ANNUAL REPORT 2024

FINNISH MINERALS GROUP
SUOMEN MALMIJALOSTUS

Contents

YEAR 2024

Aiming for a cleaner future

We are open-minded and look for opportunities also where others can not see them.

2024 in review

In accordance with our vision, our target is to provide materials for climate neutrality. Our strategic mission is to responsibly maximise the value of Finnish minerals.

+ VISION	+ MISSION
Materials for climate neutrality	Responsibly maximising the value of Finnish minerals

STRATEGIC OBJECTIVES

+ We create value through active ownership
+ We increase the value add by building a Finnish battery value chain
+ We build sustainable businesses
+ We are a forerunner driving prosperity of the Finnish mining and battery industry

Key figures 2024

GROUP COMPANIES

Net sales MEUR

544.5

2023 → 561.1 –

EBITDA MEUR

62.2

2023 → 94.6 –

EBIT MEUR

-18.9

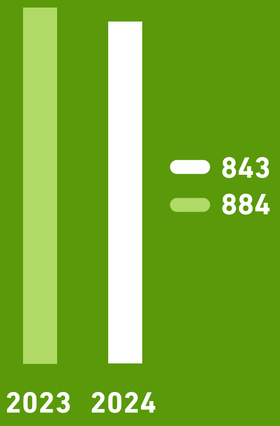
2023 → 31.5 –

Total assets MEUR

1,565.5

2023 → 1,408.6 +

Personnel 31 Dec



FINNISH MINERALS GROUP (INCL. SOKLI)

Net sales MEUR

2.4

2023 → 1.9 +

EBITDA MEUR

0.2

2023 → -5.7 +

EBIT MEUR

-4.3

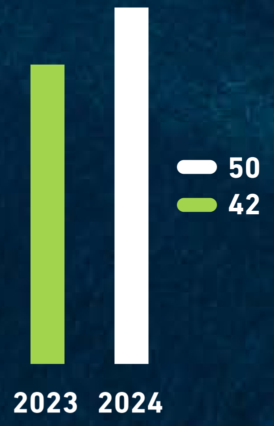
2023 → -5.8 +

Total assets MEUR

731.1

2023 → 707.5 +

Personnel 31 Dec



Key events 2024

JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER

FEBRUARY

Our associated company, CNGR Finland Oy, receives an environmental permit for a planned plant in Hamina. The plant could produce 60,000 tons of precursor material (pCAM) annually for electric vehicle batteries.

PRECURSOR MATERIAL

500,000

ELECTRIC VEHICLES PER YEAR

MARCH

The Critical Raw Materials Act (CRMA) is adopted by the European Commission. The goal is to ensure that the EU is not more than 65% dependent on any country for any strategic raw material.

MAY

Our associated company, Easpring Finland New Materials Oy, submits an environmental permit application to the coordinating authority for a CAM plant to be located in Kotka.

CATHODE ACTIVE MATERIAL FOR

800,000

ELECTRIC VEHICLES PER YEAR

JUNE

According to a Taloustutkimus survey, 83% of Hamina and 87% of Kotka locals support the battery material plants if they are implemented in accordance with the environmental permit conditions.

Terrafame starts its uranium recovery plant.

AUGUST

Our associated company, Keliber's mining and lithium refining project, secures EUR 500 million in green loan financing, ensuring the completion of the construction phase and the start of lithium production to support the clean transition.

HOLDING

20 %

OCTOBER

The CAM plant planned for Kotka receives an environmental permit at record speed through the green transition priority procedure.

+ Read more on p. 13

DECEMBER

The EIA procedures for both the Vaasa anode material plant and Kotka battery cell plant are concluded.

Terrafame receives two permit decisions from the Vaasa Administrative Court — one concerning the main permit and the other regarding the waste rock area KL1.

CEO'S REVIEW

Towards a strong European battery value chain

The mining and battery industry is an extremely topical sector for both Finland and Europe thanks to its connection to megatrends such as the clean transition and strategic autonomy in Europe.

By creating responsible mining operations and a strong European battery value chain, we can reduce our dependence on imports from non-EU countries. The battery industry has the chance to become one of the cornerstones of the Finnish economy, and to generate further economic growth and jobs around it. I think that Finland can provide a strong operating environment for this.

The CRMA, which seeks to safeguard the procurement of critical raw materials in the EU, came into force in spring 2024. The Act sets self-sufficiency targets for a number of raw materials and intermediates within Europe, as well as target processing times for permits. Most importantly, it sends a message about the EU's common political will, as raw materials are a decisive issue for Europe. The new Commission will play a significant role in putting the act into practice over the coming years.

The market environment continued to be difficult during 2024. Strong growth in Indonesian nickel supply is pushing raw material prices down. In Europe, the electrification of traffic has not progressed at the predicted rate and the market is now growing more slowly than expected.

The year has brought important advances with regard to environmental permits for Finnish Minerals Group's projects. The EUR 500 million battery material project planned for Hamina received its environmental permit in February. At the time of writing, the permit was being handled by Vaasa Administrative Court. The cathode active material plant planned for Kotka received its environmental permit in October in a record time of five and a half months. As no appeals were filed during the process, this permit is now in force. This could mean up to EUR 800 million investment project for Finland.

Keliber's lithium mining project secured a EUR 500 million green loan in August. This funding will enable the completion of the construction phase and help to launch production of critical lithium in Kokkola, Kaustinen and Kruunupyy in order to promote the clean transition.

Although global political turmoil is creating a great deal of uncertainty in the outlook for the mining and battery industry, we will continue our work to promote not only our own projects but also joint investments throughout the industry.

In 2025, it will be 10 years since our company was founded. Over these years, we have worked hard and successfully contributed to creating new industry in Finland. I would like to thank our skilled personnel for their work on significant projects also over this past year.

We are also transitioning to sustainability reporting based on the CSRD. This Annual Report includes our first Sustainability Report, which applies requirements of the directive.

MATTI HIETANEN, CEO
Finnish Minerals Group

TAX REPORTING

We report our tax contribution at the group level

Key tax-related matters are dealt with by Group company boards of directors under the Finnish Limited Liability Companies Act.

Tax contribution reporting and preparing for taxes are part of the corporate responsibility requirements at Finnish Minerals Group. The Group companies are committed to comply with tax legislation, laws, regulations, and the instructions of the parent company's state-owner.

We pay and report taxes in a timely manner. Where necessary, we use the best possible external expertise to supplement our employees' know-how.

Key tax-related matters are dealt with by Group company boards of directors under the Finnish Limited Liability Companies Act. Group company CEOs are responsible for the organisation of tax matters in their companies. Adhering to the principles of corporate responsibility, the Group and Group companies do not have operations or assets abroad to gain tax benefits.

Excluded from the tax contribution report are mandatory insurance premiums that are included in salary costs. Due to their nature, these insurance premiums are dealt with as direct salary costs. The Group companies also do not report small amounts of value-added tax included in foreign travel and training costs in the tax contribution report. So far in its years of operation, Finnish Minerals Group and Terrafame have accumulated losses that are deductible for tax purposes. For this reason, the companies do not yet have any taxable income. However, a considerable amount of other tax expenses have been accumulated from the energy and fuel taxes and VAT related to the companies' operations. The companies have also paid the usual taxes related to the acquisition and ownership of assets.

Total taxes paid by group companies in Finland

		EUR 1,000
	2024	**2023**
Taxes paid		
Direct taxes paid	**2,544**	**1,778**
Income taxes	0	0
Transfer taxes	11	0
Property taxes	701	695
Employer's social security contributions	607	1,038
Customs	823	0
Parafiscal charges	403	344
Indirect taxes paid	**7,448**	**11,100**
Electricity taxes, net	349	343
Electricity taxes	349	343
Electricity taxes, return	0	0
Insurance premium tax	879	604
Fuel taxes, net	6,207	10,139
Fuel taxes	6,207	10,139
Fuel taxes, return	0	0
Waste tax	13	14
Taxes collected and accounted for	**-44,493**	**-18,543**
Tax withheld in advance	12,367	11,390
Value-added tax, net	-56,861	-29,932
Value-added tax, sales	70,285	85,887
Value-added tax, purchases	-127,146	-115,819
Total	**-34,501**	**-5,665**
Ratio of tax payments to net sales	-6.34%	-1.01%

YEAR IN BUSINESSES

Forerunner in the Finnish mining and battery industry

We have the courage to develop a new kind of industry.

RAW MATERIAL BUSINESS

Progress in our long-term efforts to produce Finnish raw materials

The EU Critical Raw Materials Act creates targets for self-sufficiency and security of supply.

Since spring 2024, the EU Critical Raw Materials Act (CRMA) has been adding weight to our efforts to be a forerunner in the responsible utilisation of Finnish raw materials. The Act highlights the importance of raw material production and security of supply within Europe, and covers more than 30 raw materials, including the main raw materials required for lithium-ion batteries.

For our subsidiary Terrafame, the year was challenging. The operating environment was impacted by market prices for both metals and battery chemicals that were lower than in 2023. At the same time, the company continued to work on its projects – such as a new secondary leaching area required for bioleaching – and to prepare for the next phases of the Kuusilampi open pit.

Terrafame has the largest nickel ore reserves in Europe, and the nickel, cobalt and copper it produces have been defined as strategic raw materials. The company has therefore applied for the utilisation of ore in Kolmisoppi to be recognised as a strategic project as specified in the CRMA. A decision is expected at the beginning of 2025.

Terrafame also started its uranium recovery plant. The production process enables the low concentrations of natural uranium that are found in ores to be used as a by-product.

Keliber's lithium project in Central Ostrobothnia took further steps towards launching the production of battery-quality lithium hydroxide. The project has received EUR 500 million in green loan funding, which will both facilitate the completion of the refinery, concentrator and mining area building, and help to launch the production of lithium in Kokkola, Kaustinen and Kruunupyy. This is the first critical raw material extraction project in the EU that is being supported by the European Investment

> **Our subsidiary Terrafame has the largest nickel ore reserves in Europe.**

HOLDINGS

TERRAFAME OY

56.1 %

Products:
nickel; cobalt and ammonium suphates; nickel-cobalt, zinc and copper sulphides

KELIBER OY

20.0 %

Planned product:
lithium hydroxide

> Sokli would support the EU's targets for critical minerals and increase Finland's own security of supply.

Bank, and it is an important step towards strategic autonomy and lithium independence within the EU.

The Sokli mining project in Lapland is progressing at a good pace. We continued with our drilling campaign, process tests, supplementary nature and environmental surveys, and efforts to ensure the social acceptability of the project. Sokli's updated mineral resources estimate is very promising. In addition to phosphate, the deposit contains significant quantities of rare earth elements that are both essential for renewable energy and important raw materials for the defence industry. Sokli would support the EU's targets for critical minerals and increase Finland's own security of supply. We assessed the mining project's impact on the local economy by analysing the refining chain all the way from ore to enrichment. According to the estimate, Sokli would provide a great deal of employment in Savukoski, Lapland and the whole of Finland, and would also improve the region's infrastructure and service offering. Our goal is to launch a preliminary feasibility study during 2026.

Adven-FMG Sodium Sulphate Solutions Oy, our associated company, continued preparing the pilot of the plant, which is planned to recycle sodium sulphate from discharge water to produce industrial commodities. The construction of the pilot was completed, and the plant was prepared for startup. The aim is to initiate an EIA procedure once the pilot has been completed.

HOLDINGS

SOKLI OY

100 %

Potential products:
phosphorus, iron,
rare earth elements, etc.

ADVEN-FMG SODIUM SULPHATE SOLUTIONS OY

49,0 %

Goal:
a facility for the recycling of sodium sulphate in effluent into commodity chemicals for the industry

BATTERY VALUE CHAIN

New steps forward in the development of a Finnish battery value chain for European battery plants

Our vision of providing materials for achieving climate neutrality is closer to becoming a reality, as our associated company has now received an environmental permit for its battery material plant as part of the priority procedure for green transition projects.

Demand for electric cars has grown at slower pace than expected in Europe and global policy shifts have created uncertainty over investments, which resulted in a challenging market environment during 2024. However, the acceleration of permit processing due to the priority procedure for green transition projects strengthened our ability to compete for investments in the battery sector internationally.

Finnish Minerals Group's associated companies are planning to establish a cathode active material (CAM) plant in Kotka and a precursor material (pcAM)plant in Hamina. Our company was also involved in preparatory work for an anode material production plant in Vaasa, and we assessed potential partners for a battery cell project.

Our associated company CNGR Finland Oy received an environmental permit for a plant that could produce 60,000 tons of precursor material for electric vehicle batteries per year. This permit had not yet entered into force by the end of the year. The company also continued to assess a battery materials recycling and refining plant, which would be built alongside the pCAM plant.

A significant milestone was achieved, when Easpring Finland New Materials Oy was established to the implement the cathode active material project in Kotka and the company received an environmental permit in record time. The permit application was processed using the priority procedure for green transition projects, and the process took less than six months.

> **Faster permit processing in the priority procedure for the green transition projects strengthened our ability to compete for investments in the battery industry.**

"

The Kotka plant could produce cathode material to meet the needs of 500,000–800,000 fully electric vehicles per year.

When implemented, the plant will be the first NMC-based (nickel-manganese-cobalt) cathode active material production plant in Finland. It could produce an average of 60,000 tons of cathode material per year according to the environmental permit. This would be enough for 500,000–800,000 all-electric vehicles, depending on the size of their batteries.

The anode material project received the coordinating authority's reasoned conclusion on its EIA report in late 2024. This plant could produce between 10,000 and 50,000 tons of anode material per year, which would be enough for 200,000–1,000,000 all-electric vehicles. We will continue to work on this project in Vaasa with our partner Epsilon Advanced Materials, and are aiming to move toward the environmental permit stage during 2025.

In late 2024, the battery cell project planned for Kotka received a reasoned conclusion from the coordinating authority. If implemented, the plant's production capacity could be even up to 60 GWh per year – enough for more than one million all-electric vehicles per year.

HOLDINGS

CNGR FINLAND OY

40.0 %

Planned product:
precursor material (pCAM)

EASPRING FINLAND NEW MATERIALS OY

30.0 %

Planned product:
cathode active material (CAM)

Finnish battery value chain

RAW MATERIALS	CHEMICALS	BATTERY MATERIALS	CELL AND PACK	DOWNSTREAM APPLICATIONS	SECOND LIFE USE AND RECYCLING

Operations and projects we are involved in or developing:

Raw materials and chemicals

Terrafame	Nickel ore Cobalt ore	Nickel sulphate Cobalt sulphate
Sibanye Stillwater Keliber	Lithium ore	Lithium hydroxide
Sokli	A multi-metal deposit with significant phosphate and REE potential	

Battery materials (CNGR Finland, Easpring, epsilon)

- Precursor materials
- Cathode active materials
- Anode materials
- Electrolyte materials
- Separator materials

Cell and pack

- Battery cell
- Battery management system

Downstream applications

- Electric vehicles
- Energy storage
- Consumer electronics

Second life use and recycling (Adven)

- Raw material recycling
- Energy storage for second life

pCAM precursor cathode active material: preliminary stage of the cathode active material used in lithium-ion batteries

CAM cathode active material: product used to manufacture cathodes, the most valuable part of the battery cell

anode cathode's counterpart: determines the battery's charging speed and number of charge cycles

Summary of progress in the responsibility programme

Finnish Minerals Group's responsibility programme for 2020–2024 is based on a stakeholder survey. Our subsidiary Terrafame has its own sustainability programme, the content of which is decided by its Board of Directors.

1. SOCIAL IMPACT

Topic	Objective	Progress in 2024	Indicator 2024
JOBS	New high-tech jobs to Finland	• Our subsidiary Terrafame and its partners combined employ approximately 2,000 people. • Keliber's project is in the construction phase and employed directly approximately 160 people, with a peak of 850 workers per day involved in the construction project. During operation, Keliber will directly employ around 250 people and 100 contractor employees. • The direct employment impact of the pCAM plant during operation would be approximately 190 people, with a new workforce demand of 3,416 FTEs. • The CAM plant's operations would directly employ approximately 270 people, and create a new workforce demand of 2,992 FTEs. In addition, there are the impacts during the construction phase. • Sokli could employ thousands directly and indirectly during the construction phase and 1,300–1,500 during operation.	More than 1,000 new jobs directly and thousands indirectly based on decisions to invest in the battery value chain.
ECONOMIC VALUE ADDED	Economic value added from raising the degree of processing raw materials	• Terrafame's GDP impact is about 640 million euros a year. • Keliber's impact has not been assessed. • The pCAM plant would generate EUR 204 million in new GDP annually during operation. • The CAM plant's operations would bring EUR 394 million in new GDP per year. • Sokli's GDP impact will be assessed later.	EUR 1.5 billion increase in GDP based on decisions to invest in the battery value chain.
UTILISATION OF EXPERTISE	Channelling expertise to the development of responsibility in the mining and battery industry	• At the national level, we contributed to Akkuteollisuus ry and Kaivosteollisuus ry. • At the European level, we participated in the work of Euromines, the Batteries European Partnership Association (BEPA), and the European Raw Materials Alliance (ERMA). • Topics included, among others, the development of EU-level BAT conclusions for the mining sector.	Upward development curve or continuous good feedback in survey results.

2. SUSTAINABLE VALUE CHAIN

17 YHTEISTYÖ JA KUMPPANUUS

Topic	Objective	Progress in 2024	Indicator 2024
VALUE CHAIN AND CO-OPERATIVE RELATIONSHIPS	Responsible actions throughout the value chain and in partnerships	• A regional economic impact assessment of the Sokli mining project was made, examining the processing chain from ore to concentrate. The project would improve tthe infrastructure and supply of services in the region. • In Sokli, contractor tenders give weight to local entrepreneurs and the use of local labor. • We continued our work in the Global Battery Alliance. We were a member of the steering group of the Critical Minerals Advisory Group. • Terrafame, Keliber, CNGR and Easpring have sustainability development programmes.	Sustainable development goals have been set by Finnish Minerals Group, the portfolio companies and main partners, and the companies agree with generally accepted statements.
ACCEPTABILITY OF OPERATIONS	Structured stakeholder work and dialogue to strengthen acceptability	• According to a Taloustutkimus survey, 72% of Hamina and Kotka residents took a positive view of the battery material plants being located in the region. • As part of the Group's double materiality analysis, stakeholders were interviewed and asked for their opinions on the Group's environmental and social impacts. • The EIA procedures (including discussions with stakeholders) for both the Kotka battery cell plant and Vaasa anode material plant have been concluded. • We continued regular discussions and meetings with local stakeholders in the Sokli mining project.	Upward development curve or continuous good feedback about expertise in corporate image research results on stakeholder work.

3. RESPONSIBILITY FOR THE ENVIRONMENT AND CLIMATE

Topic	Objective	Progress in 2024	Indicator 2024
ENVIRONMENTAL IMPACT AND THE CIRCULAR ECONOMY	Initiatives to minimise environmental impact and promote the circular economy	• Our portfolio companies dealt with environmental impact and circular economy aspects also in 2024. • Sokli Oy does not yet have a development plan, but the topics have an important role in the planning of the mining project. • The pilot designed for sodium sulphate recycling was constructed and prepared for startup readiness. • CNGR Finland Oy has assessed a battery materials recycling and refining plant, which would be built alongside the pCAM plant.	The boards of portfolio companies annually approve strategic development plans concerning environmental impact and the circular economy.
CARBON DIOXIDE EMISSIONS	Support for the Paris agreement and achieving carbon neutral Finland by 2035	• Our portfolio companies dealt with greenhouse gas emissions impact also in 2024. • The Group has begun drawing up a transition plan to reduce greenhouse gas emissions. • Our office in Helsinki only uses carbon-neutral electricity.	The boards of portfolio companies annually approve strategic development plans for the reduction of carbon dioxide emissions.

pCAM = precursor cathode active material **CAM** = cathode active material **FTE** = full-time equivalents

YEAR 2024

Sustainability report

+ ESRS 2 General disclosures

Basis for preparation

Basic information and general basis for preparation of sustainability statements

Our Group comprises the parent company, Finnish Minerals Group (Suomen Malmijalostus Oy), and its subsidiaries Terrafame Oy (incl. Terrafame Alueverkko Oy), Sokli Holding Oy (incl. Sokli Oy) and Finnish Battery Chemicals Oy. The parent company's basic task is to develop the mining industry and battery value chain in Finland, and its mission is to responsibly maximise the value of Finnish minerals. The vision is to provide the materials required to achieve climate neutrality. Our endeavours help to electrify transport and minimise emissions.

This is the Group's first sustainability report applying the requirements of the EU Corporate Sustainability Reporting Directive (CSRD). The report has been prepared separately from the annual review. The report has not been verified, nor has it been approved by the Board of Directors of the parent company. The company's executive management has approved the report for publication. Going forward, we will monitor the progress of possible regulatory changes (Simplification Omnibus Package) and, if necessary, take them into account when preparing the 2025 reporting.

In this report, the reporting period is the financial period 1 January 2024–31 December 2024, that is, the same as for the financial reporting. Unless otherwise stated in conjunction with reported data, our sustainability reporting covers the entire Group. Information about the general bases for preparation and the disclosures in relation to specific circumstances will be given separately for each topic to the extent that they differ from the aforementioned.

This report covers the Group's business operations in a manner that corresponds to the consolidated financial statements. Associated companies have been taken into account in accordance with operational decision-making power and the double materiality analysis. The report covers the Group's upstream and downstream value chains to the extent that they have been deemed material. Transitional provisions have been applied to some disclosure requirements. The section for each standard includes a description of how the disclosed information applies to the company's own operations and its value chain. As this is our first Group-level sustainability report in this format, there are no changes compared to previous reporting periods.

In addition to EU regulation, the parent company develops its social responsibility on the basis of, for example, the ISO 26000 standard and the Government Resolution on State Ownership Policy. Our work is also linked to the UN Sustainable Development Goals. Our aim is to determine our responsibility in various situations, and to identify stakeholders that are affected by the Group's operations.

Two Group companies, Terrafame and Sokli, follow the principles of Finnish mining industry's own sustainability system, Towards Sustainable Mining (TSM). Sustainability system based on TSM standards provide sustainability assessment tools for mines, ore exploration, and companies in the project phase. Terrafame is also part of the chemical industry's global sustainability programme, Responsible Care, and integrates the UN Global Compact's core values into its operations.

The Group's sustainability topics were determined with the aid of a CSRD-compliant double materiality analysis that was conducted in 2024. The results were then used to identify and approve the key disclosure topics with respect to the operating environment, business operations and stakeholders. Our current disclosure topics and key sustainability indicators are based on a double materiality analysis.

One of the Finnish Minerals Group's subsidiaries, Terrafame, has conducted its own materiality analysis, the results of which have been cross-referenced with the parent company's analysis.

For more information about the double materiality analysis and its results, see the section: **Sustainability material impacts, risks and opportunities**.

Sustainability management

The Group's parent company is a limited liability company in which the highest decision-making power is exercised by the general meeting. The Board of Directors is responsible for organising the governance. The Chief Executive Officer (CEO) is responsible for the company's operational management in accordance with the Limited Liability Companies Act and other legal provisions, as well as the guidelines and regulations issued by the Board of Directors.

Our corporate governance and decision-making models comply with the Articles of Association, the Limited Liability Companies Act, and other current legislation. We are also guided by the Government Resolution on State Ownership Policy and the internal policies, guidelines and commitments adopted by the company's Board of Directors. Our ownership steering body for 2024 was the Prime Minister's Office, which issued our corporate governance code.

Our subsidiary Terrafame is an unlisted company registered in Finland. The company's business conduct takes into account the current applicable requirements of the Securities Market Association's Finnish

Corporate Governance Code for Listed Companies. The Finnish Corporate Governance Code can be read in full at www.cgfinland.fi.

The role of the administrative, management and supervisory bodies, and the information provided to and sustainability matters addressed by these bodies

The following will examine governance from the perspective of sustainability. See the Group's Annual Review for more information about corporate governance.

Board of Directors

The general meetings, boards of directors, and CEOs of Finnish Minerals Group (the Group's parent company) and Terrafame (a subsidiary) are responsible for their companies' corporate governance and business operations. The highest decision-making body with regard to sustainability is the Board of Directors, which is responsible for both the company's administration and management, and the appropriate organisation of its business operations. The Boards of Directors comply with rules of procedures, which determine the key tasks and policies of the Board and its committees. The Boards of Group companies approve policies and guidelines for their own business operations.

The parent company's principles concering sustainable business have been defined in both the Code of Ethics and the following policies and procedures that are approved by the Board of Directors:

- human rights policy
- personnel and remuneration policy
- risk management policy
- corporate financial rule
- related-party policy
- sustainability policy
- communication policy

These policies are updated whenever any material changes occur in our operating environment.

31 December 2024, the parent company's Board of Directors consisted of eight (8) members, of which 62.5 per cent were men (five) and 37.5 per cent were women (three). The Annual General Meeting (AGM) selects the members for a one-year term that lasts until the next AGM. The AGM also elects the Chair and Vice Chair of the Board of Directors. The Board of Directors does not include any employee representatives or members of the company's senior management.

More detailed information about the parent company's Board of Directors, along with their CVs, can be found on our website (mineralsgroup.fi) under Company – Board of Directors.

Member of the Board of Directors	Year of birth	Citizenship	Education	Main occupation 2024	Member since
Jan Lång, Chair of the Board of Directors	1957	Finnish	MSc (Tech)	Board professional	2024
Olavi Huhtala, Vice Chair	1962	Finnish	BSc (Eng)	Head of SSAB Europe	2022
Ilpo Korhonen	1964	Finnish	BSc (Eng), eMBA	CEO, VAK Oy	2019
Riku Kytömäki	1971	Finnish	MSc (Tech)	Board professional	2024
Ilona Lundström	1976	Finnish	DSc (Admin)	Board professional	2024
Jukka Ohtola	1967	Finnish	MSc (Econ), CEFA	Senior Ministerial Adviser, Prime Minister's Office	2021
Taru Uotila	1970	Finnish	LL.M	SVP, Legal, HR and Sustainability, Aspo Plc	2024
Minna Smedsten	1976	Finnish	MSc (Econ)	CFO, Tietoevry Banking, Tietoevry Oyj	2024

All members of the board are independent of the company and the shareholder, except for Jukka Ohtola, who is not independent of the shareholder. Information about meetings of the parent company's Board of Directors and its committees, including members' attendance and fees in 2024, can be found in the Group's Annual Review.

Information about Terrafame's governance and the composition of its administrative bodies is available on the subsidiary's website (terrafame.fi) under Company > Governance, where you can also find this subsidiary's latest Corporate Governance Statement.

Diversity

The Boards of Directors of both the parent company and the other Group companies consist of members with diverse and multidisciplinary experience in both national and international business.

Their diverse educational backgrounds also support the achievement of the Group's business objectives.

Committees

The Boards of Directors have appointed a number of committees from among their members. The Audit Committees handle e.g. financial reporting and risk management. The Personnel and Remuneration Committees prepare remuneration systems and appoint senior executives. The parent company's Sustainability Committee is responsible for preparing and supporting the implementation of the company's sustainability policy, regularly assessing its up-to-dateness, and preparing any necessary amendments for the Board to review.

During the 2024 financial year, the committees handled the following sustainability-related topics:

- sustainability reporting and double materiality analysis
- employee wellbeing at work
- performance-based bonus schemes and the performance bonuses paid
- sustainability issues for projects
- risk management
- policies
- whistleblowing reports

CEO and Executive Leadership Team

The parent company's Board of Directors approves the Group's strategic sustainability targets, and the CEO is responsible for implementing these targets. Progress towards these targets is reported annually in the Annual Report. The Executive Leadership Team, or its members thereof, will handle sustainability-related matters before the CEO presents them Board of Directors.

The minister responsible for ownership steering, representatives of the Government Ownership Steering Department, and the Chair of the parent company's Board of Directors regularly discuss the implementation of the Finnish Minerals Group's strategy and other matters related to its projects. The material is presented by the company's CEO.

During the 2024 financial year, Executive Leadership Team meetings discussed the following sustainability-related topics in reviews presented by senior management and sustainability experts:

- sustainability reporting and double materiality analysis
- sustainability targets
- developing the workplace community
- equity and equality
- performance-based bonus schemes
- risk management
- policies

Integration of sustainability-related performance in incentive schemes

When creating incentive schemes, Group companies comply with the Government's decision-in-principle on ownership policy. The company's state-owner requires corporate responsibility objectives to be included in management incentives. The creation of incentive schemes is the responsibility of each company's Board of Directors, and they are administered by the Board's Personnel and Remuneration Committees. Incentives may consist of short-term and long-term incentive schemes.

As Finnish Minerals Group is a special-purpose company, the variable compensation paid to its management in accordance with the achievement of their objectices may be a maximum of 15 per cent of the recipient's fixed annual salary. If the company's or the recipient's performance is exceptional, the bonus may be a maximum of 30 per cent.

In accordance with the state-owner's guidelines, Group companies' incentive schemes focus on promoting material sustainability targets that are critical to competitiveness. The 2024 sustainability targets for the parent company's management incentives were also linked to occupational safety and our projects' environmental permit processes, and had a 34 per cent weighting with regard to company-level performance. In 2024, Terrafame's company-level short-term sustainability targets for senior management were linked to occupational safety and environment, and had a 10 per cent weighting. With respect to long-term company-level targets, the senior management had an environmental metric with 20 per cent weighting. Terrafame can also utilise sustainability targets in its personal targets for management personnel.

Remuneration for the Boards of Directors of Group companies consists solely of fixed fees and meeting fees. There are no separate incentive systems in place.

Statement on due diligence

The Group uses various due diligence processes to assess, among other things, human rights issues and the environmental impacts of its projects. The process will be further developed as a whole.

Risk management and internal controls over sustainability reporting

Sustainability reporting complies with the policies and processes of statutory reporting, risk management and internal control. The Board of Directors and CEO of each Group company are responsible for organising internal control, risk management and internal auditing within their company.

The parent company's Board of Directors approves the parent company's risk management policy, which is reviewed on an annual basis. The subsidiary Terrafame adheres to the risk management principles approved by its Board of Directors.

The parent company has an internal audit policy that is approved by the parent company's Board of Directors. The internal audit is an integral part of the parent company's risk management process. The company's risk management policy was updated in 2024 to reflect the Government Resolution on State Ownership Policy of 23 May 2024.

Sustainability reporting is carried out by experts who are familiar with sustainability reporting and standards. In the parent company, the Sustainability Committee regularly assesses the up-to-dateness of our sustainability policy, and proposes amendments for the Board of Directors to review as necessary. In addition, it prepares and assesses the company's sustainability criteria and related reporting practices.

In their own operations, Group companies comply with their internal guidelines and any applicable environmental, chemical and other permits. In its ownership role, the Finnish Minerals Group ensures that its subsidiaries have appropriate EHS organisations, monitoring and operating models in place, and also endeavours to ensure that these practices are implemented in its associated companies.

Material risks and their management are described in more detail in the section **Sustainability material impacts, risks and opportunities, and their management.**

Strategy, business model and value chain

Strategy

The Finnish Government has given the parent company of the Group a societally important mandate: to responsibly maximise the value of Finnish minerals.

As a state-owned development company, we act in accordance with our strategy:

1. we create value through active ownership
2. we increase the value add by building a Finnish battery value chain
3. we build sustainable businesses, and
4. we are a forerunner driving prosperity of the Finnish mining and battery industry.

In line with our vision, we are providing access to materials and products that will enable Finland and Europe to achieve climate neutrality.

Our investments are geared towards making societal impacts. We are developing the battery value chain in a responsible manner, and are taking responsibility for the environment and climate through our R&D and investments. Both the battery chemicals that are currently produced by Terrafame and the battery materials that will be produced by the parent company's associated companies will play a key role in mitigating climate change, as they will enable a reduction in the use of fossil fuels.

From the perspective of sustainability, the Group's operating environment is affected by factors such as regulatory amendments (particularly with regard to environmental issues); the role played by the battery value chain in mitigating climate change; Europe's pursuit of self-sufficiency in strategic and critical raw materials; and geopolitical changes.

The Group-level sustainability objectives will be set by the parent company. Achieving objectives is linked to the realization of investments, the cooperation of various actors in the value chain, and the utilization of the best available expertise and technology.

Business model and value chain

The Group's parent company Finnish Minerals Group is a special-purpose company that is wholly owned by the Finnish state. Its mandate includes the management and development of the State's mining sector holdings, and the development of the Finnish battery value chain. The parent company operates as an investment and development company in mining and battery industry in cooperation with its business partners. In 2024, the Group consisted of the following companies: the parent company Finnish Minerals Group (aka Suomen Malmijalostus Oy), a project company Finnish Battery Chemicals Oy that prepares battery value chain investments, as well as multi-metal company Terrafame Oy and a mining project company Sokli Holdling Oy with their subsidiaries.

The Finnish Minerals Group's operative business is organised into two business areas: Raw Materials and Battery Value Chain. Our goal in the Raw Materials business area is to engage in the long-term development of projects in the mining industry, and to ensure both the sustainable utilisation of Finnish minerals and the social acceptability of our projects. Our holdings in the Raw Materials business area are:

- Terrafame Oy (ownership 56.1%), which produces battery chemicals and metals in Sotkamo
- Keliber Oy (ownership 20.0%), which prepares lithium production in Kokkola and Kaustinen
- Sokli Oy (ownership 100%), which develops a mining project in Savukoski
- Adven-FMG Sodium Sulphate Solutions Oy (ownership 49.0%), which develops a facility that could recycle sodium sulphate in industrial discharge water into chemical commodities.

In the Battery Value Chain business area, we have several projects at different stages, some of which we are developing with a business partner:

- CNGR Finland Oy (ownership 40.0%) is aiming to produce precursor material in Hamina
- Easpring Finland New Materials Oy (ownership 30.0%) is aiming to produce cathode material in Kotka
- An anode material project, which aims to produce anode material in Vaasa

Additionally, we are advancing a cell production plant, which aims to produce battery cells.

Our approach is to create value through active ownership. The board members we appoint to our associated companies participate in the strategic decision-making. As a company, we bring financial and operational support to the partnership, such as technology and other expertise. We continuously assess the performance and development of our associated companies through a variety of indicators related to production and work safety, for example. We also bring a range of expertise to projects, such as competence in EU and national sustainability requirements. Our associated companies operate in accordance with Finnish legislation.

Our projects are expected to have economic impacts by, for example, generating employment and export revenue, and creating new value chains and ecosystems.

The most significant events in our business areas during the reporting year are described in the section **Operation of Finnish Minerals Group** in the Group's Annual Review. Financial developments are described in **the Consolidated Financial Statements**.

Finnish Minerals Group companies had 789 people employed as permanent full-time employees in Finland at the end of 2024.

Interests and views of stakeholders

Finnish Minerals Group companies regularly interact with their key stakeholders, and develop their operations on the basis of stakeholder feedback. We seek to be actively involved in discussions with key stakeholders, and particularly in areas where the Group has existing operations or planned projects.

Our stakeholder relations work seeks to provide stakeholders with up-to-date information about our operations and plans, offer more information about topics of interest, increase the social acceptability of our projects among locals, and gather different parties' views to support project planning and decision-making.

We hold open discussion events locally, and participate in other events that address projects in the battery value chain. Topics raised by stakeholders are also discussed in one-on-one meetings and a variety of collaboration groups. Listening to the concerns and views of our neighbours and other local residents is an important aspect of our stakeholder relations in areas where the Group has ongoing or planned operations.

The interests and views of stakeholders have, for example, been taken into account as follows:

- Engaging in systematic stakeholder relations work and dialogue, particularly with local residents, neighbours and organisations
- Assessing the environmental and governance aspects of projects as well as their social impacts
- Conducting nature surveys within the sphere of influence and continuously monitoring the state of the environment
- Collaborating with educational institutions and participating in the development of learning paths that address the competence needs of the battery industry
- Developing circular economy solutions and revising plans on the basis of feedback
- Assessing the suitability of project partners also from the perspective of sustainability

We provide our own personnel with suitable training and on-the-job learning opportunities. A variety of development measures were carried out in 2024 on the basis of employee survey results, including training in diversity, equity and equality.

Stakeholder views were utilised in a double materiality analysis that was conducted in spring 2024, and whose results were then used to approve the Group's material sustainability topics. More information about the double materiality analysis can be found in the chapter **Sustainability material impacts, risks and opportunities, and their management.**

The interests and views of key stakeholders are discussed at the parent company's Executive Leadership Team, Board and Responsibility Committee meetings, as well as in meetings with our state-owner.

Interests and views of stakeholders

The table below summarises the Finnish Minerals Group's key stakeholders, the themes that are important to them, stakeholder inclusion and engagement, and how stakeholders' interests are taken into account in the company's strategy and business model.

Stakeholder	Inclusion and engagement	Key themes for stakeholders
Policymakers, influencers, government and administration	Public hearings Bilateral meetings Events, seminars and panels Websites Organising visits Double materiality analysis	Progress in industrial projects Climate change mitigation Safeguarding biodiversity Financial wellbeing Jobs Safeguarding local livelihoods Selection of business partners Social licence to operate Legislative developments
Expert and research organisations	Research and project collaboration Collaboration events Visits Double materiality analysis Websites	New innovations Business development
Industrial and battery value chain companies	Bilateral meetings Events, seminars and panels Double materiality analysis Whistleblowing channels for employees of partner companies	Legislative developments Profitability and sustainability in the production of raw materials and battery materials Pioneership in a new industrial sector Climate change mitigation Jobs
Financiers and investors	Bilateral meetings Double materiality analysis Websites	Climate change mitigation Selection of business partners Profitability and sustainability in the production of raw materials and battery materials

Stakeholder	Inclusion and engagement	Key themes for stakeholders
Organisations, networks and the media	Bilateral meetings Collaboration meetings Interviews and statements Double materiality analysis Websites Newsletters	Progress in industrial projects Safeguarding biodiversity Climate change mitigation Safeguarding local livelihoods
Group and associated companies	Double materiality analysis Boards of Directors and Committees	Profitability and sustainability in the production of raw materials and battery materials Skills and jobs A broad range of environmental issues
Local people and companies related to projects	Public hearings Open discussions Organising visits Jobs, thesis positions and internships Newsletters Websites Online feedback forms	Safeguarding biodiversity Jobs and assignment opportunities Safeguarding local livelihoods Occupational health and safety Selection of business partners
Personnel and management	Personnel meetings and events Employee surveys Collaboration with employee representatives Occupational health and safety, and safety observations Double materiality analysis Intranet and other internal channels Whistleblowing channels	Work organisation Competence development and wellbeing at work Working conditions Equal treatment and equal opportunities for all Other work-related rights Safety

Sustainability material impacts, risks and opportunities, and their management

Material impacts, risks and opportunities and their interaction with strategy and business model
The material sustainability topics identified in the double materiality analysis are shown in the adjacent figure. The company's business is based on promoting the clean transition. We reduce greenhouse gas emissions from traffic by responsibly producing battery materials for the global battery industry. Changes that may potentially arise from climate change mitigation in the EU, along with tightening emission limits for traffic, are likely to generate more financial opportunities for the Group.

Positive impacts and/or financial opportunities were identified in climate change, the circular economy, own workforce, workers in the value chain, affected communities and business conduct. In business, positive impacts and/or economic opportunities were identified in political engagement and partnerships.

Potential negative impacts were identified on our own workforce, value chain employees, and communities. A potential financial risk was identified for value chain employees. Some of the impacts relate to actual ongoing operations, while others are potential. Negative impacts and/or financial risks were identified in relation to climate change, pollution and biodiversity. For a more detailed description of the materialities and their sub-topics, see the specific sections for each theme.

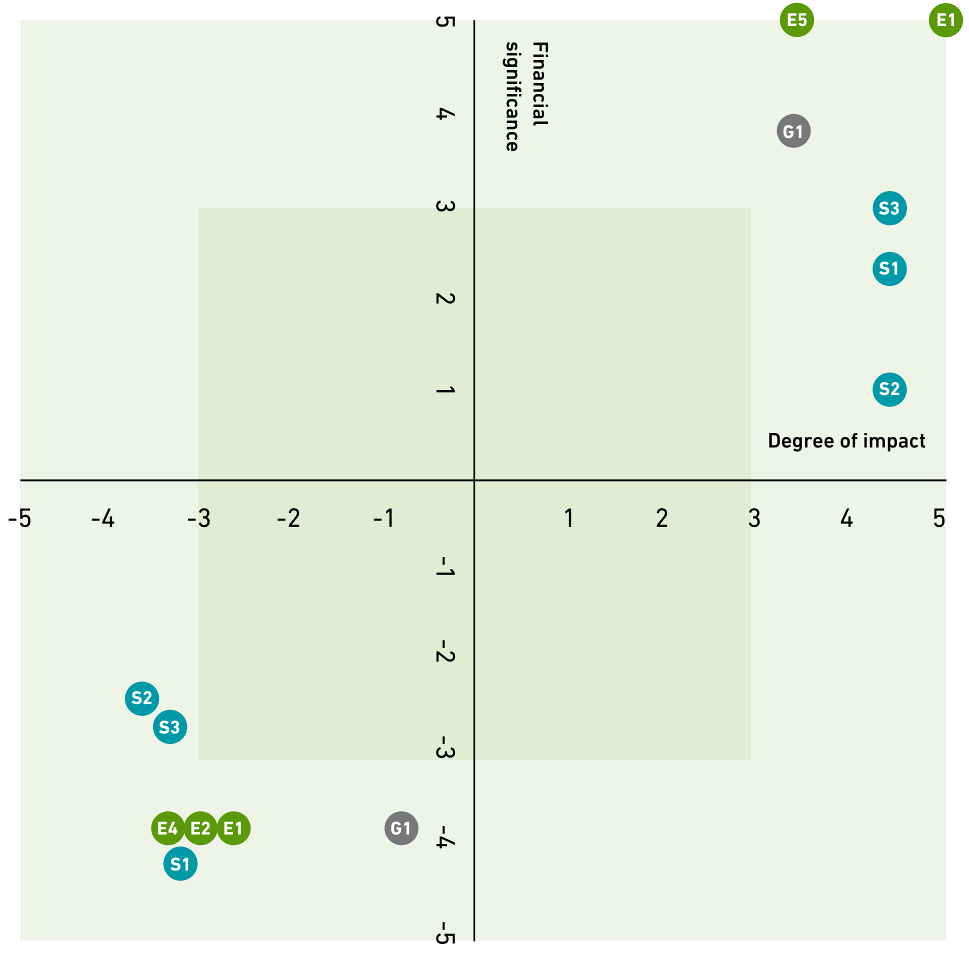
DOUBLE MATERIALITY ANALYSIS

Financial opportunities and positive impacts were identified within the following themes:

- E1 Climate change
- E5 Circular economy
- S1 Own workforce
- S2 Workers in the value chain
- S3 Affected communities
- G1 Business conduct

Financial risks and negative impacts were identified within the following themes:

- E1 Climate change
- E2 Pollution
- E4 Biodiversity and ecosystems
- S1 Own workforce
- S2 Workers in the value chain
- S3 Affected communities
- G1 Business conduct



The tables present the material negative and positive impacts of the materiality analysis, their occurrence in different parts of the value chain, financial risks and opportunities, as well as the estimated time horizon.

	Topic	Impact	Section of the value chain	Time horizon
Environment	E1 – Climate change mitigation	+ / –	Own operations, downstream	○●●
	E1 – Energy	+ / –	Own operations	○●●
	E2 – Pollution of water	–	Own operations	●●●
	E4 – Biodiversity	–	Own operations, upstream	○●●
	E5 – Resource outfows	+ / –	Entire value chain	●●●
Society	S1 – Working conditions	+ / –	Own operations	●●●
	S1 – Equal treatment and opportunities for all	+	Own operations	●●●
	S1 – New jobs and workforce availability	+	Own operations	○●●
	S2 – Working conditions	–	Value chain	○●●
	S2 – New jobs and workforce availability	+	Value chain	○●●
	S3 – Communities' economic, social and cultural rights	+ / –	Own operations, value chain	○●●
	S3 – Communities' civil and political rights	–	Own operations, value chain	○●●
Governance	G1 – Political engagement	+	Own operations	●●●

	Topic	Financial risk/opportunity	Time horizon
Environment	E1 – Climate change mitigation	+ / –	●●●
	E1 – Energy	–	○●●
	E2 – Pollution of water	–	○○●
	E3 – Biodiversity	–	○●●
	E5 – Circular economy	+	○○●
Society	S1 – Workforce availability	–	○●●
	S2 – Workforce availability	–	○●●
Governance	G1 – Partnerships	+ / –	●●●
	G1 - Political engagement	+ / –	●●●

TIME HORIZON

●●● = short (<1 year)

○●● = mid-term (1-5 years)

○○● = long-term (>5 years)

Currently, the effects of material impacts, risks and opportunities are not directly impacting our existing operations. Our goal is to make a more detailed analysis of the opportunities afforded by the circular economy. The results of this analysis may have an impact on the Group's future strategy.

All material impacts are closely related to the Group's business operations. They primarily arise from our subsidiaries' and associated companies' industrial production, and in their associated global value chains. The negative impacts related to pollution and biodiversity impact the environment by degrading its condition or altering it. These also have indirect impacts on people. Impacts on people revolve around working conditions for both the Group's own workforce and workers in the value chain. Occupational safety is essential in an industrial environment.

Positive impacts on communities, the workforce, and value chain employees arise from the regional economic effects of industrial activities: projects generate new tax revenues and new jobs, can increase and improve educational opportunities and services, and the area's infrastructure.

Negative impacts on communities can arise through environmental effects and land use. These impacts may include changes in nearby areas, noise, heavy traffic, and the transformation of land use to suit industrial activities. Most of the negative impacts relate to existing operations.

Climate change mitigation has a positive impact on the environment, as it reduces greenhouse gas emissions. It also has indirect impacts on humans and biodiversity.

The time horizon for these impacts is shown in the tables (p. 14). Many of these impacts have already been realised, but the impact and significance of battery material projects will grow in the future when they reach their operational phases. The same applies to the extent to which these impacts will affect the value chain outside our own operations.

During the reporting period, the Finnish Minerals Group's largest asset continued to be Terrafame, in which the parent company had a majority holding. Terrafame's operations therefore currently have the most significant impacts on the entire Group's financial position, earnings and cash flow.

The Group has financial opportunities related to climate change and the circular economy. The Group's financial risks are related to energy and the potential increase in project planning and implementation costs. During the 2024 reporting period, the market prices for Terrafame's main products – nickel and nickel sulphate – varied greatly and were on average noticeably lower than in the previous year, which is why the company's – and consequently the Group's – operating result and EBITDA declined.

The EU's Critical Raw Materials Act (CRMA) came into force in May 2024. This act aims to ensure the sustainable availability of critical and strategic raw materials for both the European economy and the clean transition. It covers more than 30 raw materials, of which nickel (produced by Terrafame), cobalt and copper are defined as strategic raw materials. In August 2024, Terrafame applied to the European Commission for its Kolmisoppi project to be recognised as a strategic project as specified in the EU Critical Raw Materials Act (CRMA).

Terrafame's mid-term objective (2026–2028) is to continue its current business, which is based on mining minerals from the Kuusilampi ore deposit and producing battery chemicals. In the long term (2028–2050), the company seeks to utilise new ore from the Kuusilampi deposit in order to continue the production of battery chemicals.

Description of the processes to identify and assess material impacts, risks and opportunities

In 2024, Finnish Minerals Group companies identified and assessed their material sustainability topics. The assessment primarily focused on the current scope of the Group's business in order to assess actual existing impacts. The scope of planned projects and their supply chains (business relationships) were taken into account when assessing potential impacts.

The Group's actual impacts are identified, assessed and tracked with the aid of regular monitoring. A variety of emission and environmental monitoring procedures are also implemented for the Group's subsidiaries. Information about impacts is also obtained through regular meetings with local communities, neighbour and residents and from any complaints. External experts assess the potential impacts of projects through environmental impact assessment procedures, environmental permit processes, and chemical safety permit processes. We hold open meetings with stakeholders and residents in addition to the statutory meetings associated with permit processes. We also commission external studies to assess the positive impacts of our business on, for example, employment. These are local estimates that focus on geographic locations and sensitive sites that may be impacted or in which the impact will be greatest.

The financial risks of the parent company are assessed regularly in accordance with the risk policy. Our financial risks relate to investment activities, the battery value chain business, competitiveness, currency and interest rate risks, and financing. The assessments use a set of criteria that concern probability and degree of impact. These risk assessments primarily focus on the current situation and project-specific risks, while the double materiality analysis has been used to identify longer-term risks. Financial opportunities were also assessed in the double materiality analysis.

We prioritise risks in accordance with their significance, and assessments prioritise businesses or projects that have been identified as being of strategic importance to the company. Prioritisation is not, therefore, based on the type of risk. Sustainability risks are taken into account in the same way as other risks.

Many impacts are linked to financial risks or opportunities. These include waste volumes, environmental risks, waste disposal costs, and the potential for harnessing the circular economy. Our aim is to reduce negative impacts and identify any potential dependencies.

Time horizons

The time horizon used in assessments is the time horizon for the implementation of the project: short-term (<1 year, 2024–2025), mid-term (1–5 years, 2026–2028) and long-term (>5 years, 2028–2050).

Assumptions and limitations

Assumptions were made when the double materiality analysis was carried out. Greenhouse gas emissions have always been assumed to be global in terms of their impact. In the value chain, any potential impacts related to procurement have been recognised as global due to the length of supply chains in the industry. The parent company's holding in associated companies has been taken into account when assessing any financial risks that the parent company is exposed to via associated companies (including through net sales and costs).

No business operations or planned projects have been excluded from the double materiality analysis.

Stakeholders

The assessment of our material impacts, risks and opportunities was deepened with the aid of stakeholder interviews. A value chain review was used to identify stakeholders who are impacted by the Group's projects. The interviews were weighted towards external stakeholders. The stakeholders selected for interview included mining and battery material experts, employer representatives, and a silent stakeholder, nature, representative (figure on p. 16). Since the company is involved in battery material projects, interviews were also conducted with representatives from research institutes and organisations in that sector. Citizens' perspectives were included through feedback received during environmental permit processes and at stakeholder events.

Description of the processes to identify and assess material impacts, risks and opportunities

The company's sustainability-related positive and negative impacts, financial opportunities and risks have been evaluated in accordance with the ESRS 1 standard and its list of sustainability topics (ESRS 1, Appendix A, AR 16) and EFRAG's Materiality Assessment Implementation Guidance. As the double materiality analysis was conducted for the first time in 2024, there were no changes on the previous year.

The double materiality analysis was carried out in 2024 with the aid of a consultant. Stakeholders, senior management and experts from Group companies all participated in the analysis (figure on p. 15). Work began with an initial review of generally applicable and sector-specific standards and requirements for the mining industry and battery material production, as well as standards and requirements for sustainability reporting. These included the Initiative for Responsible Mining Assurance (IRMA); the OECD's guidelines on mining and minerals from conflict-affected and high-risk areas; the EU Taxonomy as applicable to the production of battery materials; and a draft of the forthcoming Battery Passport. Preliminary data from a materiality analysis conducted by Terrafame (one of the company's subsidiaries) was also available to us. We collated stakeholder views gathered during environmental permit processes, which mainly concerned associated companies in our value chain. At the outset, a value chain review was also conducted in order to identify the most significant industrial operations in different sections of the value chain. In this review, we utilised the expertise of a sustainability consultant to identify relevant future phenomena (GAIA Foresight).

An initial list of material sustainability topics was drawn up on the basis of this background work, and was then sent to our stakeholders for review. In addition to the stakeholders shown in the diagram, some internal stakeholders were also interviewed, such as the chair of the Sustainability Committee and representatives of our state-owner. Our list of sustainability topics was updated on the basis of stakeholder insights, and was then sent for an internal assessment of impacts, risks and opportunities.

Actual and potential positive impacts were identified and assessed on a five-tier scale in accordance with their magnitude and probability (if the impact under assessment was more potential than actual). Actual and potential negative impacts were identified and assessed on a five-tier scale in accordance with their severity (magnitude, scope, and repairability) and probability (if the impact under assessment was more potential than actual). These assessments were carried out at sub-topic level during workshops attended by the companies' own experts in a variety of industries and impacts. Actual impacts were focused on the Group's existing business operations, while potential impacts revolved around the future growth of our operations. The impact assessment covered the entire value chain.

Financial risks and opportunities were also assessed at internal workshops that were attended by members of the company's financial administration and other experts. Financial impacts were identified and assessed from three perspectives: sales and costs, investments, and financing. Assessments of the identified financial risks and opportunities were carried out on a five-tier scale on the basis of their magnitude and probability. The monetary scale (EUR) used in the company's risk management was also used for assessing the magnitude of risks in the double materiality analysis. The assessment covered the entire value chain.

Any material topics that were identified were discussed in a Leadership Team workshop. This workshop examined management's view of the materiality of the identified topics to the company's business. Their materiality threshold was also set so that the most serious and noteworthy impacts were classed as material impacts (threshold >3.0).

After the Leadership Team workshop, the analysis was updated and the matter was addressed in the Responsibility and Audit Committees. Additionally, feedback was requested from the auditor, after which the analysis was reviewed once again. The material themes were also discussed in the Board of the parent company.

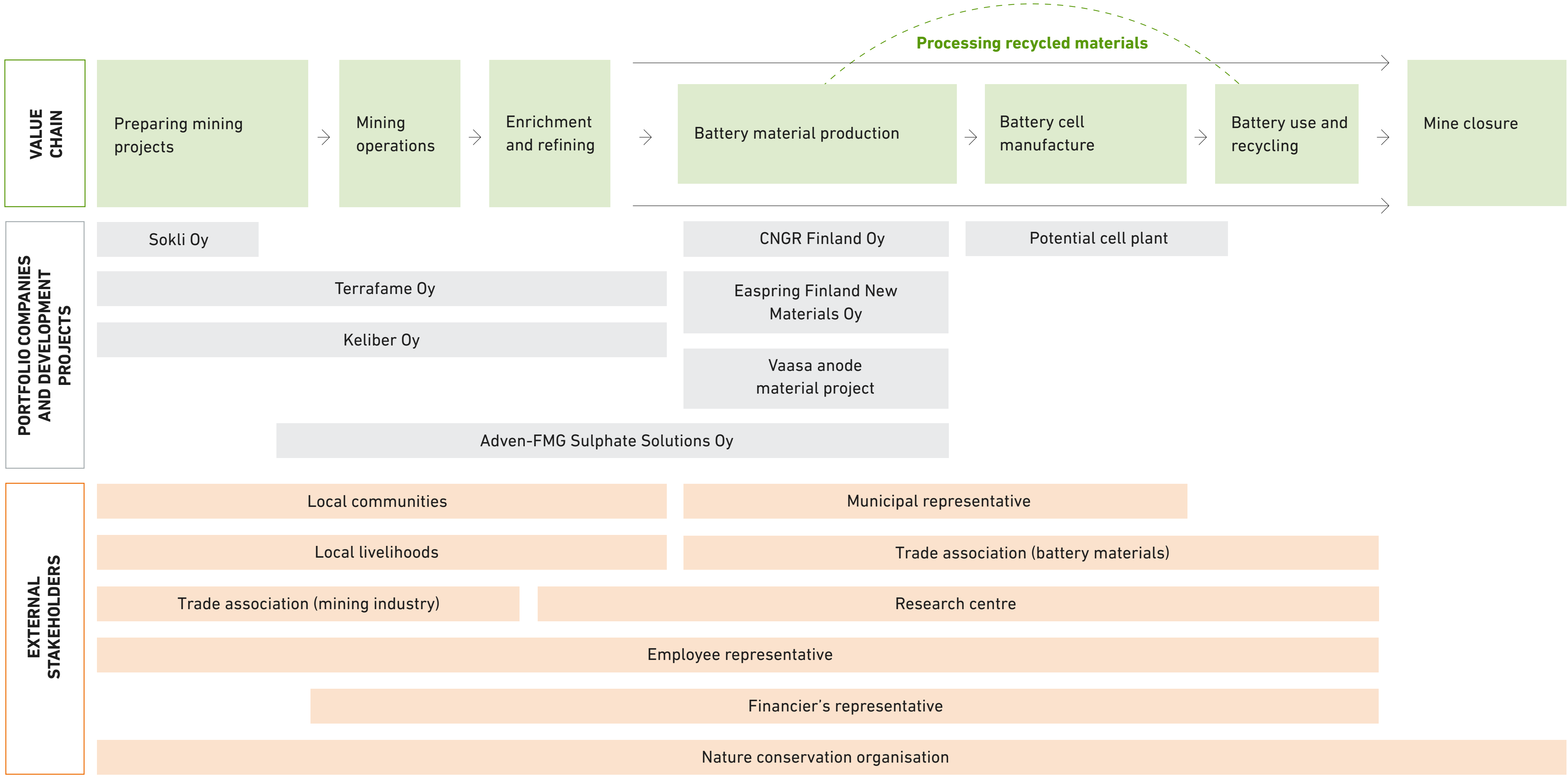
In 2024, the double materiality analysis process was carried out for the first time. In the future, the process is intended to be used annually or as needed. In 2024, we also developed the risk management process and will assess whether the materiality analysis and risk management can be examined as a whole.

Metrics and targets

Preliminary metrics and targets for sustainability have been presented in the theme-specific sections when possible.

Processing the double materiality analysis in the parent company in 2024

Value chain review and stakeholder interviews



+ E1 – Climate change

Climate change plays a significant role in the Group's operations. Our strategy is based on promoting the clean transition and mitigating climate change by positively influencing traffic emissions. We take climate change seriously, and aim to both reduce our own emissions and increase our carbon handprint.

Our double materiality analysis indicates that there are both environmental impacts and financial opportunities associated with climate change mitigation. We have identified positive and negative impacts and financial risks with regard to energy. Although climate change adaptation was not identified as a material topic for us, related issues have also been addressed in this section of the report.

General disclosures

Climate-related considerations were not included in management incentive schemes during 2024, and our companies' Boards of Directors do not have separate incentive schemes. Sustainability issues were included in companies' performance-based targets, but were not linked to E1-4 emissions reduction targets.

A climate-related target will be included in the parent company's management incentive scheme in 2025, but the target cannot as yet be directly linked to E1-4, as we have not set targets for climate change mitigation and adaptation.

Transition plan for climate change mitigation

The Group's parent company, Finnish Minerals Group, began developing a transition plan for climate change mitigation in 2024, and this work will continue in 2025. More detailed financial information, such as targets, investments and financing, will be available once the plan has been completed.

The Group's strategy and business model largely correspond to international climate change objectives. Neither the Group nor our portfolio companies have any operations related to oil, gas or coal production. The Group is not excluded from the EU Paris-aligned benchmarks. We are working to do our part to support Finland's 2035 target for carbon neutrality.

Material topics	Impacts	Risks	Opportunities
Climate change adaptation	No material positive or negative impacts were identified.	No financial risks were identified.	No specific financial opportunities were identified.
Climate change mitigation	+ The Group's business helps to electrify traffic, which will in turn reduce the use of fossil fuels. – Existing and future operations will generate emissions.	– The decarbonisation of Terrafame's operations will require investments. – In some investments, profitability could decline if lithium-ion batteries were widely replaced by another technology.	+ Both existing and planned battery materials are low-carbon, which will have a positive impact on sales. + Global warming is creating pressure to continue electrifying traffic. Self-sufficiency targets for European raw materials are expected to have a positive impact on the Group's sales.
Energy	+ Terrafame has launched a uranium recovery plant, whose production can be utilized for fossil-free energy. – Battery value chain plants are energy intensive, and will be a major energy consumer on a Finnish scale.	– If the availability of green energy decreases and prices rise, the carbon footprint of products may increase, and emissions may need to be compensated for.	No material financial opportunities were identified.

Material impacts, risks and opportunities and their interaction with strategy and business model

We have identified material impacts, risks and opportunities (mainly when carrying out the double materiality analysis), and these are presented at the beginning of the climate section.

The Group has launched a resilience analysis that will be finalised in 2025. On the basis of our preliminary review, climate change adaptation was not identified as a material risk, as we can utilise adaptation methods during the planning phase of our projects. Terrafame's current business operations and their adaptation to physical changes are both regularly monitored.

Preliminary transition risks have been assessed, but their financial magnitude requires further analysis.

Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Climate impacts, risks and opportunities were assessed in conjunction with the double materiality analysis and in a preliminary TCFD analysis (Task-force on Climate-Related Financial Disclosures). In the double materiality analysis, they have been assessed in relation to both the Group's own existing operations and the future operations of its planned projects. This was a fairly rough assessment that does not, for example, cover projects in detail. The value chain was taken into account to the extent to which it was possible. The materiality analysis process is described in this Sustainability Report in the section **ESRS 2 Description of the processes to identify and assess material impacts, risks and opportunities.**

Climate impacts have been assessed using a calculated estimate of greenhouse gas emissions for Group-level Scope 1–3 emissions as of 2023. Greenhouse gas emissions from 2024 are presented in paragraph Greenhouse gas emissions.

In the preliminary TCFD analysis, the assessment of physical climate risks used scenarios for which information was available. The assessment focused on our own operations, and the value chain was assessed at a more general level. The analysis mainly utilised Finnish forecasts, as international forecasts are less accurate. The analysis confirmed that physical risks are largely centred on mining operations. Acute climate risks are the main factor at play, as they may, for instance, cause production shutdowns. Chronic climate changes are forecast to have more minor impacts. Indirect risks were identified at an overall business level, but not at project or function level. Some transition risks were identified, primarily in relation to regulations, the market and new technologies.

Policies related to climate change mitigation and adaptation

The parent company's sustainability policy also includes views for climate change mitigation. The company is committed to achieving carbon neutrality, using fossil-free energy, and promoting energy efficiency. The climate change transition plan and other forthcoming sustainability targets will support our sustainability policy and will more closely align actions. Our climate change mitigation targets are also applied in the value chain.

We are monitoring ways of adapting to climate change. We have drawn up a preliminary climate risk assessment that mirrors the TCFD, and which covers both indirect and direct risks, and their potential financial impacts. The analysis is still ongoing. The opportunities associated with climate change were assessed during the double materiality analysis. The accuracy of both assessments will be reviewed regularly.

The impacts, risks and opportunities associated with climate change are discussed by the company's Executive Leadership Team and the Board of Directors in conjunction with risk assessments and updates to the materiality analysis. Project-specific impacts, risks and opportunities will also be discussed in our business areas as necessary.

Actions and resources in relation to climate change policies

In 2024, our focus remained on determining the footprint of our greenhouse gas emissions. In 2024, three projects announced that their future plants will use fossil-free electricity: the Vaasa anode material project, and the battery cell and CAM projects in Kotka. These plans support our goal of achieving carbon neutrality in our projects. This change of plans has not required significant operating expenditure (opex) and/or capital expenditure (capex).

In 2024, Terrafame launched its uranium recovery plant to utilise uranium present in low concentrations in the mined ore as a by-product. The recovered uranium will be delivered to international markets for further processing, after which it is used as fuel for nuclear energy production. With the start of operations, Finland is the only EU member state to produce uranium.

Targets related to climate change mitigation and adaptation

In 2025, we will examine our opportunities to set climate change targets.

Energy consumption and mix

Most of the Group's energy consumption occurs during production. Some of the electricity used in Terrafame's operations is fossil-free. A variety of fuels, such as diesel, are also used in production. The Group's energy consumption and energy sources are shown in the table below.

The Group operates in sectors that have significant climate impacts, such as mining and industrial chemical production.

Energy source	Group 2024
Total energy consumption, MWh	748,458
Non-renewable energy, MWh	431,250
Coal and coal products	0
Crude oil and petroleum products	161,910
Natural gas	0
Other non-renewable fuels	0
Electricity, heat, steam, and cooling from non-renewable sources	269,340
Share of non-renewable energy, %	58
Nuclear power, MWh	128,214
Nuclear power, %	17
Renewable energy sources, MWh	188,994
Fuels (biomass, biogas, etc.)	0
Consumption of electricity, heat, steam and cooling from renewable sources	188,994
Consumption of self-generated non-fuel renewable energy	0
Share of renewable energy sources, %	25

Greenhouse gas (GHG) emissions

The table below lists the Group's emissions in 2024. As Finnish Minerals Group has no direct control over associated companies, their emissions will be reported in Scope 3, in the category 'emissions from investments'. Emissions have been calculated in accordance with the GHG protocol.

Scope 3 emissions have been roughly estimated, but only in categories in which the activity has emissions. As we have only just begun to assess Scope 3, we have done a very rough calculation using general emission coefficients (DEFRA and Exiobase). Terrafame calculates its value chain and purchase emissions using a hybrid methodology, which combines actual emission data, supplier-specific emissions information, and data derived from purchase invoices (spend-based methodology). In 2024, Scope 3 emissions mainly consisted of purchased products and services (79%).

	Group 2024
Scope 1 emissions, t CO_2e	126,929
Percentage from emissions trading schemes	32
Scope 2 emissions, market-based, t CO_2e	148,911
Scope 2 emissions, location-based, t CO_2e	27,907
Scope 3 emissions, t CO_2e	430,786
Total, Scope 1–3, t CO_2e (market-based)	706,626
Total, Scope 1–3, t CO_2e (location-based)	585,621
Emission intensity, tCO_2e/mEUR (market-based)	1,298
Emission intensity, tCO_2e/mEUR (location-based)	1,076

GHG removals and GHG mitigation projects financed through carbon credits

The company does not have any GHG removals or GHG mitigation projects.

Internal carbon pricing

The Group does not have an internal carbon pricing scheme.

+ E2 – Pollution

Industrial operations typically cause pollution compared to a situation in which there is no industrial activity. We seek to mini-mise and reduce pollution through a variety of treatment techniques. Regular measure-ments are also taken in order to monitor the impact of emissions.

We identified material negative impacts with regard to water pollution. Financial risks may arise, for example, from the need to upgrade technologies and from planning costs if the requirements continue to tighten. We did not identify any positive material impacts or financial opportunities.

Material topics	Impacts	Risks	Opportunities
Pollution Pollution of water	– There are water emissions from current operations. – When battery material projects are launched, emissions will increase in tandem with increased activity.	– Legislation will become stricter and raise the cost of planning and implementing projects.	No material financial opportunities were identified.

General disclosures

The impacts of pollution have been assessed by considering the Group's various locations and their nature. The results of emission monitoring have been taken into account in our operational activities. The disperse models and emissions forecasts that were made during the EIA and environmental permit phase have been used to assess the potential impacts of future operations. The possibility of pollution cannot be excluded in any industrial activity. A rough review of the value chain was carried out by considering the industrial sectors represented in the value chain and their nature.

We operate at the interface of stakeholders both in our projects and in existing industrial activities. Our subsidiary Terrafame interviewed a broad range of stakeholder representatives for its own materiality analysis, half of which were from the local area. Regular stakeholder meetings are also held with commu-nities that are affected by Terrafame, Sokli and Etelä-Kymenlaakso projects. At these meetings, we inform people about our operations, emissions and impacts, and also provide communities with information related to their concerns and perspectives. Communities are also consulted in conjunction with EIA procedures and environmental permit processes. Stakeholder hearings and other stakeholder relations are described in more detail in the section **ESRS 2 General Disclosures – Interests and views of stakeholders.**

Policies related to pollution

We are committed, in the parent company's sustainability policy, to managing our emissions as effectively as possible, applying best available techniques and monitoring the impacts of emissions. Our Group-level policies do not contain a list of impurities or substances, as they will vary depending on the exact nature of the business in question.

Terrafame has its own guidelines for monitoring emissions, preventing pollution, dealing with accidental discharges, and monitoring the impacts of emissions. More specific guidelines for pollution must be site-spe-cific in order to adequately address the nature, techniques and surrounding environment of the operations in question.

Metal mines and battery material plants are now governed by the Industrial Emissions Directive (IED). The development of Best Available Techniques (BAT) is currently ongoing in both industries. Pollution prevention will therefore be more closely regulated in the future. All industrial operations are currently subject to environmental permits, and their emission limits are specified in national regulations and other relevant sector-spesific BAT conclusions. Mining operations are also governed by the Best Available Techniques Reference Document for the Management of Waste from Extractive Industries (MWEI BREF), which is appli-cable to the Group's operations.

Actions and resources related to pollution

We employ various means to prevent pollution. In our existing operations, measures aimed at preventing pollution are part of our everyday routines and involve maintenance and automated monitoring. They are carried out in accordance with the site-specific guidelines for each industrial site.

Industrial plant projects prevent pollution by designing their operations in a way that minimises the plant's environmental foot-print. Projects are designed to harness the Best Available Techniques (BAT) for each function and to meet their associated emission limits.

Our pollution-related targets will be set in the future, so there are no associated actions as yet. Our subsidiary, Terrafame has previously set water-related targets. The planned key actions in our projects concern the design of circulating water processes in order to minimise water emissions. Our emissions reduction measures target only water emissions, as they are more challenging to manage than air emissions, for which we already have effective and better-established treatment techniques.

Terrafame is committed to carrying out certain remediation measures that are legally valid and assigned to the public receiver of the previous operator of the industrial area. In 2023-2024, the company carried out remediation measures in lake Salminen in this respect. Terrafame has also enhanced water treatment and internal water recycling, reducing the amount of sulphate ending up in discharge waters by approximately 2,000 tonnes (about 15%) on an annul basis, depending on rainfall.

For now, we do not report operational and/or capital expenditures related to these actions and plans. Action plans concerning material sustainability matters will be further specified later.

Targets related to pollution

We will set targets related to pollution in the future.

Pollution of air and water

The table below shows the Group's water emissions that exceed the reporting threshold according to the E-PRTR regulation (European Pollutant Release and Transfer Register).

	Emissions to water, 2024 (kg)
Nickel and nickel compounds	255
Zinc and zinc compounds	357
Arsenic	5

Our subsidiary Terrafame's operations also result in sulphate emissions into waterways. In 2024, the sulphate load was 12,424 tonnes. The recycling rate of process-derived sulfate was 99 percent. The metal and sulphate concentrations in discharge waters and metal loads remained below the limits sets in the environmental permit.

Emissions are measured using standardized methods (CEN, ISO, SFS or equivalent national or according to an internationally commonly used standard) whenever possible. The amounts of water discharges and pollutants are monitored by flow measurements and laboratory analyses of samples.

Flow-weighted monthly averages are used in environmental monitoring. Where applicable, the measurements are based on different BAT reference documents.

Potential financial effects from pollution-related impacts, risks and opportunities

We have not yet made a detailed forecast of pollution-related financial impacts. If regulatory amendments lead to tighter emission limits, investments in treatment technology may be required. These are, however, challenging to assess. When this report was drawn up, we had no information about the requirements that ongoing BREF developments may impose on mines and battery materials in the future. The new requirements for Best Available Techniques and emission limits should be available in 2028–2030. We will closely monitor BREF developments and assess the financial impacts of these requirements when more detailed information is available. The new requirements may impact both existing operations and projects that may be receiving environmental permit decisions over the coming years.

+ E4 – Biodiversity and ecosystems

Biodiversity is one of our most important sustainability topics alongside climate change. We recognise that our actions can have significant negative impacts, so we seek to reduce them.

We have identified direct impacts on biodiversityrelated to both our own operations and in the value chain for mining operations. These impacts arise particularly when new mining sites are opened and new mines established. We did not identify any positive material impacts on biodiversity in our own operations or the value chain.

In mining projects, we have identified financial risks related to the cost of ecological compensation and, if mines cannot be established in certain areas due to nature conservation, also to a reduction in business opportunities. We did not identify any material financial opportunities.

Material topics	Impacts	Risks	Opportunities
Biodiversity Direct drivers of biodiversity loss Impacts on the status of species Impacts on the extent and status of ecosystems	– Mining operations have a direct impact on biodiversity loss, species and ecosystems. Indirect impacts occur in, for example, the value chain for raw materials and explosives.	– In the area around Sokli and Terrafame's Kolmisoppi deposit, biodiversity (including protected species) may affect the scope of business operations and limit investment opportunities.	No material financial opportunities were identified.

Transition plan and consideration of biodiversity and ecosystems in strategy and business model

The Group has not yet drawn up a transition plan. Its preparation at a rough level will be considered in 2025.

Our raw material business in particular can have a negative impact on biodiversity through land use in mining operations. Establishing a mine or expanding a mining site will usually turn a natural area into an industrial area. This is especially true for the Sokli mining project and the expansion of Terrafame's mine. Both of these planned mining sites contain protected plant species and valuable habitat types. The establishment of the mine will have significant negative impacts that will be minimised and compensated for through various means as the projects progress. We are refining our assessment of the negative impacts of mining operations, and our minimisation and compensation measures are still under development.

Battery material plants are being planned in areas that have already been zoned for industrial operations. In these projects, it is easier to avoid areas with significant natural value, as their placement is guided by city planning and existing infrastructure rather than the location of mineral resources.

The negative impacts and risks associated with this topic do not directly affect our business model, as we are a state-owned company whose aim is to develop the mining industry. Impacts on biodiversity cannot, therefore, be completely avoided. The parent company's strategy contains a for halting nature loss. We seek to reduce impacts on nature while preserving business opportunities for mining. A more detailed resilience analysis will be conducted over the coming years.

Material impacts, risks and opportunities and their interaction with strategy and business model(s)

The impacts and risks of our operations on biodiversity are related to both existing and planned mining operations. In areas where the natural environment is removed due to changes in land use, mining operations will reduce biodiversity. There are also impacts in the value chain, in case the raw materials for battery materials come from global mining operations.

The Sokli mining project site contains a broad variety of habitat types and protected plant species. Currently, the area largely consists of untouched nature and there are no impacts on nature from industrial activities. When mining operations begin, a few highly protected species will be moved away from the area. Currently, only studies are being carried out in the Sokli area, in which a base has been established. These activities have not been found to have any adverse effects on protected species or biodiversity. Within Terrafame's current mining concession, individual habitats of endagered species have been identified.

Associated companies advancing battery material projects are not under Finnish Minerals Group's direct control. The sites for the battery material projects have some natural value, which are described below. Our plant projects are not located either in or in close proximity to protected areas.

- Keliber Oy's lithium refinery is located in the Kokkola industrial area and a significant part of Kaustinen's mining and concentrator operations are located in areas that were previously used for peat production, so the landscape and biodiversity values are low. Keliber has taken conservation measures to protect endangered species living in and near its operating areas, for example, the construction of compensatory habitats and feeding.

- CNRG Finland Oy's pCAM plant is planned for Hamina. Flying squirrels and bats have been observed near the plant site, and this will be taken into account during planning.
- Easpring Finland New Materials Oy's CAM plant will be located in Kotka. No special natural assets has been observed on this site – the area has been used for forestry.
- The site of the Kotka battery cell plant has been used for forestry. There is a moor frog habitat next to the site. The plant's operations are not expected to have any negative impacts on the moor frogs.
- The site for the Vaasa anode material plant used to be an ash landfill. Sand martins moved into the area after the landfill had been established. The landfill will be moved for the site's preliminary construction work, and the sand martins will have to move elsewhere.

Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

The identification of material impacts, risks and opportunities is described in **ESRS 2 General disclosures**. In addition to our sites' existing and potential environmental impacts, we have also identified and assessed their impacts on biodiversity and ecosystems in relation to their location and land use. These sites include the Sokli mining project in Savukoski and Terrafame's mining operations and mine expansion in Sotkamo. The assessment focused on direct impacts and financial risks to our business. The financial assessment will be revised as more detailed plans are made for Sokli and Terrafame's Kolmisoppi deposit.

During the double materiality analysis, we examined impacts on the basis of nature surveys carried out in conjunction with project-specific environmental impact assessments, environmental permit processes and city planning. Although we have not yet carried out a detailed review of the value chain, we have noted that the raw materials used by battery material plants come partly from the global mining industry. We did not use a scenario analysis in these reviews.

When examining ecosystem services, we noted that the Sokli mining site is located in a reindeer management area, while Terrafame's operations are not. In reindeer grazing areas, reindeer husbandry is linked to natural ecosystems. The stakeholders for the materiality analysis included reindeer herding cooperative and organisations in the region. Ecosystem services were not found to be a material topic.

Surveys carried out in the Sokli mining site comply with the Natural Conservation Act and the requirements of Finland's environmental authority. Survey plans are approved by the authorities. The Sokli mining project and the Kolmisoppi project both fall within the scope of the Act on the Environmental Impact Assessment Procedure. An EIA has already been completed for the Kolmisoppi project, while the EIA process for the Sokli project has not yet begun.

Policies related to biodiversity and ecosystems

The parent company's sustainability policy describes our principles of action related to biodiversity. In line with our strategy, we are working to halt biodiversity loss. Our policies are general in nature, and do not directly or separately address biodiversity-sensitive areas, agricultural practices, or practices related to seas or deforestation. They do not cover the value chain either.

Actions and resources related to biodiversity and ecosystems

We have already implemented some actions: monitoring the nature impacts of Terrafame's operations and carrying out nature inventories in conjunction with project permit processes. On the basis of these studies, some areas have, for example, been excluded from the production area. No biodiversity offsets have been used in existing operations.

Terrafame's actions related to biodiversity and its protection include compensation for the impacts of operations, including supporting the habitats of affected endangered or threatened species in nearby areas, as well as the relocation of threatened species on a case-by-case basis, planting after the closure of production and waste areas, as well as the selection of species to support biodiversity where possible. The original trout population in river Tuhkajoki has been protected by recovering trout individuals for fish farming.

We do not currently report on operating and/or capital expenditures related to actions and action plans. Our cost assessment is still ongoing. The extent of the compensation, its associated actions and costs will be further assessed once we have obtained a more detailed understanding of both the current state of nature in the area and the scope of our projects, that is, their precise location and land use needs.

Targets related to biodiversity and ecosystems

We will examine the setting of targets, actions and metrics over the coming years. More detailed actions related to the nature impacts of our mining projects and their reduction are still being investigated.

Impact metrics related to biodiversity and ecosystems change

We are still developing biodiversity management, targets and actions at Group level. We are currently monitoring changes in land use in our operations, that is, how much surface area is given over to industrial use or preliminary construction every year. We will develop metrics for our nature impacts over the coming years.

Mining operations have the biggest impacts on land use. Terrafame began using 104 hectares of new land in 2024. Terrafame closed 9 hectares of land from production in 2024.

	Land use (ha), 2024	Use of new land, 2024 (ha)	Closed area 2024 (ha)
Sokli	3	0	0
Terrafame	2,970	104	9

+ E5 – Resource use and circular economy

The circular economy will become increasingly important to our operations in both of our lines of business. The mining industry generates plenty of side streams, and the potential for their recovery and reuse must be investigated and developed. The EU has set ambitious recycling targets for the battery materials industry. Our goal is to recycle valuable battery raw materials in Europe.

We have identified that promoting the circular economy will open up financial opportunities for us. We are therefore focusing on making more efficient use of waste, our own side streams and other side streams in our current operations. In our projects, we are designing resource-efficient solutions and assessing the potential for recycling. We also intend to launch a business that will recover sodium sulphate.

Material topics	Impacts	Risks	Opportunities
Circular economy Resource inflows Resource outflows Waste	– The amount of waste rock from mining is large. + The sodium sulphate processing technology has a significant potential impact on circular economy.	No material financial risks were identified.	+ The future use of recycled materials at battery material plants + The use of sodium sulphate as industrial commodities

Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

The identification of material impacts, risks and opportunities is described in the section **ESRS 2 Description of the processes to identify and assess material impacts, risks and opportunities**. In addition to the information presented in that section, some material impacts, risks and opportunities related to resource use and the circular economy were identified separately in the raw material and battery value chain businesses. Mining generates a significant amount of mining waste, and requires land areas for waste disposal. Large quantities of side streams may also be produced. Non-hazardous and hazardous waste is generated during battery material production. We also examined existing and planned recycling processes and secondary materials. The impacts in our value chain are largely similar to those seen in our own operations and projects, as the production of battery materials is based on the mining industry and often takes place outside Europe.

When identifying risks and opportunities, we utilised the targets for recycling critical materials that have been set in the EU's Critical Raw Materials Act (CRMA), according to which 25 per cent of all material used should be recycled by 2030. This target is expected to increase demand for recycled raw materials and create new opportunities for their production. The production of battery materials mainly uses non-renewable natural resources, which is why it is particularly important to assess recycling possibilities.

During the double materiality analysis process, we organised hearings for communities that are affected by our own operations and battery-material projects, and have since continued that dialogue.

Policies related to resource use and circular economy

In our sustainability policy, we have committed to promoting the circular economy and seeking business opportunities in this area. We collaborate on technology development at both national and EU level in order to improve resource efficiency and promote the circular economy. At Group level, we are also committed to using natural resources efficiently. This policy applies only to our own operations and those of our associated companies, and does not extend to the entire value chain.

Terrafame has its own policies and guidelines for recycling, side streams, waste hierarchy and waste management. Guidelines for resource use and waste management must be site-specific in order to adequately address the nature of those operations, the techniques used, and the surrounding environment.

Actions and resources in relation to resource use and circular economy

We promote the efficient use of resources in a number of ways. Some of these relate to the management of side streams, while others involve design-phase solutions.

Several side streams are utilized in Terrafame's production. Waste rock and surface soils generated during ore mining are repurposed within the site whenever possible, while unused waste rock is stockpiled. Additionally, Terrafame has conducted pilot research in collaboration with a recycling facility, where nickel and cobalt recovered from the black mass of used electric vehicle batteries are supplied to Terrafame for use as raw materials in battery chemicals.

One of our associated companies, Adven-FMG Sodium Sulphate Solutions Oy, is developing a treatment technique for wastewater containing sodium sulphate, which is generated in mining and battery material production, for example. The sodium sulphate generated during production could be recovered and converted into commodities, which could then be used in industrial processes. During 2024, we prepared to test the process at a pilot plant.

The production plants that were in the project phase in 2024 will employ a variety of processes for recycling heat, water and chemicals. These processes are part of our project planning and include: heat recovery, a closed circuit for cooling water and the reuse of washing water at the CAM factory in Kotka; the recycling of NMP chemicals, the reuse of waste heat and the recycling of condensing water at the Kotka battery cell plant; and the potential reuse of the Vaasa anode material plant's side streams in the steel industry and the use of its furnace sand in earthworks. Planning circular or closed processes is an integral part of our project planning, and the associated investments are part of the total investment.

A recycling and processing plant, whose products would be used for precursor production, has also been discussed for the same site as CNGR Finland Oy's pCAM plant.

Targets related to resource use and circular economy

Our goal is to optimise circular economy solutions and resource efficiency, which means increasing the use of these solutions and recycled materials in both our own operations and those of our associated companies. This may include the use of materials such as mining waste, side streams and black mass.

Initially, we will investigate how to boost the circular economy and resource efficiency throughout the battery value chain. Circular economy metrics will be considered in the future.

Resource inflows

Most of the raw materials in the Group's operations are generated in Terrafame's own production. The main products of Terrafame's mine are nickel and cobalt sulphides, which are processed into nickel and cobalt sulphates at the battery chemical plant. Zinc sulphide is also produced. Ammonium sulphate is formed as a by-product. Products typically leave the plant in large sacks. Terrafame has also conducted trial studies in which nickel and cobalt recovered from the black mass of used electric vehicle batteries at a partner's recycling plant are delivered to Terrafame for use as a raw material for battery chemicals. The most significant resource inflows and reuse of materials are shown in the table below.

As the Sokli project is still under development, it has no inflows, outflows or significant waste volumes.

Resource inflows	2024
Primary raw material, t	14,238,257
Primary raw material, %	100

Resource outflows

The Group produces nickel and cobalt sulphates that are sold to battery material plants. Ammonium sulphate is produced as a by-product, which is sold for fertiliser manufacture. Nickel and cobalt sulphates are raw materials for batteries. In the future, they can be recycled for the production of battery materials.

The amounts of mining waste generated within the Group are presented in the following table. The amounts only include waste rock from Terrafame's operations.

Terrafame aims to reduce the amount of waste by preventing its generation: ore and waste rock are accurately separated, the amount of waste rock is minimised in mining plans, the ore is dissolved in bioleaching for a sufficiently long time, and the amount of waste generated in other processes is minimised through process optimisation.

Information about the amount of waste generated in production is collected as part of production monitoring. The amount of waste rock is monitored on the basis of tonnes of quarried and transported waste rock. The time when leaching residues are formed has been defined in such a way that the filling material in a block becomes waste when the active leaching process ends and the chemical quality of the residues has been studied. The amount of sludge and other waste is monitored through flow measurements and/or weighing. The moisture, dry matter and solid content of sludge is analysed periodically, and the information is used to estimate the amount of waste generated.

Waste	2024
Total quantity, t	29,934,830
Recovered waste, t	1,613,923
Non-hazardous waste	
Preparation for reuse	0
Recycling	0
Other recovery operations	1,613,923
Hazardous waste	
Preparation for reuse	0
Recycling	0
Other recovery operations	0
Treated waste, t	28,320,907
Non-hazardous waste	
Incineration	0
Landfilling	0
Other disposal operations	0
Hazardous waste	
Incineration	0
Landfilling	0
Other disposal operations	28,320,907
Percentage of non-recycled waste	95

+ S1 – Own workforce

Finnish Minerals Group is creating employment by building a Finnish battery value chain. In accordance with the parent company's strategy, it is important for us to develop a new kind of industry for battery production in Finland sustainably.

While techno-economic feasibility studies are being carried out in projects, the need for labour is quite low and most of the workforce will typically be engaged in design and planning work. The need for labour increases as mining sites and plants are built, and working conditions, occupational safety and workforce availability will then become increasingly important. Equal treatment and equal opportunities are highlighted during the operational phase.

The material impacts, risks and opportunities that relate to the Group's own workforce were identified in the double materiality analysis, which is described in the section **ESRS 2 General disclosures**. Material topics for us include working conditions and safety, equal treatment and opportunities, as well as new jobs and workforce availability.

Policies related to own workforce

The Group companies comply with legislation, and in addition, have their own principles, policies and plans concerning the use of workforce. At Group level, we are committed to the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and the Universal Declaration of Human Rights, which also relates to the use of labour. Terrafame is also committed to the OECD Guidelines for Multinational Enterprises and other Group companies were moving forward with this in the end of 2024.

The principles described herein apply to our own workforce as a whole.

Working conditions and safety

Our Group operates in Finland and complies with local employment legislation. Our Codes of Ethics also address matters related to the wellbeing of our employees at work.

In accordance with the aforementioned commitments, the Group's human rights policy notes that we provide our employees with a satisfactory standard of living, fair working conditions and freedom of association, and that we do not condone the use of forced or child labour. Group companies engage in regular dialogue with personnel or their chosen representatives. The Group's employment contracts for positions

Material topics	Impacts	Risks	Opportunities
Working conditions and safety Working hours Work-life balance Occupational health and safety	+ Good, modern working conditions help to maintain working capacity and ensure wellbeing. – Industrial work in particular involves occupational safety risks.	– Additional costs can arise from deteriorated occupational safety and work ability.	No material financial opportunities were identified.
Equal treatment and opportunities Training and skills development	+ Personnel can regularly participate in training and coaching. + Equal opportunities promote workforce development, which in turn increases the Group's competitiveness.	No material financial risks were identified.	No material financial opportunities were identified.
New jobs and workforce availability	+ The Group will create new jobs. + Educational collaboration advances workforce development and availability.	– In the future, finding suitable workforce may be challenging, which could impact business operations.	No material financial opportunities were identified.

in the mining and chemical industry apply the collective agreements for the technology and chemical industries.

Occupational safety and health are essential human rights issues also according to our human rights policy. We guide the development of occupational safety by analysing risks and drawing up action plans. We also monitor accidents and investigate their causes in order to improve our operations. Our goal is to prevent accidents and safeguard health by maintaining a high level of occupational hygiene. Group companies monitor employee satisfaction with a variety of surveys, such as barometers and personnel surveys.

Terrafame also has an ISO45001 certified occupational health and safety management system that helps to prevent workplace injuries.

Equal treatment and opportunities

The Group is committed to equality in its human rights policy and business operations, regardless of an employee's background and role. Our policy is to guarantee fair treatment and equal opportunities, regardless of an employee's gender, age, nationality, religion or opinions. Our view is that equal opportunities support competence development, which in turn helps us to ensure competitiveness both now and in the future.

Harassment and bullying are prohibited at Group companies. Such matters can be raised by talking to a supervisor, HR, an employee representative, or occupational healthcare. We investigate any cases according to the companies' own procedures.

The development of equality and non-discrimination within the Group is based on plans that are prepared at least every two years. These plans also set targets whose implementation is regularly monitored. The Group companies do not have specific policies for particularly vulnerable groups of employees, but in Terrafame's operations, for example, pregnant employees are offered the opportunity for alternative work when needed.

New jobs and workforce availability

Among the current Group companies, Sokli in particular is expected to create a significant number of new jobs if the mining project progresses to the production phase. In the future, finding suitable workforce may be challenging, which could pose a risk. We can minimize the risk by ensuring occupational safety and investing in equal opportunities for education and development. We also engage in discussions and collaborate with local educational institutions to develop training programmes. For example, Terrafame already has experience in organizing apprenticeship training in the work environment, which in turn advances workforce availability.

Processes for engaging with own workforce and workers' representatives about impacts

Group companies regularly hold staff, team and project meetings to discuss current and future issues related to their work. Depending on the matter in question, issues may be raised by both managers and employees. Everyone can present their own views and have their say in how we develop our operations. Meeting materials or memos will be sent to invitees. We also make use of the intranet and newsletters in our communications, for example.

We utilise performance and development discussions, which take place between the team member and their team leader at least once a year. Target setting is linked to performance-based bonus schemes or to personal performance at work, for instance, to occupational safety. When company-level targets are set, they are defined by management, while employees can influence personal and project-level targets. Targets will be recorded and stored according to agreed procedures.

Employee satisfaction is monitored through a variety of surveys. Methods include barometers and more extensive personnel surveys. The results serve as background information for a number of plans, such as workplace community development plans and equality and non-discrimination plans, which are prepared in cooperation with employee representatives.

As per the Finnish Act on Co-operation within Undertakings, companies also engage in dialogue with personnel or their chosen representatives at least once a quarter. Regular dialogue promotes the exchange of information in both directions, and provides opportunities to influence our operations. Topics include the company's development prospects, financial situation, use of workforce, and competence requirements.

All Group companies with personnel have an occupational health and safety representative. Companies with a minimum of 20 employees also have an occupational health and safety committee, which consists of an occupational health and safety manager as the company's representative, and occupational health and safety representatives (and their deputies) that are elected by personnel. This kind of cooperation promotes health and safety at work.

Resources for engaging with the workforce consist of technical and HR resources that are typically planned during annual budgeting. Here, technical resources refer to a variety of information sharing platforms, while human resources refer to the time used by senior management, team leaders, project managers, and employees and their representatives. Those who hold the highest positions in engaging with workforce are CEOs, HR directors, and the directors of various other functions.

Our strategy aims to reduce carbon dioxide emissions by advancing electric mobility in Europe, which we communicate to our staff during strategy updates. Reducing carbon emissions and moving towards greener operations are also covered in other contexts, such as at operational meetings, whenever relevant changes occur. If these changes were to be reflected as a reduction in jobs, the matter would be duly addressed in accordance with the Finnish Act on Co-operation within Undertakings.

Processes to remediate negative impacts and channels for own workforce to raise concerns

Employees can highlight areas for development and share their own development ideas during meetings and in discussions with, for instance, their supervisor. Personnel surveys also provide information on areas for company development. If necessary, employees can obtain confidential support for raising issues, for example, from their supervisor, HR, personnel representative or occupational healthcare.

Negative impacts that have been idendetified can be addressed, through teamwork and by using workplace community development plans and equality and non-discrimination plans. The implementation of these plans will be monitored and assessed by management and with personnel representatives. Monitoring can also be enhanced with quick barometer surveys and training. For example, in 2024 the parent company organised a workplace community training where employees learned to identify and prevent inappropriate behaviour.

Our key occupational safety training covers our entire workforce. We also require more specific occupational safety training for those working in certain production roles. The Group utilises external experts' safety assessments, and Terrafame also holds safety discussions. Employees make safety observations, and Terrafame has an initiative system to further enhance safety. Safety deviations are addressed in small groups, and corrective measures are planned based on the review.

On their websites, Group companies have whistleblowing channels through which employees can report grievances. These reports can also be made anonymously. The policies governing these channels are described on the websites. The whistleblowing channels and their associated policies are included in, for example, the onboarding process.

In the future, we will develop internal evaluations to gather information on how well employees are aware of these processes.

Taking action on material impacts

The following section describes the actions and initiatives used within Finnish Minerals Group to address the material impacts, risks, and opportunities related to its own workforce.

Actions related to our own workforce are primarily based on HR and occupational health and safety processes. We use modern information systems to support our processes, as they help us to ensure that, for example, health checks and competence development are carried out. The most important action plans are personnel and training plans, workplace community development plans, and equality and non-discrimination plans, which typically identify the measures to be followed for a one-year or two-year period.

When implementing these action plans, our resources consist of human resources and financial resources. HR and occupational health and safety matters are steered and managed by specialists, such as HR and safety managers. The Group companies also have dedicated occupational health and safety representatives. Financial resources are allocated during annual planning.

Working conditions and safety

Written employment contracts

- In the Group, written employment contracts are made with employees and signed by both parties. Both the employee and the employer receive their own copy of the employment contract for their records.
- Employment contracts specify the employee's working time.

Occupational health and safety

- Group companies have arranged occupational healthcare, which is also used proactively, for example, by performing health checks for specific age groups. The early support model can address challenges related to issues such as coping at work or substance abuse.
- We organise occupational safety training for employees and use external and internal safety audits to plan and take corrective action. We also improve our operations on the basis of safety observations and deviations.
- Our subsidiary Terrafame has a certified safety management system. The company regularly arranges work-hygienic measurements, inspections and consultations to various workstations, and makes improvements based on the results.
- Companies and employee representatives collaborate on occupational safety activities to improve working conditions.

Flexible working time and adjustment periods, and wellbeing at work

- We support recovery from work with flexible working hours and adjustment periods used in industrial roles. For office personnel, we partially utilise multi-location working.
- To advance wellbeing at work, we support our employees' cultural and sports activities.

Equal treatment and equal opportunities
Training and learning

- Employees have equal opportunities to access work-related training and learn new skills. During development discussions, everyone can also propose work-related training or other learning methods. Training decisions are made based on the available budget.
- We have a positive stance towards study leaves, which can be taken in accordance with the Finnish law.

Family leaves

- We have a positive attitude towards family leave and any other flexibility that is required by family circumstances, regardless of gender.
- When necessary, we support a smooth return to work, including working-time arrangements.

Workforce availability
Training and skills development

- We cooperate with some local educational institutes to develop workforce skills.
- We provide our personnel with training and guidance on non-discrimination issues.

Our practices and procedures are based on continuous assessment and improvement. Feedback from management and employees or their representatives is considered as part of planning.

The most significant occupational safety risks are associated with maintenance, construction work, heavy machinery, and the use of chemicals. These risks are mitigated by providing employees with occupational health and safety training.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The following target was set through internal discussions within the parent company and with Terrafame in late 2024, and aim to help us prevent negative impacts and risks. Further discussions will be held with occupational health and safety representatives. We intend to report on the topic in this table on an annual basis.

Theme	The Group's[1] annual objective	Result for 2024
Occupational safety (own personnel)	LTIFR below 5 and descending	4.9

[1] Here, Group refers to the parent company (Finnish Minerals Group) and its subsidiaries, Terrafame Oy and Sokli Oy, which had personnel in 2024.

[2] LTIFR (Lost-Time Injury Frequency Rate) is calculated by dividing the number of accidents leading to least one day of absence by the number of hours worked and multiplying by one million.

Characteristics of the undertaking's employees

	Finnish Minerals Group[1]	Terrafame	2024 in total
Permanent employees[2]	**44**	**745**	**789**
Male	26	660	686
Female	17	83	100
Other	-	-	3
Not reported	0	0	0
Temporary employees[2]	**4**	**48**	**52**
Male	3	32	35
Female	1	16	17
Other	0	0	0
Not reported	0	0	0
Non-guaranteed hours employees[2]	**0**	**1**	**1**
Male	0	0	0
Female	0	1	1
Other	0	0	0
Not reported	0	0	0
Employees who left	**2**	**92**	**94**
Turnover[3], %	**4.7**	**11.0**	**10.7**

[1] Includes wholly owned subsidiaries of Finnish Minerals Group.

[2] The figures are expressed as full-time equivalent numbers.

[3] Employee turnover rate describes the entire reporting period and is calculated as follows: Number of leavers / ((number of employees on 31.12.2023 + 31.12.2024)/2) *100. The leavers include situations required by the standard, such as personnel reductions by the employer, resignations, and retirements.

In 2024, the Group had own workforce only in Finland. The reasons for temporary employment included project-based work, apprenticeship training, and substitution.

Training and skills development metrics

	Finnish Minerals Groups[1]	Terrafame	2024 in total
Employees that participated in regular performance and career development reviews[2]			
Male, %	100	81	82
Female, %	100	82	85
Other, %	-	-	100
Not reported, %	0	0	0
Training hours completed by employees[3]			
Male	24	27	28
Female	27	39	39
Other	0	22	15
Not reported	0	0	0

[1] Includes wholly owned subsidiaries of Finnish Minerals Group.

[2] The figures do not include recent hires who were not yet expected to participate in the reviews.

[3] Training hours refer to the average number of training hours per employee.

Health and safety metrics

The first four items in the table pertain to the Group's own employees. The information is reported based on headcount, not converted to full-time equivalents.

	Finnish Minerals Group[1]	Terrafame	2024 in total
Employees covered by health and safety management system[2] %	0	100	94.3
Fatalities as a result of work-related injuries and ill health	0	0	0
Work-related ill health (occupational diseases)	0	0	0
Days lost to work-related injuries and health issues, as well as to fatalities resulting from these			
Employees	0	0	0
Other workers at our sites	0	0	0
Work-related accidents[3]			
Employees	0	7	LTIFR 4.9
Other workers at our sites	2	11	LTIFR 5.5

[1] Includes wholly owned subsidiaries of Finnish Minerals Group.

[2] The percentage of own workforce personnel covered by an occupational health and safety management system that is based on legal requirements and/or recognized standards or guidelines. The figures are adjusted according to the information presented in the table concerning the characteristics of employees.

[3] LTIFR (Lost-Time Injury Frequency Rate) is calculated by dividing the number of accidents leading to least one day of absence by the number of hours worked and multiplying by one million.

Work-life balance metrics

All our employees are entitled to family leaves in accordance with Finnish legislation. Family leave here refers to periods of maternity, special maternity, and parental allowance, as well as care leave, which may involve the care of a child or another relative.

	2024 in total
Men on family leaves, %	6.7
Women on family leaves, %	11.0
Other on family leaves, %	0

+ S2 – Workers in the value chain

By developing the Finnish battery value chain, we are creating jobs at companies that provide goods and services to both our Group, our partners and the joint ventures of the parent company. As the Finnish battery value chain develops, we will also become an increasingly integral part of the global battery value chain. Our strategic goal is to create sustainable business by considering the human rights of workers in the value chain as well.

We have assessed the material impacts and the financial risks and opportunities associated with workers in the value chain using a Group-wide double materiality analysis, which is described in the section **ESRS 2 General disclosures**. We consider new jobs, workforce availability and working conditions to be a material topics.

The Group's business has material impacts on the employees of Terrafame's and Sokli's partner companies, and above all their contractors. In accordance with our Group companies' business models, contractors handle tasks that are not core competencies of Group companies. These include tasks related to infrastructure construction, maintenance work, and other support functions at locations in Finland. Most of the work is continuous, but some is project-based. We do not think there is a material risk of forced or child labour being used in these tasks.

Policies related to value chain workers

By linking the associated principles and values to the Group's operations, our Group companies agree to respect the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the ILO Declaration of Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Our commitments cover all types of workers at our partner companies. We also require our partner companies and value chain to operate in accordance with these principles.

We monitor the realisation of human rights as part of our daily work. This includes encouraging employees to raise their concerns and investigating any cases of non-conformity. In 2024, we were not made aware of any cases of non-conformity with the aforementioned international principles that involved employees of our partner companies. We have also addressed child and forced labour in the Group's human rights policy and our code of ethics for suppliers. As yet, they do not include principles related to human trafficking.

Material topics	Impacts	Risks	Opportunities
New jobs and workforce availability	+ When realized, mining and battery industry projects will create a significant number of new jobs both directly and through indirect impacts.	– In some areas, finding suitable workforce may be challenging, which could have an impact on operations.	No material financial opportunities were identified.
Working conditions Health Safety	– Any potential deficiencies in occupational safety or the working conditions of workers in the value chain may have a detrimental effect on people's working capacity and quality of life.	No materials financial risks were identified.	No materials financial opportunities were identified.

New jobs and workforce availability

We have conducted economic assessments as consultancy work for our industrial projects, such as the CAM plant planned to be established in Kotka, Finland. Based on the results, the CAM plant, as an example, will create a workforce demand equivalent to over 4,000 person-years during construction. During operation, it will generate a new workforce demand of over 2,000 person-years in the value chain, in addition to direct jobs. Similar multiplier effects are seen in other projects as they progress.

Although the impacts of job creation in different locations and the value chain are clearly positive, challenges may arise in workforce availability. This can be addressed by, for example, collaborating with municipalities and ensuring the education and training of suitable workforce.

Working conditions

As Terrafame and Sokli operate in Finland, these Group companies require their partners to act in accordance with Finnish legislation and official regulations regardless of their employees' nationalities. Group companies' codes of ethics also govern the treatment of their partner companies' workers.

For example, both the parent company's and Sokli's principles for corporate responsibility require suppliers to take care of the health, safety and wellbeing of their employees, and to actively seek to prevent and eliminate any inappropriate treatment of their employees. As an industrial company, Terrafame has already been using the ISO 45001 occupational health and safety management system for some years. This system also covers the employees of any partners involved in the company's operations. Terrafame also enhances occupational safety with the aid of its own safety programmes and campaigns, which extend to its partner companies.

When carrying out assignments, partner companies must adhere to Group companies' safety policies and work instructions, which are based on hazard and risk analyses. Work is also monitored and assessed from a safety perspective while it is being carried out. Group companies may issue separate instructions during pandemics, as was the case during the Covid-19.

Terrafame and Sokli collect data and measure the occupational safety of their partner companies' workers. Any deviations are addressed in order to enhance operations. Our partner companies' workers may also make occupational safety observations.

Leadership Team members are responsible for compliance in their respective areas of responsibility. For industrial operations, this will be the production, project or the business area director depending on the Group company's organisation.

Processes for engaging with value chain workers about impacts

Terrafame and Sokli hold regular meetings with representatives of partner companies to discuss ongoing work, occupational safety and development ideas. In the case of small companies, all employees may be invited to these meetings. A variety of meetings with partners take place on a weekly basis at Terrafame and approximately on a monthly basis at Sokli.

Operational responsibility for arranging meetings lies with the business area director, or the project manager/director in the case of construction projects, whose task it is to ensure that any agreed matters are taken into account. The effectiveness of communication is assessed through safety observations, compliance with instructions, and how smoothly work gets done.

Outside of these meetings, workers from partners are free to exchange their thoughts with their contacts at Group companies. At Sokli and Terrafame, digital systems also enable workers to make safety observations, which can then be jointly discussed.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

It is important to follow safety instructions in our project and industrial sites. All workers from our partner companies must complete our key occupational safety training, and those working in certain production roles are also required to take more specific training that supports safety. The Group also uses occupational safety reports compiled by external experts, and Terrafame holds safety discussions with partners working on industrial sites. Some safety observations may either be made by our partners' workers or apply to their work, in which case they will be processed in accordance with agreed procedures in order to enhance our operations. We assess the effectiveness of corrective measures on the basis of how our partners' occupational safety develops.

We encourage workers to raise any concerns or grievances they have in relation to joint operations or projects by discussing these matters with their contact persons. If this does not feel appropriate or adequate, they may also make anonymous reports via a whistleblowing channel that is operated by an external service provider. We investigate the accuracy of these reports, and will address any grievances and associated processes on the basis of the report. The effectiveness of remedial action will be assessed in follow-up discussions.

The whistleblowing channels can be found on the companies' websites. Partners are informed about the whistleblowing channels in the applicable code of ethics. Sokli, for example, provides this information during onboarding. In the future, we intend to evaluate how familiar the employees of our partners are with these channels.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Group companies emphasise ensuring that occupational health and safety is also realised for workers at our partner companies. The Group-level target presented below is from the parent company's strategy, in addition to which the companies may have their own, more specific objectives for partner companies.

Theme	Target	Period	Result for 2024
Occupational safety (contractors)	LTIFR1[1] below 5 and decreasing	Annually	5,5

[1] LTIFR (Lost-Time Injury Frequency Rate) is calculated by dividing the number of accidents leading to least one day of absence by the number of hours worked and multiplying by one million.

+ S3 – Affected communities

General disclosures

This section covers the communities affected by Finnish Minerals Group, which are mainly local communities in places in which the Group companies has operations or planned projects.

We have identified these communities' economic, social and cultural rights as being material. Positive and negative impacts were detected for affected communities. No material financial risks were identified.

Interests and views of stakeholders

Finnish Minerals Group operates in Finland and is developing a Finnish battery value chain. We are also part of both the European and global battery value chains. We are working to improve sustainability throughout the value chain by taking the rights of affected communities into account.

Group companies regularly interact with their key stakeholders, and develop their operations on the basis of stakeholder feedback. We engage in proactive dialogue with our stakeholders, and particularly in places in which the Group has operations or planned projects that will affect communities. Our local communities may include local residents and businesses, and networks and associations that focus on hobbies, recreation or environmental issues.

The Group's key stakeholders, their interests and views, and our interaction with stakeholders are described in more detail in the section **ESRS 2 General disclosures.**

Material impacts, risks and opportunities and their interaction with strategy and business model

The positive and negative material impacts on affected communities, along with their associated financial risks and opportunities, were assessed in the Group's double materiality analysis, which is described in the section **ESRS 2 General disclosures**.

We consider the economic, social and cultural rights of communities to be material. In the double materiality analysis, positive and potentially negative impacts were identified in relation to affected communities. Some of these impacts relate to existing operations, while others are potential and may increase in the future. They are to be found in both our own operations and potentially the value chain. No financial risks or opportunities were identified.

Material topics	Impacts	Risks	Opportunities
Communities' economic, social and cultural rights Clean water and sanitation Land-related impacts	+ Jobs, services, and educational opportunities can increase and improve. – Emissions, land use, noise and increased traffic can affect local residents' living environments, well-being and recreational activities.	No material financial risks were identified.	No material financial opportunities identified.

Industry brings many positive impacts. Services such as tourism, hospitality, and educational opportunities typically improve when new industry enters an area. New projects also increase the demand for housing, and their value may rise. In addition, the projects generate new tax revenues for municipalities, which in turn improve the well-being of communities.

Negative impacts may arise from the environmental impacts of industrial activities and land use. For example, noise from construction, heavy traffic, and the transformation of areas into industrial use can affect the living environment of communities.

This section examines the communities that are affected by both Group companies' operations and battery material projects in which the parent company is a shareholder. For example, a community may be affected as a result of people living or working close to mining operations. Local communities also include neighbours whose residential environment is affected by Group companies' operations. No indigenous communities are affected.

Policies related to affected communities

Group companies agree to respect the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We also require our partner companies and value chain to operate in accordance with these principles.

Our Group has defined a process for identifying the stakeholders in its various projects. This process defines levels of stakeholder relations (local, national, EU, global). It also identifies key stakeholder categories and individuals who may be the subject of actual or potential impacts. The final step in the process is to contact stakeholders.

Clean water and sanitation is a material theme for our Group. One of our key objectives is high-standard water treatment. We conduct preliminary surveys to support planning, monitor environmental permit terms and conditions, and check the status of waterways. We make sure that the discharge waters of industrial plants are processed in accordance with the regulations and that any nonconformities will be dealt with immediately. We also aim to design industrial solutions in a way that minimises their environmental impact, for example, by exploring alternative locations and logistics solutions.

Impacts related to land and land use are managed by, for example, listening to local communities that are affected by a mining concession's deliveries, such as landowners and other land users. City planning for industrial sites is governed by official regulations and decisions made by the authorities. In addition to official statements, any citizen may submit their opinions on land use and planning during the process. These opinions are discussed and taken into account during planning and decision-making. Additionally, we aim to design industrial solutions in a way that minimizes environmental impact, for example, by exploring alternative logistics solutions and the placement of operations.

It is our policy to support the activities and wellbeing of affected communities through a variety of means. Our goal is to employ as many local people as possible in our projects, and to use local service providers and companies. For example, in the Lapland region we support Aslak's helicopter emergency medical services. We are also working with local educational establishments to create and provide training that corresponds to the skills required in our projects, as this enables us to recruit locally.

The Group's actual impacts are identified, assessed and tracked with the aid of regular monitoring. For example, in Sokli and areas affected by Kymenlaakso's plant projects, the status of waterways and fish stocks has been analysed and monitored to provide information about the regions' baseline for project planning. Terrafame monitors the status of local waterways with regular sampling, and assesses the status of fish through exploratory fishing. A variety of species are also monitored both on land and in water.

Executive Leadership Team members are responsible for compliance in their respective areas of responsibility. For industrial operations, this will be the production director or the business area director depending on the Group company's organisation.

Section **S2 Workers in the value chain** describes the policies related to workers in the Group's value chain, and particularly from the perspective of working conditions, occupational safety and wellbeing.

Section **ESRS S1 Own workforce** describes the Group's policies on material topics in relation to its own workforce.

Processes for engaging with affected communities about impacts

In addition to the collaborative group meetings that are held during permit processes, we organise regular open meetings for residents and stakeholders who belong to affected communities. These meetings help us maintain dialogue with local communities, so that we can discuss upcoming development projects and topics raised by stakeholders.

We obtain information about material impacts from a number of sources, such as from observations made about our operations and during Terrafame's resident meetings and Sokli's coffee meetings, which are both held regularly. External experts assess the potential impacts of projects in a variety of ways that include environmental impact assessment procedures (EIA), environmental permit processes, and chemical safety permit processes. External reports also assess positive impacts. They are local assessments that focus on geographic locations and sites that may be impacted or in which operations will have the greatest impact.

As an operational company, Terrafame is a significant employer and operator in Kainuu, which is why it works closely with local communities. A team has been established to exchange information, and it serves as a regular forum for Terrafame and other operators in the local area. This team consists of representatives from local communities, village associations, fishery associations, other companies in the area, an environmental organisation and a university. Terrafame has also published an annual review of waterways, which has been distributed to local households. Environmental monitoring reports are also published annually, which include the results for water and air emissions, groundwater, dust fallout and waste fragments; and other material and reports related to environmental monitoring. All of these materials and bulletins can also be found on websites that are targeted at locals within the scope of influence.

The Sokli mining concession in Savukoski in Northeast Lapland is located in a reindeer herding area. Sokli's operations may have an impact on the reindeer herding through land use, and reindeer-owners' associations and reindeer husbandry operators are one of the key communities with which we aim to maintain ongoing dialogue. In addition to holding open meetings, we have also invited representatives of reindeer-owners' associations to attend planning meetings and one-on-one meetings. Outside of scheduled meetings, community representatives can share their thoughts with Sokli contact persons by phone or email, or provide feedback via our online feedback form.

Operational responsibility for arranging meetings lies with the business area director, the chief sustainability officer or the project manager/director. The effectiveness of communication is assessed through feedback from different channels. The various functions in our projects are regularly assessed at meetings that are held on a monthly or quarterly basis. They are usually attended by project managers, designers, and experts in communications, stakeholder relations and sustainability.

Communications with our own workforce and workers in the value chain are described in more detail in **ESRS S1 Own workforce** and **ESRS S2 Workers in the value chain**.

Processes to remediate negative impacts and channels for affected communities to raise concerns

We encourage community representatives to raise their concerns directly with our project representatives, either during collaborative meetings and open discussions, or by providing written feedback through the forms on our company websites. Anyone can make observations about the company's operations or to suggest development ideas and give other feedback via websites. Contact information for Group companies' contact persons can be found on their websites, and we actively encourage communities to use them. We inform community representatives about our feedback channels and feedback handling process at regular meetings and other events, in newsletters and on our websites.

In projects, impacts on communities are analysed in the statutory environmental impact assessment (EIA) processes that precede the environmental permit processes. The EIA procedure seeks to prevent and minimise any environmental impacts of a planned project that may have material impacts on communities.

EIA procedures are typically required for new production sites, plants and infrastructure projects. The EIA procedure begins when the EIA programme is submitted to the coordinating authority, which then requests statements from other authorities. Citizens can also submit their opinions during the hearing period. The coordinating authority will take the statements and opinions into account in its own statement on the EIA programme and when issuing its reasoned conclusion on the EIA report.

Projects will often appoint a monitoring group that is tasked with promoting information flow and exchange between the authorities and other stakeholders. The group's members will monitor the progress of the EIA procedure and present their opinions on the drafting of the environmental impact assessment programme, report and supporting studies.

Depending on the project, the members of the monitoring group will represent citizens and communities whose circumstances or interests may be affected by the project, such as local residents, municipalities in the sphere of influence, landowners or waterway owners, and local associations. EIA procedures also involve public events at which members of the general public have the chance to ask questions and make comments. All opinions and comments submitted during the hearing period will be processed at the end of the period and taken into consideration during project planning.

If the company has caused confirmed negative impacts on communities, we will investigate whether any changes can be made in our operations in order to eliminate or minimise the negative impact. The effectiveness of remedial action will be assessed by discussing the issue at multiple levels of the organisation. Any potential negative impacts will be addressed with the relevant parties. In 2024, the Group was not made aware of any serious human rights issues or violations related to affected communities.

Processes for taking remedial action and channels for raising concerns are described in more detail for both the company's own workforce and workers in the value chain in **ESRS 2 General disclosures, ESRS S1 Own workforce** and **ESRS S2 Workers in the value chain.**

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

We are assessing the possibility of setting group-level objectives related to planned local dialogue. Our group companies may also have their own community-related objectives.

In 2024, our group and associated companies organized several local stakeholder events.

+ G1 – Business conduct

General disclosures

All of the Group's and its associated companies' business operations involve mining and the battery value chain in Finland. In 2024, the only business based on industrial production was Terrafame. Other projects were at the development phase.

The parent company Finnish Minerals Group and its wholly owned subsidiaries are directly steered by the parent company. The subsidiary Terrafame and our associated companies have their own Boards of Directors, which steer their operations.

The positive and negative material impacts on the Group's business conduct, and their associated financial risks and opportunities, were identified in the Group's double materiality analysis, which is described in the section **ESRS 2 General disclosures.** According to the analysis, the material topics for us are partnerships and political engagement.

The role of the administrative, management and supervisory bodies

The Boards of Directors of our parent company and its subsidiary Terrafame are responsible for organising corporate governance and approving the company's internal policies and procedures. The companies' Code of Ethics address, among other things, good governance and the prevention of corruption. The Boards of Directors have also appointed Audit Committees, whose tasks include risk management.

The companies' Boards have expertise in international business, finance, legal affairs, and corporate responsibility. In operational activities, the management team members responsible for organizing financial and other adminstration ensure compliance with legislation and internal policies. They utilise both in-house and external lawyers, in-house expertise and other external competencies as necessary.

Material topics	Impacts	Risks	Opportunities
Partnerships	No material impacts were identified.	– If our partners' financial performance is not adequately assessed, a Group company may be exposed to a counterparty risk.	+ Partners have market knowledge and customer relationships that can benefit our business. + Long-term collaboration with good business partners supports business development and competitiveness.
Political engagement	+ Through political engagement, political actors will receive information about developments in mining and the battery value chain, which will support the implementation of the Finnish Minerals Group's special mandate.	– Political decisions may have significant negative financial impacts on business.	+ Political decisions can improve the economic conditions for the development of the value chain.

Partnerships

The strategy of Finnish Minerals Group is built on partnerships. We seek business partners for our industrial projects, primarily companies that have already established themselves in the global market and can bring strong technological and business expertise to the collaboration. We also see that long-term cooperation with good business partners supports the development of projects.

We evaluate our co-investment partners from the perspectives of corporate responsibility and financial performance at the early stages of negotiations and during the collaboration. Assessments typically examine the partner's values, corporate structure, ultimate beneficiaries, possible sanctions, reputation, as well as sustainability goals and related risks.

Group companies also check their suppliers' basic information, their entries in a variety of registers, whether they have paid their taxes and handled their employer obligations, and their ability to comply with environmental and occupational safety requirements.

Associated companies are responsible for assessing their own business partners and suppliers.

Political influence and lobbying activities

During 2024, we participated in social debates and advocacy, primarily at a national level in Finland. First of all, the Group companies supported the advocacy activities of the Chemical Industry Federation of Finland, the Finnish Mining Association, and Finnish Battery Industries.

Secondly, we were also involved in EU-level advocacy, in which the Group was represented by the parent company, Finnish Minerals Group. We are a member of Euromines, the umbrella organisation for national mining industry organisations, whose task is to define the mining industry's official positions on issues at European level, and to facilitate dialogue between the mining industry, EU institutions and Member States. Through the Batteries European Partnerships Association (BEPA), we were involved in defining the EU Commission's funding frameworks. In the European Raw Materials Alliance (ERMA), we advocated for our portfolio companies to be designated as strategic projects as per the EU's Critical Raw Materials Regulation.

Thirdly, the parent company participated in global advocacy. Through the Global Battery Alliance (GBA), we were involved in promoting the introduction of the battery passport in the EU, and in developing indicators for its introduction. As a member of the Rare Earth Industry Association (REIA), we participated in the association's social and political advocacy work, and in the development of a sustainable value chain for rare earth elements.

Finnish Minerals Group was also in contact with individual political influencers in matters concerning the Group, both by invitation and on its own initiative. Disclosures of the company's lobbying activities in Finland can be found in the Finnish Transparency Register, which is maintained by the National Audit Office of Finland (NAOF). NAOF has been collecting lobbying disclosures since April 2024. The company can be found in the register under both its name and business ID (2674050-9).

During the period 1 April–31 December 2024, the company's main advocacy topics were state subsidies and regulatory developments in the mining and battery industries. In our opinion, state support for the mining and battery industry must closely mirror the practices employed in Finland's main competitor countries, so that new industrial projects located in Finland will be cost competitive. Regulatory developments should ensure that permit solutions remain predictable and logical, and that their content is appropriate.

The Group's double materiality analysis indicated that the mining and battery industry is undergoing a rapid phase of development, which is why there are also broad developments in legislation at EU level that are being reflected in Finnish politics.

The CEO of Finnish Minerals Group is responsible for monitoring political engagement within the parent company, and is assisted by the CFO, who is the Executive Leadership Team member responsible for corporate governance and compliance. Group companies do not support political activity either financially or for benefits in kind.

During the reporting period, the state-owner appointed to the Board of Directors of Finnish Minerals Group a person who served as Director General of the Ministry of Economic Affairs and Employment until the end of January 2024.

A list of the ESRS disclosure requirements complied in the report

Standard	Disclosure requirement	Name	Materiality	Page
General disclosures				
ESRS 2	BP-1	Basis for preparation of sustainability statement	Mandatory	19
ESRS 2	BP-2	Disclosures in relation to specific circumstances	Mandatory	–
ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies	Mandatory	20
ESRS 2	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Mandatory	20
ESRS 2	GOV-3	Integration of sustainability-related performance in incentive schemes	Mandatory	21
ESRS 2	GOV-4	Statement on due diligence	Mandatory	22
ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting	Mandatory	22
ESRS 2	SBM-1	Strategy, business model and value chain	Mandatory	22
ESRS 2	SBM-2	Interests and views of stakeholders	Mandatory	23
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Mandatory	26
ESRS 2	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Mandatory	28
ESRS 2	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Mandatory	28

Standard	Disclosure requirement	Name	Materiality	Page
Climate change				
E1	E1.GOV-3	Integration of sustainability-related performance in incentive schemes	Material	32
E1	E1-1	Transition plan for climate change mitigation	Material	32
E1	E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material	33
E1	E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Material	33
E1	E1-2	Policies related to climate change mitigation and adaptation	Material	33
E1	E1-3	Actions and resources in relation to climate change policies	Material	33
E1	E1-4	Targets related to climate change mitigation and adaptation	Material	33
E1	E1-5	Energy consumption and mix	Material	34
E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Material	34
E1	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Material	34
E1	E1-8	Internal carbon pricing	Material	34
E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Material	–

Standard	Disclosure requirement	Name	Materiality	Page
Pollution				
E2	E2.IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Material	35
E2	E2-1	Policies related to pollution	Material	35
E2	E2-2	Actions and resources related to pollution	Material	35
E2	E2-3	Targets related to pollution	Material	36
E2	E2-4	Pollution of air, water and soil	Material	36
E2	E2-5	Substances of concern and substances of very high concern	Not material	–
E2	E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Material	36

Standard	Disclosure requirement	Name	Materiality	Page
Water and marine resources				
E3		Water and marine resources	Not material	–
E3	E3.IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Mandatory	–

Standard	Disclosure requirement	Name	Materiality	Page
Biodiversity and ecosystems				
E4	E4.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material	37
E4	E4.IRO-1	Description of the processes to identify and assess material biodiversity and ecosystem -related impacts, risks and opportunities	Material	38
E4	E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Material	37
E4	E4-2	Policies related to biodiversity and ecosystems	Material	38
E4	E4-3	Actions and resources related to biodiversity and ecosystems	Material	38
E4	E4-4	Targets related to biodiversity and ecosystems	Material	38
E4	E4-5	Impact metrics related to biodiversity and ecosystems change	Material	38
E4	E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Material	–

Standard	Disclosure requirement	Name	Materiality	Page
Resource use and circular economy				
E5	E5.IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Material	39
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YEAR 2024

Annual review and financial statements

We are developing a new kind of industry in Finland.

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Annual review 1 January – 31 December 2024

Finnish Minerals group in brief

Finnish Minerals Group is a state-owned special-purpose company that also uses the auxiliary business name Finnish Minerals Group. We received our name and current mandate in 2018, which means that 2024 was our sixth full year of operation under our current mandate.

In line with our strategy, (1) we create value through active ownership, (2) we boost value addition by building a Finnish battery value chain, (3) we develop sustainable businesses, and (4) we pave the way for success in the Finnish mining and battery industry. In line with our vision, we are providing access to materials and products that will enable Finland and Europe to achieve climate neutrality. Our basic mission is to sustainably maximise the value of Finnish minerals.

Finnish Minerals Group consists of the following companies: Suomen Malminjalostus Oy, Terrafame Group (including Terrafame Oy and subsidiary Terrafame Alueverkko Oy, later: Terrafame), Sokli Holding Oy (incl. Sokli Oy) and Finnish Chemicals Battery Oy. Finnish Minerals Group's associated companies are Keliber Oy, CNGR Finland Oy, Easpring Finland News Materials Oy and Adven-FMG Sodium Sulphate Holding Oy.

The figures presented for the parent company in the Annual Review comply with the Finnish Accounting Act, while the figures for the Group and Terrafame comply with IFRS accounting standards.

Significant events during the financial period

Market environment

As a whole, market conditions were very challenging in 2024. About 17.1 million (2023: 13.6) electric cars were sold worldwide in 2024. All vehicle categories included, the sales weighted average size of electric car batteries in December 2024 was 51.1 kWh (2023: 52.3 kWh). However, the electrification of transport progressed more slowly than predicted in 2024, and particularly in Europe. Market prices for metals and battery chemicals were clearly lower than in the previous year.

The electric vehicle battery market is divided into NCM and LFP batteries. NCM 811 batteries (which have a high nickel content) had a market share of 22 per cent in December 2024, which was on par with the previous year (23%). LFP batteries had a market share of 52 per cent in December 2024 compared to 41 per cent a year earlier. 8.1 (7.3) million electric vehicles using NCM battery technology were sold during 2024. Sales increased by approximately 11 per cent on the previous year. Sales of LFP electric vehicles increased by about 48 per cent to 8.2 (5.6) million units.

The price of nickel on the London Metal Exchange (LME) was clearly lower in 2024 than in 2023. The average market price for nickel in 2024 was 16,812 USD/t, which was 22 per cent lower than in 2023 (21,474 USD/t).

At the end of 2024, the combined nickel reserves of the London Metal Exchange (LME) and Shanghai Futures Exchange (SHFE), 198,598 tons (2023: 77,923), totalled about 2.5 times more than at the end of 2023. This quantity corresponds to about 3.1 (0.8) weeks' demand. The average EUR/USD exchange rate was 1.08 in 2024 (2023: 1,08).

Operations of Finnish Minerals Group

Our company's operations are organised into two business areas and support functions. In the following sections, we will present our work on raw materials, the battery value chain and R&D during 2024.

Raw materials

Our holdings in the raw materials business area were Terrafame (56.1%), Keliber (20.0%) and Sokli (100%).

Terrafame

Our annual review deals with our subsidiary Terrafame more than our other portfolio companies, as it is our most important asset. In 2024, Sotkamo-based Terrafame produced nickel, cobalt and ammonium sulphates, as well as nickel, cobalt, zinc and copper sulphides. The company also started its new uranium recovery plant in summer 2024.

We were an active participant in the development of Terrafame over the course of the year. Our experts were members of Terrafame's technical, commercial and financial committees, and the steering committee for the battery chemicals plant. We also provided Terrafame with, for example, legal services and EU-related information and services.

Keliber Oy

Our associated company Keliber continued preparations for its lithium hydroxide project with the aim of launching production in 2026. This project includes several mining sites in Central Ostrobothnia, an enrichment plant and a lithium refinery. The construction of the lithium refinery continued in 2024 in a Kokkola Industrial Park. The topping-out ceremony for the enrichment plant in Kaustinen was held in October, after which construction work continued.

The Keliber lithium project received EUR 500 million in green loan financing in August. Its financing arrangement consists of a bank-financed tranche guaranteed by Finnvera as Export Credit Agency (EUR 250 million), a tranche organised by the European Investment Bank (EUR 150 million), and a tranche organised by commercial banks (EUR 100 million).

Our holding in the company is 20.0 per cent. The company's main shareholder is the multinational mining and metals processing group Sibanye-Stillwater.

Adven-FMG Sodium Sulphate Solutions Oy

The joint venture Adven-FMG Sodium Sulphate Solutions Oy aims to provide sodium sulphate management solutions as a service for mining and battery material processes. The company's goal is to develop a solution for recycling sodium sulphate into industrial commodities and significantly reduce the sulphate load on water bodies caused by treated water discharged from plants. The company has completed the construction work required for a pilot, and has been preparing the plant for commissioning. The pilot will pave the way for implementation planning of industrial-scale investments. After a successful pilot, the goal is to agree with customers on processes aimed at making investments.

Sokli Oy

Our wholly-owned subsidiary Sokli's mining project carried out additional and supplementary studies to further analyse the area's mineral potential. In addition to phosphate and iron, the ore in Sokli contains rare earth elements (REE) that are required in the clean transition, the electrification of transport and the defence industry. Other metals and minerals in the deposit include manganese, vermiculite, niobium and uranium.

The results of the preliminary scoping study indicate that Sokli could produce at least 10 per cent of the REE required annually in Europe to make permanent magnets. In addition, Sokli could potentially meet more than 20 per cent of Europe's annual demand for phosphate. Work on the updated mineral resource estimate began in late 2024. The results of the estimate are promising, and particularly for rare earth elements.

During 2024, we continued to test drilling and surveys related to nature and waterways. Ore pumping tests were conducted to assess the material's suitability for processing and transport. The mining concession survey concerning the expansion of the mining concession was completed at the end of 2024, and the appeal period began.

We continued our regular stakeholder dialogue and engagement, particularly with local stakeholders. We organised open house coffee sessions about once a month at our office in Savukoski. We also visited Savukoski Comprehensive School to talk about the mining industry and job opportunities in the sector. In August, we held an open doors event at the Sokli base, where representatives of various stakeholders took part in a panel discussion.

We further developed our safety training and onboarding materials, and regularly informed our stakeholders about the project's progress via digital newsletters, for example. A website for the mining project was launched at the end of the year: www.sokli.fi.

The expansion of our office in Savukoski was completed in summer 2024. Construction and expansion work was also carried out at the Sokli base.

Battery Value Chain

Global sales of electric cars remained strong, although growth was not in line with forecasts. About 17.1 (2023: 13.6) million electric cars and light commercial vehicles were sold worldwide in 2024, which is about 26 per cent more than in 2023. Sales of electric passenger cars and light commercial vehicles declined by 1.2 per cent in Europe.

Battery cell manufacturers have announced investments in gigafactories that will strengthen both the North American and European battery markets. Battery cell production also requires the production of battery materials, and it is this need in particular that Finnish Minerals Group is meeting with its projects.

During 2024, we focused our efforts on the CAM project in Kotka. We also continued preparations for the Vaasa anode material project and the battery cell plant planned for Kotka.

Easpring Finland New Materials Oy

For the Kotka CAM (cathode active material) project, we established a joint venture with our partner Beijing Easpring Material Technology: Easpring Finland New Materials Oy, in which we have a holding of 30 per cent. This associated company submitted an environmental permit application for the project to the Regional State Administrative Agency for Southern Finland in May 2024. The application was processed using the priority procedure for green transition projects, and entered into force in December 2024. The plant's initial-phase design is based on a capacity of 60,000 tons of cathode material per year.

CNGR Finland Oy

We advanced the Hamina pCAM project (precursor cathode active material) with CNGR Finland Oy, in which we have a holding of 40 per cent. In February 2024, CNGR Finland received an environmental permit for a pCAM plant with an initial-phase target capacity of 60,000 tons of precursor material a year. The permit was still being handled by Vaasa Administrative Court in late 2024, and has not therefore entered into force.

Other events

Our project company Finnish Battery Chemicals has signed preliminary agreements with the cities of Hamina and Kotka for industrial sites where pCAM, CAM and cell plants may be established. The plots offer good opportunities for expanding the plants in the future.

In August 2024, we jointly submitted an environmental impact assessment (EIA) report for an anode material plant in Vaasa with our project partner Epsilon Advanced Materials. The assessment was based on a production capacity of 10,000 tons. The second option is to examine a production capacity of 50,000 tons. A reasoned conclusion from the coordinating authority was received in December 2024. According to the reasoned conclusion, the EIA report meets the content requirements of both the Act and Decree on the Environmental Impact Assessment Procedure, and the options studied during the procedure were deemed feasible from the perspective of their environmental impacts.

The EIA report for the planned battery cell plant in Kotka was submitted to the coordinating authority in September. The assessment was based on a production capacity of 60 GWh. According to the reasoned conclusion received in December 2024, the project's EIA report meets the content requirements of both the

Act and Decree on the Environmental Impact Assessment Procedure. During 2024, we continued to look for a partner for the battery cell project.

Research and development activities

Our research and development activities support our company's goals of creating a responsible mineral and battery value chain in Finland. We are working towards a vision of climate neutrality by advancing the development of new technologies and solutions. Our R&D activities are long-term efforts through which we develop more sustainable solutions and seek new business opportunities.

In our business areas, we continued to develop investment projects and actively support our portfolio companies and their related R&D activities. The topics included measures to reduce sodium sulphate emissions from the battery value chain, research into minimising dust emissions from the CAM process and building a runoff management concept, building an R&D portfolio for Sokli to support the project's concept development, developing a nickel refinery concept, and defining the factors affecting the sustainability of mining projects.

Our focus areas were related to REE and and next-generation battery technologies and the raw materials required for them. We continued R&D work in these areas via our own projects. The driving force in our long-term business development work is sustainability and responsibility perspectives. Our goal is to reduce both Finland's and Europe's dependence on imported critical raw materials, and to diversify our company's business operations.

The BatCircle 2.0 project ended in August 2024. In late 2024, Business Finland granted funding for BatCircle 3.0, a consortium that we also participate in via our own corporate project. This project advances research into battery material refining, new battery technologies and circular-economy solutions. We were involved in national research collaboration in the BatCircle2.0 and SecRes research consortia via our own corporate project. We also participated in the LITHOS EU framework programme, which is developing lithium recovery in the EU.

Cash flow and financing

In 2024, the Group's cash flow from operating activities was EUR 39.6 million (2023: 31.1), of which change in net working capital comprised EUR 3.2 million (2023: –39.3). Cash flow from investment activities was EUR –191.9 million (2023: –194.7).

At the end of 2024, the Group's cash and cash equivalents totalled EUR 52.3 million (2023: 25.6). Group's total assets amounted to EUR 1,565.5 million (2023: 1,408.6) on 31 December 2024. Year-end inventories totalled EUR 318.7 million (2023: 313.3). Trade receivables totalled approximately EUR 73.3 (2023: 48.9) at the end of the financial period. Other receivables totalled about EUR 11.5 million (2023: 13.8). Prepaid expenses and accrued income totalled approximately EUR 51.2 million (2023: EUR 78.1).

Shareholders' equity stood at EUR 844.8 million on 31 December 2024 (2023: 895.9). Total liabilities amounted to EUR 504.0 million (2023: 292.9). The balance sheet also includes a rehabilitation provision for mine closure and environmental clean-up costs totalling EUR 216.7 million (2023: 219.7).

At the end of the financial year, Group's equity ratio stood at 54.0 per cent (2023: 63.6%), and its net gearing was 34.0 per cent (2023: 14.3%). Terrafame continued cash flow hedging against the weakening of the US dollar and a decline in metal prices during the 2024 financial period in line with the company's hedging policy.

The Group raised loans amounting to EUR 264.3 million during the year. The strengthening of Terrafame's financial position that was announced in February 2025 has been explained in the section "Events after the balance sheet date".

Terrafame's significant events during the financial period

Production and deliveries

Terrafame aims to promote low-carbon mobility with the aid of sustainably produced battery chemicals. Terrafame's net sales decreased by 2.9 per cent to EUR 544.5 million (2023: EUR 560.9 million). The net sales of the battery chemical business were EUR 196.7 million (2023: 167.5), which accounted for 36.1 per cent (2023: 29.9%) of the company's net sales. Net sales in the metal intermediates business totalled EUR 347.8 million (2023: 393.4). Battery chemical production was higher than in the previous year, and achieved a quarterly record in the final quarter.

In late 2024, the company signed a supply agreement, which allowed the increased stocks of battery chemicals to be reduced. The company had previously signed agreements to supply the vehicle manufacturer Stellantis N.V. with nickel sulphate for EV batteries, and to supply the circular-economy material specialist Umicore with nickel for its cathode material plant. The company also continued to sell nickel-cobalt sulphide and zinc sulphide. In June 2024, Terrafame was the first company in Europe to start the ramp-up of uranium production as a by-product.

Occupational safety

The most significant occupational safety risks In Terrafame's operations are associated with maintenance, construction work, heavy machinery and the use of chemicals. However, most injuries are sustained during normal installation work or as a result of slipping and falling in the yard, for example.

Long-term collaboration between Terrafame and its partner companies to improve occupational safety have resulted in a decrease in our partner companies' accident frequency rate during the financial period. The accident frequency rate for Terrafame's own personnel increased slightly.

The 12-month accident frequency rate (that is, the number of lost-time accidents per million hours worked) was 5.2 (2023: 4.5) for Terrafame employees and 4.9 (2023: 4.8) for everyone working in the industrial area.

Environment

In 2024, the metal and sulphate concentrations and sulphate load of discharge water complied with the terms and conditions of the environmental permit. The discharge of sulphates into water bodies is one of the main environmental impacts of Terrafame's production activities, which is why the company has developed a more efficient way of reusing spent sulphate in its processes. The environmental permit has a sulphate quota of 17,000 tons, of which 12,424 tons were used in 2024 (2023: 11,056 tons). The increase in sulphate emissions during 2024 was due to higher volumes of treated water being discharged. However, the load was still clearly below the annual permitted limit.

Terrafame's key environmental risks are related to the management of solution circulation of bioleaching and water management. In its daily operations, the company places a high priority on ensuring the environmental safety of the process water used in bioleaching. In 2024, 99 percent of process solution sulphate was recycled back into the circulating leaching solution.

For several years, Terrafame has been conducting experiments in secondary leaching and waste rock areas to find the best ways of closing down these areas at the end of their operational life. The company launched the closure of its KL2 waste rock area in 2024. In late 2024, Terrafame submitted a comprehensive closure plan to the authorities, including advanced closure models and their environmental impacts.

Terrafame also carried out remediation measures in Lake Salminen, which had been assigned to the public receiver of the previous operator of the industrial area.

In 2024, the company introduced a new energy management system to reduce electricity and thermal energy consumption. The company has set the target of achieving carbon neutrality in its operations by 2039.

Permit matters

In June 2022, Terrafame announced that an environmental permit application for the ore deposit in Kolmisoppi and the expansion of the mining concession had been submitted to the Northern Finland Regional State Administrative Agency (RSAA). Kolmisoppi is a second, untapped ore deposit located in Terrafame's mining concession. With Kolmisoppi included, the largest nickel ore reserves in Europe are located in Terrafame's mining concession in Sotkamo. Zinc, cobalt, copper and uranium are being extracted from the ore in addition to nickel. Since 2021, nickel and cobalt have been refined at the company's plant in order to produce battery chemicals for use in electric vehicle batteries.

On 17 February 2023, the RSAA ruled that it would not process the permit application for the Kolmisoppi project. The key obstacle to processing the application with the scope submitted in June 2022 was that the project requires a procedure that would deviate from the water management plan's environmental targets, and therefore requires a legal amendment that is still being drafted.

Terrafame decided to change its plans for the Kolmisoppi project so that it will proceed in two phases. Phase 1 involves submitting a permit application to utilise the ore deposit in the Kolmisoppi land area, with mining taking place in 2028–2033. The phase 1 permit application was submitted to the RSAA in summer 2023. Phase 2 involves submitting a permit application to expand the open pit to the water area, with mining taking place in 2040—2050. In 2033–2040, mining will take place in the existing Kuusilampi open pit.

In August 2024, Terrafame applied for its Kolmisoppi ore deposit to be recognised as part of a strategic supply chain as specified in the EU Critical Raw Materials Act (CRMA). The application has progressed and a decision is expected in early 2025.

Terrafame received two rulings from Vaasa Administrative Court (VAC) in December 2024. One relates to the environmental and water management permit for the company's operations as a whole (the so-called main permit), while the other relates to the KL1 waste rock area. The rulings issued by Vaasa Administrative Court (VAC) in December approved an increase in the annual ore extraction volume to 18 million tons, but limited waste rock extraction to 30 million tons per year. The VAC's decisions partially limited the construction and use of a new secondary leaching area (SEK5–8) and a new waste rock area (KL1). In late 2024, Terrafame prepared an appeal to the Supreme Administrative Court against the VAC's decision.

Financial review and key figures

Finnish Minerals Group (consolidated)

Finnish Minerals Group's net sales for the 2024 financial year totalled EUR 544.5 million (2023: 561.1), with an EBITDA of EUR 62.2 million (2023: 94.6) and an operating result of EUR –18.9 million (2023: 31.5). The Group's result before taxes was EUR –45.5 million (2023: –5.8). The result for the financial year was EUR –52.2 million (2023: –10.6). The consolidated balance sheet total for Finnish Minerals Group was EUR 1,565.5 million (2023: 1,408.6).

The Group's return on equity was –6.0 per cent (2023: –1.5%) and its equity ratio was 54.0 per cent (2023: 63.6%). The Group's equity totalled EUR 844.8 million (2023: 895.9), including non-controlling interests worth EUR 322.2 million (2023: 355.2). Liabilities amounted to EUR 504.0 million (2023: 292.9) and provisions EUR 216.7 million (2023: 219.7). The total amount of debt was EUR 339.4 million (2023: 153.7), of which EUR 71.4 million (2023: 112.3) were current and EUR 268.1 million (2023: 41.4) were non-current liabilities.

The Group used EUR 211.1 million (2023: 138.2) in Terrafame's investments during 2024. Of this, EUR 51.5 million (2023: 25.7) was spent on improving productivity and increasing capacity, while EUR 159.6 million (2023: 112.4) was invested in sustaining capital expenditure.

The most significant investments in productivity improvement and capacity growth were related to the preparing of uranium recovery as well as preparatory work related to the exploitation of the Kolmisoppi ore deposit.

Sustaining capital expenditure mainly consisted of preparatory work related to the exploitation of the next sections of the Kuusilampi mine. Other significant sustaining capital expenditure included the start of the construction of a new section of the waste rock area, and preparatory work for the new secondary sections (5–6). Mining equipment was also significantly renewed.

Terrafame

In the 2024 financial period, the net sales of Terrafame totalled EUR 544.5 million (2023: 560.9), with an EBITDA of EUR 66.3 million (2023: 100.6), and an operating result of EUR –12.6 million (2023: 37.9). Terrafame's total assets amounted to EUR 1,451.9 million (2023: 1,307.2).

Shareholders' equity amounted to EUR 733.9 million on 31 December 2024 (2023: 809.0). The total amount of debt was EUR 501.3 million (2023: 278.5). The balance sheet also includes a EUR 216.7 million (2023: 219.7) rehabilitation provision for mine closure and environmental clean-up costs. At the end of the financial period, the equity ratio stood at 50.5 per cent (2023: 61.9%) and net gearing at 40.7 per cent (2023: 15.6%).

The Finnish Minerals Group's key figures

Consolidated	2024		2023	
Net sales	544.5	EUR million	561.1	EUR million
EBITDA	62.2	EUR million	94.6	EUR million
Operating profit/loss	–18.9	EUR million	31.5	EUR million
Operating profit, %	–3.5	%	5.6	%
Profit/loss for the year	–52,2	EUR mllion	–10.6	EUR million
Earnings per share (EPS)	–54.24	EUR	–14.71	EUR
Equity ratio	54.0	%	63.6	%
Total assets	1,565.5	EUR million	1,408.6	EUR million
Wages and salaries	52.5	EUR million	49.1	EUR million
Average number of personnel	911	people	864	people

Parent company	2024		2023	
Net sales	2.4	EUR million	1.9	EUR million
EBITDA	0.2	EUR million	–5.7	EUR million
Operating profit/loss	–4.3	EUR million	–5.8	EUR million
Operating profit, %	–181.8	%	–303.5	%
Equity ratio	90.9	%	89.7	%
Total assets	731.1	EUR million	707.5	EUR million
Wages and salaries	3.6	EUR million	3.3	EUR million
Average number of personnel	37	people	34	people

Key figure calculation formulas

Equity ratio % $$\frac{100 \times \text{equity}}{\text{Total assets} - \text{advances received}}$$

EBITDA Operating profit + depreciation + amortization + impairment

EBITDA, or earnings before interest, taxes, depreciation, and amortization, is an Alternative Performance Measure (APM) defined by the European Securities and Markets Authority (ESMA), which Finnish Minerals Group uses in its reporting as a measure of the company's overall financial performance. EBITDA provides users of the company's financial statements with useful additional information, and the company's management monitor this key performance measure internally.

Non-financial information

We develop our corporate responsibility on the basis of the ISO 26000 standard and the Government Resolution on State Ownership Policy. Our work is also linked to the UN Sustainable Development Goals. Our aim is to determine our responsibility in various situations, and to identify stakeholders that are affected by the Group's operations.

Corporate responsibility is managed internally by the Board of Directors, which also approves the company's strategy, ethical principles, policies and objectives. Sustainability and compliance are linked to the work done by executives and other employees with the aid of incentive systems and their associated metrics.

In 2024, we have drawn up a separate, Group-level sustainability practice report that complies with the CSR Directive. Our goal has been to analyse the available information, develop Group-level collaboration and update our reporting process.

The practice report has neither been verified nor approved by the Board, as the report was not mandatory for 2024.

The main sustainability-related events of 2024 are presented below.

Environmental responsibility

In 2024, we updated our strategy and defined new priorities for sustainability. We are working to achieve climate neutrality by 2035, halt net biodiversity losses by 2030, and optimally utilise the potential afforded by the circular economy, recycling and resource efficiency.

In late 2024, we began preparing the Group's transition plan for mitigating climate change. We also recognise that mining can have negative impacts on biodiversity through land use. Our goal is to develop a biodiversity transition plan as our mining project in Sokli progresses.

Terrafame in particular has been advancing the circular economy. The company and its partner continued their efforts to utilise recycled metals from electric vehicle batteries in the battery chemical plant's production processes. We also continued collaboration with our associated company Adven-FMG Sodium Sulphate Solutions Oy, which aims to recycle sodium sulphate into industrial chemical commodities. We completed the construction of a pilot and demonstration plant for commissioning.

Terrafame received two rulings from the Administrative Court in late 2024. One related to the environmental and water management permit for the company's operations as a whole (the so-called main permit) and the other to the KL1 waste rock area. Although the company was satisfied that the ore mining volume can be increased to 18 million tons per year, there were other points against which the company is preparing an appeal to the Supreme Administrative Court.

Our associated company, Keliber Oy, received EUR 500 million in green loan financing, which will enable the company to complete the construction of the mine and lithium refinery and launch production of battery-grade lithium hydroxide. The financiers include the European Investment Bank, as lithium is a critical raw material for Europe's clean transition. In early 2024, the Administrative Court returned certain sections of the environmental permit for the company's Rapasaari mine and Päiväneva enrichment plant to the permit authority for further review. However, construction of the enrichment plant continued as planned on the basis of its current environmental permit.

The Sokli mining project continued to collect initial data on the condition of the environment. This included monitoring fish stocks and water bodies, and mapping vegetation. Groundwater studies and water quality measurements were carried out in ponds and lakes in both Sokli and the surrounding area. The company also applied for a research permit for trial replants and sowing of marsh saxifrage. The permit was obtained in early 2025.

We prepared an environmental permit application for the planned CAM plant in Kotka, which was submitted in May under the name of our associated company Easpring Finland New Materials Oy. The permit application was processed by the permitting authority using the priority procedure for green transition projects. As no appeals against the plant's environmental permit were received during the autumn, the permit entered into force at the beginning of December.

The pCAM plant that is being planned in Hamina by our associated company CNGR Finland Oy received an environmental permit from the permitting authority. Complaints are currently being handled in the Administrative Court and no ruling was received during 2024. The company's preliminary plans also include a recycling and refining plant that would utilise black mass (that is, pre-processed recycled battery material) from Europe.

During the year, we also completed the EIA procedure for an anode project in Vaasa with Epsilon Advanced Materials Oy. We also completed the EIA procedure for a planned battery cell plant in Kotka without a partner.

Social responsibility and human resources

When it comes to social responsibility, we want to be an upstanding member of the community and develop occupational safety in line with our strategy. In 2024, we collaborated with communities all the way from global to local level. Our Group-level goal for occupational safety is to have an accident frequency rate of less than five and descending, with a long-term goal of zero lost-time accidents. Continuous work to enhance occupational safety was carried out at Terrafame and in Sokli in particular.

Through the Global Battery Alliance (GBA), we were involved in advancing the introduction of the battery passport in the EU, and in developing indicators for its introduction. At European level, we participated in the activities of Euromines (the umbrella association for the mining industry) and supported the association's 2024–29 target programme to accelerate the implementation of the Critical Raw Materials Act (CRMA). In the association's view, Europe could secure 20–30 new strategic mining projects in Europe by 2030. Through the Batteries European Partnerships Association (BEPA), we were involved in defining the European

Commission's funding frameworks. In the European Raw Materials Alliance (ERMA), we advocated for our portfolio companies to be designated as EU strategic projects. As a member of the Rare Earth Industry Association (REIA), we were involved in the development of a sustainable value chain for rare earth elements.

In Finland we were involved in preparatory work for a national mineral strategy. Jani Kiuru, who leads our Raw Materials business area, was a member of the steering group. Finland's mineral strategy was completed in late 2024. It aims to secure the availability of critical raw materials in particular, and also to develop operating conditions in the minerals sector in Finland. We also participated in a variety of working groups run by the Finnish Mining Association, and in the activities of the Finnish Battery Industries which was once again chaired by the company's CEO, Matti Hietanen.

Local stakeholder engagement was primarily carried out in the Sokli mining project and Kotka CAM project. Regular coffee sessions and and an open doors event were organised for locals alongside separate meetings for different kinds of stakeholders. The CAM project hosted several events for neighbours in collaboration with the City of Kotka and the regional development company Cursor. Presentations about the project were also given at a number of local seminars. We also engaged local stakeholders during the EIA procedures for the Vaasa anode project and Kotka battery cell plant.

Our own operations continued to be organised into two business areas: Raw Materials and Battery Value Chain. In 2024, the group's average number of employees was 911. At the end of the year, Finnish Minerals Group and its wholly owned subsidiaries had 50 employees (2023: 42), of which four had fixed-term contracts. We also hired several summer employees. When examined by team, the greatest increase in personnel was seen in the Sokli mining project, which also made use of the parent company's human resources. According to the results of our barometer, job satisfaction remained at a good level.

About 2,000 people were regularly employed on Terrafame's industrial site during 2024. The company employed 793 people (2023: 842) at the end of the year. During the review period, an average of 1,217 (2023: 1,038) employees (full-time equivalent, FTE) worked on the industrial site through partner companies and subcontractors.

Personnel employed by Finnish Minerals Group and its wholly owned subsidiaries took 142 days of sick leave in 2024. There were no lost-time accidents involving the company's own personnel, but two such accidents occurred to contractors in the Sokli mining project. Sokli Oy elected its first occupational safety representative in 2024, and the occupational health and safety committee, which started as a joint body for the parent company and Sokli, focused on the parent company's issues.

Feedback channels were renewed in 2024. An outsourced whistleblowing channel for our own personnel and employees of our partner companies was introduced and included on the websites of both the parent company and Sokli. Feedback was also received from the general public through separate feedback channels. In 2024, we received one grievance report whose internal investigation resulted in a revision of our procurement procedure. Feedback from the general public concerned issues related to a variety of projects, such as technical solutions and recruitment decisions.

Remuneration of the Board of Directors and other executives

The Finnish Minerals Group has published a description of the company's remuneration policy on its website at www.mineralsgroup.fi. In our company, remuneration is a management tool that supports the implementation of the company's strategy and the achievement of business targets. Our remuneration practices follow the instructions of our state-owner.

The monthly fees paid in 2024 were EUR 3,000 to the Chair of the Finnish Minerals Group's Board of Directors, EUR 2,000 to the Vice Chair and each Chair of a Committee, and EUR 1,500 to other Board members. In addition to the monthly fees, a meeting fee of EUR 600 was paid for each Board and committee meeting attended. The Finnish Minerals Group's Board of Directors held a total of 12 meetings in 2024 (2023: 12), and also made some written decisions without holding meetings. The HR Committee met five times (2023: 3), the Sustainability Committee four times (2023: 5) and the Audit Committee six times (2023: 8).

The monthly fees paid to Board members totalled EUR 167,500 (2023: 155,100), and meeting fees totalled EUR 76,800 (2023: 77,700). No performance-based compensation or fees were paid to Board members.

Board members do not own shares in the company and the company has no option scheme.

Remuneration of the Board of Directors

(EUR)	Monthly fees	Attendance fees	Total remuneration	Board meetings	Committee meetings
Lång Jan	27,000	7,800	34,800	9/9	6/6
Huhtala Olavi	24,000	9,600	33,600	12/12	5/5
Korhonen Ilpo	21,500	11,400	32,900	12/12	8/8
Kytömäki Riku	13,500	6,600	20,100	9/9	5/5
Lundström Ilona	10,500	6,600	17,100	7/7	6/6
Ohtola Jukka	18,000	10,200	28,200	12/12	6/6
Smedsten Minna	10,500	4,800	15,300	7/7	4/4
Uotila Taru	17,000	6,000	23,000	9/9	3/3
Until March 28, 2024:					
Kummu Antti	9,000	3,600	12,600	3/3	2/2
Anttila Pauli	6,000	4,200	10,200	3/3	2/2
Kankaanpää Teija	4,500	3,000	7,500	3/3	1/1
Ruokonen Eeva	6,000	3,000	9,000	3/3	1/1
Total remuneration 2024	**167,500**	**76,800**	**244,300**		

Meeting fees for December 2023 Board of Directors meeting were paid in January 2024.
Meeting fees for October 2024 Board of Directors meeting were paid in February 2025.
Meeting fees for December 2024 Board of Directors and Audit Committee meetings were paid in January 2025.

Jan Lång was elected as the new Chair of the Board at the Annual General Meeting of 28 March 2024. Kytömäki, Uotila and Lundström were elected as new members of the Board as of 1 June 2024. Smedsten was elected as a new member at the Extraordinary General Meeting of 11 June 2024.

Kummu, Anttila, Kankaanpää and Ruokonen were members of the Board until the Annual General Meeting.

Apart from the parent company Finnish Minerals Group and its subsidiary Terrafame, no compensation or fees were paid to the members of the boards of directors of other Group companies. Terrafame (a subsidiary) makes its own report on the remuneration paid to the company's executives and Board members.

The remuneration paid to the CEO of the Finnish Minerals Group consisted of a fixed salary, phone and meal allowances, and a performance bonus of up to 30 per cent of the CEO's annual salary. The CEO is not covered by a contribution-based or other additional pension insurance. CEO Matti Hietanen does not own shares in the company, and the company has no option scheme.

The total remuneration, excluding performance bonuses, paid to CEO Matti Hietanen in 2024 was EUR 216,240 (2023: 216,240). He also received a performance bonus of EUR 28,634 (2023: 32,434). The total remuneration paid to other members of the Executive Leadership Team was EUR 828,226 (2023: 839,612). Performance bonuses for 2023 accounted for EUR 98,121 of this amount.

The performance bonuses to be paid for 2024 are EUR 26,717 to the CEO and EUR 76,777 to the other members of the Executive Leadership Team.

Corporate Governance Statement

Introduction

Finnish Minerals Group's decision-making and governance complies with current applicable legislation, such as the Limited Liability Companies Act, the Accounting Act and the company's Articles of Association. Finnish Minerals Group also complies with the Government Resolution, which specifies how Corporate Governance issues must be handled in state-owned companies and state affiliates (the resolution is publicly available in the Government's material bank), the corporate governance code issued to the company, and the policies and guidelines adopted by the company's Board of Directors, which directly apply to both the parent company and its wholly owned Group companies.

This Corporate Governance Statement complies with the applicable sections of the Securities Market Association's Finnish Corporate Governance Code for Listed Companies, which entered into force on 1 January 2025. The 2025 Finnish Corporate Governance Code can be read in full at www.cgfinland.fi. The Corporate Governance Statement has been reviewed by Finnish Minerals Group's Board of Directors. The statement has been drawn up as part of the Annual Review for the financial period 1 January–31 December 2024.

Administrative bodies

The General Meeting of Shareholders, the Board of Directors and the CEO are responsible for Finnish Minerals Group's administration and operations.

General Meeting of Shareholders

The General Meeting of Shareholders is the company's highest decision-making body. The General Meeting of Shareholders makes decisions on the matters assigned to it in the Limited Liability Companies Act, such as approving the financial statements, profit distribution, releasing the members of the Board of Directors and the CEO from liability, the fees paid to Board members and the auditor, the bases for reimbursement of travel costs, and the number of members of the Board of Directors. The General Meeting of Shareholders also elects the members of the Board of Directors, the Chair and Vice Chair of the Board, and the auditor. The Board of Directors convenes the General Meeting and ensures that its resolutions are duly implemented.

An Annual General Meeting shall, in accordance with the Articles of Association, be held annually on a date determined by the Board of Directors within six months of the end of the financial period.

The 2024 General Meeting of Shareholders was held on 28 March 2024. An Extraordinary General Meeting was held on 11 June 2024.

Board of Directors

Finnish Minerals Group's Annual General Meeting annually elects at least three and no more than nine members to the Board of Directors. The selection of these Board members must follow the diversity guidelines issued by the Government Resolution.

The Board of Directors has adopted rules of procedure in which the Board's main tasks and operating principles have been recorded. In accordance with the Limited Liability Companies Act, Finnish Minerals Group's Board of Directors is responsible for our company's governance and the appropriate organisation of its operations. The Board of Directors must also ensure that the company's accounting and financial administration are appropriately organised and supervised. The Board of Directors is also responsible for the company's strategic development, the steering and supervision of its business operations, and any decisions regarding the company's key operating principles. The Board of Directors is responsible for promoting the interests of the company and its shareholders. The Board of Directors steers and supervises the company's operative management.

Key content of Board's rules of procedure

The rules of procedure cover the following areas: the composition and selection of the Board of Directors, the Board's duties, the Chair's duties, cooperation between the Chair of the Board and the CEO, the CEO's duties, the Board's decision-making procedure, disqualification, Board meetings, the policy on taking minutes, an assessment of the Board's activities, Board committees, the remuneration paid to Board members, and confidentiality and non-disclosure.

The Board's responsibilities include determining the company's strategic and financial objectives and budget, deciding on significant investments and divestments, and appointing the company's CEO and those reporting to the CEO.

Board meetings

The Board of Directors meets in accordance with a preset schedule. It can also hold additional meetings as necessary, which may also be telephone meetings. In accordance with the Limited Liability Companies Act, the Board of Directors can also make decisions without holding meetings. At least one strategy meeting must be held annually to, among other things, approve the company's long-term strategic objectives. The Board of Directors carries out an annual self-assessment of its activities.

Board of Directors 2024

At the 2024 Annual General Meeting, Olavi Huhtala, Ilpo Korhonen and Jukka Ohtola were reelected as Board Members. Jan Lång, Riku Kytömäki, Ilona Lundström and Taru Uotila were elected as new members. Minna Smedsten was elected to the Board of Directors at the Extraordinary General Meeting. Jan Lång was elected Chair of the Board and Olavi Huhtala was elected Vice Chair.

Finnish Minerals Group's Board of Directors assesses the independence of its members on an annual basis. All members of the Board are independent of the company and its shareholder, except Jukka Ohtola, who is not independent of the shareholder.

Name	Gender	Year of birth	Education	Main occupation 31 Dec 2024
Jan Lång, Chair	man	1957	MSc (Econ)	Board professional
Olavi Huhtala, Vice Chair	man	1962	BSc (Eng)	Head of SSAB Europe
Ilpo Korhonen	man	1964	BSc (Eng), eMBA	CEO, VAK Oy
Riku Kytömäki	man	1971	MSc (Tech)	Board professional
Ilona Lundström	woman	1976	DSc (Admin)	Board professional
Jukka Ohtola	man	1967	MSc (Econ), CEFA	Senior Ministerial Adviser, Prime Minister's Office
Minna Smedsten	woman	1976	MSc (Econ)	CFO, Tietoevry Banking, Tietoevry Oyj
Taru Uotila	woman	1970	LL.M	SVP, Legal, HR and Sustainability, Aspo Plc

Antti Kummu (Chair), Pauli Anttila, Teija Kankaanpää and Eeva Ruokonen were members of the Board until the Annual General Meeting of 28 March 2024.

Board Diversity

In accordance with the 2024 Government Resolution on State Ownership Policy, the key criteria for selecting Board members are: the candidates' experience and expertise, the members' mutually complementary competencies, competence in corporate responsibility, the company's strategic position, and ensuring the Board's diversity, diverse competence and teamwork ability. The composition of the Board of Directors must be balanced in terms of gender distribution and must comply with the Government's equality targets, according to which both the number of male and female government-appointed Board members must not be less than 40 per cent. The gender distribution of Finnish Minerals Group's Board of Directors therefore complies with the Government's equality target.

In order to promote effective dialogue and objective decision-making, the Board seeks to ensure both independence and diversity, including gender diversity. The Board of Directors appropriately addresses any applicable regulatory requirements for diversity.

The members of Finnish Minerals Group's Board have diverse backgrounds and a broad range of professional experience, both at companies in different industries and on their boards of directors. Board members have different areas of expertise and extensive leadership experience. Both genders are represented on the Board of Directors. All members of the Board are Finnish. At the end of 2024, the composition of the Board of Directors was 62.5% men and 37.5% women.

Board work 2024

The Board held 12 meetings in 2024. The Board also held two written meetings. The Finnish Minerals Group's legal counsel or their substitute acts as Secretary to the Board.

Members attendance at meetings

	Attendance at Board meetings	Audit Committee	Responsibility Committee	Personnel Committee
Jan Lång, Chair	9/9		3/3	3/3
Olavi Huhtala, Vice Chair	12/12			5/5
Ilpo Korhonen	12/12	6/6		2/2
Riku Kytömäki	9/9	5/5		
Ilona Lundström	7/7		3/3	3/3
Jukka Ohtola	12/12	6/6		
Minna Smedsten	7/7	4/4		
Taru Uotila	9/9		3/3	
Until March 28, 2024:				
Antti Kummu	3/3			2/2
Pauli Anttila	3/3	1/1	1/1	
Teija Kankaanpää	3/3		1/1	
Eeva Ruokonen	3/3		1/1	

The composition and activities of Committees appointed by the Board of Directors

The Board of Directors elects an Audit Committee, HR Committee and Sustainability Committee from among its members. These Committees assist the Board in the preparation of matters assigned to the Board of Directors. The Committees report to the Board on a regular basis. The Board of Directors has approved the rules of procedure under which the Committees operate. In 2024, the HR Committee held five meetings, the Sustainability Committee four meetings, and the Audit Committee six meetings.

Audit Committee

The Audit Committee supervises the financial reporting process and assesses the effectiveness of internal controls, the internal audit and risk management systems. It also supervises the financial statement reporting process and the statutory audit of the financial statements and consolidated financial statements, and assesses the auditor's independence. The Audit Committee prepares a proposal on the choice of auditor, keeps in contact with the auditor and, if necessary, asks the auditor to prepare reports on matters within the scope of the Committee's duties. The Committee also discusses profitability estimates for the company's major investment projects.

The Audit Committee consists of the chair and three members that are elected by the Board of Directors from among its members on an annual basis. The members of the Committee must have the necessary qualifications. On 31 December 2024, the Audit Committee consisted of Ilpo Korhonen (Chair) and members Minna Smedsten, Riku Kytömäki and Jukka Ohtola. Until the Annual General Meeting of 28 March 2024, the Audit Committee consisted of Pauli Anttila (Chair) and members Ilpo Korhonen and Jukka Ohtola.

Responsibility Committee

The Responsibility Committee is responsible for preparing and supporting the implementation of the company's corporate responsibility policy. The Committee regularly assesses the up-to-dateness of the sustainability policy, and prepares proposed amendments for the Board of Directors to review as necessary. It also supports senior executives and ensures that they take sustainability perspectives into account. The Responsibility Committee prepares and assesses the sustainability criteria and reporting practices that are applicable to both the company and its portfolio companies. The Committee also assesses the need for strategic initiatives on the basis of stakeholder feedback and public debate.

The Committee consists of a Chair and two members elected by the Board of Directors from among its members on an annual basis. On 31 December 2024, the Committee consisted of Taru Uotila (Chair) and members Ilona Lundström and Jan Lång. Until the Annual General Meeting of 28 March 2024, the Committee consisted of Eeva Ruokonen (Chair) and members Teija Kankaanpää and Pauli Anttila.

Personnel Committee

The Personnel Committee is responsible for preparing matters related to the appointment of the CEO, Deputy CEO and other executives, and also for seeking their successors. The Committee will also assess and prepare the company's remuneration structure and monitor the performance of incentive schemes.

The Personnel Committee will prepare the criteria for incentive schemes and, when deciding on whether or not to pay incentives, will assess whether these criteria have been met. It is responsible for preparing other terms and conditions of employment and financial benefits for the CEO, Deputy CEO and personnel, and also for supporting the company's HR policy.

The Personnel Committee consists of a chair and two members elected by the Board of Directors from among its members on an annual basis. On 31 December 2024, the Committee consisted of Jan Lång (Chair) and members Ilona Lundström and Olavi Huhtala. Until the Annual General Meeting of 28 March 2024, the Committee consisted of Antti Kummu (Chair) and members Olavi Huhtala and Ilpo Korhonen.

Governance

CEO

The CEO is responsible for the company's routine administration in accordance with the instructions and orders issued by the Board of Directors. In addition to handling the routine management of the company and Group, the CEO is responsible for preparing and presenting the Group's strategy and action plans to the Board for approval. The CEO is also responsible for presenting matters to be decided on by the Board of Directors. The CEO is responsible for ensuring that the company's accounting complies with legislation and that the company's financial management has been reliably organised. The exact division of labour between the CEO and the Board of Directors is described in the Board's rules of procedure. The CEO's remuneration and other terms and conditions of employment are described in this report under the section "Remuneration of the Board of Directors and other executives".

On 31 December 2024, the CEO of the Finnish Minerals Group was Matti Hietanen, born 1977, MSc (Econ), LL.M (trained on the bench).

Executive Leadership Team

The composition of Finnish Minerals Group's Executive Leadership Team is approved by the Board of Directors on the basis of a presentation made by the CEO. The Leadership Team's main objectives are to form a shared overview of the current situation, implement the company's strategy and support the company's management. Key tasks include sharing information, ensuring good information flow, implementing the company's business plans and strategy, and carrying out strategy work in accordance with the Board's guidelines. The Leadership Team also plans and allocates resources, provides general managerial support, prepares matters for the Board to review and implements the Board's decisions.

The Executive Leadership Team meets regularly at the invitation of the CEO in accordance with the meeting schedule. The Leadership Team met 22 times in 2024.

During the 2024 financial year, the Executive Leadership Team consisted of the CEO plus Timo Kärkkäinen (VP, Investments and M&A), Jani Kiuru (SVP, Raw Materials), Timo Strengell (SVP, Battery Value Chain), Sini Eskonniemi (VP, Innovation and Technology Development), Aapo Nikunen (CFO, until 4 October 2024) and Katri Kauppila (VP, People and Communications).

Control systems

Finnish Minerals Group's Board of Directors is responsible for organising internal control, risk management and internal audits. The Board of Directors has approved the internal control and risk management principles that must be followed within the company.

Internal control and risk management

The up-to-dateness of the company's risk management policy is assessed and updated as necessary on an annual basis. The risk management policy followed by Finnish Minerals Group and its wholly owned companies is discussed by Finnish Minerals Group's Board of Directors as part of the strategy process. Continuous risk management is implemented in the company's business operations and strategic projects. The company's risk management policy was updated in 2024 to reflect the Government Resolution of 23 May 2024.

The CEO of Finnish Minerals Group holds overall responsibility for risk management. A designated member of the Executive Leadership Team is responsible for the organisation, planning, development, coordination and monitoring of the risk management strategy; its mobilisation and related communications within the Group; and the assessment of Group-level risks. The heads of business areas identify, assess, and monitor the most significant risks to strategic projects within their area of responsibility, make plans to address them, and handle the implementation and supervision of risk management. The Board of Directors and CEO of each Group company are responsible for organising internal control, risk management and internal auditing within their company.

The parent company also has an internal audit policy that is approved by the parent company's Board of Directors. The internal audit is an integral part of the parent company's risk management process. The internal audit helps Finnish Minerals Group to achieve its objectives by providing a systematic, risk- and strategy-based approach to assessing and developing the effectiveness of the organisation's administration, risk management, internal control and management processes. The Audit Committee plans and prepares the internal audit themes for the Board to decide upon, and monitors and supervises the progress of the audit. The Board of Directors is provided with an overview of the internal audit's status at least once a year.

The internal audit uses the Institute of Internal Auditors' (IIA) standards and ethical guidelines, which require a professional internal audit and an assessment of the effectiveness of the audit function. The company's CFO is responsible for the practical assessment of the internal audit. The internal audit prepares a written report after each internal audit task. The internal audit is responsible for monitoring observations and recommendations. Measures related to significant observations will be monitored until they have been completed.

In their own operations, Group companies comply with their internal guidelines and any applicable environmental, chemical and other permits. In its ownership role, Finnish Minerals Group ensures that its subsidiaries have appropriate EHQS organisations, monitoring and operating models in place, and also endeavours to ensure that these practices are implemented in its associated companies.

The Group had no open lawsuits in 2024.

Shares and shareholders

The State of Finland owns Finnish Minerals Group's entire share capital that on 31 December 2024 consisted of 588,408 shares. Each share entitles its holder to one vote.

Related-party transactions

Finnish Minerals Group and its majority-owned subsidiary Terrafame Oy ("Terrafame") comply with all applicable current legislation. The relevant recommendations in the Finnish Corporate Governance Code are also followed.

This approach provides rules for the approval, review and disclosure of related-party transactions to ensure that all transactions involving persons related to Group companies are conducted independently and on a market basis. The companies assess and supervise related-party transactions to ensure that they are made in the best interests of the Group, and that any potential conflicts of interest are appropriately considered when making decisions about related-party transactions. The related-party policy is followed throughout the Group and in all decision-making involving Group companies.

Any significant related-party transactions involving Group companies are made at the discretion of the Group company's Board of Directors. A decision on whether approval is required from the Board of Directors will be made on a case-by-case basis on the basis of a thorough review. The people carrying out this review will include the persons responsible for the related-party register, the CEO and the Chair of the Board of Directors of the Group company in question.

Members of Group companies' Boards of Directors and Leadership Teams, as well as any commercial persons who are considered related parties, are obliged to notify the related-party register of all entities considered to be related parties. The persons responsible for the related-party register also collect annual confirmations of the accuracy of this information from members of Group companies' Boards and Leadership Teams, and from commercial persons considered to be related parties.

Members of Group companies' Boards of Directors and Leadership Teams, as well as any commercial persons who are considered to be related parties, are obliged to notify the related-party register of any upcoming transactions or negotiations that they may be aware of. The related-party register must inform Group companies' commercial persons, as well as any other persons who are responsible for the sale and purchase of goods and services, about the Group's related parties – both persons and entities – without delay.

Group companies report on the decision-making procedure that has been applied to related-party transactions. According to IAS 24, examples of related-party transactions include: the purchase or sale of goods or assets, the provision or receipt of services, lease agreements, and financial arrangements. In its consolidated financial statements, the Group provides information about all transactions with entities controlled by the Finnish Government that may be considered material as per Sections 25 and 26 of IAS 24.

Auditing

Finnish Minerals Group has one auditor, which must be a firm of Authorised Public Accountants approved by the Central Chamber of Commerce. At the Annual General Meeting, the auditor is elected for a term of office that lasts until the end of the next Annual General Meeting. Finnish Minerals Group's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, as well as the IAS and IFRS standards and SIC and IFRIC interpretations effective on the date of closing of the accounts (31 December 2024).

The audit covers the Group's accounting, financial statements and management for each financial period. The auditor reports regularly to the Audit Committee, and submits an audit report to the General Meeting of Shareholders. The audit report consists of a statement on whether, in accordance with the applicable standards, the financial statements provide correct and sufficient information about the results and financial position of the Group's business, and that there is no conflict between the information provided in the financial statements and the annual review. The audit report also includes a statement on key matters related to the audit. The auditor's fee will be paid in accordance with the resolution of the Annual General Meeting.

The Group's audit has been carried as follows: the principal auditor for the parent company, who was selected at the Annual General Meeting, carries out an audit of the entire Finnish Minerals Group through their own organisation or network, and is responsible for auditing the whole Group.

KPMG Oy Ab, with APA Toni Aaltonen as principal auditor, has been Finnish Minerals Group's auditor as of 28 March 2024.

The Group's auditor's fees for the financial period 1 January–31 December 2024 were EUR 155 thousand (EUR 171 thousand in 2023), and its consulting fees were EUR 131 thousand (EUR 264 thousand in 2023).

Estimate of major risks and uncertainty factors affecting operations

Finnish Minerals Group assessed in 2024 the most significant risks affecting its operations. From the perspective of shareholder value, the key risks are related to Terrafame's business, the implementation of battery industry projects, geopolitics, logistics, and the success of strategic partnerships. Terrafame's operations are influenced by risks typical to the mining and metal refining industries, such as exchange rate fluctuations, changes in nickel and zinc prices, and broader market price risks. Additionally, counterparty risks related to customers and other business partners, fluctuations in raw material and electricity prices, and operational challenges related to production can affect the company's financial performance. Terrafame's risk management and related measures are discussed in more detail in Terrafame's reporting.

Battery industry projects involve uncertainties, particularly regarding the assessment of economic profitability, the duration and complexity of permit processes, and market changes. The demand for electric cars and the development of the European battery value chain also significantly affect the progress of the company's projects. Geopolitical and logistics risks related to the operating environment have been highlighted by the tense situation in the Baltic Sea, the threat of trade wars, and international sanctions, which can impact raw material and product logistics as well as supply chains. Additionally, labor market disruptions, such as strikes, can slow down the progress of projects.

The success of Finnish Minerals Group's projects also depends on the effectiveness of key partnerships and our ability to advance joint ventures. Uncertainties related to partnerships also depend on various permit processes, the smoothness of which can significantly affect project schedules and feasibility. The company actively monitors changes in the operating environment and implements necessary management measures to secure its strategic objectives.

Significant events after the end of the financial period

At the beginning of 2025, Jarmo Santala joined Finnish Minerals Group as CFO and a member of the Executive Leadership Team.

In January, subsidiary Terrafame, filed an appeal with the Supreme Administrative Court against rulings issued by Vaasa Administrative Court concerning the environmental and water management permit for the company's operations as a whole and the permit for the KL1 waste rock area.

In January, Finnish Minerals Group decided to participate in Terrafame new financing round, which was completed on 26 February 2025. The EUR 100 million financing arrangement consisted of a EUR 50 million shareholder loan and a EUR 50 million equity financing commitment. Additionally, Terrafame agreed on a EUR 50 million prepayment arrangement, of which Finnish Minerals Group financed a share corresponding to its ownership stake.

Estimate of future developments

Finnish Minerals Group will continue its operations, whose core activities are to build a responsible battery value chain in Finland, invest in the mining and battery industry, and carry out technological R&D work. We are handling investment preparations for the battery material production in South Kymenlaakso region, and continuing our work to bring the anode material project to Vaasa. Our goal for the Sokli mining project is to move to the next assessment phase.

Increased uncertainty in Europe's geopolitical situation is not expected to affect Terrafame's production and deliveries. There are considerable uncertainties surrounding the price of base metals and battery chemicals.

Finnish Minerals Group is also taking continuous measures to boost the efficiency of its operations and improve profitability.

Board of Directors' proposal for the disposal of the result

Finnish Minerals Group's result for the financial year 2024 shows a loss of EUR 630,369.09. On 31 December 2024, distributable equity of Finnish Minerals Group's parent company totalled EUR 661,435,408.66.

The Board of Directors will propose to the General Meeting of Shareholders that Finnish Minerals Group's loss for the financial year be recorded in the retained earnings account and that no dividend be paid.

31 December 2024

Board of Directors

Jan Lång
Chair of the Board
M.Sc.
b. 1957

Olavi Huhtala
Vice Chair of the Board
Eng.
b. 1962

Ilpo Korhonen
B.Sc. (Eng.), eMBA
b. 1964

Riku Kytömäki
M.Sc., El. Eng.
b. 1971

Ilona Lundström
D.Sc. (Admin.)
b. 1976

Jukka Ohtola
M.Sc. (Econ.), CEFA
b. 1967

Taru Uotila
LL.M.
b. 1970

Minna Smedsten
M.Sc.
b. 1976

31 December 2024

Executive Leadership team

Matti Hietanen
CEO
LL.M., M.Sc. (Econ.)
b. 1977

Sini Eskonniemi
VP, Innovation and Technology Development
M.Sc. (Tech.)
b. 1984

Katri Kauppila
VP, People and Communications
M.Soc.Sc
b. 1965

Jani Kiuru
SVP, Raw Materials
D.Sc. (Tech.)
b. 1975

Timo Kärkkäinen
VP, Investments
M.Sc. (Econ.)
b. 1963

Timo Strengell
SVP, Battery Value Chain
M.Sc. (Tech.)
b. 1974

Consolidated statement of comprehensive income

EUR 1,000	Note	2024	2023
Net sales	1.1	544,528	561,067
Cost of goods sold	1.3	–477,019	–477,935
Gross profit		**67,508**	**83,131**
Other operating income	1.4	6,314	6,397
Sales and marketing expenses	1.5	–19,442	–5,630
Administrative expenses	1.6	–46,948	–33,627
Other operating expenses	1.7	–26,356	–18,805
Operating profit/loss		**–18,924**	**31,466**
Finance income and expenses	1.8		
Other finance income		4,055	6,412
Interest and other finance expenses		–28,957	–42,496
Reversals of impairment losses		0	4
Share of profit from associated companies	1.15	–1,699	–1,196
Total finance income and cost	1.8	**–26,601**	**–37,276**
Profit/loss before tax		**–45,525**	**–5,810**
Income taxes	1.9	–6,709	–4,759
Profit/loss for the year		**–52,234**	**–10,569**

EUR 1,000	Note	2024	2023
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods			
Cash flow hedging – effective portion of changes in fair value reserve	1.20	–36,044	145,410
Taxes on items that may be reclassified to profit or loss in subsequent periods		7,209	–29,082
Other comprehensive income, net		–28,835	116,328
Total comprehensive income for the year		**–81,069**	**105,759**
Profit/loss for the period attributable to			
Owners of the parent		–31,915	–8,656
Non-controlling interests		–20,319	–1,913
		–52,234	**–10,569**
Total comprehensive income attributable to			
Owners of the parent		–48,092	56,604
Non-controlling interests		–32,977	49,155
		–81,069	**105,759**
Earnings per share attributable to the owners of the parent (EUR)			
Basic earnings per share	1.10	–54.24	–14.71
Diluted earnings per share		–54.24	–14.71
Average number of shares			
Undiluted		588,408	588,408
Diluted		588,408	588,408

The parent company does not have equity arrangements with a dilution effect on earnings per share.

Consolidated balance sheet

EUR 1,000	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets	1.12	22,309	14,176
Property, plant and equipment	1.13	936,570	811,829
Biological assets	1.14	10,488	8,873
Investments in associates	1.15	76,891	75,258
Deferred tax assets	1.21	12,253	18,771
Total non-current assets		**1,058,510**	**928,908**
Current assets			
Inventories	1.16	318,715	313,250
Trade and other receivables	1.17	135,992	140,809
Cash and cash equivalents	1.18	52,301	25,599
Total current assets		**507,008**	**479,658**
TOTAL ASSETS		**1,565,518**	**1,408,565**

EUR 1,000	Note	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	1.19		
Share capital		2,258	2,258
Invested unrestricted equity fund		705,659	675,659
Fair value reserve		17,215	33,392
Retained earnings		–170,572	–161,916
Profit/loss for the year		–31,915	–8,656
		522,645	540,736
Non-controlling interests		**322,179**	**355,156**
Total equity		**844,824**	**895,892**
Non-current liabilities			
Deferred tax liabilities	1.21	9,261	16,279
Interest-bearing liabilities	1.25	268,065	41,362
Provisions	1.24	216,680	219,729
Total non-current liabilities		**494,005**	**277,370**
Current liabilities			
Interest-bearing liabilities	1.25	71,363	112,324
Trade and other payables	1.26	155,327	122,979
Total current liabilities		**226,690**	**235,303**
TOTAL EQUITY AND LIABILITIES		**1,565,518**	**1,408,565**

Consolidated cash flow statement

EUR 1,000	Note	2024	2023
Cash flow from operating activities			
Profit/loss before tax		–45,525	–5,810
Adjustments to operating profit/loss	1.27	27,458	35,773
Depreciation, amortisation and impairment charges		81,168	63,148
Change in working capital		3,239	–39,344
Interest paid		–27,715	–25,874
Interest received		937	3,194
Cash flow from operating activities		**39,562**	**31,087**
Cash flow from investing activities			
Investments in tangible and intangible assets		–188,583	–140,569
Proceeds from sale of tangible and intangible assets		0	0
Investments in associates		–3,331	–54,087
Investments in subsidiaries		0	–1
Cash used in investing activities		**–191,914**	**–194,657**
Cash flow from financing activities	1.27		
Increase in invested unrestricted equity fund		30,000	88,000
Proceeds from loans		269,259	97,767
Repayment of loans		–115,581	–42,699
Payment of lease liabilities		–5,273	–1,174
Cash flow from financing activities		**178,404**	**141,894**
Change in cash and cash equivalents		**26,052**	**–21,676**
Translation difference		651	–1,056
Cash and cash equivalents at beginning of year		25,599	48,330
Cash and cash equivalents at end of year		**52,301**	**25,599**

Consolidated statement of changes in equity

EUR 1,000	Note	Share capital	Invested unrestricted equity fund	Fair value reserve	Retained earnings	Attributable to the equity holders of the parent	Non-controlling interests	Total equity
Equity 1 Jan 2023		2,258	608,291	−38,060	−185,986	386,503	173,570	560,073
Comprehensive income								
Profit/loss for the year		0	0	0	−8,656	−8,656	−1,913	−10,569
Other comprehensive income (adjusted basis)								
Cash flow hedging		0	0	65,260	0	65,260	51,068	116,328
Total comprehensive income for the year		**0**	**0**	**65,260**	**−8,656**	**56,604**	**49,155**	**105,759**
Business transactions with shareholders								
Increase in invested unrestricted equity fund			60,000			60,000	172,201	232,201
Total business transactions with shareholders		**0**	**60,000**	**0**	**0**	**60,000**	**172,201**	**232,201**
Changes in subsidiary holdings								
Acquisitions of non-controlling interests, no change of control	1.19	0	7,368	6,192	24,070	37,629	−39,770	−2,141
Equity 31 Dec 2023		**2,258**	**675,659**	**33,392**	**−170,572**	**540,736**	**355,156**	**895,892**
Equity 1 Jan 2024		2,258	675,659	33,392	−170,572	540,736	355,156	895,892
Comprehensive income								
Profit/loss for the year					−31,915	−31,915	−20,319	−52,234
Other comprehensive income (adjusted basis)								
Cash flow hedging				−16,176		−16,176	−12,659	−28,835
Total comprehensive income for the year		**0**	**0**	**−16,176**	**−31,915**	**−48,092**	**−32,977**	**−81,069**
Business transactions with shareholders								
Increase in invested unrestricted equity fund			30,000			30,000		30,000
Total business transactions with shareholders		**0**	**30,000**	**0**	**0**	**30,000**	**0**	**30,000**
Equity 31 Dec 2024		**2,258**	**705,659**	**17,215**	**−202,487**	**522,645**	**322,179**	**844,824**

Accounting policies for consolidated financial statements, and notes

Basic information about the Group

Finnish Minerals Group is a Group formed by companies operating in the mining and minerals sector, set up to develop the Finnish mining sector and build a battery value chain in Finland. The Group operates internationally and is engaged in the exploration, recovery and mining of ores as well as other mining and quarrying operations, the purchase and sale of mining rights, and any other business based on or related to knowledge acquired in these areas or otherwise suitable for the said areas. In line with its strategy, the Group's parent company focuses on the battery value chain, technological development and active ownership. The Group comprises the parent company Finnish Minerals Group (Business ID 2674050-9), and its 56.1% owned subsidiary Terrafame Oy (2695013-5) along with its subsidiaries, and the wholly-owned subsidiaries Finnish Battery Chemicals Oy (2999094-1) and Sokli Holding Oy (3174771-3) along with its subsidiaries.

Finnish Minerals Group is a state-owned special-purpose company subject to ownership steering by the Prime Minister's Office, tasked with developing the Finnish battery and mining industry. The current mandate and trade name were given to the company in June 2018. Before that, starting from 2015, the company operated under the name Terrafame Group Oy and focused on its duties as the parent of Terrafame Oy.

Finnish Minerals Group's most important asset item is its subsidiary, Terrafame Oy. Sotkamo-based Terrafame produces nickel, cobalt and ammonium sulphates, as well as nickel, cobalt, zinc and copper sulphides.

In the financial period ending 31 December 2024, the portfolio companies of Finnish Minerals Group included the associated companies Keliber Oy (holding 20.0%), CNGR Finland Oy (holding 40.0%), Easpring Finland New Materials Oy (holding 30.0%), Adven-FMG Sodium Sulphate Holding Oy (holding 49.0%) and their subsidiaries.

The parent company is domiciled in Helsinki (visiting address: Keskuskatu 5 B, 8th floor, 00100 Helsinki, Finland). The Group's subsidiary Terrafame Oy was registered in the Trade Register on 5 June 2015, and its address is Malmitie 66, FI-88120 Tuhkakylä, Finland.

Finnish Minerals Group's Board of Directors approved these financial statements in its meeting of 17 March 2025. According to the Limited Liability Companies Act of Finland, shareholders may approve or reject the financial statements in the General Meeting of Shareholders held after their publication. The General Meeting may also decide to amend the financial statements.

Copies of the consolidated financial statements are available at Finnish Minerals Group's office and on the company's website at www.mineralsgroup.fi.

Accounting policies for consolidated financial statements

Basis of preparation

Finnish Minerals Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted in the European Union as well as the IAS and IFRS standards and SIC and IFRIC interpretations effective on the date of closing of the accounts, 31 December 2024. The notes to the consolidated financial statements also comply with Finnish accounting and corporate legislation. The financial statement information is reported in tables and related texts in thousands of euros and in the Annual Review in millions of euros to one decimal place. The comparative figures reported in brackets are figures for the financial year 2023. All the presented figures have been rounded according to general rounding rules, so the sum of the individual figures may be different from the sum presented. Key figures have been calculated using exact values. Comparative information has been adjusted where necessary to correspond with the information of the year under review.

The consolidated financial statements are drawn up on the basis of initial acquisition costs, with the exception of financial assets recognised at fair value through profit or loss, derivatives measured at fair value and biological assets measured at fair value less estimated costs to sell. The assets, liabilities and contingent liabilities acquired through business combinations have been measured at their fair values at the acquisition date.

The preparation of financial statements under IFRS means that Group management must necessarily make certain estimates and judgements concerning the application of the accounting policies. Information about such considerations made by the management with the greatest influence on the figures presented in the financial statements are explained under the item 'Accounting policies requiring consideration by management and crucial factors of uncertainty associated with estimates'.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group owns more than half of the voting rights or otherwise has a controlling interest. The existence of potential voting rights is also considered when assessing the existence of control in the case that the instruments entitling to potential control are currently exercisable. Control exists when the Group, by virtue of being part of the entity, is subject or entitled to its variable returns and is able to influence those returns by exercising it power within the entity.

Associates

Associates have been consolidated using the equity method. If the Group's share of the losses of an associate exceeds the investment's carrying amount, the investment is recognised as having no value and, losses exceeding the carrying amount are not consolidated, unless the Group has agreed to fulfil the associates' obligations. Unrealised gains and losses have been eliminated to the extent of the Group's interest in an associate. Unrealised losses are not eliminated if the business transaction provides evidence of an impairment of the transferred asset. The Group's share of associates' results are reported below operating profit in financial income and expenses. Similarly, the Group's share in associates' changes recognised in other comprehensive income are recognised in the Group's other comprehensive income. The Group's associates have not had any items recognised in other comprehensive income during the financial years 2024 or 2023.

Separate recognition of non-controlling interests

Non-controlling interests are separately recognised in proportion to their share of ownership on the balance sheet date in the company's financial result and equity, which first have been adjusted to reflect the accounting policies adopted by Finnish Minerals Group.

Translation of items denominated in foreign currencies

The consolidated financial statements are presented in euros, the parent company's functional and reporting currency.

Transactions in foreign currencies are entered in euro at the rates prevailing at the transaction date or average rates provided by central banks. Monetary foreign currency items are translated into euro using the closing rate. Foreign exchange gains and losses resulting from operating activities are included in the respective items of net sales, operating expenses or financial income and expenses.

Operating profit

IAS 1 *Presentation of Financial Statements* does not define the concept of operating profit. The Group has defined it as follows: an operating profit is a net amount derived from net sales plus other operating income, less purchase expenses, purchase expenses are adjusted for changes in inventories (growth in these increases and reductions decrease the operating profit) and expenses from production for own use, less employee benefit expenses, depreciation, amortisation and any impairment losses and other operating expenses. All other items in the income statement are shown below the operating profit. Exchange rate differences are included in the operating profit if they arise from items related to operations with third parties. Otherwise they are recognised in financial income and expenses. The realised earnings-related impacts of changes in the value of effective hedging instruments covered by hedge accounting are presented uniformly with the hedged item.

Revenue recognition

The revenue of Finnish Minerals Group mainly consists of sales of battery chemicals, fertilisers and semifinished metal products. A large portion of the company's production is sold under long-term contracts, but sales revenue is recognised on the basis of individual sales transactions. The terms of delivery determine when the transfer of control to the customer takes place. Revenue is recognised net of sales-related foreign exchange gains and losses and any applicable sales taxes. Most sales are priced in US dollars. Individual deliveries constitute a separate performance obligation.

According to established business practices, recognition of sales revenue based on a best estimate per delivered batch of metals is, if necessary, adjusted according to the final weighing and analysis data.

The sales revenue recognition of semifinished metal products is based on an advance invoice drawn up upon delivery according to preliminary analysis and measurement results and the market prices for the month preceding the month of delivery. There may be variability in consideration. Variable considerations are adjusted as needed on the basis of the final analysis and measurement results, in which case the prices of delivered metals are also adjusted to correspond to the market prices of the agreed pricing period. The final analysis and measurement results are normally obtained within a few months.

The sales revenue recognition of battery chemicals is based on an advance invoice drawn up upon delivery according to the analysis and measurement results confirmed by the company and the market prices for the month preceding the month of delivery. There may be variability in consideration. Variable consideration should be adjusted on the basis of the prices of the battery chemicals delivered, to reflect the market prices for the agreed pricing period if those prices are known.

With regard to deliveries for which final analysis and measurement results have not yet been obtained, the sales prices and euro-denominated valuations are adjusted at the date of reporting so as to correspond to the average market prices of the month of the financial statements and the exchange rates at the balance sheet date. With regard to these deliveries, the company also considers the need to make write-downs due to the changes in analysis and measurement results. No such write-downs have been recorded in the financial statements of 31 December 2024. In addition, the commodity and currency hedges for metal tonnes sold have been taken into account in the valuation of sales.

Government grants

Government grants related to the acquisition of tangible fixed assets have been recognised by deducting the grant from the asset's carrying amount when there is reasonable assurance that the grant will be received and the Group will comply with any conditions attached to the grant. Grants are recognised as deferred income on a systematic basis over the useful life of the asset. Grants receivable as compensation for costs already incurred are recognised as income in profit or loss in the period in which the grant is receivable. Grants received are shown in other operating income.

Pension obligations

The Group companies have pension schemes in accordance with the local conditions and practices. The schemes are generally funded through payments to insurance companies. Currently all pension schemes are defined contribution plans.

Defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligation to pay further contributions if the entity does not hold sufficient assets to pay all employees the benefits related to employee service in current and prior periods. Under defined contribution plans the payments are accounted for as an expense for the period for which the payment is made.

Leases

Finnish Minerals Group acts as a lessee, in which role it has mainly leased machinery and equipment, other small appliances, and premises. As a rule, the Group records all its right-of-use assets and lease liabilities associated with leases in its balance sheet. The Group applies the standard's exemptions concerning short-term leases of up to 12 months and goods of a value of up to approximately EUR 5,000. The Group does not recognise these in the balance sheet, but accounts for the lease payments of the abovementioned leases on a straight-line basis over the lease term. The lease term is the period during which the lease cannot be cancelled. It includes the period covered by an extension or termination option, if the lessee is reasonably certain to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

At the inception date of the lease, the Group recognises a lease liability and a corresponding right-of-use asset. A right-of-use asset is initially measured at cost, which includes the original amount of the lease liability, plus any lease payments made at or prior to the inception date of the lease, less lease incentives obtained, plus any initial direct costs incurred by the Group, as well as the estimated restoration costs.

After the inception date of the lease, the right-of-use asset is measured at cost less the accumulated depreciation, amortisation and impairment loss. The asset is adjusted with certain items attributable to the re-measurement of the lease liability. The right-of-use asset is depreciated on a straight line basis starting from the inception date of the lease over the asset's useful life or the lease term. The useful life of the right-of-use asset is determined in the same way as the useful life of corresponding fixed assets held. If necessary, the right-of-use asset is tested for impairment and any impairment losses are recognised through profit or loss.

The original lease liability is measured at the current value of lease payments that were not made at the inception date of the lease. The Group discounts leases using agreement-specific internal borrowing rates. The value of the lease liability consists of: fixed payments, including factually fixed payments; variable lease payments that depend on an index or a rate and which are initially measured using the index or rate as at the lease's inception date; amounts payable by the lessee based on residual value guarantees; and the purchase option exercise price, if it is reasonably certain that the Group will exercise the option.

In subsequent periods, lease liabilities are measured at amortised cost using the effective interest method. The lease liability is remeasured when there is a change in future lease payments due to a change in the index or rate used to determine those payments, or if there is a change in the amounts expected to be payable under a residual value guarantee. Changes made by the Group in the assessment of a purchase option of an underlying asset or an extension or termination option may also lead to a re-measurement of the lease liability. When the lease liability is remeasured, a corresponding adjustment is made to the asset's carrying amount, or it is recognised through profit or loss if the carrying amount of the right-of-use asset has decreased to zero.

Finnish Minerals Group does not act as a lessor.

Impairment losses

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use refers to the estimated future net cash flows obtainable from the asset or cash-generating unit, discounted to their current value. The value in use is forecast on the basis of circumstances and conditions prevailing at the time of testing. The discount rate takes into account the time value of money as well as the special risks involved for each asset, different industry-specific capital structures and the expected ROI for investors. An impairment loss is recorded when the carrying amount of an asset is greater than its recoverable amount. If the impairment loss is allocable to a cash-flow-generating unit, it is allocated first to reduce the goodwill of the unit and subsequently to reduce other assets of the unit. As at the date of reporting or the end of the reference period, the Group has no goodwill contributing to its valuation.

The impairment loss is reversed if a change has occurred in circumstances and the recoverable amount of the asset has changed since the impairment loss was recognised.

Borrowing costs

Borrowing costs are recognised as an expense for the financial period during which they are incurred. Borrowing costs directly attributable to acquisition, construction or manufacturing of a tangible fixed asset (property, plant and equipment) meeting the criteria shall be capitalised as part of the asset's acquisition cost.

Income taxes

Tax expenses on the income statement consist of the tax based on taxable income for the year and deferred taxes. Taxes based on taxable income for the year are calculated using the applicable tax rates. Taxes are adjusted with any taxes arising from previous periods.

Deferred taxes are calculated from all temporary differences between the carrying amount and taxable amount. Deferred taxes are calculated using the tax rates set at the balance sheet date. Deferred tax assets arising from taxable losses carried forward are recognised up to the amount for which there is likely to be taxable income in the future, and against which the temporary difference can be used.

Other taxes

Tax on mined minerals must be paid by the party that has mined the mineral and is, under the Mining Act, required to have a permit for mining. The Act on Mined Minerals Tax applies to mined minerals for which the obligation to pay the tax arises on or after 1 January 2024.

Group's obligation to pay tax on mined minerals arises under Section 3, Paragraph 1 of the Act on Mined Minerals Tax when the metal ores listed in the Annex of the Act on Mined Minerals Tax are delivered to the primary leaching. The tax on mined minerals mentioned in the Annex, the tax on metal ores, is 0.6 percent of the taxable value of the metal contained in the mined mineral. The Finnish Tax Administration confirms the taxable values for the tax period based on the price data of the previous calendar year.

The Finnish Tax Administration issued an in-depth tax guideline on 24 January 2025 regarding mined mineral taxation. The in-depth tax guideline was issued after the end of the financial year 2024. According to the guideline, in addition to the tax on metal ores, a tax on other possible mined minerals should be paid based on the time the mined mineral is extracted, in accordance with Section 3, Paragraph 2 of the Act on Mined Minerals Tax. According to Section 5, Paragraph 2 of the Act on Mined Minerals Tax, the tax on other mined minerals is EUR 0.20 per tonne of ore or utility stone.

Group's view is that the in-depth tax guideline does not align with the purpose of mined mineral taxation and that the interpretation is incorrect. Therefore, in accordance with the purpose of the Act on Mined Minerals Tax, Terrafame should pay the tax on metal ores according to its own calculations. Terrafame will seek an advance ruling from the tax authorities on this matter during the 2025 financial year.

As a result of the above, Terrafame Oy has amortised approximately EUR 6.5 million in metal ores tax into its profit.

Property, plant and equipment

Property, plant and equipment, which on 31 December 2024 include buildings and infrastructure, machinery and equipment used in production operations, laboratory equipment, vehicles, roads, and structures for environmental protection, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes costs that are directly attributable to the acquisition, construction or production of an asset, and borrowing costs that meet the criteria.

Spare parts with a useful life of more than one year have been recognised in property, plant and equipment.

The recovery of ore reserves in the areas identified in the excavation plan requires removing the soil and waste rock overlying the mineral ore deposit. The resulting stripping costs have been capitalised and will be charged to expense as planned under the usage-based depreciation method as the recovery of the identified ore reserves progresses under the excavation plan. This balance sheet item is accounted for and tracked in accordance with the interpretation requirements of IFRIC 20 *Stripping costs in the Production Phase of a Surface Mine.*

Depreciation charges are not recorded for work in progress or land. Other assets are depreciated using the straight line method so that the depreciable amount – acquisition cost less residual value – is allocated on a systematic basis over the asset's useful life as follows:

Tangible asset	Depreciation period
Roads and power lines	25 years
Buildings and structures	10–40 years
Leaching heap foundations	10–30 years
Machinery and equipment	4–25 years
Stock	5–10 years
Vehicles	5–10 years
Spare parts recognised as PPE	3 years
Environmental protection structures	25 years

The useful life, depreciation methods and potential residual values of assets are reassessed at each reporting date. The reassessment is based on the Group's estimates of ore reserves, mineral resources, production capacity and other relevant factors. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating income or expenses.

Intangible assets

Other intangible assets are recorded at cost if the cost is reliably measurable and the future economic benefits for the Group are probable. Other intangible assets consist of expenditures incurred in exploration for and evaluation of mineral resources and IT applications supporting the Group's business operations. The Group's IT applications are amortised over 3–5 years.

The Group applies IFRS 6 *Exploration for and Evaluation of Mineral Resources* for the demonstration of technical feasibility and commercial viability of extracting mineral resources. IFRS 6 provides that recognised exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets acquired. Once the technical feasibility and commercial viability of mining has been demonstrated, the assets are classified as tangible assets. An impairment test is performed on exploration and evaluation expenditures classified as intangible assets before they are reclassified.

The capitalisation of expenditures incurred in exploration for and evaluation of mineral resources starts when the entity has acquired legal rights to explore in a specific area, and it will continue until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation expenditures are initially measured at cost using the cost model. Exploration and evaluation expenditures as assets are not depreciated before mining begins. Exploration and evaluation expenditures recognised as assets after mining has begun will form part of the carrying amount of the mine, which is charged to expense via usage-based depreciation.

Recognised exploration and evaluation assets have been classified as intangible assets according to their nature.

Impairment testing is performed on recognised exploration and evaluation assets in accordance with the references of IFRS 6 *Exploration for and Evaluation of Mineral Resources*. Entities recognising exploration and evaluation assets are required to perform an impairment test on those assets when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amount. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised.

According to IFRS 6, one or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither planned or budgeted for.
- Exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exist to indicate that, although development work in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

Research and development costs

Research costs are recognised as an expense in profit or loss once they have been incurred. Development expenditure is capitalised when it is probable that the development project will bring financial gains to the Group in the future and meets the recognition criteria, including technical feasibility and economic viability. Such development projects are mainly related to building a battery value chain in Finland and attracting the related industrial investments. The Group has capitalised development expenditure that is related to projects aimed at establishing pCAM and CAM plants in Finland.

Development projects are analysed separately to determine the date on which the capitalisation of development costs can begin for a project. After initial recognition, capitalised development costs are measured at cost less accumulated depreciation and impairment losses. The depreciation period is determined individually for each project. If it is found that the carrying amount exceeds the recoverable amount, the impairment loss corresponding to the difference is recognised in profit or loss.

Biological assets

Biological assets, i.e. living trees on company-owned land, are measured on initial recognition and at each balance sheet date at fair value less estimated point-of-sale costs. The fair values of biological assets other than young seedlings are based on quoted prices in active markets for biological assets. Biological assets, i.e. those physically attached to land, are recognised and measured at their fair value separately from the land.

The fair value of harvest, measured as its value at the time of sale, is deducted from the fair value of the biological assets. The estimated growth of trees is recognised as gains in the fair value of biological assets. The changes in the fair value of biological assets are included in operating profit in the income statement.

Inventories

The Group classifies its inventories into three groups: raw materials and consumables, work in progress, and finished products.

Raw materials and consumables are measured at the average purchase price of the goods in stock. A so-called write-down on slow-moving items is made on the slow-moving goods in the raw materials and consumables inventory. If an item has been in stock for more than a year, a write-down of 25 percent is made. The write-down increases annually by 25 percentage points, so the value of an item that has been stored for more than four years is zero.

Work in progress and finished products (metal content for sale) are presented in the balance sheet as valued at actual production costs but up to the net realisable value of the products on the balance sheet date. Net realisable value refers to the estimated selling price in the ordinary course of business, less the production costs necessary to making work in progress and finished products ready for sale.

The acquisition cost of work in progress and finished products (production cost) includes the fixed and variable costs of production and maintenance that supports production, as well as depreciation on these operations, based on the actual production costs in the production process. As of 2023, the value of metals in the ore in primary and secondary heaps included in the work in progress inventory of metal intermediates business for financial reporting will be measured with a procedure in which the acquisition cost of metals in ore capitalised during the reporting period is determined according to the production chain's average costs per operation in the reporting period and the previous financial period. Previously, the valuation has been based on the costs per operation in the reporting period. The change should mitigate the impact of exceptional short-run fluctuations on the value of the work in progress inventory of metal intermediates business shown in the balance sheet. Borrowing costs are not included in the acquisition cost.

In metal intermediates business, work in progress includes metals in the ore in primary and secondary heaps, as well as metals in the leaching process or metal precipitation and filtration process that can be processed for sale as a finished product. The work in progress in the battery chemical business is nickel-cobalt sulphide, which is used as raw material in the refining process. It is valued on the basis of the stage of completion of the main phases of the production process (high pressure acid leaching, extraction and crystallisation).

The amount of metal included in work in progress is determined by calculating the metal tonnes added to and removed from the production process, i.e., the work in progress inventory. The recoverable quantities of nickel, zinc, copper and cobalt included in work in progress are determined on the basis of the estimated ore concentrations based on geological surveys, the estimated recovery percentages of metals in the bio heap leaching process, the recovery percentages of the metal recovery plant and the battery chemicals plant.

Ore concentrations, the amount of metals in the production process and the metals recovery percentage are reviewed monthly.

The value of inventories determined in accordance with the principle of net realisation value includes discretionary factors related to, for instance, the measurement of metal volume in work in progress, metals recovery percentages, production costs, the production time necessary to complete sales, and sales prices.

Financial assets

Financial assets are classified based on the Group's business model for managing financial assets and their contractual cash flow characteristics to the following categories:

- Measured at amortised cost
- Measured at fair value in other comprehensive income
- Measured at fair value through profit or loss.

The classification is based on the Group's business model objective and the contractual cash flow characteristics of the investments. Purchases and sales of financial assets are recognised on the basis of the settlement date. At the time of initial recognition, the Group designates financial asset items as measured at fair value and, in the case of items not measured at fair value through profit or loss, the transaction costs directly attributable to the item will be added to or deducted from it. Financial assets at fair value through profit or loss are recorded at the time of initial recognition in the balance sheet at fair value and transaction costs are recognised in profit or loss.

Classified in the **Financial assets measured at amortised cost** category are financial assets for which the objective of the business model is to hold financial assets and to collect contractual cash flows consisting solely or capital and interest payments. This item includes trade receivables, loan receivables and other receivables that are non-derivative financial assets. The assets classified in this category are measured at amortised cost under the effective interest rate method. The carrying amount of short-term trade receivables and other receivables is deemed to correspond to their fair value. These items are shown in the balance sheet as short-term assets if they are expected to be realised within 12 months of the end of the reporting period. If necessary, the Group recognises an expected credit loss reduction from the financial assets measured at amortised cost.

The Group applies a simplified procedure for the determination of expected credit losses for trade receivables measured at amortised cost. Under the simplified procedure, credit losses are determined using the reserve matrix and recorded in the amount corresponding to the credit losses expected to occur over the life of the financial asset. Expected credit losses are estimated based on information about past events. The model also takes into account forecasts of future economic conditions available at the reporting date.

In the 2024 financial statements, a credit loss provision of approximately EUR 15 thousand has been recorded against trade receivables due to a known customer insolvency proceeding. In 2023, no expected credit losses have been recorded for trade receivables due to good credit rating and outstanding receivables from customers.

Receivables are recognised as credit losses when there is objective evidence that the Group will not be able to collect all amounts. Any impairment is recognised in the income statement as operating expenses. When a receivable is deemed irrecoverable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Classified in the **Financial assets recognised at fair value through profit or loss** category are financial assets that are acquired to be held for trading purposes or classified at the time of initial recognition to be measured at fair value through profit or loss.

Financial assets are derecognised when the Group's contractual entitlement to cash flows has lapsed or been transferred to another party or when the Group has transferred significant ownership risks and revenues outside the Group.

Cash and cash equivalents

The Group's cash and cash equivalents consist of cash at bank and cash in hand.

Financial liabilities

Financial liabilities are classified into the following categories:
- Recognised at amortised cost
- Recognised at fair value through profit or loss.

Financial liabilities are recognised at fair value at the time of initial recognition and, in the case of a financial liability other than that recorded at fair value through profit or loss, transaction costs directly attributable to the item will be added to or deducted from it.

Financial liabilities posted at amortised cost are measured at amortised cost under the effective interest rate method. The difference between the amount received and the recoverable amount is recorded in the income statement under the effective interest rate method over the loan period. Financial liabilities are classified as short-term unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. A financial liability is derecognised when the Group either pays the debt to the lender or has been legally exempted from the principal obligation relating to the liability as the result of a judicial process or by the lender. Interest-bearing liabilities are liabilities that either include a contractual interest component, or are discounted to reflect the fair value of the liability.

The interest-bearing loans, including lease liabilities, trade payables and other non-interest bearing liabilities, included in the Group's financial liabilities are classified as liabilities measured at amortised cost.

The Group's financial liabilities recognised at fair value through profit or loss consist of derivative instruments.

A financial liability is derecognised when the Group either pays the debt to the lender or has been legally exempted from the principal obligation relating to the liability as the result of a judicial process or by the lender. A financial liability is derecognised if the terms of the liability are changed and the change leads to a significant change in future cash flows. The new liability is recognised at fair value. Where changes occur in the amount or timing of the loan's expected cash flow, the carrying amount of the loan is adjusted to reflect actual and expected cash flows and the resulting income or expense is recognised in the income statement.

Derivatives

The Group's subsidiary Terrafame uses foreign exchange and commodity derivatives to hedge the Group's exposure to risks arising from balance sheet item and foreign currency purchase and sales contracts. The derivatives used by Terrafame were acquired for hedging purposes, and hedge accounting has been applied to them. All derivatives are recognised initially at fair value. Unrealised change in the value of derivatives that are considered effective hedges are recognised at fair value in the balance sheet's fair value reserve as per the portfolio valuation report for the last day of the reporting period. The accounting process for gains and losses on fair value measurement is based on the purpose of use of the derivative contract.

The realised earnings-related impacts of changes in the value of effective hedging instruments that are covered by hedge accounting are presented uniformly with the hedged item. In the event of any ineffective hedging, changes in the fair value of hedging instruments are recognised in profit or loss.

Hedge accounting

The subsidiary applies hedge accounting to all hedging instruments. At the beginning of the hedging arrangement, the relationship between each hedging instrument and the hedged asset, as well as the risk management objectives, are documented by hedging instrument type. The effectiveness of the hedging relationship is assessed at the beginning of hedging and in quarterly accounts at a minimum.

If the hedging relationship no longer meets the hedge accounting criteria or the hedging instrument is sold, expires, or the related contract is terminated or realised, hedge accounting will be terminated prospectively.

Cash flow hedging

The subsidiary's hedging activities are entirely focused on cash flow hedging. The effective portion of changes in the fair values of derivatives acquired for the purpose of hedging forecasted cash flows are recognised at fair value through other comprehensive income in the fair value reserve under equity. The cumulative fair value is shown in the cash flow hedge reserve under equity. Changes in fair value are recognised in profit or loss for the same periods in which hedged cash flows affect the result. The subsidiary can use currency swaps (forward contracts and options) as hedging instruments for future cash flows denominated in a foreign currency.

When hedge accounting for a cash flow hedge is terminated, the amount accumulated in the cash flow hedge reserve is included in equity until it is transferred to profit or loss for the same financial period in which the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, the amount accumulated in the cash flow hedge reserve will be immediately transferred as a reclassification adjustment to profit or loss.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are discounted at the current pre-tax interest rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Group had no contingent assets or liabilities as of 31 December 2024.

Rehabilitation provision for mine closure and environmental clean-up costs

A rehabilitation provision for mine closure costs is made with respect to the estimated future costs of closure and restoration, and for environmental restoration and rehabilitation to the condition required by the environmental permits granted for mining operations.

Prevention of the threat of environmental pollution entails environmental and landscaping obligations. After mining operations have ceased, any machinery and equipment, chemicals, fuels and waste involving the risk of environmental pollution must be removed from the site. This will be carried out as part of normal mining operations. In addition, the open pit must be restored to the condition required by public safety.

The majority of the estimated restoration costs arises from the closure of waste rock dumps and primary and secondary leaching areas, the treatment and clean-up of primary and secondary leaching solution channels, the construction, covering and landscaping of gypsum ponds, the treatment of rock drainage, the fencing of open pits and the ex post supervision of the mining site.

The mine closure plan is based on the covering of areas with water- and oxygen-impermeable material, and long-term aftercare. It is assumed that environmental monitoring of the mine will continue for 30 years after closure of the mine.

The rehabilitation costs have been estimated in accordance with the cost level at the date of closing of the accounts. In preparing the management's estimate, calculations and assessments of the company's closure costs provided by external experts and authorities were taken into account. The formation of the opinion has also been supported by Terrafame's extensive completed pilot projects on closure work. The rehabilitation provision of 31 December 2024 in the consolidated balance sheet was EUR 216.7 million (2023: 219.7) million.

Accounting policies requiring consideration by management and crucial factors of uncertainty associated with estimates

Estimates and assumptions regarding the future have to be made during the preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Furthermore, the application of accounting policies requires consideration.

The estimates made when preparing the financial statements are based on the management's best knowledge at the balance sheet date. The estimates are based on prior experience, as well as future assumptions that are considered to be the most likely on the balance sheet date with regard to issues such as the expected development of the Group's economic operating environment in terms of sales and cost levels. The Group monitors changes on a regular basis using both internal and external sources of information, and any changes to these estimates and assumptions are entered in the accounts for the period in which the estimate or assumption is adjusted and for all periods thereafter.

Tangible and intangible assets

The management of Finnish Minerals Group has used its judgment in the recognition of tangible and intangible assets in the balance sheet and in determining their useful lives, which has an impact on the consolidated balance sheet and the amount of depreciation to be recorded. Similarly, management is required to use judgment in determining the useful lives of intangible assets identified in accordance with IFRS 3, and in determining the amortisation period. This affects the financial result for the period through depreciation and changes in deferred taxes.

For tangible fixed assets, comparisons have been made of the market prices of similar assets, and the depreciation of the acquired assets due to aging, wear and other similar factors has been estimated. The fair value measurement of intangible fixed assets is based on estimates of cash flows associated to fixed assets. Management considers the assumptions and estimates to be sufficiently accurate to provide a basis for estimating the fair value. The Group also reviews any indication of impairment loss of tangible and intangible fixed assets at each date of the financial statements. If management identifies factors that may indicate a potential impairment of the asset, Group performs an impairment test during the financial year. If the impairment test calculation results in a decrease in the value in use of the Group's assets below their net carrying amount, the Group recognises the impairment loss in profit or loss.

Valuation of mineral resources and ore reserves

In the Group's mining operations, estimates have to be applied in recognising mineral resources acquired in business combinations as assets on the consolidated balance sheet. In the recognition and measurement of mineral resources and ore reserves, the Group utilises available third-party analyses of the quantities, mineral content, estimated production costs and recovery potential of the resource. The reliability of the evaluation and calculation basis for mineral resources and ore reserves is also a key consideration. In the mining and minerals business, mineral resources and ore reserves are commonly classified into categories such as 'proven' and 'probable' ore reserves, and 'measured' and 'indicated' mineral resources.

Rehabilitation provisions

The Group assesses the rehabilitation liabilities associated with its mines and production facilities annually. The amount of provision reflects the management's best estimate of the rehabilitation costs. In determining the amount of provision, the Group has listed matters that it will rehabilitate and/or restore to the condition required by the licence terms in accordance with the nature of its operations and the official permit conditions. The Group estimates that rehabilitation measures will be taken in connection with its mining operations or, at the latest, in connection with mine closure. These measures are estimated to take a few years after the mine closure.

At the date of the financial statements, the Group has estimated the extent and unit cost of the various matters requiring rehabilitation and calculated the rehabilitation provision accordingly. In estimating the extent and unit cost of the various matters, the Group has used its best in-house experts in the matters in question.

In determining the fair value of the provisions, assumptions and estimates are made in relation to discount rates, the expected cost to rehabilitate the area and remove or cover the contaminated soil from the site, the expected timing of those costs, and whether the obligations stem from past activity. These uncertainties may cause the actual rehabilitation costs to differ from the provision which has been made.

Definition of value of work in progress

The value of inventories determined in accordance with the principle of net realisation value includes discretionary factors related to, for instance, the measurement of metal volume in work in progress, metals recovery percentages, production costs, the production time necessary to complete sales, and sales prices.

Leases

To process leases in accordance with IFRS 16, estimates and assumptions made by management must be used, inter alia, when assessing factors that have an impact on defining the lease term as well as leases that are valid until further notice. In addition, management's assumptions are used when assessing leases with termination and continuation options. Management's estimates are also required to determine which discount rate to use. Management's estimates have an impact on the amount of right-of-use assets and lease liabilities in the balance sheet, as well as on the recording of income and expenses in the income statement.

Deferred taxes

The recognition of deferred tax assets is based on management's forecasts and estimates of whether the company will generate sufficient taxable income in the future. The estimates used in the calculation are based on the latest management forecasts at the reporting date and assumptions consistent with the assumptions used elsewhere in the financial statements. The assessment requires consideration of, for example, future taxable income, the tax planning strategies available, and other factors that have a positive or negative impact. The amount of deferred tax assets on the balance sheet could be lower if the above estimates were to change or if the legislation in force would limit the possibility to take advantage of the estimated tax benefit.

New standards, amendments and interpretations

Changes in the IFRS standards and IFRIC-interpretations effective from periods beginning 1 January 2024 included mainly amendments or improvements to current standards that did not have material effect on the consolidated financial statements of Finnish Minerals Group.

IFRS 18 Presentation and Disclosure in Financial Statements standard was issued in April 2024. It will apply for financial years beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 replaces IAS 1 Presentation of Financial Statements standard. The new financial statement standard brings changes, above all, to the structure of the income statement and the requirement to present additional information on certain key figures defined by management, which are currently reported outside the financial statements. Additionally, IFRS 18 introduces several consequential amendments to other accounting standards, such as IAS 7 Statement of Cash Flows and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. During 2025, Group will investigate in more detail the impacts of IFRS 18 on its consolidated financial statements.

Other standards issued that are effective from periods on or after 1 January 2025 mainly include amendments or improvements to current standards that are not expected to have a material impact on the consolidated financial statements of Finnish Minerals Group.

1 Notes

1.1 Net sales

EUR 1,000	2024	2023
Breakdown by sector		
Metal intermediates business	347,824	393,433
Battery chemical business	196,667	167,497
Other service	37	137
Total	**544,528**	**561,067**
Geographical breakdown		
Europe	304,485	403,668
Asia	115,363	109,398
America	126,179	24,342
Australia	−1,499	23,658
Total	**544,528**	**561,067**

1.2 Employee benefit expenses and total depreciation

EUR 1,000	2024	2023
Personnel expenses		
Wages and salaries	52,502	49,112
Pension costs	9,283	9,295
Other social security expenses	1,526	2,033
Total personnel costs	**63,312**	**60,440**
The Group's average number of employees during the financial period	**911**	**864**
The Group's number of employees at the end of the financial period	**843**	**884**

EUR 1,000	2024	2023
Depreciation, amortisation and impairment charges		
Intangible assets		
Intangible rights	31	115
Other intangible assets	2,108	463
	2,139	579
Tangible assets		
Buildings	6,650	6,592
Right-of-use assets, business premises	24	0
Machinery and equipment	35,433	36,642
Right-of-use assets, machinery and equipment	5,909	3,406
Other tangible assets	31,012	15,930
	79,029	**62,569**
Total depreciation, amortisation and impairment charges	**81,168**	**63,148**

1.3 Cost of goods sold

EUR 1,000	2024	2023
Materials and services		
Raw materials and consumables		
Purchases during the financial year	172,445	205,596
Change in inventory	–4,007	1,260
	168,438	206,856
External services	85,523	97,897
Total	**253,961**	**304,753**
Change in inventory, products		
Change in inventory		
Change in inventory, semi-finished products	–11,096	–16,782
Change in inventory, finished products	9,638	–8,821
Total	**–1,458**	**–25,603**
Personnel expenses		
Wages and salaries	39,913	39,748
Pension costs	7,121	7,581
Other social security expenses	952	1,384
Total	**47,986**	**48,714**
Depreciation, amortisation and impairment charges		
Intangible rights	7	15
Tangible assets		
Buildings and structures	6,270	6,426
Right-of-use assets, business premises	24	0
Machinery and equipment	35,010	36,501
Right-of-use assets, machinery and equipment	5,897	3,369
Other tangible assets	29,649	14,257
Total	**76,858**	**60,567**
Other expenses	99,673	89,504
Total cost of goods sold	**477,019**	**477,935**

1.4 Other operating income

EUR 1,000	2024	2023
Revaluation of biological assets	1,614	1,161
Insurance claims	62	21
Grants received	3,946	3,467
Proceeds from sale of tangible and intangible assets	59	2
Other fees and compensation, including sales of scrap metal and proceeds from tree felling	633	1,745
Total other operating income	**6,314**	**6,397**

1.5 Sales and marketing expenses

EUR 1,000	2024	2023
Personnel expenses		
Wages and salaries	705	721
Pension costs	123	138
Other social security expenses	14	30
Total	**842**	**889**
Depreciation, amortisation and impairment charges		
Depreciation and amortisation charges	135	0
Right-of-use assets, depreciation	0	71
Total	**135**	**71**
Other expenses	**18,465**	**4,671**
Total sales and marketing expenses	**19,442**	**5,630**

Due to challenging market situation, the costs of sales and marketing in 2024 have risen due to reorganisation of deliveries and storage costs.

1.6 Administrative expenses

EUR 1,000	2024	2023
Personnel expenses		
Wages and salaries	8,373	6,033
Pension costs	1,446	1,118
Other social security expenses	306	270
Total	**10,125**	**7,422**
Depreciation, amortisation and impairment charges		
Depreciation and amortisation charges	223	0
Right-of-use assets, depreciation	0	295
Total	**223**	**295**
Other expenses	**36,314**	**25,475**
Auditors' fees		
Auditing	155	171
Certificates and reports	58	7
Tax advisory services	25	29
Other services	47	228
Total	**286**	**435**
Total administrative expenses	**46,948**	**33,627**

Administrative costs for 2024 have been particularly increased by the tax on mined minerals, which came into effect on 1 January 2024, and which has been amortised to the Group's result by EUR 6.5 million. There has also been an increase in costs in terms of consulting fees and insurance premiums.

1.7 Other operating expenses

EUR 1,000	2024	2023
Research and development costs		
Total research and development costs recognised as an expense	3,341	2,998
Personnel expenses		
Wages and salaries	2,106	2,602
Pension costs	367	403
Other social security expenses	45	75
Total	**2,518**	**3,080**
Depreciation, amortisation and impairment charges		
Depreciation and amortisation charges	1,924	1,799
Other expenses	20,938	10,928
Total other operating expenses	**28,721**	**18,805**

In connection with the reorganisation of deliveries, freight and storage costs have increased. The commissioning of the uranium recovery plant has, for its part, increased the cost level.

1.8 Finance income and expenses

EUR 1,000	2024	2023
Finance income		
Interest income from other investments	935	1,327
Foreign exchange gains	651	5,083
Other finance income	2,470	3
Total	**4,055**	**6,412**
Change in fair value of financial assets at fair value		
Change in fair value, other investments	0	4
Finance expenses		
Other interest expenses	–20,320	–24,638
Foreign exchange losses	–598	–2,584
Other finance expenses	–8,039	–15,274
Share of profit from associated companies	–1,699	–1,196
Total finance expenses	**–30,656**	**–43,692**
Total finance income and expenses	**–26,601**	**–37,276**

Exchange rate gains during the reporting period consist of the valuation of bank accounts at the closing rate. Exchange rate gains for the comparison period include unrealised exchange rate gains of EUR 3.3 million from the valuation of foreign currency loans.

Other financial income includes ineffective hedging income realised from hedging activities in metal prices.

Other interest expenses for the financial year consist of financing expenses for loans, bank accounts, rental expenses and trade receivables.

Exchange rate losses during the financial year consist of the exchange rate difference of the currency loan. The exchange rate loss for the comparison period includes exchange rate loss of EUR 1.5 million from foreign currency loans and unrealised exchange rate loss of EUR 1.1 million from the valuation of bank accounts at the closing rate.

During the financial year and the comparison period, other financial expenses mainly consist of unwinding of the discount of environmental provision and the financing and arrangement fees of the loans.

1.9 Income taxes

EUR 1,000	2024	2023
Income taxes in the income statement		
Tax based on taxable income for the financial period	0	0
Taxes from previous periods	0	0
Tax based on taxable income for the period	**0**	**0**
Deferred taxes	−6,709	−4,759
Income tax expense	**−6,709**	**−4,759**
Deferred tax asset on the balance sheet	**2,992**	**2,492**

1.10 Earnings per share

The basic earnings per share are calculated by dividing the profit/loss attributable to the parent company's shareholders by the weighted average number of ordinary shares in issue during the financial period.

	2024	2023
Profit/loss for the period attributable to owners of the parent (EUR 1,000)	−31,915	−8,656
Weighted average number of shares during the period (number of shares)	588,408	588,408
Basic earnings per share (EUR/share)	−54.24	−14.71
Diluted earnings per share (EUR/share)	−54.24	−14.71

1.11 Business acquisitions and divestitures

The Group made no business acquisitions in the financial year 2024 or 2023.

1.12 Intangible assets

EUR 1,000	Development costs	Intangible rights	Other intangible assets	Construction in progress	Total
Acquisition cost 1 Jan 2023	3,729	2,939	5,726	40	12,434
Increase	1,157	0	4,059	140	5,356
Capitalised during the period	248	0	180	−180	248
Acquisition cost 31 Dec 2023	**5,135**	**2,939**	**9,965**	**0**	**18,039**
Accumulated amortisation and impairment losses 1 Jan 2023	**−675**	**−2,382**	**−227**	**0**	**−3,285**
Amortisation for the year	−416	−115	−48	0	−579
Accumulated amortisation and impairment losses 31 Dec 2023	**−1,091**	**−2,498**	**−275**	**0**	**−3,863**
Carrying amount 31 Dec 2023	**4,043**	**441**	**9,691**	**0**	**14,176**
Acquisition cost 1 Jan 2024	5,135	2,939	9,965	0	18,039
Increase	0	0	0	45	45
Capitalised during the period	2,039	0	8,293	−45	10,288
Decrease	−60	0	0	0	−60
Acquisition cost 31 Dec 2024	**7,114**	**2,939**	**18,258**	**0**	**28,312**
Accumulated amortisation and impairment losses 1 Jan 2024	**−1,091**	**−2,498**	**−275**	**0**	**−3,863**
Amortisation for the year	−577	−27	−84	0	−688
Impairment losses	−1,451	0	0	0	−1,451
Accumulated amortisation and impairment losses 31 Dec 2024	**−3,120**	**−2,524**	**−358**	**0**	**−6,002**
Carrying amount 31 Dec 2024	**3,994**	**415**	**17,900**	**0**	**22,309**

Group has assessed the expected returns from capitalised development projects and recognised an impairment loss of 1.5 million euros in financial year 2024.

1.13 Property, plant and equipment

EUR 1,000	31 Dec 2024	31 Dec 2023
Property, plant and equipment	896,522	803,556
Right-of-use assets	40,048	8,273
Carrying amount 31 Dec	**936,570**	**811,829**

EUR 1,000	Land	Buildings	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2023	3,521	135,275	412,670	326,204	79,794	957,464
Increase	2	0	11,253	7,295	125,607	144,157
Capitalised during the period	0	1,310	11,780	39,495	–52,409	176
Acquisition cost 31 Dec 2023	**3,523**	**136,585**	**435,703**	**372,995**	**152,992**	**1,101,798**
Accumulated depreciation and impairment losses 1 Jan 2023	**0**	**–31,130**	**–143,124**	**–64,825**	**0**	**–239,079**
Depreciation for the year	0	–6,592	–36,642	–15,930	0	–59,163
Accumulated depreciation and impairment losses 31 Dec 2023	**0**	**–37,722**	**–179,766**	**–80,754**	**0**	**–298,242**
Carrying amount 31 Dec 2023	**3,523**	**98,864**	**255,937**	**292,240**	**152,992**	**803,556**
Acquisition cost 1 Jan 2024	3,523	136,585	435,703	372,995	152,992	1,101,798
Increase	361	0	8,112	0	165,111	173,584
Capitalised during the period	0	14,072	21,401	155,097	–189,736	834
Decrease	0	0	–168	–8,191	0	–8,359
Acquisition cost 31 Dec 2024	**3,884**	**150,657**	**465,048**	**519,900**	**128,366**	**1,267,856**
Accumulated depreciation and impairment losses 1 Jan 2024	**0**	**–37,722**	**–179,766**	**–80,754**	**0**	**–298,242**
Accumulated depreciation on deductions and transfers	0	0	3	0	0	3
Depreciation for the year	0	–6,650	–35,433	–31,012	0	–73,095
Accumulated depreciation and impairment losses 31 Dec 2024	**0**	**–44,371**	**–215,197**	**–111,766**	**0**	**–371,334**
Carrying amount 31 Dec 2024	**3 884**	**106 286**	**249 852**	**408 134**	**128 366**	**896 522**

Other tangible assets include the general infrastructure, roads, railways, ponds and dam areas in the mining site.

Right-of-use assets

EUR 1,000	Buildings	Machinery and equipment	Total
Acquisition cost 1 Jan 2023	0	21,332	21,332
Increase	0	1,174	1,174
Acquisition cost 31 Dec 2023	**0**	**22,506**	**22,506**
Accumulated depreciation and impairment losses 1 Jan 2023	**0**	**–10,827**	**–10,827**
Depreciation for the year	0	–3,406	–3,406
Accumulated depreciation and impairment losses 31 Dec 2023	**0**	**–14,232**	**–14,232**
Carrying amount 31 Dec 2023	**0**	**8,273**	**8,273**
Acquisition cost 1 Jan 2024	0	22,506	22,506
Increase	4,408	33,301	37,708
Decrease	0	–371	–371
Acquisition cost 31 Dec 2024	**4,408**	**55,436**	**59,843**
Accumulated depreciation and impairment losses 1 Jan 2024	**0**	**–14,232**	**–14,232**
Accumulated depreciation on deductions and transfers	0	371	371
Depreciation for the year	–24	–5,909	-5,934
Accumulated depreciation and impairment losses 31 Dec 2024	**–24**	**–19,771**	**–19,795**
Carrying amount 31 Dec 2024	**4,383**	**35,665**	**40,048**

The right-of-use assets leased by Group consist mainly of Terrafames production-related machinery and equipment, such as heavy-duty dump trucks, excavators, lorries and service vehicles as well as warehouse space. The length of the leases is typically approximately five years, after which the company and the lessor can decide on the use of the lease's continuation option, if one is included in the agreement. As of 31 December 2024, no continuation options were included in the lease liability, as Terrafame does not yet have reasonable assurance that the continuation options will be exercised.

The maturity analysis of the lease liabilities is shown in Note 1.23 'Financial risk management'.

Leases

Items recognised through profit or loss

EUR 1,000	2024	2023
Lease expenses of low value assets	458	86
Lease expenses of short-term leases	6,136	6,884
Depreciation of fixed assets (machinery and equipment)	5,934	3,406
Interest expenses on leases (included in item 'Interest expenses')	2,213	342
The lease expenses itemised above are mainly included in the income statement item Other operating expenses		
Items recognised in the cash flow statement		
Total cash outflow from leases	5,273	8,058

1.14 Biological assets

The land owned by Terrafame Oy includes biological assets (forest). The forests are managed in accordance with a forest management plan. Approximately one-third of the mining concession area has been taken into production use. Biological assets are measured at fair value based on a third-party estimate, less sales-related costs. Growing stock and seeding stand have been measured at fair value, separately from land. Seeding stands have no value in timber trade as the trees will only be saleable in about 25–30 years. The value of seeding stands has been taken into account in the value of forests by discounting them at 31 December 2024 (time 25 years, interest rate 5%). The fair value of biological assets is based on classification level 3.

The fair value of harvest, measured at its value at the time of sale, is deducted from the fair value of the biological assets. The estimated growth of trees is recognised as gains in the fair value of biological assets. The changes in the fair value of biological assets are included in operating profit in the income statement.

EUR 1,000	31 Dec 2024	31 Dec 2023
Value of growing stock	10,402	8,773
Value of seeding stands	86	100
Total	**10,488**	**8,873**
Total growing stock, m^3	329,338	338,568
Total seeding stands, ha	267.40	305.10
Balance at 1 Jan 2023		**7,712**
Gains and losses on fair value measurement		1,161
Balance at 31 Dec 2023		**8,873**
Balance at 1 Jan 2024		**8,873**
Gains and losses on fair value measurement		1,614
Balance at 31 Dec 2024		**10,488**

1.15 Investments in associates

EUR 1,000	31 Dec 2024	31 Dec 2023
Investments in associated companies	84,782	81,451
Share of profit from associated companies	–7,891	–6,193
Balance at 31 Dec	**76,891**	**75,258**
Acquisition cost 1 Jan 2023		27,364
Increase		54,087
Acquisition cost 31 Dec 2023		81,451
Accumulated impairment losses 1 Jan 2023		0
Accumulated impairment losses 31 Dec 2023		0
Carrying amount 31 Dec 2023		**81,451**
Acquisition cost 1 Jan 2024		81,451
Increase		3,331
Acquisition cost 31 Dec 2024		84,782
Accumulated impairment losses 1 Jan 2024		0
Accumulated impairment losses 31 Dec 2024		0
Carrying amount 31 Dec 2024		**84,782**

	31 Dec 2023			
Associated companies	Share holding	Series of shares	Number of shares	Carrying amount
Keliber Oy, Kaustinen, Finland	20.0%	Class B shares	822,863	78,601
CNGR Finland Oy, Hamina, Finland	40.0%	0	40,000	2,109
Adven-FMG Sodium Sulphate Holding Oy, Vantaa, Finland	49.0%	0	4,900	741
				81,451

	31 Dec 2024			
Associated companies	Share holding	Series of shares	Number of shares	Carrying amount
Keliber Oy, Kaustinen, Finland	20.0%	Class B shares	822,863	78,601
Easpring Finland New Materials Oy, Kotka, Finland	30.0%		3,375	2,700
CNGR Finland Oy, Hamina, Finland	40.0%		40,000	2,109
Adven-FMG Sodium Sulphate Holding Oy, Vantaa, Finland	49.0%		4,900	1,372
				84,782

In financial year 2024, the Group's share of the associated companies' profits was EUR –1.7 million. During the financial year, 30% of Easpring Finland New Materials Oy was acquired, and an additional investment of EUR 0.6 million was made in Adven-FMG Sodium Sulphate Holding Oy. Group has not consolidated the associated company Easpring Finland New Materials Oy's result in the consolidated financial statements, as its financial impact on the Group's results and balance sheet is immaterial. The asssociated company's shares have been recorded in the Group's balance sheet, the carrrying amount of shares was EUR 2.7 million at 31 December 2024.

1.16 Inventories

EUR 1,000	2024	2023
Raw materials and consumables	33,973	29,966
Work in progress	269,675	258,579
Finished products	15,067	24,705
Total	**318,715**	**313,250**

The end product inventory of metal intermediates on 31 December 2024 was measured at acquisition cost, on a cost basis, at EUR 6.7 million, because the net realisable value was higher than the cost-based value. The inventory of finished products in battery chemicals business on 31 December 2024 has been measured at net realisable value, EUR 8.6 million, because the cost-based value was higher than net realisable value. The value of work in progress in metal intermediates business measured on a cost basis on 31 December 2024 was EUR 265.2 million, and the value of work in progress in battery chemicals production measured on a cost basis was EUR 4.4 million. A claim reserve of EUR 0.2 million will be allocated to the battery chemicals business' finished product inventory facility in 2024.

The value of raw materials and consumables on 31 December 2024 includes a provision of EUR 9.8 million for slow-moving inventory, which reduces the value of inventory. The corresponding provision on 31 December 2023 was EUR 9.8 million.

1.17 Trade and other receivables

Current

EUR 1,000	2024	2023
Trade receivables	73,266	48,892
Prepaid expenses and accrued income	4,547	3,590
Derivative assets	46,691	74,541
Collateral	63	62
Other receivables	11,426	13,724
Total	**135,992**	**140,809**

Aging of trade receivables and items recognised as credit loss

EUR 1,000	2024	2023
Undue	38,602	42,555
Overdue		
Under 30 days	18,948	6,269
30–60 days	17,340	48
61–90 days	4,044	0
Over 90 days	–5,669	20
Total	**73,266**	**48,892**
Recognised impairment losses	0	0

Current receivables by currency, EUR

EUR 1,000	2024	2023
USD	123,342	124,195
EUR	12,626	16,544
CAD	0	37
GBP	24	32
Total	**135,992**	**140,809**

Other receivables consist of the following items

EUR 1,000	2024	2023
Others	6,535	5,886
Value added tax receivables	4,891	7,838
Total	**11,426**	**13,724**

1.18 Cash and cash equivalents

EUR 1,000	2024	2023
Cash in hand and at banks	52,301	25,599
Total	**52,301**	**25,599**

1.19 Notes on shareholders' equity

The parent company's share capital entered in the trade register on 31 December 2024 was EUR 2,258 thousand, divided into 588,408 shares of the same value. The nominal value of the share has not been specified. Each share has one vote. There were no changes in share capital during the financial year 2024 or 2023.

	2024		2023	
Share capital	Number of shares	Share capital	Number of shares	Share capital
1 Jan	588,408	2,258	588,408	2,258
Issued shares	0	0	0	0
Balance at 31 Dec	**588,408**	**2,258**	**588,408**	**2,258**

	2024		2023	
Invested unrestricted equity fund	Number of shares	Invested unrestricted equity fund	Number of shares	Invested unrestricted equity fund
1 Jan	588,408	666,151	588,408	606,151
Increase	0	30,000	0	60,000
Balance at 31 Dec	**588,408**	**696,151**	**588,408**	**666,151**

Decisions made and authorisations given by the General Meeting of Shareholders of the subsidiary, Terrafame Oy

On 12 December 2023, the shareholders of Terrafame Oy resolved, with the consent of option holders, to cancel the then-existing option rights, revised on 27 August 2020 and to issue new, unexercised option rights in a corresponding number. Simultaneously, the shareholders resolved to cancel the other authorisations granted to the Board of Directors on 27 August 2020 regarding a directed share issue, with the exception of the authorisation concerning the directed issuance of 81,000 new shares to Terrrafame Oy's parent company for the purpose of maintaining control. This authorisation remains valid indefinitely.

No decisions regarding new authorisations or option rights were made during the 2024 financial year.

Options and other special rights

Option rights and other special rights relating to Terrafame Oy's shares can be transferred to permitted transferees. Both the direct and indirect pledging of options are prohibited. The subscribed capital agreed for the option rights is EUR 176.46, and the subscription rights may be exercised in several tranches, in part or in full. The option holder does not have rights to any dividends or assets distributed from the company's reserves for invested unrestricted equity.

In 2023, the funds managed by Galena Asset Management and Mandatum Holding Oy exercised the option rights previously granted to them. In the spring of 2024, 71,419 option rights matured unexercised. The remaining option rights held by Galena Asset Management will mature on 31 December 2025.

Options and other special rights

(pcs)	Maximum number of issued shares 31 Dec 2024	Options matured unexercised 31 Dec 2024	Shares outstanding 31 Dec 2024
Tranche 7	71,419	71,419	0
Tranche 8	441,918		441,918
Tranche 9	21,518		21,518
Tranche 10	21,518		21,518
Tranche 11	21,518		21,518
Tranche 12	21,518		21,518
Tranche 13	21,518		21,518
At the end of the year	**620,927**	**71,419**	**549,508**

Options and other special rights

(pcs)	Maximum number of issued shares 31 Dec 2023	Issued shares 31 Dec 2023	Shares outstanding 31 Dec 2023
Tranche 7	880,915	809,496	71,419
Tranche 8	582,033	140,115	441,918
Tranche 9	21,518		21,518
Tranche 10	21,518		21,518
Tranche 11	21,518		21,518
Tranche 12	21,518		21,518
Tranche 13	21,518		21,518
At the end of the year	**1,570,538**	**949,611**	**620,927**

Non-controlling interests

Non-controlling interests accounted for EUR 322.2 million of the Group's equity in the financial year 2024 (2023: 355.2 million). This holding of the Group consists of financing arrangements made during financial years 2017–2023, and it concerns the Group's subsidiary, Terrafame Oy, for which the non-controlling interest was approximately 43.9 per cent on the balance sheet date (2023: 43.9).

Below is a summary concerning Terrafame group in which the share of non-controlling interest is significant.

Terrafame

Non-controlling interests

EUR 1,000	2024	2023
Non-current assets	958,416	839,182
Current assets	493,456	468,039
Non-current liabilities	–494,005	–277,370
Current liabilities	–223,975	–220,839
Net assets	**733,892**	**809,012**
Non-controlling interest in net assets	322,178	355,156
Net sales	544,491	560,930
Profit/loss for the year	–46,284	–4,357
Other comprehensive income	–28,835	116,328
Comprehensive income for the year	**–75,119**	**111,971**
Non-controlling interest in profit/loss for the year	–20,319	–1,913
Non-controlling interest in other comprehensive income	–12,659	51,068
Cash flow from operating activities	42,313	35,819
Cash flow from investing activities	–177,268	–134,928
Cash flow from financing activities	160,113	69,894
Translation difference	651	–1,056
Change in cash and cash equivalents	**25,809**	**–30,271**

1.20 Notes to hedging derivatives

	31 Dec 2024			31 Dec 2023			2024	2023
EUR 1,000	Positive fair values	Negative fair values	Net fair values	Positive fair values	Negative fair values	Net fair values	Nominal amounts in USD	Nominal amounts in USD
Currency and interest rate derivatives								
Foreign exchange forwards	0	4,822	–4,822	2,179	0	2,179	237,000	133,000
Metal derivatives							Tonnes	Tonnes
Nickel forward contracts	36,846	0	36,846	56,974	0	56,974	12,900	10,465
Zinc forward contracts	507	1,844	–1,337	480	111	369	32,185	3,300
Total derivatives	**37,353**	**6,666**	**30,687**	**59,633**	**111**	**59,522**		
Long-term derivatives	1,463	98	1,365	686	0	686		
Short-term derivatives	35,890	6,568	29,322	58,947	111	58,836		

	31 Dec 2024	31 Dec 2023
Gross assets on the balance sheet	46,691	74,541
Gross liabilities on the balance sheet	8,333	138

Fair value change in derivatives of EUR –36.0 million in financial year 2024 has been recorded in other items in comprehensive income and presented in fair value reserve in shareholder's equity in consolidated balance sheet. Fair value change net of tax was EUR –28.8 million of which EUR –16.2 million has been attributed to the equity holders of the parent and EUR –12.7 million to non-controlling interest in consolidated balance sheet.

The fair value calculation of hedges is based on market rates and quotations on the balance sheet date in accordance with the hedging portfolio. Counterparties to derivative transactions have been approved in accordance with Terrafame's hedging policy. Intercompany receivables and liabilities are connected on a transaction level with each counterparty and accounted for on a daily level by transaction.

Hedging instruments had a significant impact on the Group's financial position and the predictability of its profitability for the next 12 months on 31 December 2024. Terrafame had set up a cash flow hedge against a weakening US dollar with a hedging rate of approximately 50%. Terrafame had hedged at a rate of around 40% against the weakening of the price of nickel and at a rate of around 70% against the weakening of the price of zinc for the deliveries agreed for the coming year by means of derivatives. In addition, in accordance with its hedging policy, Terrafame had hedged almost all of its completed nickel and zinc deliveries that had been reported as sales. For this reason, changes in market prices after the balance sheet date have little impact on the sales revenue recognised on nickel and zinc batches delivered during 2024.

1.21 Deferred tax assets and liabilities

Deferred taxes

EUR 1,000	2024	2023
On the balance sheet		
Derivatives		
Deferred tax asset	0	0
Deferred tax liability	–7,672	–14,881
Confirmed losses		
Deferred tax asset	12,253	18,771
Biological assets		
Deferred tax liability	–1,075	–752
Leases		
Deferred tax asset	132	1,096
Deferred tax liability	–646	–1,741
Total	**2,992**	**2,492**

Unrecognised deferred taxes

EUR 1,000	2024	2023
On the balance sheet		
Confirmed and carried-forward loss for tax purposes		
Deferred tax asset	8,077	7,536
Rehabilitation provision		
Deferred tax asset	43,336	43,946
Deferred tax liability	–6,517	–8,416
Deferred depreciation		
Deferred tax asset	22,716	8,964
Total	**67,612**	**52,030**

The Finnish corporate tax rate in the financial year 2024 and in 2023 was 20.0%.

Deferred tax assets are recognised up to the amount for which there is likely to be taxable income in the future, and against which they can be used. The above table shows the temporary differences, tax losses and deferred depreciation for which deferred tax assets or liabilities have not been recognised due to unccertainty related to their recovery. Material unrecognised deferred taxes relate to adjustments to Terrafame Oy's assets on the basis of IFRS accounting policies in connection with the preparation of consolidated financial statements.

On 31 December 2024, the Group companies had unrecognised deferred tax assets of approximately EUR 30.7 million, which consisted of the confirmed losses for tax years 2015–2023 (EUR 7.5 million in tax assets), losses estimated to be confirmed for tax year 2024 (EUR 0.5 million in tax assets) and deferred depreciation (EUR 22.7 million). Confirmed losses are expiring 2025–2033. No deferred tax assets have been recognised with respect to the annually updated rehabilitation provision recorded in connection with the acquisition of the mining business and the related IFRS adjustments. At the balance sheet date, the deferred tax asset from the provision is approximately EUR 43.3 million and the deferred tax liability from IFRS adjustments is approximately EUR 6.5 million. The deferred tax assets arising from finance lease arrangements in accordance with IFRS 16 have been netted off against the arrangement's deferred tax liabilities. The amount of net deferred tax liabilities arising from IFRS 16 leasing arrangements shown in the financial statements' balance sheet dated 31 December 2024 is EUR 0.5 million.

1.22 Contingent liabilities and other liabilities

Amounts payable on rental and lease agreements

EUR 1,000	31 Dec 2024	31 Dec 2023
Within one year	4,259	1,742
After one year but within five years	8,307	573
Total	**12,566**	**2,315**

Other contractual exposures

EUR 1,000	31 Dec 2024	31 Dec 2023
Within one year	7,583	7,695
After one year but within five years	6,185	0
Total	**13,768**	**7,695**
Total	**26,334**	**10,010**

Securities complying with environmental and mining permits

EUR 1,000	Type of security	31 Dec 2024 Amount of security	31 Dec 2023 Amount of security
Beneficiary			
Kainuu ELY Centre; securities in accordance with permit condition 196	Credit insurance	384,825	362,325
Security in accordance with permit decision no. 52/2013/1	Bank guarantee	1,500	1,500
Security in accordance with permit decision no. 43/2014/2	Bank guarantee	6	6
Security in accordance with permit decision no. 43/2015/1	Bank guarantee	100	100
Security in accordance with permit decision no. 3/2017/1	Bank guarantee	50	50
Security in accordance with permit decision no. 76/2017/1	Bank guarantee	100	100
Security in accordance with permit decision no. 133/2010	Bank guarantee	0	0
Security in accordance with permit decision no. 5/2021	Bank guarantee	200	200
Security in accordance with permit decision no. 5/2021	Bank guarantee	0	0
Security in accordance with permit decision no. 87/2022	Bank guarantee	17	17
Security in accordance with permit decision no. 87/2022	Bank guarantee	10	10
Decision of the Finnish Safety and Chemicals Agency, 30 June 2014, Mining Register registration number: 2819	Bank guarantee	100	100
Decision of the Finnish Safety and Chemicals Agency, 30 June 2014, Mining Register registration number: 2819	Bank guarantee	35	35
Decision of the Finnish Safety and Chemicals Agency, 30 June 2014, Mining Register registration number: 2819	Bank guarantee	50	50
Total		**386,993**	**364,493**
Other securities		**482**	**1,895**
Real estate investments' VAT refund liability		**13,266**	**12,181**
Mining certificate, Mining Register registration number 2819, mining concession		**free**	**free**

Business and real estate mortgages and the pledge on the mining concession certificate served as collateral for Terrafame's long-term financing agreements. The company's business and real estate mortgages were discharged during the financial year 2023.

1.23 Financial risk management

The nature of the Group's business exposes Finnish Minerals Group to foreign exchange, commodity price, credit and liquidity risks. The goal of the Group's financial risk management is to minimise the negative effects of changes in financial and commodity markets on its result and cash flow.

As the Group's main operating subsidiary, Terrafame is exposed to all the risks listed above. Terrafame's commercial and finance department identifies and assesses risks, acquires the instruments needed to hedge against risks, and reports on risks and any changes therein to the company's CEO and Board of Directors. Hedging transactions are carried out in accordance with the principles approved by the Board of Directors. If necessary, foreign-exchange forward transactions and options, foreign currency loans, interest rate swaps and nickel and zinc forwards, and options are used in financial risk management. The financial structure of subsidiaries is planned, evaluated and controlled whilst taking financial risk management into account.

The hedging policy adopted by Terrafame's Board of Directors defines the objectives of hedging, permitted hedging instruments, hedging levels, organisational responsibilities and reporting necessary for the management and control of financial risks. The accounting policies to be applied are also outlined in the hedging policy. The company's Board of Directors approves all counterparties to agreements relating to financial risk management. According to the hedging policy, derivative instruments can only be used to manage business risk. The use of derivative instruments to hedge against non-business risks (for trading purposes or speculative use) is prohibited.

The company's financial management submit reports on risk management, hedging position and outcomes to the CEO and Board of Directors on a monthly basis.

Currency risks

Since Finnish Minerals Group operates in the euro area and sales are made in US dollars, the company's business operations involve currency risks.

In 2024, the Group had USD-denominated sales worth USD 574.4 million, and the USD-denominated foreign-exchange forward transactions due during the financial year totalled USD 306 million. The hedge ratio was therefore set at 53.3 per cent. As a result, a 10 per cent change in the value of the EUR/USD exchange rate would have only affected the Group's net sales by 4.7 per cent.

In 2023, the Group has USD-denominated sales worth USD 604.4 million, and the USD-denominated foreign-exchange forward transactions due during the financial year totalled USD 366 million. The hedge ratio was therefore set at 60.6 per cent. As a result, a 10 per cent change in the value of the EUR/USD exchange rate would have only affected the Group's net sales by 3.9 per cent.

Most of Terrafame's long-term loans from financial institutions in the accounting period 2023 were USD-denominated. In accordance with the hedging policy, the risk of revaluing loans related to exchange rate changes is not subject to hedging measures. In the financial year 2024, there were no foreign currency loans following the transition to the company's EUR 250 million financial package.

Interest rate risk

The Group's interest rate risk arises from loans from financial institutions for which the reference rate is a variable interest rate. At the time of closing the accounts, the consolidated balance sheet showed EUR 339.4 million (2023: 153.7) in interest-bearing liabilities. On the same date, the repayment period of interest-bearing liabilities was approximately 2.5 years. This calculation includes all of the liabilities for which a repayment period can be defined. The company has not taken any special measures to hedge against interest rate risks during the financial year.

Possible changes in the interest rate level would not have had a significant impact on the Group's result and shareholders' equity. An increase of one percentage point in the reference rate would have increased the interest costs of finance loans by approximately EUR 3.2 million. In accordance with the hedging policy, the risk of revaluation of loans is not subject to hedging measures.

Credit risk

Finnish Minerals Group's internal guidelines define the principles and responsibilities of credit control. Once a new customer agreement has been signed, the Group estimates its expected annual volume and share of net sales, as well as the customer's creditworthiness.

A credit loss of 14,773 euros was recorded in the financial year 2024. Credit insurance has not been applied to secure trade receivables.

The aging schedule for trade receivables is presented in Note 1.17.

Capital management

The aim of the Group's capital management is to support business through an optimal capital structure and increase shareholder value by aiming at the highest possible return. An optimal capital structure also ensures smaller capital costs.

Developments in capital structure are monitored through the equity-to-assets ratio. The equity ratio on 31 December 2024 was 54.0 per cent (31 December 2023: 63.6 per cent).

Liquidity risk

Finnish Minerals Group continuously assesses and monitors the amount of financing required for business operations, so that the Group has sufficient liquid funds to finance its operations.

The maturity distribution based on debt contracts is as follows:

EUR 1,000	Carrying amount	Cash flow	0–6 mths	6 mths–1 yr	1–2 yrs	> 2 yrs
31 Dec 2024						
Interest-bearing liabilities	301,515	348,107	10,333	7,393	14,685	315,697
Accounts payable	111,340	111,340	111,340	0	0	0
Lease liabilities	37,913	45,851	4,357	4,357	8,945	28,191
Derivative liabilities	8,332	8,332	6,809	1,400	123	0
Total	**459,100**	**513,630**	**132,839**	**13,150**	**23,752**	**343,888**

EUR 1,000	Carrying amount	Cash flow	0–6 mths	6 mths–1 yr	1–2 yrs	> 2 yrs
31 Dec 2023						
Interest-bearing liabilities	148,208	149,065	111,542	0	0	37,523
Accounts payable	94,888	94,888	94,888	0	0	0
Lease liabilities	5,478	6,095	954	954	3,684	504
Derivative liabilities	138	138	138	0	0	0
Total	**248,713**	**250,187**	**207,523**	**954**	**3,684**	**38,027**

On 27 February 2025, Terrafame announced it had negotiated a financing arrangement to fund the company's investment programme over the next few years. As part of the financing solution, Terrafame and its main owners – Finnish Minerals Group and the Galena funds – have agreed on a EUR 100 million financing arrangement consisting of a EUR 50 million shareholder loan and a EUR 50 million equity financing commitment. In addition, Terrafame has agreed on a EUR 50 million advance payment arrangement with Trafigura and Finnish Minerals Group.

At the same time, Terrafame has agreed to extend the existing 250 million euro bank financing loan by one year, until December 2028. The arrangement has no significant impact on the shareholder base of the company. With the revised financing arrangement, the company's management estimates that the company's financing will be sufficient to carry out the necessary investments and thus ensure the continuity of operations.

Finnish Minerals Group has extended the duration of an 80 million euro revolving credit facility, of which 65 million euros were drawn at the end of the financial year, until June 25, 2027.

The financing arrangement announced by Terrafame on January 25, 2024, included covenants. More information about the covenants can be found in Note 1.25 Interest-bearing liabilities.

Market risk

The importance of hedging instruments to Group's financial position and projected profitability for the next 12 months was high on 31 December 2024. Terrafame had set up a cash flow hedge against a weakening US dollar with a hedging rate of approximately 50%. Terrafame had set up a cash flow hedge against a decline in the price of nickel with a hedging rate of approximately 40% and in the price of zinc with a hedging rate of approximately 70% for forecasted deliveries during the coming year using derivatives. In addition, in line with its hedging policy, Terrafame had set up hedges for almost all of its nickel and zinc deliveries, which had been completed and previously reported as sales. As a result, the change in market prices after the closing of the accounts has hardly no effect on the sales revenue recognised for nickel and zinc deliveries completed during the financial year 2024.

1.24 Provisions – rehabilitation provision

Long-term provisions on the balance sheet are related to the environmental and rehabilitation liabilities associated with the Group's mine and production plants. The provisions are based on estimates of future liabilities.

Non-current

EUR 1,000	31 Dec 2024	31 Dec 2023
Rehabilitation provision		
At beginning of year	219,729	205,251
Increase	0	7,294
Decrease	–8,192	0
Unwinding of the discount	5,142	7,184
At end of year	**216,680**	**219,729**
Total non-current	**216,680**	**219,729**
Estimated cost of the rehabilitation provision		
Rehabilitation of bioleaching ponds	114,097	115,703
Other rehabilitation work	102,583	104,026
Total estimated rehabilitation costs	**216,680**	**219,729**

On 20 June 2022, the Regional State Administrative Agency for Northern Finland issued its decision on the environmental and water permit covering all Terrafame's operations – that is, the master permit. The master permit determines the scope of all operations (including new plans for coming years), sets emission limits and defines an environmental guarantee for discontinued operations. The new permit also enables the progress of ongoing development projects, taking account of the interim decisions issued by the Vaasa Administrative Court in January 2024.

However, the permit decision increased Terrafame's environmental guarantee from EUR 138 million to EUR 324 million, which is high even by global comparison. In the third quarter of 2022, Terrafame filed an application with the Vaasa Administrative Court concerning the calculation principles of the guarantee.

Terrafame already increased the environmental provision in its financial statements for 2021, and the provision remained unchanged in Terrafame's financial statements for 2022. In Terrafame's financial statements for 2023, the provision was increased by EUR 15.1 million, mainly due to the introduction of new waste rock fields.

Due to the closures carried out during the financial year 2024 and the partial impact of the refined area-based closure costs, the discounted environmental provision decreased by EUR 3 million overall in the Group. The provision decreased by EUR 8.2 million, while the unwinding of the discount over the period increased the provision by EUR 5.1 million. The impact on the Group's result is EUR –5.2 million. The value of the provision in the consolidated balance sheet of 31 December 2024 was EUR 216.7 million (2023: 219.7).

In preparation for costs arising from closure measures, Terrafame has included in its balance sheet an environmental provision that is updated annually. During the financial year 2024, the company has begun to accumulate data on the actual cost levels of completed rehabilitation work, as well as calculations and estimates provided by external experts and authorities. Based on this accumulated information, the company has refined its estimate of the area-based closure costs included in the environmental provision recognised in the financial year. During the financial years 2021–2023, the costs were based on the collateral values defined in the environmental permits. The general costs in the guarantee requirement and the value added tax added to the unit cost are not included in the environmental provision, as these costs will not be borne by Terrafame when the company carries out its closing obligation.

Terrafame announced on 27 January 2025 that it has applied to the Supreme Administrative Court for leave to appeal against the decisions issued by the Vaasa Administrative Court (VAC) in December 2024. Additionally, Terrafame is requesting the Supreme Administrative Court (SAC) to issue an interim decision regarding key restrictions on operations. The VAC's decisions are described in more detail in the section "Permit matters" in the Annual review.

From Terrafame's perspective, it was important that the VAC upheld the ore extraction volume of 18 million tonnes per year. If upheld, the other regulations pertaining to the VAC's decisions will, however, negatively impact Terrafame's operations and cause significant additional costs. Terrafame considers that the VAC's decisions unjustifiably undermine Terrafame's operating conditions and create unnecessary uncertainty in the planning of the company's operations. In Terrafame's view, there are weighty reasons for annulling the VAC's decisions and issuing an interim decision.

1.25 Interest-bearing liabilities

EUR 1,000	31 Dec 2024	31 Dec 2023
Non-current financial liabilities measured at amortised cost		
Loans from financial institutions – finance loan	236,515	37,484
Lease liability	31,550	3,878
Total	**268,065**	**41,362**
Current financial liabilities measured at amortised cost		
Loans from financial institutions – finance loan	65,000	110,724
Lease liability	6,363	1,600
Total	**71,363**	**112,324**

The fair values of current and non-current liabilities do not differ significantly from their carrying amounts. The financing arrangement announced by Terrafame on 25 January 2024 involved covenants. The covenants are the ratio of the previous 12 months' rolling EBITDA to the company's net debt (Net debt / EBITDA) and the gearing ratio (Gearing). The covenants are calculated on the basis of the currently consolidated IFRS financial statements, which are subject to adjustments agreed in the financing agreement.

Due to the challenging market situation, the company agreed on waivers with financiers the covenant levels for the second half of the financial year 2024, within which the limits were kept. As part of the overall financing arrangement announced on 27 February 2025, the company has agreed on changes to covenants and their levels, and according to the company's management view, it will remain in these limits.

1.26 Provisions, trade and other payables

EUR 1,000	31 Dec 2024	31 Dec 2023
Current		
Advances received	119	0
Accounts payable	111,340	94,888
Accruals and deferred income	33,909	26,502
Derivative liabilities	8,332	138
Other payables	1,626	1,451
Total	**155,327**	**122,979**

EUR 1,000	31 Dec 2024	31 Dec 2023
Non-interest bearing liabilities by currency, EUR		
USD	27,103	624
GBP	31	3
SEK	2,547	42
CAD	0	8
EUR	125,647	122,302
Total	**155,327**	**122,979**

Classification of financial assets and liabilities

31 Dec 2024	Carrying amount			Total carrying amount	Fair value	Level 1	Level 2	Level 3
EUR 1,000	Measured at amortised cost	Measured at fair value through profit or loss	Hedge accounting					
Financial assets								
Derivatives			46,691	46,691	46,691		46,691	
Trade receivables	73,266			73,266	73,266			
Cash and cash equivalents	52,301			52,301	52,301			
Total	**125,566**	**0**	**46,691**	**172,257**	**172,257**			
Financial liabilities								
Loans from financial institutions	301,515			301,515	301,515			
Lease liabilities	37,913			37,913	37,913			
Accounts payable	111,340			111,340	111,340			
Derivatives			8,332	8,332	8,332		8,332	
Derivatives	**450,768**	**0**	**8,332**	**459,100**	**459,100**			
Total								

31 Dec 2023	Carrying amount			Total carrying amount	Fair value	Level 1	Level 2	Level 3
EUR 1,000	Measured at amortised cost	Measured at fair value through profit or loss	Hedge accounting					
Financial assets								
Derivatives			74,541	74,541	74,541		74,541	
Trade receivables	48,892			48,892	48,892			
Cash and cash equivalents	25,599			25,599	25,599			
Total	**74,491**	**0**	**74,541**	**149,032**	**149,032**			
Financial liabilities								
Loans from financial institutions	148,208			148,208	148,208			
Lease liabilities	5,478			5,478	5,478			
Accounts payable	94,888			94,888	94,888			
Derivatives			138	138	138		138	
Total	**248,575**	**0**	**138**	**248,713**	**248,713**			

Classification level 1 fair values are based on the quoted (unadjusted) prices of identical assets or liabilities in an appropriate market. In determining the fair value of these instruments, the Group has mainly used Bloomberg valuations as the source of prices and the Group has verified that the prices received represented actual and frequent market transaction prices for the instruments in question.

The fair values of instruments in classification level 2 are for a significant part based on inputs other than the prices quoted in classification level 1, however, it is based on data that is observable for the asset or liability in question either directly (as the price) or indirectly (derived from the price). In order to determine the fair value of these instruments, the Group uses generally accepted valuation models, the inputs of which are nonetheless for a significant part based on observable market data.

The fair values of level 3 instruments, on the other hand, are based on inputs on an asset or a liability that are not based on observable market data (unobservable inputs) but for a significant part on estimates made by management and the generally accepted methods of valuation used.

The fair value classification level for a specific item measured at fair value as a whole is determined on the basis of the lowest level input data relevant to the item in question. The significance of the input has been assessed in relation to the item measured at fair value as a whole.

1.27 Adjustments to cash flows from operating activities

EUR 1,000	2024	2023
Adjustments to operating profit/loss		
Unrealised foreign exchange gains and losses	−651	−2,259
Finance income and expenses	28,023	38,339
Other income and expenses that do not include payments	−1,613	−1,503
Share of profit from associated companies	1,699	1,196
Other adjustments	0	0
Total	**27,458**	**35,773**

Changes in liabilities arising from financing activities

	1 Jan 2024	Changes arising from cash flows	Non-cash changes			31 Dec 2024
EUR 1,000			Foreign exchange movements	Transfers	Other changes	
Non-current liabilities	37,484	199,259	0	0	−228	236,515
Current liabilities	110,724	−45,581	0	0	−143	65,000
Lease liabilities						
– non-current	3,878	0	0	−5,440	33,112	31,550
– current	1,600	−5,273	0	5,440	4,596	6,363
Total liabilities arising from financing activities	**153,686**	**148,404**	**0**	**0**	**37,337**	**339,427**

EUR 1,000	Non-current liabilities	Current liabilities	Non-current lease liabilities	Current lease liabilities	Total liabilities arising from financing activities
Net liabilities 1 Jan 2023	101,129	133,813	1,034	5,887	241,863
Cash flows	0	−40,154	0	−3,718	−43,873
Date of acquisition	27,767	70,000	4,111	1,406	103,284
Exchange rate variations	−896	−9,089	0	0	−9,985
Other changes that do not include payment	−90,516	−43,846	−1,267	−1,974	−137,603
Net liabilities 31 Dec 2023	**37,484**	**110,724**	**3,878**	**1,600**	**153,686**

EUR 1,000	Non-current liabilities	Current liabilities	Non-current lease liabilities	Current lease liabilities	Total liabilities arising from financing activities
Net liabilities 1 Jan 2024	37,484	110,724	3,878	1,600	153,686
Cash flows	0	−115,581	0	−5,273	−120,855
Date of acquisition	199,259	70,000	33,112	0	302,371
Exchange rate variations	0	0	0	0	0
Other changes that do not include payment	−228	−143	−5,440	10,036	4,225
Net liabilities 31 Dec 2024	**236,515**	**65,000**	**31,550**	**6,363**	**339,427**

1.28 Related party transactions

EUR 1,000	31 Dec 2024	31 Dec 2023
Business transactions with related parties		
Net sales from goods and services		
Affiliates	37	137
Purchases of goods and services		
Other related entities	47,903	56,985
Accounts payable		
Other related entities	4,635	5,661

EUR 1,000	2024	2023
Executives' benefits		
Salaries and other short-term benefits	3,217	3,116
Termination benefits	0	0
Post-employment benefits	0	0
Other long-term employee benefits	0	0
Share-based payments	0	0
Total	**3,217**	**3,116**

Key related parties of Finnish Minerals Group include the sole shareholder of the Group's parent company, the State of Finland, and associated companies Keliber Oy, CNGR Finland Oy and Adven-FMG Sodium Sulphate Holding Oy with their subsidiaries, and Easpring Finland New Materials Oy.

The key related parties of Terrafame Oy are Finnish Minerals Group, the State of Finland, Galena Private Equity Resources Investment 2 L.P., Galena Private Equity Resources Investment 3 L.P., Galena Private Equity Resources Investment 4 L.P., Galena Private Equity Resources Fund L.P. and Galena Private Equity Resources Co-investment 2 L.P., as well as Trafigura Group. In addition, the related parties include members of Boards, CEOs, and management team members of Group companies, persons responsible for Terrafame's commercial agreements, immediate family members of persons referred to here, and entities in which they or their immediate family members exercise control or significant influence. Finnish Minerals Group's related parties also include entities in which the State of Finland exercises control or significant influence. Finnish Minerals Group has applied an exemption pursuant to which it only reports significant transactions with government-related companies.

During the financial year 2024, the subsidiary Finnish Battery Chemicals Oy made an investment of EUR 2.7 million in Easpring Finland New Materials Oy. Additionally, Finnish Battery Chemicals Oy made an additional investment of EUR 0.6 million euros in Adven-FMG Sodium Sulphate Holding Oy during the financial year.

Wages and salaries

EUR 1,000	31 Dec 2024	31 Dec 2023
Parent company		
CEO	245	249
Members of the Board of Directors		
Teija Kankaanpää	8	27
Ilpo Korhonen	33	31
Antti Kummu	13	44
Jan Lång	35	
Olavi Huhtala	35	32
Riku Kytömäki	20	
Janne Känkänen	0	1
Ilona Lundström	17	
Eeva Ruokonen	9	32
Minna Smedsten	15	
Taru Uotila	23	
Pauli Anttila	10	37
Jukka Ohtola	28	29
Total remuneration of the parent company's Board of Directors	**244**	**233**
Terrafame Oy (subsidiary)		
Seppo Voutilainen	278	0
Joni Lukkaroinen	267	474
CEO	**545**	**474**
Members of the Board of Directors		
Lauri Ratia	84	80
Jesus Fernandez	45	44
Julian Sanchez	47	44
Matti Hietanen	48	44
Riitta Mynttinen	48	44
Tuomo Mäkelä	9	43
Peter Schumacher	35	
Jyrki Vainionpää	48	44
Total remuneration of the Terrafame's (subsidiary) Board of Directors	**365**	**343**
Total wages and salaries	**1,399**	**1,299**

As of the end of the financial years 2024 and 2023, the board members and management of Finnish Minerals Group Oy or Terrafame Oy, as well as their related parties, do not own shares in the company. All business transactions between Finnish Minerals Group and its related parties conformed to accepted market practices. The pension security of key personnel is determined based on statutory pension security. The management does not have option or other share-based incentive schemes.

1.29 Parent company and subsidiary relationships of the Group

		2024		2023	
Company	Domicile	Holding (%)	Share of votes (%)	Holding (%)	Share of votes (%)
Finnish Minerals Group – parent company	Finland				
Terrafame Oy	Finland	56.1%	56.1%	56.1% *)	56.1% *)
Terrafame Alueverkko Oy	Finland	56.1%	56.1%	56.1% *)	56.1% *)
Finnish Battery Chemicals Oy	Finland	100.0%	100.0%	100.0%	100.0%
Sokli Holding Oy	Finland	100.0%	100.0%	100.0%	100.0%
Sokli Oy	Finland	100.0%	100.0%	100.0%	100.0%

*) Holding includes shares registered on 15 February 2024. Holding before registration was 64.4%.
Terrafame Alueverkko Oy was established in 2023 and will commence operations upon receiving the permit decision from the Energy Authority.

1.30 Events after the balance sheet date

At the beginning of 2025, Jarmo Santala joined Finnish Minerals Group as CFO and a member of the Executive Leadership Team.

In January, subsidiary Terrafame, filed an appeal with the Supreme Administrative Court against rulings issued by Vaasa Administrative Court concerning the environmental and water management permit for the company's operations as a whole and the permit for the KL1 waste rock area.

In January, Finnish Minerals Group decided to participate in Terrafame new financing round, which was completed on 26 February 2025. The EUR 100 million financing arrangement consisted of a EUR 50 million shareholder loan and a EUR 50 million equity financing commitment. Additionally, Terrafame agreed on a EUR 50 million prepayment arrangement, of which Finnish Minerals Group financed a share corresponding to its ownership stake.

Parent company income statement

EUR 1,000	Note	2024	2023
Net sales	2.1	2,388	1,898
Gross profit		**2,388**	**1,898**
Other operating income	2.2	230	467
Administrative expenses	2.4	−5,710	−6,129
Research and development costs	2.5	−1,250	−1,998
Operating profit/loss		**−4,342**	**−5,761**
Finance income and expenses	2.6		
Other interest and finance income		4,671	3,302
Impairment of non-current assets – reversal of impairment loss		0	4
Interest and other finance expenses		−959	−1,012
Total finance income and expenses		**3,712**	**2,294**
Profit/loss before tax		**−630**	**−3,467**
Income taxes		0	0
Profit/loss for the year		**−630**	**−3,467**

Parent company balance sheet

EUR 1,000	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets	2.7		
Development costs		597	437
Investments			
Investments in subsidiaries	2.8	537,481	537,481
Investments in associates	2.9	78,601	78,601
Total non-current assets		**616,680**	**616,519**
Current assets			
Non-current receivables			
Receivables from Group companies	2.10	37,501	21,290
Current receivables			
Current receivables	2.11	67,000	60,348
Cash and cash equivalents	2.12	9,880	9,353
Total current assets		**114,380**	**90,992**
TOTAL ASSETS		**731,060**	**707,511**
EQUITY AND LIABILITIES			
Equity			
Share capital	2.13	2,258	2,258
Invested unrestricted equity fund		696,151	666,151
Retained earnings		−33,487	−30,020
Profit/loss for the year		−630	−3,467
Total equity		**664,290**	**634,921**
Current liabilities			
Current liabilities	2.14	66,770	72,590
Total current liabilities		**66,770**	**72,590**
TOTAL EQUITY AND LIABILITIES		**731,060**	**707,511**

Parent company cash flow statement

EUR 1,000	Note	2024	2023
Cash flow from operating activities			
Profit/loss for the year		–630	–3,467
Adjustments to operating profit/loss		–3,468	–2,247
Change in working capital		–398	–353
Interest paid		–1,203	–598
Interest received		3,230	1,692
Net cash flow from operating activities		**–2,470**	**–4,973**
Cash flow from investing activities			
Investments in tangible and intangible assets		–404	–248
Loans granted		–65,000	–65,000
Investments in other investments		–14,600	–5,900
Repayment of loan receivables		58,000	7,000
Investments in associated companies		0	–53,946
Net cash used in investing activities		**–22,004**	**–118,095**
Cash flow from financing activities			
Increase in invested unrestricted equity fund		30,000	60,000
Proceeds from short-term loans		70,000	70,000
Repayments of short-term loans		–75,000	0
Net cash flow from financing activities		**25,000**	**130,000**
Change in cash and cash equivalents		**526**	**6,932**
Cash and cash equivalents at the beginning of the year		9,353	2,421
Cash and cash equivalents at the end of the year		**9,880**	**9,353**

Parent company's accounting policies and notes

Accounting policies

The scope of financial statements, and accounting policies

The company has prepared the financial statements in accordance with Finnish accounting legislation and Finnish Accounting Standards (FAS). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statement information is reported in tables and related texts in thousands of euros and in the Annual Review in millions of euros to one decimal place. The comparative figures reported in brackets are figures for the financial year 2023. All the presented figures have been rounded according to general rounding rules, so the sum of the individual figures may be different from the sum presented. Key figures have been calculated using exact values. Comparative information has been adjusted where necessary to correspond with the information of the year under review.

Items denominated in foreign currencies

Transactions in foreign currency are recorded at the rate prevailing on the transaction date. Receivables and liabilities on the balance sheet on the closing date of the accounts are value at closing rate.

Net sales

Net sales is presented as income from services provided by the parent company to its group companies. The income is recognized when the services are rendered.

Research and development costs

Research expenditure is treated as annual expenses and recognised as an expense in the income statement. The costs incurred in the development of battery business and battery technologies are capitalised on the balance sheet if the development activities are expected to generate income beyond the current accounting period. Capitalised development costs are amortised over ten years as planned.

Amortisation of pension costs

Pension expenditure is recognised as an expense in the year it was accrued.

Borrowing costs

Borrowing costs are recognized as an expense in the financial year in which they are incurred.

Receivables

Receivables are valued at nominal value or at a lower probable value.

Non-current assets

Shares in subsidiaries and in associated companies are stated on the balance sheet at historical cost. If the future income generated from shares is estimated to be permanently lower than the undepreciated acquisition cost, the difference is entered as an expense under impairment.

Deferred taxes

No deferred tax assets or liabilities have been recognised on temporary differences between taxation and financial statements, but these have been presented in the notes. The most significant temporary difference is the loss to be confirmed for the financial period.

2 Parent company's notes

2.1 Net sales

EUR 1,000	2024	2023
Intra-group sales	2,351	1,762
Selling to others	37	137
Total	**2,388**	**1,898**

2.2 Other operating income

EUR 1,000	2024	2023
Grants received	229	467
Other income	1	0
Total	**230**	**467**

2.3 Personnel expenses and number of employees

EUR 1,000	2024	2023
Personnel expenses		
Wages and salaries	3,599	3,303
Pension costs	604	558
Other social security expenses	66	82
Total	**4,269**	**3,943**
Average number of employees		
Salaried employees	37	34

2.4 Administrative expenses

EUR 1,000	2024	2023
Personnel expenses		
Wages and salaries	3,288	2,881
Pension costs	552	487
Other social security expenses	60	71
Total	**3,900**	**3,440**
Auditors' fees		
Auditing	38	41
Certificates and reports	58	0
Tax advisory services	17	29
Other services	24	28
Total	**137**	**98**
Travel expenses	269	402
Rents	172	162
Other legal and consulting services	424	1,077
Other administrative expenses, Group	15	10
Other administrative expenses	794	940
Total administrative expenses	**5,710**	**6,129**
Management salaries and fees		
CEO and Board members	461	481

2.5 Research and development costs

EUR 1,000	2024	2023
Research and development costs recognised as an expense	1,250	1,998

2.6 Finance income and expenses

EUR 1,000	2024	2023
Other interest and finance income		
From Group companies	4,459	2,853
From other companies	212	449
Impairment of investments held as non-current assets	0	4
Interest and other finance expenses		
To other companies	–959	–1,012
Total	**3,712**	**2,294**

2.7 Intangible assets

EUR 1,000	Development costs
Carrying amount 31 Dec 2023	**437**
Acquisition cost 1 Jan 2024	**558**
Capitalised during the period	404
Acquisition cost 31 Dec 2024	**962**
Accumulated amortisation and impairment losses 1 Jan 2024	**121**
Amortisation for the year	59
Impairments	184
Accumulated amortisation and impairment losses 31 Dec 2024	**364**
Carrying amount 31 Dec 2024	**597**

2.8 Investments in subsidiaries

EUR 1,000	Shares in group companies
Carrying amount 31 Dec 2023	537,481
Acquisition cost 1 Jan 2024	537,481
Acquisition cost 31 Dec 2024	537,481
Carrying amount 31 Dec 2024	**537,481**

Group companies

Parent company holdings	31 Dec 2024	31 Dec 2023
Terrafame Oy, Sotkamo, Finland	56.1%	56.1%
Finnish Battery Chemicals Oy, Helsinki, Finland	100.0%	100.0%
Sokli Holding Oy, Savukoski, Finland	100.0%	100.0%

2.9 Investments in associates

EUR 1,000	Shares in associated companies
Carrying amount 31 Dec 2023	**78,601**
Acquisition cost 1 Jan 2024	**78,601**
Additions	0
Acquisition cost 31 Dec 2024	**78,601**
Carrying amount 31 Dec 2024	**78,601**

31 Dec 2024	Share holding	Series of shares	Number of shares	Carrying amount
Keliber Oy, Kaustinen, Finland	20.0%	Class B shares	822,863	78,601

2.10 Non-current receivables

EUR 1,000	31 Dec 2024	31 Dec 2023
Receivables from Group companies	37,501	21,290
Total receivables	**37,501**	**21,290**

2.11 Current receivables

EUR 1,000	31 Dec 2024	31 Dec 2023
Receivables from Group companies	66,511	59,566
Receivables from associated companies	12	137
Trade receivables	2	0
Lease guarantees	38	38
VAT receivable	0	132
Tax account receivable	14	0
Prepaid expenses and accrued income	423	475
Total	**67,000**	**60,348**

2.12 Cash and cash equivalents

EUR 1,000	31 Dec 2024	31 Dec 2023
Cash in hand and at banks	9,880	9,353

2.13 Equity

EUR 1,000	31 Dec 2024	31 Dec 2023
Share capital 1 Jan	2,258	2,258
Share capital 31 Dec	2,258	2,258
Total restricted equity	**2,258**	**2,258**
Invested unrestricted equity fund 1 Jan	666,151	606,151
Increase	30,000	60,000
Invested unrestricted equity fund 31 Dec	696,151	666,151
Retained earnings	–33,487	–30,020
Profit/loss for the year	–630	–3,467
Total unrestricted equity	**662,033**	**632,663**
Total equity	**664,290**	**634,921**
Distributable funds		
Invested unrestricted equity fund	696,151	666,151
Retained earnings	–33,487	–30,020
Profit/loss for the year	–630	–3,467
Capitalised development costs	–597	–437
Total distributable funds	**661,435**	**632,226**

2.14 Current liabilities

EUR 1,000	31 Dec 2024	31 Dec 2023
Loans from financial institutions	65,000	70,000
Advances received	104	0
Accounts payable	186	832
Amounts owed to Group companies	18	132
Other liabilities – tax withheld in advance and social security expenses	102	96
Value added tax liability	36	0
Accrued expenses and deferred income – accrued personnel expenses	612	601
Accrued expenses and deferred income – other	712	929
Total	**66,770**	**72,590**

2.15 Other notes

Contingent liabilities and other commitments	31 Dec 2024	31 Dec 2023
Amounts due on leases and leasing commitments		
Within one year	168	154
After one year but within five years	46	98
Total	**214**	**252**

The company has confirmed losses for the tax years 2015 to 2023 amounting to approximately EUR 33.2 million, for which no deferred tax asset has been recognised. The unrecognised deferred tax asset for the confirmed losses amounts to approximately EUR 6.6 million. The estimated loss for the tax year 2024 is approximately EUR 0.6 million, for which the unrecognised deferred tax asset amounts to about EUR 0.1 million.

Signatures to the annual review and financial statements

Helsinki, 17 March 2025

Jan Lång
Chair of the Board of Directors

Olavi Huhtala

Ilpo Korhonen

Riku Kytömäki

Ilona Lundström

Jukka Ohtola

Minna Smedsten

Taru Uotila

Matti Hietanen
CEO

Auditor’s note

A report on the audit has been issued today.

Helsinki, 17 March 2025

KPMG Oy Ab
Authorised Public Accountants

Toni Aaltonen
APA

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