Cinia

Ensuring a more certain digital future.

ANNUAL REPORT 2024

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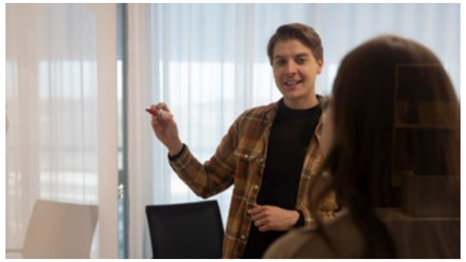
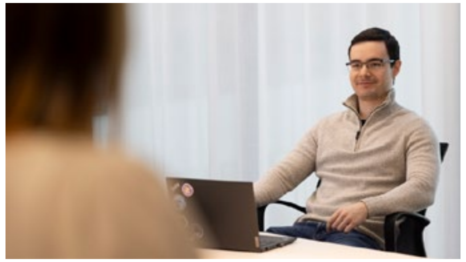




YEAR 2024

SUSTAINABILITY

FINANCIALS

GOVERNANCE

Year 2024

Cinia in brief

Cinia is a Finnish safeguarder of digital operating environments and an expert in critical, high-reliability connections and software. We bring certainty to the increasingly complex digital lives of our customers.

The digital world needs certainty – for us, this means operational reliability and security of supply, but also security and confidence that things will work even if the world changes. We combine our diverse expertise and the latest technology to provide high-quality information network, software and cyber security solutions.

We serve the needs of both the public sector and private enterprises in Finland and internationally with 450 experts.

MISSION

Ensuring a more certain digital future.

VISION

Developing solutions that bring certainty to the changing digital world.

SERVICES

- Network solutions
- Software solutions
- Cyber security solutions

CEO’s review

2024 was full of surprises and challenging turns. Despite the difficult operating environment, Cinia grew and improved its profitability, which is a good indication of our ability to adapt to the changing environment.

In recent years, we have already become accustomed to global political unrest affecting our operating environment and business. The weakening of the economy towards the end of the year was reflected in particular in the demand for software and cyber security solutions.

The decline in demand for development projects in the corporate sector since late 2023 created pressure on the public sector market, which led to oversupply and price competition. Cinia decided to focus on projects that we could win at profitable prices. This decision supported the sustainability of the business and made it possible to provide high-quality services even in challenging times.

Unfortunately, the challenges of the market situation led to layoffs in our software solutions business. However, we are investing in the future by upgrading our ERP system, which will make everyday life easier and our operations more efficient in the coming years.

Our work atmosphere survey strengthens the perception of Cinia as a resilient work community. We received an overall rating of “excellent”, which shows that even though the world is restless, Cinia’s staff are mostly well and able to focus on the essentials.

Cinia’s ownership steering responsibility was transferred from the Ministry of Transport and Communications to the Ownership Steering Department of the Prime Minister’s Office. At the same time, the state as the majority shareholder set Cinia a mission, a strategic interest for the owner: Cinia’s task is to strengthen Finland’s digital connections and cyber security by diversifying international telecommunications

"DESPITE THE UNCERTAIN AND CHALLENGING MARKET SITUATION, 2024 WAS A YEAR OF GROWTH FOR CINIA."

connections and developing information systems that are critical to society.

Despite the uncertain and challenging market situation, 2024 was a year of growth for Cinia. The Group's net sales increased by 4.9% to EUR 92.7 million. The company's comparable operating profit more than doubled to EUR 4.6 million.

Cinia creates operational reliability in artificial intelligence and telecommunications

In 2024, nobody could have avoided the AI debate. Cinia plays a significant role in the development of the future AI ecosystem. Significant investments are being made in artificial intelligence and hyperscale solutions, which is also reflected in growing demand in telecommunications networks.

Cinia focuses on identifying and exploiting the opportunities related to the development of AI-based systems as well as other ecosystem needs, particularly with regard to telecommunications. Our goal is to strengthen our position as a key operator in AI-related infrastructure and services.

The year 2024 also brought Cinia to the attention of the general public in an unfortunate way. The C-Lion1 submarine cable between Finland and Germany was damaged in November and December, which understandably attracted a lot of international attention. The case again highlighted the need to prepare for a multitude of scenarios in the uncertain world political situation.

Of our major infrastructure projects, the Far North Fiber cable project connecting Europe and Asia saw tailwinds. During the year under review, the project received significant support from the EU's Connecting Europe Facility (CEF Digital) program. The aim of the multinational cooperation is to build a submarine cable system in the Arctic region to connect Europe and Asia via the Arctic Northwest Passage route in North America.

Once complete, the cable will complement and secure the existing telecommunications connections and create yet another new route from Finland to the world.

Functional high-speed connections also improve Finland's appeal as the location of data centers, and the increasing number of data centers also requires a higher number of faster connections.

Sustainability is also a competitive factor for Cinia

For Cinia, sustainability is both an ethical principle and a competitive advantage. In 2024, we took significant steps to reduce our environmental impact, promote the well-being of our staff and develop society's digital infrastructure.

As a knowledge-driven company, one of our most important success factors is the well-being of our staff. We strive to provide a working environment that supports the success and well-being of our employees in all circumstances.

In 2024, we continued our concrete emission reduction measures. For example, the landing station of the submarine cable in Germany switched to using electricity produced from renewable energy sources. In addition, we completed the calculation of our value chain emissions and joined the EcoVadis network, which improved the transparency of our sustainability efforts.

Cinia's sustainability work is based on a double materiality analysis required by the European Union's CSRD directive and ownership steering guidelines, which guide the company's sustainability reporting and strategy. In 2025, Cinia will build a reporting package aligned with the CSRD requirements, which will extensively advance Cinia's sustainability reporting.

Cinia has demonstrated its ability to succeed in change

Cinia, in its current form, started its operations ten years ago. Throughout this time, we have purposefully expanded our operations into new areas and products, which has strengthened our ability to succeed in the midst of change.

Our first five years of operations were a period of relative stability, but the last five years have been marked by external and often unpredictable changes. These experiences have taught us that flexibility and adaptability will continue to be key success factors in the future.

The year 2024 was the last year of Cinia's ten-year journey under my leadership. It has been a privilege to lead an organization that has been able to expand, adapt and thrive in a rapidly changing world.

"FOR CINIA, SUSTAINABILITY IS BOTH AN ETHICAL PRINCIPLE AND A COMPETITIVE ADVANTAGE."

I would like to thank our employees, customers and partners – thanks to you, Cinia has reached its current position. I wish my successor **Jaakko Tapanainen** success and courage to continue this work.

I believe that courage, inventiveness and cooperation will continue to carry Cinia in the years to come.

Thank you for these years!

Ari-Jussi Knaapila
CEO

Key figures

NET SALES

EUR million

92.7

(88.4 in 2023)

COMPARABLE EBITA

EUR million

4.6

(1.9 in 2023)

GROWTH IN NET SALES

4.9%

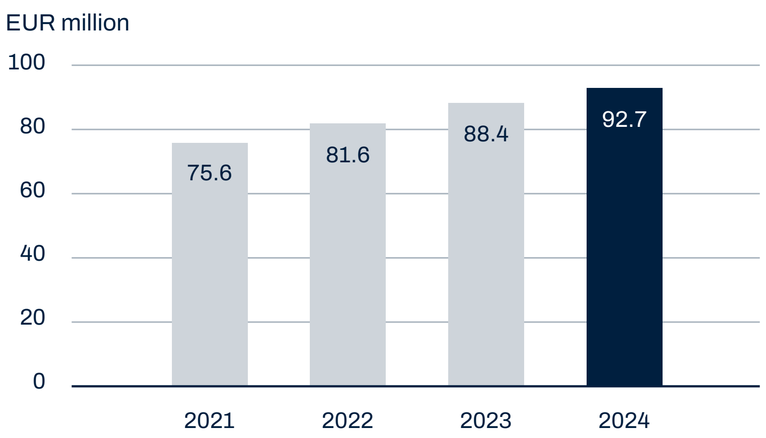
(8.3% in 2023)

NPS
NET PROMOTER SCORE

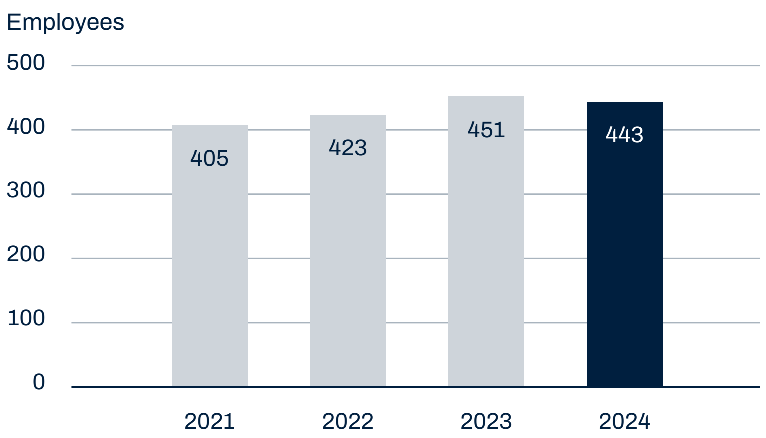
57

(55 in 2023)

NET SALES



PERSONNEL AT THE END OF THE PERIOD



2024 highlights

CINIA WAS CHOSEN TO IMPLEMENT THE NATIONWIDE KIVIJALKA SYSTEM:

Cinia will implement the Ministry of the Interior's new Kivijalka information system, which will modernize the information services of rescue services and civil protection.

CUSTOMER SATISFACTION STRENGTHENED:

NPS

57

(55 in 2023)

EMISSIONS FROM OUR OWN OPERATIONS DECREASED:

-24%

(-24% in 2023)

EFFECTIVE RESPONSE TO INCIDENTS:

Cinia demonstrated its ability to react quickly to incidents: The C-Lion1 submarine cable between Finland and Germany was repaired without delay, restoring connections to clients.

THE PROMOTION OF SUSTAINABILITY WORK CONTINUED:

Value chain emissions (Scope 3) were surveyed and Cinia joined the EcoVadis network.

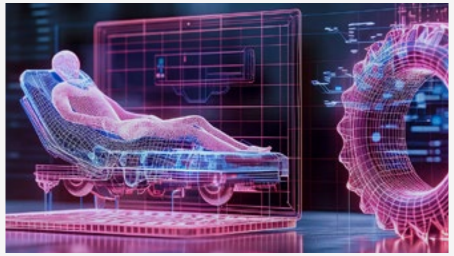
Services

NETWORK SOLUTIONS

We design, implement and manage company networks and high-capacity connectivity services in Northern Europe. We provide customers with network equipment, software and services to optimize connectivity and improve performance. In this way, we ensure functional and reliable connections even in our customers' most challenging environments.

CASE:
Prowash is Finland's leading partner for car wash service companies and is growing fast in Sweden. Cinia built Prowash an end-to-end remote access solution based on IoT technology that allows the company to monitor and manage its customers' car washes and provide 24/7 customer service with camera surveillance. The solution improves service quality and reduces the need for on-site service.

SOFTWARE SOLUTIONS



Our secure software solutions serve even the most demanding professional use and cover everything from design to maintenance and further development. We advise on and innovate new things, design software tailored to the customer's needs in an agile manner, and maintain and develop existing solutions.

CASE:
Cinia implemented a concept and prototype of a new type of workflow and patient flow management system to support dental care for the City of Helsinki. In the "More in one go" service model, customers can be managed with a tight schedule and with as few visits as possible. The service design of the system was carried out in close cooperation with dentists, dental nurses and dental hygienists. Cinia described the service paths, created a detailed description of the various processes in the systems and designed concrete functions for the system's user interface.

CYBER SECURITY SOLUTIONS

We safeguard the continuity of organizations' operations and protect important data from terminal devices to servers, networks and applications. We provide our customers with help in strengthening their cyber defense and preparing for and responding to various cyber threats.

CASE:
Cinia's secure data center solution ensures that Pihlajalinna's data and systems are continuously available. When Pihlajalinna put the service out to tender, reliability, technologies that strengthen information security, good customer service and Finnish origin were all important factors in the choice of the data center partner. For availability reporting, Pihlajalinna uses Cinia's cEye monitoring solution that quickly tracks the source of problems if there are delays or disruptions in the use of information systems.

Sustainability

Sustainable business at Cinia

Cinia continued the determined development of its sustainability work in 2024. We set new sustainability targets, completed the calculation of value chain emissions, invested even more in the well-being of our staff and increased the transparency of our operations.

We took significant steps in integrating sustainability into management by setting new goals for sustainable operations. We set long-term sustainability targets covering environmental, social and governance aspects. Short-term goals were more closely integrated into the remuneration of management, which strengthens the position of sustainability in operational management. The work to set environmental targets will continue in the coming years and our targets will be aligned with the SBTi framework.

In 2024, we deepened our understanding of the climate impacts of our value chain by finalizing our Scope 3 emissions accounting. The results showed that our largest carbon footprint is related to purchased products and services, especially ICT hardware. Responsible sourcing and supply chain management are therefore important in our industry. We also joined the EcoVadis network, an internationally renowned sustainability assessment system that helps us to improve our operations and increase transparency in our stakeholder collaboration.

Producing socially important and secure systems for both the public and private sectors is central to Cinia's business. Our staff is our most important resource, and in 2024, we invested in the development of HR management. We strive to ensure a motivated and healthy work community that serves as the foundation for our success.

The measures we take comply with the Government's ownership policy decision, which emphasizes the strong integration of corporate responsibility into business operations. State-owned companies are expected to be aware of the climate and environmental impacts of their own operations and to have measurable targets aligned with Finland's carbon neutrality target and the goals of the Paris Agreement.

The sustainability unit guides Cinia's sustainability activities

The Group Executive Team is responsible for sustainability management at Cinia, with the CFO as the coordinator of sustainability efforts. The CFO is supported by the General Counsel, who focuses on corporate governance, and the Chief Growth and Culture Officer, who adds the perspective of HR and organizational culture.

The EU's Corporate Sustainability Reporting Directive (CSRD) is increasingly putting sustainability on the Board's agenda. This emphasizes the importance of sustainability throughout the organization and provides direction for the company's sustainable activities. As a result, sustainability will become an even stronger strategic focus at Cinia in the future.

Cinia invests in continuous and open dialogue with stakeholders

Cinia's key tasks include diversifying Finland's international and national telecommunications connections, promoting cyber security and developing digitalization solutions. The company's operations are expected to generate value for the shareholders, while complying with good governance and remuneration practices and acting as a responsible corporate citizen. This also includes responsible tax payments and the fulfilment of social obligations.

Cinia's most important stakeholders are customers, staff, suppliers, shareholders and regulatory authorities. Cinia's customer base is diverse and consists of both large international companies and service providers that need high data transfer capacity as well as domestic operators that value reliable and secure software, data network and cyber security services.

Feedback collected from customers helps us to further develop our operations. In 2024, Cinia's NPS (Net Promoter Score) was 57 (55), which highlights customer satisfaction and willingness to recommend. Cinia is committed to strengthening its position as a strategic and reliable partner in the industry.

The double materiality analysis is the cornerstone of our reporting

The double materiality analysis carried out in fall 2023 serves as the basis for Cinia's sustainability reporting and meets the requirements of the upcoming CSRD directive. The analysis examined the relevance of sustainability themes from two perspectives: the company's impact on the environment and society and the impact of the environment and society on the company. This was used to identify the most important impacts, opportunities and risks for Cinia.

The double materiality assessment is based on comprehensive background work, combining public and internal information sources, stakeholder interviews and the views of Cinia's experts and management. According to the results, Cinia's key sustainability topics are related to social impacts, such as supporting security, the flow of information and regional development, as well as data protection and privacy from the perspective of consumers and end users.

Cinia's key responsibility topics:

- **Affected communities** – the societal relevance of Cinia's solutions in terms of public safety, flow of information and regional development.
- **Consumers and end-users**– supporting consumer and end-user privacy and information security through technical solutions.
- **In-house employees** – promoting the well-being of Cinia employees, developing expertise and supporting equality.
- **Workers in the value chain** – promoting working conditions that respect the human rights of employees in the value chain through procurement.
- **Circular economy and resource use** – promoting the recycling and reuse of critical raw materials and components and minimizing electronic waste.
- **Climate change** – reducing greenhouse gas emissions from our own operations and the value chain.
- **Pollution** – prevention of soil pollution associated with the manufacture of equipment in the supply chain.
- **Biodiversity** –minimizing the negative biodiversity and ecosystem service impacts of raw materials used in equipment and construction projects in the supply chain .

Towards the requirements of the new reporting directive

Although this year's sustainability report does not yet meet the requirements of the CSRD, Cinia has already begun preparing for its reporting obligations. As part of our preparations, we carried out a preliminary gap analysis in late 2024, evaluating the data requirements required by the CSRD and defining the necessary measures to meet them.

The tightening of reporting requirements is a significant and positive step for the entire industry, as it not does not only increase the amount of information, but also improves its reliability and comparability, especially with mandatory data verification.

CONTINUOUS AND LONG-TERM TARGETS

Target	Target level	Schedule
Environment (E)		
Emission reductions in our own operations (Scope 1–2)	-50%	2030
Achieve/maintain a certain level of renewable energy	100%	2030
Emission reduction in the value chain (Scope 3)	To be defined later	2030
Increase the share of ecological equipment in purchases	To be defined later	Continuous
Increase the recycling rate of equipment	To be defined later	Continuous
Develop and launch a green product/service	Product/service in use	2030
Social factors (S)		
Achieve/maintain a certain level in the job satisfaction survey (work atmosphere or eNPS)	4.0	Continuous
Achieve/maintain a certain level of sickness absence percentage	Below industry average	Continuous
Increase the share of underrepresented gender among staff	To be defined later	Continuous
Governance (G)		
A certain number of cases of corruption or reports of other misconduct	0	Continuous
A certain proportion of staff completes Code of Conduct training	100%	Continuous
A certain proportion of staff completes information security training	100%	Continuous

Climate and environment

The ICT industry is a key part of modern society, but it also brings about important environmental questions, especially in terms of energy consumption and equipment manufacturing. Network infrastructure, data centers and smart devices consume significant resources, but they also enable more efficient and sustainable solutions in many other sectors. By operating resource-efficiently, ICT companies can act be a solution to climate issues.

Cinia's climate and environmental work is guided by national and international goals

Finland's carbon neutrality target for 2035 and the goals of the Paris Agreement form the framework for our actions. In addition, Cinia's environmental plan, which we annually review and update, guides our concrete measures.

In 2024, we took important steps towards a more responsible and sustainable business. We joined the EcoVadis network, which provides global companies with tools for assessing and monitoring sustainability. Joining EcoVadis increases the transparency of our operations for our stakeholders and helps us to further develop our reporting.

In addition, we have set our emission reduction targets in accordance with the Science Based Targets initiative (SBTi) framework and are moving towards SBTi certification. Certification is an essential step to ensure that our science-based emission reduction targets are aligned with the goals of the Paris Agreement and that they guide our operations towards a more sustainable future.

Most of Cinia's emissions are generated outside of its own direct operations

As part of the work related to the SBTi process, we reached a significant milestone in finalizing Scope 3, i.e. our value chain, emissions accounting. The first published value chain emissions cover a wide range of emission categories, including the following upstream categories: purchased products and services, capital goods, fuel and energy-related operations, transportation and distribution, waste, business travel and commuting. Identified material downstream categories were the use of sold products, decommissioning of sold products and leased assets. The accounting carried out give us even better conditions for understanding our value chain and thereby reducing emissions.

The results of the accounting show that Cinia's value chain emissions account for approximately 95% of the company's total emissions. This emphasizes the importance of stakeholder cooperation and value chain management in our operations. Approximately 70% of the value chain emissions are caused by purchased products and services.

Compared to last year, the company's total emissions decreased by 9% and the emissions of its own operations by 24%. Proportionally, the biggest decreases were seen in Scope 3 emissions from business travel (-26%) and in Scope 2 emissions from facilities and telecommunications equipment (-24%). The emissions intensity, i.e. emissions per employee, also decreased significantly, by -24% (Scope 1 and 2) and -14% (Scope 3).

Measures to improve energy efficiency

Improving energy efficiency and switching to renewable energy have remained Cinia's key priorities. Concrete measures were taken to promote this, and the merging of the Espoo and Helsinki offices into one new, energy-efficient location was a significant step in reducing the carbon footprint of our own operations in 2024.

We strive to implement technology solutions that improve energy efficiency and reduce electricity consumption, especially with regard to telecommunications equipment and servers. We are looking at opportunities to centralize our data center and equipment facilities, which will improve energy efficiency and reduce facility costs in the long term.

Cinia's vehicle fleet has been continuously updated to be more low-emission, and since 2024, all of the new cars we manage have been emission-free, which was reflected in our reduced Scope 1 emissions.

Circular economy is critical for the well-being of nature

The manufacture of the equipment procured by Cinia causes significant environmental impacts in the form of emissions. However, emissions are not the only impact; the manufacturing processes of the devices consume valuable resources, such as virgin and non-renewable natural resources and materials. The extraction and processing of raw materials can also have negative effects on ecosystem equilibria and biodiversity, and these processes can also damage the soil. In addition, ICT hardware contains high levels of metals that are harmful to nature.

We aim to promote the circular economy by extending the life cycles of equipment, improving recyclability and responsible material management. We have continued cooperation on decommissioned materials with certified partners whose processes comply with quality, environmental and safety standards (ISO 9001, ISO 14001 and ISO 45001).

In 2024, we improved our monitoring of waste, which was an important step forward towards more comprehensive waste management. Determining waste streams for subcontracted work, such as earthworks, remains challenging. We will continue our active development efforts in this area. The development work supports our future goals of improving the quality of reporting and further developing circular practices.

Extending the life cycle of equipment and improving the efficiency of recycling solutions are also key measures from the point of view of cost control.

Continuous development in environmental work

Our goal is to systematically reduce our emissions in all areas and to further detail the related monitoring and reporting.

Measures taken during 2024, such as more energy-efficient premises, increasing the use of renewable energy, joining EcoVadis and developing Scope 3 accounting, form a solid foundation for our future sustainability efforts. With regard to reporting, the EU's CSRD in particular will comprehensively strengthen the transparency and accuracy of our documentation. The directive sets clear and uniform requirements, which helps us to assess and monitor our environmental impact more systematically.

Our aim is to also invest in the development of climate-positive services so that we can help our customers to reduce their own carbon footprint. In this way, Cinia comprehensively supports the transition to a low-carbon economy.

EMISSIONS AND ENERGY CONSUMPTION

		2024	2023	2022
Emissions				
Scope 1	tCO_2eq	28	36	29
Scope 2	tCO_2eq	409	540	728
Scope 3	tCO_2eq	10,436	11,332	-
Purchased products and services		7,801	8,387	-
Property, plant and equipment		1,699	1,882	-
Fuel and energy-related activities		227	246	-
Transportation and distribution		86	83	-
Waste		3	9	-
Business travel		230	309	-
Commuting		163	163	-
Use of sold products		223	244	-
Decommissioning of sold products		0	0	-
Leased assets		5	9	-
Emissions intensity				
Scope 1–2 per employee	tCO_2eq	0.98	1.32	1.83
Scope 1–3 per employee	tCO_2eq	23.35	27.25	-
Energy consumption				
Electricity	MWh	4,286	4,428	4,528
District heating	MWh	373	327	237

Scope 3 emissions data is not available for 2022.

People and society

Competence and shared commitment are key to creating safe and sustainable solutions. We can only fulfil our role as a developer of critical infrastructure with well-being and motivated staff.

People at the heart of operations

At the end of 2024, Cinia employed a total of 443 experts. Our staff consists of ICT experts who focus particularly on information network solutions, software development and cyber security development. The average length of employment relationships was 7.8 (7.7) years, and the staff turnover rate was 10.7 (9.8) percent.

Developing the competence of our staff and supporting their well-being is of paramount importance to us. We support our staff in accumulating their human capital and encourage Cinia employees to continuously develop their expertise and participate in diverse forms of training.

The well-being and work ability of Cinia employees are important to us, while mental well-being is a common challenge in our industry. In 2024, we increasingly invested in proactive work ability management by offering modern tools and services to promote comprehensive well-being. Despite our investments, the sick leave rate increased slightly in 2024 to 3.6 (2.8) percent. We will continue to take determined measures to reverse this trend and strengthen the well-being of our staff in the future.

We achieved an excellent score of 4.1 (4.0) in the work atmosphere surveys carried out in 2024, exceeding the industry average.

The principles guiding our HR work

Responsible management ensures that everyone's work ability and safety are taken care of. Fair and professional leadership lays down the foundation for motivated and committed staff who can focus on productive and meaningful work.

In addition to its statutory occupational well-being obligations, Cinia follows its own principles when developing its operations. The work community development plan is used to monitor and promote the competence of staff and the realization of equality. The monitoring of health and well-being is guided by the annual occupational health and safety action plan.

Cinia has an advisory board that promotes continuous dialog between the company's management and staff representatives. Cinia adheres to the collective agreements of salaried employees and senior salaried employees in the ICT sector.

Equality is an important value for us

Cinia is committed to promoting equality and equal treatment. In particular, we want to ensure the realization of the rights of underrepresented groups. We monitor the share of the underrepresented gender in supervisory positions in relation to their share of the entire staff, which helps us to assess the realization of equality in the organization. In 2024, the share of underrepresented gender in supervisory positions was 20 (19) percent, compared to 19 (18) percent of the total staff.

Cinia has absolute zero tolerance for workplace bullying, sexual harassment and inappropriate behavior. As a concrete measure, we expanded the use of the whistleblowing channel to include our external stakeholders. No whistleblowing notifications were reported in 2024.

Share of women in supervisor positions

20 %

The share is higher than the share of women in the total staff

The aim is to improve transparency in the supply chain

Although we are still in the development phase of examining human rights impacts in our value chains, we are committed to deepening our expertise in this area. In the future, we aim to assess our suppliers, subcontractors and partners more closely from a human rights perspective.

In addition to the well-being of our own staff, we also take responsibility for the people working in our value chains. It is important to us that working conditions and terms of employment are fair and that we do not tolerate dangerous or inhumane conditions or any kind of human rights abuses. We feel that joining the EcoVadis network in 2024 will promote development in this area, as the network improves the transparency of our operations and facilitates interaction with different stakeholders. A better understanding of the value chain enables us to have a more fruitful starting point for making more sustainable choices.

Our Code of Conduct guides sustainable operations and procurement. We require all of our partners to comply with laws and agreements and to commit to these principles.

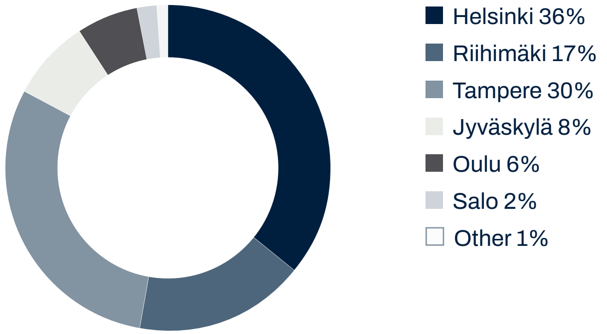
Cinia plays an important role in society

Society, businesses and individuals are increasingly dependent on digital services and telecommunications connections. Threats, such as data leaks, loss of data connections and cyber attacks, can seriously disrupt societal-critical operations and cause significant harm to Cinia's and its customers' business operations.

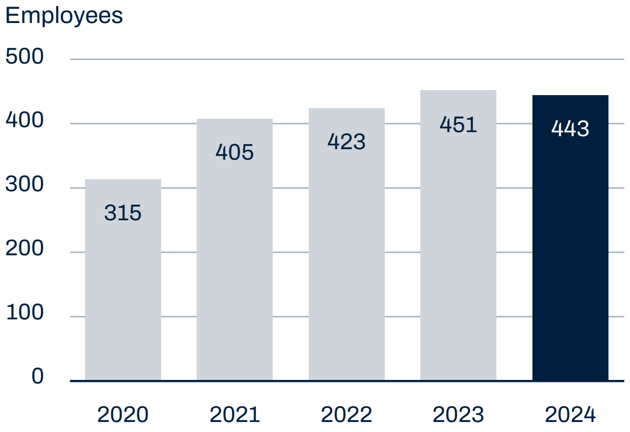
The design and management of critical information system infrastructures are essential for national security and the smooth flow of information. The prevailing geopolitical situation has further underlined their importance. Safety remains our key focus, especially in the operating environment of the Baltic Sea and its neighboring regions.

The growing importance of cyber security gives Cinia an opportunity to stand out as a pioneer with services that promote data protection and privacy. Functional telecommunications connections also support citizens' participation in society and its development.

STAFF DISTRIBUTION BY LOCATION



PERSONNEL AT THE END OF THE PERIOD



INDICATORS RELATED TO EMPLOYEES

		2024	2023	2022
Personnel				
End of the year	Quantity	443	451	423
Permanent	Quantity	439	443	416
Fixed-term	Quantity	4	8	7
On average during the year	Quantity	447	437	414
Employment relationships				
Average duration of employment	Years	7.8	7.7	7.1
New employment relationships	Quantity	41	51	79
Terminated employment relationships	Quantity	48	43	64
Exit turnover	%	10.7	9.8	15.5
Occupational health and safety				
Accidents	Quantity	1	0	4
Accident frequency	Per one million hours worked	1.4	0.0	5.8
Sickness absence percentage	%	3.6	2.8	3.4
eNPS	Score	8	23	18
Work atmosphere (cFeel pulse survey)	Score	4.1	4.0	-
Whistleblowing reports	Quantity	0	0	0

The average number of staff during the year is calculated as the average number of staff at the end of the preceding two years. The staff turnover rate, on the other hand, is determined by dividing the number of employment relationships terminated during the year by the average number of employees for the year. New and terminated employment relationships do not include staff transferred as a result of any acquisitions or similar transactions.

GENDER DISTRIBUTION OF EMPLOYEES

		2024	2023	2022
All staff members				
Female	%	19	18	19
Male	%	81	82	81
Supervisors				
Female	%	20	19	20
Male	%	80	81	80
Executive Team				
Female	%	13	10	11
Male	%	88	90	89
Board of Directors				
Female	Quantity	3	3	2
Male	Quantity	3	2	3

AGE DISTRIBUTION OF STAFF

		2024	2023	2022
< 30	%	8	11	11
30–49	%	67	69	68
≥ 50	%	25	20	21

DIRECTLY PAID TAXES

EUR thousand	2024	2023
Income taxes	304	223
Employer contributions	5,930	6,044
Transfer taxes	1	150
Other taxes	85	99
Total	**6,320**	**6,516**

INDIRECTLY PAID TAXES

EUR thousand	2024	2023
Excise duties	12	9
Non-deductible VAT	135	104
Other taxes	30	25
Total	**177**	**137**

TAXES TO BE SETTLED

EUR thousand	2024	2023
Payroll taxes	10,920	10,503
Value added tax	11,477	11,033
Total	**22,397**	**21,536**

GRANTS RECEIVED

EUR thousand	2024	2023
EU/CEF Digital	5,720	6,556
EU/Digital Europe & the State of Finland	214	413
EU/Secure Society	68	
Total	**6,002**	**6,969**

Tax footprint

Cinia also complies with the principles of sustainability in tax matters. Cinia reports on its tax footprint annually and makes no special arrangements to minimize its taxes. Tax footprint reporting is based on the instructions on tax reporting issued by the Ownership Steering Department of the Prime Minister's Office.

In the financial year 2024, Cinia paid all of its taxes to Finland.

Taxes are presented on an accrual basis. Numeric data includes all relevant tax types. Direct and payable taxes for the financial year are based on accounting information. The amount of indirect taxes payable for the financial year is calculated on the basis of expenses or consumption. For indirect excise duties, the calculated estimated electricity tax included in the electricity costs of production has been taken into account.

Governance

Cinia operates in accordance with strong sustainability principles, emphasizing ethics, good governance and transparency in all of its operations. The company is committed to preventing misconduct and continuously developing its operating methods to ensure reliability and fairness.

Cinia's majority shareholder is the State of Finland, and our operations are based on the principles of the government's governance policy. The measures we take comply with the government's ownership policy resolution, which requires companies to integrate corporate responsibility into the business. This means goal-oriented sustainability management and continuous development as part of our business strategy.

To ensure good corporate governance, Cinia has comprehensive Corporate Governance guidelines in place. The guidelines define, among other things, the duties of the Annual General Meeting, the Board of Directors and the CEO, as well as decision-making powers and responsibilities relating to administrative matters. We use these principles to ensure transparency and efficiency in decision-making.

The Code of Conduct guides our everyday life

At Cinia, our Code of Conduct summarizes our sustainable operating practices. The Code defines acceptable and sustainable operating models that apply to all of our employees, agency workers, subcontractors and other partners. We also require our suppliers to comply with our Code of Conduct to ensure that ethical and sustainable practices are applied throughout the supply chain.

The Code provides clear guidelines for ethical conduct and helps to identify situations that require more careful consideration or the assistance of legal experts.

Cinia does not tolerate bribery or corruption in any form. Our operating model is designed to prevent and identify any bribery risks. Although we operate in environments and countries with a low risk of corruption, we consider these principles to be an important part of our day-to-day activities. Every Cinia employee is required to act in accordance with these principles.

In 2024, all new Cinia employees completed Code of Conduct training and online data protection training.

Data protection and security management

Data protection is a key part of our sustainability. Cinia processes personal data strictly in accordance with data protection legislation. Cinia has prepared a public privacy policy approved by the management and comprehensive guidelines on the processing of personal data. These guidelines are continuously updated and data protection legislation is actively monitored.

Cinia holds the internationally recognized security management system ISO/IEC 27001 certificate. The certification covers Cinia's Service Desk operations, cyber security solutions business areas and company-level control of the information security management system, such as company-level security policies, guidelines and practices.

Management system and whistleblowing channels

During 2024, we will have been preparing for ISO 9001 certification, and our management system has already been modeled according to the internationally recognized ISO 9001:2015 standard. This means that our quality management system is based on a process-like approach that includes regular management reviews, internal audits and quality control points.

Compliance with the standard is verified by audits by external independent parties. With this management system, we systematically clarify and improve the efficiency of our operations, which in turn facilitates the processing of incidents and supports continuous improvement.

We request our employees to report any misconduct that does not comply with our organization's principles. Supervisors and management act as the primary channel, but we also have an anonymous whistleblowing channel. This channel allows employees to report misconduct confidentially.

In early 2024, the use of the whistleblowing channel was expanded to include external stakeholders, which increases the transparency of our operations. The whistleblowing channel works through an external partner to ensure anonymity. No misconduct related to the Code of Conduct was reported in 2024.

Financials

The Board of Directors' report and financial statements have been translated from Finnish and do not include the parent company's financial statements.

Report of the Board of Directors

Market outlook

The IT market remained soft in 2024, contrary to expectations at the beginning of the year. The IT sector was affected by the general economic downturn: industrial investments contracted and demand in the service sector was weak, despite lower interest rates and improved purchasing power.

Private sector clients are still cautious about initiating large-scale IT projects and companies have postponed purchasing decisions. However, weak signals of market recovery began to appear in the last quarter of the year.

The competitive situation in the public sector remains tight and price levels have fallen compared to previous years. However, digitalization is a solution for improving the productivity and services of the public sector, and significant projects have been put out to tender.

Profitability was defended in 2024 through cost control and operational efficiency. The measures were supported by the easing of cost inflation and a more favorable labor market for companies.

Investments in IT and digitalization and, as a new thing, AI are essential investments that have an impact on competitive advantage, which will support market growth well into the future.

Development of businesses

Cinia is a Finnish protector of digital operating environments and an expert in critical high-reliability connections and software. Cinia implements high-quality networking, cyber security and software solutions for the public and private sectors.

Despite the weak economic cycle, Cinia's businesses managed to grow in key customer accounts and improve profitability. Efficiency improvement measures were taken to respond to weak demand in the private sector in the areas of software and cloud development.

Public sector customer accounts grew in the business offering customized software solutions. A highlight was winning the tendering process for the development of the Finnish rescue services' nationwide Kivijalka information system.

Customer accounts in the continuous services of cyber security solutions grew by 27% during the year.

Cinia strengthened its position as a provider of public transport telecommunications solutions and the service area's net sales increased by 19% year-on-year. The active fiber optic network construction market was reflected in Cinia's 63% growth in construction services net sales.

The company's comprehensive ERP system reform started last year was completed on schedule in spring 2024. The system suite makes it possible to improve the efficiency of operations and to utilize operational data more extensively and efficiently.

Late in the year, the C-Lion1 submarine cable connection from Finland to Germany went offline twice in November and December, but it was quickly repaired, minimizing the harm to Cinia's clients. For the outages, the company has booked a cable repair provision and also limited the financial risk caused by the cable outages by means of various contractual arrangements.

Cinia received EU subsidies for the development of European data cable connections. Uncertain customer demand led to write-downs in certain submarine cable projects and investments.

Financial performance

Net sales for 2024 increased by 4.9 percent year-on-year to EUR 92.7 (88.4) million. Net sales were increased by new cyber security solution customers, the construction of fiber optic networks and the growth of key customers in software development.

In 2024, adjusted EBITA increased significantly and amounted to EUR 4.6 (1.9) million, or 5.0 (2.1) percent of net sales. Relative profitability was mainly affected by efficiency improvement measures and new customer accounts.

EBITA adjustments amounted to EUR 3.5 (-1.6) million and were mainly related to write-downs of development projects.

EBITA decreased to EUR 1.1 (3.5) million due to write-downs and was 1.2 (3.9) percent of net sales.

Operating profit (EBIT) decreased to EUR -0.3 (2.2) million and amounted to -0.3 (2.5) percent of net sales.

Financial income and expenses amounted to EUR 1.4 (-1.4) million and taxes to EUR -0.1 (-0.2) million. Financial expenses include impairments of EUR 0.4 million on shareholder loans issued. Interest expenses on loans decreased mainly due to the decrease in net debt and lower interest rates.

Profit for the period was EUR -2.0 (0.3) million.

Cash flow and financing

The Group's liquidity and financial position improved considerably during the review period. The equity ratio declined to 36.9 (39.9) percent due to an increase in current liabilities and the negative result, while gearing declined to 45.3 (61.1) percent. At the end of 2024, the company's cash and cash equivalents included EUR 11.5 (5.8) million of unused EU investment subsidies. The subsidies are current liabilities.

Interest-bearing net liabilities amounted to EUR 22.7 (32.1) million at the end of the review period, amounting to 1.6 (2.1) times the operating margin (EBITDA).

Cash flow from operating activities decreased to EUR 14.8 (26.6) million. Cash flow from investing activities was EUR 1.9 (0.9) million in the review period.

In the previous year, the cash flow from operating activities included a significant one-off lease advance payment. Cash flow from investing activities was affected by investment subsidies received from the European Union (EUR 6.0 million).

Cash flow from financing activities during the review period was EUR -7.2 (-21.8) million and consisted mainly of repayments of a long-term loan and lease liabilities.

At the end of the review period, the Group had unsecured loans from financial institutions amounting to EUR 35.5 (39.0) million and lease liabilities of EUR 10.5 (7.5) million. The loans are subject to a covenant regarding the Group's shareholding.

The Group's cash and cash equivalents amounted to EUR 23.3 (14.4) million on December 31, 2024, including derivative receivables of EUR 0.2 (0.7) million associated with interest hedging.

The Group has at its disposal an unsecured overdraft facility of EUR 15 million for the Group's general short-term financing needs.

Investments, research and development

In 2024, investments remained on a par with the previous year and amounted to EUR 4.0 (4.1) million.

The investments consist of increases in property, plant and equipment and intangible assets without investment subsidies, acquisitions and granted loans.

The most significant individual investments focused on IT hardware and licenses, premises in the Helsinki Metropolitan Area and telecommunications networks.

The value of the Group's own employees' work included in investments amounted to EUR 0.2 (0.2) million.

Cinia's development costs amounted to approximately EUR 3.6 (2.6) million. Of these costs, EUR 1.2 (1.0) million was capitalized. An impairment of EUR 2.8 million was recognized on previously capitalized development costs due to the weakened outlook for the projects.

The most significant research and development project was the development of a telecommunications connection between Europe and Asia through Arctic seas.

Changes in the Group structure

In 2024, Cinia established new subsidiaries: Habilito Oy, FNF Europe Oy and C-Lion2 Oy. The companies are involved in the development of cyber security solutions and cable projects.

Staff

In 2024, Cinia Group had an average of 447 (437) employees. Their number increased by 2.3 percent, mainly due to employees who were transfered in the Avanio acquisition. Men accounted for 81.3 (82.0) and women for 17.7 (18.0) of the staff. The average length of employment was 7.8 (7.7) years.

Staff expenses amounted to EUR 36.4 (36.0) million. The growth was mainly due to an acquisition and general increases in accordance with the collective agreements for the ICT sector. Staff expenses were also affected by efficiency improvement measures.

The sick leave rate decreased to 3.7 (2.8) percent of regular working hours. Cinia will continue its long-term work to develop the staff and promote comprehensive well-being, thereby improving productivity in the long term. As evidence of this, Cinia received a better score than the industry average in well-being at work measurements.

The responsibility report, which is part of the annual report, describes more extensively the responsibility activities related to personnel.

Corporate responsibility

Cinia is integrating sustainability more closely into management, setting new goals for sustainable operations. The company set long-term sustainability targets in the areas of environment, social factors and good governance. Short-term goals were included as part of the management's remuneration, guiding operational activities in a more sustainable direction. Environmental targets were established in accordance with the Science Based Targets initiative (SBTi) framework

Cinia's corporate responsibility is described in more detail in the responsibility report.

Environment

To reduce Cinia's environmental impact, SBTi-aligned ambitious targets were set, and all emission sources, including Scope 3 emissions, were analyzed for the first time and a significant waste survey was carried out.

The energy efficiency of the company's operations improved when the offices in the Helsinki Metropolitan Area were merged into an office building with a high environmental classification and smaller premises than before. In addition, the new office will allow employees and visitors to increasingly use public transport.

From the beginning of 2024, all of the company's new cars are zero-emission.

More detailed information on Cinia's emissions and environmental impacts can be found in the responsibility report.

Risks and business uncertainties

Risk management is part of Cinia's management system.

Risks are registered, managed, monitored and grouped. The Executive Team regularly reviews the risks and the CEO reports the risks to the company's Board of Directors. Action plans for mitigating key risks are prepared based on the risk reports, and the company's management controls the implementation of the plans.

The Board of Directors is responsible for organizing control, internal audit and risk management. For the internal audit of companies belonging to Cinia Group, external service providers are used, and the audit is carried out under the supervision of Cinia Ltd's Board of Directors and CEO with the assistance of the Audit Committee.

Cinia's risks are strategic, operational and financial.

Strategic risks are related to changes in the operating environment and the demand for services and competition in different business areas.

Changes in the economic environment and customer demand may affect both business growth and profitability. Cinia's client base as well as multi-year contracts for continuous services reduce this risk.

The market is expected to grow, but the uncertainty of public finances may reduce demand from public sector customers. Statutory tendering in the public sector may also lead to a reduction or suspension of significant client relationships.

The most significant operational risks are related to cyber threats, change projects, staff and also damage to physical assets, in particular telecommunication cables.

Cinia processes and stores confidential information belonging to clients, as well as its own data. The number of cyber threats is constantly increasing and changing and, for example, criminal hackers, human errors or abuses can cause disruptions in operations. For example, ransomware attacks may have a negative impact on the company's financial development and reputation.

Risks are reduced by, among other things, developing the protection and monitoring of the ICT infrastructure, practicing continuity management and training staff in cyber threat prevention.

Cinia strives to grow not only through organic growth, but also through acquisitions. Acquisitions and the takeover of acquired companies involve risks, which are prevented by measures taken prior to the acquisition as well as by a careful takeover. Failure in acquisitions may have a negative impact on the Group's net sales growth and profitability.

In the ICT sector, as technology changes, staff-related risks are mainly based on the level of competence and ensuring a sufficient number of experts in project deliveries and continuous services. Risks are managed by supporting staff development and well-being at work in many ways.

Financial risks are related to credit risk, currency risk, interest rate risk and liquidity risk. The company does not have a significant currency risk and the interest rate risk has been managed by entering into an interest rate swap that hedges Cinia against fluctuations in market interest rates. The client base's credit risk is low on average, especially due to the significant share of public administration clients. Cinia has adequate cash reserves and overdraft facilities for its normal operations and any disruptions, so the liquidity risk is low.

Financial risks are managed through clear processes and compliance with the financial policy, as well as reliable and material financial reporting.

Board of Directors and senior management

In the period January 1–December 31, 2024, the Chair of the Board was Olli-Pekka Kallasvuo, with Annika Ekman, Vesa Aho, Anni Vepsäläinen, and Elina Piispanen, as well as Esko Pyykkönen until September 25, 2024, as the members of the Board. The Vice Chair of the Board was Vesa Aho.

Cinia Ltd's CEO was Ari-Jussi Knaapila until December 31, 2024. As of January 1, 2025, Jaakko Tapanainen is the CEO of Cinia Ltd.

Cinia Ltd's auditor was PricewaterhouseCoopers Oy, with Samuli Perälä, Authorized Public Accountant (KHT) as the chief auditor.

Shareholders

Cinia Ltd's owners and ownership shares: State of Finland 77.528%, Ilmarinen Mutual Pension Insurance Company 11.236%, Pohjola Insurance Ltd. 11.236%.

Cinia Ltd has 1,289,856 shares. All shares confer equal rights to dividends and the company's assets.

Future outlook

In Finland and Europe, the economy is expected to turn to growth during 2025 and continue to accelerate in 2026. For 2025, banks forecast growth of 1.0%–1.6% for the Finnish economy, and growth will largely be generated by exports and partly by the recovery of domestic consumption. However, trade policy uncertainty overshadows this year's economic growth prospects and may further delay the start of private sector investments. In addition, geopolitical tensions can weaken the business environment.

According to forecasts, the trough in public finances has been passed, but the adjustment measures already implemented and to be implemented may slow down digitalization investments in the public sector.

The training and use of artificial intelligence models requires significant data center investments, some of which are expected to concern Finland and Northern Europe. Data center projects will increase the demand for high-capacity optical fiber connections in Cinia's core network area, which may increase the demand for Cinia's data network services.

The use of artificial intelligence and, in particular, large language models in companies is only just beginning, and investments in artificial intelligence applications will contribute to driving future customer demand.

The transition to the public cloud continues, although certain customer sectors continue to use and develop on-prem services.

The profitability of the IT sector is positively affected by low inflation expectations and the general softness of the labor market. In general, competition in the IT specialist market has waned, but the demand for experts in new technologies is expected to intensify.

The meaningfulness of work and the flexibility of staff play an increasingly important role for the employer brand, and Cinia will continue its efforts to improve the staff experience.

Significant events after the financial period

After the financial year, the company's submarine C-Lion1 telecommunications cable was damaged in January 2025, but the financial impacts of the damage are not significant on the company due to the preparedness for cable outages with various contractual arrangements.

Use of profits

The distributable funds of the parent company were EUR 35,226,045.86, which includes the profit for the financial year, EUR -3,176,281.90.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 700,000.00 be distributed.

Key figures (IFRS)

Cinia uses alternative performance measures to provide meaningful additional information in relation to the financial indicators presented in the consolidated financial statements prepared in accordance with IFRS and to enhance the understanding of the profitability of the business.

EUR million	2024	2023	2022
Net sales	92.7	88.4	81.6
EBITDA	14.0	15.6	11.4
EBITDA, %	15.1%	17.7%	14.0%
Operating profit (EBIT)	-0.3	2.2	0.2
Operating profit (EBIT), %	-0.3%	2.5%	0.2%
EBITA	1.1	3.5	1.2
EBITA, %	1.2%	3.9%	1.4%
Adjusted comparable EBITA	4.6	1.9	2.0
Adjusted comparable EBITA, %	5.0%	2.1%	2.4%
Profit/loss for the financial period	-2.0	0.3	-1.3
Return on equity %	-3.9%	0.6%	-2.4%
Return on investment %	-0.5%	1.8%	0.1%
Cash flow from operations	14.8	26.6	-0.3
Cash flow from investing activities	1.9	0.9	-13.3
Cash flow from financing activities	-7.2	-21.8	7.1
Investments	4.0	4.1	9.0
Net debt	22.7	32.1	55.4
Net debt/EBITDA	1.6	2.1	5.1
Gearing, %	45.3%	61.1%	105.1%
Equity ratio, %	36.9%	39.9%	37.5%
Average number of employees	447	437	414

Adjusted EBITA

EUR million	2024	2023
Operating profit (EBIT)	-0.3	2.3
Depreciation of intangible assets related to acquisitions	1.4	1.2
EBITA	1.1	3.5
Transaction costs of acquisitions		0.2
Gains/losses on disposal of fixed assets		-2.5
Other items affecting comparability*	3.5	0.7
Adjusted comparable EBITA	4.6	1.9

* Include impairment of recognized expenses of development projects and non-recurring expense due to the remeasurement of the contingent purchase price of an acquisition.

Calculation formulas for key figures

Key figure		Formula
EBITDA, EUR	=	Operating profit + depreciation, amortization and impairment
EBITDA %	=	Operating profit + depreciation, amortization and impairment / Net sales
EBITA	=	Operating profit + depreciation of intangible assets related to acquisitions + impairment of goodwill
EBITA %	=	EBITA / Net sales
Operating profit % (EBIT %)	=	Operating profit (EBIT) / Net sales
Return on equity, %	=	Profit/loss for the financial period / Equity (average during the period)
Return on investment, %	=	Earnings before tax + tax and other financial expenses / Total equity + non-current and current financial liabilities (average during the period)
Net debt, EUR	=	Non-current and current financial liabilities + lease liabilities (IFRS16) – cash and cash equivalents and derivative receivables
Net debt/EBITDA	=	Net debt / Operating profit + depreciation, amortization and impairment
Gearing, %	=	Net debt / Total equity
Equity ratio, %	=	Total equity / Balance sheet total – advance payments received

Consolidated financial statements (IFRS)

Consolidated income statement

EUR thousand	Note	1.1.–31.12.2024	1.1.–31.12.2023
Net sales	2.1	**92,743**	**88,371**
Other operating income	2.2	1,052	3,119
Materials and services	2.3	-32,186	-32,071
Personnel expenses	2.3	-36,421	-36,031
Depreciation, amortization and impairment	3.2, 3.5, 3.6	-14,270	-13,361
Other operating expenses	2.3	-11,193	-7,787
Operating profit		**-276**	**2,240**
Financial income	4.5	309	113
Financial expenses	4.5	-1,759	-1,493
Share of profit of associates and joint ventures	3.4	-196	-334
Profit/loss for the financial period before taxes		**-1,920**	**526**
Income taxes	5.2	-66	-199
Profit/loss for the financial period		**-1,987**	**326**
Attributable to:			
Owners of the parent company		-2,300	326
Non-controlling interests		313	0
Profit/loss for the financial period		**-1,987**	**326**

Consolidated statement of comprehensive income

EUR thousand	Note	1.1.–31.12.2024	1.1.–31.12.2023
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
changes in value	4.7	-539	-510
reclassified to income statement		19	-25
Taxes on items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
changes in value		108	102
reclassified to income statement		-4	5
Total comprehensive income for the financial period		**-2,403**	**-102**
Attributable to:			
Owners of the parent company		-2,716	-102
Non-controlling interests		313	0

Consolidated balance sheet

EUR thousand	Note	31.12.2024	31.12.2023
ASSETS			
Non-current assets			
Goodwill	3.1, 3.2, 3.3	22,830	22,830
Other intangible assets	3.2	19,652	23,900
Tangible assets	3.5	56,287	60,901
Property, plant and equipment	3.6	14,770	12,088
Holdings in associates and joint ventures	1.4, 3.4	32	0
Other financial assets	4.2	68	68
Other non-current receivables	4.2	505	1,417
Derivative instruments	4.3		682
Deferred tax assets	5.2	251	244
Total non-current assets		**114,393**	**122,130**
Current assets			
Inventories	3.7	1,153	1,090
Trade and other receivables	3.8	20,107	19,464
Derivative instruments	4.3	193	50
Income tax receivables	5.2	487	122
Cash and cash equivalents	4.2	23,077	13,657
Total current assets		**45,016**	**34,383**
TOTAL ASSETS		**159,410**	**156,513**

EUR thousand	Note	31.12.2024	31.12.2023
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	4.7	1,682	1,682
Legal reserve	4.7	1,673	1,673
Reserve for invested unrestricted equity	4.7	19,000	19,000
Hedging instrument reserve	4.7	130	546
Translation differences	4.7	-3	-3
Retained earnings	4.7	26,327	28,627
Total equity attributable to owners of the parent		**48,809**	**51,525**
Non-controlling interests		1,363	1,000
Total equity		**50,172**	**52,525**
Non-current liabilities			
Loans from financial institutions	4.1, 4.2	31,982	35,490
Lease liabilities	3.6	7,128	5,082
Deferred tax liabilities	5.2	3,152	3,372
Other non-current liabilities	3.9	25,541	26,901
Total non-current liabilities		**67,802**	**70,844**
Current liabilities			
Loans from financial institutions	4.1, 4.2	3,518	3,518
Lease liabilities	3.6	3,360	2,404
Trade and other payables	3.9	34,494	26,884
Income tax liabilities	5.2	63	39
Provisions	3.10		300
Total current liabilities		**41,436**	**33,144**
Total liabilities		**109,238**	**103,988**
TOTAL EQUITY AND LIABILITIES		**159,410**	**156,513**

Consolidated cash flow statement

EUR thousand	Note	1.1.–31.12.2024	1.1.–31.12.2023
Cash flow from operating activities			
Profit/loss for the financial period before taxes		-1,920	526
Adjustments			
Depreciation, amortization and impairment	3.2, 3.5, 3.6	14,270	13,361
Gains and losses from sales of fixed assets, subsidiaries and businesses		-490	-3,077
Net financial income and expenses		1,449	1,381
Share of profit of associates and joint ventures		227	334
Change in provisions	3.10	-300	50
Other adjustments		2,590	-370
Total adjustments		17,746	11,678
Change in working capital:			
Change in trade and other receivables		-652	9,667
Change in advances received		-2,612	6,569
Change in inventories		-63	606
Change in trade and other payables		3,482	-1,511
Change in working capital, total		154	15,331
Interest income		309	113
Interest paid		-1,337	-1,509
Income taxes paid		-189	438
Net cash flow from operating activities		**14,764**	**26,577**

EUR thousand	Note	1.1.–31.12.2024	1.1.–31.12.2023
Cash flow from investing activities			
Acquisitions of subsidiaries and businesses less cash and cash equivalents at the time of acquisition	3.1		-4,899
Subsidiaries' contingent consideration			
Acquisition of joint ventures		-12	
Loans granted		-167	-162
Investments in tangible and intangible assets	3.2, 3.5	-3,984	-4,080
Investment grants received		6,002	6,940
Sales of tangible and intangible assets			3,097
Sales of other investments			41
Divested holding in subsidiary		50	
Net cash flow from investing activities		**1,889**	**938**
Net cash flow from operating activities after investments		**16,653**	**27,515**
Cash flow from financing activities			
Proceeds from borrowings			
Repayments of borrowings		-3,518	-18,518
Repayments of lease liabilities		-3,684	-3,309
Dividends paid			
Net cash flow from financing activities		**-7,201**	**-21,827**
Change in cash and cash equivalents		9,451	5,688
Cash and cash equivalents at the beginning of the financial period		13,657	7,969
Cash and cash equivalents at the end of the financial period		**23,077**	**13,657**

Consolidated statement of changes in equity

	Equity attributable to owners of the parent								
EUR thousand	Share capital	Legal reserve	Reserve for invested unrestricted equity	Hedging instrument reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity January 1, 2024	**1,682**	**1,673**	**19,000**	**546**	**-3**	**28,627**	**51,525**	**1,000**	**52,525**
Profit/loss for the financial period						-2,300	-2,300		-2,300
Cash flow hedges									
net change in fair value after tax				-431			-431		-431
reclassified to income statement, less taxes				15			15		15
Comprehensive income for the financial period				**-416**	**0**	**-2,300**	**-2,716**		**-2,716**
Cash proceeds from share issues							0	50	50
Changes in non-controlling interests							0	313	313
Equity December 31, 2024	**1,682**	**1,673**	**19,000**	**130**	**-3**	**26,327**	**48,809**	**1,363**	**50,172**

	Equity attributable to owners of the parent								
EUR thousand	Share capital	Legal reserve	Reserve for invested unrestricted equity	Hedging instrument reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity January 1, 2023	**1,682**	**1,673**	**19,000**	**974**	**-3**	**27,598**	**50,925**	**1,792**	**52,717**
Profit/loss for the financial period						326	326		326
Cash flow hedges									
net change in fair value after tax				-408			-408		-408
reclassified to income statement, less taxes				-20			-20		-20
Comprehensive income for the financial period				**-429**	**0**	**326**	**-102**		**-102**
Changes in non-controlling interests						702	702	-792	-90
Equity December 31, 2023	**1,682**	**1,673**	**19,000**	**546**	**-3**	**28,627**	**51,525**	**1,000**	**52,525**

Notes to the consolidated financial statements

1 GENERAL ACCOUNTING POLICY

1.1 General information

Cinia Group (“Cinia”) is a Finnish company offering international telecommunications, cyber security, cloud, and software solutions. Cinia provides a variety of specialist and connectivity services in the Finnish and international telecommunications market as well as services for the development of telecommunications-intensive systems and software in Finland. The Group’s parent company is Cinia Ltd, a Finnish limited liability company operating under the legislation of the State of Finland. The parent company has its registered office in Helsinki at Firdonkatu 2 T 161, FI-00520 Helsinki, Finland.

In its meeting on March 6, 2025, Cinia Ltd’s Board of Directors approved the publication of these financial statements. Under the Finnish Limited Liability Companies Act, shareholders have the option to adopt or reject the financial statements at the Annual General Meeting, and the shareholders may also amend the financial statements at the Annual General Meeting.

Copies of the consolidated financial statements are available from the headquarters of the Group’s parent company at the address Firdonkatu 2 T 161, FI-00520 Helsinki, Finland. The Financial Statements Bulletin is available online at www.cinia.fi.

1.2 Accounting policy for the financial statements

The consolidated financial statements of Cinia were prepared in accordance with the International Financial Reporting Standards, IFRS, applying the IFRS and IAS financial statement standards and IFRIC and SIC interpretations in effect on December 31, 2024. International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedures stipulated in the EU regulation (EU) no 1606/2002 and embodied in the Finnish accounting legislation and the statutes enacted under it. The notes to the consolidated financial statements also comply with the Finnish accounting and company legislation supplementing the IFRS financial statement standards.

The information in the consolidated financial statements is presented in euros, as the euro is the Group’s parent company’s functional and presentation currency, and they are based on the original cost excluding any financial assets and liabilities recognized at fair value through profit or loss or through other comprehensive income items. The figures in the financial statements are presented in thousands of euros. All figures shown have been rounded up or down, so the sums of individual figures may differ from the amount shown. The key figures have been calculated using unrounded values.

The income statements and balance sheets of joint ventures whose functional currency is not the euro are translated into the Group’s reporting currency so that the assets and liabilities on the balance sheets are translated at the closing rate on the closing date, the income and expenses in the income statements are translated at the average rates of the financial year and the translation differences arising are recognized through other comprehensive income.

Transactions in foreign currencies are translated to the functional currency by using the exchange rates for the transaction dates, or if the items are remeasured, by using the exchange rates for the measurement date. Exchange rate gains and losses resulting from payments related to business transactions and to converting monetary assets and liabilities in foreign currencies by using the rate for the closing date are recognized in the income statement as other operating income and expenses. The company has no significant business transactions in foreign currencies.

1.3 Key accounting estimates and significant judgments based on management discretion

The preparation of IFRS financial statements requires estimates and assumptions from the company’s management, which affect the recognized amounts reported in the notes. Even though these estimates are based on management’s best view of current events and actions, actual results may differ from the estimates. In addition, management judgment is required in the application of the accounting policy, especially when there are alternative recognition, measurement and presentation methods in the IFRS.

The sources of uncertainty identified in the Group related to accounting estimates and decisions based on management discretion that are considered to meet these criteria are presented in connection with the items they are considered to affect. The following table shows the most significant situations in which estimates or management judgment have been used, as well as references to where these descriptions can be found.

Accounting estimates and judgments based on management discretion	Note
Business combination	3.1
Goodwill and testing for impairment	3.3
Leases	3.6

1.4 Group structure

SUBSIDIARIES

The consolidated financial statements comprise the parent company Cinia Ltd and those subsidiaries in which the parent company directly or indirectly holds more than half of the voting rights conveyed by the shares, or over which the parent company otherwise has control. Subsidiaries are consolidated from the moment the Group has gained control and divested subsidiaries until control ceases.

Intra-Group holdings are eliminated by using the acquisition method. The consideration transferred and the identifiable assets and liabilities of the acquired business are valued at fair value. The transferred consideration includes the fair value of the asset or liability resulting from a conditional consideration arrangement.

Any direct acquisition costs related to business combinations are recognized as other operating expenses. The excess of the aggregate of the transferred consideration and the non-controlling interest in the acquiree over the fair value of the acquired net assets is recognized in the balance sheet as goodwill. If the aggregate of the transferred consideration and the non-controlling interest in the acquiree is lower than the fair value of the acquired net assets, the difference is recognized through profit and loss as gains generated from a profitable transaction at the date of acquisition.

Business transactions, receivables, liabilities and unrealized gains between the Group companies are eliminated. Unrealized losses are not eliminated if the loss is incurred as a result of impairment. The subsidiaries' accounting policies have been adjusted so that they are in line with the Group's policies, as necessary.

The results of C-Lion2 Oy and FNF Europe Oy have not been consolidated in the consolidated financial statements, as they do not have a significant impact on the result for the financial year. The companies will be merged into the parent company on December 31, 2025.

ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the investor has significant influence, but not control or joint control.

SUBSIDIARIES

	Country of registration	Group's holding, %
C-Lion1 Oy, Helsinki	Finland	99.90
Cinia Cloud GmbH, Eschborn	Germany	100.00
Cinia Alliance Oy, Helsinki	Finland	100.00
Avanio Oy, Salo	Finland	100.00
Habilito Oy, Helsinki	Finland	50.01
C-Lion2 Oy, Helsinki	Finland	100.00
FNF Europe Oy, Helsinki	Finland	100.00

ASSOCIATES AND JOINT VENTURES

	Country of registration	Group's holding, %
Associated companies		
Dataspace Europe Oy, Helsinki	Finland	30.79
Joint ventures		
Far North Fiber Inc., Anchorage	USA	33.33

Mutual arrangements are arrangements in which two or more parties have joint contractual control. Joint control exists only when decisions on relevant activities require the unanimous approval of the parties sharing control. A joint venture is a mutual arrangement under which the parties that have mutual control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The carrying amount of the investments is adjusted for changes accumulated after the acquisition. The Group's share of the profit and loss of associates and joint ventures for the financial year based on its holding is presented as a separate item.

1.5 Application of new standards, amendments to standards or interpretations

The consolidated financial statements have been prepared following the same accounting principles as in 2023. The amendments that entered into force during the financial year did not have an impact on the information in the consolidated financial statements.

The new standards and interpretations that were published but not in effect during the financial period starting on January 1, 2025 and not adopted prematurely, including the Group's estimate of the impact of these new standards and interpretations, are presented below.

IFRS 18 Presentation and Disclosure in Financial Statements, effective January 1, 2027 (not yet approved in the EU). The standard concerns the presentation of financial statements and the information disclosed in the financial statements. The new financial statements standard introduces changes, primarily in the presentation of the income statement, and the amendments are estimated to have an impact on the consolidated financial statements.

Cinia has not identified any other new standards, amendments to standards or interpretations published by the IASB that will be applied for the first time in reporting periods beginning on or after January 1, 2025 and that are expected to have a material impact on the Group's result, financial position or presentation of the financial statements.

2. OPERATING PROFIT OR LOSS

Accounting policy

The Group's business is telecommunications expert and connectivity services, as well as services related to digital solutions. Products, mainly telecommunications and IT systems, are sold as part of the services.

The amount of turnover is based on the consideration expected from the customer, to which the company considers itself entitled, and does not include any consideration collected on behalf of third parties. The Group recognizes revenue when control of products and services has been transferred to the customer.

The Group typically provides customers with comprehensive ICT services. Individual supply contracts are often grouped under a common framework agreement. The framework agreement defines the general terms of delivery for the delivery contracts within its scope. The content of the delivery, performance obligations and usually also pricing are defined in the delivery contract. Consideration is needed to determine for which contract entity net sales are recognized; for an individual supply contract or a group of linked contracts.

The performance obligation may be satisfied and revenue recognized either over time or at a specific point in time. The key criterion is the transfer of control.

The net sales recognized from service contracts is based on service volumes or time and materials, and performance obligations are recognized as revenue for the period during which the service or project is delivered. Usually, services are provided and control is transferred to the customer over time, because the customer either receives and consumes the benefit of the Group's performance at the same time or the Group's performance does not create an asset with an alternative use for the Group, in which case the Group has an enforceable right to payment for the work performed. Revenue from projects based on hourly or daily fee arrangements is recognized based on actual invoiced working hours. Revenue from continuous services is recognized based on agreements. Fixed-term service contracts are recognized as income during the contract period, and the essential contract opening fees as well as the related expenses and discounts are distributed throughout the contract period. Service contracts that are valid until further notice are recognized steadily as income over time. The opening fees as well as the related expenses are recognized as income according to the estimated duration of the customer relationship and, if there is no estimate, over 36 months.

Some of Cinia's customer agreements include service level promises, on the basis of which the customer is entitled to rebates when the delivered service does not meet the criteria specified in the service level promise, such as the availability rate of uninterrupted service. The identified rebates based on service level promises are allocated to the net sales for the period during which the service level promise has not been fulfilled.

For performance obligations to be fulfilled at a point in time, such as system and license deliveries, the customer acquires control or right and sales proceeds are recognized as revenue when the system or license is transferred to the customer in accordance with the terms of delivery.

For contracts that include a long-term construction project as well as other projects at a fixed price, net sales are recognized on the basis of the services provided by the reporting date pro rata to the total volume of services provided. This is determined on the basis of the accumulated labor costs in relation to the expected total labor costs, as this best describes the transfer of control to the customer. Estimates of revenue, expenses and degree of completion are revised as circumstances change and any resulting income or expenses are recognized through profit or loss for the reporting period during which the change is identified. In fixed-price projects, invoicing and customer payments follow the payment schedule agreed in the customer agreement. If the services provided by the Group exceed the payment, a contractual asset is recognized. If the payments exceed the amount of services provided, a contractual liability is recognized.

In the majority of businesses, covering continuous services, projects based on time and materials, and consulting, the delivered performance obligations are invoiced on a monthly basis. Where contracts involve multiple performance obligations, the transaction price is allocated to each performance obligation on the basis of their contractually determined stand-alone selling prices. These are visible in the contracts and represent the prices charged to similar customers in similar circumstances. The Group recognizes a receivable at the time of invoicing, as it represents the time when the right to consideration becomes unconditional, as the consideration falling due only requires the passage of time. The Group's payment terms vary from customer to customer from 14 to 90 days, with the majority of customers having payment terms of 14 to 30 days.

Cinia does not have any contracts in which more than a year would pass between delivery and payment by the client, and therefore transaction prices are not adjusted by the time value of money.

Cinia has revenue from long-term leases (Note 3.6).

2.1 Distribution of net sales

ACCOUNTING POLICY

The Cinia Group consists of three reporting business areas: Connectivity, Security and Platform Solutions, Software Solutions, and Project Development.

Connectivity, Security and Platform Solutions provides network and cyber security solutions, and the business area's net sales consist of continuous services, system and license sales, long-term construction services, and projects and consulting.

The Software Solutions business area consists of projects and consulting, as well as continuous services.

Project Development develops new businesses and telecommunications core network projects.

As of January 1, 2024, the previous business areas Network Solutions and Cyber Security Solutions were merged into the Connectivity, Security and Platform Solutions business, the financial result of which will be reported as one business area in 2024. The Avanio business was also merged into the Software Solutions business area in reporting, while the Project Development business was segregated from the Network Solutions business.

The comparative figures for the business areas have been prepared in accordance with the 2024 breakdown.

The reporting on the business areas corresponds to the company's internal reporting.

NET SALES BY BUSINESS AREA

EUR thousand	2024	2023
Connectivity, security and platform solutions	64,518	64,162
, of which rental revenue	3,276	3,286
Software Solutions	26,281	24,171
Project development	2,257	88
Intra-group sales	-314	-50
Total	**92,743**	**88,371**

Of the net sales, 90 (89) percent is allocated to clients located in Finland.

REVENUE RECOGNITION DATE

EUR thousand	2024	2023
Over time – sales contracts	79,391	72,673
At a point in time	10,076	12,412
Rental revenue	3,276	3,286
Total	**92,743**	**88,371**

ASSETS AND LIABILITIES BASED ON CUSTOMER CONTRACTS

EUR thousand	2024	2023
Assets based on customer contracts	1,384	508
Liabilities based on customer contracts		
Non-current liabilities based on customer contracts	1,117	1,420
Current liabilities based on customer contracts	2,608	1,889
Total liabilities based on customer contracts	**3,724**	**3,308**

Contractual assets are mainly retrospectively invoiced receivables and receivables from projects recognized as revenue according to the degree of completion.

Contractual assets itemized in prepaid expenses in Note 3.8.

Contractual liabilities consist of opening/commissioning fees recognized as revenue during the contract period, advance invoices and liabilities for projects recognized as revenue according to the degree of completion. Sales revenue of EUR 1.9 million was recognized during the financial year, and this amount was included in contractual liabilities at the beginning of the period.

Contractual liabilities itemized in non-current, current and accrued liabilities in Note 3.9.The Group did not recognize any impairment losses on contractual assets.

Non-current and current advance payments received related to leases itemized in Note 3.9.

ORDER BOOK

The transaction price (order book) allocated to fully or partially unfulfilled contractual obligations was EUR 72 million at the end of the year. The order book is expected to generate EUR 19 million in revenue in 2025. The order book includes all signed customer orders that have not been recognized as revenue, excluding short-term contracts (less than one year) and usage-based contracts.

2.2 Other operating income

ACCOUNTING POLICY

Income other than income relating to actual sales is presented in other operating income. Other operating income includes public grants received for the development of services and other public grants, indemnities received from insurance companies, capital gains from the sale of tangible and intangible assets, subsidiaries and businesses, and income from the remeasurement of additional purchase prices.

Public grants received for product development projects are recognized in other operating income when the product development expenditure is recognized as an annual expense. If the public grant is related to product development expenditure to be capitalized, that is, it is likely that the product development expenditure will produce economic benefits for the Group in the future, the grant received reduces the capitalized acquisition cost.

Public grants received for an unfinished product development project are recognized as an asset on the balance sheet in accrued income when the grant is likely to be received and the Group meets the conditions for receiving the grant or the grant has already been paid. Grants are recognized as revenue in the income statement in the period in which the expenses covered by the grant are incurred or when the unfinished product development project has been completed and amortization has begun, in which case the grant is recognized as revenue through lower amortization.

OTHER OPERATING INCOME

EUR thousand	2024	2023
Capital gains from tangible and intangible assets and investments	440	3,091
Grants received	356	
Other income	256	29
Total	**1,052**	**3,119**

Other income includes other income not included in the ordinary course of business.

In 2023, Cinia Ltd divested its regional network operation business and recorded a capital gain of EUR 2.7 million from the transaction in other operating income (Note 3.1).

2.3 Operating expenses

ACCOUNTING POLICY

Materials and services

The Materials and services item includes expenses related directly to service production. Purchases include the procurement of materials, supplies and goods used in the production of services, as well as licenses.

Manufacturing for own use mainly includes salary and personnel expenses related to the acquisition of fixed assets, as well as materials and supplies taken from inventories.

MATERIALS AND SERVICES

EUR thousand	2024	2023
Manufacturing for own use	-186	-282
Purchases during the financial period	10,429	11,641
Change in inventories	49	633
External services	21,893	20,079
Total	**32,186**	**32,071**

Personnel expenses

All of Cinia's pension plans are defined contribution plans, and the employee pension plans are in Finland. A defined contribution plan is a plan in which the Group makes fixed contributions for the pension liability. The salaries and fees and other benefits paid to the management are presented in Note 5.1 Related party transactions.

PERSONNEL

	2024	2023
Average number of employees	452	437
Personnel at the end of the period	443	451

PERSONNEL EXPENSES

EUR thousand	2024	2023
Salary expenses	30,501	29,985
Pension costs	5,193	5,007
Other social security costs	727	1,039
Total	**36,421**	**36,031**

Other operating expenses

Other operating expenses include expenses other than acquisition costs of sold outputs, such as premises expenses, IT and software expenses, administrative expenses, and entertainment, marketing and communications expenses. In addition, other operating expenses include rents recognized in the income statement for leases classified as short-term or assets classified as low value, as well as non-index-based variable rents recognized as expenses. Other operating expenses also include losses arising from the disposal of tangible and intangible assets.

OTHER OPERATING EXPENSES

EUR thousand	2024	2023
Voluntary personnel expenses	1,311	1,383
Premises expenses	592	521
IT hardware and software expenses	2,704	2,171
Travel expenses	488	574
Entertainment and marketing expenses	554	749
Administrative services	1,114	1,040
Other operating expenses	4,430	1,350
Total	**11,193**	**7,787**

Other operating expenses include other administrative expenses, such as mobile phone and telecommunications equipment and data costs, insurance, and car operating expenses.

In addition, Cinia has written down a total of EUR 2.8 million of development expenses of telecommunications cable projects in other operating expenses in the financial year 2024 due to the reassessment of the feasibility of the projects.

AUDITOR'S FEES

EUR thousand	2024	2023
Audit fees	172	57
Tax advice	4	10
Other fees	64	62
Total	**240**	**129**

3. BALANCE SHEET

3.1 Business combination and divested businesses

ACCOUNTING POLICY

The acquired subsidiaries and businesses have been consolidated from the moment Cinia gained control of the acquiree. The acquisition method is applied to business combinations. The consideration transferred in the acquisition of a subsidiary includes the fair value of the assets transferred, the liabilities incurred to the previous owners of the acquiree, and the shares issued by the Group. The transferred consideration also includes the fair value of the asset or liability resulting from a conditional consideration arrangement.

The identifiable assets acquired and identifiable liabilities assumed in a business combination are initially measured at their fair value on the date of acquisition. Identifiable assets include tangible assets as well as intangible assets, such as customer relationships, brand and technology.

Acquisition-related expenses are recognized as expenses when they arise and they are presented in the income statement in other operating expenses.

Contingent consideration

Avanio Oy

In connection with the acquisition of Avanio Oy, a contingent consideration was agreed based on the achievement of predefined result levels during the follow-up period following the transaction date (June 30, 2023). The discounted value of the additional purchase price on the closing date was estimated at EUR 2.8 million (value at the time of acquisition: EUR 3.0 million). A rate consistent with impairment testing was used as the discount rate on the closing date (Note 3.3). Estimates of future profit levels and their effect on the contingent consideration are based on the management's estimate of the future development of the business. The limited duration of the follow-up period and the basis for determining the final transaction price limit potential changes in the discounted value mainly to the future profit of the acquired company in relation to current forecasts.

OptimeSys Group Oy

In connection with the acquisition of OptimeSys Group Oy, a contingent consideration was agreed based on the fulfilment of predefined conditions in the follow-up period after the transaction date. The remaining additional purchase price at the end of the financial year is EUR 0.2 million.

Business combination

Sales of businesses

The Group did not divest any businesses in the 2024 financial year. A capital gain of EUR 0.4 million was recognized in other operating income for 2024 from the business acquisition completed in 2023.

During the financial year 2023, the Group carried out a business transaction on October 31, 2023, in which the business of operating regional networks was sold to an external buyer. The transaction resulted in a capital gain of EUR 2.7 million recognized in other operating income.

Judgments based on management discretion

Net assets acquired in business combinations are measured at fair value. The measurement of the fair value of acquired net assets is based on the fair value of corresponding assets (tangible assets), expected future cash flows (intangible assets) or an estimate concerning payments required for the fulfilment of obligations (such as provisions included in liabilities). Measurement based on current replacement values, expected cash flows or estimated sales prices requires management to use judgment and assumptions. The estimates and assumptions used are, in the management's opinion, sufficiently reliable for measuring the fair value.

3.2 Goodwill and other intangible assets

ACCOUNTING POLICY

Goodwill

Goodwill arises from the acquisition of subsidiaries at the amount by which the consideration of the purchase price exceeds the fair value of the identifiable net assets.

Goodwill acquired in a business combination is allocated for impairment testing to those cash-generating units that are expected to benefit from the synergies of the combination. The unit to which goodwill is attributed is the lowest level of the enterprise where goodwill is internally monitored for management purposes.

Goodwill is reviewed annually for impairment, or more frequently if events or changes in circumstances indicate any impairment. The carrying amount of a cash-generating unit that includes goodwill is compared with the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment is recognized as an expense immediately and will not be reversed later.

Other intangible assets

Other intangible assets include license fees for information systems and software, as well as development costs related to information networks. Intangible assets are included in the balance sheet only if it is likely that the expected economic benefits for the asset benefit the Group and the asset's acquisition cost can be determined in a reliable manner.

Intangible assets with a limited economic life are recognized at initial cost and amortized on a straight-line basis overt their estimated economic lives. The depreciation periods for intangible assets are as follows: client base and technology 5–10 years and other intangible assets 3–30 years.

Intangible assets with unlimited economic lives are not amortized, but they are tested annually for impairment. Except for goodwill, the Group has no intangible assets with unlimited useful lives.

2024

		Other intangible assets			
EUR thousand	**Goodwill**	**Client base and technology**	**Other**	**Acquisitions in progress**	**Total**
Acquisition cost Jan 1	**22,830**	**12,330**	**16,305**	**3,604**	**32,239**
Increase			1,399		1,399
Transfers between items		115	-115		0
Decrease	0			-2,002	-2,002
Acquisition cost Dec 31	**22,830**	**12,445**	**17,589**	**1,602**	**31,635**
Accumulated depreciation and impairment Jan 1		**3,053**	**5,286**		**8,339**
Transfers between items		25	-25		0
Depreciation for the financial period		1,422	2,222		3,645
Accumulated depreciation and impairment Dec 31		**4,500**	**7,483**		**11,984**
Carrying amount 1 January 2024	**22,830**	**9,277**	**11,019**	**3,604**	**23,900**
Carrying amount 31 December 2024	**22,830**	**7,945**	**10,106**	**1,602**	**19,652**

The total amount of research and development expenditure recognized as expenses in the period was EUR 2.4 million.

2023

		Other intangible assets			
EUR thousand	**Goodwill**	**Client base and technology**	**Other**	**Acquisitions in progress**	**Total**
Acquisition cost Jan 1	**17,495**	**9,025**	**15,917**	**3,176**	**28,119**
Increase			2,138	427	2,565
Acquisitions	5,334	3,305			3,305
Decrease	0		-1,750		-1,750
Acquisition cost Dec 31	**22,830**	**12,330**	**16,305**	**3,604**	**32,239**
Accumulated depreciation and impairment Jan 1		**1,856**	**4,113**		**5,969**
Increase			730		730
Decrease			-1,720		-1,720
Depreciation for the financial period		1,197	2,163		3,361
Accumulated depreciation and impairment Dec 31		**3,053**	**5,286**		**8,339**
Carrying amount January 1, 2023	**17,495**	**7,169**	**11,804**	**3,176**	**22,150**
Carrying amount December 31, 2023	**22,830**	**9,277**	**11,019**	**3,604**	**23,900**

The total amount of research and development expenditure recognized as expenses in the period was EUR 1.6 million.

3.3 Goodwill and testing for impairment

ACCOUNTING POLICY

Goodwill is assessed to determine any impairment whenever there are indications that the value may be impaired, but at least once a year. For goodwill testing, goodwill is allocated to the lowest independent cash-flow generating levels (CGUs) to which the goodwill of individual acquisitions can be allocated.

The recoverable amount for a cash-generating unit is based on calculations for its value in use. In generating cash flow, the development of turnover and operating margin (EBITDA), changes in working capital and cash flows used for investments play a key role. The future cash flow projections used in the calculations are based on calculations approved by the Group's management, with the forecast period being five years. Estimated cash flows are at face value. Cash flows after the forecast period, i.e. the terminal value, have been estimated using a long-term growth rate of 2%, based on an estimate of long-term real growth and inflation. In the management's view, these growth estimates reflect the business development over the long term as forecasted.

Discount rate

The discount rate used in the calculations is the weighted average cost of capital before taxes (WACC), which describes the total cost of equity and debt capital, as well as the market risks associated with the business. The components of WACC are the risk-free interest rate, which is referenced to the German 30-year sovereign bond rate, the Finnish country risk premium, the market risk premium and credit risk premium, the peer industry beta, the estimated capital structure of the business in question and the risk premium based on the size of Cinia Group.

THE GROUP'S GOODWILL IS ALLOCATED TO CASH-GENERATING UNITS AS FOLLOWS:

EUR thousand	2024	2023
Network Solutions, Finland	10,746	10,746
Cyber Security Solutions	3,516	3,516
Software Solutions	3,234	3,234
Software solutions, Avanio Oy	5,334	5,334
Total	**22,830**	**22,830**

KEY ASSUMPTIONS AND RESULTS USED IN GOODWILL TESTING

31.12.2024	Network Solutions, Finland	Cyber Security Solutions	Software Solutions	Software solutions, Avanio Oy
Length of tested period	5 years	5 years	5 years	5 years
Terminal growth rate	2.0%	2.0%	2.0%	2.0%
Terminal profitability (EBITDA %)	21.0%	20.3%	18.0%	16.4%
Discount rate (pre-tax WACC)	8.9%	10.4%	11.1%	10.9%
The recoverable amount exceeds the carrying amount (%)	108%	186%	268%	50%

31.12.2023	Network Solutions, Finland	Cyber Security Solutions	Software Solutions	Software solutions, Avanio Oy
Length of tested period	5 years	5 years	5 years	5 years
Terminal growth rate	2.0%	2.0%	2.0%	2.0%
Terminal profitability (EBITDA %)	17.0%	21.7%	16.2%	17.7%
Discount rate (pre-tax WACC)	7.1%	10.2%	10.6%	11.1%
The recoverable amount exceeds the carrying amount (%)	162%	245%	287%	166%

No businesses with goodwill were divested during the financial year 2024. No new goodwill was recognized during the financial year 2024.

During the financial year 2023, new goodwill was recognized from the acquisition of the entire share capital of Avanio Oy (June 30, 2023) as part of Cinia Group. The new arisen goodwill, amounting to EUR 5,334 thousand, is attributed to the new CGU comprised of the business of Avanio Oy.

No businesses with goodwill were divested during the financial year 2023.

The testing of goodwill for impairment carried out did not indicate any impairment. In addition to the above-mentioned CGUs, Cinia's business includes two other CGUs, Network Solutions, International and Habilito. No goodwill is allocated to these CGUs, but the values of the assets allocated to them are monitored from the perspective of potential risk of impairment.

Sensitivity analysis

The sensitivities tested have been the long-term growth assumption, WACC % and EBITDA profitability (%). The table below presents values for changes in the assumptions by which the recoverable amount would fall below the carrying amount (should the other assumptions remain unchanged).

31.12.2024	Decrease in long-term growth assumption (percentage points)	Decrease in profitability (EBITDA %, percentage points)	Increase in discount rate (WACC after tax, percentage points)
Network Solutions, Finland	< -10.0	-6.2	6.4
Cyber Security Solutions	< -10.0	-8.2	> 10.0
Software Solutions	< -10.0	-9.5	> 10.0
Software solutions, Avanio Oy	-4.5	-4.3	3.2

Based on the table, it can generally be stated that the impairment risk of goodwill is emphasized on significant negative changes in expected profitability. Avanio is more sensitive to change than other businesses, but requires several percentage points of change for each parameter tested. In the big picture, a trend-like long-term negative growth described by the sensitivity analysis cannot be considered as a likely development in the IT and telecommunications sector. From the point of view of the profitability of information network solutions in Finland, key factors are the efficient use of existing network capacity, successful project management in fiber construction, and the price development of telecommunications services. For Cyber Security and Software Solutions, as well as Avanio, the most significant identified risks to profitability are a possible increase in personnel expenses, which cannot be substantially transferred to customer prices, as well as the maintenance and development of personnel-related expertise.

Judgments based on management discretion

The management makes significant assumptions and discretionary judgments when deciding on the level to which goodwill is allocated and when determining whether there are indications of impairment of goodwill.

The recoverable amount of a cash-generating unit is based on calculations of value in use, which require the use of assumptions. The calculations use cash flow projections based on budgets and management-approved estimates over a 5-year period. The projections are based on the Group's actual results and management's best estimates of future sales, cost development, general market conditions and applicable tax rates. Cash flow projections include budgets and forecasts for a period of 5 years, after which the cash flows are extrapolated using estimated growth rates. Growth rates are conservative estimates based on general inflation and economic growth. Management tests the effects of changes in significant assumptions with sensitivity analyses as described in this note.

3.4 Associates and joint ventures

In 2022, the Group was involved in the founding of two companies, the associate company Dataspace Europe Oy and the joint venture Far North Fiber Inc. The Group's share of the software product development company Dataspace Europe Oy is 30.79 percent and in the US-based company Far North Fibre Inc. 33.33 percent. The company develops a submarine communication cable and connection between Europe and Asia.

In accordance with the shareholder agreement of Dataspace Europe Oy, Cinia is required to finance the companies in proportion to the company's shareholding in accordance with the company's financing needs and the decisions made separately by the shareholders.

In accordance with the shareholder agreement of Far North Fiber Inc, Cinia is required to finance the companies with shareholder loans made under a separate agreement, if necessary.

During the financial year 2024, Cinia has written down shares in associates and joint ventures as well as loan and interest receivables due to the deteriorating outlook for the companies.

Far North Fibre Inc's figures are as at September 30, 2024. The company has not provided financial statement information to the Group.

ASSOCIATED COMPANY

Dataspace Europe Oy, changes in balance sheet value

EUR thousand	2024	2023
Balance sheet value at the beginning of the financial period	**48**	**220**
Increase	12	
Share of result	-196	-334
Other non-current receivables	167	162
Balance sheet value at the end of the financial period	**32**	**48**

Dataspace Europe Oy

Summary of the balance sheet

EUR thousand	2024	2023
Current liabilities		
Current assets	139	339
Current liabilities	-342	-442
Non-current items		
Non-current assets	1,461	1,357
Non-current liabilities	-3,150	-2,550
Net assets	**-1,892**	**-1,296**

Summary of the income statement

EUR thousand	2024	2023
Net sales	29	8
Other operating income	22	21
Materials and services	-17	-31
Personnel expenses	-192	-453
Depreciation and amortization	-191	-170
Other operating expenses	-215	-403
Interest income	0	0
Interest expenses	-154	-117
Profit/loss for the financial period	**-719**	**-1,145**

Reconciliation of financial information summary

EUR thousand	2024	2023
Net assets January 1	**-1,296**	**-147**
Share subscription	33	10
Redemption of treasury shares		-3
Profit/loss for the financial period	-719	-1,145
Adjustment to profit for the previous financial year	89	-11
Net assets December 31	**-1,892**	**-1,296**
Share in associate 30.79% (28.86%)	-196	-334
Carrying amount	**-196**	**-334**

JOINT VENTURE

Far North Fiber Inc, changes in balance sheet value

EUR thousand	2024	2023
Balance sheet value at the beginning of the financial period	**393**	**98**
Other non-current receivables	-377	279
Current receivables	-16	15
Balance sheet value at the end of the financial period	**0**	**393**

Far North Fiber Inc.

Summary of the balance sheet

EUR thousand	2024	2023
Current liabilities		
Current assets	53	136
Current liabilities	-853	-793
Non-current items		
Non-current assets	0	0
Non-current liabilities	0	0
Net assets	**-800**	**-657**

Summary of the income statement

EUR thousand	2024	2023
Other operating expenses	-51	-596
Interest expenses	-46	-32
Profit/loss for the financial period	**-97**	**-628**

Reconciliation of financial information summary

EUR thousand	2024	2023
Net assets January 1	**-657**	**-44**
Profit/loss for the financial period	-97	-628
Exchange rate differences	-46	14
Net assets December 31	**-800**	**-657**
Share in associate 33.33%	-32	-209
Carrying amount	**0**	**0**

3.5 Tangible assets

ACCOUNTING POLICY

Property, plant and equipment include the submarine cable system, telecommunications networks and other ICT equipment.

Property, plant and equipment are measured on the balance sheet at original cost less accumulated depreciation and impairment. Acquisition cost includes the direct costs related to the acquisition of assets.

Subsequent expenditure is included in the carrying amount of an asset or recorded as a separate asset only when it is likely that the Group will gain financial benefits from the asset in the future and when the acquisition cost of the asset can be reliably determined. Normal repair, service and maintenance expenses are recognized as expenses for the financial period during which they were incurred.

Borrowing costs are capitalized as part of the carrying amount of assets the completion of which for the intended purpose or sale necessarily requires a considerably long time. Borrowing costs have been capitalized as part of the acquisition cost of the submarine cable system.

The carrying amount of the replaced part is derecognized from the balance sheet. All other maintenance and repair expenses are recognized as expenses in the income statement for the financial period during which they materialized.

Depreciation of machinery and equipment and other tangible assets is recognized over their economic lives. The economic life is based on the estimated time during which the assets will generate income. Depreciation is recognized as straight-line depreciation on the basis of the cost of the assets and the estimated economic life. Non-current assets subject to depreciation are tested for impairment if there are indications of impairment at the balance sheet date.

Economic lives of assets	
Submarine cable system	23–30 years
Telecommunications networks	3–15 years
Machinery and equipment	3–10 years

2024 EUR thousand	Telecommunications networks, machinery and equipment	Acquisitions in progress	Total
Acquisition cost Jan 1	**123,474**	**1,497**	**124,970**
Increase	2,233		2,233
Decrease		-575	-575
Acquisition cost Dec 31	**125,706**	**921**	**126,628**
Accumulated depreciation and impairment Jan 1	**64,069**		**64,069**
Decrease			0
Depreciation for the financial period	6,272		6,272
Accumulated depreciation and impairment Dec 31	**70,341**		**70,341**
Carrying amount 1 January 2024	**59,405**	**1,497**	**60,901**
Carrying amount 31 December 2024	**55,365**	**921**	**56,287**

2023 EUR thousand	Telecommunications networks, machinery and equipment	Acquisitions in progress	Total
Acquisition cost Jan 1	**121,085**	**3,552**	**124,637**
Increase	3,616		3,616
Decrease	-1,228	-2,055	-3,283
Acquisition cost Dec 31	**123,474**	**1,497**	**124,970**
Accumulated depreciation and impairment Jan 1	**59,038**		**59,038**
Decrease	-1,064		-1,064
Depreciation for the financial period	6,094		6,094
Accumulated depreciation and impairment Dec 31	**64,069**		**64,069**
Carrying amount January 1, 2023	**62,047**	**3,552**	**65,599**
Carrying amount December 31, 2023	**59,405**	**1,497**	**60,901**

3.6 Leases

ACCOUNTING POLICY

Cinia as the lessee

Cinia's most significant leases include leases of machinery and equipment and buildings related to the ownership and operation of telecommunications networks. Other significant leases are related to office leases.

Leases are agreements or parts of agreements that grant the right to use the asset referred to in the agreement for a specific period against a consideration.

Property, plant and equipment

At the start of the contract, Cinia records a right-of-use asset and a lease liability, except for short-term leases and leases that are of low value.

At the commencement date, the right-of-use asset is measured at cost and includes the initial measurement amount of the lease liability, any lease payments made at the commencement date, less any lease incentives received, any initial direct costs incurred by Cinia, and an estimate of costs incurred by Cinia in dismantling and removing the underlying asset or restoring the site on which it is located to the condition required by the terms and conditions of the lease.

IMPACT ON THE BALANCE SHEET

Property, plant and equipment

2024

EUR thousand	Machinery and equipment	Buildings and structures	Total
Acquisition cost Jan 1	**12,816**	**11,815**	**24,631**
Increase	2,222	5,488	7,710
Transfers between items	-236	236	0
Decrease	-523	-1,030	-1,553
Acquisition cost Dec 31	**14,279**	**16,509**	**30,788**
Accumulated depreciation Jan 1	**5,815**	**6,727**	**12,542**
Transfers between items	-24	24	0
Depreciation and amortization	1,932	2,421	4,353
Decrease	-303	-575	-878
Accumulated depreciation Dec 31	**7,420**	**8,597**	**16,018**
Carrying amount Dec 31	**6,858**	**7,912**	**14,770**

2023

EUR thousand	Machinery and equipment	Buildings and structures	Total
Acquisition cost Jan 1	**11,624**	**10,964**	**22,588**
Increase	2,504	5,174	7,677
Decrease	-1,312	-4,322	-5,635
Acquisition cost Dec 31	**12,816**	**11,815**	**24,631**
Accumulated depreciation Jan 1	**4,731**	**5,925**	**10,656**
Depreciation and amortization	1,591	2,314	3,906
Decrease	-508	-1,512	-2,020
Accumulated depreciation Dec 31	**5,815**	**6,727**	**12,542**
Carrying amount Dec 31	**7,001**	**5,087**	**12,088**

Lease liabilities

At the commencement date, Cinia measures the lease liability at the present value of lease payments not made on the said date. The lease payments included in the value of the lease liability at the commencement date are comprised of payments that have not been made at the commencement date, including fixed payments, variable rents based on an index or price level, price of exercising a purchase option if it is reasonably certain that Cinia will exercise the said option and payments of sanctions caused by terminating the lease if the duration of the lease takes into account that Cinia will exercise the option to terminate the lease.

When evaluating fixed payments, Cinia uses the minimum lease payments specified in the lease. Non-lease components have been separated from the lease payments when they can be reliably determined. Cinia also has leases that include variable payments calculated on the basis of net sales. For such contracts, only the minimum payments are included in the lease liability, while variable payments based on net sales are recognized as an expense for the period in which they are incurred.

A lease liability is remeasured when there are changes in the lease term or lease payments. Cinia uses the incremental borrowing rate to determine the interest rate for the lease liability, as the internal rate for leases is not available.

Description of leases

The Group's leased right-of-use assets include telecommuniations fiber connections, properties, cars and equipment used in business operations.

The terms of the leases vary between 3 and 20 years, with the ones related to properties and long-term fiber connections typically being longer. Other tangible leases are for 3 to 5 years.

Some of the leases include index increase terms tied to the cost-of-living index.

LEASE LIABILITIES

EUR thousand	2024	2023
Lease liabilities Jan 1	**7,486**	**7,103**
Increase	7,361	7,282
Decrease	-675	-3,590
Interest expenses	287	134
Repayments	-3,971	-3,443
Lease liabilities Dec 31	**10,488**	**7,486**

EUR thousand	2024	2023
Non-current lease liabilities	7,128	5,082
Current lease liabilities	3,360	2,404
Total	**10,488**	**7,486**

The maturity distribution of the lease liabilities is presented in Note 4.1.

Short-term contracts and assets of low value

Cinia recognizes as an expense in the income statement lease payments for short-term leases of a maximum duration of 12 months or less, as well as for leases where the leased asset is of low value. Contracts where the leased asset would cost less than EUR 5,000 when purchased new are treated as low-value contracts. Expenses from such contracts are presented in Note 4.4.

IMPACT ON THE INCOME STATEMENT

EUR thousand	2024	2023
Depreciation of property, plant and equipment	-4,353	-3,906
Expenses for short-term and low-value leases	-710	-715
Operating profit	**-5,063**	**-4,792**
Interest on lease liabilities	-287	-134
Total income impact of leases	**-5,351**	**-4,926**

IMPACT ON CASH FLOW STATEMENT

EUR thousand	2024	2023
Interest paid, cash flow from operations	-287	-134
Repayment of capital, cash flow from financing activities	-3,684	-3,309

Cinia as the lessor

Cinia leases out its own data networks. Cinia classifies leases as either operational leases or financial leases.

Leases are classified as financial leases if they transfer substantially all risks and benefits characteristic of ownership and related to the underlying asset. Leases are classified as operating leases if they do not transfer substantially all risks and benefits characteristic of ownership and related to the underlying asset.

Financial leases

Cinia has classified one lease concerning a telecommunications cable as a financial lease based on its terms and conditions, as substantially all of the risks characteristic to ownership are deemed to be transferred to the client. The net investment recognized on the balance sheet based on the agreement has not become relevant, as the payments under the agreement have mainly been received as advance payments.

In financial leases, the assets covered by the financial lease are included in the balance sheet and presented at the amount of the receivable, which corresponds to the net investment in a lease. Cinia recognizes any rental revenue received during the lease period as finance income and deduction in receivables so that the remaining net investment yields the same rate of return for each period.

Operating leases

Cinia's operational leases are leases for telecommunications fibers. In operating leases, the object of lease is included in the Group's property, plant and equipment, with the related rental revenue recognized based on the passage of time.

The rental revenue recognized for operating leases is included in net sales (Note 2.1). Some of thecontractual payments have been received as advance payments (Note 3.9).

IMPACT ON THE INCOME STATEMENT

EUR thousand	2024	2023
Rental revenue	3,276	3,286

MINIMUM RENTS RECEIVABLE ON THE BASIS OF OTHER NON-CANCELABLE LEASES

EUR thousand	2024	2023
Within one year	1,460	1,460
Within 1–2 years	1,460	1,460
Within 2–3 years	1,460	1,460
Within 3–4 years	1,460	1,460
Within 4–5 years	1,460	1,460
Within more than five years	9,448	10,908
Total	**16,748**	**18,208**

The minimum rents do not include prepaid rents.

Judgments based on management discretion

The management uses discretion in determining the lease term for leases that involve an extension, termination, or purchase option. That option is taken into account in determining the lease term when it is reasonably certain that the extension, termination, or purchase option will be exercised. If the exercise of an option involves uncertainty, that option is not taken into account in determining the lease term, the right-of-use asset or the lease liability.

In addition, the management uses discretion when evaluating the length of leases for an indefinite period. The estimates made by the management are based on the company's strategic situation and market conditions, as well as the costs that would be incurred if the leased asset were replaced by another asset.

Management discretion is also relevant in determining the interest rate for the incremental borrowings in determining the present value of lease payments.

3.7 Inventories

ACCOUNTING POLICY

The cost of inventories includes all costs of purchase and other costs incurred in bringing the inventories to the location and condition it is in at the time of review.

Inventories are measured at the lower of purchase price or net realizable value. Inventories are measured using the weighted average price. Inventories do not include indirect costs.

Inventories are expensed in the same period as the corresponding sales are recognized as revenue. The depreciation of inventories and the irrecoverable loss are recognized as an expense during the transaction period.

The Group did not make any significant write-downs during the reporting period.

INVENTORIES

EUR thousand	31.12.2024	31.12.2023
Raw materials, supplies and goods	1,013	617
Finished products		445
Advance payments	140	28
Total	**1,153**	**1,090**

3.8 Trade and other receivables

ACCOUNTING POLICY

Trade receivables are receivables that arise from products sold or services provided to clients in the ordinary course of business. If the receivables are expected to be paid within one year of the closing date, they are classified as current assets. If not, they are presented as non-current assets.

Contractual assets include advance payments of EUR 901 (0) thousand and amortization related to revenue recognized based on the degree of completion EUR 483 (508) thousand.

TRADE AND OTHER RECEIVABLES

EUR thousand	31.12.2024	31.12.2023
Non-current		
Loan receivables		425
Other receivables	505	992
Total	**505**	**1,417**
Current		
Trade receivables	16,177	18,215
Other receivables	193	67
Prepaid expenses and accrued income	3,738	1,181
Deferred charges	1,686	485
Contractual assets	1,384	508
Other items	668	189
Total	**20,107**	**19,464**

3.9 Trade and other payables

ACCOUNTING POLICY

Trade payables are payment obligations resulting from goods or services purchased from product suppliers or service providers in the course of ordinary business operations. Trade payables are classified as current liabilities if they are due for payment in less than one year. If not, they are presented as non-current liabilities.

Trade payables are initially recognized fair value, and they are later measured at amortized acquisition cost using the effective interest method.

Contractual liabilities consist of non-current and current advances received and accrued expenses. Contractual liabilities included in accrued expenses consist of advance payments of EUR 1,876 (1,451) thousand, liabilities based on the degree of completion of EUR 0 (107) thousand and purchase accruals of EUR 487 (0) thousand.

TRADE AND OTHER PAYABLES

EUR thousand	31.12.2024	31.12.2023
Non-current		
Advance payments received, contractual	1,117	1,420
Advance payments received, leases	20,427	21,415
Other liabilities	3,997	4,066
Total	**25,541**	**26,901**
Current		
Advance payments received, contractual	244	331
Advance payments received, leases	1,819	1,798
Trade payables	5,511	5,680
Other liabilities	3,796	3,425
Accrued expenses and deferred income	23,123	15,650
Total	**34,494**	**26,884**

MATERIAL ITEMS IN OTHER LIABILITIES

EUR thousand	31.12.2024	31.12.2023
Non-current		
Liabilities related to personnel expenses	1,123	795
Business combination, contingent consideration	2,755	3,152
Other items	119	119
Total	**3,997**	**4,066**
Current		
Liabilities related to personnel expenses	820	794
Business combination, contingent consideration	200	
Value added tax liabilities	2,563	2,355
Interest accruals	194	258
Other items	20	17
Total	**3,796**	**3,425**

MATERIAL ITEMS IN ACCRUED EXPENSES AND DEFERRED INCOME

EUR thousand	31.12.2024	31.12.2023
Investment grants	12,799	7,154
Liabilities related to personnel expenses	7,235	6,024
Contractual liabilities	2,363	1,558
Other items	726	915
Total	**23,123**	**15,650**

The majority of the investment grants have been received for the development of the Arctic cable project, and a small part of the grants is related to the development project of quantum-encrypted information network services. In the cable projects, Cinia is the coordinator and the main beneficiary. In a quantum encryption project, Cinia is a partner in a larger project entity.

3.10 Provisions

ACCOUNTING POLICY

A provision is recognized when the Group has a legal or factual obligation as a result of a past event, and it is probable that a financial performance will be required to settle the obligation, and its amount can be reliably estimated.

Provisions for which cash transactions are expected to take place more than one year after the date of recognition are discounted to their present value.

The Group's mandatory provisions relate to the repair liabilities of submarine cables.

PROVISIONS

EUR thousand	2024	2023
At the beginning of the period Jan 1	**300**	**250**
Increase in provisions		50
Provisions used during the financial period	-300	
At the end of the period Dec 31	**0**	**300**
Current	0	300
Total	**0**	**300**

4. CAPITAL STRUCTURE AND FINANCIAL INSTRUMENTS

4.1 Financial risk management

ACCOUNTING POLICY

Factors related to financial risks

In its operations, the Group is exposed to various financial risks, such as market risk (including interest rate risk), credit risk, and liquidity risk. The Group's risk management program aims to minimize any unfavorable effects of fluctuations in the financial market on the Group's financial performance and secure the Group's liquidity.

The Group is not currently exposed to currency risks or price risks resulting from changes in the market values of investments.

Organization of risk management

Risk management is implemented by the Group's parent company's Executive Team in accordance with the general principles approved by the Board of Directors.

The Board of Directors defines the guidelines for risk management and monitors the success of risk management. The company's Board of Directors decides on approval rights and has defined the Corporate Governance and Code of Conduct applied by the company, the implementation of which the Board supervises.

Cinia's centralized finance function is responsible for managing the currency, interest, liquidity, and refinancing risks concerning the entire Group. The financial policy principles, such as principles concerning funding and investment activities, are discussed and confirmed by the Board's Audit Committee on an annual basis. Financial risks are monitored as part of the normal monitoring of operations.

Interest rate risk

The Group's interest rate risk stems primarily from non-current liabilities. The Group's loans from financial institutions, amounting to EUR 35.5 (39.0) million, are variable-rate loans. In addition, the company had an interest rate hedge of EUR 25.0 million implemented under an interest rate swap. The average interest rate including hedging was 3.3 (3.0) percent.

In order to manage interest rate risk, the Group may hedge the interest rate risk of loans from financial institutions, for example, through interest rate swaps. The aim is to hedge against the negative effects of changes in interest rates. On December 31, 2024, the hedging ratio of the Group's variable-rate financial liabilities was 70 (64) percent. At the end of the year, an interest rate increase (decrease) of 1 percent would have caused a negative (positive) impact of approximately EUR 0.1 million on the profit, including derivatives, and a positive (negative) impact of approximately EUR 0.0 million on equity through comprehensive income.

Credit and other counterparty risks

Credit or counterparty risk materializes if the client or financial counterparty is unable to fulfil its commitments to the Group. Credit risk is related to financial assets, bank deposits and clients with outstanding receivables.

The Group has over 900 clients in the corporate and public administration sectors in various lines of business. Two customers represent 26 percent of total sales and no other customer represents more than 10 percent of total sales. The clients of the credit risk concentration are entities with a high credit rating, so the company does not consider this to include material credit risk.

The Group has operating principles in place to ensure that products and services are sold only to clients with appropriate credit histories. The largest individual customers are mainly public administration organizations or limited liability companies owned by them. The Group does not have significant credit risk concentrations related to individual clients or specific sectors/regions. An exception are clients outside the EU who are subject to possible payment restrictions, whose credit risk depends on the functioning of the international banking system. The credit risk of these clients is managed through special arrangements with banks.

The maximum exposure to client-related credit risk at the balance sheet date is the carrying amount of trade receivables. Customers with a high credit rating represent a total of 94 percent of trade receivables. The amount of the Group's materialized credit losses has historically been low, and the company does not expect credit losses to increase due to the nature of the client base. The Group therefore estimates that its credit risk related to trade receivables is rather low.

AGE DISTRIBUTION OF THE GROUP'S TRADE RECEIVABLES AND EXPECTED CREDIT LOSSES

2024 EUR thousand	Expected credit loss rate, %	Trade receivables (gross)	Recognized expected credit losses	Trade receivables (net)
Not yet due	0.03%	13,274	4	13,269
1–30 days overdue	0.08%	1,359	1	1,358
31–60 days overdue	0.29%	192	1	191
61–90 days overdue	0.36%	453	2	451
91–180 days overdue	0.47%	556	3	553
more than 180 days overdue	3.00%	364	11	353
Total		**16,198**	**21**	**16,177**

2023 EUR thousand	Expected credit loss rate, %	Trade receivables (gross)	Recognized expected credit losses	Trade receivables (net)
Not yet due	0.03%	13,097	4	13,093
1–30 days overdue	0.04%	3,449	1	3,448
31–60 days overdue	0.29%	1	0	0
61–90 days overdue	0.42%	120	1	119
91–180 days overdue	0.52%	1,200	6	1,195
more than 180 days overdue	2.35%	369	9	360
Total		**18,235**	**20**	**18,215**

Liquidity risk

The Group monitors and forecasts cash flows in order to ensure that it has sufficient funds for normal business operations.

On December 31, 2024, the Group had an undrawn committed revolving credit facility of EUR 15 million, which will mature in 2025. In addition, the Group has a EUR 2 million group account overdraft facility, with a utilization rate of 0 (0) percent as of December 31, 2024.

The following table presents the Group's financial liabilities broken down into the relevant maturity categories based on the remaining time until the contractual maturity at the balance sheet date. The figures presented in the table are undiscounted figures based on contracts. The interest rate used in the table has been calculated using the interest rate in force at the balance sheet date for variable interest rates and may vary according to the actual interest rate.

The maturity analysis shows that EUR 20 million of financial liabilities are due within 12 month. The company's working capital and cash flows from operations are sufficient to cover the cash requirement of 12 months.

CONTRACTUAL CASH FLOWS FOR FINANCIAL LIABILITIES

2024

EUR thousand	< 1 year	1–5 years	> 5 years	Total
Non-current liabilities				
Loans from financial institutions		33,154		33,154
Lease liabilities		7,407	550	7,957
Other liabilities		2,755		2,755
Current liabilities				
Loans from financial institutions	4,689			4,689
Lease liabilities	3,652			3,652
Trade and other payables	11,371			11,371
Total	**19,712**	**43,316**	**550**	**63,578**

2023

EUR thousand	< 1 year	1–5 years	> 5 years	Total
Non-current liabilities				
Loans from financial institutions		38,652		38,652
Lease liabilities		5,206	123	5,329
Other liabilities		3,152		3,152
Current liabilities				
Loans from financial institutions	5,288			5,288
Lease liabilities	2,581			2,581
Trade and other payables	11,234			11,234
Total	**19,102**	**47,009**	**123**	**66,235**

Other liabilities only include items classified as financial liabilities.

4.2 Financial assets and liabilities

ACCOUNTING POLICY

Financial instruments are initially recognized at fair value. Subsequently, financial assets are classified and measured either at amortized cost or at fair value through profit or loss. The classification of financial assets depends on the business model and the cash flow characteristics of the asset. Subsequently, financial liabilities are classified and measured either at amortized cost or at fair value through profit or loss.

Financial instruments are classified as current if their remaining maturity is less than 12 months from the reporting date. A financial instrument is derecognized only when it ceases to exist, i.e. when a contractual right or obligation is satisfied, revoked or expires. The situation of financial instruments is assessed at each reporting date.

Financial instruments at amortized cost

Financial assets

Financial assets at amortized cost include trade receivables, shareholder loans and cash and cash equivalents. Financial assets at amortized cost are measured at amortized cost using the effective interest method. Impairment is taken into account in the value. Gains and losses are recognized through profit or loss when a financial asset is reclassified, changed or impaired. Interest income is recognized in financial income.

An expected credit loss in accordance with IFRS 9 affects the measurement of financial assets classified as amortized cost. For the measurement of trade receivables, Cinia applies a simplified model in accordance with IFRS 9, according to which a provision for credit losses is recognized on the basis of expected credit losses over the life of the trade receivable, see Note 4.1.

Financial liabilities

Cinia's loans from financial institutions as well as trade and other liabilities are recognized at fair value less transaction costs at the time of acquisition. Subsequently, liabilities are measured at amortized cost using the effective interest method. The interest expense on loans is expensed in the income statement.

Trade and other payables are non-interest-bearing current unpaid liabilities.

Financial instruments at fair value through profit or loss

Financial assets

Financial assets at fair value through profit or loss include other investments.

Financial liabilities

Financial liabilities at fair value through profit or loss include contingent consideration for acquisitions of businesses.

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

2024 EUR thousand	Carrying amounts Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through comprehensive income	Financial assets/liabilities at amortized cost	Balance sheet value	Fair value
Non-current financial assets					
Other financial assets	68			68	68
Other receivables					0
Total	**68**	**0**	**0**	**68**	**68**
Current financial assets					
Trade and other receivables			16,369	16,369	16,369
Derivative instruments		193		193	193
Cash and cash equivalents			23,077	23,077	23,077
Total	**0**	**193**	**39,446**	**39,639**	**39,639**
Total financial assets	**68**	**193**	**39,446**	**39,707**	**39,707**
Non-current financial liabilities					
Loans from financial institutions			31,982	31,982	32,276
Lease liabilities			7,128	7,128	7,128
Other liabilities	2,955		22,586	25,541	25,541
Total	**2,955**	**0**	**61,695**	**64,650**	**64,945**
Current financial liabilities					
Loans from financial institutions			3,518	3,518	3,508
Lease liabilities			3,360	3,360	3,360
Trade and other payables			11,371	11,371	11,371
Total	**0**	**0**	**18,249**	**18,249**	**18,239**
Total financial liabilities	**2,955**	**0**	**79,945**	**82,900**	**83,184**

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

2023	Carrying amounts				
EUR thousand	Financial assets/liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through comprehensive income	Financial assets/liabilities at amortized cost	Balance sheet value	Fair value
Non-current financial assets					
Other financial assets	68			68	68
Derivative instruments		682		682	682
Other receivables			1,417	1,417	1,417
Total	**68**	**682**	**1,417**	**2,167**	**2,167**
Current financial assets					
Trade and other receivables			18,283	18,283	18,283
Derivative instruments		50		50	50
Cash and cash equivalents			13,657	13,657	13,657
Total	**0**	**50**	**31,940**	**31,990**	**31,990**
Total financial assets	**68**	**732**	**33,357**	**34,157**	**34,157**
Non-current financial liabilities					
Loans from financial institutions			35,490	35,490	35,829
Lease liabilities			5,082	5,082	5,082
Other liabilities	3,152		23,748	26,901	26,901
Total	**3,152**	**0**	**64,320**	**67,473**	**67,812**
Current financial liabilities					
Loans from financial institutions			3,518	3,518	3,499
Lease liabilities			2,404	2,404	2,404
Trade and other payables			11,234	11,234	11,234
Total	**0**	**0**	**17,155**	**17,155**	**17,136**
Total financial liabilities	**3,152**	**0**	**81,475**	**84,627**	**84,948**

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

2024 EUR thousand	January 1	Cash flows	New leases	New contingent consideration	Other changes without an associated payment	December 31
Non-current loans from financial institutions	**35,490**	-3,518			10	**31,982**
Current loans from financial institutions	**3,518**					**3,518**
Non-current contingent consideration	**3,152**			-197	-200	**2,755**
Current contingent consideration	**0**				200	**200**
Non-current lease liabilities	**5,082**		5,339		-3,294	**7,128**
Current lease liabilities	**2,404**	-3,684	2,022		2,618	**3,360**
Total liabilities arising from financing activities	**49,645**	**-7,201**	**7,361**	**-197**	**-665**	**48,943**

2023 EUR thousand	January 1	Cash flows	New leases	New contingent consideration	Other changes without an associated payment	December 31
Non-current loans from financial institutions	**38,997**	-3,518			10	**35,490**
Current loans from financial institutions	**18,518**	-15,000				**3,518**
Non-current contingent consideration	**200**			2,952		**3,152**
Current contingent consideration	**3,278**	-3,278				**0**
Non-current lease liabilities	**4,486**		5,397		-4,801	**5,082**
Current lease liabilities	**2,617**	-3,309	1,885		1,211	**2,404**
Total liabilities arising from financing activities	**68,096**	**-25,105**	**7,282**	**2,952**	**-3,580**	**49,645**

The Group's financing agreement contains a covenant clause related to the shareholding of the parent company Cinia Ltd. The covenant was fulfilled in the financial years 2023 and 2024.

Fair value hierarchy

Items valued at fair value are classified using a three-level hierarchy for fair values.

Level 1

- Financial instruments with quoted prices in active markets.
- Cinia Group has no Level 1 instruments.

Level 2

- Instruments whose prices are based on observable market data.
- The fair value of the interest rate swap is at hierarchy level 2.

Level 3

- Instruments whose prices are not based on observable market data but, for example, on information available to the company.
- The fair value of contingent consideration associated with acquisitions of businesses is at hierarchy level 3.

FAIR VALUE HIERARCHY

2024

EUR thousand	Level 2	Level 3
Assets		
Other financial assets		0
Derivative instruments	193	
Total	**193**	**0**
Liabilities		
Loans from financial institutions	35,784	
Contingent consideration for business combination		2,955
Total	**35,784**	**2,955**

2023

EUR thousand	Level 2	Level 3
Assets		
Other financial assets		68
Derivative instruments	732	
Total	**732**	**68**
Liabilities		
Loans from financial institutions	39,328	
Contingent consideration for business combination		3,152
Total	**39,328**	**3,152**

The table below shows the changes in Level 3 instruments from January 1 to December 31, 2024.

EUR thousand	Contingent consideration for business combination	Other financial assets
Opening balance	3,152	68
OptimeSys Services Oy		
Avanio Oy	-197	
Closing balance	**2,955**	**68**

CASH AND CASH EQUIVALENTS

EUR thousand	31.12.2024	31.12.2023
Cash in hand and at bank	23,077	13,657

Cash and cash equivalents consist of cash in hand, short-term bank deposits and other highly liquid short-term investments with maturity of no more than three months.

Net debt

Net debt is calculated by deducting cash and cash equivalents and the fair value of derivative instruments from loans from financial institutions and lease liabilities included in current and non-current interest-bearing liabilities.

Net debt is related to capital management, Note 4.6.

NET DEBT CALCULATION

EUR thousand	31.12.2024	31.12.2023
Non-current interest-bearing liabilities		
Loans from financial institutions	31,982	35,490
Lease liabilities	7,128	5,082
Total non-current interest-bearing liabilities	**39,110**	**40,572**
Current interest-bearing liabilities		
Loans from financial institutions	3,518	3,518
Lease liabilities	3,360	2,404
Total current interest-bearing liabilities	**6,878**	**5,921**
Derivative instruments	**-193**	**-732**
Cash and cash equivalents	**-23,077**	**-13,657**
Total net debt	**22,718**	**32,104**

4.3 Derivative instruments and hedge accounting

ACCOUNTING POLICY

Derivatives are initially recognized at fair value at the time of acquisition and subsequently measured at fair value. Derivatives are classified either as a hedge of binding contracts and future cash flows (cash flow hedge), as a hedge of fixed-rate debt (fair value hedge), as equity hedges of foreign subsidiaries (equity hedge) or as to be recognized through profit or loss, in which case they are not subject to hedge accounting.

In hedge accounting, at the time of the transaction, Cinia documents the hedging instruments and the hedging relationship between the hedged item in accordance with its hedging policy and its objectives.

Derivatives are classified as non-current assets and liabilities on the balance sheet when they have a remaining maturity of more than 12 months and as current assets and liabilities on the balance sheet when they have a maturity of less than 12 months.

Cash flow hedges

Cinia applies cash flow hedge accounting to the interest rate swap. The effective portion of derivatives is recognized through other comprehensive income in an equity hedge fund, from which it is discharged through other comprehensive income to be recognized through profit or loss at the same time as the hedged item. In situations where the derivative has been acquired for the hedging of a variable-rate loan, the unrealized gain or loss on the ineffective portion of the derivatives is recognized in the income statement as a financial item. Unrealized gains and losses recognized in equity are reversed through comprehensive income if the hedged transaction is no longer expected to occur or when the hedged item is recognized in the income statement.

NOMINAL VALUES AND FAIR VALUES OF DERIVATIVES

2024

EUR thousand	Nominal value	Fair value, receivables	Net fair value	Maturity
Interest rate swap - cash flow hedge	25,000	193	193	Financial year 2025

2023

EUR thousand	Nominal value	Fair value, receivables	Net fair value	Maturity
Interest rate swap - cash flow hedge	25,000	732	732	Financial year 2025

4.4 Off-balance sheet leases and other contingent liabilities

Leases

Cinia recognizes the lease expenses ofcurrent leases of low value through profit or loss and presents them as off-balance sheet contingent liabilities.

Lease liabilities are presented inclusive of VAT.

The accounting policy for lease liabilities is presented in Note 3.6.

LEASE LIABILITIES FROM OFF-BALANCE SHEET LEASES

EUR thousand	31.12.2024	31.12.2023
Less than one year	891	887
More than one but less than five years	1,861	1,825
More than five years	19	16
Total	**2,772**	**2,728**

COLLATERAL SECURITIES AND CONTINGENT LIABILITIES

EUR thousand	31.12.2024	31.12.2023
Guarantees given on own behalf	987	319
Other liabilities and contingent liabilities	37	26
Total	**1024**	**345**

Other liabilities

The non-controlling interests are associated a liability wherein, upon the dissolution of C-Lion1 Oy, the shareholders of C-Lion1 Oy's A Class shares have the priority right to obtain from the assets of C-Lion1 Oy, a company implementing a submarine cable, an amount equivalent to the value of two optical fiber pairs within the scope of the right of possession and use assigned to an A share, which is provided primarily by assigning the right of possession to the fiber pairs in question.

The liabilities related to associates and joint ventures are described in Note 3.4.

4.5 Financial income and expenses

The Group's financial income and expenses are presented in this note. The Group has hedged against interest rate risk with an interest rate swap.

Financial expenses are primarily related to loans and lease liabilities.

During the financial year 2024, Cinia wrote down shares in associates and joint ventures as well as loan and interest receivables. The impact of the write-downs on consolidated profit totalled EUR 0.4 million.

EUR thousand	2024	2023
Financial income		
Interest income	309	111
Other financial income	0	1
Total	**309**	**113**
Financial expenses		
Interest expenses for financial liabilities valued at amortized cost	-1,055	-1,357
Interest expenses for lease liabilities	-287	-134
Other financial expenses	-23	-3
Impairment of receivables from associates and joint ventures	-393	
Total	**-1,759**	**-1,493**
Net financial expenses	**-1,449**	**-1,380**

4.6 Capital management

The objective for capital management is to ensure the ability to operate as a going concern in order to be able to implement expansion investments and acquisitions and pay dividends.

The Group's capital management is managed at the Group level. Sources of capital are business income financing, owners' equity investments and external debt financing. In capital management, the Group's equity consists of the equity shown on the balance sheet and debt of liabilities on the balance sheet.

The Group monitors the ratio of net debt to EBITDA, interest-bearing net debt, gearing (%) and equity ratio (%).

CAPITAL STRUCTURE AND KEY INDICATORS

EUR thousand	2024	2023
Interest-bearing net debt (Note 4.2)	22,718	32,104
Total equity	50,172	52,525
Total capital	**72,890**	**84,629**
Gearing, %	45.3 %	61.1 %
Net debt/EBITDA	1.6	2.1
Equity ratio, %	36.9 %	39.9 %

Interest-bearing net debt includes EUR 11.5 (5.8) million in investment subsidies received from the European Union for investment projects that have not yet been started.

4.7 Equity

ACCOUNTING POLICY

The Group's equity includes those equity instruments that demonstrate a right to the entity's assets after deducting all of its liabilities and that do not include a contractual obligation to deliver cash or another financial asset to another entity. Expenses relating to the issue or acquisition of equity instruments is presented as a deduction from equity.

Equity consists of share capital, legal reserve, reserve for invested unrestricted equity, reserve for hedging instruments, translation differences, and retained earnings. A breakdown of the changes is presented in consolidated statement of changes in equity.

All of the shares of the company are presented as share capital. If the company repurchases its own shares, their repurchase is deducted from the shareholders' equity.

The legal reserve is the company's restricted equity that arose during the old Limited Liability Companies Act and is no longer accumulated.

The reserve for hedging instruments includes accumulated changes in the value of interest rate swaps within the scope of hedge accounting, adjusted for deferred tax.

Translation differences include translation differences arising from the translation of the equity of the foreign joint venture at the time of acquisition and from the translation of the figures to be consolidated. The change in translation differences is presented in comprehensive income.

Dividends are recorded as a liability when the Annual General Meeting has approved the amount of dividend to be distributed.

Distributable funds

The parent company's distributable funds on December 31, 2024 amounted to EUR 35,226,045.86, of which retained earnings amounted to EUR 16,241,989.36 and the profit for the financial period to EUR -3,176,281.90. The Board of Directors proposes to the Annual General Meeting of 2025 that dividends of EUR 700,000.00 be paid for 2024 (2023: no dividend was paid).

SHARE CAPITAL AND OTHER RESERVES

EUR thousand	Number of shares	Share capital	Legal reserve	Reserve for invested unrestricted equity	Total
1.1.2023	1,289,856	1,682	1,673	19,000	22,355
31.12.2023	1,289,856	1,682	1,673	19,000	22,355
31.12.2024	**1,289,856**	**1,682**	**1,673**	**19,000**	**22,355**

The table below details the changes in the hedging instrument reserve.

HEDGING INSTRUMENT RESERVE

EUR thousand	Hedging instrument reserve
01/01/2023	974
Reclassified to income statement, less taxes	-20
Changes in fair value	-510
Taxes related to changes in fair value	102
31/12/2023	**546**
01/01/2024	546
Reclassified to income statement, less taxes	15
Changes in fair value	-539
Taxes related to changes in fair value	108
31/12/2024	**130**

5 OTHER NOTES

5.1 Related-party transactions

The Group's related parties include subsidiaries, associates and joint ventures, as well as key management personnel. The key management personnel include members of the Board of Directors, the CEO and members of the executive team and close family members of the company's key management personnel. In addition, related parties include the State of Finland, which has control over the Group.

Related party transactions other than those presented in the table consist of transactions with the Finnish state, as well as normal salaries and remuneration for key management personnel.

Transactions with related party companies and the state of Finland take place on market terms.

Cinia's sales to the State of Finland or to companies, agencies and institutions controlled by it amounted to EUR 37 million (EUR 26 million). Cinia correspondingly purchased EUR 0.8 (0.6) million. On December 31, 2024, receivables amounted to EUR 1.4 (4.4) million and liabilities to EUR 0.3 (0.0) million.

TRANSACTIONS WITH RELATED PARTIES

2024 EUR thousand	Sale of goods and services	Purchases of goods and services	Receivables	Financial income and expenses	Liabilities
Associates and joint ventures			22		
Key management personnel	172	427	10		
Total	**172**	**427**	**32**	**0**	**0**

2023 EUR thousand	Sale of goods and services	Purchases of goods and services	Receivables	Financial income and expenses	Liabilities
Associates and joint ventures			805	15	
Key management personnel	141	110	2		0
Total	**141**	**110**	**807**	**15**	**0**

MANAGEMENT SALARIES AND FEES

Salaries and fees paid to the Board of Directors and senior management

EUR thousand	2024	2023
Salaries and other short-term employee benefits	1,347	1,474
Short-term incentives	199	201
Long-term incentives	181	181
Statutory pension benefits	267	287
Other social security costs	54	58
Total	**2,048**	**2,202**

Salaries and fees for the CEO and Executive Team

	CEO		Executive Team	
EUR thousand	2024	2023	2024	2023
Salaries and fringe benefits	316	317	910	1,030
Short-term incentives	60	58	139	143
Long-term incentives	50	50	131	131
Statutory pension benefits	71	71	196	217
Other social security costs	14	14	40	44
Total	**512**	**510**	**1,415**	**1,565**

Fees for the members of the Board of Directors

EUR thousand	2024	2023
Members of the Board of Directors, December 31	121	117
Previous members of the Board of Directors	0	10
Total	**121**	**127**

The remuneration of the Board of Directors and senior management are presented on an accrual basis.

The CEO and management are part of short-term and long-term incentive schemes in accordance with the terms and conditions approved by the Board of Directors. The remuneration paid under the incentive schemes during a tax year may not exceed 80 percent of the individual's annual fixed basic salary. The criteria for the earning periods under the incentive scheme, the targets and the weights assigned to them are determined annually by the company's Board of Directors in accordance with the Group's target setting process.

The CEO has no notice period when the company gives notice, with severance pay corresponding to six months' salary paid as lump-sum compensation. When the CEO gives notice, the notice period is 3 months. No pension agreements deviating from those made with other personnel have been made with the CEO, other members of the Executive Team or the Board of Directors. The CEO is entitled to earnings-related pension in accordance with the Employees Pensions Act.

The company has a bonus fund pursuant to the Act on Personnel Funds, to which the company pays the incentive bonuses from the incentive scheme in use at each time.

The fees paid to the Board of Directors include an annual fee and a meeting fee, which is paid for each meeting and for the meetings of the Board's committees in which the Board member participates. The Board members are not within the scope of the company's bonus systems and, for this reason, they are not paid any incentive bonuses.

5.2 Income taxes

The Group's income statement taxes include accrual-based taxes corresponding to the Group companies' results for the financial period, adjustments to taxes for previous financial periods, and changes in deferred taxes. The taxes of the Group companies are calculated based on each company's taxable income determined in accordance with local tax legislation.

INCOME TAXES IN THE INCOME STATEMENT

EUR thousand	2024	2023
Taxes for the financial year		
Tax based on the taxable profit for the financial period	-138	-210
Taxes for previous financial periods	-51	-13
Deferred taxes	122	23
Total	**-66**	**-199**

INCOME TAXES IN THE STATEMENT OF COMPREHENSIVE INCOME

2024

EUR thousand	Before taxes	Tax impact	After taxes
Cash flow hedges	-520	104	-416
Total	**-520**	**104**	**-416**

2023

EUR thousand	Before taxes	Tax impact	After taxes
Cash flow hedges	-536	107	-429
Total	**-536**	**107**	**-429**

RECONCILIATION BETWEEN THE INCOME STATEMENT TAX EXPENSE AND TAXES CALCULATED USING THE PARENT COMPANY'S TAX RATE

EUR thousand	2024	2023
Earnings before tax	-1,920	526
Taxes by tax rate 20%	384	-105
Tax impacts of the following items:		
Non-deductible expenses	-127	-98
Tax-exempt income	2	19
Taxes for prior financial periods	-51	-13
Unrecognized taxes on losses for the period	-372	-23
Losses of associates and joint ventures	-39	-67
Impairment of associates and joint ventures	130	
Other items	6	87
Taxes in the income statement	**-66**	**-199**

ACCOUNTING POLICY

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized for all temporary differences between the tax bases and carrying amounts of assets and liabilities. The biggest temporary differences arise in taxation from depreciation exceeding the plan and the valuation of intangible and tangible assets at fair value in business combinations. No deferred tax liability has been calculated for goodwill to the extent that goodwill is not deductible for tax purposes. Deferred tax assets are recognized only to the extent that is likely that there will be future taxable income available against which the temporary differences can be used.

Deferred tax has been calculated at the tax rates in force on the balance sheet date and, when the tax rates change, at a new known tax rate. The deferred tax asset is recognized to the extent that it is probable that it can be utilized against future taxable profit. Deferred tax assets and liabilities are offset against each other when the Group has a legally enforceable right to offset current tax assets and liabilities against each other and when the deferred tax assets and liabilities are related to income taxes collected by the same tax recipient either from the same taxpayer or different taxpayers when the intention is to realize the asset and liability on a net basis.

CHANGES IN DEFERRED TAXES DURING THE FINANCIAL YEAR

2024

EUR thousand	January 1	Business combination	Recognized in the income statement	Recognized in the comprehensive income statement	December 31
Deferred tax assets					
Leases	122		40		163
Other items	122		-34		88
Total	**245**		**6**		**251**
Deferred tax liabilities					
Depreciation and amortization exceeding the plan in taxation	1,912		81		1,993
Intangible and tangible assets	1,318		-195		1,123
Cash flow hedges	136			-104	32
Other items	6		-2		4
Total	**3,372**	**0**	**-116**	**-104**	**3,152**
Net	**-3,128**	**0**	**122**	**104**	**-2,901**

CHANGES IN DEFERRED TAXES DURING THE FINANCIAL YEAR

2023

EUR thousand	January 1	Business combination	Recognized in the income statement	Recognized in the comprehensive income statement	December 31
Deferred tax assets					
Leases	95		27		122
Other items	156		-34		122
Total	**251**		**-7**		**244**
Deferred tax liabilities					
Depreciation and amortization exceeding the plan in taxation	1,786		126		1,912
Intangible and tangible assets	812	661	-155		1,318
Cash flow hedges	244			-107	136
Other items	8		-2		6
Total	**2,848**	**661**	**-30**	**-107**	**3,372**
Net	**-2,597**	**-661**	**23**	**107**	**-3,128**

5.3 Events after the financial period

After the financial year, in January 2025, the company’s submarine C-Lion1 telecommunications cable was damaged, but the financial impacts are not significant for the company due to preparedness for cable breaks with different contractual arrangements.

Signatures to the financial statements and the report by the Board of Directors

Helsinki, March 6, 2025

Olli-Pekka Kallasvuo
Chair

Vesa Aho

Annika Ekman

Elina Piispanen

Anni Vepsäläinen

Esko Pyykkönen

Jaakko Tapanainen
CEO

Auditor’s note

Our auditor’s report on the conducted audit has been issued today.

PricewaterhouseCoopers Oy
Authorized Public Accountants

Samuli Perälä,
Authorized Public Accountant

Governance

Corporate Governance Statement

Cinia is a Finnish safeguarder of digital operating environments and an expert in critical, high-reliability connections and software.

Cinia Ltd's owners and ownership shares: State of Finland 77.528%, Ilmarinen Mutual Pension Insurance Company 11.236% and Pohjola Insurance Ltd. 11.236%. Cinia Ltd has 1,289,856 shares. All shares confer equal rights to dividends and the company's assets.

The Prime Minister's Office is responsible for Cinia's ownership steering. The strategic interest of Finnish state ownership is to strengthen Finland's digital connections and cyber security by diversifying international telecommunications connections and developing systems that are critical to society. Cinia's governance is based on the Limited Liability Companies Act, the Articles of Association of the parent company and subsidiaries, the majority shareholder's corporate governance guidelines, the company's policies and good and sustainable operating practices in accordance with the company's Code of Conduct.

The company has its registered office in Helsinki.

General meetings of shareholders

The Annual General Meeting is Cinia's highest decision-making body. The Annual General Meeting decides on matters that fall within its competence according to the Limited Liability Companies Act and the Articles of Association. The Annual General Meeting is held on a date set by the Board of Directors after the financial statements have been prepared, no later than by the end of June. The notice of the Annual General Meeting must be delivered to the shareholders in writing no earlier than four weeks and no later than eight days before the meeting. In 2024, the Annual General Meeting was held on April 18, 2024.

The Board of Directors convenes an Extraordinary General Meeting when necessary or if so prescribed by the Limited Liability Companies Act.

The general meeting must be organized in such a way that the shareholders can effectively exercise their ownership rights. Each shareholder has the right to participate in the general meeting of shareholders and to exercise their voting rights and vote based on the shares they hold, each of which produces a single vote.

The CEO, the Chair of the Board of Directors and, if necessary, the members of the Board of Directors are recommended to be present at general meetings of shareholders. The auditor must be present at the Annual General Meeting.

Otherwise, the general meeting of shareholders and its organization shall comply with the provisions of the Limited Liability Companies Act.

Board of Directors

The Annual General Meeting elects the Board of Directors consisting of a minimum of three and a maximum of eight members according to the Articles of Association, one of whom serves as the Chair. In 2024, the Board of Directors had six members. According to the Limited Liability Companies Act, the Board of Directors is responsible for the company's administration and the appropriate organization of its operations. The task of the company's Board of Directors is to carefully manage the company's operations within the limits of the authority defined by the shareholders in the Articles of Association.

To support its operations, the Board of Directors has established a People and Remuneration Committee and an Audit Committee.

The Board convened seven times in 2024 and the attendance rate of members at the meetings was 100%.

No member of the Board of Directors can take part in handling a matter that concerns an agreement between that member and the company. Furthermore, no member of the Board of Directors can take part in handling a matter that concerns an agreement between the company and a third person if the matter is expected to provide that member with specific interests that may be in conflict with the company's interests. In addition, no member can exercise their rights or otherwise exercise their right to speak on behalf of the company in the aforementioned situations. Correspondingly, judicial disqualification also applies to members of the top management.

BOARD OF DIRECTORS

Name	Gender	Year of birth	Education	Main occupation
Olli-Pekka Kallasvuo (Chair)	male	1953	LL.M.	board professional
Vesa Aho	male	1974	M.Sc. (Econ.)	CEO, Pohjola Insurance Ltd
Annika Ekman	female	1977	M.Sc. (Econ.)	Head of Equities, Ilmarinen Mutual Pension Insurance Company
Elina Piispanen	female	1963	M.Sc. (Econ.)	board professional
Esko Pyykkönen	male	1962	M.Sc. (Econ.)	Ministerial Adviser, Prime Minister's Office
Anni Vepsäläinen	female	1963	M.Sc. (Tech.)	CEO, The Finnish Fair Corporation

EXECUTIVE TEAM

Name	Gender	Year of birth	Education	Main occupation
Ari-Jussi Knaapila (CEO until 31 December 2024)	male	1959	M.Sc. (Tech.)	CEO until December 31, 2024
Antti Alasalmi	male	1976	Lic. Phil.	Senior Vice President, Products and Production, Secure Platforms and Connectivity
Antti Honka	male	1982	M.Sc. (Tech.), M.Sc. (Econ.)	Chief Financial Officer
Tero Jokinen	male	1974	M.Sc., eMBA	Senior Vice President, Head of Software Solutions
Henri Kronlund	male	1979	M.Sc. (Econ.)	Chief Growth and Culture Officer
Anna Latvala	female	1974	LL.M., B.Sc. (Econ.)	Chief Legal Officer
Timo Mäkinen	male	1963	Diploma in Business and Administration	Vice President, Sales, Secure Platforms and Connectivity
Taneli Vuorinen	male	1962	M.Sc. (Tech.)	Executive Vice President, Head of Strategic Ventures (CEO's deputy)

Audit Committee

It is the task of the Audit Committee to assist the Board of Directors in carrying out its financial reporting and control tasks, such as monitoring the financial reporting systems and processes as well as the completeness and accuracy of financial reporting. The tasks also include reviewing the reports and recommendations of the auditors and internal auditors, assessing the adequacy of measures addressing the recommendations and monitoring the measures.

In 2024, the Audit Committee convened three times.

People and Remuneration Committee

The People and Remuneration Committee is tasked with assisting the Board of Directors in matters relating to the appointment and remuneration of the company's CEO, deputy CEO and other management. In addition, upon request, the Committee assists the Annual General Meeting in preparing a proposal concerning the number and composition of the Board of Directors and the remuneration of the Board members. The Committee also recommends, prepares and submits to the Board of Directors for approval the appointment of the CEO and the Deputy CEO, their salary and remuneration, and prepares and makes recommendations to the Board of Directors and the CEO on matters related to the remuneration and reward systems of management and staff.

In 2024, the People and Remuneration Committee convened twice.

CEO

The company's CEO is appointed by the Board of Directors. Key terms and conditions of the CEO's employment relationship must always be defined in writing in the CEO agreement.

On the basis of the Limited Liability Companies Act, the CEO is responsible for the routine administration of the company in accordance with the guidelines and regulations issued by the Board of Directors. The CEO's tasks include leading and supervising the company's business activities and seeing to the reliability of accounting and asset management. Ari-Jussi Knaapila served as the CEO until December 31, 2024. Jaakko Tapanainen serves as the CEO from January 1, 2025.

Executive Team

The task of the Executive Team is to implement the company's operational activities in accordance with the guidelines issued by the Board of Directors under the direction of the CEO. As a rule, the Executive Team meets once a month. To the extent agreed with the CEO, the Executive Team is responsible for monitoring and steering the company's operations within the aforementioned areas of responsibility. The CEO provides more detailed instructions on the areas of responsibility.

PARTICIPATION OF COMMITTEE MEMBERS IN MEETINGS, BROKEN DOWN BY MEMBER

Name	Meetings
Audit Committee	
Vesa Aho	100%
Elina Piispanen	100%
People and Remuneration Committee	
Olli-Pekka Kallasvuo (Chair)	100%
Annika Ekman	100%
Anni Vepsäläinen	100%

Internal control, risk management and internal audit

Internal control and audit

The task of internal control is to ensure at an adequate level the efficiency and appropriateness of the company's operations, the reliability of the financial and non-financial information reported by the company, risk management and compliance with laws and regulations. Internal control is implemented through processes, guidelines and procedures, such as approval authorizations, segregation of duties and controls of IT systems.

Internal control is the responsibility of the Board of Directors and the CEO and the senior management reporting to the CEO. Internal control is implemented by the company's entire organization. The company's Board of Directors uses external experts on a case-by-case basis for special audits or operational development. In addition, the scope of the audit takes into account that the company does not have a separate internal audit function.

Risk management

Risk management is part of Cinia's management and day-to-day business. Risks are registered, managed and monitored in accordance with the company's safety policy.

The Executive Team reviews the risks and the CEO reports the risks to the company's Board of Directors. Action plans for mitigating key risks are prepared based on the risk reports, and the company's management controls the implementation of the plans.

Cinia's security is managed using the information security management system as part of risk management. The information security management system is referred to as the "Security System". It consists of the Security System documents and guidelines, as well as the safety management, which as an organizational unit is responsible for organizing operations in accordance with the Security System.

Cinia's Security System is based on the ISO27001 standard and the Katakri requirements. At Cinia, only certain parts are audited and certified according to the aforementioned standards, but there are still parts of the Security System that affect the operations of the entire organization. Such parts include the Safety Policy and instructions on safe working.

Related-party transactions

Cinia has related party guidelines aimed at ensuring the reliable assessment and monitoring of Cinia's related party relationships and transactions, as well as the appropriate and timely fulfilment of its reporting obligations.

Cinia maintains an insider register of significant related-party transactions between the company and its related parties, the parties involved and key terms. The data entered in the register is collected annually from the company's related parties themselves. In addition, persons belonging to the company's related parties are required to notify the company of planned related-party transactions or transactions of which they become aware without delay after becoming aware of the transaction.

The company's Board of Directors reviews related-party transactions annually before the financial statements are completed.

The company's Code of Conduct

Cinia has drawn up a separate Code of Conduct. The Code outlines the sustainable and acceptable operating practices of Cinia and its Group companies. The Code of Conduct applies to all of Cinia Group employees, temporary employees, subcontractors, and other partners. Everyone is required to familiarize themselves with the Code of Conduct and comply with it. The Code of Conduct helps to act correctly and identify situations in which a more detailed consideration of measures is necessary.

Remuneration report

Principles of remuneration

The aim of the remuneration system for the entire staff is to support the strategy and encourage increasing the company's value. With regard to remuneration, Cinia complies with the remuneration principles in force for state-owned companies. The company's Board of Directors has a People and Remuneration Committee, tasked with developing the remuneration system and monitoring the implementation of remuneration.

In terms of the remuneration policy, the financial incentives used are fixed monetary salary and a variable salary component for the management and the entire staff. Variable remuneration programs are incentive programs based on long-term objectives and annual, project and sales targets.

Cinia has a bonus fund pursuant to the Act on Personnel Funds.

Remuneration of the Board of Directors

The remuneration of the Board of Directors is confirmed by the Annual General Meeting. Any travel expenses of the members of the Board are subject to the guidelines issued by the Tax Administration and Cinia's travel policy. The company does not provide loans or guarantees to the members of the Board of Directors. In 2024, there were seven Board meetings, three Audit Committee meetings and two People and Remuneration Committee meetings.

Remuneration of the CEO and other members of the Executive Team

The remuneration of the Group's CEO and permanent deputy under the annual short-term incentive scheme is up to 40% of their annual salaries. For members of the Group's Executive Team, the annual short-term scheme remuneration is up to 30% of their fixed annual salaries. In addition to the short-term incentive scheme, there are other incentive schemes to encourage management and other key personnel to develop the company's long-term strategic and commercial position. Annual variable remuneration may be a maximum exceed 40 percent of the fixed annual salary paid to the reward recipient. If the performance of the company and the reward recipient is exceptionally good and significantly exceeds the targets, the reward paid may annually be a maximum of 80 percent of the fixed annual salary paid annually in accordance with the Government Resolution of 2024.

SALARIES AND FEES PAID TO THE BOARD OF DIRECTORS IN 2024

Member	Fixed fees (EUR)	Meeting-specific fees (EUR)	Board of Directors meetings (number)	Committee meetings (number)
Olli-Pekka Kallasvuo (Chair)	22,800	5,100	7	2
Vesa Aho	15,400	6,500	7	3
Esko Pyykkönen (from 25 September)	3,080	600	7	-
Annika Ekman	15,400	6,500	7	2
Elina Piispanen	15,400	7,400	7	3
Anni Vepsäläinen	15,400	6,500	7	2

EUR thousand	2024	2023
Members of the Board of Directors, December 31	121	117
Previous members of the Board of Directors	-	10
Total	**121**	**126**

SALARIES AND FEES PAID TO THE CEO

EUR thousand	2024	2023
Salaries and benefits	316	317
Incentive bonuses (excluding personnel fund)	17	29
Personnel fund share	41	40
Total	**374**	**386**

SALARIES AND FEES PAID TO THE REST OF THE EXECUTIVE TEAM

EUR thousand	2024	2023
Salaries and benefits	910	1,030
Incentive bonuses (excluding personnel fund)	26	44
Personnel fund share	117	110
Total	**1,052**	**1,183**

SALARIES AND FEES PAID TO THE STAFF AS A WHOLE

EUR thousand	2024	2023
Salaries and benefits	29,513	27,819
Incentive bonuses (excluding personnel fund)	528	789
Personnel fund share	382	459
Total	**30,423**	**29,067**

Salaries and fees are reported on an accrual basis and excluding indirect expenses.

Cinia

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