

Financial Review 2024

Grow Together.

Tesi

Tesi

- We work for the success of Finnish startups and growth companies
- We develop and serve the Finnish venture capital and private equity market
- We invest in venture capital and private equity funds, and also directly in startups and growth companies
- We operate on market terms, as a minority owner
- We advance sustainability both in venture capital and private equity industry and in companies
- Our goal is to maximise our positive social impact through our operations
- We offer information and experience to companies, investors and policymakers
- We are an investment company 100% owned by the Finnish state

Annual Report 2024

Tesi's (Finnish Industry Investment Ltd) Annual Report comprises four sections. All sections of the Annual Report are available in Finnish and English and can be read on our website tesi.fi.

- **Business Overview:**
Strategy, value creation, investment operations and sustainability
- **Financial Review:**
Board of Directors' report and Financial Statements
- **Corporate Governance Statement:**
Corporate governance, internal control, and risk management systems
- **Remuneration Report:**
Remuneration principles; remuneration of the Board of Directors, Management team and the CEO



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Tesi's Annual Report 2024 consists of four sections. This is the Financial Review, which covers Board of Directors' report and Financial Statements.

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In the following texts, tables, and graphs, certain numbers have been rounded to even values. Consequently, they may not always align perfectly with the total sum of the more precise figures.

Report by the Board of Directors

BUSINESS ENVIRONMENT

The global economy developed as a whole rather modestly in 2024, although in a twofold manner. In the USA, particularly, the economy has grown and the labour market has remained strong, whereas in China domestic demand has been subdued and difficult problems in the real estate sector continue. In Europe, growth continued to be weak, reflecting factors such as low productivity growth, high energy costs and difficulties in industrial production and demand.

The Finnish economy continued to contract. The country's economy was weighed down by a decline in construction, subdued private consumption and weak exports. Nevertheless, the decline in inflation and lower interest rates supported a recovery in consumption and investment towards the end of the year. Finland's public finances are deeply in deficit and the debt ratio continues to grow.

Finnish venture capital and private equity (VC & PE) market followed the same trajectory as in Europe. International investors reduced their activity in 2023 and the first half of 2024, especially in startup investments. Despite this, at the end of 2024 there were some very large individual financing rounds for Finnish startup

companies in Finland, which will restore the availability of funding to the 2020 level. Finnish venture capital and private equity funds are small in size compared to international funds. A market bottleneck is seen in the availability of financing in the scaleup phase. Also, there are no investors in Finland keen to focus on financing industrial-scale projects, so it is not easy to raise sufficient funding for new industrial projects from domestic sources.

Although investors are still quite cautious, according to the [Finnish Private Equity and Venture Capital Barometer](#), which describes the mood in growth finance markets, interest in Finnish growth companies and belief in the activation of exit markets picked up towards the end of the year. However, listing on the Helsinki Stock Exchange was sluggish in 2024, as in the previous year. Especially in the USA, the private equity market has offered many companies a competitive financing channel as an alternative to a stock exchange listing. In Europe, there is a growing need to strengthen the availability of financing more broadly so that the best high-productivity growth companies can grow into some of the world's top companies.

TESI'S ROLE

Tesi has an industry-focused mission aimed at promoting economic growth, innovation, and investments: the company advances Finland's venture capital and private equity market and promotes the growth and internationalisation of Finnish companies. The objective is to increase the availability of private capital by offering financing that supplements it. In line with its mandate, Tesi invests as a minority investor, hand-in-hand with private investors and on the same terms and conditions as them. As a 100% state-owned investment company, Tesi's operations are based on Finnish laws, decrees, and ownership steering.

Tesi strengthens the growth financing of Finnish companies in three ways: by investing in venture capital and private equity funds; by making direct investments in startups and growth companies; and by channelling private capital and EU funding into Finnish companies. Tesi also manages the assets of Finnish institutional investors in the KRR funds-of-funds, which invest in VC & PE funds that finance the growth of Finnish companies.

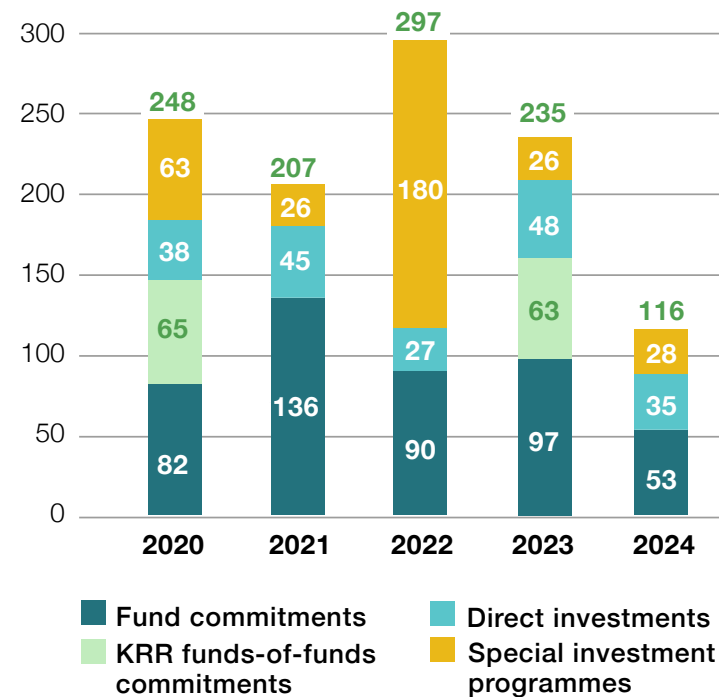
The supply of equity funding varies greatly in Finland, depending on the size of the financing requirement and the company's stage of growth. Financing bottlenecks also change position over time. Being able to identify and alleviate these bottlenecks, and to adapt operations to prevailing market situations, is of key importance to

Tesi's operations.

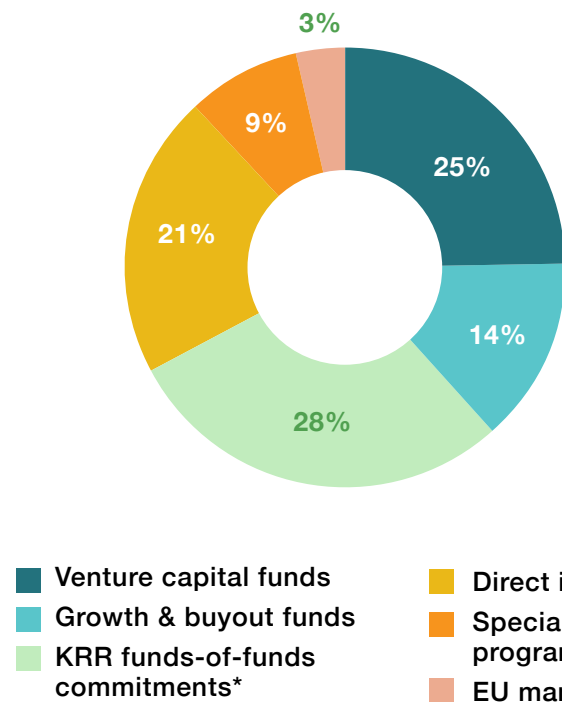
Tesi's operation must be profitable over the long term. Tesi aims for a market-based return on its investments over the long term and always has an exit plan prepared for its investments. Tesi's retained earnings in the 2024 financial statements exceeded one billion euros, which has been, or will be, invested in the market.

Tesi wants to be a responsible player making a significantly positive societal impact. Tesi's aim is to maximise its positive impact on society by creating value in venture capital and private equity funds and in its portfolio companies, while through its operations promoting the business development of Finnish companies along sustainable lines. This is an impact that is greater than the sum of euros invested, when the amount of private capital channelled into the market alongside Tesi's investment activities, the growth of new high-productivity business ecosystems, new jobs, and increased tax revenue in Finland are all taken into account. Tesi has also systematically integrated sustainability into its investment activities, both in terms of the environment and of societal responsibility and good governance. In addition, Tesi produces sustainability tools and market information that are available for Finland's VC & PE industry and Finnish companies.

Investments and commitments made, MEUR

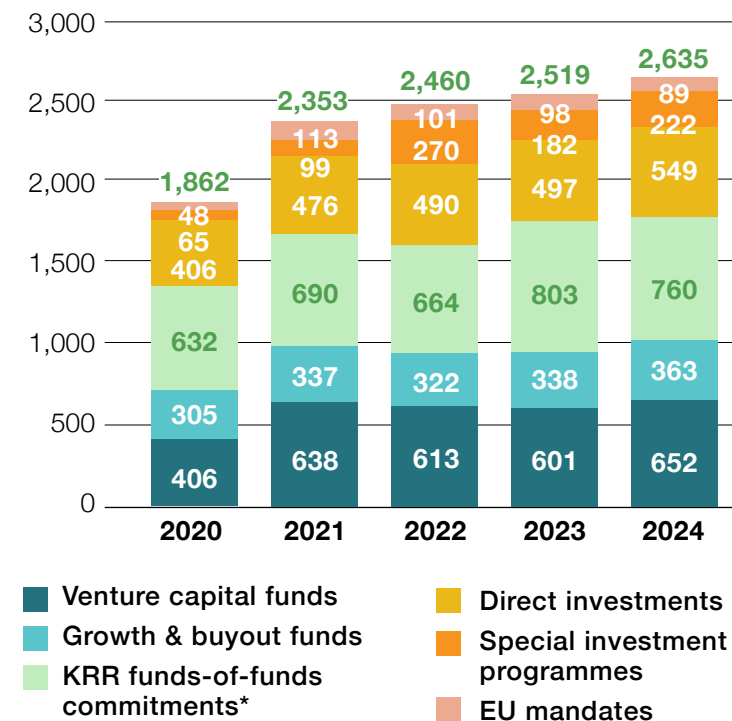


Investments under Tesi's management, MEUR 31.12.2024, 2 635 MEUR



*The five KRR funds-of-funds managed by Tesi include in total MEUR 472 of pension fund capital

Investments under Tesi's management, MEUR



VC & PE funds and direct investments

Tesi invests in both Finnish and in international VC & PE funds that supplement the availability of domestic financing. In Finnish fund projects, Tesi is usually an anchor investor. The goal is to increase the size of Finnish funds to better match the international scale. In fulfilling its role, Tesi aims to strengthen the transformation and growth of the market, and to invest in new investment teams.

Some 36 per cent of Tesi's fund investments are directed at international VC & PE funds that also invest in Finnish startups and growth companies and that act as co-investors with Finnish investment funds. The objective of international fund investments is also to collect international benchmark information and build a network for the development of the Finnish venture capital and private equity market.

Tesi makes direct minority investments in Finnish unlisted startups and growth companies and also finances the growth of significant industrial enterprises focusing on Finland. In direct investments in companies, Tesi looks ahead to subsequent financing rounds already at the initial investment stage and makes follow-on investments in its portfolio companies together with other co-investors. Tesi is an active VC & PE investor, using its own networks and expertise to benefit the investees in its portfolio. Investments are made hand-in-hand and on equal terms with a private lead investor or investors.

INVESTMENT OPERATIONS

Tesi invests from its own balance sheet in venture capital and private equity funds, directly in startups and growth companies, and in new industrial projects. Tesi also invests in Finnish VC & PE funds the capital that Finnish institutional investors entrust us to manage, and channels EU financing to Finnish companies.

Tesi's goal is to contribute to the growth of Finland's new internationally competitive growth sectors. The

focus is on thematic entities that are strategically important for Finland – for example, deep tech, health & life sciences, clean economy and defence technology. However, Tesi can also invest outside of these themes in high-potential companies. As a rule, Tesi's operations are not limited to specific themes or sectors.

In 2024, Tesi made investments and gave commitments amounting to MEUR 116 (235 in 2023). Of this, fund commitments accounted for MEUR 53 (161),

direct investments in normal operations for MEUR 35 (49), and follow-on investments under pandemic-era special investment programmes for MEUR 28 (27).

At the end of 2024, the company's investments under management totalled EUR 2.6 billion, and Tesi was directly, or indirectly through its portfolio funds, an owner in 546 Finnish companies.

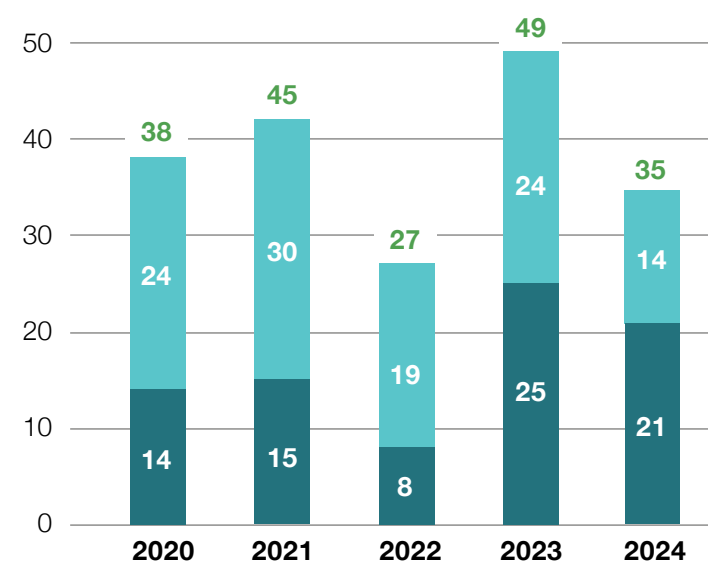
TESI'S FUND INVESTMENT OPERATIONS	2024	2023
Venture capital - commitments to funds, MEUR	28	67
Venture capital – commitments to Finnish funds, no.	3	3
Venture capital – commitments to international funds, no.	1	2
Growth & buyout – commitments to funds, MEUR	25	30
Growth & buyout – commitments to Finnish funds, no.	2	3
Growth & buyout – commitments to international funds, no.	2	1
Commitments to KRR funds-of-funds, MEUR	0	63
Total commitments	53	160

TESI'S DIRECT INVESTMENT OPERATIONS	2024	2023
Normal direct initial investments, MEUR	14	25
Normal direct initial investments, no.	4	6
Normal direct follow-on investments, MEUR	21	24
Normal direct follow-on investments, no.	13	19
SIP follow-on investments, MEUR	28	26
SIP follow-on investments, no.	3	8
Total investments, MEUR	63	75
Total investments, no.	20	33

TESI'S INVESTMENT PROGRAMMES (SIPS)	2024	2023
SIPs, total investments and commitments, no.	63+2*	63+2
SIPs, total investments and commitments, MEUR	337	301
Returns from SIPs at year's end, MEUR	108	106
EFSI follow-on investments during year, no.	1	3
EFSI follow-on investments during year, MEUR	0	7
EFSI follow-on investments at year's end, no.	6	6
EFSI follow-on investments at year's end, MEUR	43	43
EGF investments during year, no.	1	4
EGF investments during year, MEUR	2	5
EGF investments at year's end, no.	5	4
EGF investments at year's end, MEUR	10	8

* Also two fund investments were made from the pandemic-era special investment programmes.

Direct initial and follow-on investments 2020-2024, MEUR



■ Direct initial investments
■ Direct follow-on investments

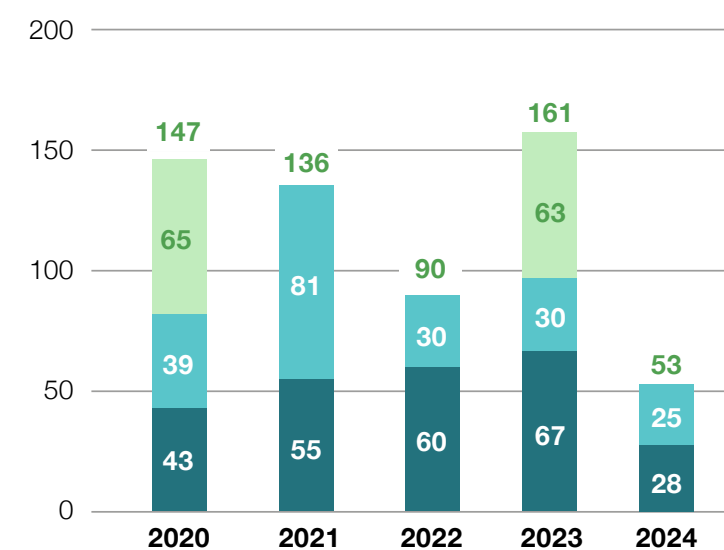
* Normal investment operations

Pandemic-era special investment programmes

In 2022, Tesi closed the temporary pandemic-era Stabilisation and Venture Bridge special investment programmes (SIPs), launched in 2020, to initial investments.

The pandemic-era special investment programmes differ from Tesi's normal investment operations, and they are entered as separate items in Tesi's IFRS consolidated financial statements. It was agreed that Tesi repays to the Finnish state the separate recapitalisation it received

Tesi's fund commitments, MEUR



■ KRR funds-of-funds
■ Growth and buyout funds
■ Venture capital funds

for the pandemic-era special investment programmes from the returns on investments made from the programmes. By 2024, Tesi had returned MEUR 90 of these returns to the Finnish state.

KRR funds-of-funds

In addition to our investments made from Tesi's balance sheet, Tesi also manages the KRR funds-of-funds (KRR I-KRR V), in which the funds of Finnish pension and

insurance companies have been raised. The KRR funds-of-funds invest in venture capital, growth and buyout funds. The model for the KRR concept has proven to be highly successful over the last 16 years, while also having a positive impact on Finland's national economy. Between 2009–2024, the KRR funds-of-funds have given investment commitments to altogether 50 funds. These funds, in turn, have been accelerating the growth and international expansion of 442 Finnish companies. Altogether over four billion euros of private capital have been channelled into the market through the KRR concept.

EU's market-based financing mechanisms

Tesi manages two market-driven, co-financing programmes created with the European Investment Bank (EIB): the EFSI programme launched in 2018 and the EGF programme launched in 2022. Both programmes are MEUR 100 in size, with one-half of their financing coming from the EIB and one-half from Tesi. From the MEUR 200 of the joint programmes, MEUR 107 had been invested in 11 companies by the end of 2024.

Exits

In 2024, Tesi received returns from its normal operations amounting to MEUR 152 (100), of which capital returned from funds was roughly MEUR 67 (74). Tesi also received MEUR 86 (25) from dividends, earnouts and exits. The proceeds from the exits will form the basis for

Tesi's investment activities in the coming years.

During the year, Tesi exited 14 of its investments, in addition to which six companies filed for bankruptcy.

Number of investees at end of year

Tesi invests in Finnish companies through both Finnish and international venture capital and private equity funds and also makes direct investments hand-in-hand with private investors. Owing to the international nature of the venture capital and private equity market, foreign companies also become Tesi's investees via investment funds. At the end of 2024, there were altogether 1,303 (1,315) companies in Tesi's investment portfolio, of which 1,197 (1,194) were through funds and 106 (121) were investments directly in companies. Some 546 (556) of these portfolio companies were Finnish, in which Tesi invested MEUR 1,116 (971), or 68% (68%) of Tesi's invested capital. Correspondingly, 757 (759) were international portfolio companies, in which Tesi invested MEUR 523 (458), or 32% (32%) of Tesi's invested capital.

Altogether 434 (412) of the portfolio companies of Finnish funds were Finnish and 255 (230) were foreign. Correspondingly, 10 (24) of the portfolio companies of international investment funds were Finnish and 498 (528) foreign. Tesi's international fund investments are mainly venture capital funds, which are typically broad-based portfolios consisting of early-stage investee companies. The number of companies in these portfolios is

very high, but the amount of capital invested per company is correspondingly low. Tesi's holding in these international funds is much smaller than its typical holding in Finnish funds.

Channelling international capital, expertise and networks

Tesi develops Finland's venture capital and private equity market by also investing in VC & PE funds based outside Finland. Since the VC & PE industry is strongly international, it is essential for the formation of expertise, networks and investor syndicates that fund investment activities extend beyond Finland's borders.

In 2024 Tesi's international co-investor partners invested altogether MEUR 75 in Finnish growth companies, of which MEUR 12 came from Tesi's international portfolio funds.

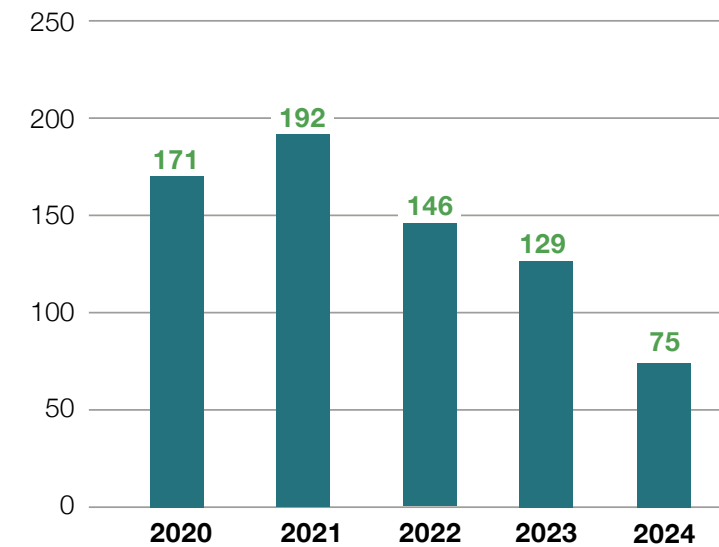
A total of almost MEUR 179 (183) in new capital was channelled into these direct investments from Finland and the rest of the world, roughly three times the amount invested by Tesi.

GROUP'S FINANCIAL PERFORMANCE

Consolidated profit

Tesi's net profit/loss for the fiscal year was MEUR 165 (-51). The profit for the fiscal year derived mainly from gains from VC & PE investments realised during the

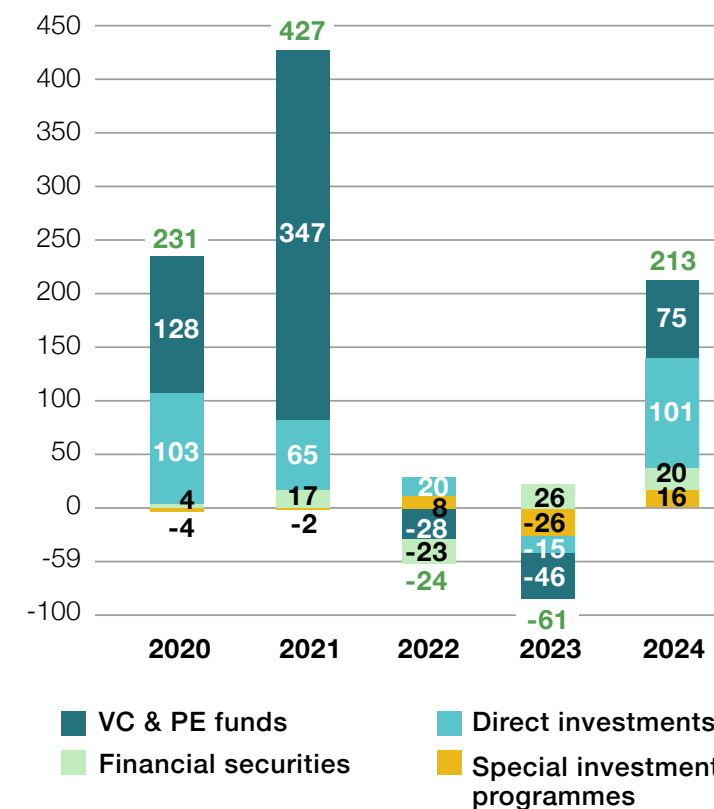
Channelling of international capital, MEUR



year, MEUR 40 (43), and changes in the fair value of investments, MEUR 153 (-130), recognised in line with IFRS principles.

The Group's net profit for 2024 was altogether MEUR 213 (-61). Net profit from venture capital and private equity funds amounted to MEUR 75 (-46). Net gains from direct venture capital and private equity invest-

Net gains, MEUR

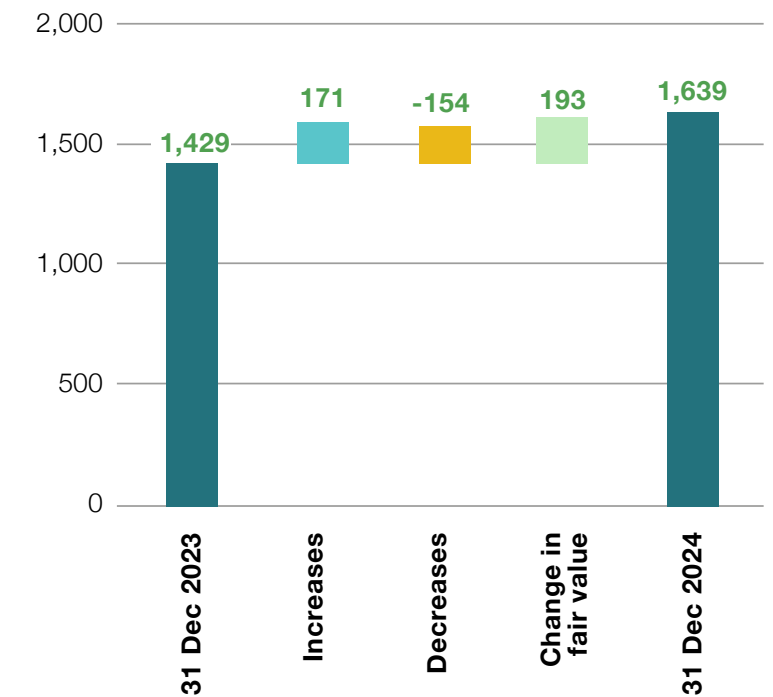


ments totalled MEUR 101 (-15). The positive development of investees contributed mostly to these net gains.

Net gains/losses from the pandemic-era Stabilisation and Venture Bridge special investment programmes amounted to MEUR 16 (-26).

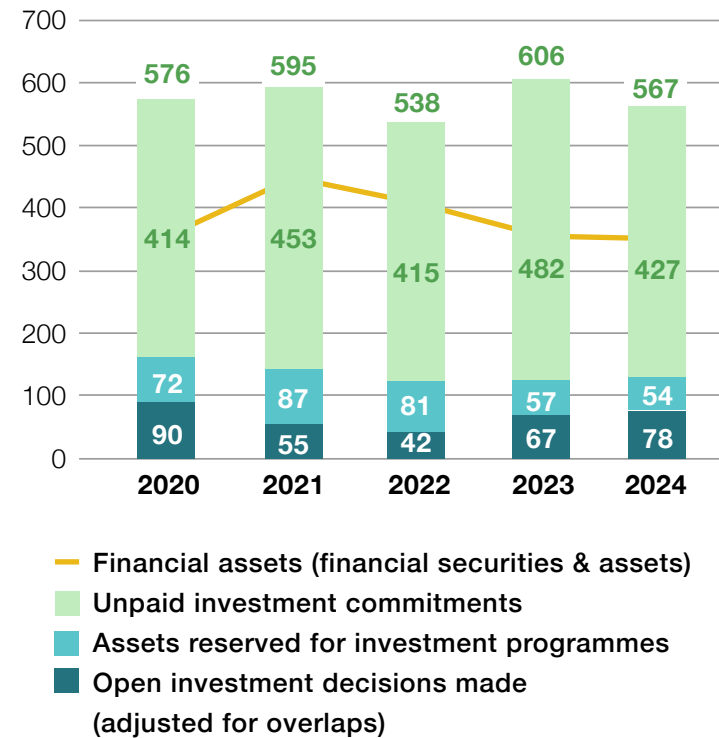
Other operating income includes net gains from

Change in VC & PE investments 31 Dec 2023–31 Dec 2024, MEUR



financial securities recognised as income amounting to MEUR 20 (26). Operating expenses rose to MEUR 16.6 (13.3) as a consequence of growth in operations and Tesi's development efforts. Expenses were 0.6% (0.5%) of VC & PE investments under management. Operating profit was MEUR 198 (-72).

Financial assets and unpaid commitments 2020–2024 excluding assets and commitments of special investment programmes, MEUR



Balance sheet and financial position

Non-current assets were MEUR 1,704 (1,499) at the end of the fiscal year, of which MEUR 1,639 (1,429) consisted of venture capital and private equity investments recognised at fair value in the statement of comprehensive income. Of the venture capital and private equity investments at the end of the fiscal year,

MEUR 891 (774) were in VC & PE funds, MEUR 534 (483) were in direct VC & PE investments, and MEUR 215 (172) were in corona-era special investment programmes. The fair values of VC & PE investments rose by MEUR 210 (-100). More detailed information about the determination of fair value is given in [Note 4](#) of the Notes to the consolidated financial statements.

The figure for current assets of MEUR 372 (394) includes financial securities of MEUR 315 (318) recognised at fair value in the statement of comprehensive income. The figure for non-current assets also includes MEUR 27 (30) of financial securities recognised at fair value in the statement of comprehensive income. Financial securities consist of bond investments MEUR 259 (261), listed equity investments MEUR 56 (57), and other investments MEUR 27 (30).

Financial securities safeguard continuity in the company's investment operations and its ability to meet unpaid investment commitments. At the end of 2024, unpaid investment commitments totalled MEUR 435 (492), including MEUR 8 (10) in commitments to special investment programmes. Unpaid investment commitments consist almost entirely of commitments given to venture capital and private equity funds with an average payment period of over four years. In addition, some MEUR 57 (55) has been set aside for implementing the company's current investment pro-

grammes. Investment decisions made by the company's Board of Directors but not implemented by year's end amounted to MEUR 78 (69). The Group's balance sheet total per 31 December 2024 was MEUR 2,077 (1,893). Shareholders' equity grew to MEUR 1,953 as a result of the net profit MEUR 165 (-51) for the fiscal year. The Group's equity ratio was 94.1% (94.5%). The Group did not hold any interest-bearing liabilities at the end of the fiscal year.

Risks and risk management

Tesi's operations are governed by a special law and a government decree relating to it, which define the company's main principles for risk-taking. Tesi's mission is to promote the development of Finland's pri-

vate equity and venture capital market as well as the growth and internationalisation of Finnish companies. The company's operations therefore involve bearing higher than usual risks in certain geographic areas and specific sectors. The company's investment activities must nevertheless be managed as a whole in a way that ensures investments are adequately diversified and that does not legally jeopardise the primary obligation for profitable operation over the long term.

Tesi has a risk management policy, confirmed by the Board of Directors that sets out the principles for risk management, specifies risk definitions and risk classifications and also defines the main roles and divisions of responsibilities as well as the monitoring and reporting procedures. The goal for risk management is to

IMPACT OF CHANGES IN VALUE OF VC & PE INVESTMENTS ON INVESTMENT PORTFOLIO (1,639 MEUR)

Direct investments (fair value 749 MEUR)	Change in value of fund investments (fair value 891 MEUR)				
	0%	-5%	-10%	-15%	-20%
0%	0	-45	-89	-134	-178
-10%	-75	-119	-164	-209	-253
-20%	-150	-194	-239	-283	-328
-30%	-225	-269	-314	-358	-403
-40%	-300	-344	-389	-433	-478

ensure that risks borne by the company are commensurate with its risk-bearing capability. The aim is to ensure that the risks attached to the company's business operations are identified and assessed, that the company responds to those risks, and that they are managed and monitored. The Board of Directors confirms the company's strategy and action plan, in which the priorities and targets for different investment allocations are specified. In order to reduce risks, investments are deconcentrated to different allocation classes, different industries, and also distributed geographically, while taking into account the company's social mission. As a rule the Board approves investment decisions exceeding MEUR 5 and supervises the implementation of investments. The Board of Directors has authorised Tesi's Management Team to make other investment decisions with certain provisos.

Tesi's main risks are related to private equity and venture capital investments, and to financial securities. Both of these involve various investment risks, namely; valuation risks, market risks, liquidity risks, financing risks, credit risks, currency exchange risks, interest risks and other investment risks, such as risks relating to corporate responsibility.

The value of private equity and venture capital invest-

ments at the end of the fiscal year amounted to MEUR 1,639 (MEUR 1,429 at the end of 2023). Investments are subject to the risks stated above that, if they were realised, could substantially affect the future value of the investments. At the end of 2024, the value concentration of the five largest portfolio companies was approx. 30% (23%) of the fair value of all VC & PE investments. The table below presents the possible euro-denominated impacts of relative changes in valuations on the value of the private equity and venture capital investment portfolio.

Rising interest rates and lower expectations of returns from venture capital and private equity investments depress investment valuations, the impact of which typically delays existing plans. Furthermore, a climate of higher interest rates, combined with other market uncertainties, complicates the fundraising of venture capital and private equity funds.

The risks related to each private equity and/or venture capital investment are managed by predictive generation of the deal flow, careful analysis in the screening phase, participating through board work in the business development of portfolio companies, proactive interaction with managers of private equity and venture capital funds, and positive action in the exit stage.

Managing financing risks ensures that the company always has adequate financing available for its business operations (unpaid investment commitments). The company's liquidity and cash flows are continuously monitored. When preparing new investments, the effect of the investments on liquidity and financial position is taken into account. Most of the company's cash flows and investments are denominated in euros.

Investments in financial securities are diversified and made at the selected risk level in compliance with the investment policy confirmed by the company's Board of Directors. Investments in financial securities aim to ensure adequate assets for private equity investing and other payment transactions. Investments in financial securities are spread mainly between investments in bond funds, investments in equity funds, and alternative investments. The market volatility of financial securities is regularly monitored. The counterparty risk attached to investing in financial securities is managed with a thorough partner selection procedure.

Other risks to which Tesi is exposed include strategic risks, operational risks, including hazard risks, as well as responsibility and reputational risks attached to both Tesi's own operations and those of its investees. Strategic risks are managed by regularly evaluating the

Company's operations in relation to the business environment and to stakeholders' expectations. Operational risks are managed by good corporate governance and internal instructions, and these risks are covered by, inter alia, sound supervisory work and interaction, and by providing for personnel expertise and wellbeing, as well as with appropriate procedures, processes and insurances.

The responsible operation of companies and investors is being subjected to closer public scrutiny nowadays. The operations of portfolio funds and companies may also have a significant indirect impact on Tesi's reputation and on investment valuations. In Tesi, a responsibility and ESG assessment is made of portfolio companies as part of the due diligence processes preceding an investment decision, and the development of responsibility aspects is regularly monitored as a part of the processes for managing and overseeing investees. Read more about [ESG aspects in the Business Review section of the Annual Report](#). More detailed information about risks and risk management is given in [Note 3](#) of the Notes to the consolidated financial statements. Risk management is also described in the [Corporate Governance Statement](#) section of the Annual Report.

BOARD OF DIRECTORS	BOARD SERVICE 2024
Andreas Tallberg	4 Dec–31 Dec
Tiina Korhonen	4 Dec–31 Dec
Anniina Heinonen	1 Jan –31 Dec
Olli Kärkkäinen	22 March–31 Dec
Riku Huttunen	1 Jan–4 Dec
Minna Helppi	1 Jan–31 Dec
Mia Folkesson	1 Jan–31 Dec
Lassi Noponen	4 Dec–31 Dec
Jacob af Forselles	1 Jan–4 Dec
Timo Leino	1 Jan–4 Dec
Jaakko Weuro	1 Jan–22 March

CORPORATE GOVERNANCE

Group structure

The Group's subsidiaries are FEFSI Management Oy, Tesi Fund Management Oy, Tesi Industrial Management Oy and EAKR-Aloitusrahasto Oy (all wholly-owned), and also Aker Arctic Technology Inc., in which Tesi has a 66.4% holding through its subsidiary Tesi Industrial Management Oy.

Organisation and development of operations

Tesi's CEO is Pia Santavirta (LL.M., born 1976). The parent company employed an average 57 people in

permanent positions during the fiscal year (51 in 2023). Five (10) new employees were recruited to permanent positions during the fiscal year. Two (3) permanent employees left Tesi during the fiscal year. At year's end 20 (21) women and 38 (34) men were permanent Tesi employees, and four were employed on fixed-term contracts. During 2024, nine (9) trainees worked at Tesi.

The Board of Directors convened 13 times during 2024, and attendance was 98%. Read more about our Board of Directors, for instance the committee memberships, in our [Corporate Governance Statement](#).

Tesi conducts personal development interviews (PDIs) twice a year. Venture capital and private equity investing and Tesi's strategic objectives demand solid expertise. Employees experienced mainly positive development in 2024 because company-wide in Tesi all indicators of overall satisfaction and most comparable meters improved on past results. Read more about personnel figures in the [Business Review](#).

Tesi follows the guidelines issued by the Prime Minister's Office regarding remuneration in state-owned companies. Salaries and emoluments in 2024 totalled MEUR 7.6 (6.6). The remuneration system is developed in line with evolving company objectives, in order to effectively support our business operations. More details about remuneration practices are given in the company's [Remuneration Report](#).

Shares and share capital

The company has one class of share and 43,160 shares. The share capital is EUR 438,992,200.

PROPOSAL FOR DISTRIBUTION OF FUNDS

The parent company's distributable funds (according to FAS financial statements) on 31 December 2024 amounted to EUR 772,716,210.17. In line with the Company's dividend policy, the Board proposes to the Annual General Meeting that no dividend be distributed for fiscal year 2024. The company's financial resources will be targeted at private equity and venture capital investments that boost the growth and internationalisation of Finnish companies and promote the development of Finland's venture capital and private equity market.

EVENTS AFTER THE FISCAL YEAR

The Parliament of Finland on 17 January 2025 amended the Act on Finnish Industry Investment (Tesi) and enacted a new act on a wholly state-owned limited liability company known as Teollisuustuki Oy. The Act will enter into force on a date specified by a government decree. The new Acts simultaneously repeal the Act on the Finnish Climate Fund and the Act on Business Finland Venture Capitalia (BFVC). The state aid operations of the reformed Finnish Industry Investment (Tesi) will be divested to its own subsidiary named Teollisuustuki

Oy, while the Finnish Climate Fund and Oppiva Invest Oy will be wound down and their assets and liabilities will be transferred to Tesi, probably in spring 2025. Tesi has, for its part, made the necessary decisions and taken measures to ensure that this corporate reorganisation can be implemented according to plan.

On 25 February 2025, the Ministerial Committee on Economic Policy supported the Ministry of Economic Affairs and Employment's proposal for a new investment strategy and financial framework for Tesi's operations for 2025–2029.

Tesi has continued its normal investment operations in 2025. Read more news about our investment activities on our website tesifi.fi.

PROSPECTS

The global economy is forecast to grow moderately, supported especially by the USA and emerging economies, although China's growth is likely to slow further due to structural problems. On average, the euro area's economy is expected to recover more slowly than in the rest of the world. The elevated levels of public debt in many European countries and increased political instability pose challenges to the sustainability of fiscal policy. The tense geopolitical situation creates uncertainty for the development of the entire global economy due to, among other things, the threat of a trade war.

The results of the [Growth Company Pulse Survey](#) published by Tesi in early 2025 are in line with the Bank of Finland's forecasts, according to which Finland's economy is expected to return to slight growth this year supported by a recovery in exports, falling interest rates, and increased private investment. Inflation is forecast to remain moderate. However, Finland's public finances will remain in deficit and the debt ratio will remain high. Employment is improving slowly, but structural challenges, such as an ageing population and low productivity, limit long-term development and the Finnish state's ability to maintain the current welfare state. More than ever, Finland needs successful companies and new high-growth sectors, as well as more investment in research, product development and innovation.

The Ministry of Economic Affairs and Employment, which is responsible for Tesi's ownership steering, has prepared a new investment plan for the company, in which the company is given a new, stronger role in industrial policy. Going forwards, it will focus even more strongly on economic growth, renewal and promotion of investments. Tesi will be provided with stronger resources to fulfil its new task. In its spring 2024 spending limits session, the Finnish government granted a total of MEUR 300 for direct investments for the 2025–2027 period. Investments are made on market terms.

Key Figures

KEY FIGURES, GROUP	IFRS 2024	IFRS 2023	IFRS 2022	IFRS 2021	IFRS 2020
Profit/loss for the fiscal year, MEUR	164.9	-50.7	-26.0	337.6	179.2
Shareholders' equity, MEUR	1,953.3	1,788.4	1,929.1	1,755.1	1,417.4
Balance sheet total, MEUR	2,076.5	1,893.0	2,055.4	1,889.9	1,499.3
Unpaid commitments, MEUR	434.6	491.9	429.4	469.6	414.0
Investments at acquisition price, MEUR	1,226.3	1,119.6	1,080.6	840.9	761.8
Investments at acquisition price and commitments, MEUR	1,660.9	1,611.5	1,510.0	1,310.5	1,175.8
Investments at book value, MEUR	1,639.3	1,429.0	1,528.6	1,367.1	1,019.1
Ratio of investments & commitments to shareholder's equity	1.1	1.1	1.0	1.0	1.0
New investments and commitments in fiscal year, MEUR	116	235	296.7	206.5	248.4
Return on equity	8.8%	-2.7%	-1.4%	21.3%	14.3%
Equity ratio	94.1%	94.5%	93.9%	92.9%	94.5%
Investments under management, MEUR	2,635	2,519.0	2,460.4	2,352.4	1,861.4
Expenses per investments under management	0.6%	0.5%	0.5%	0.4%	0.5%
Personnel, average	57	51	48	44	35
Salaries and fees for the fiscal year, MEUR	7.6	6.6	5.8	5.0	4.6
Fund investments, total number	118	114	111	105	93
KRR funds-of-funds, total number	5	5	4	4	4
Funds, number of portfolio companies	1197	1,194	1,060	993	767
Parent company, number of direct portfolio companies	91	100	104	94	73
EAKR Aloitusrahasto Oy, number of portfolio companies	13	19	22	23	0
Tesi Industrial Management Oy, no. of portfolio companies	2	2	2	2	3
Number of portfolio companies, total number,	1303	1,315	1,188	1,112	843
of which Finnish portfolio companies	546	556	497	491	337
of which international portfolio companies	757	759	691	622	503



IFRS consolidated financial statements

2024

Consolidated statement of comprehensive income

EUR THOUSANDS	NOTE	2024	2023
Net gains from VC & PE funds	5	75,202	-46,197
Net gains from direct VC & PE investments	5	101,370	-14,610
Net gains from special investment programmes	5	16,225	-26,200
Net gains from investments, total		192,798	-87,007
Net gains from financial securities		19,974	26,467
Income from fund management		2,326	1,937
Other operating income, total		22,300	28,403
Employee benefit costs	6	-8,990	-7,834
Depreciation and impairment		-436	-481
Other operating expenses	7	-7,217	-5,003
Operating profit / loss		198,455	-71,922
Financial income		2,548	3,307
Financial expenses		-255	-144
Profit / loss before income tax		200,748	-68,759
Income taxes	8	-35,825	18,077
Profit / loss for the financial year		164,923	-50,682
Total comprehensive income for the financial year		164,923	-50,682
Profit for the financial year attributable to:			
Shareholders of the parent company		164,923	-50,682

Consolidated statement of financial position

EUR THOUSANDS	NOTE	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
VC & PE investments			
VC & PE funds	4	890,590	773,782
Direct VC & PE investments	4	534,117	483,408
Special investment programmes	4	214,633	171,801
VC & PE investments, total		1,639,340	1,428,991
Intangible and tangible assets	9	1,588	2,041
Deferred tax assets	11	36,216	38,004
Financial securities	4	27,093	30,460
Non-current assets, total		1,704,237	1,499,496
Current assets			
Receivables		2,615	1,131
Financial securities	4	314,647	318,027
Cash & cash equivalents, special investment programmes		40,607	65,454
Cash & cash equivalents		14,408	8,907
Current assets, total		372,278	393,519
Assets, total		2,076,515	1,893,015

EUR THOUSANDS	NOTE	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of parent company			
Share capital		438,992	438,992
Share premium account		215,855	215,855
Invested unrestricted equity fund		274,500	274,500
Retained earnings		859,040	909,722
Profit for the financial year		164,923	-50,682
Shareholders' equity, total	10	1,953,310	1,788,387
Liabilities			
Non-current liabilities			
Lease liabilities		979	1,467
Deferred tax liabilities	11	118,243	96,085
Non-current liabilities, total		119,222	97,552
Current liabilities			
Accounts payable and other liabilities	12	3,983	7,076
Current liabilities, total		3,983	7,076
Liabilities, total		123,205	104,627
Equity and liabilities, total		2,076,515	1,893,015

Consolidated statement of changes in equity

EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF PARENT COMPANY

EUR THOUSANDS	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	Shareholders' equity, total
1 Jan 2023	438,992	215,855	364,500	909,722	1,929,070
Profit for the financial year			-50,682	-50,682	-50,682
Total comprehensive income for the financial year			-50,682	-50,682	-50,682
Transactions with owners in their capacity as owners					
Dividends paid and returns of capital			-90,000		-90,000
Shareholders' equity 31 Dec 2023	438,992	215,855	274,500	859,040	1,788,387

EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF PARENT COMPANY

EUR THOUSANDS	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	Shareholders' equity, total
1 Jan 2024	438,992	215,855	274,500	859,040	1,788,387
Profit for the financial year			164,923	164,923	164,923
Total comprehensive income for the financial year			164,923	164,923	164,923
Transactions with owners in their capacity as owners					
Dividends paid and returns of capital				0	0
Shareholders' equity 31 Dec 2024	438,992	215,855	274,500	1,023,963	1,953,310

Consolidated statement of cash flows

EUR THOUSANDS	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES		
Capital calls paid to VC & PE funds	-108,488	-96,724
Cash flows received from VC & PE funds	66,882	74,285
Direct VC & PE investments paid	-35,144	-49,130
Repayments of direct VC & PE investments and sales proceeds	83,140	22,320
Investments under special investment programmes paid	-28,237	-26,551
Cash flows received from investments under special investment programmes	1,630	84,826
Interest received from VC & PE investments	17	19
Dividends received from VC & PE investments	2,376	3,123
Cash flow from VC & PE investments, total	-17,823	12,168
Payments for financial securities	-101,000	-35,000
Sales proceeds from financial securities	127,721	98,004
Payments received from other operating income	2,577	2,158
Payments made for operating expenses	-16,187	-13,366
Cash flow from operating activities before taxes	-4,712	63,964
Direct taxes paid	-17,498	-13,111
Cash flow from operations (A)	-22,210	50,853

EUR THOUSANDS	2024	2023
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for tangible and intangible assets	-5	-1
Cash flow from investing activities (B)	-5	-1
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid and returns of capital	0	-90,000
Invested unrestricted equity fund	0	0
Interest received	2,869	2,749
Cash flow from financing activities (C)	2,869	-87,251
Change in cash & cash equivalents (A+B+C) increase (+)/decrease (-)	-19,346	-36,400
Cash & cash equivalents at beginning of period	74,361	110,760
Cash & cash equivalents at end of period	55,015	74,361
Cash & cash equivalents at end of period comprise:		
Cash & cash equivalents, special investment programmes	40,607	65,454
Cash & cash equivalents	14,408	8,907

Notes to the accountants

1. Summary of significant accounting policies

GENERAL INFORMATION ABOUT THE GROUP

Finnish Industry Investment Ltd (“Tesi”, “the Company”) is a state-owned investment company whose mission is to develop Finland’s venture capital and private equity (VC & PE) market, profitably and on market terms, by co-investing in VC & PE funds and Finnish growth companies together with private investors. Tesi has an industrial policy mission aimed at promoting economic growth, innovation, and investments.

Tesi strengthens the growth financing of Finnish companies in three ways: by investing in VC & PE funds; by making direct investments in startups and growth companies; and by channelling private capital and EU funding into Finnish companies. Alongside its own investment operations, Tesi manages the off-balance-sheet KRR funds-of-funds created with Finnish institutional investors, which invest in funds that finance the growth of Finnish companies. Tesi also manages two market-driven, co-financing programmes created with the European Investment Bank (EIB).

Tesi’s operation must be commercially profitable over the long term. Tesi aims for a market-based return on its investments over the long term and always has an exit plan prepared for its investments.

Since 1995, Tesi has made VC & PE investments

amounting to EUR 2.5 billion euros. Currently, Tesi has investments in over 1,300 companies, directly or through funds. The continuity and growth of Tesi’s investment activities have been secured with financing from the Company’s own income capitalisation and with special-purpose capitalisation from the Finnish state.

Created in 2020 to meet the challenges of the COVID-19 pandemic, we closed the temporary special investment programmes (Stabilisation Financing and Venture Bridge) to first-round investments at the end of March 2022, although follow-on investment through them is still possible.

Tesi is domiciled in Helsinki, Finland, and the address of its registered office is Porkkalankatu 1, 00180 Helsinki, Finland. Copies of the consolidated financial statements are available at the address mentioned above, as well as on the company website www.tesi.fi. Tesi’s Board of Directors, at their meeting on 08 March 2024, authorised these financial statements for issue. According to Finland’s Limited Liability Companies Act, the Annual General Meeting has the power to amend the financial statements.

ACCOUNTING POLICIES

Tesi’s consolidated financial statements have been pre-

pared in accordance with International Financial Reporting Standards (IFRS), and they are in compliance with IAS and IFRS standards, as well as SIC and IFRIC interpretations, that are effective per 31 December 2024 and are endorsed for application in the European Union. In the Finnish Accounting Act and regulations issued by virtue of it, “IFRS” refers to standards and interpretations that have been endorsed by the European Parliament and Council of the European Union in accordance with the procedure defined in the EU regulation (EC) No 1606/2002. The Notes to the financial statements also meet the requirements of the Finnish accounting legislation and company law that are complementary to the requirements in the IFRS.

The primary measurement basis applied in the preparation of the financial statements is fair value, which is generally used for measuring almost all financial assets. Other items are measured at cost or at amortised cost. The figures in the accounts are presented in euros, which is Tesi’s operational currency. The figures are given in thousands of euros, unless otherwise stated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting pol-

icies. The most significant estimates and judgments are disclosed under accounting policies, in [Note 2. Critical accounting estimates and judgments](#).

NEW AND UPDATED STANDARDS APPLICABLE IN FISCAL YEAR 2024

IFRS standards, and amendments to them, published by the closing date have not had any substantial impact on the Group’s profit/loss for the fiscal year, financial position, or presentation of the financial statements.

NEW AND UPDATED STANDARDS APPLICABLE IN FUTURE YEARS

The IASB has published a new standard – IFRS 18 Presentation and Disclosure in Financial Statements – which replaces the IAS 1 Presentation of Financial Statements standard. The new requirements of IFRS 18 are as follows:

- In the income statement, income and expenses are classified into three new categories: operating, financing and investing, as well as two new subtotals: “Operating profit or loss” and “Profit or loss before financing and income tax”.
- Management-defined performance measures must now be disclosed in the notes to the

financial statements. These are subtotals of income and expenses that are used in public communications to present management's view of the company's financial performance.

- Presentation of items in the financial statements based on amplified general requirements for aggregation and disaggregation of information. Furthermore, those companies that present their operating expenses by function in the statement of income are required to present new disclosures of certain expenses in the notes to the accounts.

The standard will enter into force as from 1st January 2027, and Tesi has started to assess its impact on the Company's consolidated financial statements.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries are companies over which the Group has control. Control arises when the Group has existing rights, from its involvement with the investee, that give it the ability to direct the activities that affect the investee's returns, or is entitled to variable returns and has the ability to use its power over the investee to affect the amount of the investee's returns. Acquired subsidiaries are combined with the consolidated financial statements on the date the Group receives control, and the assigned subsidiaries, until the date that control ceases.

All the Group's internal transactions, receivables, liabilities and unrealised gains, as well as its internal distribution of profit, are eliminated in the consolidated financial statements.

ACCOUNTING POLICY FOR INVESTMENT ENTITIES

Tesi's management has determined that Tesi meets the definition of an investment entity in IFRS 10 Consolidated Financial Statements. Therefore, Tesi records the investees under its control at fair value through profit or loss, except for operating subsidiaries whose operations relate to investment activities or which provide investment management services, unless those subsidiaries themselves meet the criteria for an investment entity.

In other words, the subsidiaries combined with the consolidated financial statements are companies that produce fund management services and which are regarded as an extension of the parent company's business operations. Investment entities to be recognised at fair value through profit or loss are subsidiaries through which Tesi makes its own investments. The Group's subsidiaries and their treatment in consolidated financial statements are specified in more detail in [Note 15](#).

Tesi also recognises investees in which it has significant influence at fair value through profit or loss.

ITEMS DENOMINATED IN FOREIGN CURRENCY

Business transactions in foreign currencies are recorded at the equivalent amounts of the operational currency at the rates of exchange valid on the transaction date. Exchange rate differences are charged or credited to the income statement. Realised and unrealised exchange rate differences arising from VC & PE investments and financial securities recognised at fair value through profit or loss are recorded as a part of their change in fair value. Exchange rate differences relating to cash & cash equivalents are presented as financial income or expenses in the income statement.

FINANCIAL ASSETS

Recognition and measurement of financial assets

Tesi's financial assets comprise venture capital and private equity investments, financial securities, and cash & cash equivalents. Financial assets are classified, according to the business model followed in the management of the Group's financial assets and based on their contractual cash flow attributes, into groups that determine their valuation principles. Financial assets are classified into financial assets recognised at fair value through profit or loss, financial assets recognised at fair value in other items of comprehensive income, and financial assets measured at amortised cost. At the time of publication, the Group

only had financial assets recognisable at fair value through profit or loss. All purchases and sales of financial assets are recognised on the transaction date.

Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred to another party so that the risks and rewards have been transferred.

Financial assets at fair value through profit or loss

Venture capital and private equity investments as well as financial securities are classified at initial recognition explicitly as financial assets to be recognised at fair value through profit or loss, because they are managed by Tesi and their performance is monitored by Tesi on the basis of fair value (application of the 'fair value option'). VC & PE investments are in most cases non-current investments and are presented in the statement of financial position under non-current assets. Financial securities consist mainly of investments in bond funds and equity funds, which are presented under current assets because of their nature and purpose.

Financial assets are initially recognised at fair value. Transaction costs are recorded as expenses immediately. After initial recognition, financial assets are measured at fair value at each reporting date, and both realised and unrealised changes in fair value are recognised in profit or loss in the period in which they

arise. The net movements in the fair value of VC & PE investments are presented in the income statement under “Net gains from venture capital and private equity investments”, and the movements in the fair value of financial securities are presented under “Net gains from financial securities”. Interest income and dividend income are included in the net movement in fair value. The basis for the determination of fair value is disclosed in [Note 4. Determination of fair value](#).

Cash and cash equivalents

Cash and cash equivalents comprise cash and on-demand deposits.

FINANCIAL LIABILITIES

In addition to liabilities arising from leasing and rental agreements, Tesi has minor amounts of current financial liabilities (accounts payable), which are classified for measurement at amortised cost. Financial liabilities are presented in the statement of financial position as current liabilities if they fall due within 12 months from the last day of the reporting period.

TANGIBLE AND INTANGIBLE ASSETS

Tangible assets comprise machinery and equipment as well as leasehold improvements, and they are carried in the balance sheet at cost less accumulated depre-

ciation with any impairment losses. Tangible assets are depreciated over their useful lives using the straight-line method. The estimated useful lives by class of assets are as follows:

- Machinery and equipment 3-5 years
- Leasehold improvements 5-10 years

Intangible assets include intangible rights consisting of computer software. Intangible assets with a definite useful life are recognised at cost less accumulated amortisation. Intangible assets are amortised over their useful lives on a straight-line basis. The estimated useful life of software is five years.

Tangible assets also include leases, in which Tesi is lessee, as right-of-use assets according to IFRS 16. Right-of-use assets are depreciated over their contract periods.

Impairment of tangible and intangible assets

The Group assesses on the final date of each reporting period whether there are indications of impairment on any asset. If indications are detected, the amount recoverable from that asset is estimated. An impairment loss is charged when the carrying amount of an individual asset is higher than the amount recoverable from it. An impairment loss is charged to the income statement.

RECEIVABLES

Receivables consist mainly of deferred expenses and accrued income.

LEASES

IFRS 16 leases

IFRS 16 requires lessees to recognise the lease agreements on the balance sheet as lease liabilities and right-of-use assets related to them. There are two transition provisions that relate to either short-term contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value about EUR 5,000 or less. Tesi has applied the latter provision both at the point of transition and in subsequent fiscal years.

EMPLOYEE BENEFIT COSTS

Tesi's pension plans are classified as defined contribution plans. Under a defined contribution plan, the Company pays, into publicly or privately administered pension insurances, contributions that may be mandatory and contractual. Tesi has no obligations to make any payments apart from these contributions. The contributions paid are recorded as employee benefits when they are due. Contributions paid in advance are recognised as an asset to the extent that a cash refund or a reduction of future payments is available.

All the Company's personnel are included in the bonus scheme. In 2019, the Company's personnel established a personnel fund in which they can invest the bonuses they earn from the Company's bonus scheme.

INCOME TAXES

The income tax charge in the income statement includes both current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. The amount is adjusted by any taxes relating to prior periods.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that are enacted or substantively enacted at the balance sheet date and that are expected to be applied when the related deferred tax asset is realised or the deferred tax liability settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed annually and assessed in relation to the group's ability to generate sufficient taxable profit in the future. Deferred tax liabilities are entered in full.

2. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that have an effect on the amounts reported in the consolidated financial statements and in the Notes. Actual outcomes may differ from these estimates. Furthermore, judgment is needed in the application of accounting policies. Estimates and assumptions made by management are based on historical experience and forecasts for the future, and are continually evaluated.

APPLICATION OF THE INVESTMENT ENTITY EXCEPTION

Tesi's management has determined that Tesi is an investment entity as defined in IFRS 10, because it meets the criteria of an investment entity. Tesi's business mission is to invest solely for returns from capital appreciation and investment income. Although the ob-

jective of Tesi's operations is also the development of, and support for, business activity in Finland, this objective is pursued solely by means of investing in venture capital and private equity, and thus the Company's earnings are obtained from capital appreciation and other investment income. VC & PE funds have, by nature of the funds and the life cycle model, an exit strategy for their investments. There is also a documented exit strategy for each direct investment. Management monitors the development of investments on the basis of fair values, and fair values are determined at least once in every six months. According to assessment by the management, the following characteristics support the classification of Tesi as an investment entity: It has more than one investment, and its investments are mainly in the form of equity holdings. An investment entity ordinarily has more than one investor. Tesi's principal investor is the Finnish state, representing the in-

terests of a wider group of investors. Furthermore, Tesi manages funds in which pension funds and the European Investment Bank are acting as investors. These organisations are unrelated to Tesi, which is also one of the typical characteristics of an investment entity.

DETERMINATION OF FAIR VALUE

The most critical area in the financial statements that involves uncertainty relating to estimates and assumptions is the determination of the fair value of venture capital and private equity investments. Because of the degree of uncertainty involved in the measurement and the stability of values of non-liquid VC & PE investments, the fair values of those investments are not necessarily representative of the price that would be obtained from the realisation of the investments. The fair values of VC & PE investments are described in more detail in [Note 4. Determination of fair value](#).

INCOME TAXES

Deferred tax assets and liabilities are recognised for temporary differences arising between the carrying amounts of assets and liabilities in the balance sheet and their tax bases. The most significant temporary differences relate to the difference between the fair value and tax bases of venture capital and private equity investments and financial securities. Other temporary differences arise, for example, from tax losses carried forward, for which the Company assesses opportunities for utilisation against future taxable profits. Assumptions about the future used in this assessment involve uncertainty relating to matters such as the exit values of investments, the timing of the exits and final tax impacts. More information is presented in notes [8. Income tax](#) and [11. Deferred taxes](#).

3. Risk management

GENERAL INFORMATION AND AREAS OF RISK

The Company has a risk management policy, confirmed by the Board of Directors, which sets out the principles for the Company's risk management, risk definitions and risk classifications, as well as defining the main roles and divisions of responsibilities, and the monitoring and reporting procedures. The goal for risk management is to ensure that risks borne by the Company are commensurate with its risk-bearing capability. Exposure to risk is managed by carefully planning investment operations and by managing investments. The objective of risk management is to ensure that the risks attached to the Company's business operations are identified and assessed, that the Company responds to those risks, and that they are managed and monitored. Risk management supports achievement of the goals set for profitability in the Company's strategy and action plan.

The Company's Board of Directors confirms the Company's strategy and action plan, in which the targets for different investment allocation classes are specified. In order to reduce risks, investments are deconcentrated to different allocation classes, different industries, different stages of development of investees, different time perspectives and also geographically, particularly with regard to investments in

financial securities. Operative management is responsible for preparing and implementing investments.

The Board approved investment decisions exceeding MEUR 5 and supervises the implementation of investments. The Board of Directors has authorised Tesi's Management Team to make other investment decisions with certain provisos.

The Company's audit and risk committee is tasked with monitoring and supervising the Company's risk management and supporting development of risk management. Tesi's risk management is assessed by independent consultants in line with our internal auditing plan.

Tesi's main risks are related to private equity and venture capital investments, and to financial securities. Both of these involve various investment risks, namely; valuation risks, market risks, liquidity risks, financing risks, credit risks, currency exchange risks, interest risks and other investment risks, such as risks relating to corporate responsibility. The most significant uncertainty regarding the accuracy of the Company's financial statements relates to the inclusion of different investment risks in the measurement of VC & PE investments (valuation risk). The process for the determination of fair values of VC & PE investments is described in [note 4. Determination of fair value](#). The

Distribution of fair values of financial assets and cash & cash equivalents

EUR MILLIONS	31 Dec 2024	%	31 Dec 2023	%
VC & PE funds	898	44%	779	42%
Venture capital	484	24%	411	22%
Later stage	245	12%	206	11%
Funds-of-funds	162	8%	157	8%
ESO funds	8	0%	6	0%
Direct VC & PE investments	741	36%	650	35%
Venture capital	361	18%	307	17%
Later stage	173	8%	176	10%
Special investment programmes	207	10%	166	9%
Financial securities	342	17%	348	19%
Bond funds	259	13%	261	14%
Equity funds	56	3%	57	3%
Other investments	27	1%	30	2%
Cash & cash equivalents	55	3%	74	4%
Total	2,036	100%	1,852	100%

As of 31 Dec 2024, the five largest value concentrations of private equity investments account for approximately 30% of the fair value of all private equity investments (25% as of 31 December 2023).

table on the previous page shows the fair values of the Company's investment portfolio at 31 December 2024 and 31 December 2023.

Other risks to which Tesi is exposed include strategic risks, operational risks, including hazard risks, as well as responsibility and reputational risks attached to both Tesi's own operations and those of its investees. Strategic risks are managed by regularly evaluating the Company's operations, the business environment, and stakeholders' expectations. Operational risks are managed by good corporate governance and internal instructions, and these risks are covered by, inter alia, sound supervisory work and interaction, and by providing for personnel expertise and wellbeing, as well as with appropriate procedures, processes and insurances. Tesi's own corporate responsibility and reputational risks are also managed through good corporate governance. The corresponding risks of investees are managed by evaluating the risks at the investment screening stage and by actively monitoring the development of investees' corporate responsibility over the investment period.

Tesi's internal control is an independent and autonomous precautionary function aimed at examining and assessing, from the perspective of risk, the company's management and governance processes as well as the effectiveness and impact of management and governance processes.

BUSINESS RISK ATTACHED TO VENTURE CAPITAL AND PRIVATE EQUITY INVESTMENTS

The Company's venture capital and private equity investments, whether through venture capital funds or private equity funds or as direct investments, are mainly made in unlisted companies in their starting phase or in growth companies. The development of the value of these small and medium-sized portfolio companies is often affected by company-specific risks rather than by the general market risk described in the following paragraph.

The operations of companies that are in the starting phase, so-called venture capital allocation companies, typically generate negative cash flows. These companies often pursue strong international growth based on new innovations and/or revenue generation models and enabled by risk capital financing from VC & PE investors. It is characteristic of high-risk venture capital investments that not all starting-phase portfolio companies succeed because of the realisation of risks relating to technology, business models, strategies, commercialisation, competitors, key personnel or obtaining further financing.

Companies in the growth phase allocation have normally achieved positive profitability, and the aforementioned risks relating to the venture phase are typically lower. However, active ownership by VC & PE investors aimed at creating value clearly raises the target

level of business growth strategies of these companies through, for example, stronger internationalisation, structural arrangements, new capital investments or well-considered utilisation of debt leverage and thus increases the companies' overall risk profile. Furthermore, the development of the macroeconomic environment has, on average, a more direct impact on the business activities of more mature companies.

The responsible operation of companies and investors is nowadays being subjected to increasingly more detailed public scrutiny. The operations of portfolio funds and companies may also have a significant indirect impact on Tesi's reputation and on investment valuations. In Tesi, a corporate responsibility and ESG evaluation is made of portfolio companies as part of the due diligence processes preceding an investment decision, and the development of responsibility aspects is regularly monitored as a part of the processes for managing and overseeing investees. More information in the [ESG section in the Business Overview part of the Annual Report](#).

Business risks attached to VC & PE investments also comprise the counterparty risk for Tesi's co-investors, which refers to uncertainties relating to individual co-investors in situations such as follow-on financing of portfolio companies. The management of this co-investor risk is emphasised in Tesi's operating model as it always co-operates with private investors such

that in any individual financing case, private investments cover at least one-half of the financing. As an exception to the above, Tesi can finance companies with a convertible loan also without co-investors within the scope of the Stabilisation programme launched in 2020. In equity investments under the stabilisation programme, Tesi's share of an investment can be as high as 70%, provided that other new investors take part in the investment round. In the case of co-investments with pre-existing owners only, Tesi's share of the investment will be at most 50%.

Tesi manages the investment-specific risks relating to its VC & PE investment targets through predictive generation of deal flow, careful analysis in the screening phase, discriminating selection of investees and co-investors, monitoring of investments, active interaction towards managers of VC & PE funds, administrative participation in the development of the business activities of direct portfolio companies, and active participation in the exit phase of investments.

LIQUIDITY RISK

Liquidity risk management ensures that the Company has adequate funding available for its venture capital and private equity investment activities (unpaid commitments). The development of cash flows related to the Company's liquidity, financial securities and VC & PE investments is continuously monitored. When pre-

paring the action plan, the effect of the investments on liquidity and financial position in different market scenarios is taken into account.

The special investment programmes started in 2020 due to the coronavirus pandemic are wholly financed through recapitalisation by the Finnish state. This recapitalisation will be repaid to the state as and when repayments from the special investment programmes accrue.

The Company was recapitalised during the 2020-2022 period with gratuitous investments amounting to MEUR 350 in the Company's invested unrestricted equity fund, of which MEUR 90 was returned to the Finnish state during 2023. Per 31 December 2024, some MEUR 41 of this capital remained, and it was invested in the Company's cash & cash equivalents owing to the expected short nature of their investment horizon.

Investments in financial securities are made at the selected risk level in compliance with the investment policy confirmed by the Company's Board of Directors. Investments in financial securities aim to ensure adequate assets for private equity investing and other payment transactions. Operative management is responsible for investment operations within limits set by the existing investment plans.

Investments in financial securities are spread mainly between investments in short-term and long-term bond funds as well as investments in equity funds. The mar-

ket volatility of financial securities is regularly monitored. Investing activities relating to financial securities have mostly been outsourced with a discretionary mandate to asset managers supervised by Finland's Financial Supervisory Authority. The market volatility of financial securities is monitored regularly and counterparty risk is managed by selecting partners carefully.

Per 31 December 2024, the fair value of the Company's cash and cash equivalents and financial securities amounted to MEUR 356 (MEUR 357) and the amount of unpaid investment commitments (A) was MEUR 427 (MEUR 482), excluding the cash & cash equivalents of MEUR 41 relating to special investment programmes and unpaid commitments of MEUR 8. Unpaid investment commitments consist almost entirely of commitments given to VC & PE funds with an average payment period of over four years. In addition to this, the investment programmes (B) ongoing per 31 December 2024 included unpaid capital of MEUR 54 (MEUR 57), and investment decisions (C) made by the Company's Board of Directors and as yet not implemented totalled MEUR 78 (MEUR 69). The total of A+B+C was MEUR 559 (MEUR 606), after adjustment for overlap.

MARKET RISK

Market risk refers to the impact of general market fluctuations (such as stock market, bond market and cur-

rency market fluctuations) in the value and value trends of investments. Besides the direct exposure to market risk relating to the Company's investments based on financial securities, general market fluctuations may also have an indirect impact on the fair values of direct portfolio companies and funds in the Company's venture capital and private equity allocation.

Rising interest rates and lower expectations of returns from VC & PE investments depress investment valuations, the impact of which typically delays existing

plans. Investors can also lose their appetite for VC & PE investment in relation to other higher-risk asset classes when higher interest rates make many conventional asset classes with a lower risk-return ratio more attractive investments. Furthermore, a climate of higher interest rates, combined with other market uncertainties, complicates the fundraising of VC & PE funds.

Market risks are mitigated by spreading the investments between different allocation classes (different market risk categories) for both the Company's financial

31 DEC 2024	EURO MEUR	USD MEUR	SEK MEUR	GBP MEUR	Other MEUR	TOTAL MEUR
VC & PE funds	727	125	35	7	5	898
Direct VC & PE investments	728				12	741
Financial securities, cash & cash equivalents	345	31	2	3	14	397
Total	1,801	156	37	10	32	2,036
Sensitivity analysis						
Impact of 10% change in exchange rate on profit		14	3	1	3	21
Unpaid commitments to VC & PE funds	414	1	3	0	0	418

Note! The figures also include investments in special investment programmes.

securities and venture capital and private equity investments. Furthermore, important methods of risk management to mitigate general cyclical fluctuations for VC & PE investments include a time-driven diversification of investments, acquisition of non-cyclic target companies, avoidance of over-aggressive debt structures and the continuing development of target companies.

The fair value of fixed-income investments included in financial securities per 31 December 2024 was MEUR 259. The market risks that affect the value of bond investments consist of the risks associated with changes in general market interest rates and also of the spread risk. The computational weighted duration of fixed-interest investments at 31 December 2024 was 1.8 years, and a hypothetical increase in the general interest rate level by one percentage point would decrease the fair value of the Company's fixed income investments by an estimated amount of MEUR 5.

The fair value of equity investments included in financial securities per 31 December 2024 was MEUR 56. A decrease of 10% in share prices would decrease the value of equity investments by MEUR 6.

Most of the Company's cash flows and investments are denominated in euros. The Company does not hedge its currency risks.

The table below presents the distribution of all VC & PE investments, financial securities and cash & cash

equivalents by currency, and also a sensitivity analysis of the currency risk if a currency were to change by 10% against the euro. When examining the sensitivity analysis, it should be noted that currency-denominated fair values of VC & PE funds are presented in euro amounts equivalent to the reporting currency of the fund. The direct effect on profit or loss caused by a change in the exchange rate is calculated based on these, assuming no variation in other factors. Funds can also make investments denominated in other currencies than the reporting currency. Furthermore, variations in exchange rates can also have an effect on the fair value of fund investments if exchange rates impact the profit or loss of portfolio companies and their valuations.

Additionally, when examining the Company's currency risks, the Company's unpaid currency-denominated investment commitments to VC & PE funds should be taken into account.

CREDIT RISK

The Company's objective is to manage credit risk by actively monitoring the risk/reward ratio and also to ensure through regular reporting that the risk management policy is adhered to.

The credit risk for the Company's venture capital and private equity investments is mainly related to direct investments made in portfolio companies by using debt

instruments. These are typically fixed-interest mezzanine instruments. The fair value of debt instruments included in direct VC & PE investments at 31 December 2024 was MEUR 185, representing some 11% of the total fair value of VC & PE investments.

The Company's objective is to manage the aforementioned

risk/reward ratio of credit risks through active monitoring of investments and by typically participating in board work to develop the business of direct portfolio companies. The Company's risks are reported regularly to the audit and risk committee and to the Board of Directors.

Gains before taxes and company's expenses from Tesi's investment activities 2015-2024 (gains = changes in fair value)

ALLOCATION / FINANCIAL YEAR	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total 2015-2024
Gains from VC & PE investments (MEUR)	109	46	69	90	65	226	411	0	-87	193	1,120
Gains from financial securities (MEUR)	6	17	18	-14	39	4	17	-23	26	20	110
Total, MEUR	115	63	87	75	103	230	427	-24	-61	213	1,230
Gains from VC & PE investments (%)*	24.9%	9.3%	12.7%	15.4%	9.8%	26.2%	34.4%	0.0%	-5.9%	13%	12.1%
Gains from financial securities (%)*	1.9%	4.1%	4.2%	-3.3%	9.6%	1.0%	4.2%	-5.6%	7.0%	5.8%	2.8%
Total	14.9%	6.9%	9.0%	7.5%	9.7%	18.4%	26.8%	-1.3%	-3.3%	11.3%	9.3%

* Percentages for gains of allocations are calculated by dividing the gain for the year by the average capital invested. Capital invested is calculated as an average of the fair values at the start and end of the year.

Correspondingly, credit risk relating to financial securities arises from investments in publicly-quoted bond funds, such as government and corporate bonds.

The Company's objective is to manage the credit risk of financial securities by investing in very dispersed bond funds, so the credit risk relating to individual governments, industries or enterprises is relatively small. The asset management of financial securities is outsourced to asset managers whose performance is evaluated monthly. Asset management contracts are subjected to competitive bidding on a regular basis.

CAPITAL MANAGEMENT AND INVESTMENT RETURNS

The Company is financed by equity. The Company has a dividend policy, according to which it separately returns in full to its owner any proceeds from special investment programmes that were capitalised by its owner. Proceeds from other investment operations are mainly re-invested in line with the investment strategy approved by the Board of Directors. Final decisions on any payment of dividends or capital returns, however,

are made by the Annual General Meeting.

Debt leverage is used in the financing structures of some portfolio companies but not in the Company's venture capital and private equity funds at fund level. The Company is not subject to any specific solvency requirements, but it has internally set risk limits for the ratio of unpaid commitments to liquid assets (maximum), and to the ratio of the aggregate amount of liquid assets and the fair value of VC & PE investments to unpaid commitments (minimum). Liquid assets comprise financial securities and cash & cash equivalents.

The Company's goal, as set out in Finnish legislation, is to be profitable over the long term. The table below contains the Company's investment returns (fair value changes) before taxes and operating costs from its VC & PE and financial securities allocations for the financial years 2015-2024. As the Company's VC & PE investments are long-term by nature, the Company's financial performance is also better evaluated over a longer time period.

The Finnish state's investment in the Company's shareholders' equity amounted to MEUR 928 at the

end of 2024. Consolidated shareholders' equity at the end of 2024 totalled MEUR 1,953. The Company's cumulative profit from operations, including the figure for the 2024 financial year, amounted to MEUR 1,024.

The Parliament of Finland on 17 January 2025 amended the Act on Finnish Industry Investment (Tesi) and enacted a new Act on a wholly state-owned limited liability company known as Teollisuustuki Oy. The Act will enter into force on a date specified by a government decree. The new Acts simultaneously repeal the Act on the Finnish Climate Fund and the Act on Business Finland Venture Capitalia (BFVC). The state

aid operations of the reformed Finnish Industry Investment (Tesi) will be divested to its own subsidiary Teollisuustuki Oy, while the Finnish Climate Fund and Oppiva Invest Oy will be wound down and their assets and liabilities will be transferred to Tesi, probably in spring 2025.

The merger is expected to have significant impacts on the financing structure because the companies will be transferred to the new Group with their commitments. The table below presents the companies' information about the situation per 31 December 2024.

Situation per 31 Dec 2024	The Finnish Climate Fund	Business Finland Venture Capital Oy	Oppiva Invest Oy	Total
Investments at acquisition price, MEUR	88	149	10	247
Number of investees	20	20	18	58
Investment commitments, MEUR	78	92	1	171

4. Determination of fair value

BASIS FOR DETERMINATION OF FAIR VALUE FOR VENTURE CAPITAL AND PRIVATE EQUITY INVESTMENTS

In accordance with industry practice, the Private Equity and Venture Capital Valuation Guidelines (IPEVG) are applied in the determination of the fair value of the Company's venture capital and private equity investments. Due to the nature of typically illiquid VC & PE investments, the determination of the fair value of investments requires Tesi's management to use judgment and make estimates.

According to the fundamental principle of IPEVG, fair value reflects the price that would be received in an orderly arm's length transaction on an active market between hypothetical participants on the measurement date. Accordingly, fair value does not reflect the price that would be received in a so-called forced sale. Fair value measurement uses either one most suitable valuation technique or several complementary methods that are widely recognised in the industry. When determining fair values, the Company pays special attention to the estimated future profitability and business risks attached to the portfolio companies, especially relating to the financial condition of the companies.

INVESTMENTS IN VENTURE CAPITAL AND PRIVATE EQUITY FUNDS

The starting point for the determination of the fair values of the Company's investments in venture capital and private equity funds, i.e. the fair values of the holdings in the funds, are the latest available values reported by fund managers (so-called net asset value or NAV). Fund managers derive the values for the holdings from the fair values determined by the fund in accordance with IPEVG for its investments in target companies, adding/deducting any other assets/liabilities of the fund. The determination of the fair values of holdings in the funds excludes unpaid fund commitments relating to the holdings, to which the Company is legally committed together with other investors of the funds.

Holdings in funds are typically more illiquid financial instruments than the direct venture capital or private equity investments. The Company's fundamental investment strategy is not to buy or sell holdings in funds during the term of the funds.

The measurement of the holdings in funds may deviate from the amounts reported by fund managers, if the fair value reported by the managers is not considered to reflect the real fair value of the investments or if

the reported fair value refers to a different point of time. Deviation from the value reported by the fund manager is always based on fair value testing performed by the Company. Fair value is always tested for funds classified to a risk listing determined by the Company. The risk listing comprises those funds whose investment operations have, according to a risk review performed, not developed as originally determined and the results of whose investment operations are expected to clearly fall short of the targets set previously.

DIRECT VENTURE CAPITAL AND PRIVATE EQUITY INVESTMENTS

The determination of the fair value of the Company's direct venture capital and private equity investments is based on either one valuation technique regarded as most suitable or on a combination of several complementary methods. The techniques applied comply with IPEVG and include recent transactions in the portfolio companies' own instruments, valuation multiples of peer companies and discounted cash flows. Both the selection of techniques and the actual valuation performed by using the techniques requires substantial use of estimates and judgment by the management of the Company.

The fair values of the Company's investments in debt instruments are typically estimated through the viewpoint of the value of the portfolio companies' businesses (fair value without liabilities, i.e. enterprise value), because, in the Company's VC & PE investments, debt instruments are often an integral part of the total investment in the portfolio companies together with the Company's investments in equity instruments.

FAIR VALUE DETERMINATION PROCESS FOR VENTURE CAPITAL AND PRIVATE EQUITY INVESTMENTS

Fair values of the Company's venture capital and private equity investments are determined by the investment teams designated as responsible for them. Thereafter, valuation proposals prepared by investment teams are assessed within a separate risk management function before the valuations are introduced to the Management Group for approval. After the Management Team, the valuations are processed by the audit and risk committee and then passed to the Board of Directors for approval.

FAIR VALUE HIERARCHY FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE

Tesi's venture capital and private equity investments include a minor amount of quoted equity securities. Investments in VC & PE funds classified as financial securities are quoted, their market prices are observable and there is an active secondary market for the fund units. The fair values of all other equity and debt investments as well as investments in VC & PE funds are determined using valuation techniques that to a significant degree rely on company-specific, unobservable inputs.

Fair value hierarchy and related input levels are defined by IFRS 13 as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

At the highest level in the fair value hierarchy are quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1 inputs), and at the lowest level are unobservable inputs (level 3 inputs). A quoted price in an active market is the most reliable evidence of fair value and it shall, as a rule, be used in the determination of fair value whenever available.

When the inputs to be used to measure the fair value of an asset or a liability are categorised within different levels of the fair value hierarchy, the item is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The tables on the next page show an analysis of the hierarchy of fair value measurements.

The tables below show an analysis of the hierarchy of fair value measurements of financial assets

EUR THOUSANDS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2024				
VC & PE funds				
Venture Capital			483,967	483,967
Later stage			244,658	244,658
Funds-of-funds			161,965	161,965
Direct VC & PE investments				
Venture Capital	2,801		358,676	361,477
Later stage	11,970		160,670	172,640
Special investment programmes				
Venture Capital			27,066	27,066
Later stage	1,171		186,397	187,567
Financial securities				
Bond funds	258,622			258,622
Equity funds	56,025			56,025
Other investments	27,093			27,093
Total	357,682	0	1,623,398	1,981,080

Direct VC & PE investments comprise equity investments MEUR 513 and debt investments MEUR 30
Special investment programmes comprise equity investments MEUR 59 and debt investments MEUR 155.
The content of investments is specified in more detail in [Note 3. Risk management](#)

EUR THOUSANDS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2023				
VC & PE funds				
Venture Capital			411,187	411,187
Later stage			205,976	205,976
Funds-of-funds			156,619	156,619
Direct VC & PE investments				
Venture Capital	4,038		303,120	307,158
Later stage	12,760		163,490	176,250
Special investment programmes				
Venture Capital			27,487	27,487
Later stage	915		143,399	144,314
Financial securities				
Bond funds	260,963			260,963
Equity funds	57,064			57,064
Other investments	30,460			30,460
Total	366,200	0	1,411,278	1,777,478

Direct VC & PE investments comprise equity investments MEUR 438 and debt investments MEUR 45.
Special investment programmes comprise equity investments MEUR 19 and debt investments MEUR 153.
The content of investments is specified in more detail in [Note 3. Risk management](#)

Changes in level 3 financial assets measured at fair value:

EUR THOUSANDS	1.1.2024	Total gains and losses recognised in the income statement	Additions	Decreases	31.12.2024
INVESTMENT CLASS					
VC & PE funds					
Venture Capital	411,187	50,420	49,200	-26,840	483,967
Later stage	205,976	27,221	38,789	-27,328	244,658
Funds-of-funds	156,619	-2,439	20,499	-12,713	161,965
Direct VC & PE investments					
Venture Capital	303,120	105,777	26,920	-77,141	358,676
Later stage	163,490	-5,677	7,494	-4,637	160,670
Special investment programmes					
Venture Capital	27,487	-561	643	-503	27,066
Later stage	143,399	16,492	27,602	-1,097	186,397
Total	1,411,278	191,233	171,148	-150,260	1,623,398
Change in unrealised gains and losses recognised in income statement under net gains from VC & PE investments for Level 3 assets held at the end of period:					152,620

EUR THOUSANDS	1.1.2023	Total gains and losses recognised in the income statement	Additions	Decreases	31.12.2023
INVESTMENT CLASS					
VC & PE funds					
Venture capital	452,254	-47,752	39,235	-32,549	411,187
Later stage	180,639	10,462	39,633	-24,758	205,976
Funds-of-funds	164,646	-8,906	17,856	-16,978	156,619
Direct VC & PE investments					
Venture capital	283,526	-4,408	26,950	-2,948	303,120
Later stage	161,744	492	20,046	-18,792	163,490
Special investment programmes					
Venture capital	38,870	-11,389	2,225	-2,224	27,487
Later stage	217,406	-14,283	23,559	-83,283	143,399
Total	1,499,085	-75,780	169,503	-181,532	1,411,278
Change in unrealised gains and losses recognised in income statement under net gains from VC & PE investments for Level 3 assets held at the end of period:					-118,748

Sensitivity analysis for level 3 financial assets

INVESTMENT CLASS	Fair value 31 December 2024 EUR thousands	Valuation model	Non-observable input or implicit valuation parameters	Applied input or implicit valuation parameters (weighted average)	Change in measurement if input changes +/- 20%
VC & PE funds					
Venture capital	483,967	Fair value	Values reported by fund management companies +/- adjustments made as a result of value testing made by the Company*		96,793
Later stage	244,658				48,932
Funds-of-funds	161,965				32,393
Direct VC & PE investments					
Venture capital	358,676	Portfolio company instrument transactions / Peer groups	Valuation multiples**	EV/Net sales 2024 (8.3x)	53,548
Later stage	160,670			EV/EBITDA 2024 (6.3x)	18,196
Special investment programmes					
Venture capital	27,066	Fair value	Values are determined with various methods (EV-based, credit risk assessment, and valuations of external management companies) depending on the instruments.		5,413
Later stage	186,397				37,279

INVESTMENT CLASS	Fair value 31 December 2023 EUR thousands	Valuation model	Non-observable input or implicit valuation parameters	Applied input or implicit valuation parameters (weighted average)	Change in measurement if input changes +/- 20%
VC & PE funds					
Venture capital	411,187	Fair value	Values reported by fund management companies +/- adjustments made as a result of value testing made by the Company*		82,237
Later stage	205,976				41,195
Funds-of-funds	156,619				31,324
Direct VC & PE investments					
Venture capital	303,120	Portfolio company instrument transactions / Peer groups	Valuation multiples**	EV/Net sales 2023 (5.7x)	45,352
Later stage	163,490			EV/EBITDA 2023 (7.7x)	19,768
Special investment programmes					
Venture capital	27,482	Fair value	Values are determined with various methods (EV-based, credit risk assessment, and valuations of external management companies) depending on the instruments.		5,496
Later stage	143,404				28,681

* Fair value testing of venture capital and private equity funds performed by the Company resulted in a fair value that was, in total, MEUR 25 lower than the values reported by fund management companies as at 31 December 2024.

** The weighted EV-based valuation multiple calculations include only the impact from those portfolio companies to which applying multiples as a valuation metric is reasonable. For example, in the venture capital allocation, the impacts of those portfolio companies which generate still only very limited net sales and of later-stage portfolio companies with negative EBITDA are not included.

Note. EV = Enterprise Value = debt-free value of portfolio company's business; EBITDA = operating margin.

4.1 VC & PE funds

COMPANY	DOMICILE	HOLDING %	ORIGINAL INVESTMENT COMMITMENT EUR
Alder II AB	Sweden	6.6%	9,731,887
Antler Nordic Fund II AB	Sweden	14.2%	10,000,000
Armada Fund V Ky	Helsinki	4.8%	10,000,000
Armada Fund VI Ky	Helsinki	7.2%	10,000,000
Armada Mezzanine Fund IV Ky	Helsinki	4.9%	5,000,000
Atomico IV (Guernsey), L.P.	Guernsey	5.3%	6,626,612
Atomico V SCSp	Luxembourg	0.6%	4,450,774
Balderton Capital V, L.P.	Delaware, USA	3.1%	6,831,892
Balderton Capital VI, S.L.P.	Luxembourg	2.3%	7,448,300
Blume Equity Fund I SCSp	Luxembourg	5.3%	10,000,000
Butterfly Venture Fund IV Ky	Helsinki	26.6%	10,000,000
CapMan Buyout IX Fund A L.P.	Guernsey	3.4%	10,000,000
CapMan Buyout VIII Fund A L.P.	Guernsey	2.8%	10,000,000
CapMan Buyout X Fund B Ky	Helsinki	13.9%	10,000,000
CapMan Buyout XI SCSp	Luxembourg	10.5%	20,000,000
CapMan Equity VII A L.P.	Guernsey	6.4%	10,000,000
CapMan Growth Equity Fund 2017 Ky	Helsinki	3.5%	3,000,000
CapMan Growth Equity Fund II Ky	Helsinki	4.1%	4,000,000
CapMan Growth Equity Fund III Ky	Helsinki	3.8%	5,000,000
Conor Technology Fund I Ky	Espoo	40.0%	8,000,000
Conor Technology Fund II Ky	Espoo	20.0%	10,000,000
Creandum III LP	Guernsey	5.6%	7,500,000
Creandum IV, L.P.	Guernsey	4.4%	8,000,000

COMPANY	DOMICILE	HOLDING %	ORIGINAL INVESTMENT COMMITMENT EUR
Creandum V, L.P.	Guernsey	1.9%	5,000,000
Creandum VI (E) AB	Sweden	7.0%	5,000,000
DevCo Partners III Ky	Helsinki	2.8%	5,000,000
DN Capital - Global Venture Capital III LP	Jersey	2.1%	3,000,000
EduImpact Fund Ky	Helsinki	27.1%	15,000,000
Environmental Technologies Fund 3, L.P.	United Kingdom	3.0%	5,547,235
Environmental Technologies Fund 4 LP	United Kingdom	1.8%	5,000,000
EQT Ventures (No. 1) SCSp	Luxembourg	1.8%	7,500,000
Evolver Fund I Ky	Mariehamn	18.6%	10,000,000
Evolver Fund II Ky	Mariehamn	9.0%	5,000,000
Finnish Impact Film Fund Ky	Helsinki	18.5%	2,500,000
MB Equity Fund II Ky	Helsinki	16.1%	10,000,000
GOS Private Debt I Ky	Helsinki	33.3%	5,000,000
Hadean Capital II AS	Norway	4.2%	5,000,000
Heartcore Capital Fund I K/S	Denmark	7.5%	7,044,897
Icebreaker Fund II Ky	Helsinki	14.2%	14,175,000
Innovestor Kasvurahasto I Ky	Helsinki	19.7%	16,358,492
Innovestor Life Science Fund Ky	Helsinki	22.5%	20,000,000
Intera Fund III Ky	Helsinki	4.0%	10,000,000
Intera Fund IV Ky	Helsinki	3.0%	10,000,000
Inventure Fund II Ky	Helsinki	11.5%	8,000,000
Inventure Fund III Ky	Helsinki	8.6%	10,000,000
Inventure Fund IV Ky	Helsinki	6.6%	10,000,000

COMPANY	DOMICILE	HOLDING %	ORIGINAL INVESTMENT COMMITMENT EUR
Inventure Fund Ky	Helsinki	24.2%	9,850,000
IPR.VC Fund II Ky	Helsinki	15.5%	10,000,000
IPR.VC Fund III Ky	Helsinki	22.1%	15,000,000
Juuri Rahasto I Ky	Helsinki	6.1%	5,000,000
Juuri Rahasto II Ky	Helsinki	8.0%	10,000,000
Karma Ventures II SCSp	Luxembourg	5.0%	5,000,000
Kasvurahastojen Rahasto II Ky	Helsinki	46.2%	60,000,000
Kasvurahastojen Rahasto III Ky	Helsinki	40.0%	60,000,000
Kasvurahastojen Rahasto IV Ky	Helsinki	37.1%	65,000,000
Kasvurahastojen Rahasto Ky	Helsinki	40.0%	54,000,000
Kasvurahastojen Rahasto V Ky	Helsinki	31.7%	63,300,000
Korona Fund IV Ky	Helsinki	6.3%	5,000,000
Life Sciences Partners 6 C.V.	Netherlands	1.0%	5,000,000
Life Sciences Partners III B.V.	Netherlands	13.8%	10,000,000
Life Sciences Partners IV B.V.	Netherlands	21.8%	10,000,000
Life Sciences Partners V C.V.	Netherlands	2.0%	5,000,000
Lifeline Ventures Fund I Ky	Helsinki	10.4%	3,000,000
Lifeline Ventures Fund III Ky	Helsinki	17.5%	10,000,000
Lifeline Ventures Fund IV Ky	Helsinki	7.7%	10,000,000
LSP Health Economics Fund 2 C.V.	Netherlands	5.5%	10,000,000
MAKI.VC Fund I Ky	Helsinki	12.5%	10,000,000
MAKI.VC Fund II Ky	Helsinki	15.0%	15,000,000
MAKI.VC Fund III Ky	Helsinki	12.5%	10,000,000
MAM Growth Equity Fund II Ky	Helsinki	3.6%	5,000,000
MB Equity Fund V Ky	Helsinki	3.2%	7,500,000

COMPANY	DOMICILE	HOLDING %	ORIGINAL INVESTMENT COMMITMENT EUR
MB Equity Fund VI Ky	Helsinki	11.6%	20,000,000
Midinvest Fund II Ky	Jyväskylä	25.6%	15,000,000
MVM IV LP	United Kingdom	3.4%	6,627,198
NATO Innovation Fund SCSp SICAV-SIF - NATO Sub-Fund 1	Luxembourg	3.2%	33,350,000
Nest Capital 2015 Fund Ky	Helsinki	10.0%	10,000,000
Nest Capital Fund III Ky	Helsinki	9.2%	10,000,000
NSI Nordic Science I Ky	Helsinki	30.0%	10,000,000
Northzone VII L.P.	Jersey	3.0%	7,500,000
Northzone VIII L.P.	Jersey	2.9%	10,000,000
Northzone IX L.P.	Jersey	1.1%	5,000,000
Open Ocean Fund 2015 Ky	Espoo	6.3%	5,000,000
Open Ocean Fund 2020 Ky	Helsinki	12.8%	15,000,000
Open Ocean Fund Three Ky	Espoo	11.2%	5,000,000
Open Ocean Opportunity Fund I Ky	Helsinki	12.8%	3,000,000
Pale Blue Dot I Equity AB	Sweden	8.6%	5,000,000
Pale blue dot II (E) AB	Sweden	7.4%	5,000,000
Power Fund II Ky	Vaasa	23.9%	15,000,000
Power Fund III Ky	Vaasa	13.0%	10,000,000
PROfounders Capital III-A SCSp	Luxembourg	6.5%	5,000,000
Saari I Ky	Helsinki	26.2%	11,000,000
Saari II Ky	Helsinki	17.7%	10,000,000
Sentica Buyout IV Ky	Helsinki	8.0%	10,000,000
Sentica Buyout V Ky	Helsinki	8.1%	15,000,000
Sentica Kasvurahasto II Ky	Helsinki	23.7%	10,000,000
Sponsor Fund IV Ky	Helsinki	5.0%	10,000,000

COMPANY	DOMICILE	HOLDING %	ORIGINAL INVESTMENT COMMITMENT EUR
Sponsor Fund V Ky	Helsinki	5.0%	10,000,000
Superhero Opportunity Fund 2022 Ky	Helsinki	25.0%	2,000,000
Superhero Venture Fund 2020 Ky	Helsinki	25.0%	9,600,000
Superhero Venture Fund 2024 Ky	Helsinki	31.3%	7,500,000
TCEE Fund IV SCA SICAR	Luxembourg	13.5%	15,000,000
UB Forest Industry Green Growth Fund I LP	Helsinki	9.2%	10,000,000
Usaldusfond Trind Ventures Fund II	Estonia	9.1%	5,000,000
Vaaka Partners Buyout Fund II Ky	Helsinki	6.7%	10,000,000
Vaaka Partners Buyout Fund III Ky	Helsinki	5.3%	12,000,000
Vendep Capital Fund II Ky	Helsinki	20.9%	7,500,000
Vendep Capital Fund III Ky	Espoo	14.3%	10,000,000
Verdane Capital IX (E) AB	Sweden	5.7%	9,797,657
Verdane Capital VIII K/S	Denmark	3.0%	6,860,750
Verdane Capital X (E) AB	Sweden	2.8%	4,787,209
Verdane Edda (E) AB	Sweden	10.9%	10,015,624

COMPANY	DOMICILE	HOLDING %	ORIGINAL INVESTMENT COMMITMENT EUR
Verdane Edda II (E) AB	Sweden	2.9%	5,000,000
Verdane Idun I (E) AB	Sweden	4.2%	5,000,000
Verdane Idun II (D2) AB	Sweden	n/a	5,000,000
Verso Fund II Ky	Helsinki	9.9%	5,000,000
Verso Fund III Ky	Helsinki	15.0%	15,000,000
Virta Sijoituspooli I Ky	Helsinki	48.5%	4,000,000
Virta Sijoituspooli II Ky	Helsinki	29.6%	10,000,000
VisionPlus Fund I Ky	Helsinki	9.9%	5,000,000
Voima Ventures Fund III Ky	Helsinki	5.0%	4,536,400
Voland Technology Growth Fund I Ky	Helsinki	17.6%	10,000,000
			1,322,439,927

Under the provisions of paragraph 3 Chapter 2:9 Section 2:9 of Finland's Accounting Ordinance, some of the information (funds' financial statements) referred to in paragraph 1 of Chapter 2 Section 9 is not presented.

In the case of a fund where holdings in it have been sold, the ownership at the closing date of the corresponding part of the investment commitment is presented as the original investment commitment.

4.2 Direct VC & PE investments

PORTFOLIO COMPANY NAME	OWNERSHIP %
3 Step IT Group Oy	7.0%
Aker Arctic Technology Inc. *	66.4%
Algorithmic Inc.	5.8%
Aranda Pharma Oy **	4.2%
Aurealis Therapeutics AG **	12.3%
BC Platforms AG	12.3%
BCBM Holding Oy	19.1%
Blastr Green Steel AS	3.6%
BMH Technology Oy	24.8%
Bone Index Finland Oy **	3.9%
Cajo Technologies Oy **	7.1%
Carbo Culture Oy	5.7%
Den Group Oy	9.9%
Dispelix Oy	16.5%
Elcoline Group Oy	12.1%
Endev Oy	14.9%
EniferBio Oy	4.6%
FiFax Oyj	17.1%
Finnforel Oy	9.1%
Fira Oy	4.5%
Flow Technologies Oy	6.6%
Foamit Group Oy	33.1%
Forenom Group Oy	15.2%
Gisgro Oy **	15.7%
GRK Infra Oyj	9.2%
Helsinki International Schools Group Oy	18.4%

PORTFOLIO COMPANY NAME	OWNERSHIP %
Humm Group Oy **	10.7%
HVR Cardio Oy	12.1%
ICEYE Oy	6.7%
IQM Finland Oy	6.6%
Lamor Corporation Oyj	7.1%
Lapwall Oyj	2.0%
Liikennevirta Oy	7.8%
Loihde Oyj	4.8%
Meeat Food Tech Ltd	18.2%
Mekitec Oy	14.9%
Midaxo Oy	22.0%
Nanol Technologies Ab Oy **	1.9%
Newlcon Oy	4.5%
Nina Data Oy	12.6%
Nordic Rescue Group Oy	25.8%
Norsepower Oy Ltd **	15.8%
Nosto Solutions Oy	10.3%
Onego Bio Oy	6.3%
Optomed Oyj	3.1%
Oura Health Oy	3.4%
Oy Sisu Auto Ab	24.4%
Pesmel Oy	2.1%
Pixieray Oy	11.2%
Primex Pharmaceuticals Oy **	4.9%
Rauma Marine Constructions Oy *	21.3%
Relais Group Oyj	0.9%

PORTFOLIO COMPANY NAME	OWNERSHIP %
Rester Oy	22.8%
Rocsole Oy **	20.1%
Ruokaboksi Finland Oy	9.1%
Savroc Oy **	17.1%
Smartcom Labs Oy	2.2%
Solnet Green Energy Oy	13.4%
Surveypal Oy **	17.2%
Swappie Oy	5.9%
TactoTek Oy	10.9%
Tamturbo Oyj **	2.8%
TILT Biotherapeutics Oy	5.1%
Unikie Oy	7.7%
Unisport-Saltex Group Oy	11.0%
UpCloud Oy	7.1%
Ursviken Group Oy	24.6%
Vaadin Oy	21.5%
Valmet Automotive Oyj	45.0%
Valoo Oy	6.0%
Vapaus Bikes Finland Oy ***	-
Varjo Technologies Oy	4.3%
Vexve Group Oy ***	-
Wirepas Oy	8.5%

* Ownership through Tesi Industrial Management Oy.

** Ownership through EAKR-Aloitusrahoitus Oy

*** Debt instrument, no ownership

4.3 Investments under special investment programmes

VC & PE funds

COMPANY	DOMICILE	OWNERSHIP %	ORIGINAL INVESTMENT COMMITMENT EUR
Capman Special Situations I Ky	Helsinki	13.5%	10,550,000
Nordia Kasvu Ky	Helsinki	29.7%	3,150,000
			13,700,000

Investments under Venture Bridge programme

PORTFOLIO COMPANY NAME	OWNERSHIP %
Altum Technologies Oy *	-
Alvar Pet Oy	6.5%
Aurora Propulsion Technologies Oy *	-
Basemark Oy	7.0%
BioMensio Oy	3.2%
Brella Oy *	-
Emberion Oy ***	21.4%
Eduhub Oy *	-
Geysler Batteries Oy *	-
Gubbe Sydänystävä Oy *	-
Haltian Oy	3.6%
Iiwari Tracking Solutions Oy	2.6%
INNOMOST Oy *	-
Koherent Oy *	-
Measur Oy	10.0%
Mekitec Oy *	-
Monidor Oy *	-
Naava Group Oy	0.3%
Not a Hotel Venture Limited (Bob W)	3.0%

PORTFOLIO COMPANY NAME	OWNERSHIP %
ONEiO Cloud Oy	5.4%
Playvation Oy *	-
ReceiptHero Oy *	-
Rocsole Oy **	20.1%
Safegrid Oy	2.1%
Seaber Oy	6.0%
Singa Oy *	-
TactoTek Oy **	10.9%
TimeGate Instruments Oy *	-
Twice Commerce Oy	2.0%
Uute Scientific Oy *	-
Valpas Enterprises Oy	4.6%
Wellness Foundry Holding Oy	7.6%

* Debt instrument, no ownership

** Holding also includes external investment under Venture Bridge programme

*** As per company's latest adopted financial statements as at 31.12.2023 loss EUR -3,212,693.44 and shareholders' equity EUR 5,556,964.17

Investments had been made from the Stabilisation programme in 12 portfolio companies by the end of 2024. Owing to contractual confidentiality, only the aggregated data of the programme is reported.

5. Net gains from VC & PE investments

EUR THOUSANDS	2024	2023
VC & PE funds		
Venture capital	50,420	-47,752
Later stage	27,221	10,462
Funds-of-funds	-2,439	-8,906
Direct VC & PE investments		
Venture capital	107,904	-11,357
Later stage	-6,533	-3,254
Special investment programmes		
Venture capital	-553	-11,384
Later stage	16,778	-14,816
Total	192,798	-87,007
Net gains from VC & PE investments consist of changes in fair value:		
Realised	39,817	43,063
Unrealised	152,980	-130,070
Total	192,798	-87,007

Net gains from VC & PE investments comprise realised and unrealised changes in fair value, including interest income and dividend income from direct investments.

6. Employee benefit costs

EUR THOUSANDS	2024	2023
Salaries and fees	7,649	6,599
Pension expenses	1,105	975
Other personnel expenses	235	261
Total	8,990	7,834
Average number of personnel employed by the company during the financial year	57	51
MANAGEMENT TEAM		
Salaries and other short-term employee benefits	1,654	1,613
Total	1,654	1,613
CEO		
Salaries and other short-term employee benefits	310	246
Total	310	246
Emoluments for Board of Directors	173	176

The Board of Directors decides on the pay principles, total pay and bonus scheme for the CEO and other members of the parent company's Management Team. The Management Team comprised the CEO and on average eight other members during the financial year.

All the company's personnel were included in the bonus scheme during fiscal year 2024. At the end of 2019, the company's personnel established a personnel fund in which personnel can invest the bonuses they earn from the company's bonus scheme.

The pension plan for the CEO complies with the Finnish Employee Pension Act. The CEO has a 6-month period of notice in addition to which the individual is, under certain conditions, entitled to a reimbursement equivalent to six months' salary.

7. Other operating expenses

EUR THOUSANDS	2024	2023
Other employee benefit costs	703	872
Travel and hospitality expenses	149	186
External services	3,804	1,769
Other expenses	2,560	2,175
Total	7,217	5,003

Other operating expenses include auditors' fees by type of services provided:

EUR THOUSANDS	2024	2023
Audit fees	57	55
Tax advice	0	0
Services based on other legislation	19	
Other services	5	28
Total	81	82

8. Income taxes

EUR THOUSANDS	2024	2023
Current income tax for the financial year	-16,028	-10,800
Adjustments relating to previous years	4,149	3,129
Deferred taxes *)		
Temporary differences originated and reversed	-23,946	25,748
Income tax presented in the income statement	-35,825	18,077

*) A more detailed specification of deferred taxes is given in [Note 11](#)

Reconciliation between income tax expense and tax calculated at the domestic tax rate of 20%.

EUR THOUSANDS	2024	2023
Profit before taxes	200,748	-68,759
Tax calculated at domestic tax rate	-40,150	13,752
Income not subject to tax	472	1,060
Expenses not deductible for tax purposes	-23	-120
Difference between net income from VC & PE funds and taxable income	-273	256
Adjustments relating to previous years	4,149	3,129
Income tax presented in the income statement	-35,825	18,077

9. Intangible and tangible assets

The carrying amount of tangible and intangible assets at 31 December 2024 was 1,588 thousand euros (2023: 2,041 thousand euros). This includes 1,471 thousand euros of items classified as non-current assets as per IFRS 16 (2023: 1,885 thousand euros). Depreciation and amortisation charged according to plan for 2024 was 436 thousand euros (2023: 481 thousand euros).

10. Notes concerning shareholders' equity

EUR THOUSANDS	Share capital (no.)	Share capital	Share premium account	Invested unrestricted equity fund	Retained earnings	Profit/loss for the period	Total
31.12.2023	43,160	438,992	215,855	274,500	909,722	-50,682	1,788,387
31.12.2024	43,160	438,992	215,855	274,500	859,040	164,923	1,953,310

Changes during the fiscal year are presented in the calculation of changes in the Group's shareholders' equity.

Finnish Industry Investment Ltd has one class of share, and each share carries entitlement to a dividend. Each share entitles the right to one vote at the Annual General Meeting. The shares have no nominal value. All the shares issued are fully paid up.

The invested unrestricted equity fund includes MEUR 350 recapitalisation by the Finnish state effected during 2020–2023 through the Stabilisation and Venture Bridge special investment programme established to mitigate the COVID-19 pandemic. This recapitalisation will be repaid to the state as and when repayments from the special investment programmes accrue.

11. Deferred taxes

EUR THOUSANDS	Changes in fair values of VC & PE funds	Changes in fair values of direct investments	Changes in fair values of financial securities	Other items	Total
Deferred tax assets					
1.1.2023	3,951	21,079	3,162	0	28,193
Recognised in income statement	481	12,017	-2,687	0	9,811
31.12.2023	4,433	33,097	475	0	38,004
Recognised in income statement	-1,150	-294	-344	0	-1,788
31.12.2024	3,282	32,802	132	0	36,216

EUR THOUSANDS	Changes in fair values of VC & PE funds	Changes in fair values of direct investments	Changes in fair values of financial securities	Total
Deferred tax liabilities				
1.1.2023	65,567	45,169	1,286	112,022
Recognised in income statement	-15,687	-2,907	2,658	-15,937
31.12.2023	49,880	42,261	3,944	96,085
Recognised in income statement	10,746	10,376	1,037	22,158
31.12.2024	60,626	52,637	4,980	118,243

12. Current liabilities

EUR THOUSANDS	2024	2023
Accounts payable	452	554
Accruals relating to employee benefits	2,736	2,203
Tax liabilities		3,797
Other	795	522
Total	3,983	7,076

13. Commitments

Outstanding commitments at end of year

EUR THOUSANDS	2024	2023
VC & PE funds	411,772	468,048
Portfolio companies	14,985	13,830
Special investment programmes	7,856	9,992
Total	434,614	491,870

14. Related parties

The Company is wholly owned by the Finnish state. Parties related to the Group also include the parent company and the group companies specified in [Note 15. Related parties](#) also comprise the members of the Board of Directors, CEO and other members of the Management Team as well as their close family members, including the controlling legal persons of the aforementioned people.

Salaries and fees of management are disclosed in [Note 6. Employee benefit costs](#) and in [Remuneration Report](#).

In 2023, the Company sold to Business Finland Venture Capital Oy the MEUR 80.7 loan investment granted to Turku Marine Industry Holding Oy, which belongs to the administrative sphere of Finland's Ministry of Employment and the Economy.

As at 31 December 2024, the company had no investment commitments to its subsidiaries.

15. Subsidiaries

The following table presents the parent company and companies in which the Group has control at 31 December 2024:

Parent	Country of registration	Nature of business	Holding by parent (%)	Holding by Group (%)	Treatment in consolidated financial statements
Finnish Industry Investment Ltd	Finland	VC & PE investment			
Subsidiaries					
Tesi Fund Management Oy	Finland	Management company	100%	100%	Consolidated
FEFSI Management Oy	Finland	Management company	100%	100%	Consolidated
EAKR-Aloitusrahasto Oy	Finland	VC & PE investment	100%	100%	At fair value through profit or loss
Tesi Industrial Management Oy	Finland	VC & PE investment	100%	100%	At fair value through profit or loss
Aker Arctic Technology Inc.	Finland	1)		66.4%	At fair value through profit or loss
Aker Arctic Canada Inc	Canada	1)		66.4%	At fair value through profit or loss

1) Company specialised in the design of and technical consultation for icebreakers and other ships operating in the Arctic areas.

16. Events after the financial year

The Parliament of Finland on 17 January 2025 amended the Act on Finnish Industry Investment (Tesi) and enacted a new act on a wholly state-owned limited liability company known as Teollisuustuki Oy. The Act will enter into force on a date specified by a government decree. The new Acts simultaneously repeal the Act on the Finnish Climate Fund and the Act on Business Finland Venture Capital (BFVC). The state aid operations of the reformed Finnish Industry Investment (Tesi) will be divested to its own subsidiary named Teollisuustuki Oy, while the Finnish Climate Fund and Oppiva Invest Oy will be wound down and their assets and liabilities will be transferred to Tesi, probably in spring 2025. Tesi has, for its part, made the necessary decisions and taken measures to ensure that this corporate reorganisation can be implemented according to plan.

On 25 February 2025, the Ministerial Committee on Economic Policy supported the Ministry of Economic Affairs and Employment's proposal for a new investment strategy and financial framework for Tesi's operations for 2025–2029.

Tesi has continued its normal investment operations in 2025. Read more news about our investment activities on our website tesi.fi.

Signatures for the Board Of Directors' Report and Financial Statements

Helsinki, 7 March 2025

Andreas Tallberg
Chair

Anniina Heinonen

Minna Helppi

Tiina Korhonen

Lassi Noponen

Mia Folkesson

Olli Kärkkäinen

Pia Santavirta
CEO

Auditor's Report has been issued today.
Helsinki, 7 March 2025.

KPMG Oy Ab
Audit firm

Marcus Tötterman
Authorised Public Accountant, KHT

Auditor's Report

TO THE ANNUAL GENERAL MEETING OF FINNISH INDUSTRY INVESTMENT LTD

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Finnish Industry Investment Ltd (business identity code 1007806-3) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

BASIS FOR OPINION

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

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

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and

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

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is 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 about 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events

or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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 and the information included in the Annual Report but does not include the financial statements or our auditor's report thereon.

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. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions.

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 other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 7 March 2025

KPMG OY AB

Marcus Tötterman

Authorised Public Accountant, KHT

Tesi

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