

**VTT**

# **Tax footprint, management and control in 2025**

**beyond the obvious**



## Tax footprint

A company's tax footprint illustrates the extent to which the company's activities generate tax revenues for society and the distribution of the tax effect between countries. VTT reports paid and collected taxes as part of its tax footprint. Transparent tax footprint reporting is an essential part of VTT's responsibility activities. VTT complies with local legislation on the payment, collection and reporting of taxes. In its tax practices, VTT follows the guidelines issued by the Prime Minister's Office to the state-owned companies.

Timely and high-quality management of tax returns and other statutory obligations is a key element of VTT's tax management. VTT's tax footprint report covers taxes and tax-like charges, which VTT has a statutory obligation to pay or collect.

At the end of the fiscal year, in addition to the parent company, VTT Group consisted of four wholly owned subsidiaries: VTT Ventures Ltd, VTT International Ltd, VTT Holding Ltd and KOY Kvanttinova Puhdastilat Maarintie 5. At the end of the financial year, VTT Ventures Ltd owned 12 associated and other companies (so-called spin-off companies) and VTT Holding Ltd 16. VTT Ventures Ltd's and VTT Holding Ltd's associated companies are not included in VTT Group's tax footprint reporting. VTT does not have subsidiaries in countries seen as tax havens.

Like other limited liability companies, the parent company and its subsidiaries are subject to income tax and value added tax based on the Act on the Taxation of Business Income and the Value Added Tax Act. In accordance with the Act on VTT, the state of Finland compensates VTT for the value added tax included in purchases and rents of office premises for activities other than business activities based on commercial principles. The compensation is adjusted annually on the basis of the most recent value added tax accrued for the company.

The parent company's taxable income in 2025 was EUR 6 million. The parent company has statutory provisions entered in its opening balance sheet. The use of these statutory provisions against realized costs does not constitute taxable income. The statutory provisions have not been recognized as deferred tax assets in the parent company's financial statements. However, deferred tax assets have been accounted for in the consolidated financial statements in accordance with the prudence principle, by recording EUR 1.3 million in deferred tax assets. The Group's subsidiaries also have confirmed losses, but in accordance with the prudence principle, no deferred tax assets were recognized in the consolidated financial statement.

The Group's effective income tax rate in 2025 was 15 % (previous year -27 %). The majority of taxes were paid in Finland.

M€	VTT Group		Parent company		Subsidiaries	
	2025	2024	2025	2024	2025	2024
<b>Taxes borne</b>						
Income taxes	1.2	0.1	1.2	0	0	0.1
Taxes on property	0.3	0.3	0.3	0.3	0	0
	1.5	0.4	1.5	0.3	0	0.1
<b>Taxes collected</b>						
Payroll taxes	36.8	35.4	36.7	35.4	0	0
Social security contributions	2.7	1.6	2.7	1.6	0	0
Value-added taxes	9.6	11.7	9.7	11.7	-0.1	0
Asset transfer taxes	0.2	1.2	0	1.2	0.2	0
Other taxes	0	0	0	0	0	0
	49.3	50	49.2	50	0.1	0
<b>Total taxes</b>	<b>50.8</b>	<b>50.4</b>	<b>50.7</b>	<b>50.3</b>	<b>0.2</b>	<b>0.1</b>
%-share of Group taxes	100.0	100.0	100.0	100.0	0.0	0.0

Table 1. Relevant taxes and charges by category. The Group's parent company is reported separately and the subsidiaries as a whole.

In the financial year 2025, the Group's parent company received EUR 131.3 million (previous year: EUR 118.4 million) in government grant. A total of EUR 1.2 million (previous year: EUR 0.3 million) of government grant was carried over from the previous year making the total amount of government grant available EUR 132.5 million (EUR 118.6 million). VTT used EUR 127.3 million (EUR 117.4 million) of the government grant, of which EUR 93.6 million euros were used for research (EUR 87.1 million). As part of the government grant, the parent company received VAT compensation from the Ministry of Economic Affairs and Employment for value added tax included in costs of purchases and rent of office premises for activities other than business activities based on commercial principles. EUR 27.6 million of VAT compensation was used during the financial year (previous year: EUR 23.8 million). The increase in the government grant was due to temporary funding for e.g. the PostDoc programme, scaling of the quantum computer and development of small modular reactor capabilities, as well as the increase in VAT compensation.

In addition, the parent company received EUR 12.1 million of government special grants for building a quantum computer, a quantum encryption network, a clean energy pilot infrastructure, development of cyber security, and for acquisition of co-owned pilot equipment. Of this, EUR 12.0 million was investment grants and EUR 0.1 million was used for development work. The parent company received EUR 18.5 million in investment grants (EUR 8.9 million), of which the aforementioned EUR 12.0 million came from the government and the rest from other funding sources.

The tax reporting of VTT Group is audited by VTT's auditor Authorized Public Accountants KPMG Oy Ab to the extent that such reporting is included in VTT's financial statements.

## Corporate governance 2025

In all decision-making and administration, the company complies with Finnish laws and regulations as well as the company's Articles of Association. The tasks of VTT's and its subsidiaries' various bodies are governed by the Limited Liability Companies Act and the laws of Finland. VTT complies with the corporate governance principles defined by its Board of Directors, which are based on the Finnish Companies Act and the principles of state ownership steering.

VTT also follows the Finnish Corporate Governance Code (2020) in accordance with the State's corporate governance principles VTT complies with the Corporate Governance Code for Finnish listed companies in accordance with the so-called Comply or Explain principle. The company deviates from recommendation 23 of the Corporate Governance Code - Payment of remuneration to the Board of Directors in shares:

- This recommendation states that Board and committee remunerations can be paid in full or in part in company shares and that shareholding by Board members promotes good governance. VTT Technical Research Centre of Finland Ltd is a non-profit limited liability company owned by the state, the ownership of which remains fully held by the state. Therefore, VTT Technical Research Centre of Finland Ltd does not pay Board and committee remuneration in company shares, but instead observes the remuneration policies of State ownership steering.

The Corporate Governance Code 2020 can be found online at:

<https://www.cgfinland.fi/en/corporate-governance-code/>

VTT and its subsidiaries form a group in accordance with the Finnish Limited Liabilities Companies Act. VTT prepares its consolidated financial statements, the parent company financial statements and the report of the Board of Directors in accordance with the Finnish Accounting Act, the Finnish Accounting Ordinance and the Finnish Limited Liability Companies Act.

## Internal Control

Internal control and risk management ensure that the potential risks affecting the company's operations are identified, assessed, monitored, and mitigated with adequate measures. Planning and reporting procedures are also essential tools of internal control and risk management.

Comprehensive controls are based on the values defined in the strategy and described in our processes and internal guidelines. Interactive strategy and annual planning set operational goals and individual goals are derived from them and agreed upon in development discussions. Projects are implemented and reported according to project plans. Project specific risks are assessed before projects begin.

Biggest operational risks relate especially to threats to information systems and the cyber environment. Effective management of cyber risks requires continuous development of risk management methods in both information systems and the physical environment. Changes in the global geopolitical situation are actively monitored, and their potential impacts on VTT's operations or risk management are continually assessed. Likewise, the processes and guidelines for sanctions screening and export control are constantly developed.

## Salary and rewarding report

At VTT, rewarding is a key management tool that supports the organisation's strategy and the achievement of its goals. Rewarding supports the achievement of excellent results, competence development and the continuous improvement of operating methods. VTT aims for its rewarding practices to be transparent, fair and equitable.

One of the most important elements of financial monetary rewarding is our recognition reward scheme, through which we reward excellent achievements. The recognition reward scheme covers all employees, excluding those eligible for the Leadership Excellence reward. In 2025, a total of 427 VTT employees were rewarded through the recognition reward scheme for promoting excellence, impact and sustainability in achieving VTT's goals. In addition, customer project bonuses as well as IPR licensing and sales bonuses were awarded to a total of 105 employees in 2025; the bonuses will be paid in April 2026. The Leadership Excellence award covers nearly 60 VTT management members.

VTT complies with the State's corporate governance policy on remuneration. Each year, the VTT Board approves the company's common remuneration principles and policy based on proposals from the Personnel and Remuneration Committee. All approvals related to employees' remuneration follow VTT's approval principles (one-over-one rule).

In addition to the President & CEO, the VTT Executive Leadership team includes eight members and a personnel representative. Neither the President & CEO nor other members of management receive any benefits, additional pension arrangements or option rights beyond ordinary fringe benefits (telephone benefit and bicycle benefit).

## Management benefits, remuneration and rewards

In 2025, the monthly salary of President & CEO Kalle Härkki was EUR 24,000. Total compensation includes the monthly salary and all fringe benefits (telephone benefit). A holiday bonus is paid in addition to the monthly salary. Based on the current life expectancy estimate, the retirement age of the President & CEO is 65 years and 6 months, and there are no pension arrangements exceeding the statutory level. The notice period under the President & CEO's contract is six months for both parties.

	Salaries*	Remuneration	Total
CEO	337,035.00	78,293.00	415,328.00
Other executive management	1,364,296.00	277,568.00	1,641,864.00
Total	1,701,331.00	355,861.00	2,057,192.00

\* Total salary includes benefits and holiday bonuses

### Attendance fees of Board members in 2025:

	Attendance				Monthly fee	Monthly Fees Total	Meeting Fees Total	Committee Meeting Fees Total	Grand Total
	Board	Personnel and Rewards Committee	Audit Committee	Nomination / Selection Committee					
Tiitinen Pekka	15/15	6/6	6/6	3/3	€ 2,400	€ 27,600	€ 8,400	9 000 €	€ 45,000
Hämäläinen Sonja	15/15	4/6		3/3	€ 1,300	€ 15,000	€ 8,400	4 200 €	€ 27,600
Ervasti Outi	14/15		6/6		€ 1,100	€ 12,600	€ 7,800	3 600 €	€ 24,000
Hämäläinen Keijo	9/10	4/4			€ 1,100	€ 9,900	€ 4,800	2 400 €	€ 17,100
Kola Jukka	5/5		1/1		€ 1,100	€ 2,700	€ 3,000	600 €	€ 6,300
Muuranto Erno	11/15	6/6			€ 1,100	€ 12,600	€ 6,000	3 600 €	€ 22,200
Muurinen Kaarina	15/15		6/6	3/3	€ 1,100	€ 19,200	€ 8,400	5 400 €	€ 33,000
Pihkala Tomio	6/8		5/5		€ 1,100	€ 8,800	€ 3,000	3 000 €	€ 14,800

Tiitinen Pekka Tapio (Chairperson), Personnel and Remuneration Committee (Chairperson), Audit Committee; Hämäläinen Sonja (Vice Chairperson), Personnel and Remuneration Committee; Ervasti Outi, Audit Committee; Hämäläinen Keijo from 28 March 2025, Personnel and Remuneration Committee; Kola Jukka until 28 March 2025, Audit Committee; Muuranto Erno, Personnel and Remuneration Committee; Muurinen Kaarina, Audit Committee (Chairperson); Pihkala Tomio from 1 May 2025, Audit Committee

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