loans	20, 23	100,000	100,000
Loans from financial institutions	20, 23	2,524,990	2,553,268
Other interest-bearing liabilities	20, 23	1,060,887	1,304,890
Loan from government	20, 23	752,641	582,673
Lease liabilities	15, 20, 23	1,879,440	1,618,992
Deferred tax liabilities	20, 23	100,805	123,910
Other non-current liabilities	24	99,255	99,255
Total non-current liabilities		6,518,018	6,382,987
Current			
Loans from financial institutions	20, 23	1,311,211	0
Other interest-bearing liabilities	20, 23	383,849	247,699
Loan from government	20, 23	20,464	820,464
Lease liabilities	15, 20, 23	614,188	497,515
Trade payables	20, 23	466,108	842,530
Amounts owed to Group undertakings	20, 23, 27	132,727	0
Other current liabilities	20, 23, 24, 27	1,874,767	2,885,743
Total current liabilities		4,803,314	5,293,950
Total liabilities		11,321,333	11,676,937
Total shareholders' equity and liabilities		17,714,412	21,027,223

EUR	Note	Dec 31, 2025	Dec 31, 2024
ASSETS			
Non-current assets			
Goodwill	13	926,507	926,507
Development expenses	12	4,595,614	3,922,376
Other intangible assets	12	122,416	8,862
Property, plant and equipment	14	2,388,255	428,362
Advance payments and construction in progress	14	0	1,742,893
Right-of-use assets	15	1,272,843	808,896
Leasing receivable	15	1,369,585	1,619,071
Non-current receivables	18	262,954	265,391
Total non-current assets		10,938,174	9,722,358
Current assets			
Inventories	16	653,963	652,264
Trade receivables	17	2,357,215	5,928,857
Receivables from Group undertakings	22, 27	221,989	30,417
Leasing receivable	15	314,249	308,087
Other receivables	18	2,917,104	3,292,805
Cash and cash equivalents	19, 22	311,719	1,092,435
Total non-current assets		6,776,238	11,304,864
Total assets		17,714,412	21,027,223

CONSOLIDATED CASH FLOW STATEMENT

EUR	Jan 1–Dec 31, 2025	Jan 1–Dec 31, 2024
Cash flows from operating activities		
Profit/loss for the period	-2,940,026	2,549,483
Adjustments		
Depreciation and amortization	1,251,461	964,038
Other non-cash transactions	-45,119	19,776
Interest and other financial expenses	477,214	575,026
Interest income	-87,333	-86,137
Income taxes	19,758	571,210
Change in net working capital		
Change in trade and other receivables	3,748,539	-2,654,024
Change in inventories	-1,699	353,487
Change in trade payables and other liabilities	-796,082	-478,671
Interests paid	-301,690	-646,962
Interests received	71,362	80,993
Income taxes paid	-542,543	-9,400
Cash flow from operating activities	853,843	1,238,820
Cash flows from investments		
Investments in tangible and intangibles assets	-2,719,199	-2,819,304
Loans extended	243,815	-64,393
Cash flow from investments	-2,475,384	-2,883,697
Cash flows from financing activities		
Withdrawals of non-current loans	2,267,027	3,353,268
Repayments of loans	-928,350	-601,344
Payment of lease liabilities	-497,851	-452,349
Cash flow from financing activities	840,825	2,299,575
Change in cash and cash equivalents	-780,716	654,698
Cash and cash equivalents at year start	1,092,435	437,737
Change	-780,716	654,698
Cash and cash equivalents at year end	311,719	1,092,435

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, 2025	2,500	5,869,380	-30,774	3,509,179	0	9,350,285
Comprehensive income						
Profit (loss) for the year	0	0	0	-2,940,026	0	-2,940,026
Other comprehensive income items						
Translation differences	0	0	-17,180	0	0	-17,180
Total comprehensive income for the financial year	0	0	-17,180	-2,940,026	0	-2,957,206
Transactions with owners						
Dividend distribution	0	0	0	0	0	0
Other changes and adjustments	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0
Equity at Dec 31, 2025	2,500	5,869,380	-47,953	569,153	0	6,393,080

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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 research and 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, 2025 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations (IFRIC) in force on December 31, 2025. 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, 2025, the Group adopted the following new or amended standard. The adoption of the amendments had no material effect on the consolidated financial statements

- 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.

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, 2026 or later. The company will adopt them as of the effective date of each standard and 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:

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: amendments to the classification and measurement of financial instruments. The reforms include a change to the requirements concerning derecognition of financial liabilities paid using electronic payment systems. They also include a clarification regarding the performance of the SPPI test and an amendment to the criteria related to the assessment of principal and to the criteria related to contractually linked instruments. There are also entirely new disclosure requirements.
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: contracts referencing nature-dependent electricity. The aim of the amendments is to improve the presentation of information on the economic impact of nature-dependent electricity contracts, which are structured as power purchase agreements.

For financial years beginning on January 1, 2027 or later, the new standard, IFRS 18, will replace IAS 1. IFRS 18 affects how companies disclose information in their financial statements. The most significant amendments include the classification of income and expenses, the aggregation and breakdown of data, the subtotals of the income statement and the publication of key figures defined by management.

- The entry into force of IFRS 18 will affect the presentation of the Group's financial statements, and the Group will prepare financial statements in accordance with IFRS 18 for the first time for the financial year beginning on January 1, 2027.

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 recognized 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		2025	2024	2023
Finland		62,654	50,408	579,358
Europe		1,303,667	2,200,499	5,770,245
Africa		2,753,822	5,505,256	4,220,350
South America		1,040	0	54,000
North America		1,318,442	5,049,552	2,598,400
Asia		1,106,196	2,630,854	2,525,799
Total net sales		6,545,820	15,436,569	15,748,151
Breakdown of net sales	Revenue recognition	2025	2024	2023
Delivery and design projects	Over time	4,675,593	12,737,005	9,007,244
Component sales	At a point of time	1,347,271	2,241,888	5,838,410
Testing services	Over time	522,955	457,676	902,498
Total net sales		6,545,820	15,436,569	15,748,152
Share of partially or fully unrecognized performance obligations of delivery and design projects		2025	2024	2023
Less than 1 year		4,857,549	4,437,440	6,969,812
Over 1 year		473,252	1,350,983	4,863,966
		5,330,801	5,788,423	11,833,778

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 assessed on a regular basis and at least in connection with reporting.

WARRANTIES

The company's delivery and design projects usually do not 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	2025	2024
Personnel expenses	735,919	237,807
Purchases & External services	308,664	522,655
Other expenses	359,033	152,597
Total	1,403,616	913,059

5. OTHER OPERATING INCOME ●

EUR	2025	2024
Public grants	1,373,320	2,190,998
Other income	0	8,069
Total	1,373,320	2,199,066

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	2025	2024
Materials, goods and supplies		
Purchases during the financial year	1,258,570	3,277,565
Change in inventories	-1,699	353,487
External services	1,384,023	1,767,451
Total	2,640,894	5,398,503

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	2025	2024
Wages and salaries	4,618,035	4,975,326
Pension expenses – defined contribution plans	761,505	855,320
Other social security expenses	221,079	173,967
Total	5,600,619	6,004,614
	2025	2024
Group's personnel on average during the financial year	73	67

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	2025	2024
Facility expenses	90,074	57,696
IT expenses	340,944	338,568
Marketing and communications expenses	160,157	171,507
Travel and entertainment expenses	914,729	1,043,253
Voluntary employee expenses	106,338	209,134
Research and development expenses	242,561	317,289
Administrative services	480,006	479,399
Impairment of trade receivables and recovered credit losses	-4,883	-48,631
Other expenses	30,244	40,443
Total	2,360,169	2,608,657

AUDITORS' FEE

EUR	2025	2024
Ernst & Young		
Audit fee	66,833	45,474
Other fees	0	0
Total	66,833	45,474

9. DEPRECIATION, AMORTIZATION AND IMPAIRMENT ●

EUR	2025	2024
Development expenses	730,378	592,733
Amortization of other intangible assets	4,883	2,909
Property, plant and equipment	176,768	99,923
Amortization of right-of-use assets	339,432	268,473
Total	1,251,461	964,038

10. FINANCIAL INCOME AND EXPENSES ●

Financial income, EUR	2025	2024
Interest and other financial income	75,725	85,471
Financial income from Group undertakings	11,587	417
Foreign currency gains	20	47,672
Total	87,333	133,560

Financial expenses, EUR	2025	2024
Interest expenses	293,947	348,498
Foreign currency losses	87,206	0
Interest expense on lease liabilities	95,208	85,603
Other financial expenses	853	151,648
Total	477,214	585,749

Interest and other financial income mainly consist of financial income arising from leasing in accordance with IFRS 16. Financial income from Group undertakings is interest income from the Group's parent company, Global Tire Technologies Inc. Foreign currency gains include exchange rate differences arising in the 2024 IFRS 16 treatment and 2025 minor exchange rate differences. Interest expenses mainly consist of interest expenses on financial liabilities. Foreign exchange losses consist of exchange rate differences arising in the treatment in accordance with IFRS 16. Interest expenses on lease liabilities include interest expenses related to the IFRS 16 treatment. Other financial expenses mainly consist of a guarantee commission in 2024 and of other minor financial expenses in 2025. Financial expenses are also discussed in Note 20. Management of financing risks.

11. INCOME TAXES ●

EUR	2025	2024
Taxes recognized through profit or loss	-27,973	-577,713
Taxes related to previous financial years	-18,462	-26
Change in deferred taxes	26,677	6,529
Total	-19,758	-571,210

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

EUR	2025	2024
Profit (loss) before taxes	-2,920,268	3,120,694
Income tax at the Finnish tax rate, 20%	584,054	-624,139
Non-deductible expenses and non-taxable income	82,466	75,297
Difference between foreign tax rates and the Finnish tax rate	-151	-146
Deferred taxes not recognized in the result for the financial year	-637,228	32,342
Other items	-48,899	-54,565
Income taxes on the income statement	-19,758	-571,210

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 amount 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	1.1.2025	Recognized through profit or loss	Dec 31, 2025
Right-of-use assets	-547,211	-44,125	-591,335
IFRS16 Subletting arrangement	423,301	75,424	498,726
Other*	40,062	-4,623	29,430
Total	-83,848	26,677	-63,180

* The item 'Other' includes the deferred tax recognized of Black Donuts India PVT LTD's losses, of which EUR 4,623 was recognized in profit for the period. The remaining change of EUR 6,009 is due to the exchange rate difference.

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

* EUR 69,344 recognized against retained earnings. Further information in note 'Share capital and equity reserves'.

CONFIRMED LOSSES

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

EUR	2025	2024
Unused tax losses	114,847	0
Total	0	0

The deferred tax asset from tax losses not recognized is EUR 637 thousand (2024: EUR 0).

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

EUR	2025	2024
Expires within five years	0	0
Expires later than within five years	114,847	0
Total	0	0

The unconfirmed tax loss for 2025 for the Group's companies is the total of EUR -3,186 thousand (2024: EUR 2,707 thousand).

12. INTANGIBLE FIXED ASSETS ●

EUR

Intangible rights	Goodwill	Development expenses	Other intangible assets	Total
Acquisition cost at Jan 1, 2025	926,507	8,252,488	309,014	9,488,009
Increases		1,403,616	118,436	1,522,052
Acquisition cost at Dec 31, 2025	926,507	9,656,104	427,450	11,010,062
Accumulated depreciation and amortization at Jan 1, 2025	0	-4,330,112	-300,152	-4,630,264
Depreciation and amortization for the financial year	0	-730,378	-4,883	-735,261
Accumulated depreciation and amortization at Dec 31, 2025	0	-5,060,490	-305,035	-5,365,525
Carrying amount at Jan 1, 2025	926,507	3,922,376	8,862	4,857,745
Carrying amount at Dec 31, 2025	926,507	4,595,614*	122,416	5,644,537

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	0	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

ACCOUNTING PRINCIPLE

Intangible assets are comprised of goodwill, development expenses and other intangible assets, which are mainly comprised of software and licenses as well as long-term expenditure. 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 1,166 thousand from unfinished projects (2024: EUR 555 thousand) from unfinished projects, on which no depreciation has been initiated.

At the end of the financial year, development costs include EUR 353 thousand (2024: EUR 244 thousand) 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 as well as long-term expenditure. The amortization periods of other intangible assets with a finite economic useful life are 5 to 7 years. Long-term expenditure consists of the renovation costs of the premises of the materials research center, the amortization period of which is 10 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	2025	2024
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 926,500 (2024: EUR 926,500). 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 4,092 thousand. The recoverable amount of the testing service business exceeds the carrying amount by EUR 333 thousand.

The forecast period used in goodwill impairment testing in 2025 was five years (previously four years). The forecast period has been extended to improve the accuracy of the forecast and to comply with generally followed practices. The operating income of cash-generating units decreased during the financial year. In 2025, the discount rate was calculated based on WACC factors as in 2024. The discount rate used was 13% (2024: 13%).

Key assumptions used in testing the goodwill of the component business for impairment

	2025	2024
Duration of the forecast period (years)	5	4
Average annual growth in net sales*	82%	37%
Operating margin in the first year of the forecast period	1%	14%
Operating margin after the first year of the forecast period	22%	19%
Growth factor for cash flows after the forecast period	2%	2%
Discount rate	13%	13%

* Net sales are forecast to grow moderately by 2% in 2026, by 287% in 2027 and by 34% in 2028 due to product expansions.

Key assumptions used in testing the goodwill of the testing service business for impairment

	2025	2024
Duration of the forecast period (years)	5	4
Average annual growth in net sales**	9%	4%
Operating margin	5%	7%
Growth factor for cash flows after the forecast period	2%	2%
Discount rate	13%	13%

** For 2026, the operating profit is forecast to rise to the level of 2020–2021. Net sales are forecast to end up at the level of 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	2025	2024
Average growth of net sales	33%	-42%
Projected operating margin	10%	-17%
Discount rate	33%	40%

Sensitivity analysis of goodwill allocated to the testing services business	2025	2024
Average growth of net sales	-18%	-22%
Projected operating margin	2%	4%
Discount rate	21%	22%

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, 2025	1,065,089	1,742,893	2,093,259	4,901,241
Increases	85,712	315,731	803,379	1,204,822
Decreases	0	0	0	0
Exchange rate differences*	-7,676	0	0	-7,676
Transfers between items	2,058,625	-2,058,625	0	0
Acquisition cost at Dec 31, 2025	3,201,750	0	2,896,638	6,098,388
Accumulated depreciation and impairment at Jan 1, 2025	-636,728	0	-1,284,362	-1,921,090
Depreciation and amortization for the financial year	-176,768	0	-339,432	-516,200
Accumulated depreciation and impairment at Dec 31, 2025	-813,496	0	-1,623,794	-2,437,290
Carrying amount at Jan 1, 2025	428,362	1,742,893	808,896	2,980,151
Carrying amount at Dec 31, 2025	2,388,254	0	1,272,843	3,661,098

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
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

ACCOUNTING PRINCIPLE

Property, plant and equipment are comprised of machinery and equipment, construction in progress and right-of-use assets in accounting for leases in accordance with IFRS 16, which, for the financial years 2025 and 2024 concerned the Group's premises and are presented in more detail in Note 15. Advance payments and construction in progress were comprised of equipment purchases for the materials research center. The materials research center commenced its operations in 2025, and equipment purchases are presented at the end of the financial year as part of the acquisition cost of machinery and equipment. The recognition of depreciation was started since the month in which the equipment was 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 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. Machinery and equipment are depreciated on a straight-line basis.

The estimated depreciation periods are as follows:

- › Machinery and equipment: 5 to 10 years

The residual value of the asset, economic useful life and depreciation 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 exchange rate difference of EUR 7,676 is due to the weakening of the Indian rupee in the financial year 2025.

**The acquisition cost of right-of-use assets as at January 1, 2024 was 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 increased by a corresponding amount

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	2025	2024
Business premises	1,272,843	808,896
Total	1,272,843	808,896

Lease liabilities on the balance sheet	2025	2024
Non-current	1,879,440	1,618,992
Current	614,188	497,515
Total	2,493,628	2,116,506

Maturity breakdown of lease liabilities	2025	2024
Less than 1 year	614,188	497,515
1 to 2 years	593,804	480,629
3 to 5 years	1,060,245	849,462
More than 5 years	225,390	288,901
Total	2,493,628	2,116,506

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 2025, the variable lease income that is not included in the value of the net investment of the lease agreement amounted to a total of EUR 50,400. In 2024, there was no variable lease income. 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	2025	2024
Less than 1 year	320,272	313,992
1 to 2 years	326,677	320,272
3 to 5 years	1,019,758	999,763
More than 5 years	210,480	557,152
Total	1,877,187	2,191,179

Reconciliation of the present value of rent receivables	2025	2024
Net investment in rent receivable as at Dec 31	1,683,834	1,927,158
Non-accrued financial income	193,354	264,022
Total	1,877,187	2,191,179

16. INVENTORIES ●

EUR	2025	2024
Finished products	653,963	652,264
Total	653,963	652,264

The Finished products item in inventories consists of the components sold at the end of the 2025 and 2024 financial year by WD Racing Ltd.

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 did not recognize any credit loss provision for the 2025 financial year (2024: EUR 5,000).

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 2025 amounted to EUR 0 (2024: EUR 0).

MATURITY DISTRIBUTION OF TRADE RECEIVABLES

Projects ended as at December 31, 2025	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%	0%
Gross carrying amount – trade receivables	0	0	0	0	0	0	0
Gross carrying amount – assets based on agreement							
Deductible item related to loss	0	0	0	0	0	0	0
On-going projects and other trade receivables as at December 31, 2025	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 carrying amount – trade receivables	722,748	449,900	328,482	272,723	583,362	0	2 357,215
Gross carrying amount – assets based on agreement							
Deductible item related to loss	0	0	0	0	0	0	0
Total allowances related to loss:							0
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%	0%
Gross carrying amount – 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 carrying amount – trade receivables	1,087,474	1,111,240	782,933	1,030,210	1,667,000	250,000	5,928,857
Gross carrying amount – 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

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 ● 19. CASH AND CASH EQUIVALENTS ●

Other non-current receivables

EUR	2025	2024
Loan receivables	225,329	225,329
Deferred tax assets	37,625	40,062
Total	262,954	265,391

Other current receivables

EUR	2025	2024
Loan receivables	14,822	15,313
Rent deposits	63,470	46,790
Percentage of completion receivables	2,239,583	1,422,117
Accrued income and deferred charges	499,293	1,608,877
Other receivables	99,936	199,709
Total	2,917,104	3,292,805

EUR	2025	2024
Cash and cash equivalents	311,719	1,092,435
Total	311,719	1,092,435

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 thousand), of which EUR 680 thousand was in use at the end of the 2025 financial year (2024: EUR 0).

Maturities of contract-based financial liabilities at the end of 2025:

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	1,311,211	631,247	1,893,742	0	3,836,200
Other interest-bearing liabilities	1,561	382,288	240,289	820,599	0	1,444,737
Loan from government	0	20,464	20,464	441,630	290,547	773,105
Trade payables	466,108	0	0	0	0	466,108
Amounts owed to Group undertakings	132,727	0	0	0	0	132,727
Lease liabilities	153,547	460,641	593,804	1,060,245	225,390	2,493,628
Total	753,943	2,174,604	1,485,804	4,316,216	515,937	9,246,505

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

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.

2025	EUR	INR	USD	SEK	Total
Trade receivables	2,202,092	0	155,123	0	2,357,215
Cash and cash equivalents	280,215	28,164	3,340	0	311,719
Trade payables	452,101	268	0	13,739	466,108
Net exposure	2,030,206	27,896	158,463	-13,739	2,202,826

2024	EUR	INR	USD	SEK	Total
Trade receivables	5,696,297	0	232,559	0	5,928,857
Cash and cash equivalents	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

Sensitivity analysis of changes in exchange rates

	2025 impact on profit		2024 impact on profit	
	Strengthening	Weakening	Strengthening	Weakening
Trade receivables				
+/- 10% change in the INR exchange rate	0	0	0	0
+/- 10% change in the USD exchange rate	15,512	-15,512	23,256	-23,256
Cash and cash equivalents				
+/- 10% change in the INR exchange rate	2,816	-2,816	6,443	-6,443
+/- 10% change in the USD exchange rate	334	-334	576	-576
Trade payables				
+/- 10% change in the INR exchange rate	27	-27	4,530	-4,530
+/- 10% change in the SEK exchange rate	1,374	-1,374	6,336	-6,336
+/- 10% change in the USD exchange rate	0	0	3,499	-3,499
Total net impact	20,063	-20,063	44,640	-44,640

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 8,658 thousand of interest-bearing liabilities (2024: EUR 7,725 thousand), of which non-hedged variable-rate loans amounted to EUR 6,064 thousand (2024: EUR 4,893 thousand). The variable-rate loans on the closing date 2025 were comprised of loans from financial institutions, other interest-bearing liabilities and loans from government. The average interest rate on financial liabilities in 2025 was 4 per cent (2024: 5 per cent). A potential increase of one percentage point in interest rates would increase the annual interest expenses of the company's variable-rate loans by approximately EUR 58 thousand.

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 2025 financial year. In addition, during the financial years 2024–2025, Black Donuts Inc. had 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 36.7 per cent (2024: 44.9 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
1.1.2024	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
Changes	0	0	0	0
Dec 31, 2025	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.

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, 2025 totaled EUR -48 thousand (December 31, 2024: EUR -31 thousand).

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, 2025 and December 31, 2024 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	2025	2024
Financial assets at amortized cost		
Loan receivables	240,151	240,642
Receivables from Group undertakings*	221,989	30,417
Trade receivables	2,357,215	5,928,857
Cash and cash equivalents	311,719	1,092,435
Total financial assets	3,131,073	7,292,350

* The item 'Receivables from Group undertakings' was not presented under financial assets in the previous 2024 financial statements. The item was added to the information for both the current financial year and the comparison year.

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, 2025 and December 31, 2024 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	Dec 31, 2025	Dec 31, 2024
Financial liabilities at amortized cost		
Subordinated loans	100,000	100,000
Loans from financial institutions	3,836,200	2,553,268
Other interest-bearing liabilities	1,444,737	1,552,589
Loan from government	773,105	1,403,137
Trade payables	466,108	842,530
Amounts owed to Group undertakings	132,727	0
Lease liabilities	2,493,628	2,116,506
Total financial liabilities	9,246,505	8,568,030

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 (2024: EUR 100,000). The subordinated loan was received from the Group's related party company Ajanta.

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 773 thousand (2024: EUR 626 thousand). 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 2025 financial year, EUR 61 thousand of the first loan remained to be paid. In February 2024, it was decided not to collect EUR 296 thousand of the loan principal. The repayments of the remaining loan will be paid in equal instalments over the next 3 years, so that the last instalment will be paid in 2028.

At the end of the financial year 2025, EUR 712 thousand of the second loan remained to be paid. In February 2025, a decision to extend the loan repayment period was granted. The loan will be repaid in five equal instalments so that the first instalment will be paid in 2028 and the last in 2032. No collateral has been placed for either of the loans.

In addition, Black Donuts Inc. has withdrawn a loan of EUR 800 thousand from Finnvera plc in 2024. The loan was 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, 2024	100,000	333,292	1,793,296	943,730	2,434,060
Repayments of loans	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
Repayments of loans	0	0	-107,886	-820,464	-497,851
Withdrawals of loans	0	1,282,932	0	180,715	803,379
Other changes	0	0	34	9,718	71,594
Balance at Dec 31, 2025	100,000	3,836,200	1,444,737	773,106	2,493,628

24. OTHER LIABILITIES AND ACCRUALS AND DEFERRED INCOME

Other non-current liabilities

EUR	2025	2024
Other liabilities	99,255	99,255
Total	99,255	99,255

Other current liabilities

EUR	2025	2024
Salaries, wages and social security expenses	833,075	823,602
Financing items	129,101	54,270
Taxes	5,180	524,082
Percentage of completion debt	681,832	759,292
Other	225,579	724,496
Total	1,874,767	2,885,743

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 2025. 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	2025	2024
Bank overdraft facility	2,250,000	2,250,000
of which in use at the end of the financial year	679,963	0
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 parent company, 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.

<u>The key individuals in the company's executive management *)</u>	<u>2025</u>	<u>2024</u>
Wages and salaries and other short-term benefits	1,408,644	1,439,372
Total	1,408,644	1,439,372

*) 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 105 thousand in the financial year 2025 (2024: EUR 84 thousand).

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 Inc., domiciled in Tampere as of 1 June 2025 and before that in Brussels, Belgium. The sub-group's parent and subsidiary relationships are as follows:

<u>Company name</u>	<u>Domicile</u>	<u>Holding (%)</u>	<u>Share of votes (%)</u>
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.

During the financial year 2025, Black Donuts Inc's parent company, Global Tire Technologies Inc., relocated its domicile from Belgium to Finland as of 1 June 2025. As a result of the relocation, Global Tire Technologies Inc. became a Finnish limited liability company and a resident taxpayer in Finland.

Below is a breakdown of Black Donuts Inc's related party transactions with the sub-group's companies. Transactions with the top parent company are presented separately.

<u>EUR</u>	<u>2025</u>	<u>2024</u>
Sales to Group undertakings	108,136	195,561
Purchases from Group undertakings	673,759	928,356
Interest income from Group undertakings	11,637	14,965
<u>EUR</u>	<u>2025</u>	<u>2024</u>
Receivables from Group undertakings	730,786	843,503
Liabilities from Group undertakings	130,564	403,440

In 2025, the liabilities include group contribution to WD Racing Ltd in the amount of EUR 30 thousand.

PARENT COMPANY TRANSACTIONS

<u>EUR</u>	<u>2025</u>	<u>2024</u>
Purchases from the parent company	105,759	0
Interest income from the parent company	11,587	417
Receivables from the parent company	221,989	30,417
Liabilities to the parent company	132,727	0

The transactions with the parent company consist of services related to outsourced administrative tasks and business development. The transactions with the parent company were carried out on customary market terms.

The receivable from the parent company consists of a loan receivable and an interest receivable recognized on the loan. Liabilities to the parent company consist of a trade payable.

OTHER RELATED PARTY TRANSACTIONS

<u>EUR</u>	<u>2025</u>	<u>2024</u>
Sales to other related parties	600,000	3,420,000
Purchases from other related parties	0	18,967
Interest income from other related parties	0	3
Interest expenses from other related parties	131,699	173,483

Sales to other related parties in 2025 and 2024 consist of sales to American Tire Works, Inc.

In 2024, purchases from other related parties were comprised of consulting fees associated with outsourced administrative tasks and business development. Related-party transactions have been carried out on ordinary market terms.

RECEIVABLES AND LOANS FROM OTHER RELATED PARTIES

<u>EUR</u>	<u>2025</u>	<u>2024</u>
Receivables from other related parties*	0	150,000
Subordinated loans to other related parties	100,000	100,000
Liabilities to other related parties	1,440,599	1,540,599

In 2024, receivables from related parties consisted of a trade receivable from American Tire Works, Inc.

The company has a related-party loan from Ajanta totaling EUR 1,441 thousand (2024: EUR 1,541 thousand). The interest rate on the loan is 6% plus the 6-month Euribor, the average interest rate being 8.31% during the financial year (2024: 9.8%). In addition, Ajanta has granted the company a subordinated loan of EUR 100 thousand (2024: EUR 100 thousand). The rate of interest on subordinated loans is 10% (2024: 10%).

* In the 2024 financial statements, a loan of EUR 30,417 given to the Group's parent company Global Tire Technologies NV was presented under the item 'Receivables from other related parties' in addition to the trade receivable from American Tire Works, Inc. The total amount of receivables was EUR 180,417. Parent company transactions are presented in 2025 in aggregate under Note 27 Parent company transactions, where EUR 30,417 is presented as a receivable from the parent company in the comparison year 2024.

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 thousand. The collateral was released following Black Donuts Inc. having repaid the EUR 800 thousand loan from Finnvera plc in full on February 21, 2025.

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. The Black Donuts Group wants to be a pioneer in the research and development of more environmentally friendly products and production. The materials research center, which commenced its operations in the fall of 2025, will bring a competitive advantage to both the Group and 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 harmful tire emissions that affect public health.

The operating environment in 2025 was characterized by several global disruptions, such as the war in Ukraine and the uncertainty of economic policy in the United States. These disruptions may continue to affect the Group's business as factors slowing down growth. Raw material prices were highly volatile, and energy costs remained quite high, which, together with logistical challenges and exchange rate fluctuations, had a negative impact on the global tire industry and was reflected in the Group as a lower order backlog. However, in late 2025, the tire industry market showed signs of recovery, leading to the growth of Black Donuts Inc's order backlog in particular, which has continued during the 2026 financial year. The cost adjustment measures initiated by the Group at the end of 2025 were continued in early 2026, mainly due to the slowdown in the implementation of customers' new plant investments. However, in the Group's view, the slowdown in investments is temporary, and the need for more efficient manufacturing capacity and new products is also pronounced following the increase in sales of Tier-3 brands.

Following Black Donuts Inc's parent company, Global Tire Technologies Inc., moving its domicile from Belgium to Finland as of 1 June 2025, the parent company has been providing corporate administration services. The intention is to increase the scope of these services and the resources allocated to them during the 2026 financial year. This change will also reduce the resources of Black Donuts Inc's corporate administration.

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

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PARENT COMPANY'S FINANCIAL STATEMENTS



PARENT COMPANY'S INCOME STATEMENT

EUR	Note	Jan 1–Dec 31, 2025	Jan 1–Dec 31, 2024
NET SALES	1	4,783,729.45	12,886,072.29
Capitalized production	2	1,403,616.33	913,058.70
Other operating income	3	1,359,866.36	2,180,281.36
Materials and services			
Raw materials and consumables			
Purchases during the financial year		-260,218.85	-1,859,191.42
Change in inventories		0.00	-6,504.83
External services		-1,672,054.72	-2,328,377.68
		-1,932,273.57	-4,194,073.93
Personnel expenses			
Wages and salaries		-4,005,004.20	-4,464,477.29
Non-wage payroll expenses			
Pension expenses		-673,850.46	-767,322.48
Other non-wage payroll expenses		-182,101.92	-138,681.15
		-4,860,956.58	-5,370,480.92
Depreciation, amortization and impairment	7	-849,442.67	-638,782.07
Other operating expenses		-2,197,788.55	-2,108,980.19
OPERATING PROFIT		-2,293,249.23	3,667,095.24
Other interest and financial income	8		
From Group undertakings		23,223.96	14,965.10
From others		5,035.14	5,483.64
Interest and other financial expenses	8		
To others		-279,610.96	-488,340.41
		-251,351.86	-467,891.67
PROFIT BEFORE APPROPRIATIONS AND TAXES		-2,544,601.09	3,199,203.57
Appropriations			
Group contributions given	9	0.00	-143,817.65
Income taxes		-41,255.32	-570,368.94
PROFIT FOR THE YEAR		-2,585,856.41	2,485,016.98

PARENT COMPANY'S BALANCE SHEET

EUR

ASSETS

NON-CURRENT ASSETS

Intangible assets

Development expenses
Other capitalized long-term expenditure

Tangible assets

Machinery and equipment
Advance payments and
construction in progress

Investments

Holdings in Group undertakings

TOTAL NON-CURRENT ASSETS

CURRENT ASSETS

Receivables

Non-current

Receivables from Group undertakings
Loan receivables

Current

Trade receivables
Receivables from Group undertakings
Loan receivables
Other receivables
Prepayments and accrued income

Cash and cash equivalents

TOTAL CURRENT ASSETS

TOTAL ASSETS

Note	Dec 31, 2025	Dec 31, 2024
10	4,595,613.58	3,922,375.50
10	122,415.73	8,862.36
	4,718,029.31	3,931,237.86
10	2,293,033.52	286,849.42
10	0.00	1,742,893.35
	2,293,033.52	2,029,742.77
11	1,436,518.78	1,436,518.78
	1,436,518.78	1,436,518.78
	8,447,581.61	7,397,499.41
12	230,000.00	230,000.00
12	225,328.95	225,328.95
	455,328.95	455,328.95
12	2,035,586.75	5,571,467.56
12	952,774.53	643,919.10
12	14,981.85	15,258.64
12	86,762.87	116,767.17
12	2,733,056.43	3,029,386.16
	5,823,162.43	9,376,798.63
	86,209.03	826,409.38
	6,364,700.41	10,658,536.96
	14,812,282.02	18,056,036.37

SHAREHOLDERS' EQUITY AND LIABILITIES		Dec 31, 2025	Dec 31, 2024
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)	3,068,342.13	583,325.15
	Profit (loss) for the year	-2,585,856.41	2,485,016.98
	TOTAL SHAREHOLDERS' EQUITY	6,354,365.72	8,940,222.13
LIABILITIES			
15	Non-current		
	Subordinated loan	100,000.00	100,000.00
	Loans from financial institutions	3,292,285.60	3,160,312.90
	Other liabilities	1,159,853.82	1,399,853.82
		4,552,139.42	4,660,166.72
16	Current		
	Loans from financial institutions	1,331,674.76	820,464.00
	Trade payables	160,027.37	280,372.78
	Amounts owed to Group undertakings	263,291.19	403,440.41
	Other liabilities	460,532.60	355,811.16
	Accruals and deferred income	1,690,250.96	2,595,559.17
		3,905,776.88	4,455,647.52
	TOTAL LIABILITIES	8,457,916.30	9,115,814.24
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	14,812,282.02	18,056,036.37

PARENT COMPANY'S CASH FLOW STATEMENT

EUR	Jan 1–Dec 31, 2025	Jan 1–Dec 31, 2024
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit/loss	-2,293,249	3,667,095
Adjustments to operating profit	844,560	346,889
Change in net working capital	2,953,945	-2,977,203
Interest paid and other debt expenses	-354,442	-560,277
Interest received and other financial income	250	340
Cash flow effect of taxes	-535,199	0
CASH FLOW FROM OPERATING ACTIVITIES	615,864	476,844
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in tangible and intangibles assets	-1,899,525	-2,683,133
Investments in subsidiary shares	0	-36,856
Change in loan receivables	277	230
CASH FLOW FROM INVESTING ACTIVITIES	-1,899,248	-2,719,759
CASH FLOW FROM FINANCING		
Increase in long-term loans	1,463,647	3,353,268
Repayments of loans	-920,464	-593,756
Group contribution received	0	368,868
Group contribution given	0	-68,700
CASH FLOW FROM FINANCING	543,183	3,059,680
CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at Jan 1	826,409	9,644
Change in cash and cash equivalents	-740,200	816,766
Cash and cash equivalents at Dec 31	86,209	826,409

PARENT COMPANY'S NOTES TO THE 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 Inc., domiciled in Tampere, Finland. Global Tire Technologies Inc. relocated its domicile from Belgium to Finland as of 1 June 2025. 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. The depreciation principles were harmonized during the 2024 financial year, and in the 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
- Capitalized long-term expenditure 10 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.

NOTES TO THE INCOME STATEMENT

1. BREAKDOWN OF NET SALES BY MARKET AREA

	2025	2024
Finland	119,960	124,391
Exports	4,663,770	12,761,681
Total	4,783,729	12,886,072

2. CAPITALIZED PRODUCTION

	2025	2024
Capitalization of product development expenses	1,403,616	913,059

3. OTHER OPERATING INCOME

	2025	2024
Compensation received	240	0
Grants received	1,359,626	2,180,275
Other operating income	0	7
Total	1,359,866	2,180,281

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 106 thousand in the financial year 2025 (2024: EUR 84 thousand).

5. AVERAGE NUMBER OF PERSONS EMPLOYED BY THE COMPANY

	2025	2024
Personnel	61	56

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	2025	2024
Auditing	-57,343	-36,494
Other services	0	0
	<u>-57,343</u>	<u>-36,494</u>

7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Depreciation, amortization and impairment	2025	2024
Depreciation and amortization according to plan	-849,443	-638,782
	<u>-849,443</u>	<u>-638,782</u>

8. FINANCIAL INCOME AND EXPENSES

Other interest and financial income	2025	2024
From Group undertakings	23,224	14,965
From others	5,035	5,484
	<u>28,259</u>	<u>20,449</u>

Interest and other financial expenses	2025	2024
To others	-279,611	-488,340
	<u>-279,611</u>	<u>-488,340</u>
Total financial income and expenses	-251,352	-467,892

9. APPROPRIATIONS

Appropriations	2025	2024
Group contributions given	0	-143,818
	<u>0</u>	<u>-143,818</u>

NOTES TO THE BALANCE SHEET

10. INTANGIBLE AND TANGIBLE ASSETS

	2025	2024
Development expenses		
Acquisition cost at year start	8,252,712	7,339,654
Increases	1,403,616	913,059
Acquisition cost at year end	9,656,329	8,252,712
Accumulated depreciation and amortization at year start	-4,330,337	-3,737,604
Depreciation and amortization for the financial year	-730,378	-592,733
Accumulated depreciation and amortization at year end	-5,060,715	-4,330,337
Carrying amount at year end	4,595,614	3,922,376
Other long-term expenditure		
Acquisition cost at year start	308,789	308,107
Increases	118,436	683
Acquisition cost at year end	427,225	308,789
Accumulated depreciation and amortization at year start	-299,928	-297,019
Depreciation and amortization for the financial year	-4,883	-2,909
Accumulated depreciation and amortization at year end	-304,810	-299,928
Carrying amount at year end	122,416	8,862
Machinery and equipment		
Acquisition cost at year start	498,192	471,694
Increases	2,120,366	26,498
Acquisition cost at year end	2,618,558	498,192
Accumulated depreciation and amortization at year start	-211,343	-168,202
Depreciation and amortization for the financial year	-114,182	-43,141
Accumulated depreciation and amortization at year end	-325,524	-211,343
Carrying amount at year end	2,293,034	286,849

ADVANCE PAYMENTS AND CONSTRUCTION IN PROGRESS

	2025	2024
Advance payments and construction in progress	0	1,742,893

In 2024, advance payments and construction in progress were comprised of equipment purchases for the materials research center. The materials research center commenced its operations in 2025, and equipment purchases are presented at the end of the financial year as part of the acquisition cost of machinery and equipment. The recognition of depreciation was started since the month in which the equipment was placed in service.

11. HOLDINGS IN GROUP UNDERTAKINGS

	2025	2024
Participations in Group undertakings	1,436,519	1,436,519

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

	2025	2024
Receivables from Group undertakings		
Loan receivables	230,000	230,000
Receivables from others		
Loan receivables	225,329	225,329
Total non-current receivables	455,329	455,329

CURRENT RECEIVABLES

	2025	2024
Receivables from Group undertakings		
Trade receivables	327,910	224,467
Loan receivables	553,826	373,826
Other receivables	2,204	0
Prepayments and accrued income	68,835	45,626
	952,775	643,919
Receivables from others		
Trade receivables	2,035,587	5,571,468
Loan receivables	14,982	15,259
Other receivables	86,763	116,767
	2,137,331	5,703,493
Prepayments and accrued income		
Percentage of completion receivables	2,239,583	1,422,117
Other prepayments and accrued income	493,473	1,607,269
	2,733,056	3,029,386
Total current receivables	5,823,162	9,376,799

13. EQUITY

	2025	2024
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	3,068,342	583,325
Retained earnings at Dec 31	3,068,342	583,325
Profit/loss for the year	-2,585,856	2,485,017
Unrestricted equity	6,351,866	8,937,722
Total equity	6,354,366	8,940,222
Calculation of distributable unrestricted equity		
Invested unrestricted equity reserve	5,869,380	5,869,380
Retained earnings/loss	3,068,342	583,325
Profit/loss for the year	-2,585,856	2,485,017
Capitalized development expenditure	-4,595,614	-3,922,376
Total distributable funds	1,756,252	5,015,347

14. SHARE CAPITAL

	2025	2024
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 loan within the meaning of chapter 12 of the Limited Liability Companies Act. The rate of interest on subordinated loans is 10.0% (2024: 10%).

	2025	2024
Subordinated loans from others	100,000	100,000
	100,000	100,000
Loans from financial institutions	3,292,286	3,160,313
	3,292,286	3,160,313
Other liabilities	1,159,854	1,399,854
	1,159,854	1,399,854
Total non-current liabilities	4,552,139	4,660,167

LIABILITIES THAT EXPIRE LATER THAN IN FIVE YEARS' TIME

	2025	2024
Loans from financial institutions	290,547	510,654

16. CURRENT LIABILITIES

Amounts owed to Group undertakings	2025	2024
Trade payables	233,383	259,623
Other liabilities	29,909	143,818
	263,291	403,440

Liabilities to others	2025	2024
Loans from financial institutions	1,331,675	820,464
Trade payables	160,027	280,373
Other liabilities	460,533	355,811
	1,952,235	1,456,648

Accruals and deferred income	2025	2024
Salary liabilities	657,604	615,767
Statutory insurance contribution liabilities	75,374	108,823
Accrual of interest	129,101	54,270
Percentage of completion debt	681,832	759,292
Income tax liabilities	0	516,738
Other	146,340	540,669
	1,690,251	2,595,559

Total current liabilities	3,905,777	4,455,648
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OTHER NOTES

GUARANTEES GIVEN, CONTINGENT LIABILITIES AND OTHER LIABILITIES

	2025	2024
Corporate cards	24,141	14,979
Bank overdraft facility, of which in use at the closing date	2,250,000 679,963	2,250,000 0
Business mortgages	4,000,000	4,000,000
Lease liabilities		
Payable in the next financial year	176,311	151,795
Payable later	553,204	648,473
	<hr/> 729,515	<hr/> 800,268

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, April 14, 2026

Matti Manner
Chairman of the Board
CEO

Arto Martonen
Member of the Board

Panu Paappanen
Member of the Board

Raif Nisametdin
Member of the Board

Kai Hauvala
President and

Mia Miettinen
Member of the Board

Auditor's note

A report has today been issued on the audit carried out.

Helsinki, April 15, 2026

Ernst & Young
Audit firm

Juha Hilmola
APA

Electronic signatures by the Board of Directors 2026-04-14

Electronic signature by the Auditor 2026-04-15



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AUDITOR'S REPORT (Translation of the Finnish original)

To the Annual General Meeting of Black Donuts Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Black Donuts Inc. (business identity code 2352555-5) for the year ended 31 December, 2025. 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:



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- 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 compliance with the applicable provisions.

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 15.4.2026

Ernst & Young
Authorized Public Accountant Firm

Juha Hilmola
Authorized Public Accountant



Electronic signature by the Auditor 2026-04-15