Reima Group

Report of the Board of Directors,
consolidated financial statements
and parent company financial statements
as at and for the year ended
31 December 2024

Reima Group Holding Oy
c/o Reima Europe Oy
Karhumäentie 3
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Business ID: 2409044-2

Unofficial translation

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REPORT BY THE BOARD OF DIRECTORS

Reima is a globally leading brand in kids' activewear. It is known for its award-winning innovation and high-quality clothing. Reima offers a 'tip-to-toe', year-around collection for active kids aged 0 to 12 years. In addition to outdoor and innerwear clothing, the offering includes a wide range of accessories, footwear as well as solutions and services for kids. Reima's products are available in about 50 countries across the world. The most important markets are the Nordic countries, Germany, China and North America.

GROUP STRUCTURE AND ADMINISTRATION

The parent company of the Reima Group is Reima Group Holding Oy which owns all shares of Reima Group Oy. Reima Group Oy owns 100 % of the share capital of Reima Europe Oy.

At the end of the financial year, Reima Europe Oy owned 100 % of Bindley Ltd which is domiciled in Hong Kong, Reima Sweden AB which operates in Sweden, Reima Norway AS which operates in Norway, Reima GmbH which operates in Germany, Reima Inc. which operates in U.S., Reima Japan KK which operates in Japan and Reima Trading (Beijing) Co., Ltd. and Reima Trading (Shanghai) Co., Ltd both operating in China.

The sale of Russian subsidiary Reima LLC was closed on February 15th, 2023 and company left the Russian market. At the same time Reima sold the Lassie-Trademark. Reima Danmark ApS was dissolved in November 2023.

Reima Group Holding Oy does not have a managing director. The Group's operative CEO was Reima Group Oy:s CEO Elina Björklund until December 31st, 2023 and Heikki Lempinen starting from January 1st, 2024. Fabio Pesiri acted as the Chair of the Board at Reima Group Holding Oy until April 15th, 2025. In addition, Jeroen Lenssen was a Deputy Board Member until February 25th, 2025 and Peter Parmentier April 15th, 2025. Starting from April 15th, 2025 Elina Björklund acts as the Chair of the Board and Anders Ullstrand and Jonas Meerits as Board Members. The Company's auditor is KPMG Oy Ab with Turo Koila acting as the main responsible authorized public accountant.

FINANCIAL POSITION AND RESULT

Reima Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in force as on 31 December 2024. In the EU, IFRS are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council and board of directors report based on FIN-GAAP accounting principles.

Revenue

Reima Group's financial year was affected by the withdrawal of its business from Russia and weak consumer confidence in Europe. The Group's revenue was 84.1 MEUR (2023: 90.7 MEUR, 2022: 153.8 MEUR). Comparable revenue, excluding Russia, increased with 5,0 %. Growth was impacted positively by the continued growth in North America.

Reima sells its products and services through a number of wholesale partners and directly to consumers. Wholesale has historically been Reima's largest sales channel, and it includes third party retailers such as specialty stores, e-tailers and department stores. Direct-to-consumer business consists of Reima's own retail stores that at the end of 2024 were located in the Nordic countries and China, and e-commerce stores serving around 38 countries globally. Direct-to-consumer also includes marketplaces where Reima sells its products directly to consumers, solution sales such as the Reima Baby Box, and new businesses. Direct-to-consumer business increased being the biggest sales channel in the financial year 2024.

Expanding operations globally continued in 2024. Developing digital operations in the most important markets was a key focus area during the financial year. Without the impact of Russia, Reima's own retail network increased by three stores during 2024. This growth was driven by China, where the focus has been on retail store network, franchise store network increased by two new stores. At the end of 2024, Reima had 39 own stores and 37 franchise partners stores.

EBITDA and result for the year

The Group's result before interest, taxes, depreciation and amortization (EBITDA) was positive 1,9 MEUR (2023: -4.9 MEUR, 2022: 26.9 MEUR). The Group's EBITDA to revenue percentage was 2,2 % (2023: -5.5 %, 2022: 17.5 %) and operating result to revenue percentage was -3,5 % (2023: -10.3 %, 2022: 13.0 %). The increase of the EBITDA was driven mainly by the organic growth in the USA and Europe. Reima uses EBITDA to demonstrate the earnings potential of the Group.

The most significant item in financial income and expenses is interest expenses, amounting to 12.2 MEUR (2023: 8.8 MEUR, 2022: 9.0 MEUR). The loss for the financial year was -15.6 MEUR (loss 2023: -20.3 MEUR, loss 2022: -5.9 MEUR).

FINANCING

The key factors underlying the financing policy is to hedge with financial instruments against adverse changes happening in finance markets and to diminish company's result changes and to secure fo the company enough liquidity to proceed with its business. Company hedges expected currency denominated transactions with currency swaps and currency options and applies hedge accounting. The need of company's finance is affected by the seasonality of the company's business. needs include the seasonality of the business and investments in operations and investments to its business.

In 2024 and 2023, Reima did not meet its external financing covenants and all borrowings from financial institutions were classified as short-term liabilities. The Board of Directors renegotiated the financing and financial covenants with its lenders in Spring 2024 and 2025. The 2025 financing agreements were finalized in June, when Reima issued a 25 MEUR three-year bond, paid back the revolving credit facility and overdraft, at the same time the financing agreements covenant breaches were waived and the agreements were updated.

The Group's equity ratio was -25.6 % (2023: -10.2 %, 2022: 4.0 %) at end of the financial year. Return on equity was negative (2023 and 2022: negative). The equity ratio including capital loans was -24.7 % (2023: -9.3 %, 2022: -3.3 %). The equity ratio of the parent company was 52.4 % (2023: 62.3 %, 2022: 72.6 %) at the end of financial year. (Refer to note 17, Financial liabilities.)

The financial estimates of the Group for the four years following the financial period have been updated in October 2024, and based on the updated estimates, the company has assessed the amount of the remaining goodwill and other intangible assets. No impairment losses were necessary based on the assessment. The company has evaluated the possible impacts of the current economic climate to goodwill impairment testing and the values and assumptions used in it, and has noted that there are no indications of impairment. (Refer to note 10.3, Impairment testing of goodwill.)

SHARES AND EQUITY

In May 2023, the company carried out a directed share issue to strengthen its equity and issued total of 8,898,465 new class F-shares. The equity increase was fully recorded in reserve for non-restricted equity. The total number of shares is now 101,156,180, after which the company has six series of shares: A -, B-, C-, D-, E- and F-shares.

To B-, C-, D-, E- and F- shares includes consent and redemption clauses as regulated in Finnish Companies Act.

The Annual General Meeting held on 27 September 2016 authorised the Board of Directors to decide on the issuance of shares. Based on the authorisation, the number of shares to be issued shall not exceed 200,000 shares. The Board of Directors may issue shares as follows: A: not exceeding 75,837 pieces; C: not exceeding 124,163 pieces.

At the end of year 2024, the Group’s parent company had a capital loan totalling 0.9 MEUR (2023: 0.9 MEUR and 2022: 1.0 MEUR). Loan terms are described in note 5, Liabilities of the parent company financial statements.

RESEARCH AND DEVELOPMENT

Reima’s R&D activities include development of new digital services and solutions as well as product and material development related to, for example, the durability, safety and sustainability of materials and the finishing process. The company engages in research for new fibres, new product functionalities, and their recycling opportunities. The Group capitalises development costs when certain criteria are met.

Research and development expenses during the financial year were 0.1 MEUR (2023: 0.5 MEUR, 2022: 0.8 MEUR) which is approximately 0.1 % of revenue (2023: 0.5 %, 2022: 0.5 % of revenue).

PERSONNEL

The average number of personnel totalled 310 (2023: 321, 2022: 385) during the financial year (the presentation of personnel has been changed to present the average number of employees from the financial and comparative financial years). Wages and salaries amounted to 14.1 MEUR (2023: 14.6 MEUR; 2022: 17.9 MEUR), which includes a net of 1.4 MEUR income related to synthetic share options on management compensation (2023: 0.4 MEUR expense; 2022: 1.8 MEUR income). (See note 5 Personnel expenses).

During the financial year, company’s business operations were reorganized, and sourcing was centralized in headquarters and purchase office in Sri Lanka. As a result, number of personnel in the purchase office in China decreased by 23 employees.

RISKS AND BUSINESS UNCERTAINTIES

The Reima Group is facing general risks, such as the overall economic climate, exchange rate development and risks related to financing. General uncertainties on the consumer market impacted the Group’s business in 2024. Post the Covid-19 pandemic, uncertainty impacts especially the retail business through consumer behaviour in Asia. On the other hand, the previous turbulent years have shown that the demand for children wear is relatively stable.

As the purchases of the Group are mainly currency-denominated, currency risks will arise. The biggest currency flows consist of the Chinese yuan and US dollar.

Changes in customers’ operations may also cause a credit loss risk to the Group. Credits and credit limits are being monitored according to internal guidelines.

Due to the seasonal nature of the business, the Group’s financing need is seasonal, which has been handled with credit limits. Reima's borrowings from financial institutions amounted to 95.0 MEUR on 31 December 2024 (2023: 75.4 MEUR, 2022: 82.8 MEUR). 92.5 MEUR (2023: 74.8 MEUR, 2022: 81.7 MEUR) of these liabilities involve financial covenants that the Group must comply with on a quarterly basis.

The Group balance sheet includes a significant amount of goodwill as a result of business arrangements. Goodwill is subject to impairment risks if the performance is not developing as planned. Inventory values may also be subject to write-down risks if the realized sales materially deviate from estimated. The valuation of the parent company's subsidiary shares and internal receivables may include an impairment risk if the operating results of the group companies do not develop as expected.

EVENTS AFTER THE FINANCIAL YEAR

In January-February 2025 Reima held cooperation negotiations to part of its personnel in Finland. The aim with the negotiations was to make the business operations more efficient and reduce costs. Based on the negotiations employment of six employees was ended.

In June 2025 the company signed an updated financing agreement, issued a three-year 25 MEUR bond which will mature on 10 June, 2028, as well as paid back credit limit and revolver. At the end of the financial year 2024 the credit limit was 2.7 MEUR and revolver 6.4 MEUR. At the same time, old corporate mortgages were mainly ended and 341 MEUR new corporate mortgages were agreed. The covenants of the old loan were updated and earlier covenant breaches were waived. The covenants of the updated financing agreement and the bond are related to liquidity and net debt related to EBITDA. Exit bonus is included in the financing agreement.

The majority owner of the company changed in April 2025. The new ownership group consists of Reima's Chair of the Board Elina Björklund as well as Swedish fashion and activewear brand experts Anders Ullstrand and Jonas Meerits. After the new ownership and new financing were confirmed, the previous main owner waived management fee receivable which was 5,3 MEUR at the end of financial year 2024.

FUTURE OUTLOOK

Due to Reima's strong market position with focus on high-quality and sustainable products, the outlook of Reima business operations in Europe, Asia and North America is positive. The uncertainties on the consumer markets and currency exchange fluctuation can, however, have a substantial impact on the Group's revenue and profitability.

Pre-orders for autumn/winter season products represent a major part of the Group's annual revenue. Developing direct-to-consumer distribution channels, especially for ecommerce, is in strong focus, and the revenue of DTC channels is estimated to grow.

THE BOARD'S PROPOSAL FOR DISPOSAL OF THE RESULT

The profit of the parent company for the financial year is 83 666,61 EUR. The Board proposes that the loss of the parent company for the financial year to be transferred to the retained earnings and that no dividend will be distributed.

CONSOLIDATED INCOME STATEMENT

EUR thousands	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Revenue	2	84 127	90 708
Materials and services	3	(49 075)	(54 169)
Gross profit		**35 052**	**36 539**
Other operating income	4	177	254
Personnel expenses	5, 23	(14 068)	(14 608)
Other operating expenses	6	(20 035)	(27 903)
Depreciation, amortisation and impaiment losses	7	(4 841)	(4 441)
Operating result		**(3 716)**	**(10 158)**
Finance income	8	1 617	964
Finance expenses	8	(13 395)	(12 609)
Net finance expenses		**(11 777)**	**(11 645)**
Profit (Loss) before tax		**(15 493)**	**(21 803)**
Tax expense	9	(123)	1 461
Profit (Loss) for the financial year		**(15 616)**	**(20 342)**
Profit (Loss) for the financial year attributable to			
Owners of the parent company		(15 616)	(20 342)

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Profit (Loss) for the financial year		**(15 616)**	**(20 342)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation difference		(631)	5 850
Cash flow hedging	18	(158)	(287)
Total other comprehensive income for the financial year		**(789)**	**5 562**
Total comprehensive income for the financial year		**(16 405)**	**(14 780)**
Total comprehensive income attributable to			
Owners of the parent company		(16 405)	(14 780)

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

EUR thousands	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets		6 119	4 291
Goodwill		50 900	50 900
Intangible assets and goodwill	10	57 019	55 191
Tangible assets	11	915	429
Right-of-use assets	12	5 068	4 791
Deferred tax assets	9	-	2 097
Total non-current assets		**63 002**	**62 508**
Current assets			
Inventories	13	19 094	24 835
Trade and other receivables	14-15, 18-20, 23	16 876	13 933
Deferred tax assets	9	2 113	-
Cash and cash equivalents	14	2 718	1 942
Total current assets		**40 802**	**40 711**
Total assets		**103 804**	**103 219**
EQUITY			
Share capital		5	5
Share issue		-	-
Reserve for invested non-restricted equity		101 346	101 346
Translation differences		1 299	1 930
Cash flow hedge reserve		(23)	(181)
Retained earnings		(129 202)	(113 586)
Total equity	16	**(26 575)**	**(10 486)**
LIABILITIES			
Non-current liabilities			
Borrowings from financial institutions	17-20	0	-
Subordinated loans	17, 20	911	911
Lease liabilities	12, 17	3 508	3 290
Other financial and other non-current liabilities	17-20	3 164	3 131
Deferred tax liabilities	9	2 369	2 280
Total non-current liabilities		**9 953**	**9 612**
Current liabilities			
Borrowings from financial institutions	17-20	92 550	75 397
Lease liabilities	12, 17	1 415	1 490
Trade and other payables	17-21	26 462	27 206
Total current liabilities		**120 426**	**104 093**
Total liabilities		**130 379**	**113 705**
Total equity and liabilities		**103 804**	**103 219**

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

EUR thousands	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Cash flows from operating activities			
Profit (Loss) before tax for the financial year		(15 493)	(21 803)
Adjustments:			
Depreciation, amortisation and impairment losses	7	4 841	4 441
Finance income and finance expenses	8	11 777	11 645
Other adjustments[1]		-2 355	6 323
Cash flows before change in net working capital		(1 230)	605
Change in net working capital:			
Change in trade and other receivables (increase (-) / decrease (+))		(2 896)	4 915
Change in inventories (increase (-) / decrease (+))		5 841	694
Change in trade and other payables (increase (+) / decrease (-))		(1 017)	(7 090)
Cash flows before finance items		699	(875)
Interest paid and other financial items		(1 483)	(3 969)
Interest received		-	143
Income taxes paid		212	(954)
Net cash from operating activities (A)		**(573)**	**(5 656)**
Cash flows from investing activities			
Acquisition of intangible and tangible assets		(4 907)	(3 205)
Proceeds from sale of subsidiaries		-	19 868
Proceeds from sale of property, plant and equipment		14	41
Repayments of related party loan receivables		-	190
Net cash used in investing activities (B)		**(4 893)**	**16 893**
Cash flows from financing activities[3]			
Increase in share capital for consideration	16	-	3 336
Proceeds from current loans and borrowings	17	12 774	6 484
Repayment of current loans and borrowings	17	(5 079)	(19 237)
Proceeds from non-current loans and borrowings		1 143	0
Repayment of non-current loans and borrowings		-	(21)
Repayment of lease liabilities	12	(2 617)	(2 610)
Net cash from financing activities (C)		**6 222**	**(12 047)**
Net cash from (used in) operating, investing and financing activities (A+B+C)		**756**	**(810)**
Net increase (decrease) in cash and cash equivalents		**756**	**(809)**
Cash and cash equivalents at 1 January		1 942	4 189
Impact on cash and cash equivalents from cassification as held for sale[2]		-	(682)
Effect of fluctuations in exchange rate on cash held		20	(755)
Cash and cash equivalents at 31 December	14	**2 718**	**1 942**

[1] Includes exchange rate differences and non-cash items, among others.

2. Includes impact of write down of cash asets regarding sale of Reima LLC (sold 15 Feb 2023).

3. Financing activies include recourse factoring credit liabilities

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousands	Note	Share capital	Reserve for invested non-restricted equity	Translation differences	Cash flow hedge reserve	Retained earnings	Total
		Equity attributable to owners of the parent company					
Balance at 1 January 2024		**5**	**101 346**	**1 930**	**(180)**	**(113 587)**	**(10 486)**
Comprehensive income							
Profit (Loss) for the financial year		-	-	-	-	(15 616)	(15 616)
Other comprehensive income		-		(631)	158	-	(473)
Total comprehensive income for the financial year		**-**	**-**	**(631)**	**158**	**(15 616)**	**(16 089)**
Balance at 31 December 2024		**5**	**101 346**	**1 299**	**(23)**	**(129 203)**	**(26 575)**

EUR thousands	Note	Share capital	Reserve for invested non-restricted equity	Translation differences	Cash flow hedge reserve	Retained earnings	Total
		Equity attributable to owners of the parent company					
Balance at 1 January 2023		**5**	**92 448**	**(4 727)**	**107**	**(93 244)**	**(5 412)**
Comprehensive income							
Profit (Loss) for the financial year		-	-	808	-	(20 342)	(19 534)
Other comprehensive income		-	-	5 850	(287)	-	5 562
Total comprehensive income for the financial year		**-**	**-**	**6 658**	**(287)**	**(20 342)**	**(13 972)**
Transactions with owners of the parent company							
Capital increase	16	-	8 898	-	-	-	8 898
Total transactions with owners of the parent company		**-**	**8 898**	**-**	**-**	**-**	**8 898**
Balance at 31 December 2023		**5**	**101 346**	**1 930**	**(180)**	**(113 587)**	**(10 486)**

The notes are an integral part of these consolidated financial statements.

1 Basis of preparation

1.1 Company information

Reima Group (hereafter ‘Reima’ or ‘Group’) is a clothing company, established in 1944. The Group’s parent company, Reima Group Holding Oy (or 'the Company’), is a Finnish limited liability company established under the laws of Finland, and its business ID is 2409044-2. It is domiciled in Helsinki, Finland and the company’s registered address is Karhumäentie 3, 01530 Vantaa, Finland.

Reima is a globally leading brand in kids’ activewear. It is known for its award-winning innovation and high-quality clothing. Reima offers a ‘tip-to-toe’, year-around collection for active kids aged 0 to 12 years. In addition to outdoor and innerwear clothing, the offering includes a wide range of accessories, footwear as well as solutions and services for kids. Reima’s products are available in more about 50 countries across the world. The most important markets are Nordic countries, Germany, China and North America. Reima employs around 300 people.

The Board of Directors of Reima Group Holding Oy approved these consolidated financial statements for issue in its meeting on June 19, 2025. According to the Finnish Limited Liability Companies’ Act, the shareholders have the right to approve or reject the financial statements in the Annual General Meeting held after the publication of the financial statements. Furthermore, the Annual General Meeting can decide on modifications to be made to the financial statements.

1.2 Basis of accounting and going concern

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards -> later IFRS) as adopted by the European Union and in force as at 31 December 2024. In the EU, IFRS are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council.

The amended standards effective for the financial year 2024 had no significant impact on the result or the financial position of the Group, nor on the presentation of the financial statements.

The Group must comply with the financial covenant terms on a quarterly basis. In 2024, Reima did not meet it's ebitda covenant and all borrowings from financial institutions are classified as short-term liabilities. Going concern of the company and Group is dependent on that financial covenants and financing are agreed upon with the lenders and that the company complies the financial covenant terms also in the future. This indicates such uncertainty which may cast doubt on the company's and the Group's ability to continue as a going concern. The company signed an updated financing agreement, issued a 25 MEUR bond, as well as paid credit limit and revolver in June 2025. Management believes that these terms and renegotiating of financing are to be agreed upon and that going concern is applied in preparing the financial statements. The going concern basis presumes that Reima has adequate resources to remain in operation, and that management intends to do so, for at least one year from the date the financial statements are signed. For events after the period end date refer to Note 24 Events after the end of the financial year.

This section 1.2 addresses the general policies applied that relate to the consolidated financial statements as a whole. Accounting policies that are specific to a component of the financial statements, together with descriptions of management judgements, related estimates and assumptions, are incorporated into the relevant note to the consolidated financial statements. Accounting policies are presented highlighted with a grey background, and management judgements, related estimates and assumptions with a yellow background.

The consolidated financial statements are drawn up on the historical cost basis of accounting, except for the following that are measured at fair value: share appreciation rights (SARs, synthetic options), derivative financial instruments, anti-dilution options (liability) disposal groups. Refer to Note 1.7 Measurement of fair values and Note 18 Fair values of financial assets.

The financial year of Reima is the calendar year. The figures in the consolidated financial statements are presented in thousands of euro, except when otherwise indicated. All figures presented have been rounded, and consequently the sum of individual figures may deviate from the presented aggregate figure. Key ratios are computed using exact figures.

1.3 Implications of war in Ukraine on the Group

During spring 2022 Reima suspended its operations in Russia and Ukraine due to Russia's invasion of Ukraine and company decided to find a buyer to the Russian business. The sale of Reima LLC was closed on February 15th, 2023. During financial year 2023 company has continues it's business in Ukraine and continues it further during financial year 2024.

1.4 Consolidation

The consolidated financial statements incorporate the financial statements of the parent company, Reima Group Holding Oy, and of all those subsidiaries over which the parent company has control at the period-end. Control is achieved when Reima is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Consolidation of a subsidiary begins when Reima obtains control over the subsidiary and ceases when Reima loses control of the subsidiary. Refer to Note 23 Related party transactions for disclosures on the Group structure.

In preparation of consolidated financial statements intra-group transactions, balances and unrealised gains, as well as distribution of profits within the Group, are eliminated. The Group has no non-controlling interests.

Acquired or established subsidiaries are accounted for by using the acquisition method. The consideration transferred and the identifiable assets acquired and liabilities assumed in the acquired company are measured at the acquisition-date fair values. The consideration transferred includes any assets transferred by Reima, liabilities incurred by Reima to former owners of the acquiree and any equity interests issued by the Group.

Any contingent consideration (additional purchase price) is measured at fair value at the acquisition date. It is classified as either liability or equity. A contingent consideration liability is remeasured at fair value at the end of each reporting period and the fair value changes are recognized in profit or loss.

All acquisition-related costs, such as professional fees, are expensed in the periods in which the costs are incurred and the services rendered (except for costs to issue debt or equity securities).

1.5 Foreign currency transactions and balances

Items included in the financial statements of each subsidiary are measured using the functional currency, which is the currency of the primary economic environment in which the company operates. The consolidated financial statements are presented in Euro, which is the functional and presentation currency of the parent company.

Subsidiaries' foreign currency transactions are translated into local functional currencies using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities denominated in foreign currencies in the balance sheet are translated into functional currencies using the exchange rate quoted on that date.

For those subsidiaries with non-Euro functional currency, the income and expenses for the income statement and comprehensive income statement, and the items for cash flow statement, are translated into Euro using the average exchange rates of the reporting period. The closing rates prevailing at the reporting date are used for translating the assets and liabilities for each balance sheet. The translation differences arising from the use of different exchange rates explained above are recognized in other comprehensive income.

Any goodwill arising on the acquisition of foreign operations and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of those foreign operations are treated as assets and liabilities of those foreign operations. They are translated into Euro using the exchange rates prevailing at the reporting date. When a foreign operation is sold, or is otherwise partially or completely disposed of, the associated translation differences accumulated in equity are reclassified to profit or loss, as part of the gain or loss on the transaction. As at 31 December 2024, all goodwill of the Group is denominated in Euro.

1.6 Critical management judgments and key sources of estimation uncertainty

The preparation of IFRS financial statements requires management to make judgments, estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the period-end as well as the reported amounts of income and expenses during the reporting period. The estimates and assumptions are based on historical experience and other justified assumptions, such as future expectations, that Reima management believes are reasonable under the circumstances at the end of the reporting period and the time when they were made.

Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Reima reviews the estimates and underlying assumptions on an on-going basis and when preparing financial statements. Changes in accounting estimates may be necessary as a result of new information or more experience, or if the underlying circumstances evolve. Consequently, the estimates made as at 31 December 2024 may subsequently be changed. Reima recognizes such changes in the period in which the estimate or the assumption is revised.

Use of judgments

Judgements that Reima management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements, relate to the following areas (refer to Note 12 Leases and Note 9 Taxes):

- Scope of lease accounting: determining whether certain rental contracts are to be accounted for as leases or service contracts
- Lease term: determining the lease term for non-fixed-term leases

In recognition of deferred tax assets companies management have used to judgment to determine availability of future taxable profit against which deductible temporary differences, tax losses carried forward and deductions related to the Finnish interest deduction limitation rules can be utilised (Note 9 Income taxes)."

Return accrual and is based on judgment of management (refer to note 2.1 sales).

Estimates and assumptions

In Reima the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year comprise the following:

- Goodwill impairment testing: key assumptions underlying recoverable amounts (Note 10 Intangible assets and goodwill).
- Inventory valuation: calculation of obsolescence provision (Note 13 Inventories).

1.7 *Measurement of fair values*

A number of Reima's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorised into hierarchy levels that are representative of the inputs used in the valuation techniques as follows:

- Level 1: fair value is calculated on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that Reima can access at the measurement date.
- Level 2: fair value is calculated on the basis of inputs other than quoted prices included in Level 1 that are observable for the asset or liability; either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value is calculated on the basis of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

1.8 *Gross profit and operating result*

Reima considers gross profit and operating result to be relevant subtotals in understanding the Group's financial performance. Since those concepts are not defined under IFRS, the Group has defined them as follows:

1. Gross profit is calculated by subtracting the cost of goods sold (COGS) (line item Material and services) from revenues, and it reflects the core profitability of the Group before overhead expenses.

2. Operating result is the net amount attained when revenues are added by other operating income, less:
- purchase expenses, adjusted with change in inventories
- personnel expenses
- depreciation, amortisation and any impairment losses, and
- other operating expenses.

Reima recognises exchange rate differences as follows: realised exchange differences in business operations are included in gross profit, unrealised exchange differences and realised exchange differences on financial items are recognised in finance items and for derivatives under cash flow hedge accounting exchange rate differences are recorded in other comprehensive income (OCI). All other items are presented below operating result in the income statement.

1.9 *Adoption of new and amended standards in future financial years*

The Group has not yet adopted the amended standards and interpretations already issued by the IASB, with the effective dates 1 January 2025 and thereafter. Reima will adopt these pronouncements as of the effective date of each of the pronouncements, or if the effective date is not the first day of the financial year, as of the beginning of the next financial year following the effective date, provided they have been endorsed for use in the EU. Currently Reima believes that the adoption of these pronouncements will not have a significant effect on the future consolidated financial statements expect IFRS 18.

IFRS 18 Presentation and Disclosure in Financial Statements (effective for financial years beginning on or after 1 January 2027). IFRS 18 will replace IAS 1 Presentation of Financial Statements.
The pivotal requirements are as follows:

Classification of income and expenses
- Income and expenses in the income statement to be classified into three categories, operating, investing and financing

New subtotals
- In P/L will be new subtotals including “Operating profit or loss” and “Profit or loss before financing and income tax”.

Disclosures about management-defined performance measures (MPMs)
- Company must present in note information how these additional measures of financial performance has been counted

2 Revenue and segment information

2.1 Accounting policy

Reima sells its products and services through a number of wholesale partners and directly to consumers. Wholesale has historically been Reima’s largest sales channel, and it includes third party retailers such as specialty stores, e-tailers, department stores and franchise partners. Direct-to-consumer business consists of Reima’s own retail stores in the Nordic countries and China, and e-commerce stores serving around 40 countries globally. Direct-to-consumer also includes marketplaces where Reima sells its products directly to consumers, solution sales such as the Reima Baby Box, and new businesses. Stores operated by the franchise partners are calculated as part of Direct-to-consumer business, too.

Performance obligation

Performance obligations identified under wholesale contracts include sale of goods and value-added services (VAS). The value-added services (such as relabeling, translation and adding hangers) are a separate performance obligation. In the retail and E-commerce business, Reima sells one or more products (which are all separate performance obligations) and collects the payment from customers simultaneously. Delivery services in wholesale and e-commerce business are a part of fulfilment of the promise to the customer and hence not considered as a separate performance obligation.

Transaction price

Transaction price is determined based on the global price list or based on stated prices in the contract with large customers and other terms of the contract. Reima allocates the transaction price to each performance obligation on the basis of the relative standalone selling prices stated in the contract in respect of wholesale business. Reima’s payment terms vary to some extent geographically and in different business areas, but the term of payment provided is nonetheless always clearly less than a year and hence, no significant financing components are identified.

In retail and e-commerce business, the goods are sold separately or as a bundle of products, but transaction price is eventually what the customer pays to Reima. The amounts relating to gift cards and customer loyalty programs do not have a material impact on the consolidated financial statements.

Discounts and rebates

Reima’s discounts and rebates (variable components) are typically percentage discounts from all purchases, such as volume discount. These discounts are accrued and treated as an adjustment to revenue. Reima adjusts revenue for currently existing discounts and rebates using the most likely method. Discounts in retail and e-commerce business are deducted directly from the invoice and the net sales are recorded in this respect.

Right to return

Under certain conditions, Reima’s wholesale contracts may include return rights. A return liability and a return asset is recognised with corresponding adjustment to cost of sales for goods expected to be returned. The amounts for estimated returns related to revenues are accrued based on past experience. Returns in retail business include returns for cash or exchange for another product. In some countries, gift cards are issued when customer returns the products and doesn't find another product to replace the original one. Return policies are also affected by the rules and legislations on return rights that exist in the country where the goods are sold. A liability is recorded for goods expected to be returned based on materiality. Reima sells products in e-commerce business with a right to return. Generally, for goods expected to be returned, the liability is recognised based on historical data analysis and revenue is adjusted accordingly.

Principal versus agent considerations

Reima has sales arrangements where other parties are involved, such as marketplaces, goods sold through agents or distributors and consignment sales. For these arrangements, Reima determines whether it provides the specified goods itself, or to arrange for them to be provided by another party - i.e. whether it is a principal or an agent to the transaction with the end customer. When Reima is acting as a principal, revenue is recognised on a gross basis and the amount paid to the agent is accounted for as a commission on sales.

Marketing support, performance-based incentives, advertising and promotional expenditure

Reima's contracts include considerations payable to the customer which generally are for marketing support. These are mostly in the form of agreed fixed amounts. Marketing discounts based on sales are recognised as adjustment of revenue as they are not payments for distinct good or service. Fixed marketing support are accounted for as an expense if it is a payment for a distinct product or service and it does not bear the characteristic of a discount. Amount spent on promotional activities and media campaigns are expensed out.

Under certain conditions and in accordance with contractual agreements, Reima grants its customers different types of performance-based incentives and commissions (for example, bonuses given to agents on achievement of sales targets). When it is appears that the agents fulfills the requirements of being granted the commission, the amount is accrued as commission expenses.

2.2 Disaggregation of revenue

In the following tables, consolidated revenue is disaggregated by geographical market[1] and sales channel[2].

EUR thousands	2024		2023	
Finland	15 583	19 %	17 456	19 %
Nordics	18 021	21 %	16 675	18 %
Central Europe	27 998	33 %	26 451	29 %
Asia	10 284	12 %	20 253	22 %
North America	12 241	15 %	8 326	9 %
Russia	-	0 %	1 547	2 %
Total	**84 127**	**100 %**	**90 708**	**100 %**

[1] Based on the geographic location of customers.

EUR thousands	2024		2023	
Wholesale	41 466	49 %	51 963	57 %
Direct-to-consumer	42 661	51 %	38 745	43 %
Total	**84 127**	**100 %**	**90 708**	**100 %**

[2] Direct-to-consumer sales includes own stores, own digital stores and franchise partners stores.

Accounting for trade receivables and related credit losses is explained in Note 14 Financial assets and Note 20.4 Credit and counterparty risk.

2.3 Segment information

The Group's reportable segment is the Reima Group. The segment disclosures presented by the Group is based on internal reporting to the chief operational decision-maker. The President and CEO of the company acts as the chief operational decision-maker.

Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts, located in Finland totalled 59,750 EUR thousand (EUR 57,745 thousand) and in other countries 3,253 EUR thousand (EUR 2,457 thousand).

3 Materials and services

3.1 Accounting policy

Cost of goods sold is determined on the basis of the cost of purchase, adjusted for the variation of inventories. Realised exchange differences are included in gross profit, refer to Note 1.8 Gross profit and operating result for more information on accounting for exchange rate differences.

3.2 Breakdown of expenses for materials and services

EUR thousands	2024	2023
Purchase expenses	(36 013)	(41 747)
External services	(13 062)	(12 422)
Total	**(49 075)**	**(54 169)**

4 Other operating income

4.1 Accounting policy

Other operating income comprises income from activities outside the ordinary business of Reima, such as government grants, rental income and gains from disposals of tangible and intangible assets.

2024
Most significant individual item under other operating income in financial year 2024 related to Business Finland subsidy.

2023
Most significant individual item under other operation income in financial year 2023 related to closing of Reima Denmark A/S.

5 Personnel expenses

5.1 Accounting policy

The line item Personnel expenses in the income statement comprises the following: short-term employee benefits, post-employment benefits (pensions), and share-based payments (refer to Note 5.3 Share appreciation rights below). The Group provided no other long-term employee benefits nor material termination benefits in the financial years 2023-2022.

Short-term employee benefits comprise wages, salaries, fringe benefits, annual leave and bonuses. They are recognised in the period in which employees perform the work.

Post-employment benefits are payable to employees after the completion of employment. In Reima these benefits relate to pensions. Pension coverage of the Group is arranged through external pension insurance companies. Pension plans are classified as either defined benefit plans or defined contribution plans. Reima only has defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity, and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the related benefits. All other plans are classified as defined benefit plans. The Group’s contributions are charged to profit or loss in the period during which the services are rendered. Reima records prepaid contributions as an asset to the extent that a cash refund or a reduction in the future payments is available.

c) Other long-term employee benefits are all employee benefits other than short-term employee benefits (a)), post-employment benefits (b)) and termination benefits (d)).

d) Termination benefits are not based on work performance but on the termination of employment. These benefits consist of severance payments. Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Over the years 2012 to 2018 and 2020 the parent company has issued share appreciation rights (SARs; synthetic options) to its top management and key personnel. The options were issued for no consideration. The options are measured at the grant-date fair value and recognized as employee benefit expenses over the vesting period, and as a non-current financial liability. The related liability is remeasured at every reporting date, and the resulting change is also recorded in personnel expenses.

5.2 Expenses recognised in profit or loss

EUR thousands	**2024**	**2023**
Wages and salaries	(11 450)	(11 956)
Contributions to defined contribution post-employment plans	(1 622)	(1 826)
Other social security expenses	(996)	(826)
Share-based payment plans	-	-
Total	**(14 068)**	**(14 608)**
The total average number of employees for the financial year	310	321

The number of employees decreased mainly due to centralization of sourcing function. Comparability of personnel expenses is impacted also by fair value changes in share-based payment plans. Disclosures on the remuneration of the key management personnel are provided in Note 23 Related party transactions.

5.3 Share appreciation rights

The Board of Directors of the company has implemented two share-based incentive plans for the Group´s top management and key personnel. At the end of the financial year 2020, Board of Directors made a descision to amend the pre-existing share option plan and to implement a new plan to executive management. The aim of the plans is to increase the value of the Group as well as to engage the top management and key personnel to the company. The incentive plans are based on share appreciation rights (SARs) that equal the increase in value of the company shares from a specified level over a specified period of time. The incentive plans are subject to a three-year service condition (employment period) - if the service condition is met, then the SARs will be settled in cash on exit.

All options expired with zero value at the transfer of the main ownership of the company in April 2025.

	2024	**2023**
Executive Management Options (2020)		
Total number of outstanding SARs (thousand pcs)	4 500	4 500
Fair value per SAR, EUR	-	-
Total carrying amount of liability for SARs , EUR thousand	-	-
Incentive options (2012-2018)		
Total number of outstanding original SARs (thousand pcs)	547	547
Total number of outstanding amended SARs (thousand pcs)	1 742	1 742
Fair value per original SAR, EUR	-	-
Fair value per amended SAR, EUR	-	-
Total carrying amount of liability for amended SARs, EUR thousand	-	-

6 Other operating expenses

6.1 Accounting policy

Reimas's other operating expenses include expenses other than the cost of goods sold, such as:
- sales and marketing, travel and IT expenses
- changes in expected credit losses and realised credit losses (for credit loss accounting see Note 20.4 Credit risk and counterparty risk), and
- any losses on the disposal of tangible and intangible assets.

6.2 Breakdown of other operating expenses

EUR thousands	2024	2023
Sales and marketing expenses	(11 722)	(11 373)
Administrative expenses	(3 471)	(2 290)
Sale of Reima LLC[1]	-	(8 180)
IT expenses	(2 541)	(3 566)
Other expenses	(2 301)	(2 494)
Total	**(20 035)**	**(27 903)**

[1] Reima's Russian subsidiary Reima LLC was sold in February 2023.

6.3 Auditor's fees

EUR thousands	2024	2023
KPMG		
Audit fees	216	155
Tax advisory services	44	4
Other services	72	118
Total	**332**	**277**

7 Depreciation, amortisation and impairment losses

7.1 Depreciation, amortisation and impaiment losses by asset categories

EUR thousands	2024	2023
Depreciation and amortisation		
Intangible rights	-21	-94
Other intangible assets	-2 253	-1 756
Machinery and equipment	-44	-42
Other tangible assets	-246	-224
Right-of-use assets (leased assets)[1]	-2 277	-2 306
Total	**-4 841**	**-4 422**
Impairment losses		
Other tangible assets	0	-18
Total	**0**	**-18**
Total depreciation, amortisation and impairment losses in the income statement	**-4 841**	**-4 441**

[1] Refer to Note 12.3 Amounts recognised in profit or loss for the related analysis by class of right-of-use asset.

Impairment loss of other tangible assets relates to closing of Reima Danmark Aps in 2023.

8 Finance income and expenses

8.1 Accounting policy

Reima recognises interest income and interest expenses using the effective interest method. The Group expenses all interest costs. Reima recognises exchange rate differences as follows: realised exchange differences in business operations are included in gross profit, unrealised exchange differences and realised exchange differences on financial items are recognised in finance items and for derivatives under cash flow hedge accounting exchange rate differences are recorded in other comprehensive income (OCI).

The accounting policies applied to financial assets and financial liabilities are provided in Notes 14 Financial assets, 17 Financial liabilities and 20 Financial risk management (foreign exchange risk). For derivative instruments and cash flow hedge accounting refer to Note 19 Derivative instruments and cash flow hedge accounting.

8.2 Amounts recognised through profit or loss

EUR thousands	2024	2023
Finance income		
Foreign exchange gains[1]	1 592	913
Interest income	6	13
Other finance income	19	38
Total	**1 617**	**964**
Finance expenses		
Foreign exchange losses[1]	(741)	(2 254)
Interest expenses — financial liabilities measured at amortised cost[2]	(12 178)	(8 781)
Other financial expenses	(475)	(1 573)
Total	**(13 395)**	**(12 609)**
Net finance expenses	**(11 777)**	**(11 645)**

[1] Net foreign exchange losses amounted to EUR 159 thousand in 2024

[2] Includes financial expenses on loans and borrowings and lease liabilities.

Net foreign exchange differences are due principally to fluctuations in the currencies with which the Group operates between the time when income, expenses and asset acquisitions or disposals are recognised and when the corresponding assets or liabilities are realised or settled or translated. Foreign exchange hedges impacted foreign exchange losses by EUR 34 thousand and other financial expenses by EUR 164 thousand.

9 Income taxes

9.1 Accounting policy

The income tax expense for the period comprises current tax, and change in deferred tax assets and deferred tax liabilities. Income tax is recognised in profit or loss, except when they relate to items charged or credited directly in other comprehensive income (OCI) or equity. In this instance the income taxes are also charged or credited to OCI or equity.

The current income tax charge is calculated on the basis of the taxable income. It is determined in accordance with the tax rates and laws enacted (or substantively enacted) in the countries where the Group operates and generates taxable income. Income taxes are adjusted with any taxes relating to previous financial years. Any other taxes not based on income are included within other operating expenses.

Taxable profit may differ from the profit reported in the consolidated income statement, since some income or expense items may be taxable or deductible in other years, and/or certain income items are not taxable or certain expense items are non-deductible for taxation purposes.

Generally deferred tax is provided using the liability method on:
- temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and
- unused tax losses or unused tax credits.

Deferred tax liabilities are usually recognized in full. However, deferred tax liability is not accounted for, if it arises from:
- the initial recognition of goodwill, or
- the initial recognition of an asset or a liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for investments in subsidiaries, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Accordingly, for subsidiaries which are fully consolidated, a deferred tax liability is only recognized in the amount of the taxes payable on planned dividend distributions by Reima.

Deferred tax assets are recognized for deductible temporary differences only to the extent that it is probable that future taxable profits will be available, against which Reima can utilise deductible temporary differences.
- Recognized deferred tax assets: the amount and the probability of the utilization of such assets are reviewed at each period-end. If the utilization of the related tax benefit is no more considered probable, the Group recognizes a write-off against the deferred tax asset.
- Unrecognized deferred tax assets: these items are re-assessed at each period-end and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are determined using tax rates (and laws) that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The applied tax rate is the rate enacted or substantively enacted by the balance sheet date in the respective countries.

Where the amount of tax payable or recoverable is uncertain, Reima considers such instances in recording current or deferred taxes, based on the Group’s interpretation of tax law and judgment of the liability or recovery.

9.2 Assumptions and estimation uncertainties

At 31 December 2024, the Group had taxable losses and interest expenses not deducted for tax purposes, for which no deferred tax asset is recognised. Management has made judgements in measuring of the recoverable value of deferred tax assets. This requires an assessment as to when the tax entities in question will revert to profitability and considering when the tax legislation limits the use of tax loss carryforward. The changes in the Group structure or the amendments to tax legislation, such as changes in tax rates or expiry dates of tax losses carryforward, can also affect the management estimate of deferred tax assets and liabilities. Refer to Note 9.7 Group's tax losses carried forward and effect of Finnish interest deduction limitation rules.

9.3 *Amounts recognised through profit or loss*

EUR thousands	2024	2023
Current tax for the reporting year	(298)	(334)
Current tax adjustments for prior years	(61)	57
Change in deferred taxes	235	1 738
Total	**(123)**	**1 461**

9.4 *Reconciliation between income tax expense in profit or loss and tax expense calculated using the Finnish corporate tax rate*

EUR thousands	2024	2023
Profit (Loss) before income tax	(15 493)	(21 803)
Tax using the Finnish corporate tax rate (20 %)	3 099	4 361
Effect of tax rate in foreign jurisdictions	52	52
Income tax for prior years	235	57
Unrecognised deferred tax assets on tax losses	(4 062)	1 077
Non-deductible expenses	(654)	(5 837)
Use of previously unrecognised tax losses for previous years	438	2 062
Subsidiary dividends	-	-
Other	769	(311)
Taxes in the income statement	**(123)**	**1 461**

There were no changes in the corporate tax rates of the Group companies in 2024 or 2023. The income taxes mainly result from the result made by Chinese subsidiary.

9.5 *Movements in deferred tax asset and deferred tax liability balances*

2024 EUR thousands	At 1 Jan 2024	Recognised through profit or loss	Recognised in OCI	Exchange differences and other changes	At 31 Dec 2024
Deferred tax assets					
Lease contracts	21	13	-	-	34
Provisions	183	4	-	-	187
Synthetic options	-	-	-	-	-
Tax losses	2 000	-	-	-	2 000
Hedging	4	-	(4)	-	0
Other	(112)	3	-	-	(109)
Total	**2 096**	**20**	**(4)**	**-**	**2 113**
Deferred tax liabilities					
Goodwill	2 266	64	-	-	2 330
Hedging	-	-	2	-	2
Lease contracts	-	5	-	-	5
Other	14	18	-	-	32
Total	**2 280**	**87**	**2**	**-**	**2 369**

2023 EUR thousands	At 1 Jan 2023	Recognised through profit or loss	Recognised in OCI	Exchange differences and other changes	At 31 Dec 2023
Deferred tax assets					
Lease contracts	20	1	-	-	21
Provisions	183	-	-	-	183
Share appreciation rights (synthetic options)	77	(77)	-	-	-
Approved losses	-	2 000	-	-	2 000
Hedging	20	(16)	-	-	4
Other	-	(112)	-	-	(112)
Total	**300**	**1 796**	**-**	**-**	**2 097**
Deferred tax liabilities					
Goodwill	2 203	64	-	-	2 266
Hedging	-	-	-	-	-
Lease contracts	-	-	-	-	-
Other	3	10	-	-	14
Total	**2 206**	**74**	**-**	**-**	**2 280**

9.6 Unrecognized deferred tax liabilities

At 31 December 2024, the aggregate amount of temporary differences associated with investments in subsidiaries, for which deferred tax liabilities have not been recognized, totalled EUR 6 229 thousand (EUR 5 114 thousand). This relates to intra-group dividend distributions by Reima. The Group has not recorded deferred tax liability on future dividend distributions since Reima has not made any related decisions.

9.7 Group's tax losses carried forward and effect of Finnish interest deduction limitation rules

	At 31 December 2024		At 31 December 2023	
EUR thousands	**Gross amount**	**Tax effect**	**Gross amount**	**Tax effect**
Tax losses carried-forward	68 115	14 314	53 037	10 607
Interest expenses not allowed to be deducted for tax purposes	72 700	14 540	74 439	14 888

These tax losses relate to the Finnish companies and subsidiaries in China, USA, Norway, Sweden, Germany and Japan. The Group has recognised 2mEUR deferred tax asset on these losses, howeve no deferred tax asset on the non-deducted interest expenses, as at the time of preparation of these financial statements it is not considered to be probable that these entities in question will generate sufficient taxable income against which the al losses and/or the non-deducted interest expenses could be utilised. Under the current Finnish tax legislation non-deducted interest expenses do not expire. The losses will expire as follows:

Expiration year for losses	EUR thousands
2025 - 2029	36 687
2030 - 2034	17 200
No expiry date	14 228
Total	**68 115**

The Finnish parent entities, Reima Group Holding Oy, Reima Group Oy and Reima Europe Oy, are subject to the Finnish interest deduction limitation rules in taxation.

10 Intangible assets and goodwill

10.1 Accounting policy

Goodwill

Goodwill represents the excess of the
- consideration transferred, and
- acquisition-date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired. Major part of the goodwill originates from the formation of the current Group in 2011, when Reima was acquired by Riverside. Goodwill reflects for example expected future synergies resulting from acquisitions. Goodwill is carried at historical cost less accumulated impairment losses. Goodwill is not subject to amortisation but is tested at least annually for impairment, refer to Note 10.3 Impairment testing of goodwill below. Impairment losses on goodwill are recorded in the income statement and may not be subsequently reversed.

Intangible assets

Reima's intangible assets primarily comprise trademarks, software, licenses and capitalised development costs. Reima recognises an intangible asset only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group, and the cost of the asset can be measured reliably. All other expenditure is expensed as incurred. Intangible assets acquired separately are measured on initial recognition at cost. Subsequently intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Reima has capitalised development costs. Reima's R&D activities include product and material development for example related to durability, safety and sustainability of new fibres and the finishing process. The company engages in research for new fibres, new product functionalities, and their recycling opportunities. Also development related to new digital services and solutions are included. The Group capitalises development costs when all the following criteria are met:

- Reima can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Reima intends to complete the intangible asset and use or sell it.
- Reima is able to use or sell the intangible asset.
- Reima is able to demonstrate how the intangible asset will generate probable future economic benefits.
- The Group has adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset
- Reima is able to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development costs comprise all directly attributable costs necessary to prepare the asset to be capable of operating in the manner intended. Development expenditure that was initially expensed is not capitalised at a later date. Research costs are expensed as incurred.

The accounting for cloud computing arrangements depends on whether the cloud-based software classifies as a software intangible asset or a service contract. Those arrangements where Reima does not have control over the underlying software are accounted for as service contracts providing Reima with the right to access the cloud provider's application software over the contract period. The ongoing fees to obtain access to the application software, together with related configuration or customisation costs incurred, are recognised under Other operating expenses when the Group receives the services.

The estimated amortisation periods applied are as follows: development cost 3 years, ERP software 3-5 years and trademarks 10 years.

Reima reviews the amortisation periods applied at least at each financial year-end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period are changed accordingly. The changes of useful lives may arise from restructuring actions, competition or changes in demand, for example. Generally Reima applies the straight-line method. Recognition of amortisation is discontinued when an intangible asset is classified as held for sale.

At each reporting date Reima assesses whether there is an indication that an intangible asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the difference, i.e. an impairment loss, is recognised in the income statement.

10.2 Reconciliation of carrying amounts

At 31 December 2024 EUR thousands	Goodwill	Intangible rights	Other intangible assets	Assets under deve-lopment	Total
Cost					
Balance at 1 January	51 725	8 560	16 292	41	76 618
Additions	-	-	4 096	-	4 096
Transfers between classes	-	-	41	(41)	-
Balance at 31 December	51 725	8 560	20 429	0	80 713
Accumulated amortisation and impairment losses					
Balance at 1 January	(825)	(8 537)	(12 064)	-	(21 426)
Amortisation	-	(21)	(2 253)	-	(2 274)
Exchange differences	-	1	6	-	7
Balance at 31 December	(825)	(8 557)	(14 311)	-	(23 693)
Carrying amount at 1 January	**50 900**	**22**	**4 228**	**41**	**55 191**
Carrying amount at 31 December	**50 900**	**2**	**6 118**	**0**	**57 020**

At 31 December 2023 EUR thousands	Goodwill	Intangible rights	Other intangible assets	Assets under deve-lopment	Total
Cost					
Balance at 1 January	51 725	8 545	12 432	814	73 516
Additions	-	-	3 087	-	3 087
Transfers between classes	-	-	773	(773)	-
Exchange differences	-	15	-	-	15
Balance at 31 December	51 725	8 560	16 292	41	76 618
Accumulated amortisation and impairment losses					
Balance at 1 January	(825)	(8 446)	(10 288)	-	(19 559)
Amortisation	-	(94)	(1 756)	-	(1 850)
Impairment losses	-	-	(18)	-	(18)
Exchange differences	-	3	(2)	-	1
Balance at 31 December	(825)	(8 537)	(12 064)	-	(21 426)
Carrying amount at 1 January	**50 900**	**98**	**2 144**	**814**	**53 957**
Carrying amount at 31 December	**50 900**	**22**	**4 228**	**41**	**55 191**

The Group continuously develops materials and new products. The research and development costs expensed amounted to EUR 82 thousand (2023: EUR 465 thousand).

10.3 Impairment testing of goodwill

10.3.1 Accounting policy

For the purposes of impairment testing goodwill is allocated to the cash-generating units (CGUs) that are expected to benefit from the business combination in which the goodwill arose. A cash-generating unit is the smallest identifiable group of assets in Reima that generates inflows that are largely independent from the cash inflows from other assets or groups of assets. A cash-generating unit is impaired when its carrying amount exceeds its recoverable amount. In Reima goodwill is allocated to the Group, which still in 2023 constituted a single cash-generating unit.

Due to the invasion in Ukraine and the subsequent, tightening sanctions it is no longer feasible for Reima to continue operations in Russia and sale of Russian subsidiary was closed on February 15th, 2023.

Reima determines recoverable amounts based on value-in-use calculations prepared using discounted future net cash flows. Value in use refers to the continuing use of the asset in its current condition by the owner of the asset. The calculations use cash flow projections based on the most recent long-term forecast approved by management and the Board of Directors, covering a five-year period. The cash flow projections exclude expansion investments. The Group defines the discount rate as WACC (weighted average cost of capital), which reflects the total cost of equity and debt while considering the asset-specific risks.

Reima performs impairment testing annually in the fourth quarter of the financial year after the most recent long-term forecast is available.

10.3.2 Assumptions and estimation uncertainties

At each period-end Reima management assesses if there is any indication of impairment of goodwill (or intangible, tangible asset or right-of-use asset). The Group regularly monitors indicators such as Group's management reporting, changes in economic environment and market developments. Such indications may include, among others:
- unexpected changes in factors underlying impairment tests (revenues and profitability levels), and
- changes in market conditions, such as exchange rates (Chinese Yuan and US Dollar).

The recoverable amount determined is based on assumptions and estimates made by management on, among others, future sales, production costs, sales growth rate and discount rate.
As a result of the business combinations, the consolidated balance sheet includes significant goodwill.
Intangible assets and goodwill may be subject to impairment if the business results do not develop as expected.

Key data on impairment test, value-in-use	**2024**	**2023**
Carrying amount of the assets tested, EUR thousands	79 310	81 991
of which goodwill, EUR thousands	50 900	50 900
Terminal growth rate used to extrapolate cash flows beyond the five-year period (estimated steady growth rate), %	2,0	2,0
Discount rate (pre-tax WACC), %	15,4	15,4
Post-tax WACC, %	11,8	13,4

Sensivity analysis, value-in-use

The sensivity analysis is prepared in respect of WACC, EBITDA percentage (profitability) and terminal growth rate. In respect of the terminal growth rate the headroom is significant, therefore presentation of related sensitivity analysis is not meaningful.

The amount by which the recoverable amount exceeds its carrying amount, EUR thousands	151 061	65 916
The percentage point changes in these key assumptions - holding other assumptions constant - would result in the recoverable amount of the tested assets to equal their carrying amount		
WACC, post-tax	(16,1)	(8,9)
EBITDA percentage	(8,9)	(4,7)

Reima has evaluated the possible impacts of the current economic climate on the goodwill impairment testing and the related values and assumptions, and has noted that there are no indications of impairment. Based on the impairment tests carried out, the goodwill for the remaining Reima business was not impaired as at 31 December 2024.

11 Tangible assets

11.1 Accounting policy

Tangible assets of the Group mainly comprise machinery, equipment and capitalised refurbishment costs related to leased premises, for example Reima retail stores and offices. The cost comprises directly attributable incremental costs incurred in acquisition and installation, as applicable. Subsequently tangible assets are carried at cost, less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated by charging equal annual instalments to the income statement, over the estimated useful lives of the assets (three to five years). Recognition of depreciation is discontinued when a tangible asset is classified as held for sale.

Reima reviews expected useful lives and residual values at least at each financial year-end. If they differ significantly from previous estimates, the useful lives are adjusted prospectively. At each reporting date the Group assesses whether there is an indication that a tangible asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

11.2 Reconciliation of carrying amounts

EUR thousands	**Machinery and equipment**		**Other tangible assets**		**Total**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Cost						
Balance at 1 January	1 765	1 681	3 541	3 291	5 306	4 972
Additions	129	84	627	251	756	335
Exchange differences	-	-	-	(1)	-	(1)
Balance at 31 December	1 894	1 765	4 168	3 541	6 062	5 306
Accumulated depreciation and impairment losses						
Balance at 1 January	(1 670)	(1 644)	(3 207)	(2 957)	(4 877)	(4 600)
Depreciation	(44)	(42)	(246)	(224)	(290)	(266)
Impairment losses	-	-	-	(18)	-	(18)
Exchange differences	5	16	15	(8)	20	8
Balance at 31 December	(1 709)	(1 670)	(3 437)	(3 207)	(5 147)	(4 877)
Carrying amount at 1 January	**95**	**38**	**334**	**334**	**429**	**372**
Carrying amount at 31 December	**184**	**95**	**730**	**334**	**915**	**429**

Refer to Note 12 Leases for disclosures on Group's tangible assets acquired under lease contracts.

12 Leases

12.1 Accounting policy

Reima acts as a lessee leasing mainly offices, business premises (retail stores), warehouses and cars. Generally the Group recognises a leased asset (right-of-use asset) and a lease liability for all leases, except for short-term leases and leases of low-value items. Reima assesses at contract inception whether a contract is, or contains, a lease at inception of a contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Reima does not separate non-lease-components, such as maintenance rents in retail store leases, from lease components, but instead accounts for these together as a single lease component. The Group applies this practical expedient for all classes of underlying assets.

Right-of-use assets

Reima recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:
- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives
- any initial direct costs incurred by Reima, and
- an estimate of restoration costs, if any, to be incurred by Reima.

Subsequently the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for certain remeasurements of the lease liability. Reima depreciates right-of-use assets on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Right-of-use assets are tested for impairment if there is an indicator for impairment, as for owned assets. Any impairment loss identified is recorded in the income statement.

Lease liabilities

Initially the lease liability is measured at the present value of the lease payments that are not paid at the commencement date. The discount rate used by the Group is Reima’s incremental borrowing rate, which is the interest rate the Group would have to pay to borrow the amount necessary to obtain an asset of similar value, in a similar economic environment with similar terms and conditions. To arrive at the incremental borrowing rate Reima applies the respective country’s (economic environment) risk-free rate for the term corresponding to the lease term, adjusted for own credit risk.

Lease payments included in the measurement of the lease liability comprise:
- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, such as consumer price index, initially measured using the index or rate as at the commencement date of the contract
- amounts expected to be payable under a residual value guarantee, and
- the exercise price under a purchase option that the Group is reasonably certain to exercise.

Subsequently the lease liability is measured at amortised cost using the effective interest method. It is remeasured when
- there is a change in future lease payments arising from change in an index or rate
- if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or
- if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Reima has a few leases which involve variable payments (for example a lease charge determined as a percentage of the sales obtained by the Group in the leased premises). Variable lease payments that do not depend on an index or a rate are generally recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Short-term leases and leases of low-value assets

Reima does not recognise right-of-use assets and lease liabilities for:
- short-term leases (that have a lease term of 12 months or less). Reima applies the practical expedient for all classes of underlying assets.
- leases of low-value assets (each asset with a value of approximately EUR 5,000 or less when new). Such assets mainly include machinery and equipment and premises used for pop-up retail stores.

The Group recognises the lease payments associated with above-mentioned leases as an expense on a straight-line basis over the lease term.

12.2 Assumptions and estimation uncertainties

Reima management has applied judgement in the following areas:
- Determining whether a contract is or contains a lease: the Group has a number of rental contracts with service providers (for inventory services, among others), for which Reima had to assess the scope of lease accounting, i.e. if those contracts are to be accounted for as leases or service contracts. Reima concluded that most such contracts are to be accounted for as service contracts, since there are no separately identified assets.
- Determining the lease term for non-fixed-term leases: the Group has determined the non-cancellable lease term for non-fixed term contracts to be based on the Reima's internal business planning cycle.

12.3 Amounts recognised in profit or loss

EUR thousands		**2024**	**2023**
Expense relating to leases of low-value assets[1] (that are not short-term leases)		(11)	(56)
Expense relating to short-term leases[1]		(31)	4
Depreciation charge for right-of-use assets	Offices	(682)	(864)
by class of underlying asset[2]	Retail stores	(1 451)	(1 311)
	Other assets	(145)	(132)
	Total	(2 277)	(2 306)
Expense relating to variable lease payments[1] (excluded from lease liabilities)		(272)	(77)
Interest expense[3] on lease liabilities		(207)	(209)

[1] Those expenses are included in the line item Other operating expenses in the income statement.

[2] Included in the line item Depreciation, amortisation and impairment losses in the income statement.

[3] Included in the line item Finance expenses in the income statement.

12.4 Amounts presented in cash flow statement

EUR thousands	**2024**	**2023**
Total cash outflow for leases	(2 617)	(2 610)

12.5 Leased tangible assets

At 31 December 2024

EUR thousands	Offices	Retail stores	Ware-houses	Other assets	Total
Carrying amount at 1 January	**1 327**	**3 243**	**0**	**221**	**4 791**
Business combinations	-	-	-	-	-
Exchange differences	5	8	-	2	15
Depreciation charge for the year	(686)	(1 463)	-	(144)	(2 293)
Additions	209	2 141	-	238	2 588
Disposals	-	(33)	-	-	(33)
Other	-	-	-	-	-
Carrying amount at 31 December	**854**	**3 896**	**0**	**317**	**5 068**

At 31 December 2023

EUR thousands	Offices	Retail stores	Ware-houses	Other assets	Total
Carrying amount at 1 January	**1 741**	**2 560**	**0**	**212**	**4 513**
Exchange differences	(23)	(66)	-	(1)	(90)
Depreciation charge for the year	(864)	(1 311)	-	(132)	(2 306)
Additions	473	2 133	-	143	2 750
Disposals	-	(77)	-	-	(77)
Other	(1)	2	-	(2)	(0)
Carrying amount at 31 December	**1 327**	**3 243**	**0**	**221**	**4 791**

Leased tangible assets are presented as a separate line item Right-of-use assets in the consolidated balance sheet.

12.6 Lease liabilities

12.6.1 Carrying amounts

EUR thousands	31 Dec 2024	31 Dec 2023
Current	1 415	1 490
Non-current	3 508	3 290
Total	**4 923**	**4 780**

The above liabilities are presented on the line item Lease liabilities (non-current / current) in the consolidated balance sheet, based on their maturity.

12.6.2 Maturity analysis – contractual undiscounted cash flows

EUR thousands	31 Dec 2024	31 Dec 2023
Less than one year	2 527	2 224
One to five years	3 932	2 914
Total undiscounted cash flows	**6 459**	**5 138**

12.7 Lease commitments

There were no non-cancellable lease contracts for 2024 that had not yet commenced as at 31 December 2024. Refer to Note 22.3 Collaterals for commitments on low-value and short term leases not recorded on balance sheet.

13 Inventories

13.1 Accounting policy

Inventories are stated at the lower of cost and net realisable value. Reima determines cost by using the first-in, first-out (FIFO) method. The cost of purchased products consists of:
- the purchase price
- other variable costs, such as freight, custom duties and product handling to ready-to-sell state, and
- costs incurred from procurement and quality control eligible for capitalisation,
incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Write-downs of inventories are recognised under the line item Materials and services in the income statement.

13.2 Assumptions and estimation uncertainties

Inventories is one of the most significant individual balance sheet items of Reima. The Group uses predetermined percentages depending on the season when calculation obsolescence provision. Management judgement is required in determining the appropriate provisions required for obsolete inventory. This relies on both a detailed analysis of old season inventory and forecast net realisable value based upon plans for inventory to go into sale.

EUR thousands	**31 Dec 2024**	**31 Dec 2023**
Finished goods	17 546	24 835
Other inventories	1 548	-
Total	**19 094**	**24 835**
Total obsolensence provisions recognised on inventories	341	252

14 Financial assets

14.1 Accounting policy

Classification

Reima classifies financial assets of the Group either as financial assets measured at amortised cost or financial assets measured at fair value through other comprehensive income. Classification of financial assets is made based on their purpose of use upon initial recognition. Classification relies on the objectives of Reima's business model and the contractual cash flows from financial assets, or by applying the fair value option upon initial recognition.

All purchases and sales of financial assets are recognised at the trade date. For financial assets not carried at fair value through profit or loss, transaction costs are included in the initial carrying amount. Financial assets are derecognised when Reima loses the rights to receive the contractual cash flows on the financial asset or it has transferred substantially all the risks and rewards of ownership outside the Group.

Financial assets measured at amortised cost

At Reima financial assets measured at amortised cost mainly comprise trade receivables. Assets classified in this category are measured at amortised cost using the effective interest (EIR) method. In the Group trade receivables are held within a business model whose objective is to collect the contractual cash flows, and those cash flows that are solely payments of principal and interest. Trade receivables are current assets that Reima has the intention to hold for less than 12 months from the end of reporting period. The carrying amounts of current trade receivables are expected to substantially equal their fair values. For credit loss accounting, refer to Note 20.4 Credit and counterparty risk.

The Group's cash and cash equivalents consist of cash on hand and in banks. Items qualifying as cash equivalent have a maturity of three months or less from the date of acquisition.

Financial assets measured at fair value through other comprehensive income

Reima classifies in this category such derivative instruments acquired for hedging purposes. These financial assets are classified either as non-current or current financial assets, based on their maturity.

The Group uses derivative instruments for hedging purposes. The derivatives acquired are recognised at fair value and are under cash flow hedge accounting (refer to Note 19 Derivative instruments and cash flow hedge accounting).

14.2 Carrying amounts

EUR thousands	Note	31 Dec 2024	31 Dec 2023
At amortised cost			
Trade receivables	20.4	11 122	10 616
Cash and cash equivalents		2 718	1 942
Total		**13 840**	**12 558**

Trade receivables include factoring receivables 207 kEUR. Negative bank account balance (bank overdraft) of EUR 3 442 thousand is presented in borrowings from financial institutions, refer to note 17 Financial liabilities.

EUR thousands	Note	31 Dec 2024	31 Dec 2023
At fair value through other comprehensive income			
Derivative instruments, current	19	10	11
Current		10	11
Non-current		-	-
Total		**13 850**	**12 569**

15 Other receivables

EUR thousands	31 Dec 2024	31 Dec 2023
Accrued income and prepayments	5 001	2 702
Tax receivables	31	44
Other	713	560
Total	**5 744**	**3 306**

16 Capital and reserves

16.1 Accounting policy

Reima classifies the instruments it has issued either as financial liabilities or equity instruments, based on their nature.
- A financial liability is an instrument that obligates Reima to deliver cash or another financial asset, or the holder has a right to demand cash or another financial asset.
- An equity instrument is any contract that evidences a residual interest in the assets of Reima after deducting all of its liabilities.

16.2 Share capital and share classes

16.2.1 Accounting policy

The share capital consists of the parent company Reima Group Holding Oy's A, B, C, D, E and F shares classified as equity. The subscription price of a share received by the company in connection with share issues is credited to the share capital, unless it is provided in the share issue decision that a part of the subscription price is to be recorded in the Reserve for invested non-restricted equity. Transaction costs directly attributable to the issue of new shares are recorded in equity as a deduction, net of tax, from the proceeds.

As at 31 December 2024, Reima Group Holding Oy had six share classes, as follows:

- A shares are ordinary shares that carry all shareholder rights, including one vote per share at a general meeting of shareholders.

- Non-voting B shares were entitled to fixed interest (10.0 %) until 31 December 2015. B shares have no other rights than interest accrued. The company has no obligation to redeem or repurchase the paid-in capital(issue price). The company can, at its sole discretion, redeem the paid-in capital and related accrued interest. Potential redemption is restricted by distributable funds. The paid-in capital is classified as equity and the accrued unpaid interest as a financial liability.

- Non-voting C shares do not have any rights and may be redeemed by Reima at the share’s original subscription price. They resulted in from the conversion of a capital loan in 2016.

- Non-voting D, E and F shares are entitled to preferred annual dividend (for D shares 10.0 %, for E shares 15.0 % and for F shares 20.0 % on the paid-in capital). Reima has no obligation to repay the principal or redeem the shares. Therefore, the paid-in capital is classified as equity. D and E shares are attached with redemption and consent clauses. They are non-transferable and have no pre-emptive subscription rights. Dividend distribution requires, among others, that the company is solvent in accordance with the Finnish Limited Liability Companies Act and it has distributable funds. Most of these shares resulted in from the conversion of shareholder loans in late 2019. Those shares were registered in January 2020. In addition, new E shares were issued and registered in 2020 and in 2021.

All issued shares have been fully paid. The shares have no nominal value.

The financial liability related to the B shares (fixed interest) amounted to EUR 1,589 thousand at 31 December 2024 (has not changed in 2024 or 2023).

The Group had no treasury shares in its possession at the year-end 2024 and 2023.

16.2.2 Movements in number of shares and Group's equity

In May 2023, the company carried out a directed share issue to strengthen its equity and issued total of 8,898,465 new class F shares. The equity increase was fully recorded in reserve for non-restricted equity. The total number of shares is now 101,156,180.

In January 2021, the company carried out a directed share issue to strengthen its equity and liquidity. A total of 1,582,393 new E shares were issued and they were registered to trade register in February 2021. The equity increased by EUR 1.9 million, which was fully recorded in the reserve for non-restricted equity.

The table below discloses changes in the number of shares and respective changes in Group's equity.

	At 1 Jan 2023	Directed share issue	At 31 Dec 2023	At 1 Jan 2024	Movement	At 31 Dec 2024
EUR thousands						
Share capital	5	-	5	5	-	5
Reserve for invested non-restricted equity[1]	92 448	8 898	101 346	101 346	-	101 346
Share issue	-	-	-	-	-	-
Total	**92 453**	**8 898**	**101 351**	**101 351**	**-**	**101 351**
Thousands of pieces						
A shares	18 926	-	18 926	18 926	-	18 926
B shares	2 951	-	2 951	2 951	-	2 951
C shares	41 935	-	41 935	41 935	-	41 935
D shares	19 730	-	19 730	19 730	-	19 730
E shares	8 716	-	8 716	8 716	-	8 716
F shares	-	8 898	8 898	8 898	-	8 898
Total	**92 258**	**8 898**	**101 156**	**101 156**	**-**	**101 156**

[1] The reserve for invested non-restricted equity comprises other equity investments and that part of the share subscription price that has not specifically been allocated to share capital.

16.3 Reserves

Cash flow hedge reserve

This reserve recognises movements in the fair value of derivative financial instruments used in cash flow hedges, net of deferred tax assets and liabilities. Recognition in the hedging transactions reserve requires that the hedge is determined to be effective. The effective portion of the change in fair value of the hedging instrument (due to a change in spot and forward rates) is recognised in the cash flow hedge reserve.

Translation differences

The reserve includes translation differences arisen from the IFRS post-transition date (1 January 2018) translation of the financial statements of foreign operations into euro.

Retained earnings

Retained earnings are earnings accrued over the previous financial years that have not been transferred to equity reserves or issued as dividends to owners.

16.4 Capital management

The Group’s revenue decreased by 7,0 % to 84,1 MEUR (90,7 MEUR). Mainly decrease of revenue was due to exit from Russia. The sale of Russian subsidiary was closed on February 15th, 2023.

Reima has updated earnings forecasts for the following rour years. The outlook of the group is positive. Therefore the Group continues to invest in development on distribution channels, especially in e-commerce. Reima is building profitable and sustainable business. These investments are closely monitored and returns analysed.

There were no significant changes to capital management in 2024. The Group’s capital management objectives are to safeguard its ability to continue operating as a going concern, so that it can continue to generate returns for shareholders and benefit other stakeholders, and to maintain an optimum capital structure to reduce the cost of capital. At year end 2024, the weighted average interest expense on interest-bearing loans and borrowings was 13.31% (13.10%).

Reima's loan and borrowings involve financial covenants. Group monitors capital using the covenants, namely minimum adjusted EBITDA and Equity Ratio. The 'Adjusted EBITDA' refers to EBITDA adjusted with one-off items. Reima's policy is to maintain sufficient headroom to meet the covenant requirements. In 2024, Reima did not meet it's minimum adjusted EBITDA covenant. Therefore, all borrowings from financial institutions are classified as short-term liabilities. Reima has renegotiated its financing and financial covenants with its lenders. For events after the period end date refer to Note 24 Events after the end of the financial year.

16.5 Authorisations

The Annual General Meeting held on 27 September 2016 authorised the Board of Directors to decide on the issuance of shares. Based on the authorisation, the number of shares to be issued shall not exceed 200,000 shares. The Board of Directors may issue shares as follows: A: not exceeding 75,837 pieces; C: not exceeding 124,163 pieces.

17 Financial liabilities

17.1 Accounting policy

Reima classifies financial liabilities into the following categories:
- financial liabilities measured at fair value through profit or loss (FVTPL), and
- financial liabilities measured at amortised cost (comprising loans and borrowings).

The categorisation determines whether and where any remeasurement to fair value is recognised.

A financial liability is classified as current if Reima does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. In respect of loans and borrowings current financial liabilities comprise the portion falling due within less than 12 months. Financial liabilities may be interest-bearing or non-interest-bearing.

A financial liability (or part of the liability) is not derecognised until the liability has ceased to exist, that is, when the obligation identified in a contract has been fulfilled, cancelled or is no longer effective.

Financial liabilities at fair value through profit or loss (FVTPL)

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative not eligible for hedge accounting or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses are recognised in profit or loss.

The Group uses derivative instruments for hedging purposes. The derivative liabilities eligible for hedge accounting are measured at fair value through other comprehensive income. Refer to Note 19 Derivative instruments and cash flow hedge accounting.

Financial liabilities at amortised cost (other financial liabilities)

Other financial liabilities are initially recognised at fair value. Transaction costs are included in the original carrying amount. Subsequently, these financial liabilities are measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest expenses, EIR amortisation, foreign exchange gains and losses as well as any gain or loss on derecognition are recognised in profit or loss.

17.2 Financial liabilities

EUR thousands	**Note**	**31 Dec 2024**	**31 Dec 2023**
i) At amortised cost			
Non-current financial liabilities			
Lease liabilities	12,6	3 508	3 290
Capital loans		911	911
Shareholder loan		1 575	135
Other non-current financial liabilities		1 589	1 589
		7 584	**5 925**
Current financial liabilities			
Borrowings from financial institutions		89 892	71 955
Bank overdraft		2 658	3 442
Lease liabilities	12,6	1 415	1 490
Trade payables		11 856	13 289
Other current financial liabilities		1 994	1 095
		107 814	**91 271**
Total financial liabilities at amortised cost		**115 398**	**97 196**

EUR thousands	Note	31 Dec 2024	31 Dec 2023
ii) At fair value through profit or loss			
Non-current financial liabilities			
Liability for share appreciation rights (SARs)	5.3	-	-
Other items		-	1 542
		-	**1 542**
Total financial liabilities at fair value through profit or loss		**-**	**1 542**
iii) At fair value through other comprehensive income - derivative liabilities			
Current financial liabilities			
Derivative instruments	19	0	80
		0	**80**
Total financial liabilities at fair value through other comprehensive income - derivative liabilities		**0**	**80**
Total financial liabilities		**115 398**	**98 817**

17.3 Terms of loans and borrowings and repayment schedule

The major terms and conditions of outstanding loans and borrowings are as follows:

	At 31 Dec 2024				
	Currency	**Nominal interest rate**	**Year of maturity**	**Fair value[1]**	**Carrying amount**
Secured bank loan, senior	EUR	8.5% + Euribor	2025	30 366	30 366
Secured bank loan, revolving credit	EUR	4% + Euribor	2025	6 451	6 451
PIK loan	EUR	11% + Euribor	2025	52 939	52 939
Lease liabilities	Several	-	2025-2027	4 923	4 923
Capital loans	EUR	-	2031	911	911
Shareholder loan	EUR	10 %	2025	1 575	1 575
Factoring credit[2]	EUR		N/A	134	134

[1] Measurement at amortized cost using the effective interest method provides fair view on the fair value of the instrument
2 Reima has a recourse factoring agreement.

The related company mortgages are disclosed in Note 22 Provisions, contingencies and commitments.

17.4 *Changes in loans and borrowings*

In 2024, Reima all borrowings from financial institutions are classified as short-term liabilities due to a covenant breach, refer to Note 17.5 Financial covenants.
In 2024 a recourse factoring credit arrangement was set in place to better Reima Europe Oy's liquidity position. Company's sales receivables were given as security for the loan.

17.5 *Financial covenants*

Reima's borrowings from financial institutions involve financial covenants. The related liabilities amounted to EUR 92 549 thousand at 31 December 2024 (EUR 74,760 thousand). The Group must comply with the financial covenant terms on a quarterly basis. In 2024, Reima did not meet it's minimum adjusted EBITDA covenant and all borrowings from financial institutions are classified as short-term liabilities. Board of Directors have renegotiated its financing and financial covenants with its lenders. Please see Note 24, Subsequent events.

17.6 *Movements of liabilities from financing*

The following table provides a reconciliation between the opening and closing balances for liabilities arising from financing activities.

	2024		2023	
EUR thousands	**Lease liabilities**	**Other loans and borrowings**	**Lease liabilities**	**Other loans and borrowings**
Balance at 1 January	**4 780**	**79 127**	**4 587**	**90 473**
Changes from financing cash flows	-	12 774	-	1 933
Capitalisation of interests	-	9 619	-	4 642
Transactions costs related to loans and borrowings	-	(1 406)	-	1 350
Repayment of borrowings	-	(5 079)	-	(19 237)
Payment of lease liabilities	(2 617)	-	(2 610)	-
Total changes from financing cash flows	(2 617)	15 908	(2 610)	(11 311)
Other changes				
New leases (Note 12.5) and lease terminations	2 557	-	2 743	-
Other	203	-	59	(34)
Balance at 31 December	**4 923**	**95 035**	**4 780**	**79 127**

18 Fair values of financial assets and financial liabilities

18.1 Accounting policy

Currently, the Group's financial assets and financial liabilities measured at fair value mainly comprise derivative assets and derivative liabilities. They are measured at follows:

Foreign currency derivatives and interest rate swaps

Reima basically measures foreign currency derivatives by comparing the contract strike price (agreed delivery price) with the market forward rate for the maturity of the contract. Once the estimated future settlement of the contract has been obtained based on the aforementioned comparison (in Euro), the settlement is discounted using the risk-free zero coupon yield curve. The Group uses valuations obtained from the counterparty (bank).

The Group basically measures interest rate swaps by discounting the future cash flows of each leg of the derivative. Subsequently, the present value of the leg is calculated as the difference between the present value of the receiving leg and the present value of the paying leg. The Group uses valuations obtained from the counterparty (bank).

The fair value of the hedges is recognised as follows in the consolidated balance sheet, depending on whether it is positive or negative:
- Asset: under Other non-current assets (non-current) / Trade and other receivables (current) or
- Liability: under Other financial and other non-current financial liabilities (non-current) / Trade and other payables (current).

Other items

- Share appreciation rights and anti-dilution options: the fair value of these liability items is based on management estimate.

18.2 Accounting classification and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy (for the fair value hierarchy refer to Note 1.7 Measurement of fair values). The table excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value (i.e. trade receivables, trade payables and lease liabilities).

At 31 December 2024		**Carrying amount**	**Fair value**			
EUR thousands	Note		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Foreign currency derivatives in hedge accounting		10	-	10	-	10
Total	19	**10**	**-**	**10**	**-**	**10**
Financial liabilities measured at fair value						
Foreign currency derivatives in hedge accounting	19	0	-	0	-	0
Share appreciation rights	5	-	-	-	-	-
Anti-dilution options		-	-	-	-	-
Total		**0**	**-**	**0**	**-**	**0**
Financial liabilities not measured at fair value						
Capital loans		911	-	911	-	911
Secured bank loan, senior		83 440	-	83 440	-	83 440
Secured bank loan, revolving credit		9 109	-	9 109	-	9 109
Current bank loan		-	-	-	-	-
Shareholder loan		1 575		1 575		1 575
Unsecured other borrowing		3 583	-	3 583	-	3 583
Total	17	**98 618**	**-**	**98 618**	**-**	**98 618**

At 31 December 2023		**Carrying amount**	**Fair value**			
EUR thousands	Note		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
Foreign currency derivatives in hedge accounting		11	-	11	-	11
Total	19	**11**	**-**	**11**	**-**	**11**
Financial liabilities measured at fair value						
Foreign currency derivatives in hedge accounting	19	80	-	80	-	80
Contingent consideration		-	-	-	-	-
Share appreciation rights (SARs)	5	-	-	-	-	-
Anti-dilution options		1 542	-	-	1 542	1 542
Total		**1 621**	**-**	**80**	**1 542**	**1 621**
Financial liabilities not measured at fair value						
Capital loans		911	-	911	-	911
Secured bank loan, senior		61 325	-	61 325	-	61 325
Secured bank loan, revolving credit		7 913	-	7 913	-	7 913
Current bank loan		1 087	-	1 087	-	1 087
Shareholder loan		1 575	-	1 575	-	1 575
Unsecured other borrowings		2 684	-	2 684	-	2 684
Total	17	**75 495**	**-**	**75 495**	**-**	**75 495**

19 Derivative instruments and cash flow hedge accounting

19.1 Accounting policy

The Group uses derivative instruments for hedging purposes. The derivatives acquired in accordance with the Group's exchange risk and interest rate risk hedging policies are recognised at fair value and are under cash flow hedge accounting.

Reima treats foreign currency hedges relating to forecast transactions as cash flow hedges. Therefore, any gains or losses derived from measuring the hedging instrument at fair value, which correspond to the effective portion of the hedge, are recognised in other comprehensive income and presented under Cash flow hedge reserve in equity. The ineffective portion is charged to finance expenses or credited to finance income, as appropriate.

Amounts recognised in equity are transferred to profit or loss when the forecast transaction takes place with a charge or credit to the income statement in which it was recognised. Also, gains or losses recognised in equity are reclassified to finance income or finance expenses when the forecast transaction is no longer expected to occur. The fair value of the hedges is recognised, depending on whether it is positive or negative, under Other non-current assets (non-current) / Trade and other receivables (current) or Other financial and other non-current financial liabilities (non-current) / Trade and other payables (current) in the consolidated balance sheet.

In order for these financial instruments to qualify for hedge accounting, they are initially designated as hedging instruments and the hedging relationship is documented. Reima also verifies, both at inception and periodically over the term of the hedge, using 'effectiveness tests', that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset by those of the hedging instrument. Also, the ineffective portion of the hedging instrument is recognised immediately in profit or loss.

19.2 Hedge accounting

	31 Dec 2024				31 Dec 2023			
EUR thousands	**Notional amount**	**Positive fair value**	**Negative fair value**	**Fair value, net**	**Notional amount**	**Positive fair value**	**Negative fair value**	**Fair value, net**
Derivatives in hedge accounting								
FX forward and option contracts, cash flow hedges	3 200	10	0	10	2 900	11	(80)	(69)
Total	**3 200**	**10**	**0**	**10**	**2 900**	**11**	**(80)**	**(69)**

19.3 Cash flow hedges

19.3.1 Hedging instruments

At year-end 2024 and 2023, the Group held the following instruments to hedge exposures to changes in foreign currency:

EUR thousands	Maturity at 31 Dec 2024 1-6 months	6-12 months	More than 1 year	Maturity at 31 Dec 2023 1-6 months	6-12 months	More than 1 year
Foreign currency risk						
Forward exchange contracts						
CNH notional amount of hedges	1 600	-	-	2 900	-	-
CNY average rate of forwards	-	-	-	-	-	-
CNH average rate of bought hedges	7.5500	-		7.2500	-	
CNH average rate of sold hedges	7.5500	-		7.2500	-	
USD notional amount of hedges	1 600	-	-	-	-	-
USD average rate of bought hedges	1.053	-	-	-	-	-
USD average rate of sold hedges	1.053	-	-	-	-	-

19.3.2 Cash flow hedge reserve

	At 31 Dec 2024		At 31 Dec 2023	
EUR thousands	**Continuing hedges[2]**	**Discontinued hedges[3]**	**Continuing hedges[2]**	**Discontinued hedges[3]**
Foreign currency contracts[1]	10	-17	(69)	-112

[1] Highly probably cash flows arising from, [2] Refers to unrealised hedges, [3] Refers to realised hedges.

19.3.3 Hedge ineffectiveness and hedging gains or losses

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

		At year-end		During the year		
		Carrying amount		Changes in fair value of hedging instruments used in measuring hedge ineffectiveness	Recycled into income statement as	
EUR thousands	**Notional amount**	**Assets**	**Liabilities**	**Effective portion Recognised in OCI**	**Interest expense**	**Gross profit**
At 31 Dec 2024 / Year 2024						
Cash flow hedges						
Foreign exchange contracts[1]	3 200	10	-0	(10)	-	-34
At 31 Dec 2023 / Year 2023						
Cash flow hedges						
Foreign exchange contracts[1]	2 900	11	80	(30)	-	-177

[1] The line item affected in the income statement by recycling is the subtotal Gross profit.

[2] The line item affected in the income statement by recycling is finance expenses (adjusted by interest income).

19.4 Hedging activities

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, resulting from cash flow hedge accounting.

	Cash flow hedge reserve	
EUR thousands	**2024**	**2023**
Opening balance at 1 January		
Cash flow hedges	**(181)**	**107**
Effective portion of changes in fair value arising from:		
Foreign exchange contracts	124	(465)
Net amount reclassified to profit or loss into		
Other finance expenses	-	-
Gross profit	34	177
Tax impact of the above	-	-
Closing balance at 31 December	**(23)**	**(181)**

20 Financial risk management

20.1 Financial risk management

Reima's activities are exposed to various financial risks:
- market risk (foreign currency risk and interest rate risk) and
- other risks (credit risk, liquidity risk and country risk).

The Group's financial risk management focuses on the uncertainty of financial markets and aims to minimise the potential adverse effects on the profitability of its business.

Reima's financial risks consist of liquidity risk, interest rate risk, foreign exchange transaction risk, foreign exchange translation risk, credit risk and counterparty risk. The Group manages financial risks centrally, in order to align financial risk management with Reima's strategy and ensure access to debt financing. Major financial risks are summarised below:

Foreign currency risk

Foreign currency risk is managed in line with the Reima's risk management guidelines, which establish the ongoing monitoring of exchange rate fluctuations and other measures designed to mitigate this risk through arrangement of financial hedges.

Credit risk

The Group is not exposed to significant concentrations of credit risk as policies are in place to cover sales in Wholesale channel, and retail sales together with Direct-to-consumer sales represent material part of revenues. Credit risks are disclosed below in note 20.4. Financial conditions of significant suppliers is followed actively and when needed prepayments are used to reduce Reima's risks.

Liquidity risk

The Group is exposed to liquidity risk due to seasonality of the business. Company maintains sufficient cash and cash equivalents through credit facilities to meet the outflows required in its normal operations. Liquidity risks are disclosed in note 20.5 below. Reima has financial loans wich include financial covenants, see more about the covenants in Note 17.5 Financial covenants.

The Board of Directors of the parent company has the following responsibilities:
- Board will approve hedging counterparties
- Board will appoint an FX Committee to monitor and supervise the implementation of the FX policy and provide guidelines and best practices in, for example approving new counterparties and guiding the optimal set up of FX rate hedging levels when using options.

This note provides information on Reima's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for managing risk, the methods used to measure these risks, any changes from the previous year and the financial instruments used to mitigate the risks.

The Group manages loan negotiations centrally for the parent company and the subsidiaries, for example, and projects the financing requirements for the next 12 months on a rolling basis, in order to ensure long-term liquidity. The objective is to ensure that the Group has liquidity for outgoing commitments at all times and that the financing portfolio is well diversified. The financing portfolio should also be flexible in case of changes in Reima's business operations.

Basic financial management operations are delegated to the subsidiaries, such as payment transactions and debt collection. Subsidiaries should maximise their long-term performance by optimising their working capital structure.

20.2 Foreign exchange transaction risk and foreign exchange translation risk

20.2.1 Transaction risk

Reima operates in an international environment and, accordingly, is exposed to foreign currency risk on transactions in currencies, in particular the US dollar (USD), and the Chinese Yuan (CNY) and Russian Rouble (RUB). After the ramp down of activities in Russia in 2022, Reima has no need to hedge the Russian Rouble going forward. Euro is the Group's primary currency and the functional currency of the parent company. Foreign currency risk arises on future commercial transactions and recognised assets and liabilities.

In Reima foreign currency risk is managed in line with the corporate risk management model guidelines. They establish the ongoing monitoring of exchange rate fluctuations and other measures designed to mitigate this risk. It is mainly carried out through the optimisation of the Group's operations in order to minimise the impact, using natural hedges, the benefits of diversification and the arrangement of financial hedges. Goods are acquired through orders placed with foreign suppliers, in US Dollar and Chinese Yuan. In accordance with the prevailing foreign currency risk management policies, Group management arranges foreign exchange derivatives to hedge fluctuations in cash flows relating to the EUR-USD and EUR-CNY exchange rates.

Reima applies the IFRS hedge accounting rules. No amounts were recognised in profit or loss as a result of hedge ineffectiveness due to the facts that economic relationship exists between the hedging instruments and underlying risk, credit risk does not dominate value changes of hedges and also since Reima uses declining hedging ratio overhedging does not occur and thus designated hedge ratio is consistent with risk management strategy.

As at 31 December 2024, approximately 0% (100%) of the cash flows associated with hedges are expected to occur in 6 months subsequent to year-end, while 100% (0%) are expected to fall due between six months and 12 months, and 0% (no cash flows) beyond 12 months. Also, the impact on the consolidated income statement will likely occur in those periods.

20.2.2 Translation risk

Reima's foreign exchange translation risk is defined as the negative effect of movements in exchange rates on the value of a foreign subsidiary’s assets when those values are translated into the reporting currency of the parent company (Euro). The Group has subsidiaries in various countries (e.g. in Russia and China). So far, the translation difference, other than russian ruble, has not been a significant item, and thus the Group has not hedged this risk by using currency derivative instruments.

20.2.3 Most significant currency risk exposure

EUR thousands	**EUR**	**USD**	**CNY**	**NOK**
At 31 December 2024				
Trade receivables	4 563	963	1 070	253
Trade payables	8 142	1 736	3 354	24
Total	**12 706**	**2 699**	**4 425**	**277**
At 31 December 2023				
Trade receivables	4 475	846	1 646	921
Trade payables	3 879	1 288	4 901	510
Total	**8 354**	**2 133**	**6 547**	**1 431**

20.2.3 Sensitivity analysis on exchange rate movements

	At 31 December 2024		**At 31 December 2023**	
EUR thousands	**Income statement**		**Income statement**	
	EUR strenghtening	EUR weakening	EUR strenghtening	EUR weakening
Trade receivables				
+/- 10 % change in USD	(84)	103	(70)	85
+/- 10 % change in CNY	(97)	119	(150)	183
+/- 10 % change in NOK	(23)	28	(84)	102
Trade payables				
+/- 10 % change in USD	158	(193)	117	(143)
+/- 10 % change in CNY	305	(373)	446	(545)
+/- 10 % change in NOK	2	(3)	46	(57)
Total net effect	**260**	**(318)**	**306**	**(374)**

20.2.4 Closing rates for financial years used in consolidated financial statements

	Closing rate 2024	Closing rate 2023
EUR/USD	1,039	1,105
EUR/CNY	7,583	7,851

20.3 Interest rate risk

Reima's interest rate risk is primarily derived from outstanding floating-rate borrowings from financial institutions. Interest rate risk is not significant. The Group's revenues and operational cash flows are to a large extent independent of fluctuations in interest rates.

Reima's loans and borrowings from financial institutions carry variable and fixed interest. At the current year-end, the Group had interest-bearing financial liabilities totaling EUR 92,549 thousand incuding EUR 2,658 thousand used bank account credit limit (3,442 thousand). Variable interest liabilities are linked to Euribor rates (0 to 12 months). At 31 December 2024, the weighted average interest rate of the Group was 13.31% (13.10%).

Reima manages that part of the interest rate risk that is beyond the fluctuating amount of the working capital. The existing financing agreements also stipulate that a certain portion of the floating rate debt must be hedged. If interest rates were to increase by 1 percentage unit, interest expenses would increase by EUR 0.7 million (EUR 0.5 million).

20.4. Credit risk and counterparty risk

Credit and counterparty risks arise from a counterparty not being able to fulfil its contractual requirements, and thus resulting in a loss to the creditor. For Reima trade receivables are the main driver of credit and counterparty risk. Counterparty risk results from receivables from companies for which the Group provides credit.

The Group and Board of Directors actively manages credit risk through internal processes, in order to avoid concentrations of such risk. Reima is exposed to changes in customers' payment behavior and possible risks arising from trade receivables through wholesale channels. Collections through cash and credit card payments in own channels are increasing, which decreases credit risk. Seasonality of the children clothing business affects the Group's operations, resulting in the trade receivables balance being at the highest during the period July-September. The autumn/winter season is the primary season for Reima.

Reima recognizes a loss allowance for expected credit losses on financial assets that are measured at amortised cost. The expected credit losses (ECL) on trade receivables are recorded based on the Group's historical knowledge on trade receivables at default and payment delays due to financial difficulties. Forward looking information is also taken into consideration when defining the provision percentage. The loss allowance is assessed both collectively and on an individual basis (for certain countries or clients). The expected loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's effective interest rate. This adjustment is recognised in other operating expenses and as a deduction to the carrying amount of the receivable.

All realised credit losses are recognised in profit or loss. A credit loss is reversed in a subsequent period, if the reversal can be related objectively to an event occurring after the impairment was recognised.

20.4.1 Credit exposure per geographical area

	Carrying amount	
EUR thousands	**31 Dec 2024**	**31 Dec 2023**
Trade receivables		
Finland	8 306	7 641
China	1 278	1 646
Other	1 538	1 329
Total	**11 122**	**10 616**

20.4.2 Exposure to credit risk and loss allowance: aging analysis of trade receivables

	At 31 Dec 2024		At 31 Dec 2023	
EUR thousands	**Gross carrying amount**	**Loss allowance**	**Gross carrying amount**	**Loss allowance**
Current (not past due)	8 229	(12)	8 266	(18)
Past due				
1-30 days	1 546	(2)	766	(2)
31-60 days	952	(21)	273	(11)
61-90 days	76	(5)	155	(17)
More than 90 days past due	546	(187)	1 481	(276)
Total	**11 349**	**(227)**	**10 940**	**(324)**

The country-based loss allowance rates applied at financial year-end were as follows:

31-Dec-24

EUR thousands	**All countries**	**China**		**Other**	
Current (not past due)	12	5	0,43 %	8	0,23 %
Past due					
1-30 days	2	-	5,12 %	2	0,23 %
31-60 days	21	-	5,60 %	21	3,99 %
61-90 days	5	-	9,95 %	5	11,25 %
> 90 days past due	187	54	10,56 %	133	22,49 %
Total	**227**	**59**		**168**	

31-Dec-23

EUR thousands	**All countries**	**China**		**Other**	
Current (not past due)	18	7	0,43 %	11	0,23 %
Past due					
1-30 days	2	-	5,12 %	2	0,23 %
31-60 days	11	-	5,60 %	11	3,99 %
61-90 days	23	6	9,95 %	17	11,25 %
> 90 days past due	270	-	10,56 %	270	22,49 %
Total	**324**	13		**311**	

Besides the collective loss allowance, Reima has assessed and recognised loss allowances on an individual basis. The loss allowance recognised on an individual basis amounted to EUR 72 thousand (EUR 0 thousand).

20.4.3 Reconciliation of loss allowance

EUR thousands	**2024**	**2023**
Balance at 1 January	324	3 582
Amounts written off	(17)	566
Net remeasurement of loss allowance	(80)	(3 824)
Balance at 31 December	**227**	**324**

The item Net remeasurement of loss allowance includes any amounts received for items previously recorded as credit losses. Changes in expected and realised credit losses are recognised under Other operating expenses.

20.5 Liquidity risk

Liquidity risk is incurred from a potential mismatch between Reima's liquid assets and financing requirements. The Group adheres to careful liquidity risk management and aims to ensure sufficient liquidity even in difficult circumstances. Reima manages liquidity risk by ensuring that non-current liabilities have different maturities and by limiting individual receivables. Reima also aims at ensuring liquidity through credit instruments. The liquidity of the Group is monitored and forecast over a 12-month period and, if necessary, short-term liquidity is monitored. Liquidity is followed up on a rolling basis.

The seasonality of the children clothing business affects both the Group's operations and financing needs which are covered using credit limits. The autumn/winter season is the primary season for Reima.

The following table analyses financial liabilities based on their contractual maturities. The amounts disclosed are undiscounted, comprising repayments of capital. Interest payments on borrowings from financial institutions are presented separately. Reima's borrowings from financial institutions involve financial covenants. In 2024, Reima did not meet it's equity ratio covenant and all borrowings from financial institutions are classified as short-term liabilities. Refer to note 17.5 Financial covenants and to note 24 Events after the end of the financial year.

20.5.1 Contractual maturities of financial liabilities

EUR thousands	**Total**	**0-3 months**	**3-12 months**	**2-3 years**	**4-5 years**	**Over 5 years**
At 31 December 2024						
Borrowings from financial institutions	**92 550**	92 550	-			-
Related interest payments	**2 802**	2 802	-	-		-
Subordinated loans / interests	**911**	-	-	-	-	911
Trade and other payables	**-**					
Current derivative instruments	**0**	0	-	-	-	-
Other	**11 856**	11 856	-	-	-	-
Total	**109 708**	**108 796**	**-**	**-**	**-**	**911**
At 31 December 2023						
Borrowings from financial institutions	**75 397**	74 760	637	-		-
Related interest payments	**12 011**	2 338	7 261	2 413		-
Subordinated loans / interests	**911**	-	-	-	-	911
Trade and other payables	**-**					
Current derivative instruments	**80**	80	-	-	-	-
Other	**13 289**	13 289	-	-	-	-
Total	**101 688**	**90 467**	**7 897**	**2 413**	**-**	**911**

For the maturity analysis of lease liabilities refer to Note 12.6.2 Maturity analysis – contractual undiscounted cash flows.

Reima has a financial liability related to the B shares that has no maturity. The holders of the B shares were entitled to fixed interest (10.0%) until 31 December 2015. The accrued interest amounts to EUR 1,589 thousand. Reima Group Holding Oy can, at its sole discretion, redeem the paid in capital and accrued interest. Therefore this liability is excluded from the above maturity analysis. Refer to Note 16 Capital and reserves for further information.

21 Other payables and accruals

EUR thousands	31 Dec 2024	31 Dec 2023
Prepayments received	250	202
Return accruals	702	773
Accruals and deferred income	10 791	10 781
Other current liabilities	2 863	2 081
Total	**14 606**	**13 837**

22 Provisions, contingencies and commitments

22.1 Accounting policy — Provisions

Provisions comprise liabilities of uncertain timing or amount. A provision is recognised when:
- Reima has a present obligation (legal or constructive) as a result of a past event
- an outflow of resources is probable, and
- the amount of the obligation can be estimated reliably.

The amount recognised is the best estimate of the settlement amount at the end of the reporting period, being the present value of the expenditures after taking account of the risks and uncertainties surrounding the obligation, unless the impact of discounting is immaterial.

A restructuring provision is recognised when Reima has prepared a detailed restructuring plan and has begun to implement the plan or has announced it to those concerned.

The Group had no provisions at the year-end 2024 and 2023.

22.2 Accounting policy — Contingent liabilities, contingent assets and commitments

Contingent assets and contingent liabilities are possible rights and obligations. They arise from past events and their existence will be confirmed only by the occurence or non-occurence of one or more uncertain events not fully within the control of Reima.

22.3 Collaterals

EUR thousands	31 Dec 2024	31-Dec-23
Company mortgages given by Reima	308 100	308 100
Other commitments	1 157	1 143
Commitments related to open letters of credit	182	20
Lease commitments	1 572	149

At 31 December 2023, the company mortages for the liabilities of the subsidiaries totaled EUR 308 million (EUR 308 million). The mortgages given are for the Group and they cover shares and the Group's loans and borrowings and commitments, such as obligations for leases and letters of credit as well as accounts receivables. The companies of the Group have concluded that all company mortages and other collaterals have been given for all group companies' commitments and liabilities. Moreover, registrated trademarks recognised in the balance sheets of the subsidiaries as well as other off-balance sheet trademarks have been pledged for security of loans and borrowings. Those recognised trademarks were carried at EUR 2 thousand at 31 December 2024 (EUR 3 thousand).

22.4 Legal proceedings and disputes

There were no open legal disputes at 31 December 2024.

23 Related party transactions

23.1 Accounting policy

The parent company Reima Group Holding Oy's related parties comprise the following:
- its subsidiaries
- key management personnel, comprising the members of the Board of Directors, CEO[1] and Deputy CEO, the Group Leadership Team members and Alitaju Oy until spring 2023 which provided key management personnel services to the parent company and Ebit Oy.
Ebit Oy is company owned by Reima Group Oy's chairperson and management services are provided through this company which do not relate to board work.
- entities, over which the above-mentioned persons have control or joint control
- close family members of the above-mentioned persons
- fellow subsidiaries and upstream companies having control - directly or indirectly - over or significant influence in Reima Group Holding Oy.

The parent of Reima Group Holding Oy is REF IV Luxembourg Sàrl, and the ultimate controlling parties are Béla Szigethy and Stewart Kohl, who share joint control over the ultimate US-based parent company REF IV GP, LLC.

The related party transactions disclosed consist of transactions carried out with related parties that are not eliminated in the consolidated financial statements.

[1] Reima Group Holding Oy has no CEO. The operative CEO of the Group is Heikki Lempinen from Jan 2024.

23.2 Key management personnel compensation

The amounts presented below represent the expenses recognised in those financial years. Salary amounts include any fringe benefits. The pension benefits of the key management personnel consist of the pensions provided under the statutory pension plans of the respective countries, the Group has no voluntary supplementary pension plans.

The terms of the two share appreciation rights (SARs) plans for key management personnel are the same as for other participants. Details are disclosed in Note 5.3 Share appreciation rights. The members of the Board of Directors of the parent company are not included in the SARs plan.

EUR thousands	2024	2023
Salaries and other short-term employee benefits	(1 265)	(3 529)
Pension benefits (defined contribution plans)	(203)	(640)
Share-based payments	1 406	383
Total	**(62)**	**(3 786)**

The positive net gain for the share-based incentive plans in 2024 and 2023 resulted in from changes in fair value of the plans, refer to Note 5.3 Share appreciation rights for details.

23.3 Transactions with other related parties and outstanding balances

	Transaction values		Year-end balances outstanding	
EUR thousands	**2024**	**2023**	**31 Dec 2024**	**31-Dec-23**
Owners of the company				
Equity contribution[1]	-	8 336	-	-
Management fee expenses	700	700	5 260	4 560
Ebit Oy	266	-	123	-
Shareholder loan[2]	1 439	-	1 575	135
	2 405	**9 036**	**6 958**	**4 695**
Total	**2 405**	**9 036**	**6 958**	**4 695**

[1] In May and June 2023, the company carried out a directed share issue to strengthen its equity and liquidity, increasing equity by EUR 8.3 million.

2 Refer to note 17 Financial liabilities.

23.4 Group structure

As of 31 December 2024, the Group comprised the following subsidiaries:

Entity	Domicile	Ownership interest, %
Reima Group Holding Oy, parent company		
Reima Group Oy	Finland	100
Reima Europe Oy	Finland	100
Bindley Ltd	China (Hong Kong)	100
Reima Sweden AB	Sweden	100
Reima Norway AS	Norway	100
Reima GmbH	Germany	100
Reima Trading (Beijing)Co., Ltd.	China	100
Reima Trading (Shanghai)Co., Ltd.	China	100
Reima USA Inc.	United States	100
Reima Japan, KK	Japan	100

24 Events after the end of the financial year

In January-February 2025 Reima held cooperation negotiations to part of its personnel in Finland. The aim with the negotiations was to make the business operations more effective and based on the negotiations employment of six employees was ended. In June 2025 the company signed an updated financing agreement, issued a three-year 25 MEUR bond which will mature on 10 June, 2028, as well as paid credit limit and revolver. At the end of financial year 2024 the credit limit was 2.7 MEUR and revolver 6.4 MEUR. At the same time, old corporate mortgages were mainly ended and 341 MEUR new corporate mortgages were agreed. The covenants of the old loan were updated and the financiers accepted the covenant violations of the previous agreement. The covenants of the updated financing agreement and the bond are related to liquidity and net debt related to EBITDA. Exit bonus is included in the financing agreement.

The majority owner of the company changed in April 2025. The new ownership group consists of Reima’s Chair of the Board Elina Björklund as well as Swedish fashion and activewear brand experts Anders Ullstrand and Jonas Meerits. After the new ownership and new financing were confirmed the previous main owner gave up 5,4 MEUR management fee receivable.

BALANCE SHEET

EUR	Note		31 Dec 2024		31 Dec 2023
ASSETS					
NON-CURRENT ASSETS					
INVESTMENTS	3				
Holdings in Group companies		11 197 651,00		11 197 651,00	
Receivables from Group companies		70 526 396,78	81 724 047,78	49 718 510,60	60 916 161,60
Total non-current assets			81 724 047,78		60 916 161,60
CURRENT ASSETS	4				
NON-CURRENT RECEIVABLES					
Receivables from Group companies		25 693 505,48	25 693 505,48	23 295 522,62	23 295 522,62
CURRENT RECEIVABLES					
Income tax receivables		5 386,23			
Accrued income from Group companies		50 190 512,67		48 112 559,70	
Other accrued income		52 381,61		62 743,62	
			50 248 280,51		48 175 303,32
Cash and cash equivalents			48,67		396,68
Total current assets			75 941 834,66		71 471 222,62
TOTAL ASSETS			**157 665 882,44**		**132 387 384,22**
EQUITY AND LIABILITIES					
Share capital		5 000,00		5 000,00	
Reserve for invested non-restricted equity		101 346 221,04		101 346 221,04	
Retained earnings		-18 849 721,42		-18 848 770,10	
Profit for the financial year		83 666,61	82 585 166,23	-951,32	82 501 499,62
Total equity			82 585 166,23		82 501 499,62
LIABILITIES	6				
NON-CURRENT LIABILITIES					
Capital loans		911 186,90		911 186,90	
Shareholder loans		1 575 398,72		135 463,00	
			2 486 585,62		1 046 649,90
Total non-current liabilities			2 486 585,62		1 046 649,90
CURRENT LIABILITIES					
Loans from financial institutions		52 949 323,84		29 463 076,73	
Liabilities to Group companies		19 619 250,89		19 292 724,46	
Trade payables		24 642,34		82 520,00	
Other payables		913,51	72 594 130,58	913,51	48 839 234,70
Total current liabilities			72 594 130,58		48 839 234,70
Total liabilities			75 080 716,20		49 885 884,60
TOTAL EQUITY AND LIABILITIES			**157 665 882,43**		**132 387 384,22**

INCOME STATEMENT

EUR	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Other operating expenses	7	-323 591,5	-154 678,9
OPERATING PROFIT/LOSS		**-323 591,5**	**-154 678,9**
Finance income and expenses	8		
Other interest and finance income		7 515 882,0	7 495 346,4
Interest and other finance expenses		-6 991 439,5	-2 786 087,0
Finance income and -expense total		**524 442,5**	**4 709 259,4**
PROFIT BEFORE APPROPRIATIONS AND TAXES		**200 851,0**	**4 554 580,5**
Appropriations	9		
Group contribution		-117 000,0	-4 550 000,0
PROFIT BEFORE TAXES		**83 851,0**	**4 580,5**
Taxes for financial period		-184,4	-5 531,8
PROFIT FOR THE FINANCIAL YEAR		**83 666,61**	**-951,32**

NOTES TO THE FINANCIAL STATEMENTS

Notes regarding a company belonging to a group

1 Basis of preparation

Reima Group Holding Oy's financial statements are prepared in accorrance with PMA 1-3 paragraps.

2 Accounting policies

Investments in subsidiaries and the loans granted to them are stated in the balance sheet at cost, or if the estimated future revenue generated by the asset is expected to be permanently lower than the undepreciated balance of the cost, an adjustment to the value must be made to write off the difference as an expense.

Notes to the balance sheet

3 Investments

EUR			31 Dec 2024	31 Dec 2023
Group undertakings				
Reima Group Oy	ownership	100 %	11 197 651,00	11 197 651,00
Group receivables				
Capital loans			70 526 396,78	49 718 510,60
Total investments			**81 724 047,78**	**60 916 161,60**

The valuation of the parent company's subsidiary shares and internal receivables may include an impairment risk if the operating results of the group companies do not develop as expected.

4 Current assets

EUR	31 Dec 2024	31 Dec 2023
Non-current receivables		
Loan receivables from Group companies	25 693 505,48	23 295 522,62
Current receivables		
Accrued income from Group companies	50 190 512,67	48 175 303,32
Tota receivables from Group companies	**75 884 018,15**	**71 470 825,94**

The valuation of the parent company's subsidiary shares and internal receivables may include an impairment risk if the operating results of the group companies do not develop as expected.

5 Equity

5,1 Restricted and non-restricted equity

EUR	31 Dec 2024	31 Dec 2023
Restricted equity		
Share capital at 1 January	5 000,00	5 000,00
Share capital at 31 December	5 000,00	5 000,00
Total restricted equity	**5 000,00**	**5 000,00**
Non-restricted equity		
Reserve for invested non-restricted equity at 1 January	101 346 221,04	92 447 755,42
Increases for the financial year	0,00	8 898 465,62
Reserve for invested non-restricted equity at 31 December	101 346 221,04	101 346 221,04

EUR	31 Dec 2024	31 Dec 2023
Retained earnings (loss) at 1 January	-18 849 721,42	-18 848 770,10
Retained earnings (loss) at 31 December	-18 849 721,42	-18 848 770,10
Profit for the financial year	83 666,61	-951,32
Total unrestricted equity	**82 580 166,23**	**82 496 499,62**
Total equity	**82 585 166,23**	**82 501 499,62**
Distributable funds at 31 December	82 580 166,23	82 496 499,62

5,2 Classes of shares and related primary provisions

Pieces	31 Dec 2024	31 Dec 2023
Class A (1 vote per share)	18 926 003	18 926 003
Class B	2 950 796	2 950 796
Class C	41 934 798	41 934 798
Class D	19 730 475	19 730 475
Class E	8 715 643	8 715 643
Class F	8 898 465	8 898 465
Total	**101 156 180**	**101 156 180**

Class B shares are non-voting preferential shares that give their holder preferential right to funds distributed from the company's non-restricted equity. The class B shares accumulated an annual fixed yield of 10.0 % in cumulative dividends defined until the financial year 2015 based on the Articles of Association and the Shareholders' agreement. The unrecorded liability amounted to EUR 1,589,071 at the balance sheet date.

Non-voting class C shares.

Non-voting class D shares. The class D entitles to 10% dividends as defined in the Articles of Association and the Shareholders' agreement.

Non-voting class E shares. The class E entitles to 15% dividends as defined in the Articles of Association and the Shareholders' agreement.

Non-voting class F shares. The class F entitles to 20% dividends as defined in the Articles of Association and the Shareholders' agreement.

6 Liabilities

6,1 Non-current liabilities

EUR	31 Dec 2024	31 Dec 2023
Non-current liabilities		
Capital loans	911 186,90	911 186,90
Shareholder loans	1 575 398,72	135 463,00
Total non-current liabilities	**2 486 585,62**	**1 046 649,90**
Current liabilities		
Loans from financial institutions	52 949 323,84	29 463 076,73
Trade payables	24 642,34	82 520,00
Liabilities to Group companies		
Other liabilities	19 619 250,89	19 292 724,46
Tax liabilities		
Tax liability	913,51	913,51
Total current liabilities	**72 594 130,58**	**48 839 234,70**
Total liabilities	**75 080 716,20**	**49 885 884,60**

6,2 Liabilities falling due in more than five years

EUR	31 Dec 2024	31 Dec 2023
Capital loans	911 186,90	911 186,90
Total	**911 186,90**	**911 186,90**

The capital loan receivables and payables are subordinated loans described in Chapter 12 of the Finnish Limited Liability Companies Act (LLCA). In accordance with the Chapter 12 of the LLCA, the principal of a capital loan may be repaid and interest paid only insofar as the sum total of the unrestricted equity and all of the capital loans of the company at the time of payment exceed the loss on the balance sheet to be adopted for the latest financial period or the loss on the balance sheet from more recent financial statements. Pledges are not given for payments of the principal or the interest of the capital loans. The loan does not accumulate any new interest.

Notes to the income statement

7 Other operating expenses

EUR	2024	2023
Other expenses	-323 591,51	-154 678,89
Total other operating expenses	**-323 591,51**	**-154 678,89**
Auditors fees		
Auditing fee	59 185,09	37 873,32
Other fees	3 336,84	5 192,50
Total of Auditors fees	**62 521,93**	**43 065,82**

8 Finance income and expenses

EUR	2024	2023
Interest and other finance income		
Finance income from Group companies	7 515 882,01	7 495 346,42
Total interest and other finance income	**7 515 882,01**	**7 495 346,42**
Interest and other finance expenses		
Interest expenses to others	-6 991 439,51	-2 786 087,02
Total interest and other finance expenses	**-6 991 439,51**	**-2 786 087,02**
Total finance income and expenses	**524 442,50**	**4 709 259,40**

9 Appropriations

EUR	2024	2023
Given group contribution	-117 000,00	-4 550 000,00
Total appropriations	**-117 000,00**	**-4 550 000,00**

Other notes

10 Contingent items and commitments

EUR	31 Dec 2024	31 Dec 2023
Business mortgages as collateral for parent company's loans and borrowings	102 700 000,00	102 700 000,00

11 Related party transactions

Refer to Note 23 Related party transactions in the consolidated financial statements.

12 Events after the end of the financial year

Refer to Note 24 Events after the end of the financial year to the consolidated financial statements.

Signings of Management Report and Financial Statements

Helsinki, 19 June 2025

Elina Björklund
Chair of the Board

Anders Ullstrand
Member of the Board

Jonas Meerits
Member of the Board

The Auditor's Note

A report on the audit performed has been issued on the date shown in the electronical signing.

In Helsinki, on the date shown in the electronical signing.

KPMG Oy Ab
Audit Firm

Turo Koila
Authorised Public Accountant, KHT

Accounting books used during the financial year 1 January - 31 December 2024

General journals	Electronic record
General ledger	Electronic record
Purchase ledger	Electronic record
Financial statements and Report of the Board of Directors	Electronic record
Balance sheet specifications	Electronic record